UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

Form 10

GENERAL FORM FOR REGISTRATION OF SECURITIES PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

BATESVILLE HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter) (Name to be changed to Hillenbrand, Inc.)

Indiana

(State or Other Jurisdiction of Incorporation or Organization) One Batesville Boulevard Batesville, Indiana (Address of Principal Executive Offices)

26-1342272 (I.R.S. Employer Identification No.)

47006

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

Copies of correspondence to:

John R. Zerkle Batesville Holdings, Inc. One Batesville Boulevard Batesville, Indiana 47006 (812) 931-3832

Patrick D. de Maynadier Hillenbrand Industries, Inc. 1069 State Route 46 East Batesville, Indiana 47006 (812) 931-2304

Charles H. Still, Jr. Bracewell & Giuliani LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002-2770 (713) 221-3309

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

Title of Each Class to be so Registered Common Stock, without par value

Name of Each Exchange on Which
Each Class is to be Registered New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act

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

☐ Large accelerated filer ☑ Non-accelerated filer

(Do not check if a smaller reporting company)

□ Accelerated filer

☐ Smaller reporting company

INFORMATION REQUIRED IN REGISTRATION STATEMENT

Certain of the information required in this registration statement is included in the information statement filed as Exhibit 99.1 to this registration statement, as specified below.

Item 1. Business.

The information required by this item is contained in the information statement under the headings "Business and Properties," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Where You Can Find More Information" and "Index to Financial Statements" (and in the financial statements referenced therein) and is incorporated herein by reference.

Item 1A. Risk Factors.

The information required by this item is contained in the information statement under the heading "Risk Factors" and is incorporated herein by reference

Item 2. Financial Information.

The information required by this item is contained in the information statement under the headings "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and is incorporated herein by reference.

Item 3. Properties

The information required by this item is contained in the information statement under the heading "Business and Properties" and is incorporated herein by reference.

Item 4. Security Ownership of Certain Beneficial Owners and Management.

The information required by this item is contained in the information statement under the heading "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference.

Item 5. Directors and Executive Officers.

The information required by this item is contained in the information statement under the heading "Management" and is incorporated herein by reference.

Item 6. Executive Compensation.

The information required by this item is contained in the information statement under the headings "Management" and "Executive Compensation" and is incorporated herein by reference.

Item 7. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is contained in the information statement under the headings "Arrangements between Original Hillenbrand and New Hillenbrand," "Management" and "Transactions with Related Persons" and is incorporated herein by reference.

Item 8. Legal Proceedings.

The information required by this item is contained in the information statement under the heading "Business and Properties — Legal Proceedings" and is incorporated herein by reference.

Item 9. Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters.

The information required by this item is contained in the information statement under the headings "The Separation," "Dividend Policy" and "Shares Eligible for Future Sale" and is incorporated herein by reference.

Item 10. Recent Sales of Unregistered Securities.

On November 1, 2007, in connection with the organization of the registrant, the registrant issued 100 shares of its common stock to Hillenbrand Industries, Inc. for aggregate consideration of \$1,000. These shares of common stock were issued without registration under the Securities Act of 1933, as amended, in reliance on the exemption provided by Section 4(2) of that Act. The registrant has not sold any other securities.

Item 11. Description of Registrant's Securities to be Registered.

The information required by this item is contained in the information statement under the heading "Description of New Hillenbrand Capital Stock" and is incorporated herein by reference.

Item 12. Indemnification of Directors and Officers.

The information required by this item is contained in the information statement under the heading "Description of New Hillenbrand Capital Stock — Limitation on Liability of Directors and Indemnification of Directors and Officers" and is incorporated herein by reference.

Item 13. Financial Statements and Supplementary Data.

The information required by this item is contained in the information statement under the headings "Unaudited Pro Forma Combined Financial Statements" and "Index to Financial Statements" (and in the financial statements and schedule referenced therein) and is incorporated herein by reference.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 15. Financial Statements and Exhibits.

(a) The information required by this item is contained in the information statement under the heading "Index to Financial Statements" and is incorporated herein by reference.

Schedules not mentioned in the incorporated information have been omitted because the information required to be set forth therein is not applicable or the information is otherwise included in the financial statements or notes thereto.

(b) The Exhibit Index that follows the signature page sets forth the documents that are filed as exhibits hereto and is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this amendment no. 2 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

BATESVILLE HOLDINGS, INC.

By: /s/ John R. Zerkle
Name: John R. Zerkle
Title: Senior Vice President, General Counsel and Secretary

Dated: February 19, 2008

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1**	Form of Distribution Agreement by and between Hillenbrand Industries, Inc. and Batesville Holdings, Inc.
3.1**	Form of Restated and Amended Articles of Incorporation of Batesville Holdings, Inc.
3.2**	Form of Amended and Restated Code of By-laws of Batesville Holdings, Inc.
10.1**	Form of Tax Sharing Agreement between Hillenbrand Industries, Inc. and Batesville Holdings, Inc.
10.2**	Form of Employee Matters Agreement between Hillenbrand Industries, Inc. and Batesville Holdings, Inc.
10.3**	Form of Judgment Sharing Agreement between Hillenbrand Industries, Inc., Batesville Holdings, Inc. and Batesville Casket Company, Inc.
10.4*	Form of Employment Agreement between Batesville Holdings, Inc. and certain executive officers, including the named executive officers
10.5*	Form of Change in Control Agreement between Batesville Holdings, Inc. and certain executive officers, including the named executive officers
10.6*	Form of Indemnity Agreement between Batesville Holdings, Inc. and certain executive officers, including the named executive officers
10.7*	Form of Indemnity Agreement between Batesville Holdings, Inc. and it non-employee directors
10.8**	Batesville Holdings, Inc. Stock Incentive Plan
10.9*	Form of Stock Award for executive officers under the Batesville Holdings, Inc. Stock Incentive Plan
10.10*	Form of Stock Award for non-employee directors under the Batesville Holdings, Inc. Stock Incentive Plan
10.11*	Form of Stock Option Agreement under the Batesville Holdings, Inc. Stock Incentive Plan
10.12*	Batesville Holdings, Inc. Board of Directors' Deferred Compensation Plan
10.13*	Batesville Holdings, Inc. Short-Term Incentive Compensation Plan
10.14**	Batesville Holdings, Inc. Supplemental Executive Retirement Plan
10.15*	Batesville Holdings, Inc. Senior Executive Deferred Compensation Program
14.1*	Form of Code of Ethical Business Conduct
21.1*	Subsidiaries of Batesville Holdings, Inc.
99.1**	Information Statement, subject to completion, dated February 19, 2008
99.2**	Corporate Governance Standards for Board of Directors
99.3**	Charter of Audit Committee of Board of Directors
99.4**	Charter of Nominating/Corporate Governance Committee of Board of Directors
99.5**	Charter of Compensation and Management Development Committee of Board of Directors

^{*} To be filed by amendment.

** Filed herewith

DISTRIBUTION AGREEMENT BY AND BETWEEN HILLENBRAND INDUSTRIES, INC. AND BATESVILLE HOLDINGS, INC. Dated as of March _________, 2008

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DISTRIBUTION AGREEMENT

THIS DISTRIBUTION AGREEMENT, dated as of March _	, 2008 (this "Agreement"), is entered into by and between Hillenbrand Industries, Inc., an Indiana
corporation ("RemainCo"), and Batesville Holdings, Inc., an Inc	diana corporation ('SpinCo"). Capitalized terms used herein and not other otherwise defined shall have the
meanings set forth in Article I.	

WITNESSETH:

WHEREAS, RemainCo currently owns ______ shares of SpinCo's issued and outstanding Common Stock, \$1 par value (<u>SpinCo Common Stock</u>'), constituting 100% of the outstanding SpinCo Common Stock;

WHEREAS, the Board of Directors of RemainCo has determined that it is in the best interests of RemainCo to distribute its entire ownership interest in SpinCo 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 pursuant to the terms and subject to the conditions of this Agreement (the "Distribution");

WHEREAS, effective promptly following the close of business on the Record Date, the Board of Directors of SpinCo and RemainCo, as the sole shareholder of SpinCo, will approve the split-up of the then outstanding shares of SpinCo Common Stock, and SpinCo will file articles of amendment to its amended and restated articles of incorporation with the Secretary of State of Indiana so that the Distribution Ratio shall be one to one;

WHEREAS, the shareholders of RemainCo and SpinCo have approved the change of the names of RemainCo and SpinCo to Hill-Rom Holdings, Inc. and Hillenbrand, Inc., respectively, and each of RemainCo and SpinCo has filed articles of amendment to its amended and restated articles of incorporation with the Secretary of State of Indiana to effect the foregoing name changes on or prior to the Record Date;

WHEREAS, the Distribution is intended to qualify as a Tax-Free Spin-Off pursuant to Section 355 of the Internal Revenue Code of 1986, as amended (the Code"); and

WHEREAS, the parties intend in this Agreement, including the Exhibits and Schedules hereto, and the Other Agreements, to set forth the principal arrangements between them regarding the Distribution;

NOW, THEREFORE, in consideration of the mutual promises, covenants and obligations herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

1.01 General. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

AAA: as defined in Section 6.04(a).

Action: any claim, suit, action, mediation, arbitration, inquiry, investigation or other proceeding of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any mediator, arbitrator or Governmental Authority.

Advancing Party: as defined in Section 3.12.

<u>affiliate</u>: with respect to any specified Person, a Person that directly, or indirectly through one or more intermediaries, controlls, is controlled by, or is under common control with, such specified Person; provided, however, that for purposes of this Agreement, no member of either Group and no officer or director of any member of either Group shall be deemed to be an affiliate of any member of the other Group.

Agreed Termination Event: the first to occur of: (a) the full and complete satisfaction of a trial court judgment in the last pending Action comprising the BSI Litigation or the suspension of the execution of such judgment by the posting of a supersedeas bond; or (b) the settlement or voluntary dismissal of the last pending Action comprising the BSI Litigation as to all members of the RemainCo Group and the SpinCo Group.

Agreement: as defined in the preamble to this Agreement.

Applicable Deadline: as defined in Section 6.03(b).

Applicable Other Agreement: as defined in Section 6.03(b).

Appropriate Members of the RemainCo Group: as defined in Section 3.04.

Appropriate Members of the SpinCo Group: as defined in Section 3.03.

Arbitration Act: the United States Arbitration Act, 9 U.S.C. ss.ss 1-16, as the same may be amended from time to time.

Arbitration Demand Date: as defined in Section 6.03(a).

Arbitration Demand Notice: as defined in Section 6.03(a).

Article IX Third Party Claim: a Third Party Claim in which at least one member of the RemainCo Group and at least one member of the SpinCo Group are codefendants.

Base Rate: the rate which Citibank, N.A. (or any successor thereto or other major money center commercial bank agreed to by the parties hereto) announces from time to time as its base lending rate, as in effect from time to time.

best efforts: a Person's good faith best efforts to achieve a goal as expeditiously as possible, which may require the incurrence of expense or hardship in order to achieve the reasonable expectations of the other party as agreed hereunder.

BSI Litigation: To the extent not covered by collectible insurance: (a) each Action listed on Schedule 1; (b) each additional Action hereafter asserted prior to the consummation of the Distribution against both a member of the RemainCo Group and a member of the SpinCo Group seeking damages for alleged violations of state and federal antitrust laws based upon the SpinCo Group's method of distributing caskets exclusively through licensed funeral directors; and (c) any other Action consolidated for purposes of trial with any Action referred to in clause (a) or (b) above.

Business Day: any day other than a Saturday, a Sunday or a day on which banking institutions located in the State of Indiana are authorized or obligated by law or executive order to close.

<u>Claims Administration</u>: the processing of claims made under the Insurance Policies, including the reporting of claims to the insurance carrier, management and defense of claims and providing for appropriate releases upon settlement of claims.

<u>Claims Handling Agreement</u>: any third party administrator or claims handling agreement of any kind or nature to which any member of either Group is directly or indirectly a party, in effect as of the date hereof, related to the handling of Insured SpinCo Claims.

Code: as defined in the recitals to this Agreement.

Consolidated EBITDA: for any period, consolidated net income of RemainCo or SpinCo, as the case may be, and its Subsidiaries for such period plus, without duplication and to the extent reflected as a charge in the statement of such consolidated net income for such period, the sum of: (a) income tax expense; (b) interest expense, amortization or write-off of debt discount and hedges and debt issuance costs and commissions, discounts and other fees and charges associated with Indebtedness; (c) depreciation and amortization expense; (d) amortization of intangibles (including, but not limited to, goodwill) and organization costs; (e) any extraordinary or non-recurring expenses or losses (including, whether or not otherwise includable as a separate item in the statement of consolidated net income for such period, losses on sales of assets outside the ordinary course of business and one time charges associated with the Distribution); and (f) all non-cash items decreasing consolidated net income for such period, (other than any such non-cash item to the extent that it will result in the making of cash payments in any future period), and minus, to the extent of: (i) any extraordinary or non-recurring income or gains (including, whether or not otherwise includable as a separate item in the statement of such consolidated net income for such period and gains on sales of assets outside of the ordinary course of business); and (ii) all non-cash items increasing consolidated net income for such period (other than any such non-cash item to the extent that it will result in the receipt of cash payments

in any future period). Consolidated EBITDA shall be calculated on a pro forma basis to give effect to any proposed acquisition of a Restricted Acquisition Target by RemainCo or SpinCo, as the case may be, as if such acquisition had been effected on the first day of such period.

Distribution: as defined in the recitals to this Agreement.

Distribution Agent: as defined in Section 2.04(a).

<u>Distribution Date:</u> , 2008, being the date on which the Distribution becomes effective.

Distribution Ratio: as defined in Section 2.04(b).

Employee Matters Agreement: the employee benefits and compensation allocation agreement to be entered into on or prior to the Distribution Date between RemainCo and SpinCo.

Escalation Notice: as defined in Section 6.02(a).

Executive Liability Policies: Insurance Policies with coverages relating to directors and officers liability, employment practices liability and fiduciary liability.

Governmental Authority: any federal, state, local, foreign or international court, government, department, commission, board, bureau or agency, authority (including, but not limited to, any central bank or taxing authority) or instrumentality (including, but not limited to, any court, tribunal or grand jury) exercising executive, prosecutorial, legislative, judicial, regulatory or administrative functions of or pertaining to government or any other regulatory, administrative or governmental authority.

Group: the RemainCo Group or the SpinCo Group, as the context requires.

Incurrence Ratio: the ratio of Pro Forma Consolidated Total Debt divided by pro forma Consolidated EBITDA, calculated as of the most recent fiscal four quarter period ended prior to a Person entering into an agreement for the contemplated acquisition of a Restricted Acquisition Target.

Indebtedness: as to any Person at a particular time, without duplication, all of the following, but only to the extent included as indebtedness or liabilities in accordance with generally accepted accounting principles in the United States: (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (b) all direct or contingent obligations of such Person arising under unreimbursed payments made under letters of credit (including standby and commercial), bankers' acceptances and bank guarantees; (c) net obligations of such Person under any hedge contract pertaining to interest rates or pertaining to any currency or commodity; (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable incurred in the ordinary course of business); (e) indebtedness (excluding prepaid interest thereon) secured by a lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in

recourse; (f) all obligations of such Person under capital leases; and (g) all guarantees of such Person in respect of any of the foregoing. The Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation, limited liability company or other limited liability entity) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The following three clauses shall be applicable when computing the Incurrence Ratio for SpinCo or RemainCo: (i) the amount of any net obligation under any hedge contract on any date shall be deemed to be the hedge termination value thereof as of such date; (ii) the amount of any capital lease as of any date shall be deemed to be the amount of attributable indebtedness in respect thereof as of such date; and (iii) Indebtedness shall not include 75% of the principal amount of any mandatorily convertible unsecured bonds, debentures, preferred stock or similar instruments which are payable in no more than three years (whether by redemption, call option or otherwise) solely in common stock or other common equity interests of such Person.

Indemnifiable Losses: all Losses which are subject to being indemnified by RemainCo or SpinCo pursuant to Article III.

Indemnifying Party: as defined in Section 3.07(a).

Indemnitee: as defined in Section 3.07(a).

Indemnity Payment: as defined in Section 3.07(a).

information: all records, books, contracts, instruments, computer data and other data and information of a Person.

<u>Insurance Administration</u>: with respect to each Insurance Policy, (a) the accounting for retrospectively-rated premiums, defense costs, indemnity payments, deductibles and retentions as appropriate under the terms and conditions of each of the Insurance Policies, (b) the reporting to excess insurance carriers of any losses or claims which may cause the per-occurrence or aggregate limits of any Insurance Policy to be exceeded and (c) the distribution of Insurance Proceeds as contemplated by this Agreement.

<u>Insurance Company Program Agreement</u>: contracts between RemainCo and insurers, Travelers and Discover Re, that outline the payment and collateral obligations associated with the self-funded retentions in the loss sensitive casualty insurance programs.

Insurance Policy: insurance policies and insurance contracts of any kind that as of the Distribution Date are or have been owned or maintained by, or provide a benefit in favor of, any member of either Group or any of its predecessors, including, without limitation, workers compensation/employers liability (including self-insured workers compensation in the State of Indiana), commercial general liability (including product liability), auto liability, excess/umbrella liability, property/business interruption, marine cargo, blanket crime/fidelity, aviation including airport liability, international liability and Executive Liability Policies. The term "Insurance Policies" expressly excludes any insurance policies relating to Plans to the extent such insurance policies are addressed under the Employee Matters Agreement, other than the above referenced Executive Liability Policies and workers compensation/employers liability policies (including self-insured workers compensation in the State of Indiana).

Insurance Proceeds: those monies actually received by or on behalf of an insured from an insurance carrier or paid by an insurance carrier on behalf of the insured.

<u>Insured Claims</u>: any claim with respect to those Losses that, individually or in the aggregate, are covered within the terms and conditions of any of the Insurance Policies, whether or not subject to deductibles, coinsurance, uncollectibility or retrospectively-rated premium adjustments, but only to the extent that such Losses are within applicable Insurance Policy limits, including aggregates.

Insured SpinCo Claims: any claim with respect to any Loss, damage or injury that occurred prior to the Distribution Date that is against any member of the SpinCo Group or any employee of any member of the SpinCo Group; provided, that in the case of any such claim or any claims identified in (a) through (e) below, such Loss or expense (including costs of defense and reasonable attorneys' fees) is or may be insured under one or more of the Insurance Policies. Insured SpinCo Claims include, without limitation, (a) claims for property or casualty damage or any other Loss or expense with respect to assets of SpinCo; (b) claims of Loss or expense arising from business interruption of any SpinCo Business; (c) claims against any member of the SpinCo Group whether or not the SpinCo Group has or has assumed liability for such claims under this Agreement or any of the Other Agreements; (d) claims against any member of the RemainCo Group to the extent any member of the SpinCo Group who are entitled or would have been entitled to indemnification by RemainCo had the Distribution not occurred.

<u>Judgment Sharing Agreement</u>: the Judgment Sharing Agreement dated as of March ____, 2008 among RemainCo, SpinCo and Batesville Casket Company, Inc. relating to the BSI Litigation.

<u>law</u>: any foreign, federal, state or local statute, ordinance, regulation, code, license, permit, authorization, approval, consent, common law, legal doctrine, order, judgment, decree, injunction or requirement of any Governmental Authority or any order or award of any arbitrator, now or hereafter in effect.

<u>liabilities</u>: means any and all claims, debts, liabilities, assessments, guarantees, assurances, commitments, obligations, fines, penalties, damages (whether compensatory, punitive, consequential, multiple or other), losses, disgorgements and obligations, of any kind, character or description (whether absolute, contingent, matured, not matured, liquidated, unliquidated, accrued, known, unknown, direct, indirect, derivative or otherwise) whenever arising, including, but not limited to, those arising under or in connection with any law, and those arising under any contract, guarantee, commitment or undertaking, whether sought to be imposed by any Governmental Authority or arbitrator, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, or otherwise (but excluding, any liabilities for Taxes because the Tax Sharing Agreement will govern those liabilities), and including all costs, expenses and interest relating thereto (including, but not limited to, all expenses of investigation, all attorneys' fees and all out-of-pocket expenses in connection with any Action or threatened Action).

Losses: with respect to any Person, all losses, liabilities, damages, claims, demands, judgments or settlements of any nature or kind, known or unknown, fixed, accrued, absolute or contingent, liquidated or unliquidated, including all costs and expenses (legal, accounting or otherwise as such costs are incurred) relating thereto, including punitive damages and criminal fines and penalties, but excluding damages in respect of actual or alleged lost profits, suffered or alleged to be suffered by such Person, regardless of whether any such losses, liabilities, damages, claims, demands, judgments, settlements, costs, expenses, fines and penalties relate to or arise out of such Person's own alleged or actual negligent, grossly negligent, reckless or intentional misconduct.

NYSE: the New York Stock Exchange, Inc.

Other Agreements: the Employee Matters Agreement, the Ownership Agreements, the Shared Services Agreements, the Tax Sharing Agreement, the Transitional Services Agreements, the Judgment Sharing Agreement and any other agreement entered into by members of the RemainCo Group and the SpinCo Group in connection with the Distribution.

Ownership Agreements: the ownership agreements to be entered into on or prior to the Distribution Date between RemainCo and SpinCo relating to the ownership of the airfield in Batesville, Indiana, the aircraft housed at that facility and the nearby corporate conference facility.

<u>Person</u>: an individual, a limited or general partnership, a joint venture, a corporation, a trust, a limited liability company, an unincorporated organization, or a Governmental Authority.

Plan: any Benefit Plan as defined in the Employee Matters Agreement.

Privileged Joint Defense Material: as defined in Section 9.02.

<u>Pro Forma Consolidated Total Debt.</u> all Indebtedness of SpinCo or RemainCo, as the case may be, and its Subsidiaries, calculated on a consolidated basis in accordance with generally accepted accounting principles in the United States, plus any Indebtedness proposed to be incurred in connection with the acquisition of a Restricted Acquisition Target.

Qualified Investment Banker: Citigroup Global Markets Inc. or Goldman, Sachs & Co., including in each case its successors and assigns, or any other investment banking firm of national stature in the United States mutually approved by RemainCo and SpinCo.

Record Date: the close of business on March ____, 2008, being the date for determining the holders of RemainCo Common Stock entitled to receive shares of SpinCo Common Stock pursuant to the Distribution.

RemainCo: as defined in the preamble to this Agreement, including its successors and permitted assigns.

RemainCo Business: all business and operations (including related joint ventures and alliances) of any member of the RemainCo Group at any time after the Distribution.

RemainCo Common Stock: the common stock, without par value, of RemainCo.

<u>RemainCo Core Business</u>: the manufacture or sale of non-implantable devices or any other existing business line conducted by Hill-Rom, Inc. and its Subsidiaries immediately prior to the Distribution (including medical technologies and related services for the health care industry, such as, for example, patient support systems, non-invasive therapeutic products for a variety of acute and chronic medical conditions, medical equipment rentals and workflow technology solutions).

RemainCo Group: RemainCo and the RemainCo Subsidiaries immediately following the consummation of the Distribution.

RemainCo Group Liabilities: except as otherwise specifically provided in any Other Agreement, all liabilities and obligations, whether arising before, at or after the Distribution Date, (a) of any member of the RemainCo Group or (b) arising from the conduct of, in connection with or in any way relating to, in whole or in part, the businesses and operations of the RemainCo Group or the ownership or use of assets or property in connection therewith, including those allocated by Hillenbrand Industries, Inc. to any member of the RemainCo Group on Schedule 2.03(e).

RemainCo Indemnitees: as defined in Section 3.03.

RemainCo Minimum Credit Rating: ______ for Standard & Poors or ______ for Moody's Investor Services.

<u>RemainCo Subsidiaries</u>: all of the corporations, limited liability companies or other entities listed on Exhibit A as members of the RemainCo Group, and any other Subsidiaries of RemainCo, in each case including their successors and permitted assigns.

RemainCo Transfer Agent: the transfer agent for the RemainCo Common Stock.

representative: with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys and representatives.

Responsible Party: as defined in Section 3.12.

Restricted Acquisition Target: any Person engaged in the RemainCo Core Business in the case of RemainCo and the SpinCo Core Business in the case of SpinCo.

Rules: as defined in Section 6.05.

SEC: the United States Securities and Exchange Commission

Section 5.05 Information: as defined in Section 5.05.

Section 5.05 Requesting Party: as defined in Section 5.05.

Securities Exchange Act: the United States Securities Exchange Act of 1934, as amended.

<u>Shared Services Agreements</u>: the shared services agreements to be entered into on or prior to the Distribution Date between RemainCo and SpinCo or their respective Subsidiaries providing for the provision of specified services on a long-term basis.

SpinCo: as defined in the preamble of this Agreement, including its successors and permitted assigns.

SpinCo Business: all business and operations (including related joint ventures and alliances) of any member of the SpinCo Group at any time after the Distribution.

SpinCo Common Stock: as defined in the preamble to this Agreement.

SpinCo Core Business: (a) the manufacture and/or sale of funeral service products, including burial caskets, cremation caskets, containers and urns, selection room display fixturing, and other personalization and memorialization products, including the SpinCo Business conducted immediately following the Distribution, and (b) any other basic manufacturing or distribution business where it is reasonable to assume that the core competencies developed by SpinCo in the manufacture and sale of the products referred to in clause (a) could add enterprise value.

SpinCo Distribution Documents: as defined in Section 3.03(e).

SpinCo Indomnitores or defined in Section 2 04

SpinCo Group: SpinCo and the SpinCo Subsidiaries immediately following the consummation of the Distribution.

SpinCo Group Liabilities: except as otherwise specifically provided in any Other Agreement, all liabilities and obligations, whether arising before, at or after the Distribution Date, (a) of any member of the SpinCo Group or (b) arising from the conduct of, in connection with or in any way relating to, in whole or in part, the businesses and operations of the SpinCo Group or the ownership or use of assets or property in connection therewith, including those allocated by Hillenbrand Industries, Inc. to any member of the SpinCo Group on Schedule 2.03(e).

Spine indentifices. as defined in Section 5.04.							
SpinCo Minimum Credit Rating:	for Standard & Poors or	for Moody's Investor Services.					

SpinCo Subsidiaries: all of the corporations, limited liability companies or other entities listed on Exhibit A as members of the SpinCo Group, and any other Subsidiaries of SpinCo, in each case including their successors and permitted assigns.

SpinCo Transfer Agent: the transfer agent for the SpinCo Common Stock.

<u>Subsidiary</u>: with respect to any specified Person, any corporation or other legal entity of which such Person or any of its Subsidiaries controls or owns, directly or indirectly, more than 50% of the stock or other equity interest entitled to vote on the election of members to the board of directors or similar governing body, in each case including its successors or assigns; provided,

however, that for purposes of this Agreement, no member of the SpinCo Group shall be deemed to be a Subsidiary of any member of the RemainCo Group.

Tax: as defined in the Tax Sharing Agreement.

Tax Sharing Agreement: the tax sharing and indemnification agreement to be entered into on or prior to the Distribution Date between RemainCo and SpinCo.

Third Party: a Person who is not a party hereto or a wholly-owned Subsidiary thereof.

Third Party Claim: as defined in Section 3.08(a).

<u>Transitional Services Agreements</u>: the transitional services agreements to be entered into on or prior to the Distribution Date between RemainCo and SpinCo or their respective Subsidiaries providing for the provision of specified services on a short-term basis.

1.02 References to Time. All references in this Agreement to times of the day shall be to Batesville, Indiana time, except as otherwise specifically provided herein.

ARTICLE II.

THE DISTRIBUTION

- **2.01** <u>Distribution</u>. RemainCo's Board of Directors today authorized the Distribution payable on the Distribution Date to shareholders of record of RemainCo on the Record Date. In connection with such authorization, the Board of Directors of RemainCo received a favorable advance letter ruling from the Internal Revenue Service and such opinions and reports as it deemed necessary, appropriate or desirable to conclude that the Distribution may be made under IND. CODE § 23-1-28-1, et seq.
 - 2.02 Actions Prior to the Distribution. On or prior to the Distribution Date, the parties will take the actions set forth in this Section 2.02.
- (a) Required Information. SpinCo will prepare and RemainCo will mail, prior to the Distribution Date, to the holders of RemainCo Common Stock, the Information Statement incorporated by reference into SpinCo's Registration Statement on Form 10. Each of RemainCo and SpinCo will file with the SEC and secure the effectiveness, if required, of all such documentation that it determines is necessary, appropriate or desirable to effect the Distribution, including, without limitation, a Registration Statement on Form 10 and related Information Statement by SpinCo and a Current Report on Form 8-K by RemainCo.
- (b) Governmental Approvals. RemainCo and/or SpinCo, as appropriate, will take all necessary action to obtain the governmental approvals and material consents that are the subject of Section 2.03(b).
 - (c) Other Agreements. The Other Agreements shall be executed and delivered by the parties thereto.

- (d) <u>Shareholder Approval of Name Change</u>. The shareholders of RemainCo shall have approved and not rescinded the change of RemainCo's name to Hill-Rom Holdings, Inc. effective on or prior to the Record Date.
- 2.03 Conditions to Distribution. The consummation of the Distribution will be subject to the satisfaction, or waiver by RemainCo in its sole and absolute discretion, of the conditions set forth in this Section 2.03; any determination by RemainCo regarding the satisfaction or waiver of any of such conditions will be conclusive:
 - (a) Section 2.02 Matters. Consummation of the actions set forth in Section 2.02.
- (b) <u>Approvals and Consents</u>. The receipt of any governmental approvals and material consents determined by RemainCo to be necessary to consummate the Distribution, which approvals and consents will be in full force and effect.
- (c) No Injunction. No order, injunction, decree or regulation issued by any Government Authority or other legal restraint or prohibition preventing the consummation of the Distribution will be in effect and no other event outside the control of RemainCo will have occurred or failed to occur that prevents the consummation of the Distribution.
- (d) <u>Listing Approval</u>. The SpinCo Common Stock to be distributed in the Distribution will have been accepted for listing on the NYSE, subject to official notice of issuance.
- (e) Rearrangement of Assets, Indebtedness and Employees. The rearrangement of assets, indebtedness and employees between the RemainCo Group and the SpinCo Group referred to on Schedule 2.03(e) shall have been completed.
- (f) <u>Change in Circumstances</u>. No determination will have been made by RemainCo's Board of Directors, in its sole discretion, that the Distribution is no longer in the best interest of RemainCo or its shareholders or that market conditions or other circumstances are such that it is no longer advisable to separate the RemainCo Business and the SpinCo Business.
- (g) Effect of Delayed Distribution. In the event the Distribution Date is for any reason postponed more than 120 days after the date hereof, RemainCo's Board of Directors shall have redetermined, as of such postponed Distribution Date, that the Distribution satisfies the requirements of the Indiana Business Corporation Law governing distributions.

2.04 Certain Shareholder Matters.

(a) <u>Arrangements with Distribution Agent.</u> Subject to Section 2.03, on the Distribution Date, RemainCo will deliver to the RemainCo Transfer Agent, or other agent selected by it, as settlement and distribution agent for the benefit of holders of record of RemainCo Common Stock on the Record Date (the "<u>Distribution Agent</u>"), one or more stock certificates, endorsed by RemainCo in blank, representing all of the outstanding shares of SpinCo Common Stock then owned by RemainCo, and RemainCo will instruct the RemainCo

Transfer Agent to deliver to the Distribution Agent true, correct and complete copies of the stock and transfer records reflecting the holders of RemainCo Common Stock entitled to receive shares of SpinCo Common Stock in connection with the Distribution. RemainCo will cause the Distribution Agent to distribute on the Distribution Date or as soon as reasonably practicable thereafter, in settlement of the transfer of the securities associated with the Distribution, the appropriate number of shares of SpinCo Common Stock to each such holder or designated transferee(s) of such holder and to credit the appropriate number of such shares to book entry accounts for each such holder or designated transferee. For shareholders who hold RemainCo Common Stock through a broker or other nominee, their shares of SpinCo Common Stock will be credited to their respective accounts by such broker or nominee. RemainCo will cooperate, and will instruct the Distribution Agent to cooperate, with SpinCo and the SpinCo Transfer Agent, and SpinCo will cooperate, and will instruct the SpinCo Transfer Agent to cooperate, with RemainCo and the Distribution Agent, in connection with all aspects of the Distribution.

- (b) <u>Distribution Ratio</u>. Subject to Section 2.03, each holder of RemainCo Common Stock on the Record Date (or such holder's designated transferee(s)) will be entitled to receive in the Distribution one share of SpinCo Common Stock for each share of RemainCo Common Stock held by such holder on the Record Date (the "<u>Distribution Ratio</u>").
- (c) <u>Deemed Owner of SpinCo Common Stock.</u> Until such SpinCo Common Stock is duly transferred in accordance with applicable law, SpinCo will regard the Persons entitled to receive such SpinCo Common Stock as record holders of SpinCo Common Stock in accordance with the terms of the Distribution without requiring any action on the part of such Persons. SpinCo agrees that, subject to any transfers of such stock, (i) each such holder will be entitled to receive all dividends payable on, and exercise voting rights and all other rights and privileges with respect to, the shares of SpinCo Common Stock then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive a book entry credit to such holder's account for the shares of SpinCo Common Stock then held by such holder.
- 2.05 Intercompany Accounts. Except as provided in Schedule 2.05, all intercompany loans or advances between any member of the RemainCo Group and any member of the SpinCo Group, and all other intercompany balances between such Group members shall be paid by the obliger to the obligee within 30 days after the Distribution Date.

ARTICLE III.

MUTUAL RELEASES; INDEMNIFICATION

3.01 <u>Survival of Agreements</u>. All covenants and agreements of the parties hereto contained in this Agreement and all covenants and agreements of the parties hereto and their respective Subsidiaries contained in the Other Agreements shall survive the Distribution Date in accordance with their respective terms and shall not be merged into any deeds or other transfer or closing instruments or documents.

3.02 Mutual Release of Pre-Distribution Date Claims.

- (a) SpinCo Release. Except as expressly provided in, arising pursuant to or in connection with this Agreement, the Other Agreements or as set forth in Schedule 3.02(a), effective as of the Distribution Date, SpinCo does hereby, for itself and each other member of the SpinCo Group and their respective successors and assigns, remise, release and forever discharge RemainCo, each member of the RemainCo Group and their respective successors and assigns, from any and all liabilities whatsoever to SpinCo and each other member of the SpinCo Group, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Date, including in connection with the transactions contemplated herein and all other activities to implement the Distribution.
- (b) RemainCo Release. Except as expressly provided in, arising pursuant to or in connection with this Agreement, the Other Agreements or as set forth in Schedule 3.02(b), effective as of the Distribution Date, RemainCo does hereby, for itself and each other member of the RemainCo Group and their respective successors and assigns, remise, release and forever discharge SpinCo, each member of the SpinCo Group and their respective successors and assigns, from any and all liabilities whatsoever to RemainCo and each other member of the RemainCo Group, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Date, including in connection with the transactions contemplated herein and all other activities to implement the Distribution.
- (c) <u>Surviving Liabilities</u>. Nothing contained in Section 3.02(a) or Section 3.02(b) shall impair any right of any Person to enforce this Agreement, any Other Agreement, any claim to the extent covered by insurance or any other agreements, arrangements, commitments or understandings that are specified in, or are contemplated to continue pursuant to, this Agreement or any Other Agreement. Furthermore, nothing contained in Section 3.02(a) or Section 3.02(b) shall release any Person from:
 - (i) any liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other liability of any member of any Group under, this Agreement or any Other Agreement;
 - (ii) any liability for unpaid amounts for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of any other Group within 180 days prior to the Distribution Date;

- (iii) any liability for unpaid amounts for products or services or refunds owing on products or services for work done by a member of one Group at the request or on behalf of a member of another Group within 180 days prior to the Distribution Date;
- (iv) any liability that the parties may have with respect to indemnification or contribution pursuant to this Agreement or any Other Agreement, which liability shall be governed by the provisions of this Article III and, if applicable, the appropriate provisions of such Other Agreement; or
- (v) any liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 3.02; provided that the parties agree not to bring suit, seek to collect any amounts from or file any liens or encumbrances against any Person, or permit any member of their Group to bring suit, seek to collect any amounts from or file any liens or encumbrances against any Person, with respect to any liability to the extent that such Person would be released with respect to such liability by this Section 3.02 but for the provisions of this clause (v).
- (d) Agreement to Make No Claims. Except as provided in this Article III, SpinCo shall not make, and shall not permit any member of the SpinCo Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against RemainCo or any member of the RemainCo Group, or any other Person released pursuant to Section 3.02(a), with respect to any liabilities released pursuant to Section 3.02(a). Except as provided in this Article III, RemainCo shall not make, and shall not permit any member of the RemainCo Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against SpinCo or any member of the SpinCo Group, or any other Person released pursuant to Section 3.02(b), with respect to any liabilities released pursuant to Section 3.02(b).
- (e) <u>Further Assurances</u>. Except as expressly set forth in Section 3.02(c), it is the intent of each of RemainCo and SpinCo by virtue of the provisions of this Section 3.02 to provide for a full and complete release and discharge of all liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Distribution Date, between or among SpinCo or any member of the SpinCo Group, on the one hand, and RemainCo or any member of the RemainCo Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Distribution Date). At any time, at the request of any other party, each party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.
- 3.03 <u>Indemnification by SpinCo</u>. Excluding all Losses arising with respect to the BSI Litigation and except as otherwise provided in this Article III or in the Other Agreements, SpinCo and the Appropriate Members of the SpinCo Group (as defined below) shall indemnify, defend and hold harmless RemainCo, each member of the RemainCo Group, their respective successors and assigns and the officers and directors of each member of the RemainCo Group (collectively, the "<u>RemainCo Indemnitees</u>"), from and against any and all Losses of the

RemainCo Indemnitees relating to, arising out of or resulting from any of the following (without duplication):

- (a) SpinCo Group Liabilities. Any SpinCo Group Liability, including the failure of SpinCo or any other member of the SpinCo Group or any other Person to pay, perform or otherwise promptly discharge any SpinCo Group Liabilities in accordance with their respective terms, whether prior to or after the Distribution Date;
 - (b) SpinCo Business. The SpinCo Business;
 - (c) Breaches. Any breach by SpinCo or any member of the SpinCo Group of this Agreement or any of the Other Agreements;
- (d) Actions Other Than BSI Litigation. Any Action (other than the BSI Litigation) to which SpinCo or the SpinCo Subsidiaries are or become parties that relate to liabilities and obligations of the sort referred to in clause (ii) of the definition of SpinCo Group Liabilities, including any Action in which any member of the RemainCo Group is a named codefendant; and
- (e) <u>Inaccurate Statements</u>. Any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, with respect to all information (i) contained in SpinCo's Registration Statement on Form 10, the related Information Statement and any other documents filed with the SEC pursuant to the Securities Exchange Act in connection with the Distribution on or prior to the Distribution Date (collectively the "<u>SpinCo Distribution Documents</u>") (other than information provided by RemainCo to SpinCo specifically for inclusion therein as set forth on Schedule 3.03(e)), and (ii) provided by SpinCo to RemainCo specifically for inclusion in RemainCo's annual, quarterly, periodic reports or other filings made with the SEC following the Distribution Date.

As used in this Section 3.03, "Appropriate Members of the SpinCo Group" means the member or members of the SpinCo Group if any, whose acts, conduct or omissions or failures to act caused, gave rise to or resulted in the Loss from and against which indemnity is provided, provided, however, that with respect to satisfying any obligation under this Section 3.03, the obligations of the Appropriate Members of the SpinCo Group shall be joint and several.

- 3.04 Indemnification by RemainCo. Excluding all Losses arising with respect to the BSI Litigation, and except as otherwise provided in this Article III or in the Other Agreements, RemainCo and the Appropriate Members of the RemainCo Group (as defined below) shall indemnify, defend and hold harmless SpinCo, each member of the SpinCo Group, their respective successors and assigns and the officers and directors of each member of the SpinCo Group (collectively, the "SpinCo Indemnitees"), from and against any and all Losses of the SpinCo Indemnitees relating to, arising out of or resulting from any of the following (without duplication):
- (a) RemainCo Group Liabilities. Any RemainCo Group Liability, including the failure of RemainCo or any other member of the RemainCo Group or any other Person to

pay, perform or otherwise promptly discharge any RemainCo Group Liabilities, in accordance with their respective terms, whether prior to or after the Distribution Date;

- (b) RemainCo Business. The RemainCo Business;
- (c) Breaches. Any breach by RemainCo or any member of the RemainCo Group of this Agreement or any of the Other Agreements;
- (d) Actions Other Than BSI Litigation. Any Action (other than the BSI Litigation) to which RemainCo or the RemainCo Subsidiaries are or become parties that relate to liabilities and obligations of the sort referred to in clause (ii) of the definition of RemainCo Group Liabilities, including any Action in which any member of the SpinCo Group is a named codefendant; and
- (e) <u>Inaccurate Statements</u>. Any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, with respect to all information (i) contained in the SpinCo Distribution Documents provided by RemainCo specifically for inclusion therein and set forth on Schedule 3.03(e), (ii) contained in any public filing made by SpinCo with the SEC following the Distribution Date to the extent the information was provided to SpinCo by RemainCo regarding the BSI Litigation specifically for inclusion therein as contemplated elsewhere in this Agreement and (iii) provided by RemainCo to SpinCo specifically for inclusion in SpinCo's annual, quarterly or periodic reports or other fillings made with the SEC following the Distribution Date.

As used in this Section 3.04, "Appropriate Members of the RemainCo Group" means the member or members of the RemainCo Group if any, whose acts, conduct or omissions or failures to act caused, gave rise to or resulted in the Loss from and against which indemnity is provided; provided, however, that with respect to satisfying any obligation under this Section 3.04, the obligations of the Appropriate Members of the RemainCo Group shall be joint and several.

3.05 Covenant of SpinCo.

(a) Negative Covenant of SpinCo. Until the occurrence of an Agreed Termination Event, neither SpinCo nor any of the SpinCo Subsidiaries will: (i) incur Indebtedness to finance (x) the payment of any extraordinary cash dividend on its outstanding capital stock or (y) the repurchase of any outstanding shares of its capital stock; (ii) in the case of SpinCo, declare and pay regular quarterly cash dividends on the shares of SpinCo Common Stock of more than \$____ per share (as adjusted for stock splits and other similar changes in outstanding capital stock); (iii) make an acquisition outside the SpinCo Core Business; (iv) incur Indebtedness in excess of \$100 million to finance any acquisition in the SpinCo Core Business without the receipt of an opinion from a Qualified Investment Banker that the transaction is fair to the shareholders of SpinCo from a financial point of view; or (v) incur Indebtedness to make an acquisition within the SpinCo Core Business that either causes SpinCo to exceed an Incurrence Ratio of ___ x or causes SpinCo's credit rating to fall below the SpinCo Minimum Credit Rating; provided, however, that the obligations of SpinCo and the SpinCo Subsidiaries under this Section 3.05(a) shall terminate in the event that either SpinCo's or RemainCo's

obligations under Article II of the Judgment Sharing Agreement are terminated pursuant to Section 2.03 of that agreement.

(b) <u>Sole Beneficiary</u>. The provisions of this Section 3.05 are solely for the benefit of RemainCo, and no provision of this Agreement shall include any third party beneficiary or other rights in any Person or Persons other than RemainCo.

3.06 Covenant of RemainCo.

- (a) Negative Covenant of RemainCo. Until the occurrence of an Agreed Termination Event, neither RemainCo nor any of the RemainCo Subsidiaries will: (i) incur Indebtedness to finance (x) the payment of any extraordinary cash dividend on its outstanding capital stock or (y) the repurchase of any outstanding shares of its capital stock; (ii) in the case of RemainCo, declare and pay regular quarterly cash dividends on the shares of RemainCo Common Stock of more than \$____ per share (as adjusted for stock splits and other similar changes in outstanding capital stock); (iii) make an acquisition outside the RemainCo Core Business; (iv) incur Indebtedness in excess of \$100 million to finance any acquisition in the RemainCo Core Business without the receipt of an opinion from a Qualified Investment Banker that the transaction is fair to the shareholders of RemainCo from a financial point of view; or (v) incur Indebtedness to make an acquisition within the RemainCo Core Business that either causes RemainCo to exceed an Incurrence Ratio of ___ x or causes RemainCo's credit rating to fall below the RemainCo Minimum Credit Rating; provided, however, that the obligations of RemainCo and the RemainCo Subsidiaries under this Section 3.06(a) shall terminate in the event that either RemainCo's or SpinCo's obligations under Article II of the Judgment Sharing Agreement are terminated pursuant to Section 2.03 of that agreement.
- (b) Sole Beneficiary. The provisions of this Section 3.06 are solely for the benefit of SpinCo, and no provision of this Agreement shall create any third party beneficiary or other rights in any Person or Persons other than SpinCo.

3.07 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) Net of Insurance. The parties intend that any Loss subject to indemnification or reimbursement pursuant to this Article III will be net of Insurance Proceeds that actually reduce the amount of the Loss. Accordingly, the amount which any party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification under this Article III (an "Indemnitee") will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in reduction of the related Loss. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Article III from an Indemnifying Party in respect of any Loss and subsequently receives Insurance Proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds recovery had been received, realized or recovered before the Indemnity Payment was made. The parties agree that if any such Insurance Proceeds were paid by an insurance company under a plan, such as a retrospective premium or large deductible program, where such Insurance Proceeds are subsequently billed back to one of the parties by the insurance company, then (i) if billed to the Indemnifying Party, it will pay the insurance company and will not charge such

amount to the Indemnitee, or (ii) if billed to the Indemnitee, the Indemnifying Party will pay on behalf of or reimburse, as appropriate, the Indemnitee for such amount.

(b) No Inadvertent Releases. An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions contained in this Article III, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "windfall" (i.e., a benefit it would not be entitled to receive in the absence of these indemnification provisions) by virtue of the indemnification provisions contained in this Article III. Nothing contained in this Agreement or any Other Agreement shall obligate any member of any Group to seek to collect or recover any Insurance Proceeds.

3.08 Procedures for Indemnification of Third Party Claims.

- (a) <u>Definition</u>. If an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the RemainCo Group or the SpinCo Group of any claims or of the commencement by any such Person of any Action (other than the BSI Litigation) (collectively, a "<u>Third Party Claim</u>") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to this Article III, such Indemnitee shall give such Indemnifying Party written notice thereof promptly and in any event within ten days after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 3.08(a) shall not relieve the related Indemnifying Party of its obligations under this Article III, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice timely.
- (b) Election to Defend. An Indemnifying Party may elect to defend (and, unless, as set forth below, the Indemnifying Party has specified any reservations or exceptions, to seek to settle or compromise), at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third Party Claim for which indemnification is available under this Article III. Within 30 days after the receipt of notice from an Indemnitee in accordance with Section 3.08(a) (or sooner, if the nature of such Third Party Claim, so requires), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee except as set forth in the next sentence. In the event that the Indemnifying Party has elected to assume the defense of a Third Party Claim for which indemnification is available under this Article III but has specified, and continues to assert, any reservations or exceptions in such notice, then, in any such case, the reasonable fees and expenses of one separate counsel for all Indemnitees shall be borne by the Indemnifying Party.
- (c) Failure to Elect to Defend. If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim for which indemnification is available under

this Article III, or fails to notify an Indemnitee of its election as provided in Section 3.08(b), such Indemnitee may defend such Third Party Claim at the cost and expense (including allocated costs of in-house counsel and other personnel) of the Indemnifying Party.

- (d) <u>Settlement</u>. Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim for which indemnification is available under this Article III in accordance with the terms of this Agreement, no Indemnitee may settle or compromise such Third Party Claim without the consent of the Indemnifying Party.
- (e) <u>Limitation on Consent to Judgments</u>. No Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third Party Claim without the consent of an Indemnitee if the effect thereof is to permit any injunction, declaratory judgment, or other nonmonetary relief to be entered, directly or indirectly, against such Indemnitee.
- (f) <u>Subrogation</u>. In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third Party Claim under this Article III, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense (including allocated costs of in-house counsel and other personnel) of such Indemnifying Party, in prosecuting any subrogated right, defense or claim. In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the parties shall endeavor to substitute the Indemnifying Party for the named defendant, if at all practicable. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section 3.08 and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts' fees and all other external expenses, and the allocated costs of in-house counsel and other personnel), the costs of any judgment or settlement, and the costs of any interest or penalties relating to any judgment or settlement.
- 3.09 Effect of Negligence. THE PARTIES UNDERSTAND AND AGREE THAT THE INDEMNIFICATION OBLIGATIONS HEREUNDER AND UNDER THE OTHER AGREEMENTS MAY INCLUDE INDEMNIFICATION FOR LOSSES RESULTING FROM, OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, AN INDEMNIFIED PARTY'S OWN NEGLIGENCE OR STRICT LIABILITY.
- 3.10 Remedies Cumulative. The remedies provided in this Article III shall be cumulative and, subject to the provisions of Article VI, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.
- 3.11 <u>Survival of Indemnities</u>. The rights and obligations of each of RemainCo and SpinCo and their respective Subsidiaries and Indemnitees under this Article III shall survive the

sale or other transfer by any party of any assets or businesses or the assignment by it of any liabilities.

- 3.12 Indemnification of Directors and Officers. It is the parties' intent that each of SpinCo and RemainCo, as applicable, shall be responsible for the costs and expenses incurred pursuant to any indemnification obligations to its current and former officers, directors, employees and agents (the parties so responsible, the "Responsible Party"). To the extent that a Responsible Party's current or former officer, director, employee or agent shall receive indemnification or an advancement of funds from another party (the party so indemnifying or advancing funds, the "Advancing Party") pursuant to an indemnification obligation of the Advancing Party to such Person under its restated articles of incorporation or bylaws, an employment agreement or otherwise, then the Advancing Party shall be reimbursed promptly and in full by the Responsible Party. The parties agree that reimbursement pursuant to this Section 3.12 shall not be construed to expand or limit a Person's respective indemnification rights and obligations under this Article III or to confer upon any Person any rights of indemnification.
- 3.13 <u>Mitigation of Damages</u>. The parties each agree to attempt to mitigate, and to cause each of the members of their respective Groups to attempt to mitigate, any Losses that such party may suffer as a consequence of any matter giving rise to a right to indemnification under this Article III by taking all actions which a reasonable Person would undertake to minimize or alleviate the amount of Losses and the consequences thereof, as if such Person would be required to suffer the entire amount of such Losses and the consequences thereof by itself, without recourse to any remedy against another Person, including pursuant to any right of indemnification hereunder.

ARTICLE IV.

CERTAIN ADDITIONAL COVENANTS

- **4.01 Further Assurances**. In addition to the actions specifically provided for in this Agreement and unless otherwise expressly provided in this Agreement or an Other Agreement, each of the parties hereto shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement.
- **4.02** Receivables Collection and Other Payments. If, after the Distribution Date, one party receives payments belonging to another party, the recipient shall promptly account for and remit same to the appropriate party.

ARTICLE V.

ACCESS TO INFORMATION

5.01 Provision of Corporate Records. Prior to or as promptly as practicable after the Distribution Date or from time to time as reasonably requested by the SpinCo Group, the

RemainCo Group shall deliver to the SpinCo Group: (a) any corporate books and records of the SpinCo Group and any such books and records that primarily relate to the business of the SpinCo Group, in each case in the possession of the RemainCo Group; (b) originals or copies of those corporate books and records of the RemainCo Group that relate to any aspect of the business of the SpinCo Group; and (c) copies (paper or electronic) of all Insurance Policies of any type covering (i) solely the SpinCo Group or (ii) both the SpinCo Group and the RemainCo Group. From and after the Distribution Date, all such books, records and copies (where copies are delivered in lieu of originals), whether or not delivered, shall be the property of the RemainCo Group; provided, however, that all such information contained in such books, records or copies relating to the SpinCo Group shall be subject to the applicable confidentiality provisions and restricted use provisions, if any, contained therein, in this Agreement or the Other Agreements and any confidentiality restrictions imposed by law. RemainCo, if it so elects, may retain copies of any original books and records delivered to SpinCo; provided, however, that all such information contained in such books, records or copies (whether or not delivered to the SpinCo Group) relating to the SpinCo Group, shall be subject to the applicable confidentiality provisions and restricted use provisions, if any, contained in this Agreement or the Other Agreements and any confidentiality restrictions imposed by law; provided, however, that RemainCo shall make the original books and records available to the SpinCo Group for inspection by Governmental Authorities or as otherwise required in connection with the defense of any Action.

5.02 Access to Information. In addition to the provisions set forth in Section 5.01 above, from and after the Distribution Date and upon commercially reasonable notice, each of the RemainCo Group and the SpinCo Group shall afford to the other and to the other's representatives at the expense of the other party, commercially reasonable access and duplicating rights during normal business hours to all information developed or obtained prior to the Distribution Date within such party's possession relating to the other party or its businesses, its former businesses, its assets, its liabilities, or the Other Agreements, insofar as such access is reasonably requested by such other party, but subject to the applicable confidentiality provisions and restricted use provisions, if any, contained therein, in this Agreement or the Other Agreements and any confidentiality restrictions imposed by law. In addition, without limiting the foregoing, information may be requested under this Section 5.02 for audit, accounting, claims, intellectual property protection, litigation and Tax purposes, as well as for purposes of fulfilling disclosure and reporting obligations. In each case, the requesting party agrees to cooperate with the other party to minimize the risk of unreasonable interference with the other party's business. In the event access to any information otherwise required to be granted herein or in the Other Agreements is restricted by law or otherwise, the parties agree to take such actions as are reasonably necessary, proper or advisable to have such restrictions removed or to seek an exemption therefrom or to otherwise provide the requesting party with the benefit of the information to the same extent such actions would have been taken on behalf of the requesting party had such a restriction existed and the Distribution not occurred. The alleged breach of this Agreement by one party hereto shall not be a defense to the obligation of another party hereto to perform its obligations under this Article V.

5.03 <u>Litigation Support and Production of Witnesses</u>. After the Distribution Date, each member of the RemainCo Group and the SpinCo Group shall use commercially reasonable efforts to provide assistance to the other with respect to any Third Party Claim, and to make available to the other, upon written request: (a) such employees who have expertise or

knowledge with respect to the other party's business or products or matters in litigation or alternative dispute resolution, for the purpose of consultation and/or as a witness; and (b) its directors, officers, other employees and agents, as witnesses, in each case to the extent that the requesting party believes any such Person may reasonably be useful or required in connection with any legal, administrative or other proceedings in which the requesting party may from time to time be involved. The employing party agrees that such consultant or witness shall be made available to the requesting party upon commercially reasonable notice to the same extent that such employing party would have made such consultant or witness available if the Distribution had not occurred. The requesting party agrees to cooperate with the employing party in giving consideration to business demands of such Persons.

- **5.04 Reimbursement**. Except to the extent otherwise contemplated by this Agreement or any Other Agreement, a party providing information, consulting, or witness services to the other party under this Article V shall be entitled to receive from the recipient of such information or services, upon the presentation of invoices therefor, payments for such amounts, relating to supplies, disbursements, travel expenses, and other out-of-pocket expenses (including the direct and indirect costs of employees providing consulting and expert witness services in connection with litigation and alternative dispute resolution, but excluding direct and indirect costs of employees who provide information or are fact witnesses) as may be reasonably incurred in providing such information, consulting or witness services.
- 5.05 Retention of Records. Except as otherwise required by law or agreed in writing, or as otherwise provided in any Other Agreement, each member of the RemainCo Group and the SpinCo Group shall retain, for the retention periods set forth in their respective records management programs as in effect on the Distribution Date or such longer period as may be required by law, this Agreement or the Other Agreements, all proprietary information in such party's possession or under its control relating to the business, former business, assets or liabilities of the other party or the Other Agreements (the "Section 5.05 Information"). Promptly following the Distribution Date, RemainCo and SpinCo will each deliver to the other a copy of its record management program then in effect and will thereafter promptly deliver to the other any amendment thereto that affects the retention of Section 5.05 Information in any material respect. Either RemainCo or SpinCo (a "Section 5.05 Requesting Party") may request in writing to the other, at least 30 days prior to the scheduled disposition or destruction of Section 5.05 Information as contemplated by the most recent version of the other party's record retention program in the possession of the Section 5.05 Requesting Party, that any of the Section 5.05 Information scheduled for imminent disposition or destruction be delivered to the Section 5.05 Requesting Party shall promptly arrange for the delivery of the requested Section 5.05 Information to a location specified by, and at the expense of, such Section 5.05 Requesting Party.
- **5.06** <u>Confidentiality.</u> From and after the Distribution Date and except as otherwise required by this Agreement or the Other Agreements, each of RemainCo and SpinCo shall hold, and shall use its commercially reasonable efforts to cause its Subsidiaries, employees, affiliates and representatives to hold, in strict confidence all information concerning or belonging to the other party obtained by it prior to the Distribution Date or furnished to it by such other party pursuant to this Agreement or the Other Agreements and shall not release or disclose such information to any other Person, except its representatives who shall be bound by the provisions

of this Section 5.06; provided, however, that RemainCo and SpinCo and their respective employees, affiliates and representatives may disclose such information to the extent that (a) disclosure is compelled by judicial or administrative process or, in the opinion of RemainCo's or SpinCo's counsel (as the case may be), by other requirements of law, or (b) such party can show that such information was (i) available to such party after the Distribution Date from Third Party sources (other than employees or former employees of either party or their Subsidiaries, their affiliates, former affiliates, representatives or former representatives), on a nonconfidential basis prior to its disclosure to such party after the Distribution Date by the Third Party, (ii) in the public domain through no fault of such party, (iii) lawfully acquired by such party from Third Party sources other than employees or former employees of either party or their Subsidiaries, their affiliates, former affiliates, representatives or former representatives, after the time that it was furnished to such party pursuant to this Agreement or the Other Agreements or (iv) is independently discovered or developed after the Distribution Date by employees of such party. Notwithstanding the foregoing, each of RemainCo and SpinCo and their respective representatives and affiliates shall be deemed to have satisfied its obligations under this Section 5.06 with respect to any information if it exercises the same care with regard to such information as it takes to preserve confidentiality for its own similar information.

5.07 <u>Harmonization</u>. If there shall be a conflict or an inconsistency between the provisions of this Article V and Article IX, the provisions in Article IX shall control over the inconsistent provisions in this Article V as to matters specifically addressed in Article IX.

ARTICLE VI.

ARBITRATION; DISPUTE RESOLUTION

6.01 Agreement to Arbitrate. The procedures for discussion, negotiation and arbitration set forth in this Article VI shall be the final, binding and exclusive means to resolve, and shall apply to all disputes, controversies or claims (whether in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with this Agreement or any Other Agreement that does not contain provisions similar to this Article VI relating to arbitration and dispute resolution. Each party agrees on behalf of itself and each member of its respective Group that the procedures set forth in this Article VI shall be the final, binding and exclusive remedy in connection with any dispute, controversy or claim relating to any of the foregoing matters and irrevocably waives any right to commence any Action in or before any Governmental Authority, except to the extent provided under the Arbitration Act in the case of judicial review of arbitration results or awards. Each party on behalf of itself and each member of its respective Group irrevocably waives any right to any trial by jury with respect to any dispute, controversy or claim covered by this Section 6.01.

6.02 Escalation.

(a) Expeditious Resolution. It is the intent of the parties to use their respective commercially reasonable efforts to resolve expeditiously any dispute, controversy or claim between them with respect to the matters covered by this Agreement that may arise from time to time on a mutually acceptable negotiated basis. In furtherance of the foregoing, any party involved in a dispute, controversy or claim may deliver a notice (an "Escalation Notice") demanding an in-person meeting involving representatives of the parties at a senior level of

management (or if the parties agree, of the appropriate business function or division within such entity). A copy of any such Escalation Notice shall be delivered addressed to the General Counsel, or like chief legal officer or official, of each party involved in the dispute, controversy or claim (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location or procedure for such discussions or negotiations between the parties may be established by agreement of the parties from time to time; provided, however, that the parties shall use their commercially reasonable efforts to meet within 20 days of the Escalation Notice.

(b) Good Faith Negotiations. Following delivery of an Escalation Notice, the parties shall undertake good faith, diligent efforts to negotiate a commercially reasonable resolution of the dispute, controversy or claim. The parties may, by mutual consent, retain a mediator to aid the parties in their discussions and negotiations. Any opinion expressed by the mediator shall be strictly advisory and shall not be binding on the parties, nor shall any opinion expressed by the mediator be admissible in any arbitration proceedings. The mediator may be chosen from a list of mediators selected by the parties or by other agreement of the parties. All third-party costs of the mediation shall be borne equally by the parties involved in the matter, and each party shall be responsible for its own expenses. Mediation is not a prerequisite to an Arbitration Demand Notice under Section 6.03.

6.03 Demand for Arbitration.

- (a) Initiation of Process. At any time following 60 days after the date of an Escalation Notice (the "Arbitration Demand Date"), any party involved in the dispute, controversy or claim (regardless of whether such party delivered the Escalation Notice) may deliver a notice demanding arbitration of such dispute, controversy or claim (an "Arbitration Demand Notice"). Delivery of an Escalation Notice by a party shall be a prerequisite to delivery of an Arbitration Demand Notice by that party or the other party, provided, however, that in the event that any party shall deliver an Arbitration Demand Notice to the other party, such other party may itself deliver an Arbitration Demand Notice to such first party with respect to any related dispute, controversy or claim with respect to which the Applicable Deadline has not passed without the requirement of delivering an Escalation Notice. No party may assert that the failure to resolve any matter during any prior discussions or negotiations, or the failure to agree on a mutually acceptable time, agenda, location or procedure for a meeting is a prerequisite to an Arbitration Demand Notice under Section 6.03. In the event that any party delivers an Arbitration Demand Notice with respect to any dispute, controversy or claim that is the subject of any then pending arbitration proceeding or of a previously delivered Arbitration Demand Notice, all such disputes, controversies and claims shall be resolved in the arbitration proceeding for which an Arbitration Demand Notice was first delivered unless the arbitrators in their sole discretion determine that it is impracticable or otherwise inadvisable to do so.
- (b) <u>Limitation Periods</u>. Except as may be expressly provided in any Other Agreement to which this Article VI is applicable (an 'Applicable Other Agreement'), any Arbitration Demand Notice may be given until the date that is two years after the later of the occurrence of the act or event giving rise to the underlying claim or the date on which such act or event was, or should have been, in the exercise of reasonable due diligence, discovered by the party asserting the claim (as applicable and as it may in a particular case be specifically extended

by the parties in writing, the "Applicable Deadline"). Any discussions, negotiations or mediations between the parties pursuant to this Agreement or otherwise will not toll the Applicable Deadline unless expressly agreed in writing by the parties. Each of the parties agrees on behalf of itself and each member of its Group that if an Arbitration Demand Notice with respect to a dispute, controversy or claim is not given prior to the occurrence of the Applicable Deadline, as between or among the parties and the members of their Groups, such dispute, controversy or claim will be barred. Subject to Section 6.09, upon delivery of an Arbitration Demand Notice pursuant to Section 6.03(a) prior to the Applicable Deadline, the dispute, controversy or claim, and all substantive and procedural issues related thereto, shall be decided by a three member panel of arbitrators in accordance with this Article VI.

6.04 Arbitrators.

- (a) <u>Selection</u>. The party delivering the Arbitration Demand Notice shall notify the American Arbitration Association ("<u>AAA</u>") and the other party in writing describing in reasonable detail the nature of the dispute. Within 20 days of the date of the Arbitration Demand Notice, each party to the dispute shall select one arbitrator from the members of a panel of arbitrators of the AAA. The selected arbitrators shall then jointly select a third arbitrator from the members of a panel of arbitrators of the AAA, and such third arbitrator shall be disinterested with respect to each of the parties and shall be experienced in complex commercial arbitration. In the event that the parties' selected arbitrators are unable to agree on the selection of the third arbitrator, the AAA shall select the third arbitrator, within 45 days of the date of the Arbitration Demand Notice. In the event that any arbitrator is unable to serve, his replacement will be selected in the same manner as the arbitrator to be replaced. The vote of two of the three arbitrators shall be required for any decision under this Article VI.
- (b) <u>Time</u>. The arbitrators will set a time for the hearing of the matter which will commence no later than 180 days after the date of appointment of the third arbitrator and which hearing will be no longer than 30 days (unless in the judgment of the arbitrators the matter is unusually complex and sophisticated and thereby requires a longer time, in which event such hearing shall be no longer than 90 days). The final decision of such arbitrators will be rendered in writing to the parties not later than 60 days after the last day of the hearing, unless otherwise agreed by the parties in writing.
- (c) <u>Place</u>. The place of any arbitration hereunder will be Indianapolis, Indiana, and the language of any arbitration hereunder will be English. Unless otherwise agreed by the parties, the arbitration hearing shall be conducted on consecutive days.
- **6.05** <u>Hearings</u>. Within the time period specified in Section 6.04(b), the matter shall be presented to the arbitrators at a hearing by means of written submissions of memoranda and verified witness statements, filed simultaneously, and responses, if necessary in the judgment of the arbitrators or both of the parties. If the arbitrators deem it to be essential to a fair resolution of the dispute, live cross-examination or direct examination may be permitted, but is not generally contemplated to be necessary. The arbitrators shall actively manage the arbitration with a view to achieving a just, speedy and cost-effective resolution of the dispute, claim or controversy. The arbitrators may, in their discretion, set time and other limits on the presentation of each party's case, its memoranda or other submissions, and may refuse to receive any proffered evidence,

which the arbitrators, in their discretion, find to be cumulative, unnecessary, irrelevant or of low probative nature. Any arbitration hereunder shall be conducted in accordance with the Commercial Arbitration Rules of the AAA ("Rules") in effect on the date the Arbitration Demand Notice is served. The decision of the arbitrators will be final and binding on the parties, and judgment thereon may be had and will be enforceable in any court having jurisdiction over the parties. Arbitration awards will bear interest at the Base Rate plus 2% per annum, subject to any maximum amount permitted by applicable law. To the extent that the provisions of this Agreement and the prevailing Rules conflict, the provisions of this Agreement shall govern.

6.06 Discovery and Certain Other Matters.

(a) <u>Production of Documents</u>. Any party involved in a dispute, controversy or claim subject to this Article VI may request document production from the other party or parties of specific and expressly relevant documents, with the reasonable expenses of the producing party incurred in such production paid by the requesting party. Any such discovery shall be conducted in accordance with the Rules, subject to the discretion of the arbitrators. Any such discovery shall be conducted expeditiously and shall not cause the hearing to be adjourned except upon consent of all parties involved in the applicable dispute or upon an extraordinary showing of cause demonstrating that such adjournment is necessary to permit discovery essential to a party to the proceeding. Disputes concerning the scope of document production and enforcement of the document production requests will be determined by written agreement of the parties involved in the applicable dispute or, failing such agreement, will be referred to the arbitrators for resolution. Subject to the terms of this Agreement, all discovery requests will be subject to the parties' rights to claim any applicable privilege, and no joint privilege may be waived without the prior written consent of both parties to this Agreement. The arbitrators will adopt procedures to protect the proprietary rights of the parties and to maintain the confidential treatment of the arbitration proceedings (except as may be required by law). Subject to the foregoing, the arbitrators shall have the power to issue subpoenas to compel the production of documents relevant to the dispute, controversy or claim.

(b) <u>Authority of Arbitrators</u>. The arbitrators shall have full power and authority to determine issues of arbitrability but shall otherwise be limited to interpreting or construing the applicable provisions of this Agreement and any Applicable Other Agreement, and will have no authority or power to limit, expand, alter, amend, modify, revoke or suspend any condition or provision of this Agreement or any Applicable Other Agreement; it being understood, however, that the arbitrators will have full authority to implement the provisions of this Agreement or any Applicable Other Agreement, and to fashion appropriate remedies for breaches of this Agreement and any Applicable Other Agreement (including interim or permanent injunctive relief); provided that the arbitrators shall not have (i) any authority in excess of the authority a court having jurisdiction over the parties and the controversy or dispute would have absent these arbitration provisions or (ii) any right or power to award punitive damages. It is the intention of the parties that in rendering a decision the arbitrators give effect to the applicable provisions of this Agreement and the Applicable Other Agreements and follow applicable law (it being understood and agreed that this sentence shall not give rise to a right of judicial review of the arbitrators' award).

- (c) Effect of Failure to Participate. If a party fails or refuses to appear at and participate in an arbitration hearing after due notice, the arbitrators may hear and determine the controversy upon evidence produced by the appearing party.
- (d) <u>Costs</u>. Arbitration costs will be borne equally by each party involved in the matter, and each party will be responsible for its own attorneys' fees and other costs and expenses, including the costs of any expert witnesses selected by such party.

6.07 Certain Additional Matters.

- (a) <u>Nature of Award</u>. Any arbitration award shall be a bare award limited to a holding for or against a party and shall be without findings as to facts, issues or conclusions of law and shall be without a statement of the reasoning on which the award rests, but must be in adequate form so that a judgment of a court may be entered thereupon. Judgment upon any arbitration award hereunder may be entered in any court having jurisdiction thereof.
- (b) <u>Confidentiality of Proceedings</u>. Except as required by law, the parties shall hold, and shall cause their respective officers, directors, employees, agents and other representatives to hold, the existence, content and result of mediation or arbitration in confidence in accordance with the provisions of this Section 6.07(b) and except as may be required in order to enforce any award. Each of the parties shall request that any mediator or arbitrator comply with such confidentiality requirement.
- 6.08 Continuity of Service and Performance. Unless otherwise agreed in writing, the parties will continue to provide service and honor all other commitments under this Agreement, each Other Agreement and any other agreement between or among any members of the RemainCo Group and the SpinCo Group during the course of the dispute resolution procedures pursuant to this Article VI with respect to all matters not subject to such dispute, controversy or claim.
- **6.09** <u>Law Governing Arbitration Procedures</u>. The interpretation of the provisions of this Article VI, only insofar as they relate to the agreement to arbitrate and any procedures pursuant thereto, shall be governed by the Arbitration Act, as amended, and other applicable federal law. In all other respects, the interpretation of this Agreement shall be governed as set forth in Section 10.04.

ARTICLE VII.

NO REPRESENTATIONS OR WARRANTIES

7.01 No Representations or Warranties. SpinCo understands and agrees that no member of the RemainCo Group is, in this Agreement or in any Other Agreement, representing or warranting to the SpinCo Group in any way as to the SpinCo Business, or as to any consents or approvals required in connection with the consummation of the transactions contemplated by this Agreement. RemainCo understands and agrees that no member of the SpinCo Group is, in this Agreement or in any Other Agreement, representing or warranting to the RemainCo Group in any way as to the RemainCo Business, or as to any consents or approvals required in connection with the consummation of the transactions contemplated by this Agreement.

ARTICLE VIII. INSURANCE

8.01 Insurance Policies and Rights.

- (a) <u>Assets and Liabilities of SpinCo</u>. To the extent permitted under the terms of any applicable Insurance Policy, without limiting the availability of subrogation rights as an Indemnifying Party under Section 3.08(f), the assets of SpinCo shall include any and all rights of an insured party, including rights of indemnity and the right to be defended by or at the expense of the insurer, and to receive Insurance Proceeds with respect to all Insured SpinCo Claims under any Insurance Policies. The SpinCo Group shall be solely responsible for any and all deductibles, self-insured retentions, retrospective premiums, claims handling fees, program adjustments, collateral obligations and other charges or obligations owed under the Insurance Policies or associated agreements with respect to the coverage provided for Insured SpinCo Claims.
- (b) <u>Assets and Liabilities of RemainCo</u>. To the extent permitted under the terms of any applicable Insurance Policy, without limiting the availability of subrogation rights as an Indemnifying Party under Section 3.08(f), the assets of RemainCo shall include any and all rights of an insured party including rights of indemnity and the right to be defended by or at the expense of the insurer, and to receive Insurance Proceeds under any Insurance Policies other than the rights under any Insurance Policies which are solely assets of SpinCo. The RemainCo Group shall be solely responsible for any and all deductibles, self-insured retentions, retrospective premiums, claims handling fees, program adjustments, collateral obligations and other charges or obligations owed under the Insurance Policies or associated agreements with respect to the coverage provided for Insured Claims other than Insured SpinCo Claims.
- (c) <u>Definitions</u>. Solely for purposes of this Article VIII, "RemainCo Group" and "SpinCo Group" shall include RemainCo and SpinCo, as the case may be, and their consolidated entities to the extent such entities were in existence on or prior to the Distribution Date or are set forth on Exhibit A.
 - (d) No Release of Insurers. Nothing in this Agreement is intended to relieve any insurer of any liability under any Insurance Policy.
 - 8.02 Administration and Reserves. Consistent with the provisions of Article III, from and after the Distribution Date:
- (a) RemainCo Responsibilities. RemainCo shall be responsible for (i) Insurance Administration of the Insurance Policies with respect to any liabilities of any member of the RemainCo Group, any assets of the RemainCo Group or any claims as to which the RemainCo Group has retained rights of reimbursement or subrogation pursuant to this Agreement or any Other Agreement; and (ii) Claims Administration with respect to any liabilities of any member of the RemainCo Group, any assets of the RemainCo Group or any claims as to which the RemainCo Group has retained rights of coverage, indemnification, defense, reimbursement or subrogation pursuant to this Agreement or any Other Agreement. It is understood that the retention of the Insurance Policies by RemainCo is in no way intended to

limit, inhibit or preclude any right to insurance coverage for any Insured Claim or any other rights under the Insurance Policies, including without limitation, claims of SpinCo and any of its operations, the SpinCo Subsidiaries and affiliates for insurance coverage, reimbursement, subrogation or otherwise.

- (b) SpinCo Responsibilities. SpinCo shall be responsible for (i) Insurance Administration of any Insurance Policies which insure the SpinCo Group only, and (ii) Claims Administration with respect to any liabilities of any member of the SpinCo Group, any assets of the SpinCo Group or any claims as to which the SpinCo Group has rights of coverage, indemnification, defense, reimbursement or subrogation pursuant to this Agreement or any Other Agreement.
- (c) <u>Cooperation</u>. The parties hereto shall cooperate with regards to Insurance Administration, and shall share material information concerning such matters so that both the SpinCo Group and the RemainCo Group are aware on a continuing basis of remaining aggregate limits of coverage, deductible payments, retrospective premium payments, claim reserves, claim payments and other material matters relevant to continued dealings with insurers providing coverage for liabilities of both Groups.
- (d) <u>Future Rights</u>. Nothing in this Agreement shall be construed or deemed to affect in any way the right of either RemainCo or SpinCo to obtain and administer future insurance policies or to enter into future indemnification agreements with third parties on whatever terms it believes to be advisable, including the entry into separate insurance policies covering RemainCo and the RemainCo Subsidiaries or SpinCo and the SpinCo Subsidiaries, as the case may be.
- **8.03** <u>Allocation of Insurance Proceeds: Cooperation</u>. Except as otherwise provided in Article III, the parties shall use reasonable efforts to ensure that Insurance Proceeds received with respect to claims, costs and expenses under the Insurance Policies shall be paid to RemainCo with respect to RemainCo Liabilities and to SpinCo with respect to the SpinCo Liabilities.
- 8.04 Reimbursement of Expenses. SpinCo shall reimburse the relevant insurer or the relevant third-party administrator or RemainCo, as appropriate, to the extent required under any Insurance Policy, Insurance Company Program Agreement or Claims Handling Agreement for any services performed after the Distribution Date with respect to any and all Insured SpinCo Claims which are not RemainCo Liabilities which are paid, settled, adjusted, defended and/or otherwise handled by such insurer, third-party administrator or RemainCo pursuant to the terms and conditions of such Insurance Policy, Insurance Company Program Agreement or Claims Handling Agreement.
- 8.05 No Reduction of Coverage. Except for reduction in coverage resulting from submission and payment of claims, neither party shall take any action to eliminate or reduce coverage available to the other party under any Insurance Policy, Insurance Company Program Agreement or Claims Handling Agreement in existence prior to the Distribution Date and covering claims incurred prior to the Distribution Date (or claims made after the Distribution Date for acts prior to the Distribution Date on claims-made policies) without the prior written

consent of the other party (which shall not be unreasonably withheld or delayed); provided, however, that nothing herein shall affect a party's right to amend the terms of a Claims Handling Agreement, Insurance Company Program Agreement or Insurance Policy after the Distribution on renewal or otherwise that relates to claims incurred after the Distribution Date (or claims made after the Distribution Date for acts after the Distribution Date on claims-made policies); and provided that no member of the RemainCo Group shall have any liability to any member of the SpinCo Group if any Insurance Policy is inadequate to cover any liability of the SpinCo Group for any reason.

8.06 Shared Insurance Policies Other Than Executive Liability Policies. Effective on the Distribution Date, RemainCo will take the necessary action to terminate the SpinCo Group's coverage with respect to occurrences on or after the Distribution Date under the shared insurance policies, including, but not limited to, workers compensation/employers liability, commercial general liability (including product liability,) auto liability, excess/umbrella liability, property/business interruption, marine cargo, blanket crime/fidelity and international liability. Any resulting return of premium or credit will be allocated between the RemainCo Group and the SpinCo Group in proportion to their respective contributions to the payment of such premium. Each of the RemainCo Group and the SpinCo Group shall be responsible for obtaining its own replacement policies (if so desired) for occurrences on or after the Distribution Date.

8.07 Executive Liability Policies. Effective as of the Distribution Date and continuing for a period of six years thereafter, RemainCo will renew and/or continue in force the Executive Liability Policies with comparable insurers and with comparable coverage terms to the extent available in the marketplace. The Executive Liability Policies, to the extent of their respective coverage terms, will respond to claims that are first made during this six-year period following the Distribution Date based on: (a) covered wrongful acts of RemainCo, the RemainCo Subsidiaries in existence as of the Distribution Date, spinCo and the SpinCo Subsidiaries in existence as of the Distribution Date; and (b) covered wrongful acts of RemainCo and the RemainCo Subsidiaries in existence after the Distribution Date and their respective officers, directors and their employees that occur after the Distribution Date. To the extent that a self-insured retention applies to any claim made against members of the SpinCo Group or their respective officers, directors and employees that is based on wrongful acts that occurred prior to the Distribution Date, the liability to pay such self insured retention shall be determined pursuant to the indemnification provisions set forth in Article III. Effective on the Distribution Date, SpinCo and the SpinCo Subsidiaries shall be responsible for obtaining the Executive Liability Policies to cover wrongful acts of SpinCo, the SpinCo Subsidiaries and their respective directors, officers and employees that occur on or after the Distribution Date.

ARTICLE IX.

JOINT DEFENSE AGREEMENT

9.01 Control of Actions. While RemainCo shall have the right to participate in the coordination of legal strategy of the BSI Litigation, SpinCo shall have the right to maintain control over the investigation, defense and/or settlement of the BSI Litigation as long as SpinCo has not settled the BSI Litigation without RemainCo's consent. If SpinCo settles the BSI

Litigation without RemainCo's consent, RemainCo shall have the right, but not the obligation, to assume control over any remaining investigation, defense and/or settlement of the BSI Litigation. RemainCo or SpinCo shall have the right to maintain control over the investigation, defense and/or settlement of any Article IX Third Party Claims relating to the RemainCo Business and the SpinCo Business, respectively. Nothing contained in this Agreement shall prevent either RemainCo or SpinCo from settling without the other's consent.

- 9.02 Privileged Information. To improve the efficient handling of the BSI Litigation and Article IX Third Party Claims, to protect their joint interests in the defense of the litigation and to minimize the costs to RemainCo and SpinCo, RemainCo and SpinCo agree to share with each other through their attorneys information and materials sufficient to enable each party fully and completely to evaluate and assess the costs, risks and efficient handling of the BSI Litigation and Article IX Third Party Claims. Such information and materials include, but are not limited to, interview notes, memoranda of law, research memoranda, and any settlement analysis or offer (collectively, "Privileged Joint Defense Material"). In so doing, RemainCo and SpinCo do not intend to waive the attorney-client privilege, the work product privilege, or any other privilege or protection that may relate or apply to any of the Privileged Joint Defense Material, or any portion thereof.
- 9.03 Communications. The interests of RemainCo and SpinCo with respect to the BSI Litigation and Article IX Third Party Claims are mutual, common and consistent with each other. Accordingly, it is the intention and understanding of RemainCo and SpinCo that the results of communications between them through their attorneys in connection with the BSI Litigation and Article IX Third Party Claims, including, but not limited to, any work performed by attorneys retained by RemainCo or SpinCo in connection with the BSI Litigation or Article IX Third Party Claims, will remain confidential and protected from disclosure to any third party and shall not be disclosed to anyone but their attorneys and those assisting their attorneys in the defense or prosecution of the BSI Litigation and/or Article IX Third Party Claims. RemainCo and SpinCo agree with each other that neither of them nor any member of their respective Groups will disclose Privileged Joint Defense Material to third parties without the consent of the other, and that the disclosure of Privileged Joint Defense Material generated by one of them to the other does not constitute a waiver of any available privileges. RemainCo and SpinCo consider such disclosure of matters of common concern essential to the effective representation of them in the BSI Litigation and Article IX Third Party Claims, and therefore, such disclosure is covered by the common interest doctrine.
- **9.04** Confidentiality Commitment. RemainCo and SpinCo further agree (subject to the exceptions set forth herein) that RemainCo and SpinCo will use their best efforts to ensure that the confidentiality of Privileged Joint Defense Material is maintained at all times and that no disclosure is made which would result in a waiver or loss of any privilege or confidentiality right otherwise available. In the event that RemainCo or SpinCo or any member of their respective Groups receives a subpoena from any Person, the receiving party shall immediately notify the other party of that fact and shall not voluntarily surrender any Privileged Joint Defense Material (except that originated by the subpoenaed party) without permitting the other party an opportunity to protect its respective interests by motion in an appropriate court or other forum.

- 9.05 <u>Limitations</u>. Nothing in this Agreement shall be construed as giving rise to any obligation to share any information, communications or Privileged Joint Defense Material, other than as required in this Agreement.
- 9.06 Continued Effectiveness of Article IX. This Article IX shall continue in effect notwithstanding any conclusion or resolution as to any party hereto of the investigation, defense or prosecution of the BSI Litigation or Article IX Third Party Claims. RemainCo and SpinCo and the members of their respective Groups will continue to be bound by this Article IX following any such conclusion or resolution.
- 9.07 Diversion of Interests or Disputes. In the event the interests of RemainCo and SpinCo with respect to the BSI Litigation and Article IX. Third Party Claims are no longer mutual, common and consistent with each other or in the event a dispute between RemainCo and SpinCo arises under this Article IX, the obligation to share Privileged Joint Defense Material shall cease. Previously exchanged Privileged Joint Defense Material may be used, if and only if both parties consent, in any proceeding instituted to resolve such a dispute to the extent such information is relevant to the resolution of that dispute. In the event both parties consent and such information is used, such information shall remain privileged and confidential as against third parties and the parties shall take all steps necessary to preserve that privilege and confidentiality.
- 9.08 Withdrawal. Even though the interests of RemainCo and SpinCo with respect to the BSI Litigation and Article IX Third Party Claims remain mutual, common and consistent with each other, each party may, with reasonable written notice, withdraw prospectively from the joint defense described in this Article IX with respect to any Article IX Third Party Claim if both parties mutually consent. The effect of withdrawal shall be prospective only and will not affect the parties' mutual obligation to hold confidential all Privileged Joint Defense Material, communications and information exchanged prior to receipt of written notice of withdrawal. In the event of a withdrawal of a party, the parties may keep all copies of Privileged Joint Defense Material provided under this Agreement so long as the parties maintain the confidentiality of the Privileged Joint Defense Material as set forth in this Article IX.
- 9.09 Waiver of Disqualification of Counsel. In the event a dispute arises between RemainCo and SpinCo pursuant to this Article IX, the prior exchange of Privileged Joint Defense Material between the parties and their respective counsel shall not be used as a basis for disqualification of any attorney for RemainCo or SpinCo, respectively, in the BSI Litigation or Article IX Third Party Claims or related litigation, and each party waives prospectively the right to claim disqualification on that basis. In the event a conflict between the parties arises, (a) the parties' counsel may continue to represent their respective client at the client's sole option; and (b) neither party will seek to disqualify the other party's attorneys from continuing to represent their respective client.
- **9.10** Irreparable Damage for Breach of Article IX. RemainCo and SpinCo agree that irreparable damage would result from any party's breach of this Article IX and that, in the event of a breach, specific performance and/or injunctive relief is appropriate to remedy a breach of this Article IX.

ARTICLE X.

MISCELLANEOUS

10.01 Complete Agreement. This Agreement, the Exhibit and Schedules hereto, the Other Agreements and the agreements and other documents referred to herein shall constitute the entire agreement between the parties hereto with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

10.02 Other Agreements. Except as otherwise expressly provided herein, if there shall be a conflict or an inconsistency between the provisions of this Agreement and the provisions of an Other Agreement, the provisions of the Other Agreement shall control over the inconsistent provisions of this Agreement as to matters specifically addressed in the Other Agreement.

10.03 Expenses. RemainCo and SpinCo shall each be responsible for its expenses incurred in connection with the Distribution.

10.04 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana (other than the laws regarding choice of laws and conflicts of laws) as to all matters, including matters of validity, construction, effect, performance and remedies; provided, however, that the Arbitration Act shall govern the matters described in Article VI.

10.05 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person (including a nationally recognized delivery service) by facsimile, electronic mail or other standard form of telecommunications (provided confirmation is delivered to the recipient the next Business Day in the case of facsimile, electronic mail or other standard form of telecommunications) or by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to RemainCo: Hillenbrand Industries, Inc.

1069 State Route 46 East Batesville, IN 47006-8835 c/o Corporate Secretary

If to SpinCo: Batesville Holdings, Inc.

One Batesville Boulevard Batesville, IN 47006-8835 c/o General Counsel

or to such other address as a party hereto may have furnished to the other party by a notice in writing in accordance with this Section 10.05.

- 10.06 Amendment and Modification. This Agreement may be amended, modified or supplemented only by a written agreement signed by each of the parties hereto.
- 10.07 Successors and Assigns: No Third Party Beneficiaries This Agreement is made and shall be binding on and inure solely to the benefit of the RemainCo Group and the SpinCo Group and their respective successors or permitted assigns and does not otherwise confer any rights or defenses on any other Person. Neither RemainCo nor SpinCo may assign any of its rights or obligations under this Agreement to another Person without the consent of the other party to this Agreement, which consent may be withheld for any reason or no reason. Subject to the foregoing, (a) this Agreement and all the terms and provisions hereof shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns, and (b) each party to this Agreement shall require any Person or Persons that, as a result of any merger, purchase of assets, reorganization or other transaction, acquires or succeeds to all or substantially all of its business or assets to assume its obligations under this Agreement pursuant to a written assumption agreement in form and substance reasonably satisfactory to the other party.
- 10.08 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 10.09 <u>Interpretation</u>. The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties hereto and shall not in any way affect the meaning or interpretation of this Agreement.
- 10.10 Legal Enforceability. Each party agrees that it shall not, directly or indirectly, challenge the enforceability of this Agreement on any grounds or under any circumstances. Without limiting the effect of the immediately preceding sentence, if any provision of this Agreement is determined by a Governmental Authority or the arbitrators selected under Section 6.04 to be prohibited or unenforceable in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Each party acknowledges that money damages would be an inadequate remedy for any breach of the provisions of this Agreement and agrees that the obligations of the parties hereunder shall be specifically enforceable.
- **10.11** <u>Performance Standard</u>. Each of RemainCo and SpinCo agrees to at all times exercise good faith and fair dealing in the performance of its rights and obligations under this Agreement and the Other Agreements and to cause the members of its respective Group to do likewise.
- 10.12 <u>Authority</u>. Each of the parties hereto represents to the others that: (a) it has, or its Group member shall have, the corporate or other requisite power and authority to execute, deliver and perform this Agreement and the Other Agreements; (b) the execution, delivery and performance of this Agreement and the Other Agreements by it have been, or by its Group member will be, duly authorized by all necessary corporate or other actions; (c) it has, or its

Group member shall have, duly and validly executed and delivered this Agreement and the Other Agreements to be executed and delivered on or prior to the Distribution Date; and (d) this Agreement and such Other Agreements are legal, valid and binding obligations, enforceable against it or its Group member in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

10.13 <u>Joint Authorship</u>. This Agreement shall be treated as though it were jointly drafted by RemainCo and SpinCo, and any ambiguities shall not be construed for or against any party hereto on the basis of attributed authorship.

10.14 <u>References; Construction</u>. Any reference to an "Article," "Exhibit," "Schedule" or "Section," without more, is to an Article, Exhibit, Schedule and Section to or of this Agreement. Unless otherwise expressly stated, clauses beginning with the term "including" set forth examples only and in no way limit the generality of the matters thus exemplified. References to "and" and "or" in this Agreement shall in each instance include both the conjunctive and the disjunctive.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HILLENBRAND INDUSTRIES, INC.

By:

Name: Peter H. Soderberg

Title: President and Chief Executive Officer

BATESVILLE HOLDINGS, INC.

By: Name:

Kenneth A. Camp

Title: President and Chief Executive Officer

EXHIBIT A

RemainCo Subsidiaries

[To Come]

SpinCo Subsidiaries

[To Come]

E-1-

SCHEDULE 1

Actions Comprising BSI Litigation

[To Come]

S-1-

SCHEDULE 2.03(e)

Assets, Indebtedness and Employees Allocated to RemainCo Group

[To Come]

Assets, Indebtedness and Employees Allocated to SpinCo Group

[To Come]

S-2-

SCHEDULE 2.05

Deferred Payment of Intercompany Accounts

[To Come]

SCHEDULE 3.02(a)

Matters Excepted from SpinCo Release

[To Come]

SCHEDULE 3.02(b)

Matters Excepted from RemainCo Release

[To Come]

SCHEDULE 3.03(e)

Information Supplied by RemainCo to SpinCo

[To Come]

S-6-

RESTATED AND AMENDED ARTICLES OF INCORPORATION OF HILLENBRAND, INC.

ARTICLE 1

Identification

The name of the Corporation is HILLENBRAND, INC.

ARTICLE 2

Purpose and Powers

Section 2.1 Purposes. The purposes for which the Corporation is formed are the transaction of any or all lawful business for which corporations may be incorporated under the Indiana Business Corporation Law, (the "Act") as the same may, from time to time, be amended.

Section 2.2 Powers. The Corporation, subject to any limitations or restrictions imposed by the Act, other law or these Articles of Incorporation (the "Articles"), shall have all powers now or hereafter vested in corporations duly organized and existing under and pursuant to the Act including without limitation any and all powers necessary or convenient to carry out its business and affairs.

ARTICLE 3

Registered Office and Registered Agent

The street address of the registered office of the corporation is:

One Batesville Boulevard Batesville, Indiana 47006 and the name and business office address of its registered agent are:

John R. Zerkle One Batesville Boulevard Batesville, Indiana 47006

ARTICLE 4

Number of Shares

The Corporation shall have authority to issue a total of Two Hundred Million (200,000,000) Shares.

ARTICLE 5

General Provisions Regarding Shares of the Corporation

Section 5.1 Preferred Stock. One Million (1,000,000) of the Shares that the Corporation has authority to issue constitute a separate and single class of Shares known as "Preferred Stock," which may be issued in one or more series. The Board of Directors of the Corporation (the "Board") is vested with authority to determine and state the distinguishing designations and the relative preferences, limitations, voting rights, if any, and other rights of each such series by the adoption and filing in accordance with the Act, before the issuance of any Shares of such series, of an amendment or amendments to these Articles determining the terms of such series (a "Section 5.1 Amendment"). All Shares of Preferred Stock of the same series shall be identical with each other in all respects.

Section 5.2 Common Stock. All of the remaining Shares that the Corporation has authority to issue constitute a separate and single class of Shares known as "Common Stock," which shall be without par value and shall not be issued in series. All Shares of Common Stock shall be identical with each other in all respects.

Section 5.3 Issuance of Shares. The Board has authority to authorize and direct the issuance by the Corporation of Shares of Preferred Stock and Common Stock at such times, in such amounts, to such persons, for such consideration as it shall determine to be adequate, and upon such terms and conditions as it may, from time to time, determine, subject only to the restriction, limitations, conditions and requirements imposed by the Act, other applicable laws and these Articles, as the same may, from time to time, be amended. Upon the receipt by the Corporation of the consideration for which the Board authorized the issuance of Shares of Preferred or Common Stock, such Shares shall be deemed fully paid and nonassessable.

Section 5.4 Distributions Upon Shares. This Board has authority to authorize and direct in respect of the issued and outstanding Shares of Preferred Stock and Common Stock (i) the payment of dividends and the making of other distributions by the Corporation at such times, in such amounts and forms, from such sources and upon such terms and conditions as it may, from time to time, determine upon, subject only to the restrictions, limitations conditions and requirements imposed by the Act, other applicable laws and these Articles, as the same may, from time to time, be amended, and (ii) the making by the Corporation of Share dividends and Share splits, pro rata and without consideration, in Shares of the same class of series or in Shares of any other class or series without obtaining the affirmative vote or the written consent of the holders of the Shares of the class or series in which the payment or distribution is to be made.

<u>Section 5.5 Acquisition of Shares</u>. The Board has authority to authorize and direct the acquisition by the Corporation of the issued and outstanding Shares of Preferred Stock and Common Stock at such times, in such amounts, from such persons, for such considerations, from such sources and upon such terms and conditions as it may, from time to time, determine upon, subject only to the restrictions, limitations, conditions and requirements imposed by the Act,

other applicable laws and these Articles, as the same may, from time to time, be amended. Such reacquired shares of the Corporation shall be designated "Treasury Shares" unless specifically cancelled and withdrawn by action of the Board.

ARTICLE 6

Voting Rights of Shares of the Corporation

Section 6.1 Preferred Stock. The holders of a series of shares of Preferred Stock shall have such voting rights, if any, as may have been provided for such class or series in a Section 5.1 Amendment.

Section 6.2 Common Stock. The holders of the Common Stock shall be entitled to one vote per share of Common Stock in the election of Directors of the Corporation and upon each other matter coming before any vote of the holders of the Common Stock. The holders of the Common Stock shall be entitled to exercise all voting rights of the Corporation and to receive the net assets of the Corporation upon dissolution except as otherwise provided in a Section 5.1 Amendment.

ARTICLE 7

Directors

Section 7.1 Number. The number of Directors of the Corporation shall not be less than seven (7), as may be specified in the Code of By-Laws of the Corporation or by amendment to the Code of By-Laws of the Corporation adopted by a majority vote of the Directors then in office. The Directors elected by the Shareholders shall be divided into three (3) classes, each having one-third, or as near to one-third as may be, the total number of Directors, with the term of the office of the first class to expire at the 2009 annual meeting of Shareholders, the term of the

office of the second class to expire at the 2010 annual meeting of Shareholders and the term of office of the third class to expire at the 2011 annual meeting of Shareholders. At each annual meeting of Shareholders, Directors elected by the Shareholders to succeed those Directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of Shareholders after their election. Each Director shall hold office until his successor is elected and qualified.

Section 7.2 Vacancies. Except as may be expressly provided by law, newly created directorships resulting from any increase in the authorized number of Directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled by a majority vote of the Directors then in office, and Directors so chosen shall hold office for a term expiring at the next Annual Meeting of Shareholders.

Section 7.3 Removal. Any Director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the shares of the Corporation entitled to vote generally in the election of Directors, voting together as a single class.

Section 7.4 Quorum. Unless otherwise established by a provision of these Articles of Incorporation or by the Board of Directors by appropriate provisions in the Code of By-Laws, at any meeting of the Board of Directors one-third (1/3) of the duly elected, qualified and acting members of the Board of Directors shall constitute a quorum.

Section 7.5 Amendment, Repeal Notwithstanding anything contained in these Articles of Incorporation to the contrary, the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the shares of the corporation entitled to vote generally in the

election of Directors, voting together as a single class, shall be required to alter, amend or repeal this Article 7.

ARTICLE 8

Provisions for Regulation of Business and Conduct of Affairs of Corporation

Section 8.1 Action by Shareholders Meetings of the Shareholders shall be held at such place, within or without the State of Indiana, as may be specified in or fixed in accordance with the By-Laws or in the respective notices, or waivers of notice, thereof. Any action required or permitted to be taken at any meeting of the Shareholders may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all the Shareholders entitled to vote with respect thereto, and such written consent is filed with the minutes of the proceedings of the Shareholders.

Section 8.2 Action by Directors Meetings of the Board or any committees thereof (collectively, "Committees," and individually, a "Committee") shall be held at such place, within or without the State of Indiana, as may be specified in or fixed in accordance with the By-Laws or in the respective notices, or waivers of notice, thereof and shall be conducted in such manner as may be specified in the By-Laws or permitted by the Act. Any action required or permitted to be taken at any meeting of the Board or a Committee may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all members of the Board or such Committee, and such written consent is filed with the minutes of the proceedings of the Board or such Committee.

Section 8.3 Code of By-Laws The Board shall have power, without the assent or vote of the Shareholders, to make, alter, amend or repeal the By-Laws, by the affirmative vote of a

number of Directors equal to a majority of the number who would constitute a full Board at the time of such action.

Section 8.4 Provisions for Working Capital. The Board shall have the power, from time to time, to fix and determine and to vary the amount to be reserved as working capital of the Corporation and, before the payment of any dividends, it may set aside out of the net profits of the Corporation such sum or sums as it may from time to time in its absolute discretion determine to be proper, whether as a reserve fund to meet contingencies or for the equalizing of dividends, or for repairing or maintaining any property of the Corporation, or for any corporate purposes that the Board shall think conducive to the best interest of the Corporation, subject only to such limitations the By-Laws may from time to time impose.

Section 8.5 Interest of Directors in Contracts Any contract or other transaction between the Corporation and (i) any Director, or (ii) any Legal Entity (A) in which any Director has a material financial interest or is a general partner, or (B) of which any Director is a director, officer or trustee (collectively, a "Conflict Transaction"), shall be valid for all purposes, if the material facts of the Conflict Transaction and the Director's interest were disclosed or known to the Board, a Committee with authority to act thereon, or the Shareholders entitled to vote thereon, and the Board, such Committee or such Shareholders authorized, approved or ratified the Conflict Transaction. A Conflict Transaction is authorized, approved or ratified:

(1) By the Board or such Committee, if it receives the affirmative vote of a majority of the Directors who have no interest in the Conflict Transaction, notwithstanding the fact that such majority may not constitute a quorum or a majority of the Board or such Committee or a majority of the Directors present at the meeting, and notwithstanding the

presence or vote of any Director who does have such an interest; provided, however, that no Conflict Transaction may be authorized, approved or ratified by a single Director; and

(2) By such Shareholders, if it receives the vote of a majority of the Shares entitled to be counted, in which vote Shares owned or voted under the control of any Director who, or of any Legal Entity that, has an interest in the Conflict Transaction may be counted.

This Section shall not be construed to require authorization, ratification or approval by the Shareholders of any Conflict Transaction, or to invalidate any Conflict Transaction that would otherwise be valid under the common and statutory law applicable thereto.

Section 8.6 Indemnification of Directors, Officers and Employees. The Board of Directors may indemnify any person who is or was a director, officer or employee of the Corporation against all liability and reasonable expense incurred by such person on account of or arising out of that person's relationship to the Corporation, provided that such person is determined in the manner specified in Indiana Code Section 23-1-37-12 to have met the standards of conduct specified in Indiana Code Section 23-1-37-8. Upon demand for such indemnification, the Corporation shall proceed as provided in Indiana Code Section 23-1-37-12 to determine whether such person is eligible for indemnification. Nothing contained in this Section shall limit or preclude the exercise of any right relating to the indemnification of or advance of expenses to any director, officer, employee or agent of the Corporation, or the ability of the Corporation to otherwise indemnify or advance expenses to any director, officer, employee or agent.

Section 8.7 Amendments of Articles of Incorporation. Except as otherwise expressly provided in Articles 6 and 8 hereof, and subject to the terms of any outstanding series of Preferred Stock, the Corporation reserves the right to increase or decrease the number of its

authorized Shares, or any class or series thereof, and to reclassify the same, and to amend, alter, change or repeal any provision contained in these Articles, or in any amendment hereto, or to add any provision to these Articles or to any amendment hereto, in any manner now or hereafter prescribed or permitted by the Act or by any other applicable laws; and all rights conferred upon the Shareholders in these Articles or any amendment hereto are granted subject to this reservation. No Shareholder has a vested property right resulting from any provision in these Articles, or authorized to be in the By-Laws by the Act or these Articles, including without limitation provisions relating to management, control, capital structure, dividend entitlement, or purpose or duration of the Corporation.

AMENDED AND RESTATED CODE OF BY-LAWS OF HILLENBRAND, INC.

(as adopted by the Board of Directors effective on April 1, 2008)

ARTICLE 1. Definition of Certain Terms

Section 1.01 Corporation. The term "Corporation," as used in this Code of By-laws, shall mean and refer to Hillenbrand, Inc., a corporation duly organized and existing under and pursuant to the provisions of The Indiana Business Corporation Law, as amended.

Section 1.02 Common Stock. The term "Common Stock," as used in this Code of By-laws, shall mean and refer to the shares of Common Stock, without par value, which the Corporation is authorized to issue under and pursuant to the provisions of the Articles of Incorporation of the Corporation.

Section 1.03 Shareholders. The term "Shareholders," as used in this Code of By-laws, shall mean and refer to the persons shown by the records of the Corporation to be the holders of the duly authorized, issued and outstanding shares of Common Stock.

Section 1.04 Board of Directors. The term "Board of Directors," as used in this Code of By-laws, shall mean and refer to the Board of Directors of the Corporation.

Section 1.05 Officers. The terms "President," "Vice-President," "Secretary," "Assistant Secretary," "Treasurer" and "Assistant Treasurer," as used in this Code of Bylaws, shall mean and refer, respectively, to the individuals holding those offices of the Corporation in their capacities as such.

Section 1.06 Act. The term "Act," as used in this Code of By-laws, shall mean and refer to The Indiana Business Corporation Law, as now in force or hereafter amended.

ARTICLE 2. Shares of The Corporation

Section 2.01 Form of Certificates. The shares of the Corporation may be issued in book entry form or evidenced by certificates in such form as is prescribed by law and approved by the Board of Directors.

Section 2.02 Transfer of Shares. Shares of the Corporation may be transferred on the books thereof only by the holder of such shares or by his duly authorized representative, upon the surrender to the Corporation or its transfer agent of the certificate for such share properly endorsed.

Section 2.03 Lost, Destroyed or Stolen Stock Certificates No share certificates shall be issued in place of any certificate alleged to have been lost, destroyed or stolen unless the Board of Directors is, or such officer or officers as may be designated by the Board of Directors are, satisfied as to such loss, destruction or theft and unless an indemnity bond acceptable to the Board or such officers has been furnished by the owner of such lost, destroyed or stolen certificate, or his legal representative.

Section 2.04 Regulations Relating to the Transfer Agents and Registrars of the Corporation. The provisions governing the appointment of the Transfer Agents, Registrars and Dividend Disbursing Agent of the Corporation, conferring upon them their respective powers, rights, duties and obligations in their capacities as such, allocating and delimiting their power to make original issue and transfer of the shares of Common Stock, specifying to whom the Shareholders shall give notice of changes of their addresses, allocating and imposing the duty of maintaining the original stock ledgers or transfer books, or both, of the Corporation and of disclosing the names of the Shareholders, the number of shares of Common Stock held by each and the address of each Shareholder as it appears upon the records of the Corporation, and dealing with other related matters are contained in the "Regulations Relating to the Transfer Agents and Registrars of Hillenbrand, Inc." duly adopted by the Board of Directors, certified copies of which are on file with, and may be inspected at the office of:

Computershare Investor Services 2 North LaSalle Street Chicago, Illinois 60602

the Registrar and Transfer Agents of the Corporation.

ARTICLE 3. The Shareholders

Section 3.01 Annual Meeting. The Shareholders shall hold their annual meeting during the second quarter of each fiscal year for the purposes of electing individuals to the Board of Directors in accordance with Section 4.03, acting upon such other questions or matters as are proposed to be submitted to a vote at the meeting and acting upon such further questions or matters as may properly come before the meeting. The annual meeting shall be called by the Board of Directors.

Section 3.02 Special Meeting. The Shareholders may hold a special meeting at any time for the purposes of electing individuals to vacant positions upon the Board of Directors, acting upon such other questions or matters as are proposed to be submitted to a vote at the meeting and acting upon such further questions or matters as may properly come before the meeting. A special meeting of the Shareholders may be called by the Board of Directors, by the President or by Shareholders holding not less than one-fourth (1/4) of the duly authorized, issued and outstanding shares of Common Stock (determined as of the date upon which the special meeting is called).

Section 3.03 Place of Meetings. Meetings of the Shareholders may be held at the Principal Office of the Corporation (as defined in the Act) or any other place, within or without the State of Indiana

Section 3.04 Procedure For Calling Meetings. Any meeting of the Shareholders which is called by the Board of Directors shall be deemed duly to have been called upon the adoption of a resolution by the Board of Directors, not less than ten (10) days before the date of the meeting, setting forth the time, date and place of the meeting and containing a concise statement of the questions or matters proposed to be submitted to a vote at the meeting. Any special meeting of the Shareholders which is called by the President shall be deemed duly to have been called upon delivery to the Secretary, not less than ten (10) days before the date of the meeting, of a written instrument, executed by the President, setting forth the time, date and place of the meeting and containing a concise statement of the questions or matters proposed to be submitted to a vote at the meeting. Any special meeting of the Shareholders which is called by the Shareholders shall be deemed duly to have been called upon delivery to the Secretary, not less than fifty (50) days before the date of the meeting, of a written instrument, executed by each of the Shareholders calling the meeting, setting forth the time, date and place of the meeting and containing a concise statement of the questions or matters proposed to be submitted to a vote at the meeting.

Section 3.05 Record Date. For the purpose of determining the Shareholders entitled to notice of, or to vote at, any meeting of the Shareholders, for the purpose of determining the Shareholders entitled to receive payment of any dividend or other distribution, or in order to make a determination of the Shareholders for any other corporate purpose, the Board of Directors may fix in advance a date as the record date for that determination of the Shareholders, that date, in any case, to be not more than seventy (70) days and, in case of a meeting of the Shareholders, not less than ten (10) days, before the date upon which the particular action, requiring that determination of the Shareholders, is to be taken. If no record date is fixed for the determination of the Shareholders entitled to notice of, or to vote at, a meeting of the Shareholders, then the date ten (10) days before the date of the meeting shall be the record date for the meeting. If no record date is fixed for the determination of the Shareholders entitled to receive payment of a dividend or other distribution, then the date upon which the resolution of the Board of Directors declaring the dividend or other distribution is adopted shall be the record date for the determination of the Shareholders. When a determination of the Shareholders entitled to notice of, or to vote at, a meeting of the Shareholders has been made, the determination shall apply to any adjournment of the meeting. The Shareholders upon any record date shall be the Shareholders as of the close of business on that record date.

Section 3.06 Notice of Meetings. Notice of any meeting of the Shareholders shall be deemed duly to have been given if, at least ten (10) days before the date of the meeting, a written notice stating the date, time and place of meeting, and containing a concise statement of the questions or matters proposed to be submitted to a vote at the meeting, is delivered by the Secretary to each Shareholder entitled to notice of, and to vote at, the meeting. The written notice shall be deemed duly to have been delivered by the Secretary to a Shareholder at the date upon which:

(1) it is delivered personally to the Shareholders;

- (2) it is deposited in the United States First Class Mail, postage prepaid, addressed to the address of the Shareholder set forth upon the records of the Corporation; or
- (3) it is sent by telegraph, facsimile or other form of wire or wireless communication, addressed to the address of the Shareholder set forth upon the records of the Corporation.

Written notice of the meeting shall be deemed duly to have been waived by any Shareholder present, in person or by proxy, at the meeting. Written notice of the meeting may be waived by any Shareholder not present, in person or by proxy, at the meeting, either before or after the meeting, by written instrument, executed by the Shareholder, delivered to the Secretary.

Section 3.07 Voting Lists. The Secretary shall, not less than five (5) days before the date of each meeting of the Shareholders, prepare, or cause to be prepared, a complete list of the Shareholders entitled to notice of, and to vote at, the meeting. The voting list shall disclose the names and addresses of those Shareholders, arranged in alphabetical order, and the number of duly authorized, issued and outstanding shares of Common Stock held by each of those Shareholders (determined as of the record date for the meeting). The Secretary shall cause the voting list to be produced and kept open at the Principal Office of the Corporation where it shall be subject to inspection by any Shareholder during the five (5) days before the meeting. The Secretary shall also cause the voting list to be produced and kept open at the time and place of the meeting where it shall be subject to inspection by any Shareholder during the course of the meeting.

Section 3.08 Quorum at Meetings. At any meeting of the Shareholders the presence, in person or by proxy, of Shareholders holding a majority of the duly authorized, issued and outstanding shares of Common Stock (determined as of the record date for the meeting) shall constitute a quorum.

Section 3.09 Voting at Meetings. Any action required or permitted to be taken at any meeting of the Shareholders with respect to any question or matter other than the election of directors shall be taken pursuant to a vote of the duly authorized, issued and outstanding shares of Common Stock (determined as of the record date for the meeting) present, in person or by proxy, at a meeting at which a quorum is present, in which the votes cast favoring the action exceed the votes cast opposing the action, unless a greater number of affirmative votes is required by the provisions of the Act, the Articles of Incorporation of the Corporation or other applicable legal or regulatory requirement, in which event the action shall be taken only pursuant to the affirmative vote of the greater number. Directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present, unless the Articles of Incorporation of the Corporation provide otherwise.

<u>Section 3.10 Voting by Proxy</u>. A shareholder may vote at any meeting of the Shareholders, either in person or by proxy. Each proxy shall be in the form of a written instrument executed by the Shareholder or a duly authorized agent of the Shareholder, or may be transmitted by electronic submission as authorized by the Corporation. No proxy shall be voted at any meeting unless and until it has been filed with the Secretary.

Section 3.11 Notice of Shareholder Business. At any meeting of the shareholders, only such business may be conducted as shall have been properly brought before the meeting, and as shall have been determined to be lawful and appropriate for consideration by Shareholders at the meeting. To be properly brought before a meeting business must be (a) specified in the notice of meeting given in accordance with Section 3.06 of this Article 3, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors or the Chairman of the Board or the Chief Executive Officer, or (c) otherwise properly brought before the meeting by a Shareholder. For business to be properly brought before a meeting by a Shareholder pursuant to clause (c) above, the Shareholder must have given timely notice thereof in writing to the Secretary of the Corporation at the principal place of business of the Corporation. To be timely, a Shareholder's notice must be delivered to or mailed and received by the Secretary not later than 100 days prior to the anniversary of the date of the immediately preceding annual meeting which was specified in the initial formal notice of such meeting (but if the date of the forthcoming annual meeting is more than 30 days after such anniversary date, such written notice will also be timely if received by the Secretary by the later of 100 days prior to the forthcoming meeting date and the close of business 10 days following the date on which the Company first makes public disclosure of the meeting date). For the 2009 annual meeting of shareholders, the anniversary of the date of the immediately preceding annual meeting shall be deemed to be February 8, 2009. A Shareholder's notice to the Secretary shall set forth as to each matter the Shareholder proposes to bring before the meeting (a) a brief description of the business desired to be brought before the meeting, (b) the name and address of the Shareholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the Shareholder, and (d) any interest of the Shareholder in such business. Notwithstanding anything in these By-laws to the contrary, no business shall be conducted at a meeting except in accordance with the procedures set forth in this Section 3.11. The person presiding at the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the Code of By-laws, or that business was not lawful or appropriate for consideration by Shareholders at the meeting, and if he should so determine, he shall so declare to the meeting and any such business shall not be transacted.

Section 3.12 Notice of Shareholder Nominees. Nominations of persons for election to the Board of Directors of the Corporation may be made at any meeting of Shareholders by or at the direction of the Board of Directors or by any Shareholder of the Corporation entitled to vote for the election of members of the Board of Directors at the meeting. For nominations to be made by a Shareholder, the Shareholder must have given timely notice thereof in writing to the Secretary of the Corporation at the principal place of business of the Corporation and any nominee must satisfy the qualifications established by the Board of Directors of the Corporation from time to time as contained in the proxy statement of the Corporation for the immediately preceding annual meeting or posted on the Website of the Corporation. To be timely, a Shareholder's nomination must be delivered to or mailed and received by the Secretary not later than (i) in the case of the annual meeting, 100 days prior to the anniversary of the date of the immediately preceding annual meeting which was specified in the initial formal notice of such meeting (but if the date of the forthcoming annual meeting is more than 30 days after such anniversary date, such written notice will also be timely if received by the Secretary by the later of 100 days prior to the forthcoming meeting date and the close of business 10 days following the date on which the Company first makes public disclosure of the meeting date) and (ii) in the case of a special meeting, the close of business on the tenth day following the date on which the

Corporation first makes public disclosure of the meeting date. For the 2009 annual meeting of shareholders, the anniversary of the date of the immediately preceding annual meeting shall be deemed to be February 8, 2009. Each notice given by such Shareholder shall set forth: (i) the name and address of the Shareholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the Shareholder is a holder of record, setting forth the shares so held, and intends to appear in person or by proxy as a holder of record at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between such Shareholder and each nominee proposed by the Shareholder and any other person or persons (identifying such person or persons) pursuant to which the nomination or nominations are to be made by the shareholders; (iv) such other information regarding each nominee proposed by such Shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission; (v) the consent in writing of each nominee to serve as a director of the Corporation if so elected, and (vi) a description of the qualifications of such nominee to serve as a director of the Corporation.

If facts show that a nomination was not made in accordance with the foregoing provisions, the Chairman of the meeting shall so determine and declare to the meeting, whereupon the defective nomination shall be disregarded.

ARTICLE 4. The Board of Directors

Section 4.01 Number of Members. The Board of Directors shall consist of no fewer than seven (7) members and no more than nine (9) members, as fixed from time to time by resolution of the Board of Directors.

Section 4.02 Qualification of Members. Each member of the Board of Directors shall be an adult individual. Members of the Board of Directors need not be Shareholders and need not be residents of the State of Indiana or citizens of the United States of America.

Section 4.03 Election of Members. The members of the Board of Directors shall be elected by the Shareholders at the annual meeting of the Shareholders, at a special meeting of the Shareholders called for that purpose or by the unanimous written consent of the Shareholders, except that a majority of the duly elected and qualified members of the Board of Directors then occupying office may fill any vacancy in the membership of the Board of Directors caused by the resignation, death, or adjudication or legal incompetency of a member of the Board of Directors, or caused by an increase in the number of the members of the Board of Directors.

The members of the Board of Directors shall be divided into three classes, each having one-third of the total number of members of the Board of Directors or as near to one-third of such number as may be possible, with the difference between the number of Directors in any class and the number of Directors in any other class not exceeding one. If the number of Directors is changed, any increase or decrease shall be apportioned among the classes as determined by the Board of Directors, provided that (i) in no case will a decrease in the number of Directors shorten the term of any incumbent Director and (ii) any such increase or decrease

shall be apportioned such that each class has one-third of the total number of members of the Board of Directors or as near to one-third of such number as may be possible, with the difference between the number of Directors in any class and the number of Directors in any other class not exceeding one.

At each annual meeting of Shareholders, the terms of all of the members of one class of Directors shall expire and Directors shall be elected to succeed the members of such class for three-year terms expiring at the third succeeding annual meeting of Shareholders. A Director elected by the Board of Directors to fill any vacancy on the Board of Drectors shall be elected for a term expiring at the next succeeding annual meeting of Shareholders, regardless of the class to which such director is elected, and at such next annual meeting of Shareholders, a Director shall be elected to succeed such Director for a term of one, two or three years expiring at the next annual meeting of Shareholders at which full three-year terms of members of such Director's class will expire. Each member of the Board of Directors shall serve as such throughout the term for which he is elected, or until his successor is duly elected and qualified.

Section 4.04 Removal of Members. Any Director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the shares of the Corporation entitled to vote generally in the election of Directors, voting together as a single class.

<u>Section 4.05 Resignations of Members</u>. Any member of the Board of Directors may resign at any time, with or without cause, by delivering written notice of his resignation to the Board of Directors. The resignation shall take effect at the time specified in the written notice or upon receipt by the Board of Directors, as the case may be, and, unless otherwise specified in the written notice, the acceptance of the resignation shall not be necessary to make it effective.

Section 4.06 Annual Meeting. The Board of Directors shall hold its annual meeting immediately following the annual meeting of the Shareholders for the purposes of electing individuals to each of the offices of the Corporation and acting upon such other questions or matters as may properly come before the meeting.

Section 4.07 Special Meetings. The Board of Directors may hold a special meeting at any time for the purposes of electing individuals to each vacant position on the Board of Directors, electing individuals to each vacant office of the Corporation and acting upon such other questions and matters as may properly come before the meeting. A special meeting of the Board of Directors may be called by any member of the Board of Directors.

<u>Section 4.08 Place of Meetings</u>. The annual meeting of the Board of Directors shall be held at the same place at which the annual meeting of the Shareholders is held. Special meeting of the Board of Directors may be held at the Principal Office of the Corporation or at any other place, within or without the State of Indiana.

Section 4.09 Procedure for Calling Meetings. Any special meeting of the Board of Directors shall be deemed duly to have been called by a member of the Board of Directors upon delivery to the Secretary, not less than seven (7) days before the date of such meeting, of a written instrument, executed by the member of the Board of Directors calling the meeting,

setting forth the time, date and place of the meeting. The written instrument may also contain, at the option of the member of the Board of Directors calling the meeting, a concise statement of the questions or matters proposed to be submitted to a vote, or otherwise considered, at the meeting. Any special meeting of the Board of Directors with respect to which all members of the Board of Directors are either present or duly waive written notice, either before or after the meeting, shall also be deemed duly to have been called.

Section 4.10 Notice of Meetings. No notice of the annual meeting of the Board of Directors shall be required. Notice of any special meeting of the Board of Directors shall be deemed duly to have been given if, at least seven (7) days before the date of the meeting, a written notice stating the date, time and place of the meeting and, to the extent set forth in the written instrument by which the meeting is called, containing a concise statement of the questions or matters proposed to be submitted to a vote, or otherwise considered, at the meeting is delivered by the Secretary to each member of the Board of Directors. The written notice shall be deemed duly to have been delivered by the Secretary to a member of the Board of Directors at the date upon which:

- (1) it is delivered personally to the member of the Board of Directors;
- (2) it is deposited in the United States First Class Mail, postage prepaid, addressed to the last known address of the member of the Board of Directors; or
- (3) it is sent by telegraph, facsimile or other form of wire or wireless communication, addressed to the last known address of the member of the Board of Directors.

Written notice of the meeting shall be deemed duly to have been waived by any member of the Board of Directors present at the meeting. Written notice of the meeting may be waived by any member of the Board of Directors not present at the meeting, either before or after the meeting, by written instrument, executed by the member of the Board of Directors, delivered to the Secretary.

Section 4.11 Quorum at Meetings. At any annual or special meeting of the Board of Directors the presence of a majority of the then duly elected and qualified members of the Board of Directors then occupying office shall constitute a quorum.

Section 4.12 Voting at Meetings. Any action required or permitted to be taken at any meeting of the Board of Directors with respect to any question or matter shall be taken pursuant to the affirmative vote of a majority of the then duly elected and qualified members of the Board of Directors present at the meeting, unless a greater number is required by the provisions of the Act, in which event the action shall be taken only pursuant to the affirmative vote of that greater number.

Section 4.13 Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors with respect to any question or matter may be taken without a meeting, if, before that action is taken, a unanimous written consent to that action is executed by all of the then duly elected and qualified members of the Board of Directors and the written consent is filed with the minutes of the preceding of the Board of Directors.

Section 4.14 The Chairman of the Board. The Chairman of the Board shall be a member of the Board of Directors. The Chairman of the Board shall provide leadership to the Board of Directors, advice and counsel to the President and other officers of the Corporation, shall preside at all meetings of the Shareholders and the Board of Directors, and shall, in addition, have such further powers and perform such further duties as are specified in the Code of By-laws or as the Board of Directors may, from time to time, assign or delegate to him.

Section 4.15 The Chairman Emeritus. The Chairman Emeritus shall be a member of the Board of Directors or a former member of the Board of Directors. The Chairman Emeritus shall provide advice and counsel to the Chairman of the Board and to the President and other officers of the Corporation, and shall, in addition, have such further powers and perform such further duties as are specified in the Code of By-Laws or as the Board of Directors may, from time to time, assign or delegate to him.

Section 4.16 The Vice Chairman. The Board of Directors may appoint a Vice Chairman of the Board. The Vice Chairman of the Board shall be a member of the Board of Directors. The Vice Chairman of the Board shall preside at all meetings of the Shareholders and the Board of Directors in the absence of the Chairman of the Board, shall otherwise act in place of and carry out the responsibilities of the Chairman of the Board if the Chairman of the Board is absent or unable to act, shall provide advice and counsel to the Chairman of the Board and assist the Chairman of the Board in providing leadership to the Board of Directors and shall have such further powers and perform such further duties as are specified in the Code of By-laws or as the Board of Directors may, from time to time, assign or delegate to him.

If at any time the person serving as Chairman of the Board ceases to be the Chairman of the Board for any reason and prior to that time the Board of Directors has not appointed another member of the Board of Directors to succeed such person as Chairman of the Board, the Vice Chairman, at that time and without further action by the Board of Directors, shall become the Chairman of the Board and shall serve in that capacity until he is replaced as Chairman of the Board by the Board of Directors or ceases to be a member of the Board of Directors.

ARTICLE 5. Committees

Section 5.01 Designation; Powers. The Board of Directors may, by resolution passed by a majority of the whole board, designate one or more committees, with each such committee to consist of one or more of the directors of the Corporation. Any such designated committee shall have and may exercise such of the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation as may be provided in such resolution, except that no such committee shall have the following powers of the Board of Directors:

- (1) powers in reference to amending the Articles of Incorporation;
- (2) powers in reference to adopting an agreement or plan of merger of consolidation;

- (3) powers in reference to proposing a special corporate transaction;
- (4) powers in reference to recommending to the Shareholders a voluntary dissolution of the Corporation or revocation of voluntary dissolution proceedings; and
- (5) powers in reference to the amendment of this Code of By-laws.

Any such designated committee may authorize the seal of the Corporation to be affixed to all papers which may require it. In addition to the above, such committee or committees shall have such other powers and limitations of authority as may be determined from time to time by the Board of Directors.

Section 5.02 Procedure; Meetings; Quorum. Any committee designated pursuant to Section 5.01 shall keep regular minutes of its actions and proceedings in a book provided for that purpose and report the same to the Board of Directors at its meeting next succeeding such action, shall fix its own rules or procedures, and shall meet at such times and at such place or places as may be provided by such rules, or by such committee or the Board of Directors. Should a committee fail to fix its own rules, the provisions of this Code of By-laws, pertaining to the calling of meetings and conduct of business by the Board of Directors, shall apply as nearly as may be possible. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any resolution.

Section 5.03 Substitution and Removal of Members; Vacancies. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. The Board of Directors shall have the power at any time to remove any member(s) of a committee and to appoint other directors in lieu of the person(s) so removed and shall also have the power to fill vacancies in a committee.

ARTICLE 6. The Officers

Section 6.01 Number of Officers. The officers of the Corporation shall consist of a President, a Secretary and a Treasurer, and may, in addition, consist of one or more Executive Vice-Presidents, Senior Vice-Presidents, Vice-Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers. Any two or more offices may be held by the same person except that the offices of President and Secretary shall not be held by the same person.

Section 6.02 Qualifications of Officers. Each officer of the Corporation shall be an adult individual. The officers of the Corporation need not be Shareholders and need not be residents of the State of Indiana or citizens of the United States of America.

Section 6.03 Election of Officers. The officers of the Corporation shall be elected by the Board of Directors. Each officer shall serve as such until the next ensuing annual meeting of the Board of Directors or until his successor shall have been duly elected and shall have

qualified, except as hereinafter provided. Each officer shall be deemed to have qualified as such upon his election.

Section 6.04 Removal of Officers. Any officer of the Corporation may be removed at any time, with or without cause by the Board of Directors.

Section 6.05 Resignation of Officers. Any officer of the Corporation may resign at any time, with or without cause, by delivering written notice of his resignation to the Board of Directors. The resignation shall take effect at the time specified in the written notice, or upon receipt by the Board of Directors, as the case may be, and, unless otherwise specified in the written notice, the acceptance of the resignation shall not be necessary to make it effective.

Section 6.06 Filling of Vacancies. Any vacancies in the offices of the Corporation because of death, adjudication of incompetency, resignation, removal or any other cause shall be filled for the unexpired portion of the term of that office by the Board of Directors.

Section 6.07 The President. The President shall be the Chief Executive Officer of the Corporation. He shall be responsible for the active overall direction and administration of the affairs of the Corporation, subject, however, to the control of the Board of Directors. In general, he shall have such powers and perform such duties as are incident to the office of the President and Chief Executive Officer of a business corporation and shall, in addition, have such other and further powers and perform such other further duties as are specified in this Code of By-Laws or as the Board of Directors may, from time to time, assign to or delegate to him.

Section 6.08 The Vice-Presidents. Each Vice-President (if one or more Vice-Presidents are elected) shall assist the Chairman of the Board and the President in their duties and shall have such other powers and perform such other duties as the Board of Directors, the Chairman of the Board or the President may, from time to time, assign or delegate to him. At the request of the President, any Vice-President may, in the case of absence or inability to act of the President, temporarily act in his place. In the case of the death or inability to act without having designated a Vice-President to act temporarily in his place, the Vice-President so to perform the duties of the President shall be designated by the Board of Directors.

Section 6.09 The Secretary. The Secretary shall be the chief custodial officer of the Corporation. He shall keep or cause to be kept, in minute books provided for the purpose, the minutes of the proceedings of the Shareholders and the Board of Directors. He shall see that all notices are duly given in accordance with the provisions of this Code of By-laws and as required by law. He shall be custodian of the minute books, archives, records and the seal of the Corporation and see that the seal is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized by the Shareholders, the Board of Directors, the Chairman of the Board or the President or as required by law. In general, he shall have such powers and perform such duties as are incident to the office of Secretary of a business corporation and shall, in addition, have such further powers and perform such further duties as are specified in this Code of By-laws or as the Board of Directors, the Chairman of the Board, or the President may, from time to time, assign or delegate to him.

Section 6.10 The Assistant Secretaries. Each Assistant Secretary (if one or more Assistant Secretaries are elected) shall assist the Secretary in his duties, and shall have such other powers and perform such other duties as the Board of Directors, the Chairman of the Board, the President or the Secretary may, from time to time, assign or delegate to him. At the request of the Secretary, any Assistant Secretary may, in the case of the absence or inability to act of the Secretary, temporarily act in his place. In the case of the death or resignation of the Secretary, or in the case of his absence or inability to act without having designated an Assistant Secretary to act temporarily in his place, the Assistant Secretary so to perform the duties of the Secretary shall be designated by the President.

Section 6.11 The Treasurer. The Treasurer shall have such powers and perform such duties as are incident to the office of Treasurer of a business corporation and have such further powers and perform such further duties as the Board of Directors, the Chairman of the Board, the President or the Vice-President — Finance, may, from time to time, assign or delegate to him. In the absence of the Vice-President — Finance, the Treasurer shall be the Chief Financial Officer of the Corporation.

Section 6.12 The Assistant Treasurers. Each Assistant Treasurer (if one or more Assistant Treasurers are elected) shall assist the Treasurer in his duties, and shall have such other powers and perform such other duties as the Board of Directors, the Chairman of the Board, the President or the Treasurer may, from time to time, assign or delegate to him. At the request of the Treasurer, any Assistant Treasurer may, in the case of the absence or inability to act of the Treasurer, temporarily act in his place. In the case of the death or resignation of the Treasurer, or in the case of his inability to act without having designated an Assistant Treasurer to act temporarily in his place, the Assistant Treasurer so to perform the duties of the Treasurer shall be designated by the President.

Section 6.13 Function of Offices. The offices of the Corporation are established in order to facilitate the day to day administration of the affairs of the Corporation in the ordinary course of its business and to provide an organization capable of executing and carrying out the decisions and directions of the Board of Directors. The officers of the Corporation shall have such powers and perform such duties as may be necessary or desirable to conduct and effect all transactions in the ordinary course of the business of the Corporation without further authorization by the Board of Directors and such further powers as are granted by this Code of By-laws or are otherwise granted by the Board of Directors.

ARTICLE 7. Indemnification

Section 7.01 Definitions. As used in this Article 7:

(a) "expenses" includes all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements and other out-of-pocket costs) actually and reasonably incurred by an Eligible Person (as hereinafter defined) in connection with the investigation, defense, settlement or appeal of a proceeding or establishing or enforcing a right to indemnification or advancement of expenses under this Article; provided,

however, that expenses shall not include any judgments, fines, ERISA excise taxes or penalties or amounts paid in settlement of a proceeding.

(b) "proceeding" includes, without limitation, any threatened, pending, or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, whether by a third party or by or in the right of the Corporation, by reason of the fact that an Eligible Person is or was a director, officer or employee of the Corporation or, while a director, officer or employee of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, member, manager, trustee, employee, fiduciary or agent of another domestic or foreign corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise, or an affiliate of the Corporation, whether for profit or not.

Section 7.02 Indemnity. The Corporation shall indemnify any person who is or was a director, officer or employee of the Corporation ("Eligible Person") in accordance with the provisions of this Section 7.02 if the Eligible Person is a party to or threatened to be made a party to any proceeding against all expenses, judgments, fines (including any excise tax or penalty assessed with respect to any employee benefit plan) and amounts paid in settlement actually and reasonably incurred by the Eligible Person in connection with such proceeding, but only (a) if the Eligible Person acted in good faith, and (b) (i) in the case of conduct in the Eligible Person's official capacity with the Corporation, if the Eligible Person acted in a manner which the Eligible Person reasonably believed to be in the best interests of the Corporation, or (ii) in the case of conduct other than in the Eligible Person's official capacity with the Corporation, if the Eligible Person acted in a manner which the Eligible Person reasonably believed was at least not opposed to the best interests of the Corporation, and (c) in the case of a criminal proceeding, the Eligible Person had reasonable cause to believe that the Eligible Person's conduct was lawful or had no reasonable cause to believe that the Eligible Person's conduct was unlawful, and (d) if required by the Act, the Corporation makes a determination that indemnification of the Eligible Person is permissible because the Eligible Person has met the standard of conduct as set forth in the Act.

Section 7.03 Indemnification of Expenses of Successful Party. Notwithstanding any other provisions of this Article, to the extent that the Eligible Person has been wholly successful, on the merits or otherwise, in the defense of any proceeding or in defense of any claim, issue or matter therein, including the dismissal of an action without prejudice, the Corporation shall indemnify the Eligible Person against all expenses incurred in connection therewith.

Section 7.04 Additional Indemnification. Notwithstanding any limitation in Sections 7.02 or 7.03, the Corporation shall indemnify the Eligible Person to the full extent authorized or permitted by any amendments to or replacements of the Act adopted after the date of adoption of this Article that increase the extent to which a corporation may indemnify its Eligible Persons if the Eligible Person is a party to or threatened to be made a party to any proceeding against all expenses, judgments, fines (including any excise tax or penalty assessed with respect to any employee benefit plan) and amounts paid in settlement actually and reasonably incurred by the Eligible Person in connection with such proceeding.

Section 7.05 Exclusions. Notwithstanding any provision in this Article 7, the Corporation shall not be obligated under this Article to make any indemnity or advance expenses in connection with any claim made against the Eligible Person:

- (a) for which payment has actually been made to or on behalf of the Eligible Person under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under such insurance or other indemnity provision;
 - (b) if a court having jurisdiction in the matter shall finally determine that an Eligible Person derived an improper personal benefit from any transaction;
- (c) if a court having jurisdiction in the matter shall finally determine that an Eligible Person is liable for disgorgement of profits resulting from the purchase and sale or sale and purchase by the Eligible Person of securities of the Corporation in violation of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law or common law;
- (d) if a court having jurisdiction in the matter shall finally determine that such indemnification is not lawful under any applicable statute or public policy (in this respect, if applicable, both the Corporation and the Eligible Person have been advised that the Securities and Exchange Commission takes the position that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication); or
- (e) in connection with any proceeding (or part thereof) initiated by the Eligible Person against the Corporation or its directors, officers or employees, unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the Corporation, (iii) such indemnification is provided by the Corporation, in its sole discretion, pursuant to the powers vested in the Corporation under applicable law, or (iv) the proceeding is initiated pursuant to Section 7.08 hereof and the Eligible Person is successful in whole or in part in such proceeding.
- Section 7.06 Advancement of Expenses The expenses incurred by the Eligible Person in any proceeding shall be paid promptly by the Corporation upon demand and in advance of final disposition of the proceeding at the written request of the Eligible Person, if (a) the Eligible Person furnishes the Corporation with a written affirmation of the Eligible Person's good faith belief that the Eligible Person has met the standard of conduct required by the Act or this Article, (b) the Eligible Person furnishes the Corporation with a written undertaking to repay such advance to the extent that it is ultimately determined that the Eligible Person did not meet the standard of conduct that would entitle the Eligible Person to indemnification, and (c) if required by the Act, the Corporation makes a determination that the facts known to those making the determination would not preclude indemnification under the Act. Such advances shall be made without regard to the Eligible Person's ability to repay such expenses.

Section 7.07 Notification and Defense of Claim. To obtain indemnification under this Article, as soon as practicable after receipt by the Eligible Person of notice of the commencement of any proceeding, the Eligible Person shall, if a claim in respect thereof is to be

made against the Corporation under this Article, notify the Corporation of the commencement thereof; provided, however, that the omission so to notify the Corporation will not relieve the Corporation from any liability which it may have to the Eligible Person otherwise than under this Article. With respect to any such proceeding as to which the Eligible Person notifies the Corporation of the commencement thereof:

- (a) The Corporation will be entitled to participate therein at its own expense.
- (b) Except as otherwise provided below, the Corporation may, at its option and jointly with any other indemnifying party similarly notified and electing to assume such defense, assume the defense thereof, with legal counsel reasonably satisfactory to the Eligible Person. The Eligible Person shall have the right to employ separate counsel in such proceeding, but the Corporation shall not be liable to the Eligible Person under this Article, including Section 7.06 hereof, for the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense, unless (i) the Eligible Person reasonably concludes that there may be a conflict of interest between the Corporation and the Eligible Person in the conduct of the defense of such proceeding or (ii) the Corporation does not employ counsel to assume the defense of such proceeding. The Corporation shall not be entitled to assume the defense of any proceeding brought by the Corporation or as to which the Eligible Person shall have made the conclusion provided for in (i) above.
- (c) If two or more persons who may be entitled to indemnification from the Corporation, including the Eligible Person, are parties to any proceeding, the Corporation may require the Eligible Person to engage the same legal counsel as the other parties. The Eligible Person shall have the right to employ separate legal counsel in such proceeding, but the Corporation shall not be liable to the Eligible Person under this Article, including Section 7.06 hereof, for the fees and expenses of such counsel incurred after notice from the Corporation of the requirement to engage the same counsel as other parties, unless the Eligible Person reasonably concludes that there may be a conflict of interest between the Eligible Person and any of the other parties required by the Corporation to be represented by the same legal counsel.
- (d) The Corporation shall not be liable to indemnify the Eligible Person under this Article for any amounts paid in settlement of any proceeding effected without its written consent in advance which consent shall not be unreasonably withheld. The Corporation shall be permitted to settle any proceeding the defense of which it assumes, except the Corporation shall not settle any action or claim in any manner which would impose any penalty or limitation on the Eligible Person without the Eligible Person's written consent, which consent shall not be unreasonably withheld.

Section 7.08 Enforcement. Any right to indemnification or advances granted by this Article to the Eligible Person shall be enforceable by or on behalf of the Eligible Person in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within 90 days of a written request therefor. The Eligible Person, in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. Neither the failure of the Corporation (including its Board of Directors or its shareholders) to make a determination prior to the commencement of such enforcement action that indemnification of the Eligible Person is

proper in the circumstances, nor an actual determination by the Corporation (including its Board of Directors or its shareholders) that such indemnification is improper, shall be a defense to the action or create a presumption that the Eligible Person is not entitled to indemnification under this Article or otherwise. The termination of any proceeding by judgment, order of court, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that the Eligible Person is not entitled to indemnification under this Article or otherwise.

Section 7.09 Partial Indemnification. If the Eligible Person is entitled under any provisions of this Article to indemnification by the Corporation for some or a portion of the expenses, judgments, fines (including any excise tax or penalty assessed with respect to any employee benefit plan) and amounts paid in settlement actually and reasonably incurred by the Eligible Person in the investigation, defense, appeal or settlement of any proceeding but not, however, for the total amount thereof, the Corporation shall indemnify the Eligible Person for the portion of such expenses, judgments, fines (including any excise tax or penalty assessed with respect to any employee benefit plan) and amounts paid in settlement to which the Eligible Person is entitled.

Section 7.10 Nonexclusivity: Survival; Successors and Assigns The indemnification and advance payment of expenses as provided by this Article shall not be deemed exclusive of any other rights to which the Eligible Person may be entitled under the Corporation's articles of incorporation or any agreement, any vote of shareholders or directors, the Act, or otherwise, both as to action in the Eligible Person's official capacity and as to action in another capacity. The right of the Eligible Person to indemnification under this Article shall vest at the time of occurrence or performance of any event, act or omission or any alleged event, act or omission giving rise to any action, suit or proceeding and, once vested, shall survive any actual or purported amendment, restatement or repeal of this Article by the Corporation or its successors or assigns whether by operation of law or otherwise and shall survive termination of the Eligible Person's services to the Corporation and shall inure to the benefit of the heirs, personal representatives and estate of the Eligible Person.

Section 7.11 Severability. If this Article or any portion thereof is invalidated on any ground by any court of competent jurisdiction, the Corporation shall indemnify the Eligible Person as to expenses, judgments, fines (including any excise tax or penalty assessed with respect to any employee benefit plan) and amounts paid in settlement with respect to any proceeding to the full extent permitted by any applicable portion of this Article that is not invalidated or by any other applicable law.

Section 7.12 Subrogation. In the event of payment under this Article, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the Eligible Person, who shall as a condition of receiving indemnification hereunder execute all documents required and shall do all acts necessary or desirable to secure such rights and to enable the Corporation effectively to bring suit to enforce such rights.

ARTICLE 8. Miscellaneous Matters

Section 8.01 Fiscal Year. The fiscal year of the Corporation shall end at midnight on September 30 of each calendar year.

Section 8.02 Negotiable Instruments. All checks, drafts, bills of exchange and orders for the payment of money may, unless otherwise directed by the Board of Directors, or unless otherwise required by law, be executed in its name by the President, a Vice-President, the Treasurer or an Assistant Treasurer, singly and without necessity of countersignature. The Board of Directors may, however, authorize any other officer or employee of the Corporation to sign checks, drafts and orders for the payment of money, singly and without necessity of countersignature.

Section 8.03 Notes and Obligations. All notes and obligations of the Corporation for the payment of money other than those to which reference is made in Section 8.02 of this Code of By-laws, may, unless otherwise directed by the Board of Directors, or unless otherwise required by law, be executed in its name by the President, a Vice President, or the Treasurer, singly and without necessity of either attestation or affixation of the corporate seal by the Secretary or an Assistant Secretary.

Section 8.04 Deeds and Contracts. All deeds and mortgages made by the Corporation and all other written contracts and agreements to which the Corporation shall be a party may, unless otherwise directed by the Board of Directors, or unless otherwise required by law, be executed in its name by the President or a Vice-President singly and without necessity of either attestation or affixation of the corporate seal by the Secretary or an Assistant Secretary.

Section 8.05 Endorsement of Stock Certificates Any certificate for shares of stock issued by any corporation and owned by the Corporation (including Common Stock held by the Corporation as treasury stock) may, unless otherwise required by law, be endorsed for sale or transfer by the President or a Vice-President, and attested by the Secretary or an Assistant Secretary; the Secretary or an Assistant Secretary, when necessary or required, may affix the corporate seal to the certificate.

Section 8.06 Voting of Stock. Any shares of stock issued by any other corporation and owned by the Corporation may be voted at any shareholders' meeting of the other corporation by the President, if he is present, or in his absence by a Vice-President. Whenever, in the judgment of the President, it is desirable for the Corporation to execute a proxy or to give a shareholders' consent with respect to any shares of stock issued by any other corporation and owned by the Corporation, the proxy or consent may be executed in the name of the Corporation by the President or a Vice-President singly and without necessity of either attestation or affixation of the corporate seal by the Secretary or an Assistant Secretary. Any person or persons designated in the manner above stated as the proxy or proxies of the Corporation shall have full right, power and authority to vote the share or shares of stock issued by the other corporation and owned by the Corporation the same as the share might be voted by the Corporation.

Section 8.07 Corporate Seal. The corporate seal of the Corporation shall be circular in form and mounted on a metal die, suitable for impressing the same on paper. About the upper periphery of the seal shall appear the words "Hillenbrand, Inc.," and about the lower periphery of the seal shall appear the word "Indiana." In the center of the seal shall appear the words "Corporate Seal." No instrument executed by any of the officers of the Corporation shall be invalid or ineffective in any respect by reason of the fact that the corporate seal has not been affixed to it.

TAX SHARING AGREEMENT
BY AND BETWEEN
HILLENBRAND INDUSTRIES, INC.
AND
BATESVILLE HOLDINGS, INC.
DATED AS OF FEBRUARY 5, 2008

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TAX SHARING AGREEMENT

THIS TAX SHARING AGREEMENT (this "Agreement") is made and entered into as of the day of February, 2008, by and between Hillenbrand Industries, Inc., an Indiana corporation ("RemainCo"), and Batesville Holdings, Inc., an Indiana corporation ("SpinCo"). Each of RemainCo and SpinCo is sometimes referred to herein as a "Party" and collectively, as the "Parties".

WITNESSETH:

WHEREAS, as of the date of this Agreement, RemainCo and its direct and indirect domestic corporate Subsidiaries (including SpinCo and its Subsidiaries) are members of RemainCo Consolidated Return Group;

WHEREAS, RemainCo, acting through its direct and indirect Subsidiaries, currently conducts two major businesses: (i) the Medical Technology Business and (ii) the Death Care Business;

WHEREAS, the Board of Directors of RemainCo has determined that it is appropriate, desirable and in the best interests of RemainCo and its shareholders to separate the Medical Technology Business from the Death Care Business;

WHEREAS, in order to effect such separation, the Board of Directors of RemainCo has determined that it is appropriate, and desirable and in the best interest of RemainCo and its shareholders for RemainCo and certain of its Subsidiaries to enter into a series of transactions whereby, among other things, (i) RemainCo will cause the Medical Technology Subgroup to restructure through a series of internal spin-offs so that various entities within the Medical Technology Subgroup will be owned directly by RemainCo prior to the Distribution, (ii) RemainCo will cause the separation of the Canadian medical technology and death care operations (collectively, (i) and (ii) are referred to as the "Restructuring"), (iii) RemainCo will contribute the Death Care Business and other assets to SpinCo, (iv) RemainCo will distribute its entire ownership interest in SpinCo 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 (the "Spin") (collectively, (iii) and the Spin are referred to as the "Distribution") pursuant to the terms and subject to the conditions of the Distribution Agreement dated as of _______, 2008 (the "Distribution Agreement") (the Restructuring and the Distribution may be referred to collectively as the "Plan of Separation"); and (v) the shareholders of RemainCo will vote to change the name of SpinCo to Hillenbrand, Inc. and the name of RemainCo to Hill-Rom Holdings, Inc.;

WHEREAS, the Restructuring is intended to qualify as tax-free under Sections 351, 355 and 368 of the Internal Revenue Code of 1986, as amended (the "Code"); WHEREAS, the Distribution is intended to qualify as tax-free under Sections 355 and 368 of the Code;

WHEREAS, subject to Section 8.2, it is the intention of the Parties that all pre-separation U.S. federal, state, and local audits will be managed, controlled and conducted by RemainCo's, U.S. Federal and State Audit Groups currently located in Batesville, Indiana (the "RemainCo Audit Team") except as otherwise provided in this Agreement;

WHEREAS, as a result of and upon the Restructuring and the Distribution, SpinCo and the Subsidiaries of SpinCo will cease to be members of RemainCo affiliated group after the Restructuring and Distribution; and

WHEREAS, in connection with the Plan of Separation, the Parties desire to set forth their agreement on the rights and obligations with respect to handling and allocating Taxes and related matters.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants and provisions of this Agreement, each of the Parties mutually covenant and agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1.1 <u>Definitions</u>. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

- (a) "AAA" has the meaning set forth in Section 11.4.
- (b) "Action" means any claim, suit, action, mediation, arbitration, inquiry, investigation or other proceeding of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any mediator, arbitrator or Governmental Authority.
- (c) "Adjusted Allocation Method" shall mean the method used to allocate, as between RemainCo and SpinCo, each Party's share of a Federal Income Tax Liability with respect to the RemainCo Consolidated Return Group, which shall be determined by allocating to SpinCo the Tax that would result had SpinCo and its Affiliates computed their Taxes on a separate return basis, while the liability of RemainCo and its Affiliates shall be the total Tax liability less what is allocated to SpinCo and its Affiliates. For purposes of this definition, the following shall apply: (i) eliminations for the Consolidated Return Group shall be handled in a manner consistent with past practices, which include the following practices: (A) topside/corporate overhead eliminations of SpinCo and its Affiliates are not included in SpinCo (by way of example, and not limitation, corporate overhead that is eliminated as part of the consolidated return and consolidated financial statements of RemainCo shall be charged to SpinCo and its Affiliates and taken into account in computing the Taxes of SpinCo and its Affiliates on a separate return basis), (B) domestic eliminations of SpinCo and its Affiliates are included as part of SpinCo, and (C) foreign eliminations of SpinCo and its Affiliates are included as part of SpinCo; and (ii) in addition to the adjustments that are applied normally in computing tax liability as if a separate return for the year had been prepared, the additional adjustments set forth on Schedule 1.1(c)(1) shall apply. Attached hereto as Schedule 1.1(c)(2) is an example of

how the parties intend for SpinCo to calculate its Tax liability in accordance with the Adjusted Allocation Method.

- (d) "Affiliate" means with respect to any specified Person, a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person; provided, however, that for purposes of this Agreement, no member of either Group and no officer or director of any member of either Group shall be deemed to be an affiliate of any member of the other Group. Batesville Casket UK Limited is an affiliate of SpinCo. The Batesville Casket Canada division of Hillenbrand Industries Canada Limited is an affiliate of SpinCo. The Hill-Rom Canada division of Hillenbrand Industries Canada Limited is an affiliate of SpinCo.
 - (e) "Agreement" has the meaning set forth in the preamble to this Agreement.
 - (f) "Applicable Deadline" has the meaning set forth in Section 11.3(b).
 - (g) "Arbitration Act" means the United States Arbitration Act, 9 U.S.C. §§1-16, as the same may be amended from time to time.
 - (h) "Arbitration Demand Date" has the meaning set forth in Section 11.3(a).
 - (i) "Arbitration Demand Notice" has the meaning set forth in Section 11.3(a).
- (j) "Audit" means any audit (including a determination of the status of qualified and non-qualified employee benefit plans), assessment of Taxes, other examination by or on behalf of any Taxing Authority (including notices), proceeding, or appeal of such a proceeding relating to Taxes, whether administrative or judicial, including proceedings relating to competent authority determinations initiated by a Party or any of its Subsidiaries.
 - (k) "Audit External Advisor" has the meaning set forth in Section 8.2(c)(iii).
- (l) "Audit Control Party" means the Party responsible for administering and controlling an Audit pursuant to Section 8.2(a), as may be changed from time to time in accordance with Section 8.2(d).
- (m) "Audit Representative" means the Chief Tax Officer of each Party (or such other officer of a Party that may be designated by that Party's Chief Financial Officer from time to time).
 - (n) "Bankruptcy" means, with respect to a Person:
 - (i) the filing of an application by the Person for, or a consent to, the appointment of a trustee of the Person's assets;
- (ii) the filing by the Person of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing the Person's inability to pay debts as they come due;

- (iii) a general assignment by such Person for the benefit of creditors;
- (iv) the filing by the Person of an answer admitting the material allegations of, or the Person's consenting to, or defaulting in answering a bankruptcy petition filed against the Person in any bankruptcy proceeding; or
- (v) the entry of an order, judgment or decree by any court of competent jurisdiction adjudicating the Person bankrupt or appointing a trustee, custodian, receiver or liquidator of such Person's assets, which order, judgment or decree continues unstayed and in effect for any period of sixty (60) days.
- (o) "Base Rate" means the rate which Citibank, N.A. (or any successor thereto or other major money center commercial bank agreed to by the Parties) announces from time to time as its base lending rate, as in effect from time to time.
 - (p) "Bracewell" means Bracewell & Giuliani LLP.
- (q) "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions located in the State of Indiana are authorized or obligated by law or executive order to close.
- (r) "Cash Acquisition Merger" means a merger of a newly-formed Subsidiary of SpinCo with a corporation, limited liability company, limited partnership, general partnership or joint venture (in each case, not previously owned, directly or indirectly, by SpinCo) solely for cash pursuant to which SpinCo acquires such corporation, limited liability company, limited partnership, general partnership or joint venture and no Equity Security of SpinCo or any SpinCo Affiliates are issued, sold, redeemed or acquired, directly or indirectly.
 - (s) "Code" has the meaning referred to in the recitals to this Agreement.
- (t) "Combined Jurisdiction" means, for any taxable period, any jurisdiction in which SpinCo or a SpinCo Affiliate is included in a consolidated, combined, unitary return with RemainCo or a RemainCo Affiliate for state Income Tax or Other Tax purposes.
 - (u) "Combined Return" means any combined, unitary, or consolidated return or report used in the determination of a state Income Tax or Other Tax liability.
- (v) "Combined State Taxes" means the Income Taxes or Other Taxes shown on a Combined Return that is filed in a Combined Jurisdiction for any Pre-Distribution Tax Period or for any Straddle Period, as the case may be.
- (w) "Correlative Adjustment" means a disallowance of an item of deduction, loss or credit which cannot be carried forward (or an increase of an item of income or gain) that is related or attributable to the Assets of a Party or that Party's Affiliates, that is included in a Tax Return for a Pre-Distribution Tax Period or the portion of a Straddle Period ending on the Distribution Date, and that results in a correlative increase of an item of deduction, loss or credit (or reduction of an item of income or gain) with respect to another Party or that Party's Affiliates with respect to such period or periods.

- (x) "Correlative Detriment" has the meaning set forth in Section 4.1(b).
- (y) "<u>Death Care Business</u>" means the manufacture and/or sale of funeral service products, including burial caskets, cremation caskets, containers and urns, selection room display fixturing, and other personalization and memorialization products, including the SpinCo Business.
- (z) "Distribution" or "Distributions" has the meaning set forth in the recitals to this Agreement and includes the distributions described in the IRS Ruling and the Tax Representation Letters.
 - (aa) "Distribution Agreement" has the meaning set forth in the recitals to this Agreement.
 - (bb) "Distribution Date" means the date on which the Spin is effectuated pursuant to the Distribution Agreement.
- (cc) "<u>Distribution Taxes</u>" mean any and all Taxes (a) required to be paid by or imposed on a Party or any of its Affiliates resulting from, or directly arising in connection with, the failure of the Distributions to qualify under Section 355(a) or (c) of the Code or, if applicable, Section 361(c) of the Code, or the application of Section 355(e) of the Code to the Distributions (or the failure to qualify under or the application of corresponding provisions of the Laws of other jurisdictions); or (b) required to be paid by or imposed on a Party or any of its Affiliates resulting from, or directly arising in connection with, the failure of any transaction undertaken in connection with or pursuant to the Plan of Separation to qualify for tax-free treatment, in whole or in part, but, with respect to both (a) and (b) above, only to the extent that such qualification or tax-free treatment was claimed by one or more of the Parties on a Tax Return for a Pre-Distribution Tax Period or a Straddle Period.
- (dd) "<u>Due Date</u>" means the date (taking into account all valid extensions) upon which a Tax Return is required to be filed with or Taxes are required to be paid to a Taxing Authority, whichever is applicable.
 - (ee) "Effective Time" in lieu means 12:01 a.m. on the date next following the Distribution Date.
 - (ff) "Employee Matters Agreement" means the Employee Matters Agreement dated as of , 2008 among RemainCo and SpinCo.
- (gg) "Equity Security" means stock or other equity securities treated as stock for Tax purposes, or option, warrants, rights, convertible debts, or any other instruments or security that affords any Person the right, whether conditional or otherwise, to acquire stock or to be paid an amount determined by reference to the value of the stock.
 - (hh) "Escalation Notice" has the meaning set forth in Section 11.2(a).
 - (ii) "Fault" has the meaning set forth in Section 5.4(c).

- (jj) "Federal Income Tax Liability" means any liability imposed under Subtitle A of the Code and any related interest and any penalties, additions to such Tax, or additional amounts imposed with respect thereto.
 - (kk) "Final Determination" means the final resolution of liability for any Tax for any taxable period, by or as a result of:
 - (i) a Final Determination as defined in the Judgment Sharing Agreement;
- (ii) a final settlement with the IRS, a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the Laws of other jurisdictions, which resolves the liability for the Taxes addressed in such agreement for any taxable period;
- (iii) any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered by the jurisdiction imposing the Tax; or
 - (iv) any other final disposition, including by reason of the expiration of the applicable statute of limitations.
- (II) "Governmental Authority" means any federal, state, local, foreign or international court, government, department, commission, board, bureau or agency, authority (including, but not limited to, any court, tribunal or grand jury) exercising executive, prosecutorial, legislative, judicial, regulatory or administrative functions of or pertaining to government or any other regulatory, administrative or governmental authority
 - (mm) "Group" means RemainCo Group or SpinCo Group, as the context requires.
 - (nn) "Income Taxes" mean:
- (i) all Taxes based upon, measured by, or calculated with respect to (i) net income or profits (including, but not limited to, any capital gains, minimum tax or any Tax on items of tax preference, but not including sales, use, real, or personal property, gross or net receipts, value added, excise, leasing, transfer or similar Taxes), or (ii) multiple bases (including, but not limited to, corporate franchise, doing business and occupation Taxes) if one or more bases upon which such Tax is determined is described in clause (oo)(i) above;
 - (ii) all U.S., state, local or non-U.S. franchise Taxes;
 - (iii) all U.S. state and local Taxes or non-U.S. Taxes not otherwise included in (a) or (b) above that are listed on Schedule 1.1(nn); and

- (iv) including in the case of each of (i), (ii), and (iii) above, any related interest and any penalties, additions to such Tax or additional amounts imposed with respect thereto by any Taxing Authority.
 - (00) "Income Tax Returns" mean all Tax Returns that relate to Income Taxes.
- (pp) "Indemnified Party" means the Party which is or may be entitled pursuant to this Agreement to receive any payments (including reimbursement for Taxes or costs and expenses) from another Party or Parties to this Agreement.
- (qq) "Indemnifying Party" means the Party which is or may be required pursuant to this Agreement to make indemnification or other payments (including reimbursement for Taxes and costs and expenses) to another Party to this Agreement.
 - (rr) "IRS" means the United States Internal Revenue Service or any successor thereto, including, but not limited to its agents, representatives, and attorneys.
- (ss) "IRS Ruling" means the IRS PLR #131586-07 dated November 7, 2007 issued to RemainCo, and any supplemental materials submitted to the IRS relating thereto, and any other separate or supplemental IRS private letter rulings received by RemainCo with respect to the Plan of Separation and the IRS Ruling.
- (tt) "Judgment Sharing Agreement" means the Judgment Sharing Agreement dated as of _______, 2008 among RemainCo, SpinCo and Batesville Casket Company, Inc.
- (uu) "Law" means any foreign, federal, state or local statute, ordinance, regulation, code, license, permit, authorization, approval, consent, common law, legal doctrine, order, judgment, decree, injunction or requirement of any Governmental Authority or any order or award of any arbitrator, now or hereafter in effect.
- (vv) "LIBOR" means the British Bankers Association London Interbank Offered Rate, as it is published by Reuters, or any successor to or substitute for such service providing rate quotations of the British Bankers Association London Interbank Offered Rate, at approximately 11:00 a.m., London time. In the event that such British Bankers Association London Interbank Offered Rate is not available at such time for any reason, then LIBOR shall be the rate at which dollar deposits of \$10 million and for a maturity of one (1) week are offered by the principal London office of Citibank in the London Interbank market at approximately 11:00 a.m., London time.
- (ww) "Medical Technology Business" means the manufacture or sale of non-implantable devices or any other existing business line conducted by Hill-Rom, Inc. and its Subsidiaries immediately prior to the Distribution (including medical technologies and related services for the health care industry, such as, for example, patients support systems, non-invasive therapeutic products for a variety of acute and chronic medical conditions, medical equipment rentals and workflow technology solutions).

- (xx) "Medical Technology Subgroup" is comprised of, inter alia, Hill-Rom, Inc., Hill-Rom Manufacturing, Inc., Hill-Rom Services, Inc., Hill-Rom Company Inc., and Allen Medical Systems, Inc.
 - (yy) "No-Fault Sharing Percentages" shall mean the RemainCo No Fault Percentage and the SpinCo No Fault Percentage.
 - (zz) "Non-Income Tax Returns" means all Tax Returns other than Income Tax Returns.
 - (aaa) "Non-Preparing Party" has the meaning set forth in Section 3.3.
 - (bbb) "Other Agreements" has the meaning ascribed to such term in the Distribution Agreement.
 - (ccc) "Other Taxes" means all Taxes other than Income Taxes, including (but not limited to) transfer, sales, use, payroll, and unemployment Taxes.
 - (ddd) "Participating Party" has the meaning set forth in Section 8.2(c)(i).
 - (eee) "Party" has the meaning set forth in the preamble to this Agreement.
- (fff) "Person" means an individual, a limited or general partnership, a joint venture, a corporation, a trust, a limited liability company, an unincorporated organization, or a Governmental Authority.
 - (ggg) "Plan of Separation" has the meaning set forth in the recitals to this Agreement.
 - (hhh) "Post-Distribution Tax Audit" means any Audit with respect to a Tax Return or any Tax that may be owing with respect to a Post-Distribution Tax Period.
 - (iii) "Post-Distribution Tax Returns" means, collectively, all Tax Returns required to be filed by a Party or its Affiliates for a Post-Distribution Tax Period.
 - (jjj) "Post-Distribution Tax Period" means a Tax year beginning and ending after the Distribution Date.
- (kkk) "Pre-Distribution Non-Income or Non-U.S. Tax Audit" means any Audit related to any (a) U.S. federal, state, or local Taxes other than Income Taxes, or (b) any non-U.S. Taxes, in each case with respect to a Tax Return filed, or allegedly required to be filed, for any Pre-Distribution Tax Period or Straddle Period; provided, however, this term shall not include any Audit that is a Pre-Distribution Transfer Pricing Tax Audit, a Pre-Distribution Payroll Tax Audit, or a Pre-Distribution RemainCo Qualified Plan Tax Audit.
 - (Ill) "Pre-Distribution Payroll Tax Audit" means any Audit for a Pre-Distribution Tax Period or Straddle Period of payroll taxes.

- (mmm) "Pre-Distribution Qualified Plan Tax Audit" means any Audit for a Pre-Distribution Tax Period or Straddle Period of RemainCo with respect to a qualified plan that is the subject of the Employee Matters Agreement.
 - (nnn) "Pre-Distribution Tax Period" means a Tax year beginning and ending on or before the Distribution Date.
 - (000) "Pre-Distribution Tax Returns" means, collectively, all Tax Returns required to be filed by a Party or its Affiliates for a Pre-Distribution Tax Period.
- (ppp) "Pre-Distribution Transfer Pricing Tax Audit" means any Audit of any Income Taxes related to or arising from (a) an intercompany transfer pricing adjustment under Section 482 of the Code and the Treasury Regulations thereunder, or an analogous provision under U.S. federal, state and local or non-U.S. Law, or (b) a determination that the activities of a Party or its Affiliates give rise to a "permanent establishment," presence, or nexus in any jurisdiction that could subject it to Income Tax there, in each of (a) and (b), for any Pre-Distribution Tax Period or Straddle Period.
- (qqq) "Pre-Distribution U.S. Income Tax Audit" means any Audit of any U.S. federal, state, or local Income Tax Return filed, or allegedly required to be filed, for any Pre-Distribution Tax Period or Straddle Period; provided, however this term shall not include any Audit that is a Pre-Distribution Transfer Pricing Tax Audit, a Pre-Distribution Qualified Plan Tax Audit, or a Pre-Distribution Payroll Tax Audit.
 - (rrr) "Preparing Party" has the meaning set forth in Section 3.2(a).
 - (sss) "Qualified Tax Counsel" means any of the law firms listed on Schedule 1.1(sss).
- (ttt) "<u>Refund</u>" means any refund of Taxes (including any overpayment of Taxes for a period ending on or prior to the Distribution Date that can be refunded or, alternatively, applied to future Taxes payable), including any interest paid on or with respect to such refund of Taxes; provided, however, the amount of the refund of Taxes shall be net of any Taxes imposed by any Taxing Authority on the receipt of the refund.
 - (uuu) "RemainCo" has the meaning set forth in the recitals to this Agreement.
 - (vvv) "RemainCo Audit Team" has the meaning referred to in the recitals to this Agreement.
- (www) "RemainCo Consolidated Return Group" means the affiliated group of corporations (within the meaning of Section 1504 of the Code) of which RemainCo is the common parent prior to the Distribution Date.
 - (xxx) "RemainCo Group" means RemainCo and the Subsidiaries of RemainCo other than members of SpinCo Group.

- (yyy) "RemainCo No Fault Percentage" shall have the meaning and the percentage set forth in Section 5.5.
- (zzz) "RemainCo Pension Plan Assets" shall have the meaning set forth in the Employee Matters Agreement.
- (aaaa) "RemainCo Sharing Percentage" shall mean seventy-nine percent (79%).
- (bbbb) "Requesting Party" shall have the meaning set forth in Section 5.4.
- (cccc) "Restriction Period" means the period beginning at the Effective Time and ending on the two-year anniversary of the day after the Distribution Date.
- (dddd) "Restructuring" has the meaning set forth in the recitals to this Agreement.
- (eeee) "Restructuring Taxes" shall mean any Tax, other than a Distribution Tax, that is incurred by a Party as a result of a transaction or asset transfer occurring on or before the Distribution Date that was in connection with or in contemplation of the Distribution of SpinCo and that was undertaken to accomplish the Restructuring, which for purposes of this definition shall include the transactions described and set forth as steps one (1) to thirty-three (33) on pages five to nine of the IRS Ruling.
- (ffff) "Risk Affiliate" shall mean Sycamore Insurance Company, a South Carolina corporation that was merged into RemainCo effective 9/30/2007, and any other company that has existed within the RemainCo Consolidated Return Group prior to the Distribution Date and that was in the same line of business as Sycamore Insurance Company.
 - (gggg) "Rules" has the meaning set forth in Section 11.5.
- (hhhh) "Ruling Documents" means the IRS Ruling request, the attachments and exhibits thereto, and any additional or supplemental information submitted to the IRS in connection with the IRS Ruling request.
- (iiii) "Ruling Request" means the IRS private letter ruling request filed by RemainCo with the IRS dated July 6, 2007, and the various supplements to such request pertaining to certain Tax aspects of the Restructuring and Distribution, all of which resulted in the IRS Ruling.
 - (jjjj) "Separate Return" means any state return or report used in the determination of a state Income Tax or Other Tax liability that is not a Combined Return.
 - (kkkk) "Separate State Taxes" means the Income Taxes or Other Taxes shown on a Separate Return.
 - (llll) "Spin" has the meaning set forth in the recitals of this Agreement.

(mmmm) "SpinCo" has the meaning set forth in the recitals in this Agreement.

- (nnnn) "SpinCo Business" means all business and operations (including related joint ventures and alliances) of any member of the SpinCo Group immediately prior to the Distribution.
- (0000) "SpinCo Combined State Tax Liability" means, with respect to any taxable period (or portion thereof) in the Pre-Distribution Period, an amount of Combined State Taxes that are allocated to SpinCo pursuant to Section 2.2.
 - (pppp) "SpinCo Group" means SpinCo and the Subsidiaries of SpinCo after the Restructuring and the Distribution.
 - (qqqq) "SpinCo No Fault Percentage" shall have the meaning and percentage set forth in Section 5.5.
 - (rrrr) "SpinCo Sharing Percentage" shall mean twenty-one percent (21%).
 - (ssss) "Straddle Income Tax Returns" mean, collectively, all Income Tax Returns required to be filed by a Party and its Affiliates for a Straddle Period.
 - (tttt) "Straddle Period Tax Audit" means any Audit with respect to a Tax Return or any Tax that may be owing with respect to a Straddle Period.
 - (uuuu) "Straddle Period" means a Tax year beginning before the Distribution Date and ending after the Distribution Date.
- (vvvv) "Subsidiary" means with respect to any specified Person, any corporation or other legal entity of which such Person or any of its Subsidiaries controls or owns, directly or indirectly, more than 50% of the stock or other equity interest entitled to vote on the election of members to the board of directors or similar governing body, in each case including its successors or assigns; provided, however, that for purposes of this Agreement, no member of the SpinCo Group shall be deemed to be a Subsidiary of any member of the RemainCo Group.
 - (wwww) "Supplemental Ruling" means any IRS private letter ruling issued in connection with the Restructuring and/or Distribution other than the IRS Ruling Request.
- (xxxx) "Supplemental Ruling Documents" means the Supplemental Ruling Request, the attachments and exhibits thereto, and any additional or supplemental information submitted to the IRS in connection with the Supplemental Ruling.
- (yyyy) "Tax" or "Taxes" whether used in the form of a noun or adjective, means taxes on or measured by income, franchise, gross receipts, sales, use, excise, payroll, personal property, real property, ad-valorem, value-added, leasing, leasing use or other taxes, levies, imposts, duties, charges, or withholdings of any nature. Whenever the term "Tax" or "Taxes" is used it shall include penalties, fines, additions to tax and interest thereon.
- (zzzz) "Tax Attributes" mean for U.S. federal, state, local, and non-U.S. Income Tax purposes, earnings and profits, tax basis, net operating and capital loss carryovers or carrybacks, alternative minimum Tax credit carryovers or carrybacks, general business credit

carryovers or carrybacks, income tax credits or credits against income tax, disqualified interest and excess limitation carryovers or carrybacks, overall foreign losses, research and experimentation credit base periods, and all other items that are determined or computed on an affiliated group basis (as defined in Section 1504(a) of the Code determined without regard to the exclusion contained in Section 1504(b)(3) of the Code), or similar Tax items determined under applicable Tax law, including the tax attributes listed on Schedule 9.1.

(aaaaa) "Tax Benefit Actually Realized" means with respect to a Party and its Subsidiaries the actual reduction in Taxes due and payable determined only with respect to the referenced taxable year or any prior taxable year, and is equal to the sum of:

- (i) the excess (if any) of (i) the amount of Taxes that the Party and its Subsidiaries would have owed in such taxable years (excluding the effect of any carryforwards of net operating or capital losses or Tax credits to such year) had there been no payment or event giving rise to such a determination, over (ii) the amount of Taxes actually paid by the Party and its Subsidiaries in such taxable years (excluding the effect of any carryforwards of net operating losses or capital losses or Tax credits to such year) after taking into account such payment or determination; and
- (ii) the excess (if any) of (i) the amount of the Refund actually received by the Party and its Subsidiaries with respect to such taxable years or any carryback year (excluding the effect of any carryforwards of net operating losses or capital losses or Tax credits to such year) as a result of the carryback of Tax items to prior taxable years after taking into account such payment or determination, over (ii) the amount of the Refund that the Party and its Subsidiaries would have been entitled to receive with respect to such taxable years or any carryback year (excluding the effect of any carryforwards of net operating losses or capital losses or Tax credits to such year) as a result of the carryback of Tax items to prior taxable years had there been no payment or event giving rise to such a determination.

The Tax Benefit Actually Realized shall be computed based on the actual U.S. or non-U.S. income tax rates applicable to the Party and its Subsidiaries during the applicable tax year; provided, however, that if the Tax Benefit Actually Realized includes a U.S. federal Income Tax benefit attributable to the deduction of interest included in Taxes, then the Parties shall assume that the applicable U.S. federal, state and local Income Tax rate is thirty-eight percent (38%) in lieu of the applicable Party's and its Subsidiaries' actual U.S. federal, state and local Income Tax rate.

(bbbbb) "<u>Tax-Free Status</u>" means the qualification of a Distribution or any other transaction contemplated by the IRS Ruling or any Tax Opinion as a transaction in which gain or loss is not recognized, in whole or in part, and no amount is included in income, including by reason of Distribution Taxes, for U.S. federal, state, and local income tax purposes (other than intercompany items, excess loss accounts or other items required to be taken into account pursuant to Treasury Regulations promulgated under Section 1502 of the Code).

(cccc) "Tax Group" means any U.S federal, state, local or non-U.S. affiliated, consolidated, combined, unitary or similar group that files a Tax Return or Tax Returns.

- (ddddd) "Tax Opinions" mean certain Tax opinions and supporting memoranda rendered by Bracewell to RemainCo or any of its Affiliates in connection with the Plan of Separation.
- (eeeee) "Tax Package" means the information and documents in the possession of a Party or its Affiliates that are reasonably necessary for the preparation of a Tax Return by the other Party or its Affiliates, assembled in all material respects consistent with past Tax reporting practices of RemainCo and its Affiliates.
- (fffff) "Tax Representation Letter" means any letter containing certain representations and covenants issued by RemainCo, any of its Affiliates or any of its shareholders to Bracewell or RemainCo in connection with the Tax Opinions.
- (ggggg) "Tax Returns" mean any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, amended tax return, claim for refund, or declaration of estimated tax) required to be supplied to, or filed with, a Taxing Authority in connection with the determination, assessment or collection of any Tax or the administration of any Laws, regulations, or administrative requirements relating to any Taxes.
- (hhhhh) "Taxing Authority" means any governmental authority or any subdivision, agency, commission, or authority thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection, or imposition of any Tax (including the IRS).
- (iiiii) "Treasury Regulations" mean the final and temporary (but not proposed) income tax and administrative regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).
 - (jjjjj) "Unanticipated Taxes" shall have the meaning set forth in Section 2.1(c).
- (kkkkk) "<u>Unqualified Tax Opinion</u>" means an unqualified "should" level opinion of Qualified Tax Counsel, which opinion is reasonably acceptable to each of the Parties and upon which each of the Parties may rely to confirm that a transaction (or transactions) will not result in Distribution Taxes, including confirmation in accordance with Circular 230 or otherwise that may be provided for purposes of avoiding any applicable penalties or additions to Tax.
 - (IIIII) "U.S." means the United States.
 - Section 1.2 References to Time. All references in this Agreement to times of the day shall be to Batesville, Indiana time, except as otherwise specifically provided herein.

Section 1.3 Effective Time.

(a) The Parties acknowledge that the Plan of Separation contemplates a series of interrelated and intermediate internal transactions undertaken preparatory to and in contemplation of the Distributions that must be completed prior to the Effective Time in order to

align, reorganize and properly capitalize the Medical Technology Business and the Death Care Business.

(b) Notwithstanding that these interrelated and intermediate internal transactions must be given effect prior to the Spin, the agreements contained herein, including, but not limited to, the manner in which Taxes are shared amongst the Parties, shall be effective no earlier than and only upon the Effective Time.

ARTICLE II RESPONSIBILITY FOR PAYMENT OF TAXES

Section 2.1 Income Taxes and Other Taxes

- (a) SpinCo shall be responsible for the payment of all Income Taxes and Other Taxes:
- (i) for any Pre-Distribution Tax Period allocated to SpinCo and its domestic Affiliates in accordance with Section 2.2, if such Tax is attributable to the Death Care Business:
- (ii) for any Pre-Distribution Tax Period allocated to SpinCo and its foreign Affiliates in accordance with Section 2.2, if such Tax is attributable to the Death Care Business;
- (iii) for any Pre-Distribution Tax Period allocable to SpinCo and its Affiliates in accordance with Section 2.2 in which a Combined Return is being filed in a Combined Jurisdiction that includes a SpinCo Combined State Tax Liability if such Tax is attributable to the Death Care Business;
 - (iv) for any Straddle Period allocated to SpinCo and its domestic Affiliates in accordance with Section 2.2 if such Tax is attributable to the Death Care Business;
 - (v) for any Straddle Period allocated to SpinCo and its foreign Affiliates in accordance with Section 2.2, if such tax is attributable to the Death Care Business;
 - (vi) for any Post-Distribution Tax Periods of SpinCo Group;
 - (vii) with respect to any Restructuring Taxes allocated to SpinCo under Section 2.2;
- (viii) imposed under Treasury Regulation Section 1.1502-6 or under any comparable or similar provision of state, local or foreign laws or regulations on SpinCo or its Affiliates as a result of such company being a member of a consolidated combined, or unitary group with RemainCo or any RemainCo Subsidiary during any Tax period to the extent attributable to the Death Care Business; and
 - (ix) any Taxes that arise by Audit or a Final Determination of an Audit and which are specifically allocated to SpinCo under Section 8.3.

- (b) RemainCo shall be responsible for the payment of all Income Taxes and Other Taxes which are not specifically the obligation of SpinCo under Section 2.1(a), above.
- (c) In connection with the allocation of Taxes that are made under Section 2.2, or under Section 8.3 if such Tax arises from a Final Determination on Audit, it has been the intent and desire of the Parties to identify all Taxes and situations giving rise to Taxes of which they are aware and provide specific provisions in this Agreement for the allocation of the payment or liability of such Taxes. Notwithstanding the efforts of the Parties to do so, it is understood by the Parties that there may be circumstances giving rise to Tax that the Parties did not understand or contemplate in the course of preparing this Agreement (the "Unanticipated Taxes"). In the event there are Unanticipated Taxes, the Parties agree that the amount of such Unanticipated Taxes shall be calculated and each Party's share allocated in accordance with the various principles that underlie the provisions of Section 2.2 and that the Parties shall in good faith work together to mutually determine a fair allocation for the payment of such Unanticipated Taxes as between the Parties.

Section 2.2 Allocation of Taxes.

- (a) SpinCo or any of its Affiliates shall, to the extent permitted by Applicable Law, treat the day after the Distribution Date as the first day of its taxable period under applicable United States Federal, state, local or foreign Tax laws and shall file any elections necessary or appropriate to such treatment; provided that this Section 2.2(a) shall not be construed to require RemainCo to change its taxable year.
- (b) Unless to do so specifically conflicts with the allocations set forth after this Section 2.2(b), transactions occurring, or actions taken, on the Distribution Date but after the Distribution outside the ordinary course of business by, or with respect to, SpinCo or any of its Affiliates shall be deemed subject to the "next day rule" of Treasury Regulation Section 1.1502-76(b)(1)(ii)(B) (and under any comparable or similar provision under state, local or foreign laws or regulations, provided that if there is no comparable or similar provision under state, local or foreign laws or regulations, then the transaction will be deemed subject to the "next day rule" of Treasury Regulation Section 1.1502-76(b)(1)(ii)(B)) and as such shall for purposes of this Agreement be treated (and consistently reported by the Parties) as occurring in a Post-Distribution Tax Period of SpinCo or an SpinCo Affiliate, as appropriate.
- (c) Any Income Taxes for a Straddle Period with respect to SpinCo and/or its Affiliates (or entities in which SpinCo or its Affiliates have an ownership interest) shall, for purposes of this Agreement, be determined, unless otherwise provided in this Agreement, using a closing of the books and records of SpinCo and its Affiliates as of the close of business on the Distribution Date, provided that exemptions, allowances or deductions that are calculated on an annual basis, and not on a closing of the books method (including, but not limited to, depreciation and amortization deductions) shall be allocated between the period ending on and including the Distribution Date and the period beginning after the Distribution Date based on the number of days for the portion of the Straddle Period ending on and including the Distribution Date, on the one hand, and the number of days for the portion of the Straddle Period beginning after the Distribution date, on the other hand. To the extent possible, (a) Other Taxes shall be determined

by means of a closing of the books and (b) the methodology used to allocate such Taxes for the Pre-Distribution Tax Periods shall be used to allocate Taxes for Straddle Periods

- (d) The Federal Income Tax Liability for the RemainCo Consolidated Return Group for the Pre-Distribution Tax Period ending September 30, 2007 and for the Straddle Period from October 1, 2007 until the Distribution Date shall be allocated between RemainCo and SpinCo pursuant to the Adjusted Allocation Method. Any Federal Income Tax Liability for the RemainCo Consolidated Return Group for a Pre-Distribution Tax Period other than the Pre-Distribution Tax Periods or portions thereof described in the preceding sentence shall be allocated to RemainCo.
- (e) The Combined State Taxes with respect to any Combined Return for any Pre-Distribution Tax Period ended September 30, 2007 or any Straddle Period shall be allocated between RemainCo and SpinCo as follows: (i) the Combined State Taxes on such Combined Return, before applying any credits, shall be allocated among the RemainCo Group and SpinCo Group based on the relative proportion of the total income of each Group, before apportionment compared to the total income of both Groups before apportionment (or, if the Combined State Taxes on such Combined Return are based on something other than income, the relative proportion of the total tax base of each Group, before apportionment, compared to the total tax base of both Groups before apportionment), less (ii) the credits applicable to each Group. For example, if the tax base for a particular Combined Return is federal taxable income, the total federal taxable income for RemainCo, SpinCo and their Affiliates included on the Combined Return, before apportionment is \$100,000,000, of which \$40,000,000 is attributable to the SpinCo Group, forty percent (40%) of the Combined State Taxes with respect to such Combined Return, before application of credits, shall be attributed to the SpinCo Group. If there are credits on the Combined Return attributable to the SpinCo Group, the amount of the Combined State Taxes attributed to the SpinCo Group shall be further reduced by the amount of such credits.
- (f) Any Separate State Taxes with respect to any Separate Return for any Pre-Distribution Tax Period or any Straddle Period shall be allocated to the Party as to which it or its Affiliate had the legal obligation under applicable law for filing such Separate Return.
- (g) Any foreign Taxes for any Pre-Distribution Tax Period or any Straddle Period shall be allocated to the Party or its Affiliate whose business operations resulted in the foreign Tax, with such determination to be made in a manner consistent with the Adjusted Allocation Approach..
 - (h) Each Party shall be responsible for the Income Taxes or Other Taxes attributable to it or its Affiliates for a Post-Distribution Period.
- (i) For the Pre-Distribution Tax Period ending September 30, 2007 and any portion of a Straddle Period ending on the Distribution Date, Payroll and unemployment Taxes shall be allocated among the Parties based on which Party or its Affiliate, pursuant to the practices within the RemainCo Consolidated Return Group, had the obligation for the payment of the employment expense of the employees who performed the services that are the subject of the payroll and unemployment Tax as determined on a basis consistent with the Parties' past practices. Any taxes that arise as a result of an Audit shall be allocated on the same basis.

- (j) Sales Taxes, use Taxes and similar Taxes shall be allocated to the Party that sold, or whose Affiliates sold, the property or rendered the services that generated the Tax.
- (k) Any Restructuring Taxes shall be allocated to RemainCo using the RemainCo No Fault Percentage and to SpinCo using the SpinCo No Fault Percentage and to the extent that any Tax is included in the definition of Restructuring Taxes and is otherwise allocated differently under this Section 2.2, the allocation applicable to Restructuring Taxes hereunder shall control to the extent such Tax or portion thereof is included in the definition of Restructuring Taxes.
- (l) Any Taxes that result from the transfer from RemainCo to SpinCo of liability loss reserves with respect to the reserves attributable and carried on the tax books of a Risk Affiliate that are being transferred to SpinCo with respect to the Distribution shall be borne and paid by SpinCo, provided that SpinCo is entitled to claim a deduction in computing its Taxes for any payments in satisfaction of liabilities attributable or related to such liability loss reserves.
- (m) Taxes other than those specified above that are primarily attributable to a Party or its Affiliates shall be allocated to such Party. For example, personal property Taxes shall be allocated to the Party that owned or whose Affiliates owned the property that generated the Tax.
- (n) Any other Income Taxes or Other Taxes that are not specifically allocated to either RemainCo or SpinCo pursuant to any of the provisions above shall be allocated as between RemainCo and SpinCo in a manner that is consistent with the preceding principles of allocation.

Notwithstanding the specific allocations of Taxes set forth above, if there is a conflict between the above provisions of this Section 2.2 with respect to a Party's responsibility for Taxes and the allocation of liability for Taxes that arise upon a Final Determination of an Audit as provided in Sections 8.3(c) through (f), the provisions of Sections 8.3 (c) through (f) shall control. Except as expressly provided in this Section 2.2 and Article VIII, SpinCo shall have no liability for Taxes for periods ending prior to September 30, 2007.

Section 2.3 <u>Timing of Payments of Taxes</u> All Taxes required to be paid or caused to be paid by a Party to a Taxing Authority pursuant to this Article II shall be paid or caused to be paid by such Party prior to the Due Date of such Taxes. All amounts required to be paid by one Party to another Party (including obligations arising under Article VII) pursuant to this Article II shall be paid or caused to be paid by such first Party to such other Party in accordance with Article VII.

Section 2.4 Credit or Refund of Estimated Payments by SpinCo As of the Distribution Date, in accordance with the normal practices and procedures of the RemainCo Consolidated Return Group, SpinCo and its Affiliates will have made certain advances and payments with respect to Taxes for the Pre-Distribution Tax Period ending September 30, 2007 and the portion of any Straddle Period up to the Distribution Date that are attributable to SpinCo and its Affiliates and the Death Care Business. To the extent any such payments have been made, such payments shall be credited to the amounts owing pursuant to this Article II and to the extent there has been an overpayment with respect to payments under this Article II, such

overpayment shall be refunded or applied with respect to the other amounts owing under this Article II.

ARTICLE III PREPARATION AND FILING OF TAX RETURNS

Section 3.1 Preparation of Returns.

- (a) RemainCo shall prepare and file:
 - (i) All Tax Returns for RemainCo and its Affiliates for Pre-Distribution Tax Periods for all jurisdictions;
 - (ii) All Tax Returns for SpinCo and its Affiliates for all Pre-Distribution Tax Periods that pertain only to SpinCo and its Affiliates;
 - (iii) All Tax Returns for RemainCo and its Affiliates for Post-Distribution Tax Periods;
 - (iv) All Tax Returns for the RemainCo Consolidated Return Group and RemainCo Group and all Combined Return in any Combined Jurisdiction;
 - (v) All Tax Returns for RemainCo and its Affiliates (including SpinCo and its Affiliates) for Straddle Periods;
 - (vi) All Separate Returns for RemainCo and its Affiliates; and
- (vii) All other Tax Returns with respect to either RemainCo and its Affiliates or SpinCo and its Affiliates that are not specifically the responsibility of RemainCo or SpinCo to prepare under Sections 3.1(a) or 3.1(b), hereof.
 - (b) SpinCo shall prepare and file:
 - (i) All Tax Returns for SpinCo and its Affiliates for any Straddle Period that pertains only to SpinCo and its Affiliates;
 - (ii) All Separate Returns for SpinCo and its Affiliates; and
 - (iii) All Tax Returns for SpinCo and its Affiliates for all Post-Distribution Tax Periods.
- (c) Notwithstanding anything herein to the contrary with respect to the preparation of Tax Returns under Section 3.1(a) or 3.1(b), the specifically identified Tax Returns described on Schedule 3.1(c) attached hereto, if any, shall be prepared by the Party specifically identified as having the responsibility for the preparation of such Tax Return on Schedule 3.1(c).

Section 3.2 Procedures Relating to the Preparation and Filing of Tax Returns

- (a) RemainCo, with respect to those Tax Returns prepared by RemainCo described in Section 3.2(a), SpinCo, with respect to those Tax Returns prepared by SpinCo described in Sections 3.2(b) (in each case, the "Preparing Party") shall prepare and file or cause to be prepared or filed such Tax Returns in a manner consistent with past Tax reporting practices of the Parties and their Affiliates. The Preparing Party shall provide the other Party with a draft of each Income Tax Return with respect to a Pre-Distribution Tax Period or a Straddle Period at least 30 days prior to the due date for filing thereof, if such draft shows Tax for which the other Party is responsible pursuant to this Agreement. The other Party shall have the right to review and approve (which approval shall not be unreasonably withheld) each such Income Tax Return within 7 days following its receipt thereof. The Preparing Party and the other Party shall attempt in good faith mutually to resolve any disagreements regarding such Income Tax Returns prior to the due date for filing thereof; provided, that the failure to resolve all disagreements prior to such date shall not relieve the Preparing Party of its obligation to file (or caused to be filed) any such Income Tax Return.
- (b) Unless otherwise required by the applicable laws, regulations, rulings or other requirements of a Taxing Authority, the Parties hereby agree to prepare and file all Tax Returns, and to take all other actions, in a manner consistent with this Agreement, Distribution Agreement, Tax Ruling, Ruling Documents, Tax Opinion, or Representation Letter. All Tax Returns shall be filed on a timely basis (taking into account applicable extensions) by the Party responsible for filing such Tax Returns under this Agreement. This provision shall not restrict the right of any Party or its Affiliates to file such disclosure statements as they deem appropriate or necessary to comply with applicable laws or regulations with respect to required disclosures on a Tax Return.
- (c) Within 30 days after the determination of any SpinCo Tax Attributes by RemainCo, RemainCo shall notify SpinCo of the Tax Attributes associated with SpinCo and each of its Affiliates, and the Tax bases of the assets and liabilities transferred to SpinCo in connection with the Restructuring and Distribution. Any changes in such Tax Attributes or Tax bases arising thereafter by reason of an Audit of which RemainCo is the Audit Control Party shall be communicated by RemainCo to SpinCo within 30 days after such change is made or there is a Final Determination of such change.
- Section 3.3 Tax Information Exchange and Tax Services. In connection with each Tax Return required under this Agreement to be prepared by the Preparing Party designated to prepare the Tax Return under Section 3.1 after the date hereof, upon the Preparing Party providing written notice to the other Party who is not the Preparing Party (the "Non-Preparing Party"), the Non-Preparing Party shall provide the Preparing Party, no later than 90 days after such written request from Preparing Party, a Tax Package for the purpose of preparing such Tax Return. Non-Preparing Party shall timely furnish to Preparing Party such additional information and documents as Preparing Party may reasonably request. The Parties acknowledge that such information may include materials regarding accounting, accounting records, income and expense, costs and cost production, background, research and development, comparables, marketing, suppliers and customers, and other information regarding the business of the Non-Preparing Party related to the Tax treatment of such business. Upon request by Preparing Party, an appropriate officer of Non-Preparing Party shall provide written certification that, to such officer's best knowledge and belief, all information provided pursuant to this Section 3.3(a) is

accurate and complete in all material respects. Non-Preparing Party shall also make available employees and officers of Non-Preparing Party and its Affiliates as Preparing Party may reasonably request in connection with such Tax Return preparation by Preparing Party. Non-Preparing Party shall be responsible for the internal costs (without reimbursement from Preparing Party) of furnishing to Preparing Party the Tax Package, additional information, documents and employees and officers provided for in this Section 3.3(a). Preparing Party shall provide the relevant information contained in the Tax Package in the format required by the IRS (or analogous state, local, or foreign agency) for electronic filing.

Section 3.4 Reasonable External Costs and Expenses. To the extent a Party incurs reasonable costs and expenses with a third party for purposes of complying with the provisions of this Article III, including, without limitation, the preparation of the Tax Returns to be prepared thereunder, such costs and expenses shall be borne in the same proportion as the Taxes being reported on the Tax Return to which such costs and expenses relate. In the event that the Tax Return being prepared is not for the purpose of reporting Taxes but is rather an informational Tax Return, the Party charged with the responsibility of preparing such Tax Return shall bear the cost and expense of preparing and filing such Tax Return.

ARTICLE IV REFUNDS, CARRYBACKS AND AMENDED TAX RETURNS

Section 4.1 Refunds.

- (a) Each Party shall be entitled to Refunds that relate to Taxes for which it is responsible under Article II of this Agreement.
- (b) Notwithstanding Section 4.1(a), to the extent a claim for a Refund is reasonably likely to result in a Correlative Detriment to one or more of the Parties, any such Refund that is received by one or more of the Parties shall, and only to the extent thereof, be paid proportionately to the Parties that are reasonably likely to realize such detriment. A "Correlative Detriment" is an increase in a current year Tax payment obligation by a Party or a reduction in a current year Tax benefit of a Party not otherwise entitled to a Refund under the prior sentence that occurs as a direct result of the Tax position that is the basis for the Refund or the claim therefor. By way of example, if SpinCo were to generate a net operating loss for a Post-Distribution Tax Period and such loss was carried back to a Pre-Distribution Tax Period and resulted in a Refund, but at the same time reduced the amount of a foreign tax credit available to RemainCo for such Pre-Distribution Tax Period, RemainCo would have a Correlative Detriment for which it is entitled to receive payment unless such tax credit could be carried forward by RemainCo.
- (c) Any Refund or portion thereof to which a Party is entitled pursuant to this Section 4.1 that is received or deemed to have been received as described herein by another Party, shall be paid by such other Party to such first Party in immediately available funds in accordance with Article VII. To the extent a Party applies or causes to be applied an overpayment of Taxes as a credit toward or a reduction in Taxes otherwise payable (or a Taxing Authority requires such application in lieu of a Refund) and such Refund, if received, would have been

payable by such Party to another Party (or Parties) pursuant to this Section 4.1, such Party shall be deemed to have actually received a Refund to the extent thereof on the date on which the overpayment is applied to reduce Taxes otherwise payable.

Section 4.2 <u>Carrybacks</u>. Each of the Parties shall be permitted (but not required) to carryback (or to cause its Affiliates to carryback) a Tax Attribute realized in a Post-Distribution Tax Period or a Straddle Period only if such carryback cannot result in one or more other Parties (or their Affiliates) being liable for additional Taxes. If a carryback could result in one or more Parties (or their Affiliates) being liable for additional Taxes, such carryback shall be permitted only if all of such Parties consent to such carryback, which consent shall not be unreasonably withheld. Any Party that has claimed (or caused one or more of its Affiliates to claim) a Tax Attribute carryback shall be liable for any Taxes that arise as a result of the subsequent adjustment, if any, to the carryback claim unless the carryback results in a Refund that is shared pursuant to Section 4.1(a) or results in a Correlative Detriment pursuant to Section 4.1(b).

Section 4.3 Amended Tax Returns.

- (a) Notwithstanding Sections 3.1 and 3.2, a Party or its Subsidiary that is entitled to file an amended Tax Return for a Pre-Distribution Tax Period or a Straddle Period for members of its Tax Group shall be permitted to prepare and file an amended Tax Return at its own cost and expense; provided, however, that (i) such amended Tax Return shall be prepared in a manner (x) consistent with the past practice of the Parties and their Affiliates unless otherwise modified by a Final Determination or required by applicable Law; and (y) consistent with (and the Parties and their Affiliates shall not take any position inconsistent with) the IRS Ruling, the Tax Representation Letters, and the Tax Opinions; and (ii) if such amended Tax Return could result in one or more other Parties becoming responsible for a payment of Taxes pursuant to Article II or a payment to a Party pursuant to Article VIII, such amended Tax Return shall be permitted only if the consent of such other Parties is obtained. The consent of such other Parties shall not be withheld unreasonably and shall be deemed to be obtained in the event that a Party or its Subsidiary is required to file an amended Tax Return as a result of an Audit adjustment.
- (b) A Party or its Subsidiary that is entitled to file an amended Tax Return for a Post-Distribution Tax Period shall be permitted to do so without the consent of any Party.
- (c) A Party that is permitted (or whose Subsidiary is permitted) to file an amended Tax Return shall not be relieved of any liability for payments pursuant to this Agreement notwithstanding that another Party consented thereto.

ARTICLE V DISTRIBUTION TAXES

Section 5.1 Representations.

(a) Ruling Documents. SpinCo hereby represents and warrants that (i) it has examined the Ruling Documents (including, without limitation, the representations to the extent that they relate to the plans, proposals, intentions, and policies of SpinCo, SpinCo Affiliates, or the Death Care Business), and (ii) to the extent there are references to SpinCo, SpinCo Affiliates,

or the Death Care Business, the facts presented and the representations made therein are true, correct, and complete.

- (b) Tax-Free Status. SpinCo hereby represents and warrants that it has no plan or intention of taking any action, or failing or omitting to take any action, or knows of any circumstance, that could reasonably be expected to (i) cause the Restructuring and/or the Distribution not to have Tax-Free Status or (ii) cause any representation or factual statement made in this Agreement, the Distribution Agreement, the IRS Ruling, the Tax Opinion, or the Representation Letter to be untrue in a manner that would have an adverse effect on the Tax-Free Status of the Restructuring and/or the Distribution.
- (c) Reciprocal Representations and Warranties as to RemainCo. With respect to the representations and warranties made in Sections 5.1(a) and (b), RemainCo makes the same representations as to RemainCo, the RemainCo Affiliates and the Medical Technology Business.
- (d) Plan or Series of Related Transactions. SpinCo hereby represents and warrants that, to the knowledge of SpinCo and the management of SpinCo, neither the Restructuring nor the Distribution are part of a plan (or series of related transactions) pursuant to which a Person will acquire stock representing a fifty-percent or greater interest (within the meaning of Sections 355(d) and (e) of the Code) in SpinCo or any successor to SpinCo.

Section 5.2 Covenants.

- (a) Actions Consistent with Representations and Covenants. SpinCo shall not (and shall not permit any of its Affiliates or grant or permit any of its Affiliates to grant implicit or explicit permission to any other person to) take any action, and SpinCo shall not (and shall not permit any of its Affiliates or grant or permit any of its Affiliates to grant implicit or explicit permission to any other person to) fail to take any action, where such action or failure to act would be inconsistent with or cause to be untrue any material, information, covenant, or representation in this Agreement, the Distribution Agreement, the Other Agreements, the Tax Ruling, the Ruling Documents (including, without limitation, the representations to the extent that they relate to the plans, proposals, intentions, and policies of SpinCo, SpinCo Affiliates, or the Death Care Business), the Tax Opinion, or the Representation Letter.
- (b) Preservation of Tax-Free Status. SpinCo shall not take any action (including, but not limited to, any cessation, transfer or disposition of all or any portion of the Death Care Business; payment of extraordinary dividends to shareholders; and acquisitions or issuances of stock) or permit any SpinCo Affiliate to take any such action, and SpinCo shall not fail to take any such action or permit any SpinCo Affiliate to fail to take any such action or failure to act would have an adverse effect on the Tax-Free Status of the Restructuring and/or the Distribution.
- (c) Reciprocal Covenants by RemainCo. With respect to the covenants contained in Sections 5.2(a) and (b), RemainCo obligates itself to the same covenants as if they pertained to RemainCo, the RemainCo Affiliates and the Medical Technology Business.
- (d) Sales Issuances and Redemptions of Equity Securities. Until the first day after the Restriction Period, neither SpinCo nor any SpinCo Affiliate shall, or shall agree to, sell

or otherwise issue to any Person, or redeem or otherwise acquire from any Person, any Equity Securities of SpinCo or any SpinCo Affiliate; provided, however, that (i) SpinCo may repurchase such Equity Securities to the extent that such repurchases meet the requirements of Section 4.05(1)(6) of IRS Revenue Procedure 96-30 (as in effect prior to its modification by IRS Revenue Procedure 2003-48), (ii) SpinCo may issue such Equity Securities to the extent such issuances satisfy Safe Harbor VIII (relating to acquisitions in connection with a person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulation Section 1.355-7(d), and (iii) SpinCo may issue Equity Securities provided that such issuance does not, individually or when aggregated with other issuances and any transactions occurring in the four-year period beginning on the date which is two years before the Distribution Date, and with any other transaction which is part of a plan or series of related transactions (within the meaning of Section 355(e) of the Code) that includes the Distribution (other than issuances of Equity Securities described in clause (ii) above), result in one or more Persons acquiring, directly or indirectly, (as determined under Section 355(e) of the Code, taking into account applicable constructive ownership rules) stock representing a 40% or greater interest, by vote or value, in SpinCo (or any successor thereto).

(e) Tender Offers; Other Business Transactions. Until the first day after the Restriction Period, neither SpinCo nor SpinCo Affiliate shall (i) solicit any Person to make a tender offer for, or otherwise acquire or sell, the Equity Securities of SpinCo, (ii) participate in or support any unsolicited tender offer for, or other acquisition, issuance or disposition of, the Equity Securities of SpinCo, or (iii) approve or otherwise permit any proposed business combination or merger or any transaction which, in the case of clauses (i), (ii) or (iii), individually or when aggregated with any other transactions occurring within the four-year period beginning on the date which is two years before the Distribution Date, and with any other transaction which is part of a plan or series of related transactions (within the meaning of Section 355(e) of the Code) that includes the Distribution (other than issuances of Equity Securities described in Section 5.2(d)(ii) above), results in one or more Persons acquiring, directly or indirectly, (as determined under Section 355(e) of the Code, taking into account applicable constructive ownership rules) stock representing a 40% or greater interest, by vote or value, in SpinCo (or any successor thereto). In addition, neither SpinCo nor any SpinCo Affiliate shall at any time, whether before or subsequent to the expiration of the Restriction Period, engage in any action described in clauses (i), (ii) or (iii) of the preceding sentence if it is pursuant to an arrangement negotiated (in whole or in part) prior to the first anniversary of the Distribution, even if at the time of the Distribution or thereafter such action is subject to various conditions.

(f) Dispositions of Assets. Until the first day after the Restriction Period, neither SpinCo nor any SpinCo Affiliate shall, or shall agree to, sell, transfer, or otherwise dispose of or agree to dispose of assets (including, for such purpose, any shares of capital stock of a subsidiary and any transaction treated for tax purposes as a sale, transfer or disposition) that, in the aggregate, constitute more than 50% of the gross assets of SpinCo, nor shall SpinCo or any SpinCo Affiliate sell, transfer, or otherwise dispose of agree to dispose of assets (including, for such purpose, any shares of capital stock of a subsidiary and any transaction treated for tax purposes as a sale, transfer or disposition) that, in the aggregate, constitute more than 50% of the consolidated gross assets of SpinCo Group. The foregoing sentence shall not apply to sales, transfers, or dispositions of assets in the ordinary course of business. The percentages of gross assets or consolidated gross assets of SpinCo or SpinCo Group, as the case may be, sold,

transferred, or otherwise disposed of, shall be based on the fair market value of the gross assets of SpinCo and the members of SpinCo Group as of the Distribution Date. For purposes of this Section 5.2(f), a merger of SpinCo or one of its subsidiaries with and into any Person (other than SpinCo or one of its subsidiaries) shall constitute a disposition of all of the assets of SpinCo or such subsidiary.

- (g) Liquidations Mergers, Reorganizations. Until the first day after the Restriction Period, neither SpinCo nor its subsidiaries shall, or shall agree to, voluntarily dissolve or liquidate or engage in any merger (except for a Cash Acquisition Merger), consolidation or other reorganization; <u>provided, however</u>, mergers of direct or indirect wholly-owned subsidiaries of SpinCo, and liquidations of SpinCo's subsidiaries, are not subject to this Section 5.2(g) to the extent not inconsistent with the Tax-Free Status of the Restructuring and the Distribution; <u>provided</u> further that nothing in this Section 5.2(g) shall prohibit any merger involving SpinCo or an SpinCo Affiliate not otherwise prohibited by Section 5.2(e).
- (h) Changes to Voting Rights. Until the first day after the Restriction Period, neither SpinCo nor any SpinCo Affiliate shall amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a shareholder vote or otherwise, affecting the relative voting rights of its separate classes of stock (including, without limitation, through the conversion of one class of stock into another class of stock), but only to the extent such change, if treated as an issuance of Equity Securities, would be prohibited by Section 5.2(d).
- (i) Permitted Transactions. Notwithstanding the restrictions otherwise imposed by Sections 5.2(d) through 5.2(h), during the Restriction Period, SpinCo may (i) approve, participate in, support or otherwise permit a proposed business combination or transaction that would otherwise breach the covenant set forth in Section 5.2(d), (ii) sell or otherwise dispose of the assets of SpinCo Group in a transaction that would otherwise breach the covenant set forth in Section 5.2(e), (iii) merge SpinCo or any SpinCo Affiliate with another entity without regard to which party is the surviving entity in a transaction that would otherwise breach the covenant set forth in Section 5.2(g), (iv) issue Equity Securities of SpinCo or any SpinCo Affiliate in a transaction that would otherwise breach the covenant set forth in Section 5.2(d), or (v) take any action affecting the relative voting rights of the separate classes of stock of SpinCo or any SpinCo Affiliate that would otherwise breach the covenant set forth in Section 5.2(h), if and only if such transaction or action would not violate Section 5.2(a) or Section 5.2(b) and Section 5.2(j) is satisfied.
- (j) Supplemental Ruling: Tax Opinion. Prior to entering into any agreement contemplating a transaction or action during the Restriction Period described in clauses (i), (iii), (iii), (iv) or (v) of Section 5.2(i): (A) SpinCo shall request that RemainCo obtain a Supplemental Ruling in accordance with Section 5.3 of this Agreement to the effect that such transaction will not affect the Tax-Free Status of the Restructuring and the Distribution and RemainCo shall have received such a Supplemental Ruling in form and substance satisfactory to RemainCo in its sole and absolute discretion or (B) SpinCo shall provide RemainCo with an Unqualified Tax Opinion from Qualified Tax Counsel or another nationally recognized independent tax advisor in form and substance satisfactory to RemainCo in its reasonable discretion (and in determining whether

an opinion is satisfactory, RemainCo may consider, among other factors, the appropriateness of any underlying assumptions and management's representations if used as a basis for the opinion) providing that such transaction or action will not affect the Tax-Free Status of the Restructuring and the Distribution.

Section 5.3 Supplemental Rulings and Restrictions on SpinCo.

(a) Supplemental Rulings at RemainCo Request. RemainCo shall have the right to obtain a Supplemental Ruling in its sole and absolute discretion. If RemainCo determines to obtain a Supplemental Ruling, SpinCo shall (and shall cause each SpinCo Affiliate to) cooperate with RemainCo and take any and all actions reasonably requested by RemainCo in connection with obtaining the Supplemental Ruling (including, without limitation, by making any representation or providing any materials or information requested by any Tax Authority; provided that SpinCo shall not be required to make (or cause any SpinCo Affiliate to make) any representation that is inconsistent with historical facts or as to future matters or events over which it has no control) or to take any action that reasonably could be expected to be adverse to its business, its financial condition or its assets. RemainCo shall reimburse SpinCo for all reasonable costs and expenses incurred by SpinCo or its Affiliates in obtaining a Supplemental Ruling requested by RemainCo within ten (10) Business Days after receiving an invoice from SpinCo therefor. In connection with obtaining a Supplemental Ruling pursuant to this Section 5.3(a), (i) RemainCo shall keep SpinCo informed in a timely manner of all material actions taken or proposed to be taken by RemainCo in connection therewith; (ii) RemainCo shall (a) reasonably in advance of the submission of any Supplemental Ruling Request, provide SpinCo with a draft copy, and (c) provide SpinCo with a final copy of any Supplemental Ruling Request; and (iii) RemainCo shall provide SpinCo with notice reasonably in advance of, and SpinCo shall have the right to attend, any formally scheduled meetings with any Taxing Authority (subject to the approval of the Taxing Authority) that relate to such Supplemental Ruling.

(b) Supplemental Rulings at SpinCo's Request RemainCo agrees that at the reasonable request of SpinCo pursuant to Section 5.2(j), RemainCo shall (and shall cause each RemainCo Affiliate to) cooperate with SpinCo and use its reasonable best efforts to seek to obtain, as expeditiously as possible, a Supplemental Ruling from the IRS for the purpose of confirming compliance on the part of SpinCo or any SpinCo Affiliate with its obligations under Section 5.2 of this Agreement. Further, in no event shall RemainCo be required to file any Supplemental Ruling Request under this Section 5.3(b) unless SpinCo represents that it has reviewed the Supplemental Ruling Documents and all information and representations, if any, relating to SpinCo or any SpinCo Affiliate, contained in the Supplemental Ruling Documents are true, correct and complete in all material respects. SpinCo shall reimburse RemainCo for all reasonable costs and expenses incurred by RemainCo or its Affiliates in obtaining a Supplemental Ruling requested by SpinCo within ten (10) Business Days after receiving an invoice from RemainCo therefor. SpinCo hereby agrees that RemainCo shall have sole and exclusive control over the process of obtaining a Supplemental Ruling, and that only RemainCo shall apply for a Supplemental Ruling. In connection with obtaining a Supplemental Ruling pursuant to this Section 5.3(b), (i) RemainCo shall keep SpinCo informed in a timely manner of all material actions taken or proposed to be taken by RemainCo in connection therewith; (ii) RemainCo shall (a) reasonably in advance of the submission of any Supplemental Ruling

Request, provide SpinCo with a draft copy thereof, (b) reasonably consider SpinCo's comments on such draft copy, and (c) provide SpinCo with a final copy of any Supplemental Ruling Request; and (iii) RemainCo shall provide SpinCo with notice reasonably in advance of, and SpinCo shall have the right to attend, any formally scheduled meetings with any Tax Authority (subject to the approval of the Tax Authority) that relate to such Supplemental Ruling.

Section 5.4 Liability for Undertaking Certain Actions.

- (a) Notwithstanding anything in this Agreement to the contrary, SpinCo shall be responsible for, and shall indemnify and hold harmless RemainCo and each of its Affiliates from and against any liability for Taxes that are attributable to or result from any act or failure to act by SpinCo or any SpinCo Affiliate, which action or failure to act breaches any of its representations or covenants contained in this Article V hereof (without regard to the exceptions or provisos set forth in such provisions but expressly excluding the representations and covenants by RemainCo in Sections 5.1(c) and 5.2(c) hereof), expressly including, for this purpose, any Permitted Transactions and any act or failure to act that breaches Section 5.2(d) or 5.2(i) regardless of whether such act or failure to act is permitted by Section 5.2(c) through 5.2(h).
- (b) Notwithstanding anything in this Agreement to the contrary, RemainCo shall be responsible for, and shall indemnify and hold harmless SpinCo and each of its Affiliates from and against any liability for Taxes that are attributable to or result from any Fault of RemainCo or any RemainCo Affiliate.
- (c) "Fault" shall mean the breach of a representation, warranty or covenant under this Article V by a Party or any of its Affiliates to the extent applicable to or made by such Party or any of its Affiliates.

Section 5.5 <u>Liability Not Attributable to Fault</u>. If the Distribution Taxes are not attributable to the Fault of SpinCo or any SpinCo Affiliate or the Fault of RemainCo or any RemainCo Affiliate, the responsibility for such Distribution Taxes shall be shared by RemainCo and SpinCo in proportion to the relative market values of RemainCo and SpinCo derived from taking the average traded stock price for each of RemainCo and SpinCo for the five (5) trading days subsequent to the Distribution Date, with RemainCo to bear a percentage equal to its market value divided by the combined market values of both RemainCo and SpinCo (the "RemainCo No Fault Percentage") and SpinCo to bear a percentage equal to its market value divided by the combined market values of both RemainCo and SpinCo (the "SpinCo No Fault Percentage").

Section 5.6 Cooperation

- (a) Without limiting the prohibition set forth in Section 5.3(c), until the first day after the Restriction Period, SpinCo shall furnish RemainCo with a copy of any ruling request that SpinCo or any SpinCo Affiliate may file with the IRS or any other Taxing Authority and any opinion received that in any respect relates to, or otherwise reasonably could be expected to have any effect on, the Tax-Free Status of any of the Restructuring and the Distribution.
- (b) RemainCo shall reasonably cooperate with SpinCo in connection with any request by SpinCo for an Unqualified Tax Opinion pursuant to Section 5.2(j) and shall use its

reasonable best efforts to assist SpinCo in obtaining an Unqualified Tax Opinion pursuant to Section 5.2(j).

ARTICLE VI INDEMNIFICATION

Section 6.1 <u>Indemnification Obligations of RemainCo</u>. RemainCo shall indemnify SpinCo and SpinCo's Affiliates and hold them harmless from and against (without duplication):

- (a) All Taxes and other amounts for which RemainCo Group is responsible under this Agreement; and
- (b) All Taxes and reasonable out-of-pocket costs for advisors and other expenses attributable to a breach of any representation, covenant, or obligation of RemainCo under this Agreement.
- Section 6.2 <u>Indemnification Obligations of SpinCo</u>. SpinCo shall indemnify RemainCo and RemainCo's, Affiliates and hold them harmless from and against (without duplication):
 - (a) all Taxes and other amounts for which SpinCo Group is responsible under this Agreement; and
- (b) all Taxes and reasonable out-of-pocket costs for advisors and other expenses attributable to a breach of any representation, covenant, or obligation of SpinCo under this Agreement.

ARTICLE VII PAYMENTS

Section 7.1 Payments.

- (a) General. Unless otherwise provided in this Agreement, in the event that an Indemnifying Party is required to make a payment to an Indemnified Party pursuant to this Agreement:
- (i) Aggregate Payments of Less than \$500,000. If such payments are in the aggregate less than \$500,000 during the calendar quarter, the Indemnified Party shall deliver written notice of the payments to the Indemnifying Party in accordance with Section 12.5 during the calendar quarter in which the obligation giving rise to the indemnification payment must be satisfied, and the Indemnifying Party shall be required to make payment to the Indemnified Party within ten (10) Business Days after the end of the calendar quarter in which written notice of such payment is delivered to the Indemnifying Party (or, if later, within thirty (30) Business Days of such delivery).
- (ii) Payments Equal to or Greater than \$500,000. If such payments are individually or in the aggregate equal to or greater than \$500,000, the Indemnified Party shall deliver written notice of the payment to the Indemnifying Party in accordance with Section 12.5

at least ten (10) Business Days in advance of the date or dates on which the obligations giving rise to the indemnification payment must be satisfied (in the case of aggregate payments in excess of \$500,000, the earliest date that any such payment must be satisfied), and the Indemnifying Party shall be required to make payment to the Indemnified Party no later than the later of (A) five (5) Business Days after receipt of such notice or (B) five (5) Business Days prior to the date on which the obligations giving rise to the indemnification must be satisfied. The Indemnified Party shall, within one (1) Business Day after the date on which the obligation giving rise to the indemnification payment is satisfied, pay interest to the Indemnifying Party that accrues (at a rate equal to one (1) week LIBOR minus 25 basis points) on the amount of such payment from the date of receipt of such payment by the Indemnified Party until the date on which the obligation is satisfied.

- (b) Procedural Matters. The written notice delivered to the Indemnifying Party in accordance with Section 12.5 shall show the amount due and owing together with a schedule calculating in reasonable detail such amount (and shall include any relevant Tax Return, statement, bill or invoice related to Taxes, costs, expenses or other amounts due and owing). All payments required to be made by one Party to another Party pursuant to this Section 7.1 shall be made by electronic, same day wire transfer. Payments shall be deemed made when received. If the Indemnifying Party fails to make a payment to the Indemnified Party within the time period set forth in this Section 7.1, such Indemnifying Party shall not be considered to be in breach of its covenants and obligations established in this Section 7.1 unless and until such failure exists on the date on which the obligation giving rise to the indemnification payment must be satisfied; provided, however, that the Indemnifying Party shall pay to the Indemnified Party (i) interest that accrues (at a rate equal to the Base Rate plus 200 basis points) on the amount of such payment from the time that such payment was due to the Indemnified Party to secure such payment or to satisfy the Indemnifying Party's portion of the obligation giving rise to the indemnification payment.
- (c) Right of Setoff. It is expressly understood that an Indemnifying Party is hereby authorized to set off and apply any and all amounts required to be paid to an Indemnified Party pursuant to this Section 7.1 against any and all of the obligations of the Indemnified Party to the Indemnifying Party arising under Section 7.1 of this Agreement that are then either due and payable or past due, irrespective of whether such Indemnifying Party has made any demand for payment with respect to such obligations.
- Section 7.2 <u>Treatment of Payments made Pursuant to Tax Sharing Agreement</u> Unless otherwise required by a Final Determination, this Agreement or a "more likely than not" tax opinion rendered by a Party's tax advisor, for U.S. federal Tax purposes, any payment made pursuant to this Agreement by:
- (a) SpinCo to RemainCo shall be treated for all Tax purposes as a distribution by SpinCo to RemainCo with respect to stock of SpinCo under Section 301 of the Code occurring after SpinCo is directly owned by RemainCo and immediately before the applicable Distribution;

- (b) RemainCo to SpinCo shall be treated for all Tax purposes as a tax-free contribution by RemainCo to SpinCo with respect to its stock occurring after SpinCo is directly owned by RemainCo and immediately before the applicable Distribution;
- (c) Payments made by a Party for its reasonable and necessary costs and expenses with respect to either the Distribution Agreement or Judgment Sharing Agreement shall be treated as amounts deductible by such Party pursuant to Section 162 of the Code; and
- (d) In each case, none of the Parties shall take any position inconsistent with such treatment, and for purposes of this Section 7.2, making any type of disclosure in a Tax Return for the purpose of avoiding penalties shall not be considered as taking a position that is inconsistent.

In the event that a Taxing Authority asserts that a Party's treatment of a payment pursuant to this Agreement should be other than as required pursuant to this Agreement (ignoring any potential inconsistent or adverse Final Determination), such Party shall use its reasonable best efforts to contest such challenge.

Section 7.3 <u>Treatment of Payments made Pursuant to Distribution Agreement and Judgment Sharing Agreement</u> Unless otherwise required by a Final Determination or this Article VII, for U.S. federal Income Tax purposes, payments made by one Party to another pursuant to the Distribution Agreement or Judgment Sharing Agreement shall be treated in accordance with the principles set forth in Section 7.2. Further, none of the Parties shall take any position inconsistent with such treatment, except to the extent that there is a Final Determination with respect to the paying Party that such payment is not deductible. In the event that a Taxing Authority asserts that a Party's treatment of a payment pursuant to the Distribution Agreement or Judgment Sharing Agreement should be other than as set forth in this Agreement (ignoring any potential inconsistent or adverse Final Determination), such Party shall use its reasonable best efforts to contest such challenge.

Section 7.4 Payments Net of Tax Benefit Actually Realized. All amounts required to be paid by one Party to another pursuant to this Agreement, the Distribution Agreement or the Judgment Sharing Agreement shall be reduced by the Tax Benefit Actually Realized by the Indemnified Party or its Subsidiaries with respect to such payments in the taxable year the payment is made or any prior taxable year.

ARTICLE VIII AUDITS

Section 8.1 Notice. Within fifteen (15) Business Days after a Party or any of its Affiliates receives a written notice from a Taxing Authority (reduced to ten (10) Business Days for written notices received from a state or local Taxing Authority) of the existence of an Audit that may require indemnification pursuant to this Agreement, that Party shall notify the other Parties of such receipt and send such notice to the other Parties via overnight mail. The failure of one Party to notify the other Parties of an Audit shall not relieve such other Party of any liability and/or obligation that it may have under this Agreement, except to the extent that the Indemnifying Party's rights under this Agreement are materially prejudiced by such failure.

Section 8.2 Audits.

- (a) Determination of Party to Administer and Control an Audit. Subject to Sections 8.2(b), 8.2(c), and 8.2(d):
 - (i) RemainCo and its Subsidiaries shall administer and control all Pre-Distribution U.S. Income Tax Audits;
- (ii) Pre-Distribution Transfer Pricing Tax Audits shall be administered and controlled by the Party and its Subsidiaries that would be primarily liable under applicable Law to pay to the applicable Taxing Authority the Taxes resulting from such Audits;
- (iii) Pre-Distribution Non-Income or Non-U.S. Tax Audits shall be administered and controlled by the Party and its Subsidiaries that would be primarily liable under applicable Law to pay to the applicable Taxing Authority the Taxes resulting from such Audits;
- (iv) Straddle Period Tax Audits shall be administered and controlled by the Party and its Subsidiaries that had the responsibility under Section 3.1 for preparing the Tax Return for such Straddle Period that is the subject of the Audit; and
- (v) Post-Distribution Tax Audits shall be administered and controlled by the Party and its Subsidiaries that had the responsibility under Section 3.1 for preparing the Tax Return for such Post-Distribution Tax Period that is the subject of the Audit.
- (b) Administration and Control: Cooperation. The Party responsible for administering and controlling an Audit pursuant to the provisions of Section 8.2(a), above (the "Audit Control Party"), shall have absolute authority to make all decisions (determined in its sole discretion) with respect to the administration and control of such Audit, including the selection of all external advisors. In that regard, the Audit Control Party (i) may in its sole discretion settle or otherwise determine not to continue to contest any issue related to such Audit without the consent of the other Parties, and (ii) shall, as soon as reasonably practicable and prior to settlement of an issue that could cause the other Party to become responsible for Taxes under Section 8.3, notify the Audit Representatives of such other Party of such settlement; provided, however, that the Audit Control Party shall not settle any issue or fail to contest any issue related to an Audit if such settlement or failure to contest would cause the other Party or any of its Affiliates to be liable for any Taxes without the consent of such Party, which consent shall not be unreasonably withheld or delayed. The other Party shall (and shall cause its Affiliates to undertake all actions and execute all documents (including an extension of the applicable statute of limitations) that are determined in the sole discretion of the Audit Control Party to be necessary to effectuate such administration and control. The Parties shall act in good faith and use their reasonable best efforts to cooperate fully with each other Party (and their Affiliates) in connection with such Audit and shall provide or cause their Affiliates to provide such information to each other as may be necessary or useful with respect to such Audit in a timely manner, identify and provide access to potential witnesses, and other persons with knowledge and other information within its control and reasonably necessary to the resolution of the Audit. Notwithstanding anything to the contrary in this Se

Control or Bankruptcy, choose to litigate any issue with respect to an Audit or make any decision to change the forum or jurisdiction with respect to which an issue arising under an Audit is being litigated, without the prior written consent of all of the Parties.

- (c) Participation Rights of Parties and Information Sharing with respect to Audits.
- (i) Each Party that would be responsible under Section 8.3 for Taxes resulting from an Audit (other than the Audit Control Party) (a "Participating Party") shall have limited participation rights as set forth in this Section 8.2(c) with respect to such Audit. Promptly after the Distributions, the Audit Control Party shall arrange for a meeting or conference call that includes all of the Participating Parties to discuss the status of all ongoing Audits. In addition, promptly after notification of an Audit pursuant to Section 8.1, the Audit Control Party shall arrange for a meeting or conference call that includes all of the Participating Parties to plan for the management of such Audit. Thereafter, the Parties shall arrange for a meeting or conference call to be held on a monthly basis (or on such other basis as the Parties may agree) in order to facilitate regular communication on the status of the Audits. These meetings shall be scheduled at the beginning of each fiscal year and shall not be rescheduled without the consent of all of the Parties. The Parties may determine from time to time to have a separate special meeting to discuss a significant Audit issue. Each Participating Party shall identify any personnel and external advisors who are participating in each of the meetings described above, and shall provide a list of the names of such persons to the Audit Control Party in advance of such meeting.
- (ii) Upon the reasonable request of a Participating Party, the Audit Control Party shall make available relevant personnel and external advisors to meet with the Participating Party and its independent auditor in order to review the status of the Audits. The independent auditors of the Participating Parties shall have reasonable access to Audit-related information and personnel. The Participating Parties shall provide the Audit Control Party with reasonable notice of such requested meetings or information.
- (iii) The Participating Parties shall have reasonable access to the external advisors retained by the Audit Control Party to advise it and its Affiliates on matters pertaining to an Audit ("Audit External Advisor") with respect to issues that may affect such Party's liability for Taxes. In the event that a meeting described in (i) or (ii) above is attended by an Audit External Advisor, all of the Parties shall have the right to participate in such meeting by telephone or in person. The Audit Control Party shall provide the other Parties with notice (including the time and location) of such meeting at least twenty-four (24) hours in advance thereof. Any Participating Party may request a meeting with an Audit External Advisor on matters that are unrelated to the Audit; provided; however, that if the matter involves evaluating Audit related issues, the requesting Party must give all of the other Parties at least twenty-four (24) hours notice prior to such meeting so that such Parties can elect to participate (failure to respond to the Participating Party's notice prior to the meeting shall constitute an election to decline participation). No Party shall request an opinion on an Audit related issue from an Audit External Advisor unless the Audit Control Party affirmatively declines to obtain such opinion.

- (iv) Each Participating Party shall have access to any written documentation in the possession of the Audit Control Party that pertains to the Audit (including any written summaries of issues that the Audit Control Party has developed in the context of evaluating the financial reporting of the Audit) and the Audit Control Party shall make such information available in the offices of the Audit Control Party; provided, however, that if documentation was prepared solely by or on behalf of a Party, then the documentation must relate to issues with respect to which the Participating Party may have liability for Taxes. Such access shall be provided at such times and in such manner as the Parties agree, but no less frequently than monthly. Copies of the documentation will be made available to the Participating Parties at their sole cost and expense. The Audit Control Party shall undertake to use reasonable efforts to include within the written documentation described above information that is transmitted through electronic means, such as through internet e-mail. Subject to the exceptions listed on Schedule 8.2(c)(iv-1), the Audit Control Party shall maintain an internet-based or other electronic document repository system for written documentation related to the Audit, and each of the Participating Parties shall be granted, if so requested, "read only" access to such repository system at such requesting Party's own cost and expense. Such system shall be managed and controlled by the Audit Control Party and all decisions with respect to the system (including but not limited to the documents to be posted to such system) shall be made by the Audit Control Party in its sole discretion; provided, however, that the Audit Control Party shall at a minimum post documents related to such Audits consistent with the U.S. Audit Control Party in its sole discretion; provided, however, that the Distribution Date in respect to the U.S. federal Income Tax Audits of RemainCo's, and SpinCo's Subsidiaries. An illustrative, but not exclus
- (v) The Participating Parties are encouraged to provide consultation to the Audit Control Party in regard to Audit strategy and shall, upon request of the Audit Control Party, provide such consultation. The Participating Party may elect to employ separate counsel to advise the Participating Party as additional counsel in or in connection with an Audit, but in that event, the fees and expenses of the separate counsel shall be paid solely by the Participating Party. The Audit Control Party shall in good faith consider all advice and other input received from the Participating Parties in connection with their consultations with respect to an Audit. However, the Audit Control Party shall retain the authority, in its reasonable discretion, to make all Audit decisions. In that regard, the Participating Parties and their separate counsels shall not be allowed to participate in any Audit-related meetings other than those described in (i) or (ii) above (unless such a meeting is attended by the personnel of a Participating Party, in which case that Participating Party may attend the meeting but may not actively participate), respond directly to a Taxing Authority conducting the Audit, or in any manner control resolution of the Audit.
- (vi) Any Participating Party shall have the right to attend all administrative meetings with and hearings involving the Governmental Authority that has initiated or is conducting the Audit and, in this connection, the Audit Control Party shall provide the Participating Parties with at least ten (10) days advance written notice of such meeting or hearing and, if the Audit Control Party has received notice of such hearing or meeting that is less than ten (10) days, the Audit Control Party shall provide as much advance written notice to the Participating Parties as is reasonable under the circumstances.

- (d) Change in Audit Control Party.
- (i) Notwithstanding the designation of a Party as the Audit Control Party pursuant to the provisions of Section 8.2(a), a Party may, upon thirty (30) days' written notice to the Audit Control Party, appoint itself as the Audit Control Party for an Audit if:
 - a. The Party will have a liability for a majority of the Taxes that may result upon a Final Determination of the Audit; or
 - b. There is a Bankruptcy of the Audit Control Party.
- (ii) Each Party has the exclusive right to replace its respective Audit Representative provided that such Audit Representative must be an employee of such Party or any of its Affiliate, and in the event of such replacement, the applicable Party shall provide written notice of such replacement to the other Parties.
- (e) External and Internal Costs and Expenses. Each Party shall bear the internal and external costs and expenses incurred by it or any of its Affiliates related to Pre-Distribution U.S. Income Tax Audits, Qualified Plan Tax Audits, Pre-Distribution Payroll Tax Audits, and Pre-Distribution Transfer Pricing Tax Audits.
- (f) Power of Attorney/Officer Signature. Each Party hereby appoints (and shall cause its Subsidiaries to appoint) the Audit Control Party (and its designated representatives) as its agent and attorney-in-fact to take the actions the Audit Control Party deems necessary or appropriate to implement the responsibilities of the Audit Control Party under this Agreement. Each Party also shall (or shall cause its Subsidiaries to) execute and deliver to the Audit Control Party a power of attorney, substantially in the form attached hereto as Schedule 8.2(g-1), and such other documents as are reasonably requested from time to time by the Audit Control Party (or its designee). Such other documents include, but are not limited to, documents signed by an authorized corporate officer of a Party (or a Subsidiary of a Party), where the Audit Control Party determines that a power of attorney is insufficient (in which case such signed documents shall not be withheld) to allow the Audit Control Party to make the necessary or appropriate filings or to take steps necessary or appropriate to the Audit Control Party's defense, prosecution, or settlement of an Audit under this Agreement; provided, that (i) such power of attorney or such other documents shall not expand the rights or powers of such Audit Control Party beyond those provided by this Agreement; (ii) activities conducted under a power of attorney or such other documents are limited to the activities authorized by that power of attorney or such other documents; (iii) a power of attorney or such other documents delivered by a Party to the Audit Control Party can be revoked only with the approval of the Audit Committee of the Board of Directors of the Party to which the power of attorney or such other documents relates; and (iv) a revocation of a power of attorney or such other documents by a Party's Audit Committee also effects the immediate revocation of all powers of attorney or such other documents granted under, or derived from, the authority of the power of attorney tha

Section 8.3 Payment of Audit Amounts.

- (a) Tax Audits. Except with regard to adjustments to carryback claims in Section 4.2, Taxes payable in connection with any Final Determination with respect to a Tax Audit, other than with respect to Taxes that arise upon Audit and the allocation of the liability for such Taxes are set forth in Sections 8.3(b), (c), (d), (e) and (f) below, shall be allocated between RemainCo and SpinCo in the same manner as specified in Section 2.2.
- (b) Pre-Distribution Qualified Plan Tax Audits. In connection with any Final Determination with respect to a Pre-Distribution Qualified Plan Tax Audit, RemainCo and SpinCo each shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority as a percentage of the amount of Final Determination that equals each Party's portion of the RemainCo Pension Plan Assets as finally determined and divided pursuant to Section 3.2 of the Employee Matters Agreement.
- (c) Disallowance of Deductions with Respect to Certain Payments Paid to a Risk Affiliate. In connection with any Final Determination with respect to deductions that were taken on any Combined Returns or Separate Return for payments made to a Risk Affiliate, other than the payment of insurance premiums to a Risk Affiliate, the Taxes owing with respect to such Final Determination shall be paid by RemainCo using the RemainCo Sharing Percentage and paid by SpinCo using the SpinCo Sharing Percentage.
- (d) Disallowance of Risk Affiliate's Loss Reserves. In connection with any Final Determination that results in Federal Income Tax Liability for the RemainCo Consolidated Return Group that arises from the disallowance of the insurance loss reserves established by a Risk Affiliate and that were to continue subsequent to the Risk Affiliate's merger into RemainCo or the Risk Affiliate's liquidation, RemainCo shall pay its portion of such liability based on the tax deductible loss reserves of the Risk Affiliate allocated to it relative to the total tax-deductible reserves and SpinCo shall pay its portion of such liability based on the tax deductible loss reserves of the Risk Affiliate allocated to it relative to the total tax deductible reserves; provided, however, if SpinCo makes a payment or otherwise has liability for Taxes under this Section 8.3(d) and some or all of the loss reserves allocated to SpinCo ultimately are not deductible by SpinCo in computing its Federal Income Tax Liability because of their disallowance upon an Audit, the RemainCo will reimburse SpinCo an amount equal to the value of the Tax detriment to SpinCo resulting from the amount of loss reserves that alternately are not deductible by SpinCo in computing its Federal Income Tax Liability.
- (e) Disallowance of SpinCo's Payment of Overhead Expenses. In connection with any Final Determination with respect to deductions that were taken by SpinCo or its Affiliates on any Combined Return or Separate Returns for payments made to RemainCo with respect to reimbursements from SpinCo to RemainCo for corporate overhead and administrative expenses that are allocated to SpinCo, RemainCo shall be liable for the amount of such Final Determination, but not to exceed the amount of overhead and administrative expenses that RemainCo received and the deduction of which has been disallowed, with any amount in excess of such payments to RemainCo to be a liability of SpinCo.
- (f) Foreign Tax Audit. In connection with any Audit involving a foreign entity for a Pre-Distribution Tax Period or Straddle Period that results in a Final Adjustment and the payment of foreign Taxes, the liability for such additional foreign Taxes shall be paid by the

Party or its Affiliate whose business operations resulted in the foreign Tax that is the subject of the Audit.

- (g) Adjustments to Refunds. Notwithstanding Sections 8.3(a) through (f), above, if a Final Determination with respect to an Audit includes an adjustment to a Refund previously received by a Party or its Affiliates, such Party shall be liable for one hundred percent (100%) of the amount owed to the extent of such recovery. For purposes of this Section 8.3(c), an amount shall be considered to be owed when it is actually paid or satisfied pursuant to an offset.
- (h) Payment Procedures. In connection with any Audit that results in an amount to be paid pursuant to Section 8.3(a), (b), (c), (d), (e) and (f), the Audit Control Party shall, within thirty (30) Business Days following a final resolution of such Audit, submit in writing to the other Party a preliminary determination (calculated and explained in detail reasonably sufficient to enable the Party to fully understand the basis for such determination and to permit such Party and its Affiliates to satisfy their financial reporting requirements) of the portion of such amount to be paid by each Party pursuant to Section 8.3(a), (b), (c), (d), (e) and (f), as applicable. Each of the Parties and its Affiliates shall have access to all data and information necessary to calculate such amounts and the Parties and their Affiliates shall cooperate fully in the determination of such amounts. Within twenty (20) Business Days following the receipt by a Party of the information described in this Section 8.3(h), such Party shall have the right to object only to the calculation of the amount of the payment (but not the basis for the payment) by written notice to the other Parties; such written notice shall contain such disputed item or items and the basis for its objection. If no Party objects by proper written notice to the other Parties within the time period described in this Section 8.3(h), the calculation of the amounts due and owing from each Party shall be deemed to have been accepted and agreed upon, and final and conclusive, for purposes of this Section 8.3(h). If any Party objects by proper written notice to the other Parties within such time period, the Parties shall act in good faith to resolve any such dispute as promptly as practicable in accordance with Article XI. The Party or its Affiliate responsible for paying to the applicable Taxing Authority under applicable Law amounts owed pursuant to a Final Determination shall make such payments to such Taxing Authority prior to the due date for such payments. The other Pa
- (i) Advance Payment of Taxes. In the event that the Audit Control Party decides to contest the position of a Taxing Authority taken with respect to a Pre-Distribution U.S. Income Tax Audit, a Pre-Distribution Qualified Plan Tax Audit, a Pre-Distribution Payroll Tax Audit, or a Pre-Distribution Transfer Pricing Tax Audit in a forum or jurisdiction that requires the prepayment or deposit of the Taxes (or security for the Taxes) in order to contest the Taxes determined by the Taxing Authority to be due and payable, each of the other Parties must pay to the Audit Control Party its portion of such prepayment determined in accordance with this Section 8.3; provided, however, if any Party's portion of such prepayment exceeds \$250,000, the Parties shall only be obligated to pay their portions of such prepayment if the Parties vote in favor of the Audit Control Party's decision as to choice of forum or jurisdiction. Each of the Parties

shall deliver its written vote to the Audit Control Party within ten (10) days of its receipt of written notice of the Audit Control Party's decision as to choice of forum or jurisdiction and the amount of the required prepayment. A recoupment of all or a portion of a prepayment of Taxes resulting from a Final Determination shall be paid to the Party or Parties that contributed to such prepayment, in proportion to such contributions. No Party shall be liable to any other Party in the event that a Final Determination does not allow for the recovery of all or a portion of a prepayment.

Section 8.4 <u>Correlative Adjustments</u>. If pursuant to a Final Determination there is a Correlative Adjustment attributable to a Pre-Distribution Non-Income or Non-U.S. Tax Audit that causes a Party or its Affiliate to become entitled to a tax benefit, such Party shall pay to the Party that experiences, or whose Affiliates experience, a tax detriment in an amount equal to the lesser of (a) the Tax Benefit Actually Realized or (b) the amount of the tax detriment as a result of such Correlative Adjustment.

ARTICLE IX ALLOCATION OF TAX ATTRIBUTES AND OTHER TAX MATTERS

Section 9.1 <u>Allocation of Tax Attributes</u>. Each Party shall make its own determination as to the existence and the amount of the Tax Attributes to which it is entitled after the Effective Time; <u>provided, however</u>, that such determination shall be made in a manner that is (a) reasonably consistent with the past practices of the Parties; (b) in accordance with the rules prescribed by applicable Law, including the Code and the Treasury Regulations; (c) consistent with the IRS Ruling, the Tax Representation Letters, and the Tax Opinions; and (d) reasonably determined by the Party to minimize the aggregate cash Tax liability of the Parties for all Pre-Distribution Tax Periods and the portion of all Straddle Periods ending on the Distribution Date. Each Party agrees to provide the other Parties with all of the information supporting the Tax Attribute determinations made by that Party pursuant to this Section 9.1. Notwithstanding the above, the Tax Attributes listed on Schedule 9.1 shall be allocated among the Parties in the manner specified thereon.

Section 9.2 Third Party Tax Indemnities and Benefits. Notwithstanding anything to the contrary in this Agreement, the Parties shall share in accordance with their No-Fault Sharing Percentages (a) any duty or obligation (contractual or otherwise) of a Party or any of its Affiliates, and (b) any Tax benefits, in either case, that arose or is attributable to a period (or portion thereof) ending on or prior to the Distribution Date, to reimburse or be reimbursed by, as the case may be, a Person other than a Party or its Affiliates pursuant to a contractual Tax indemnity agreement entered into in conjunction with the acquisition or disposition of a business. Each Party shall promptly notify the other Party upon receiving notice of any amount to be shared pursuant to this Section 9.2.

ARTICLE X DEFAULTED AMOUNTS

Section 10.1 General. In the event that one or more Parties defaults on its obligation to pay Distribution Taxes for which it is liable pursuant to Article V to another Party, then each non-defaulting Party shall be required to pay an equal portion of such Distribution Taxes to such

other Party; provided, however, that no payment obligation shall exist under this Section 10.1 with respect to Distribution Taxes that are attributable to the Fault of one or more Parties; provided, further, that any payment of Distribution Taxes by a non-defaulting Party pursuant to this Section 10.1 shall in no way release the defaulting Party from its obligations to pay such Distribution Taxes and any non-defaulting Party may exercise any available legal remedies available against such defaulting Party; provided, further, that interest shall accrue on any such payment by a non-defaulting Party at a rate per annum equal to the then applicable Base Rate plus four percent (4%), or the maximum legal rate, whichever is lower. In connection with the foregoing, it is expressly understood that any defaulting Party's rights to any amounts to be received by such defaulting Party hereunder may be used via a right of offset to satisfy, in whole or in part, the obligations of such defaulting Party to pay the Distribution Taxes that are borne by the non-defaulting Party or Parties; such rights of offset shall be applied in favor of the non-defaulting Party or Parties in proportion to the additional amounts paid by any such non-defaulting Party or Parties.

Section 10.2 <u>Subsidiary Funding</u>. Without limitation of the Parties' rights and obligations otherwise set forth in this Agreement and provided that no other Party has defaulted on any of its obligations pursuant to this Agreement, each Party agrees to provide or cause to be provided such funding as is necessary to ensure that its respective Subsidiaries are able to satisfy their respective Tax liabilities to a Taxing Authority that arise as a result of a Final Determination under Section 8.3 of this Agreement, including any such Tax liabilities that, upon default by a Party's Subsidiary, may result in another Party's Subsidiary paying or being required to pay the defaulted Tax liabilities to a Taxing Authority.

ARTICLE XI ARBITRATION; DISPUTE RESOLUTION

Section 11.1 Agreement to Arbitrate. The procedures for discussion, negotiation and arbitration set forth in this Article XI shall be the final, binding and exclusive means to resolve, and shall apply to, all disputes, controversies or claims (whether in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with this Agreement. Each Party agrees on behalf of itself and each member of its respective Group that the procedures set forth in this Article XI shall be the final, binding and exclusive remedy in connection with any dispute, controversy or claim relating to any of the foregoing matters and irrevocably waives any right to commence any Action in or before any Governmental Authority, except to the extent provided under the Arbitration Act in the case of judicial review of arbitration results or awards. Each Party on behalf of itself and each member of its respective Group irrevocably waives any right to any trial by jury with respect to any dispute, controversy or claim covered by this Section 11.1.

Section 11.2 Escalation.

(a) Expeditious Resolution. It is the intent of the Parties to use their respective commercially reasonable efforts to resolve expeditiously any dispute, controversy or claim between them with respect to the matters covered by this Agreement that may arise from time to time on a mutually acceptable negotiated basis. In furtherance of the foregoing, any Party involved in a dispute, controversy or claim may deliver a notice (an "Escalation Notice") demanding an in-person meeting involving representatives of the Parties at a senior level of

management (or if the Parties agree, of the appropriate business function or division within such entity). A copy of any such Escalation Notice shall be delivered addressed to the General Counsel, or like chief legal officer or official, of each Party involved in the dispute, controversy or claim (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location or procedure for such discussions or negotiations between the Parties may be established by agreement of the Parties from time to time; provided, however, that the Parties shall use their commercially reasonable efforts to meet within 20 days of the Escalation Notice.

(b) Good Faith Negotiations. Following delivery of an Escalation Notice, the Parties shall undertake good faith, diligent efforts to negotiate a commercially reasonable resolution of the dispute, controversy or claim. The Parties may, by mutual consent, retain a mediator to aid the Parties in their discussions and negotiations. Any opinion expressed by the mediator shall be strictly advisory and shall not be binding on the Parties, nor shall any opinion expressed by the mediator be admissible in any arbitration proceedings. The mediator may be chosen from a list of mediators selected by the Parties or by other agreement of the Parties. All third-party costs of the mediation shall be borne equally by the Parties involved in the matter, and each Party shall be responsible for its own expenses. Mediation is not a prerequisite to an Arbitration Demand Notice under Section 11.3.

Section 11.3 Demand for Arbitration.

- (a) Initiation of Process. At any time following 60 days after the date of an Escalation Notice (the "Arbitration Demand Date"), any Party involved in the dispute, controversy or claim (regardless of whether such Party delivered the Escalation Notice) may deliver a notice demanding arbitration of such dispute, controversy or claim (an "Arbitration Demand Notice"). Delivery of an Escalation Notice by a Party shall be a prerequisite to delivery of an Arbitration Demand Notice by that Party or the other Party; provided, however, that in the event that any Party shall deliver an Arbitration Demand Notice to such first Party with respect to any related dispute, controversy or claim with respect to which the Applicable Deadline has not passed without the requirement of delivering an Escalation Notice. No Party may assert that the failure to resolve any matter during any prior discussions or negotiations, the course of conduct during such prior discussions or negotiations, or the failure to agree on a mutually acceptable time, agenda, location or procedure for a meeting is a prerequisite to an Arbitration Demand Notice under Section 11.3. In the event that any Party delivers an Arbitration Demand Notice with respect to any dispute, controversy or claim that is the subject of any then pending arbitration proceeding or of a previously delivered Arbitration Demand Notice, all such disputes, controversies and claims shall be resolved in the arbitration proceeding for which an Arbitration Demand Notice was first delivered unless the arbitrators in their sole discretion determine that it is impracticable or otherwise inadvisable to do so.
- (b) <u>Limitation Periods</u>. Any Arbitration Demand Notice may be given until the date that is two years after the later of the occurrence of the act or event giving rise to the underlying claim or the date on which such act or event was, or should have been, in the exercise of reasonable due diligence, discovered by the Party asserting the claim (as applicable and as it may in a particular case be specifically extended by the Parties in writing, the "Applicable_Deadline"). Any discussions, negotiations or mediations between the Parties pursuant to this

Agreement or otherwise will not toll the Applicable Deadline unless expressly agreed in writing by the Parties. Each of the Parties agrees on behalf of itself and each member of its Group that if an Arbitration Demand Notice with respect to a dispute, controversy or claim is not given prior to the occurrence of the Applicable Deadline, as between or among the Parties and the members of their Groups, such dispute, controversy or claim will be barred. Subject to Section 11.9, upon delivery of an Arbitration Demand Notice pursuant to Section 11.3(a) prior to the Applicable Deadline, the dispute, controversy or claim, and all substantive and procedural issues related thereto, shall be decided by a three member panel of arbitrators in accordance with this Article XI.

Section 11.4 Arbitrators.

- (a) <u>Selection</u>. The Party delivering the Arbitration Demand Notice shall notify the American Arbitration Association ("AAA") and the other Party in writing describing in reasonable detail the nature of the dispute. Within 20 days of the date of the Arbitration Demand Notice, each Party to the dispute shall select one arbitrator from the members of a panel of arbitrators of the AAA. The selected arbitrators shall then jointly select a third arbitrator from the members of a panel of arbitrators of the AAA, and such third arbitrator shall be disinterested with respect to each of the Parties and shall be experienced in complex commercial arbitration. In the event that the Parties' selected arbitrators are unable to agree on the selection of the third arbitrator, the AAA shall select the third arbitrator, within 45 days of the date of the Arbitration Demand Notice. In the event that any arbitrator is unable to serve, his replacement will be selected in the same manner as the arbitrator to be replaced. The vote of two of the three arbitrators shall be required for any decision under this Article XI.
- (b) <u>Time</u>. The arbitrators will set a time for the hearing of the matter which will commence no later than 180 days after the date of appointment of the third arbitrator and which hearing will be no longer than 30 days (unless in the judgment of the arbitrators the matter is unusually complex and sophisticated and thereby requires a longer time, in which event such hearing shall be no longer than 90 days). The final decision of such arbitrators will be rendered in writing to the Parties not later than 60 days after the last day of the hearing, unless otherwise agreed by the Parties in writing.
- (c) <u>Place</u>. The place of any arbitration hereunder will be Indianapolis, Indiana, and the language of any arbitration hereunder will be English. Unless otherwise agreed by the Parties, the arbitration hearing shall be conducted on consecutive days.

Section 11.5 <u>Hearings</u>. Within the time period specified in Section 11.4(b), the matter shall be presented to the arbitrators at a hearing by means of written submissions of memoranda and verified witness statements, filed simultaneously, and responses, if necessary in the judgment of the arbitrators or both of the Parties. If the arbitrators deem it to be essential to a fair resolution of the dispute, live cross-examination or direct examination may be permitted, but is not generally contemplated to be necessary. The arbitrators shall actively manage the arbitration with a view to achieving a just, speedy and cost-effective resolution of the dispute, claim or controversy. The arbitrators may, in their discretion, set time and other limits on the presentation of each Party's case, its memoranda or other submissions, and may refuse to receive any proffered evidence, which the arbitrators, in their discretion, find to be cumulative, unnecessary, irrelevant

or of low probative nature. Any arbitration hereunder shall be conducted in accordance with the Commercial Arbitration Rules of the AAA ("Rules") in effect on the date the Arbitration Demand Notice is served. The decision of the arbitrators will be final and binding on the Parties, and judgment thereon may be had and will be enforceable in any court having jurisdiction over the Parties. Arbitration awards will bear interest at the Base Rate plus 2% per annum, subject to any maximum amount permitted by applicable law. To the extent that the provisions of this Agreement and the prevailing Rules conflict, the provisions of this Agreement shall govern.

Section 11.6 Discovery and Certain Other Matters.

- (a) <u>Production of Documents</u>. Any Party involved in a dispute, controversy or claim subject to this Article XI may request document production from the other Party or Parties of specific and expressly relevant documents, with the reasonable expenses of the producing Party incurred in such production paid by the requesting Party. Any such discovery shall be conducted in accordance with the Rules, subject to the discretion of the arbitrators. Any such discovery shall be conducted expeditiously and shall not cause the hearing to be adjourned except upon consent of all Parties involved in the applicable dispute or upon an extraordinary showing of cause demonstrating that such adjournment is necessary to permit discovery essential to a Party to the proceeding. Disputes concerning the scope of document production and enforcement of the document production requests will be determined by written agreement of the Parties involved in the applicable dispute or, failing such agreement, will be referred to the arbitrators for resolution. Subject to the terms of this Agreement, all discovery requests will be subject to the Parties' rights to claim any applicable privilege, and no joint privilege may be waived without the prior written consent of both Parties to this Agreement. The arbitrators will adopt procedures to protect the proprietary rights of the Parties and to maintain the confidential treatment of the arbitration proceedings (except as may be required by law). Subject to the foregoing, the arbitrators shall have the power to issue subpoenas to compel the production of documents relevant to the dispute, controversy or claim.
- (b) <u>Authority of Arbitrators</u>. The arbitrators shall have full power and authority to determine issues of arbitrability but shall otherwise be limited to interpreting or construing the applicable provisions of this Agreement, and will have no authority or power to limit, expand, alter, amend, modify, revoke or suspend any condition or provision of this Agreement; it being understood, however, that the arbitrators will have full authority to implement the provisions of this Agreement, and to fashion appropriate remedies for breaches of this Agreement (including interim or permanent injunctive relief); provided that the arbitrators shall not have (i) any authority in excess of the authority a court having jurisdiction over the Parties and the controversy or dispute would have absent these arbitration provisions or (ii) any right or power to award punitive damages. It is the intention of the Parties that in rendering a decision the arbitrators give effect to the applicable provisions of this Agreement and follow applicable law (it being understood and agreed that this sentence shall not give rise to a right of judicial review of the arbitrators' award).
- (c) Effect of Failure to Participate. If a Party fails or refuses to appear at and participate in an arbitration hearing after due notice, the arbitrators may hear and determine the controversy upon evidence produced by the appearing Party.

(d) <u>Costs</u>. Arbitration costs will be borne equally by each Party involved in the matter, and each Party will be responsible for its own attorneys' fees and other costs and expenses, including the costs of any expert witnesses selected by such Party.

Section 11.7 Certain Additional Matters.

- (a) <u>Nature of Award</u>. Any arbitration award shall be a bare award limited to a holding for or against a Party and shall be without findings as to facts, issues or conclusions of law and shall be without a statement of the reasoning on which the award rests, but must be in adequate form so that a judgment of a court may be entered thereupon. Judgment upon any arbitration award hereunder may be entered in any court having jurisdiction thereof.
- (b) <u>Confidentiality of Proceedings</u>. Except as required by law, the Parties shall hold, and shall cause their respective officers, directors, employees, agents and other representatives to hold, the existence, content and result of mediation or arbitration in confidence in accordance with the provisions of this Section 11.7(b) and except as may be required in order to enforce any award. Each of the Parties shall request that any mediator or arbitrator comply with such confidentiality requirement.
- Section 11.8 <u>Continuity of Service and Performance</u>. Unless otherwise agreed in writing, the Parties will continue to provide service and honor all other commitments under this Agreement during the course of the dispute resolution procedures pursuant to this Article XI with respect to all matters not subject to such dispute, controversy or claim
- Section 11.9 <u>Law Governing Arbitration Procedures</u>. The interpretation of the provisions of this Article XI, only insofar as they relate to the agreement to arbitrate and any procedures pursuant thereto, shall be governed by the Arbitration Act, as amended, and other applicable federal law. In all other respects, the interpretation of this Agreement shall be governed as set forth in Section 12.4.

ARTICLE XII MISCELLANEOUS

- Section 12.1 <u>Complete Agreement</u>. This Agreement, the Schedules hereto and the other documents referred to herein shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.
- Section 12.2 Other Agreements. Except as otherwise expressly provided herein, if there shall be a conflict or an inconsistency between the provisions of this Agreement and the provisions of the Distribution Agreement or any of the Other Agreements, the provisions of this Agreement shall control over the inconsistent provisions of the Distribution Agreement or any of the Other Agreements.
 - Section 12.3 Expenses. RemainCo and SpinCo shall each be responsible for its expenses incurred in connection with the Distribution.

Section 12.4 <u>Governing Law</u>. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana (other than the laws regarding choice of laws and conflicts of laws) as to all matters, including matters of validity, construction, effect, performance and remedies; provided, however, that the Arbitration Act shall govern the matters described in Article XI.

Section 12.5 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person (including a nationally recognized delivery service) by facsimile, electronic mail or other standard form of telecommunications (provided confirmation is delivered to the recipient the next Business Day in the case of facsimile, electronic mail or other standard form of telecommunications) or by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to RemainCo: Hillenbrand Industries, Inc.

1069 State Route 46 East Batesville, IN 47006-8835 c/o Corporate Secretary

Fax #:

E-mail Address:

If to SpinCo: Batesville Holdings, Inc.

One Batesville Boulevard Batesville, IN 47006-8835 c/o General Counsel

Fax #:

E-mail Address:

or to such other address as a Party may have furnished to the other Party by a notice in writing in accordance with this Section 12.5.

Section 12.6 Amendment and Modification. This Agreement may be amended, modified or supplemented only by a written agreement signed by each of the Parties.

Section 12.7 Successors and Assigns: No Third Party Beneficiaries This Agreement is made and shall be binding on and inure solely to the benefit of the RemainCo Group and the SpinCo Group and their respective successors or permitted assigns and does not otherwise confer any rights or defenses on any other Person. Neither RemainCo nor SpinCo may assign any of its rights or obligations under this Agreement to another Person without the consent of the other Party to this Agreement, which consent may be withheld for any reason or no reason. Subject to the foregoing, (a) this Agreement and all the terms and provisions hereof shall be binding upon and inure to the benefit of the Parties to this Agreement and their respective successors and

permitted assigns, and (b) each Party to this Agreement shall require any Person or Persons that, as a result of any merger, purchase of assets, reorganization or other transaction, acquires or succeeds to all or substantially all of its business or assets to assume its obligations under this Agreement pursuant to a written assumption agreement in form and substance reasonably satisfactory to the other Party.

Section 12.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 12.9 <u>Interpretation</u>. The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement.

Section 12.10 Legal Enforceability. Each Party agrees that it shall not, directly or indirectly, challenge the enforceability of this Agreement on any grounds or under any circumstances. Without limiting the effect of the immediately preceding sentence, if any provision of this Agreement is determined by a Governmental Authority or the arbitrators selected under Section 11.4 to be prohibited or unenforceable in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Each Party acknowledges that money damages would be an inadequate remedy for any breach of the provisions of this Agreement and agrees that the obligations of the Parties hereunder shall be specifically enforceable.

Section 12.11 <u>Performance Standard</u>. Each of RemainCo and SpinCo agrees to at all times exercise good faith and fair dealing in the performance of its rights and obligations under this Agreement and to cause the members of its respective Group to do likewise.

Section 12.12 <u>Authority</u>. Each Party represents to the other that: (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement; (b) the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other actions; (c) it has duly and validly executed and delivered this Agreement; and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

Section 12.13 <u>Joint Authorship</u>. This Agreement shall be treated as though it were jointly drafted by RemainCo and SpinCo, and any ambiguities shall not be construed for or against any Party on the basis of attributed authorship.

Section 12.14 References; Interpretation.

(a) Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Distribution Agreement. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural

and vice versa. Unless the context otherwise requires, the words "include", "includes", and "including" when used in this Agreement shall be deemed to be followed by the phrase "without limitation". Unless the context otherwise requires, references in this Agreement to Articles, Sections and Schedules shall be deemed references to Articles and Sections of, and Schedules to, this Agreement. Unless the context otherwise requires, the words "hereof", "hereby", and "herein" and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement.

(b) The Parties agree that this Agreement is intended solely to determine the cash tax obligations of the Parties and does not address the manner or method of tax accounting for any item.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

HILLENBRAND INDUSTRIES, INC.

By:

Name: Peter H. Soderberg

Title: President and Chief Executive Officer

BATESVILLE HOLDINGS, INC.

By:

Name: Kenneth A. Camp

Title: President and Chief Executive Officer

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Schedule 1.1(c) Adjustments that Form Part of the Adjusted Allocation Method

The modifications that are part of the Adjusted Allocation Method are as follows:

- 1. Foreign Tax credit under sections 27 and 901 SpinCo's foreign tax credit shall be determined on a theoretical separate standalone basis; provided, however, any foreign tax credit carry forward allocated to SpinCo in excess of a carry forward from the theoretical separate stand-alone calculation, both determined pursuant to Reg. § 1.1502-79(d)(2), shall reduce the amount of credit utilized on a stand alone basis, but not below zero.
- 2. Research Credit under Section 41 the consolidated research credit shall be allocated to the subgroups based on each subgroup's qualified research expenditures.
- 3. Capital Gains and Losses and Net Capital Loss Carryovers are attributed to and allocated between SpinCo and RemainCo pursuant to Treas. Reg. 1.1502-22.
- 4. Domestic Manufacturing Deduction under Section 199 SpinCo's domestic manufacturing deduction shall be determined using consolidated taxable income with reasonable allocations of expenses to SpinCo and RemainCo income.
- 5. ETI- SpinCo's ETI shall be determined using consolidated taxable income with reasonable allocations of expenses to SpinCo and RemainCo income.
- 6. Other Items any other item calculated on a consolidated basis for purposes of the U.S. federal income tax return shall be subject to similar adjustments with an intent to reflect SpinCo's separate company tax liability with any adjustment being intended to reflect a ratable share of the benefit or detriment of participating in the consolidated federal return.

EMPLOYEE MATTERS AGREEMENT

BY AND BETWEEN

HILLENBRAND INDUSTRIES, INC.,

AND

BATESVILLE HOLDINGS, INC.

DATED AS OF ______, 2008

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EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT (the "Agreement") is entered into by and between Hillenbrand Industries, Inc., an Indiana corporation ("RemainCo"), and Batesville Holdings, Inc., an Indiana corporation ("SpinCo"), each a "Party" and together, the "Parties."

WITNESSETH:

WHEREAS, the Board of Directors of RemainCo has determined that it is in the best interests of RemainCo to distribute its entire ownership interest in SpinCo 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 (the "Distribution"); and

WHEREAS, to effect the Distribution the Parties entered into that certain Distribution Agreement dated as of ____, 2008 (as amended or otherwise modified from time to time, the "Distribution Agreement"); and

WHEREAS, RemainCo and SpinCo desire to enter into this Agreement for the purpose of allocating assets, liabilities and responsibilities with respect to certain employee compensation and benefit plans and programs between them.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual promises and covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE 1.

DEFINITIONS

1.1 General. Capitalized terms used, but not defined herein shall have the meanings assigned to such terms in the Distribution Agreement and the following terms shall have the following meanings:

"Agreement" shall have the meaning ascribed thereto in the preamble to this Agreement.

"Benefit Plan" shall mean, with respect to an entity, each plan, program, arrangement, agreement or commitment that is an employment, consulting, non-competition or deferred compensation agreement, or an executive compensation, incentive bonus or other bonus, employee pension, profit-sharing, savings, retirement, supplemental retirement, stock option, stock purchase, stock appreciation rights, restricted stock, other equity-based compensation, severance pay, salary continuation, life, health, hospitalization, sick leave, vacation pay, disability or accident insurance plan, workers compensation, corporate-owned or key-man life insurance or other employee benefit plan, program, arrangement, agreement or commitment, including any "employee benefit plan" (as defined in Section 3(3) of ERISA), sponsored or maintained by such entity (or to which such entity contributes or is required to contribute).

"COBRA" shall mean the continuation coverage requirements for "group health plans" under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and as codified in Code Section 4980B and Sections 601 through 608 of ERISA, together with all regulations and proposed regulations promulgated thereunder.

"Distribution Agreement" shall have the meaning ascribed thereto in the preamble to this Agreement.

"Distribution Date" shall mean the date in which RemainCo distributes its entire ownership interest in SpinCo 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.

"DOL" shall mean the U.S. Department of Labor.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" shall mean with respect to any Person, each business or entity which is a member of a "controlled group of corporations," under "common control" or a member of an "affiliated service group" with such Person within the meaning of Sections 414(b), (c) or (m) of the Code, or required to be aggregated with such Person under Section 414(o) of the Code, or under "common control" with such Person within the meaning of Section 4001(a)(14) of ERISA.

"Estimated Pension Plan Transfer Amount" shall have the meaning ascribed thereto in Section 3.2(b)(ii) of this Agreement.

"Final Pension Plan Transfer Amount" shall have the meaning ascribed thereto in Section 3.2(b)(iv) of this Agreement.

"Final Transfer Date" shall have the meaning ascribed thereto in Section 3.2(b)(v) of this Agreement.

"Force Majeure" shall mean an act of God, civil or military authority, an act of public enemy, war, accident, explosion, earthquake, flood, failure of transportation, strike or other work interruption by either party's employees, or any other similar cause beyond the reasonable control of either party.

"Former RemainCo Employee" shall mean, as of the Distribution Date, any former employee of RemainCo or a Subsidiary of RemainCo, including individuals to whom long-term disability benefits are being paid under a RemainCo Benefit Plan and retired, deferred vested, nonvested and other terminated individuals, whose most recent active employment with RemainCo or a Subsidiary of RemainCo was employment by Hill-Rom, Inc. or a Subsidiary of Hill-Rom, Inc. and whose active employment with RemainCo or a Subsidiary of RemainCo has ended on or before the Distribution Date.

"Former SpinCo Employee" shall mean, as of the Distribution Date, any former employee of RemainCo or a Subsidiary of RemainCo, including individuals to whom long-term disability benefits are being paid under a RemainCo Benefit Plan and retired, deferred vested,

nonvested and other terminated individuals, whose active employment with RemainCo or a Subsidiary of RemainCo has ended on or before the Distribution Date, other than a Former RemainCo Employee.

- "HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996, as amended.
- "Initial Cash Transfer" shall have the meaning ascribed thereto in Section 3.2(b)(iii) of this Agreement.
- "Initial Cash Transfer Date" shall have the meaning ascribed thereto in Section 3.2(b)(iii) of this Agreement.
- "Initial Transfer Amount" shall have the meaning ascribed thereto in Section 3.2(b)(iii) of this Agreement.
- "IRS" shall mean the U.S. Internal Revenue Service.
- "NYSE" shall mean the New York Stock Exchange, Inc.
- "Participating Company" shall mean RemainCo or any Person (other than an individual) participating in a RemainCo Benefit Plan.
- "Parties" shall have the meaning ascribed thereto in the preamble to this Agreement.
- "Plan Assets" shall mean the assets of the RemainCo Pension Plan allocable to pay the benefits accrued by SpinCo Pension Plan Participants as of the Distribution Date.
- "Post-Distribution RemainCo Option" shall have the meaning ascribed thereto in Section 7.1(c) of this Agreement.
- "RemainCo" shall have the meaning ascribed thereto in the preamble to this Agreement.
- "RemainCo 1996 Stock Plan" shall mean the Hillenbrand Industries, Inc. 1996 Stock Option Plan.
- "RemainCo Actuary" shall mean an independent actuary selected by RemainCo.
- "RemainCo Benefit Plan" shall mean any Benefit Plan sponsored, maintained or contributed to by any member of the RemainCo Group or any ERISA Affiliate thereof immediately following the Distribution Date.
 - "RemainCo Board of Directors' Deferred Compensation Plan" shall mean the Hillenbrand Industries, Inc. Board of Directors' Deferred Compensation Plan.
 - "RemainCo Committee" shall mean the Compensation and Management Development Committee of RemainCo.

"RemainCo Deferred Stock" shall mean the number of shares in an individual's RemainCo Deferred Stock Account, representing the RemainCo common stock the individual would have a right to receive in accordance with the terms of a RemainCo Deferred Stock Award.

"RemainCo Deferred Stock Account" shall mean the account established for an individual in connection with a RemainCo Deferred Stock Award.

"RemainCo Deferred Stock Award" shall mean (i) a deferred stock award (commonly referred to as a restricted stock unit) granted by RemainCo pursuant to the RemainCo Stock Plan, or (ii) any other right pursuant to a RemainCo Benefit Plan, representing a general unsecured promise by RemainCo to deliver shares of RemainCo common stock.

"RemainCo Employee" shall mean any individual who, immediately following the Distribution Date, remains employed by or will be employed by RemainCo or any member of the RemainCo Group, including active employees and employees on vacation and approved leave of absence (including maternity, paternity, family, sick leave, qualified military service under the Uniformed Services Employment and Reemployment Rights Act of 1994, and leave under the Family Medical Leave Act and other approved leaves).

"RemainCo Executive Deferred Compensation Program" shall mean the Hillenbrand Industries, Inc. Executive Deferred Compensation Program.

"RemainCo Group" shall mean RemainCo and the Subsidiaries of RemainCo other than members of the SpinCo Group.

"RemainCo Option" shall mean an option to purchase shares of RemainCo common stock granted pursuant to the RemainCo Stock Plan or the RemainCo 1996 Stock Plan.

"RemainCo Participant" shall mean any individual who, immediately following the Distribution Date, is a RemainCo Employee, a Former RemainCo Employee, or a beneficiary, dependent or alternate payee of a RemainCo Employee or Former RemainCo Employee.

"RemainCo Pension Plan" shall mean the Hillenbrand Industries Pension Plan.

"RemainCo Pension Trust" shall mean the trust which is part of the RemainCo Pension Plan.

"RemainCo Post-Distribution Stock Value" shall mean the RemainCo Pre-Distribution Stock Value less the SpinCo Stock Value.

"RemainCo Pre-Distribution Stock Value" shall mean the official NYSE closing price per share of RemainCo common stock on the Distribution Date trading "with due bills."

"RemainCo Price Ratio" shall mean the quotient obtained by dividing the RemainCo Post-Distribution Stock Value by the RemainCo Pre-Distribution Stock Value.

- "RemainCo Reimbursement Account Plan" shall have the meaning ascribed thereto in Section 5.2 of this Agreement.
- "RemainCo Retained Claim" shall have the meaning ascribed thereto in Section 8.4(a) of this Agreement.
- "RemainCo Retiree Medical Plan" shall have the meaning ascribed thereto in Section 5.3 of this Agreement.
- "RemainCo Sales Executives Plan" shall mean the Hillenbrand Industries, Inc. Sales Executives' Pension Plan.
- "RemainCo Sales Executives Trust" shall mean the trust which is part of the RemainCo Sales Executives Plan.
- "RemainCo Savings Plan" shall mean the Hillenbrand Industries Savings Plan.
- "RemainCo Savings Trust" shall mean the trust which is part of the RemainCo Savings Plan.
- "RemainCo SERP" shall mean the Hillenbrand Industries, Inc. Supplemental Executive Retirement Plan.
- "RemainCo Severance Plan" shall mean the plan maintained by a member of the RemainCo Group to provide severance benefits.
- "RemainCo Share Ratio" shall mean the quotient obtained by dividing the RemainCo Pre-Distribution Stock Value by the RemainCo Post-Distribution Stock Value.
- "RemainCo Stock Plan" shall mean the Hillenbrand Industries, Inc. Stock Incentive Plan.
- "RemainCo Welfare Plans" shall have the meaning ascribed thereto in Section 5.1(a) of this Agreement.
- "Remaining RemainCo Option" shall have the meaning ascribed thereto in Section 7.1(a) of this Agreement.
- "Revised Pension Plan Transfer Amount" shall have the meaning ascribed thereto in Section 3.2(b)(iv) hereof.
- "SpinCo" shall have the meaning ascribed thereto in the preamble to this Agreement.
- "SpinCo Actuary" shall mean an independent actuary selected by SpinCo.
- "SpinCo Benefit Plan" shall mean any Benefit Plan sponsored, maintained or contributed to by any member of the SpinCo Group or any ERISA Affiliate thereof immediately following the Distribution Date.

"SpinCo Board of Directors' Deferred Compensation Plan" shall have the meaning ascribed thereto in Section 6.2(a) of this Agreement.

"SpinCo Committee" shall mean the Compensation and Management Development Committee of SpinCo.

"SpinCo Deferred Stock Award" shall mean a deferred stock award (commonly referred to as a restricted stock unit) granted by SpinCo pursuant to the SpinCo Stock Plan representing a general unsecured promise by SpinCo to deliver shares of SpinCo common stock, which award is issued as part of the adjustment to RemainCo Deferred Stock Awards in connection with the Distribution.

"SpinCo Directors" shall have the meaning ascribed thereto in Section 6.2(a) of this Agreement.

"SpinCo Employee" shall mean any individual who, immediately following the Distribution Date, is employed by or will be employed by SpinCo or any member of the SpinCo Group, including active employees and employees on vacation and approved leave of absence (including maternity, paternity, family, sick leave, qualified military service under the Uniformed Services Employment and Reemployment Rights Act of 1994, and leave under the Family Medical Leave Act and other approved leaves).

"SpinCo Executive Deferred Compensation Program" shall have the meaning ascribed thereto in Section 6.3(a) of this Agreement.

"SpinCo Group" shall mean SpinCo and the SpinCo Subsidiaries.

"SpinCo Option" shall have the meaning ascribed thereto in Section 7.1(b) of this Agreement.

"SpinCo Participant" shall mean an individual who, immediately following the Distribution Date, is a SpinCo Employee, a Former SpinCo Employee, or a beneficiary, dependent or alternate payee of a SpinCo Employee or a Former SpinCo Employee.

"SpinCo Pension Plan" shall have the meaning ascribed thereto in Section 3.1 of this Agreement.

"SpinCo Pension Plan Participants" shall have the meaning ascribed thereto in Section 3.1 of this Agreement.

"SpinCo Pension Trust" shall mean the trust which is part of the SpinCo Pension Plan.

"SpinCo Price Ratio" shall mean the quotient obtained by dividing the SpinCo Stock Value by the RemainCo Pre-Distribution Stock Value.

"SpinCo Reimbursement Account Plan" shall have the meaning ascribed thereto in Section 5.2 of this Agreement.

- "SpinCo Retiree Medical Plan" shall have the meaning ascribed thereto in Section 5.3 of this Agreement.
- "SpinCo Retiree Medical Plan Participants" shall have the meaning ascribed thereto in Section 5.3 of this Agreement.
- "SpinCo Sales Executives Plan" shall have the meaning ascribed thereto in Section 4.2(a) of this Agreement.
- "SpinCo Sales Executives Plan Assets" shall have the meaning ascribed thereto in Section 4.2(b) of this Agreement.
- "SpinCo Sales Executives Plan Participants" shall have the meaning ascribed thereto in Section 4.2(a) of this Agreement.
- "SpinCo Sales Executives Trust" shall mean the trust which is part of the SpinCo Sales Executives Plan.
- "SpinCo Savings Plan" shall have the meaning ascribed thereto in Section 4.1(a) of this Agreement.
- "SpinCo Savings Plan Assets" shall have the meaning ascribed thereto in Section 4.1(b) of this Agreement.
- "SpinCo Savings Plan Participants" shall have the meaning ascribed thereto in Section 4.1(a) of this Agreement.
- "SpinCo Savings Trust" shall mean the trust which is part of the SpinCo Savings Plan.
- "SpinCo SERP" shall have the meaning ascribed thereto in Section 6.1(a) of this Agreement.
- "SpinCo Severance Plan" shall have the meaning ascribed thereto in Section 8.3(a) of this Agreement.
- "SpinCo Share Ratio" shall mean the quotient obtained by dividing the RemainCo Pre-Distribution Stock Value by the SpinCo Stock Value.
- "SpinCo Stock Plan" shall have the meaning ascribed thereto in Section 2.5 of this Agreement.
- "SpinCo Stock Value" shall mean the official NYSE closing price per share of SpinCo common stock on the Distribution Date trading on a "when issued" basis.
- "SpinCo Welfare Plans" shall have the meaning ascribed thereto in Section 5.1(a) of this Agreement.
- "Transferred RemainCo Participant" shall have the meaning ascribed thereto in Section 5.1(b)(i) of this Agreement.

"Transferred SpinCo Participant" shall have the meaning ascribed thereto in Section 5.1(b)(ii) of this Agreement.

"True-Up Amount" shall have the meaning ascribed thereto in Section 3.2(b)(v) of this Agreement.

"U.S." shall mean the United States of America.

1.2 References; Interpretation. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. Unless the context otherwise requires, the words "include," "includes" and "including" when used in this Agreement shall be deemed to be followed by the phrase "without limitation." Unless the context otherwise requires, references in this Agreement to Articles, Sections and Exhibits shall be deemed references to Articles and Sections of, and Exhibits to, this Agreement. Unless the context otherwise requires, the words "hereof," "hereby" and "herein" and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement.

ARTICLE 2.

GENERAL PRINCIPLES

2.1 Assumption and Retention of Liabilities; Related Assets.

(a) As of the Distribution Date, except as otherwise expressly provided for in this Agreement, RemainCo shall, or shall cause one or more members of the RemainCo Group to, assume or retain and RemainCo hereby agrees to pay, perform, fulfill and discharge, in due course in full (i) all liabilities under all RemainCo Benefit Plans, (ii) all liabilities (excluding liabilities incurred under a Benefit Plan except as otherwise provided in this Agreement) with respect to the employment, service, termination of employment or termination of service of all RemainCo Employees and Former RemainCo Employees and their dependents and beneficiaries (and any alternate payees in respect thereof) and other service providers (including any individual who is, or was, an independent contractor, temporary employee, temporary service worker, consultant, freelancer, agency employee, leased employee, on-call worker, incidental worker, or non-payroll worker of any member of the RemainCo Group or in any other employment, on-employment, or retainer arrangement, or relationship with any member of the RemainCo Group or whose employment or service is or was otherwise primarily associated with the RemainCo Business (as defined in the Distribution Agreement)), in each case to the extent arising in connection with or as a result of employment with or the performance of services for any member of the RemainCo Group or SpinCo Group, and (iii) any other liabilities or obligations expressly assigned to RemainCo or any of its affiliates under this Agreement.

(b) As of the Distribution Date, except as otherwise expressly provided for in this Agreement, SpinCo shall, or shall cause one or more members of the SpinCo Group to, assume or retain and SpinCo hereby agrees to pay, perform, fulfill and discharge, in due course in full (i) all liabilities under all SpinCo Benefit Plans, (ii) all liabilities (excluding liabilities incurred under a Benefit Plan except as otherwise provided in this Agreement) with respect to

the employment, service, termination of employment or termination of service of all SpinCo Employees and Former SpinCo Employees and their dependents and beneficiaries (and any alternate payees in respect thereof) and other service providers (including any individual who is, or was, an independent contractor, temporary employee, temporary service worker, consultant, freelancer, agency employee, leased employee, on-call worker, incidental worker, or non-payroll worker of any member of the SpinCo Group or in any other employment, non-employment, or retainer arrangement, or relationship with any member of the SpinCo Group or whose employment or service is or was otherwise primarily associated with the SpinCo Business (as defined in the Distribution Agreement)), in each case to the extent arising in connection with or as a result of employment with or the performance of services for any member of the RemainCo Group or SpinCo Group, and (iii) any other liabilities or obligations expressly assigned to SpinCo or any of its affiliates under this Agreement.

- (c) From time to time after the Distribution, SpinCo shall promptly reimburse RemainCo, upon RemainCo's reasonable request and the presentation by RemainCo of such substantiating documentation as SpinCo shall reasonably request, for the cost of any obligations or liabilities satisfied or assumed by RemainCo or its affiliates that are, or that have been made pursuant to this Agreement, the responsibility of SpinCo or any of its affiliates.
- (d) From time to time after the Distribution, RemainCo shall promptly reimburse SpinCo, upon SpinCo's reasonable request and the presentation by SpinCo of such substantiating documentation as RemainCo shall reasonably request, for the cost of any obligations or liabilities satisfied or assumed by SpinCo or its affiliates that are, or that have been made pursuant to this Agreement, the responsibility of RemainCo or its affiliates.
- 2.2 SpinCo Participation in RemainCo Benefit Plans. Except as otherwise expressly provided for in this Agreement or as otherwise expressly agreed to in writing between the Parties, (i) effective as of the Distribution Date, SpinCo and each member of the SpinCo Group shall cease to be a Participating Company in any RemainCo Benefit Plan, and (ii) each SpinCo Participant and any other service providers of SpinCo or any member of the SpinCo Group (including any individual who is, or was, an independent contractor, temporary employee, temporary service worker, consultant, freelancer, agency employee, leased employee, on-call worker, incidental worker, or nonpayroll worker of any member of the SpinCo Group or in any other employment, non-employment, or retainer arrangement, or relationship with any member of the SpinCo Group), effective as of the Distribution Date, shall cease to participate in, be covered by, accrue benefits under, be eligible to contribute to or have any rights under any RemainCo Benefit Plan, and RemainCo and SpinCo shall take all necessary action to effectuate each such cessation.
- 2.3 Comparable Compensation and Benefits. Except as otherwise expressly provided for in this Agreement or as agreed to by RemainCo, and subject to Section 10.4, SpinCo (acting directly or through its affiliates) initially intends to provide SpinCo Employees with compensation opportunities (including salary, wages, commissions and bonus opportunities) and employee benefits that are generally comparable, in the aggregate, to the compensation opportunities and employee benefits to which such SpinCo Employees were entitled to immediately prior to the Distribution Date.

- 2.4 Service Recognition. Except as provided below, (a) SpinCo shall give each SpinCo Participant full credit for purposes of eligibility, vesting, determination of level of benefits, and, to the extent applicable, benefit accruals under any SpinCo Benefit Plan for such SpinCo Participant's service with any member of the RemainCo Group prior to the Distribution Date to the same extent such service was recognized by the applicable RemainCo Benefit Plans immediately prior to the Distribution Date, and (b) RemainCo shall give each RemainCo Participant full credit for purposes of eligibility, vesting, determination of level of benefits, and, to the extent applicable, benefit accruals under any RemainCo Benefit Plan for such RemainCo Participant's service with any member of the SpinCo Group prior to the Distribution Date to the same extent such service was recognized by the applicable SpinCo Benefit Plans immediately prior to the Distribution Date; provided, however, that such service shall not be recognized to the extent that such recognition would result in the duplication of benefits under a RemainCo Benefit Plan and a SpinCo Benefit Plan. Notwithstanding the foregoing, unless the Parties otherwise agree in writing, (a) if a RemainCo Participant becomes employed by a member of the SpinCo Group after the Distribution Date, then, except to the extent required by applicable law, such individual's service with the RemainCo Group will not be recognized for any purpose under any SpinCo Benefit Plan, and (b) if a SpinCo Participant becomes employed by a member of the RemainCo Group after the Distribution Date, then, except to the extent required by applicable law, such individual's service with the SpinCo Group will not be recognized for any purpose under any RemainCo Benefit Plan. Nothing herein shall limit RemainCo or SpinCo or their respective affiliates from recognizing service in addition to the recognized for equired hereunder, but any such additional service shall not be recognized for purposes of Section 2.6 of t
- 2.5 Approval by RemainCo As Sole Stockholder. Effective as of the Distribution Date, SpinCo shall have (a) adopted the Hillenbrand, Inc. Stock Incentive Plan (the "SpinCo Stock Plan") which shall permit the issuance of long-term equity-based incentive awards that have material terms and conditions substantially similar to those long-term incentive awards issued under the RemainCo Stock Plan that are to be substituted with SpinCo long-term incentive awards in connection with the Distribution, and (b) filed and caused to be effective any and all registration statements and other reports or filings required to register shares for issuance under such plan, including, without limitation, by way of conversion or substitution pursuant to Article VII of this Agreement. The SpinCo Stock Plan shall be approved prior to the Distribution by RemainCo as SpinCo's sole shareholder.
- 2.6 <u>Transfer of Assets</u>. Assets, if any, attributable to the liabilities referenced in the preceding provisions of this Article II shall be allocated (if applicable) as provided in the remaining provisions of this Agreement.

ARTICLE 3.

OUALIFIED DEFINED BENEFIT PLANS

3.1 Establishment of SpinCo Plan. Effective as of the Distribution Date, SpinCo shall, or shall have caused one or more members of the SpinCo Group to, establish a defined benefit pension plan and related trust to provide retirement benefits to SpinCo Participants who immediately prior to the Distribution Date were participants in, or entitled to present or future

benefits (except as provided in Section 3.2(d) of this Agreement, whether or not vested) under, the RemainCo Pension Plan (such defined benefit pension plan, the "SpinCo Pension Plan" and such SpinCo Participants, the "SpinCo Pension Plan Participants"). SpinCo shall be responsible for taking all necessary, reasonable, and appropriate action to establish, maintain and administer the SpinCo Pension Plan so that it is qualified under Section 401(a) of the Code and that the related trust thereunder is exempt under Section 501(a) of the Code. Notwithstanding the foregoing, until the Initial Cash Transfer Date, all benefits payable to SpinCo Pension Plan Participants (including benefits that have accrued under the SpinCo Pension Plan following the Distribution Date) shall be paid on behalf of the SpinCo Pension Plan from the RemainCo Pension Plan shall be paid from the SpinCo Pension Trust. SpinCo (acting directly or through one or more members of the SpinCo Group) shall be responsible for any and all liabilities (including liability for funding) and other obligations with respect to the SpinCo Pension Plan.

3.2 SpinCo Pension Plan Participants.

(a) <u>Assumption of RemainCo Pension Plan Liabilities</u>. Subject to the Plan Asset transfer described in Section 3.2(b), SpinCo (acting directly or through a member of the SpinCo Group) hereby agrees to cause the SpinCo Pension Plan effective as of the Distribution Date to assume, fully perform, pay and discharge, all liabilities under the RemainCo Pension Plan relating to all SpinCo Pension Plan Participants as of the Distribution Date (inclusive of benefits paid by the RemainCo Pension Plan to SpinCo Pension Plan Participants following the Distribution Date, but prior to the date of the Initial Cash Transfer in accordance with Section 3.1).

(b) Transfer of RemainCo Pension Plan Assets.

- (i) The Parties agree that the Plan Assets and any related earnings or losses shall be determined and transferred to the SpinCo Pension Trust in accordance with Section 414(1) of the Code, Treasury Regulation Section 1.414(1)-1, Section 208 of ERISA and the assumptions and valuation methodology which the Pension Benefit Guaranty Corporation would have used under Section 4044 of ERISA as of the Distribution Date as set forth in Exhibit A to this Agreement. Any surplus assets under the RemainCo Pension Plan (i.e., any assets held under the RemainCo Pension Plan that are in excess of the assets required to be allocated to the RemainCo Pension Plan and the SpinCo Pension Plan in accordance with the preceding sentence) shall be transferred to the SpinCo Pension Trust in the same proportion as the other assets of the RemainCo Pension Trust are transferred to the SpinCo Pension Trust in accordance with the succeeding provisions of this subsection (b)). No later than thirty (30) days prior to the Initial Cash Transfer Date, RemainCo and SpinCo (acting directly or through their respective affiliates) shall, to the extent necessary, file an IRS Form 5310-A regarding the transfer of assets and liabilities from the RemainCo Pension Plan to the SpinCo Pension Plan.
 - (ii) Prior to the Distribution Date (or such later time as mutually agreed by the Parties), RemainCo shall cause the RemainCo Actuary to determine the

estimated value, as of the Distribution Date, of the Plan Assets to be transferred pursuant to Section 3.2(b)(i) of this Agreement to the SpinCo Pension Trust (the Estimated Pension Plan Transfer Amount").

- (iii) Not later than ninety (90) Business Days following the Distribution Date (or such later time as mutually agreed by the Parties), RemainCo and SpinCo (each acting directly or through their respective affiliates) shall cooperate in good faith to cause an initial transfer of Plan Assets (the date of such transfer, the "Initial Cash Transfer Date") from the RemainCo Pension Trust to the SpinCo Pension Trust in an amount equal to ninety percent (90%) of the Estimated Pension Plan Transfer Amount (the "Initial Cash Transfer," and such amount, the "Initial Transfer Amount"). RemainCo shall satisfy its obligation pursuant to this Section 3.2(b)(iii) by causing the RemainCo Pension Trust to transfer Plan Assets in kind to the extent practicable equal to the Initial Transfer Amount consisting of a pro rata percentage of all investments under the RemainCo Pension Plan and to transfer the balance of the Initial Transfer Amount in cash.
- (iv) Within one hundred eighty (180) days (or such later time as mutually agreed by the Parties) following the Distribution Date, RemainCo shall cause the RemainCo Actuary to provide SpinCo with a revised calculation of the value, as of the Distribution Date, of the Plan Assets to be transferred to the SpinCo Pension Trust determined in accordance with the assumptions and valuation methodology set forth on Exhibit A attached hereto (the "Revised Pension Plan Transfer Amount"). Upon written notice to RemainCo, which must be given within thirty (30) days after SpinCo receives the Revised Pension Plan Transfer Amount from the RemainCo Actuary, SpinCo may submit, at its sole cost and expense, the Revised Pension Plan Transfer Amount to the SpinCo Actuary for verification; provided, that such verification process and any calculation performed by the SpinCo Actuary in connection therewith shall be performed solely on the basis of the assumptions and valuation methodology set forth on Exhibit A to this Agreement. In order to perform such verification, upon request from SpinCo, the SpinCo Actuary will receive the data and additional detailed methodology used to calculate the Initial Transfer Amount and the Revised Pension Plan Transfer Amount (if reasonably needed) from the RemainCo Actuary. SpinCo will be responsible for the cost and expense of the SpinCo Actuary and RemainCo will be responsible for the cost and expense for the RemainCo Actuary for such data transfer. In the event the SpinCo Actuary determines that the value, as of the Distribution Date, of the Plan Assets to be transferred to the SpinCo Pension Plan differs from the Revised Pension Plan Transfer Amount, the SpinCo Actuary shall identify in writing to the RemainCo Actuary all objections to the determination within sixty (60) days (or such longer period as mutually agreed by the Parties) following provision of the calculation of the Revised Pension Plan Transfer Amount to SpinCo pursuant to the first sentence of this paragraph (iv), and the SpinCo Actuary and RemainCo Actuary shall use good faith efforts to reconcile any such difference. If the SpinCo Actuary and the RemainCo Actuary fail to reconcile such difference, the SpinCo Actuary and the RemainCo Actuary shall jointly designate a third, independent actuary whose calculation of the value, as of the Distribution Date, of the Plan Assets to be transferred to the SpinCo Pension Trust shall be final and binding; provided, that such calculation must be performed within sixty (60) days (or such longer

period as mutually agreed by the Parties) following designation of such third actuary and in accordance with the assumptions and valuation methodology set forth on Exhibit A to this Agreement; and provided, further, that such value shall be between the value determined by the SpinCo Actuary and the Revised Pension Plan Transfer Amount or equal to either such value. RemainCo and SpinCo shall each pay one-half of the costs incurred in connection with the retention of such independent actuary. If (i) within thirty (30) days after SpinCo receives the Revised Pension Plan Transfer Amount from the RemainCo Actuary, SpinCo has not given RemainCo written notice that SpinCo is submitting the Revised Pension Plan Transfer Amount to the SpinCo Actuary for verification, or (ii) the SpinCo Actuary does not identify in writing to the RemainCo Actuary any objections to the determination of the Revised Pension Plan Transfer Amount within the time period described above, the Revised Pension Plan Transfer Amount shall be deemed to have been approved by SpinCo, and such amount shall be deemed to be the Final Pension Plan Transfer Amount (as defined below) and to have been determined as of the last day of the period during which the condition set forth in (i) or (ii) above that has not been satisfied could have been satisfied. The final, verified value, as of the Distribution Date, of the Plan Assets to be transferred to the SpinCo Pension Trust as determined in accordance with this Section 3.2(b)(iv) shall be referred to herein as the "Final Pension Plan Transfer Amount."

(v) Within forty-five (45) days (or such later time as mutually agreed by the Parties) following the determination of the Final Pension Plan Transfer Amount, RemainCo shall cause the RemainCo Pension Trust to transfer to the SpinCo Pension Trust (the date of such transfer, the "Final Transfer Date") an amount equal to (A) the Final Pension Plan Transfer Amount minus (B) the Initial Transfer Amount minus (C) any amounts that the RemainCo plan paid with respect to SpinCo participants after the Distribution Date and prior to the Initial Cash Transfer as described in Article 3.1 (such difference, as adjusted to reflect earnings or losses as described below, the "True-Up Amount"); provided, that, in the event the True-Up Amount is negative, RemainCo shall not be required to cause any such additional transfer and instead SpinCo shall be required to cause a transfer of cash, cash-like securities or other cash equivalents (or, if determined by RemainCo in its discretion, assets in kind) from the SpinCo Pension Trust to the RemainCo Pension Trust in amount equal to the True-Up Amount. The Parties acknowledge that the RemainCo Pension Trust's transfer of the True-Up Amount to the SpinCo Pension Trust shall be in full settlement and satisfaction of the obligations of RemainCo to cause the transfer of, and the RemainCo Pension Trust to transfer, Plan Assets to the SpinCo Pension Plan pursuant to this Section 3.2(b)(v). The True-Up Amount shall be paid from the RemainCo Pension Trust to the SpinCo Pension Trust, as determined by RemainCo in its discretion in kind, in cash, cash-like securities or other cash equivalents, and shall be adjusted to reflect earnings or losses during the period from the Distribution Date to the Final Transfer Date. Such earnings or losses shall be determined based on the actual rate of return of the RemainCo Pension Plan for the period from such last day of the month to the Final Transfer Date and ending on the last calendar month ending immediately prior to the Final Transfer Date determined as

administratively practicable to the Final Transfer Date. In the event that SpinCo is obligated to cause the SpinCo Pension Trust to reimburse the RemainCo Pension Trust pursuant to this Section 3.2(b)(v), such reimbursement shall be performed in accordance with the same principles set forth herein with respect to the payment of the True-Up Amount. The Parties acknowledge that the SpinCo Pension Trust's transfer of such reimbursement amount to the RemainCo Pension Trust shall be in full settlement and satisfaction of the obligations of SpinCo to cause the transfer of, and the SpinCo Pension Trust to transfer, assets to the RemainCo Pension Trust pursuant to this Section 3.2(b)(v).

- (c) <u>Continuation of Elections</u>. Effective as of the Distribution Date, SpinCo (acting directly or through a member of the SpinCo Group) shall cause the SpinCo Pension Plan to recognize and maintain all existing elections, including, but not limited to, beneficiary designations, payment form elections and rights of alternate payees under qualified domestic relations orders with respect to SpinCo Pension Plan Participants under the RemainCo Pension Plan.
- (d) <u>Terminated Non-Vested Employees</u>. Notwithstanding anything herein to the contrary, the RemainCo Pension Plan will retain all liabilities (if any) earned under the RemainCo Pension Plan in respect of any Former RemainCo Employee, and the SpinCo Pension plan will assume and retain all liabilities (if any) earned under the RemainCo Pension Plan in respect of any Former SpinCo Employee.

ARTICLE 4.

QUALIFIED DEFINED CONTRIBUTION PLANS

4.1 RemainCo Savings Plan; SpinCo Savings Plan.

- (a) <u>Establishment of the SpinCo Savings Plan</u>. Effective as of the Distribution Date, SpinCo shall, or shall have caused one or more members of the SpinCo Group to, establish a defined contribution plan and related trust for the benefit of SpinCo Participants who immediately prior to the Distribution Date were participants in, or entitled to present or future benefits under, the RemainCo Savings Plan (such defined contribution plan, the "<u>SpinCo Savings Plan</u>" and such SpinCo Participants, the "<u>SpinCo Savings Plan Participants</u>"). SpinCo shall be responsible for taking all necessary, reasonable and appropriate action to establish, maintain and administer the SpinCo Savings Plan so that it is qualified under Section 401(a) of the Code and that the related trust thereunder is exempt under Section 501(a) of the Code. SpinCo (acting directly or through one or more members of the SpinCo Group) shall be responsible for any and all liabilities and other obligations with respect to the SpinCo Savings Plan.
- (b) <u>Transfer of RemainCo Savings Plan Assets</u>. Not later than thirty (30) days following the Distribution Date (or such later time as mutually agreed by the Parties), RemainCo shall cause the trustee for the RemainCo Savings Trust to transfer in-kind the assets underlying the account balances (including any unvested balances, outstanding loan balances and forfeitures) held in the RemainCo Savings Trust for the SpinCo Savings Plan Participants (the "<u>SpinCo Savings Plan Assets</u>") to the SpinCo Savings Trust, and SpinCo shall cause the SpinCo

Savings Trust to accept the transfer of the SpinCo Savings Plan Assets. Effective as of the date of such transfer, SpinCo shall assume and fully perform, pay and discharge, all obligations of the RemainCo Savings Plan relating to the accounts of SpinCo Savings Plan Participants (to the extent the assets related to those accounts are actually transferred from the RemainCo Savings Trust to the SpinCo Savings Trust). The transfer of assets shall be conducted in accordance with Section 414(1) of the Code, Treasury Regulation Section 1.414(1)-1, and Section 208 of ERISA.

- (c) <u>Continuation of Elections</u>. Effective as of the Distribution Date, SpinCo (acting directly or through one or more members of the SpinCo Group) shall cause the SpinCo Savings Plan to recognize and maintain all existing elections, including, but not limited to, deferral, investment, and payment form elections, beneficiary designations, and the rights of alternate payees under qualified domestic relations orders with respect to SpinCo Savings Plan Participants under the RemainCo Savings Plan, to the extent such election or designation is available under the SpinCo Savings Plan.
- (d) Form 5310-A. No later than thirty (30) days prior to the date of the transfer of assets as contemplated under Section 4.1(b), RemainCo and SpinCo (each acting directly or through their respective affiliates) shall, to the extent necessary, file IRS Form 5310-A regarding the transfer of assets and liabilities from the RemainCo Savings Plan to the SpinCo Savings Plan as discussed in this Article IV.
- (e) <u>Contributions as of the Distribution Date</u>. All contributions payable to the RemainCo Savings Plan with respect to employee and employer contributions for SpinCo Savings Plan Participants through the Distribution Date, determined in accordance with the terms and provisions of the RemainCo Savings Plan, ERISA and the Code, shall be paid to the RemainCo Savings Plan prior to the date of the asset transfer described in Section 4.1(b) of this Agreement.

4.2 RemainCo Sales Executives Plan; SpinCo Sales Executives Plan

- (a) Establishment of the SpinCo Sales Executives Plan. Effective as of the Distribution Date, SpinCo shall, or shall have caused one or more members of the SpinCo Group to, establish a defined contribution plan and related trust for the benefit of SpinCo Participants who immediately prior to the Distribution Date were participants in, or entitled to present or future benefits under, the RemainCo Sales Executives Plan (such defined contribution plan, the "SpinCo Sales Executives Plan" and such SpinCo Participants, the "SpinCo Sales Executives Plan Participants"). SpinCo shall be responsible for taking all necessary, reasonable and appropriate action to establish, maintain and administer the SpinCo Sales Executives Plan so that it is qualified under Section 401(a) of the Code and that the related trust thereunder is exempt under Section 501(a) of the Code. SpinCo (acting directly or through one or more members of the SpinCo Group) shall be responsible for any and all liabilities and other obligations with respect to the SpinCo Sales Executives Plan.
- (b) <u>Transfer of RemainCo Sales Executives Plan Assets</u>. Not later than thirty (30) days following the Distribution Date (or such later time as mutually agreed by the Parties), RemainCo shall cause the trustee for the RemainCo Sales Executives Trust to transfer in-kind the assets underlying the account balances (including any unvested balances, outstanding loan

balances and forfeitures) held in the RemainCo Sales Executives Trust for the SpinCo Sales Executives Plan Participants (the SpinCo Sales Executives Plan Assets") to the SpinCo Sales Executives Trust, and SpinCo shall cause the SpinCo Sales Executives Trust to accept the transfer of the SpinCo Sales Executives Plan Assets. Effective as of the date of such transfer, SpinCo shall assume and fully perform, pay and discharge, all obligations of the RemainCo Sales Executives Plan relating to the accounts of SpinCo Sales Executives Plan Participants (to the extent the assets related to those accounts are actually transferred from the RemainCo Sales Executives Trust to the SpinCo Sales Executives Trust). The transfer of assets shall be conducted in accordance with Section 414(1) of the Code, Treasury Regulation Section 1.414(1)-1, and Section 208 of ERISA.

- (c) Continuation of Elections. Effective as of the Distribution Date, SpinCo (acting directly or through one or more members of the SpinCo Group) shall cause the SpinCo Sales Executives Plan to recognize and maintain all existing elections, including, but not limited to, investment and payment form elections, beneficiary designations, and the rights of alternate payees under qualified domestic relations orders with respect to SpinCo Sales Executives Plan Participants under the RemainCo Sales Executives Plan, to the extent such election or designation is available under the SpinCo Sales Executives Plan.
- (d) Form 5310-A. No later than thirty (30) days prior to the date of the transfer of assets as contemplated under Section 4.2(b), RemainCo and SpinCo (each acting directly or through their respective affiliates) shall, to the extent necessary, file IRS Form 5310-A regarding the transfer of assets and liabilities from the RemainCo Sales Executives Plan to the SpinCo Sales Executives Plan as discussed in this Article IV.

ARTICLE 5.

HEALTH AND WELFARE PLANS

5.1 Health And Welfare Plans.

- (a) Establishment of the SpinCo Welfare Plans. Prior to January 1, 2008, RemainCo maintained each of the health and welfare plans set forth on Exhibit B attached hereto (collectively, the "RemainCo Welfare Plans") and individually, a "RemainCo Welfare Plan") for the benefit of eligible RemainCo Participants and SpinCo Participants. Effective as of January 1, 2008, SpinCo adopted, for the benefit of eligible employees of members of the SpinCo Group, health and welfare plans, the terms of which are substantially comparable, in the aggregate, to the applicable terms of the RemainCo Welfare Plans as in effect immediately prior to January 1, 2008 (collectively, the "SpinCo Welfare Plans") and individually, a "SpinCo Welfare Plan").
 - (b) Terms of Participation in RemainCo Welfare Plans and SpinCo Welfare Plans
 - (i) <u>RemainCo Welfare Plans</u>. With respect to any individual who, on or after January 1, 2008 and prior to the Distribution Date, transfers employment from the SpinCo Group to the RemainCo Group and who is listed on <u>Exhibit C</u>, (each such individual a "<u>Transferred RemainCo Participant</u>"), RemainCo (acting directly or through

one or more members of the RemainCo Group) shall cause all RemainCo Welfare Plans to (i) waive all limitations as to preexisting conditions, exclusions, and service conditions with respect to participation and coverage requirements applicable to such individuals, other than limitations that were in effect with respect to such individuals as of the date of each such individual's transfer to the RemainCo Group under the analogous SpinCo Welfare Plans, (ii) honor any deductibles, out-of-pocket maximums, and co-payments incurred by such individuals under the SpinCo Welfare Plans in satisfying any applicable deductibles, out-of-pocket maximums or co-payments under a RemainCo Welfare Plan during the same plan year in which such deductibles, out-of-pocket maximums and co-payments were made, and (iii) waive any waiting period limitation or evidence of insurability requirement that would otherwise be applicable to such individuals following the date of each such individual's transfer to the RemainCo Group to the extent such individual had satisfied any similar limitation under the analogous SpinCo Welfare Plan.

(ii) SpinCo Welfare Plans. With respect to any individual who, on or after January 1, 2008 and prior to the Distribution Date, transfers employment from the RemainCo Group to the SpinCo Group and who is listed on Exhibit D (each such individual a "Transferred SpinCo Participant"), SpinCo (acting directly or through one or more members of the SpinCo Group) shall cause all SpinCo Welfare Plans to (i) waive all limitations as to preexisting conditions, exclusions, and service conditions with respect to participation and coverage requirements applicable to such Transferred SpinCo Participants, other than limitations that were in effect with respect to such Transferred SpinCo Participants as of the date of each such Transferred SpinCo Participant's transfer to the SpinCo Group under the analogous RemainCo Welfare Plans, (ii) honor any deductibles, out-of-pocket maximums, and co-payments incurred by such Transferred SpinCo Participants under the RemainCo Welfare Plans in satisfying any applicable deductibles, out-of-pocket maximums or co-payments under a SpinCo Welfare Plan during the same plan year in which such deductibles, out-of-pocket maximums and co-payments were made, and (iii) waive any waiting period limitation or evidence of insurability requirement that would otherwise be applicable to such Transferred SpinCo Participants following the date of each such Transferred SpinCo Participant's transfer to the SpinCo Group to the extent such Transferred SpinCo Participant had satisfied any similar limitation under the analogous RemainCo Welfare Plan.

(c) Continuation of Elections.

(i) <u>Transferred RemainCo Participants</u>. As of the date of each Transferred RemainCo Participant's transfer to the RemainCo Group, RemainCo (acting directly or through a member of the RemainCo Group) shall cause the RemainCo Welfare Plans to recognize and maintain all elections and designations (including all coverage and contribution elections and beneficiary designations) made by such Transferred RemainCo Participant under, or with respect to, the SpinCo Welfare Plans and apply such elections and designations under the RemainCo Welfare Plans for the remainder of the period or periods for which such elections or designations are by their original terms applicable, to the extent such election or designation is available under the corresponding RemainCo Welfare Plan.

- (ii) <u>Transferred SpinCo Participants</u>. As of the date of each Transferred SpinCo Participant's transfer to the SpinCo Group, SpinCo (acting directly or through a member of the SpinCo Group) shall cause the SpinCo Welfare Plans to recognize and maintain all elections and designations (including all coverage and contribution elections and beneficiary designations) made by such Transferred SpinCo Participant under, or with respect to, the RemainCo Welfare Plans and apply such elections and designations under the SpinCo Welfare Plans for the remainder of the period or periods for which such elections or designations are by their original terms applicable, to the extent such election or designation is available under the corresponding SpinCo Welfare Plan.
- (d) COBRA and HIPAA. Effective as of January 1, 2008, the SpinCo Welfare Plans assumed responsibility for compliance with the health care continuation coverage requirements of COBRA with respect to SpinCo Participants who, as of December 31, 2007, were covered under a RemainCo Welfare Plan pursuant to COBRA or who had a COBRA qualifying event (as defined in Code Section 4980B) prior to December 31, 2007. The Parties hereto agree that neither the Distribution nor any transfers of employment that occur as of the Distribution Date or otherwise in connection with the Distribution shall constitute a COBRA qualifying event for purposes of COBRA; provided, that, in all events, (i) SpinCo (acting directly or through a member of the SpinCo Group) shall assume, or shall have caused the SpinCo Welfare Plans to assume, responsibility for compliance with the health care continuation coverage requirements of COBRA with respect to the Transferred SpinCo Participants to the extent each such individual was, as of the day prior to his or her transfer of employment, covered under a RemainCo Welfare Plan pursuant to COBRA or who had a COBRA qualifying event (as defined in Code Section 4980B) prior to his or her transfer of employment, and (ii) RemainCo (acting directly or through a member of the RemainCo Group) shall assume, responsibility for compliance with the health care continuation coverage requirements of COBRA with respect to the Transferred RemainCo Participants to the extent each such individual was, as of the day prior to his or her transfer of employment, covered under a SpinCo Welfare Plan pursuant to COBRA or who had a COBRA qualifying event (as defined in Code Section 4980B) prior to his or her transfer of employment. RemainCo (acting directly or through a member of the RemainCo Group) shall be responsible for administering compliance with any certificate of creditable coverage requirements of HIPAA or Medicare applicable to the RemainCo Welfare Plans with respect to SpinCo Participants.

(e) Liabilities.

(i) Insured Benefits. With respect to employee welfare and fringe benefits that are provided through the purchase of insurance, (A) RemainCo shall cause the RemainCo Welfare Plans to fully perform, pay and discharge all claims of RemainCo Participants and SpinCo Participants that are incurred prior to January 1, 2008; (B) RemainCo shall cause the RemainCo Welfare Plans to fully perform, pay and discharge all claims that are incurred on or after January 1, 2008 by RemainCo Participants; and (C) SpinCo shall cause the SpinCo Welfare Plans to fully perform, pay and discharge all claims that are incurred on or after January 1, 2008 by SpinCo Participants. Notwithstanding the foregoing, (i) with respect to Transferred RemainCo Participants and their beneficiaries, dependents and alternate payees, SpinCo shall cause the SpinCo

Welfare Plans to fully perform, pay and discharge all claims that are incurred on or after January 1, 2008 by such individuals to the extent that, at the time a claim is incurred, the Transferred RemainCo Participant is an employee of a member of the SpinCo Group, and (ii) with respect to Transferred SpinCo Participants and their beneficiaries, dependents and alternate payees, RemainCo shall cause the RemainCo Welfare Plans to fully perform, pay and discharge all claims that are incurred on or after January 1, 2008 by such individuals to the extent that, at the time a claim is incurred, the Transferred SpinCo Participant is an employee of a member of the RemainCo Group.

(ii) Self-Insured Benefits. With respect to employee welfare and fringe benefits that are provided on a self-insured basis (other than short-term disability benefits), (A) RemainCo shall cause the RemainCo Welfare Plans to fully perform, pay and discharge all claims of RemainCo Participants and SpinCo Participants that are incurred (but not reported) prior to January 1, 2008, provided, however, that SpinCo shall reimburse RemainCo for all such claims paid by RemainCo with respect to an individual who, at the time the claim was incurred, was an employee (or a beneficiary, dependent or alternate payee of an employee) of a member of the SpinCo Group; (B) RemainCo shall cause the RemainCo Welfare Plans to fully perform, pay and discharge all claims that are incurred on or after January 1, 2008 by RemainCo Participants; and (C) SpinCo shall cause the SpinCo Welfare Plans to fully perform, pay and discharge all claims that are incurred on or after January 1, 2008 by SpinCo Participants. Notwithstanding the foregoing, (i) with respect to Transferred RemainCo Participants and their beneficiaries, dependents and alternate payees, SpinCo shall cause the SpinCo Welfare Plans to fully perform, pay and discharge all claims that are incurred on or after January 1, 2008 by such individuals to the extent that, at the time a claim is incurred, the Transferred RemainCo Participant is an employee of a member of the SpinCo Group, and (ii) with respect to Transferred SpinCo Participants and their beneficiaries, dependents and alternate payees, RemainCo shall cause the RemainCo Welfare Plans to fully perform, pay and discharge all claims that are incurred on or after January 1, 2008 by such individuals to the extent that, at the time a claim is incurred, the Transferred SpinCo Participant is an employee of a member of the RemainCo Group. Notwithstanding anything herein to the contrary, with respect to short-term disability benefits, RemainCo shall cause the appropriate RemainCo Welfare Plan to fully perform, pay and discharge all cl

(iii) Incurred Claim Definition. For purposes of this Section 5.1(e), a claim or liability is deemed to be incurred (A) with respect to medical, dental, vision and/or prescription drug benefits, upon the rendering of health services giving rise to such claim or liability; (B) with respect to life insurance, accidental death and dismemberment and business travel accident insurance, upon the occurrence of the event giving rise to such claim or liability; (C) with respect to long-term disability benefits, upon the date of an individual's disability, as determined by the disability benefit insurance carrier or claim administrator, giving rise to such claim or liability; and (D) with respect to a period of continuous hospitalization, upon the date of admission to the hospital.

5.2 Reimbursement Account Plan. Effective as of January 1, 2008, SpinCo established a health, dependent care, and adoption reimbursement account plan (the SpinCo Reimbursement Account Plan") with features that are comparable to those contained in the health, dependent care, and adoption reimbursement account plan maintained by RemainCo immediately prior to January 1, 2008 (the "RemainCo Reimbursement Account Plan"). RemainCo shall cause the RemainCo Reimbursement Account Plan to fully perform, pay and discharge all claims of RemainCo Participants and SpinCo Participants that are incurred (but not reported) prior to January 1, 2008, provided, however, that SpinCo shall reimburse RemainCo for all such claims paid by RemainCo with respect to an individual who, at the time the claim was incurred, was an employee (or a beneficiary, dependent or alternate payee of an employee) of a member of the SpinCo Group. Except as provided below with respect to Transferred RemainCo Participants and Transferred SpinCo Participants, RemainCo shall cause the RemainCo Reimbursement Account Plan to fully perform, pay and discharge all claims that are incurred on or after January 1, 2008 by each individual who, at the time the claim is incurred, is an employee (or a beneficiary, dependent or alternate payee of an employee) of a member of the RemainCo Group. Except as provided below with respect to Transferred RemainCo Participants and Transferred SpinCo Participants, SpinCo shall cause the SpinCo Reimbursement Account Plan to fully perform, pay and discharge all claims that are incurred on or after January 1, 2008 by each individual who, at the time the claim is incurred, is an employee (or a beneficiary, dependent or alternate payee of an employee) of a member of the SpinCo Group. No more than 45 days following the Distribution Date, RemainCo shall cause to be transferred to SpinCo an amount in cash equal to (i) the sum of all contributions to the RemainCo Reimbursement Account Plan made with respect to calendar year 2008 by or on behalf of all Transferred SpinCo Participants for periods before the date of each such Transferred SpinCo Participant's transfer to the SpinCo Group, reduced by (ii) the sum of all claims incurred in calendar year 2008 and paid by the RemainCo Reimbursement Account Plan with respect to all such Transferred SpinCo Participants, and the SpinCo Reimbursement Account Plan shall fully perform, pay and discharge all claims submitted by Transferred SpinCo Participants on or after the date of the cash transfer; provided, however, that if the amount described in (ii) above is greater than the amount described in (i) above, SpinCo shall cause to be transferred to RemainCo an amount in cash equal to the excess of (ii) over (i). No more than 45 days following the Distribution Date, SpinCo shall cause to be transferred to RemainCo an amount in cash equal to (i) the sum of all contributions to the SpinCo Reimbursement Account Plan made with respect to calendar year 2008 by or on behalf of all Transferred RemainCo Participants for periods before the date of each such Transferred RemainCo Participant's transfer to the RemainCo Group, reduced by (ii) the sum of all claims incurred in calendar year 2008 and paid by the SpinCo Reimbursement Account Plan with respect to all such Transferred RemainCo Participants, and the RemainCo Reimbursement Account Plan shall fully perform, pay and discharge all claims submitted by Transferred RemainCo Participants on or after the date of the cash transfer; provided, however, that if the amount described in (ii) above is greater than the amount described in (i) above, RemainCo shall cause to be transferred to SpinCo an amount in cash equal to the excess of (ii) over (i). All assets or obligations relating to all participants in the RemainCo Reimbursement Account Plan with respect to periods ending on or before December 31, 2007 will be retained by RemainCo.

5.3 Retiree Medical Coverage. Effective as of January 1, 2008, SpinCo adopted a retiree medical plan to provide retiree medical benefits substantially equivalent to those provided

under the RemainCo Welfare Plan providing retiree medical benefits (the "RemainCo Retiree Medical Plan") to SpinCo Participants who immediately prior to January 1, 2008 (or, with respect to a Transferred SpinCo Participant, the date of such Transferred SpinCo Participant's transfer to the SpinCo Group) were participants in the RemainCo Retiree Medical Plan (such retiree medical plan, the "SpinCo Retiree Medical Plan" and such SpinCo Participants, the "SpinCo Retiree Medical Plan Participants"). The SpinCo Retiree Medical Plan shall provide retiree medical benefits to employees of members of the SpinCo Group who terminate employment on or after January 1, 2008 under conditions entitling them to benefits under such plan. SpinCo (acting directly or through a member of the SpinCo Group) shall be responsible for any and all liabilities (including liabilities for funding) with respect to the SpinCo Retiree Medical Plan. Effective as of January 1, 2008, SpinCo has caused the SpinCo Retiree Medical Plan to assume, and to fully perform, pay and discharge, all accrued but unpaid benefits as of January 1, 2008, including incurred but unreported claims for benefits, and any credits under the RemainCo Retiree Medical Plan relating to all SpinCo Retiree Medical Plan Participants as of January 1, 2008 (or, with respect to a Transferred SpinCo Participant, the date of such Transferred SpinCo Participant's transfer to the SpinCo Group).

5.4 <u>Time-Off Benefits</u>. SpinCo shall credit each SpinCo Participant with the amount of accrued but unused vacation time, sick time and other time-off benefits as such SpinCo Participant had with the RemainCo Group as of the Distribution Date (or, with respect to a Transferred SpinCo Participant, the date of such Transferred SpinCo Participant's transfer to the SpinCo Group). Notwithstanding the above, SpinCo shall not be required to credit any SpinCo Participant with any accrual to the extent that a benefit attributable to such accrual is provided by the RemainCo Group. RemainCo shall credit each Transferred RemainCo Participant with the amount of accrued but unused vacation time, sick time and other time-off benefits as such Transferred RemainCo Participant had with the SpinCo Group as of the date of such Transferred RemainCo Participant's transfer to the RemainCo Group. Notwithstanding the above, RemainCo shall not be required to credit any Transferred RemainCo Participant with any accrual to the extent that a benefit attributable to such accrual is provided by the SpinCo Group.

ARTICLE 6.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

6.1 SpinCo Supplemental Pension Plan.

(a) <u>Establishment of SpinCo SERP</u>. Effective as of the Distribution Date, SpinCo shall, or shall cause a member of the SpinCo Group to, establish a non-qualified deferred compensation plan to benefit SpinCo Participants who have accrued, or were eligible to accrue, benefits under the RemainCo SERP immediately prior to the Distribution Date, the terms of which are substantially comparable, in the aggregate, to the terms of the RemainCo SERP as in effect immediately prior to the Distribution Date (the "<u>SpinCo SERP</u>"). Effective as of the Distribution Date, SpinCo hereby agrees to cause the SpinCo SERP to assume responsibility for all liabilities and fully perform, pay and discharge all obligations, when such obligations become due, of the RemainCo SERP with respect to all SpinCo Participants therein. SpinCo (acting directly or through a member of the SpinCo Group) shall be responsible for any and all liabilities (including liability for funding) and other obligations with respect to the SpinCo SERP.

(b) <u>Continuation of Elections</u>. As of the Distribution Date, SpinCo (acting directly or through a member of the SpinCo Group) shall cause the SpinCo SERP to recognize and maintain all elections (including deferral, distribution and investment elections) and beneficiary designations with respect to SpinCo Participants under the RemainCo SERP to the extent such elections or designations are available under the SpinCo SERP until a new election that by its terms supersedes such original election is made by the SpinCo Participant in accordance with applicable law and the terms and conditions of the SpinCo SERP.

6.2 SpinCo Board of Directors' Deferred Compensation Plan.

- (a) Establishment of SpinCo Board of Directors' Deferred Compensation Plan. Effective as of the Distribution Date, SpinCo shall, or shall cause a member of the SpinCo Group to, establish a non-qualified deferred compensation plan to benefit directors of SpinCo, the terms of which are substantially comparable, in the aggregate, to the terms of the RemainCo Board of Directors' Deferred Compensation Plan as in effect immediately prior to the Distribution Date (the "SpinCo Board of Directors' Deferred Compensation Plan"). Effective as of the Distribution Date, SpinCo hereby agrees to cause the SpinCo Board of Directors' Deferred Compensation Plan to assume responsibility for all liabilities and fully perform, pay and discharge all obligations, when such obligations become due, of the RemainCo Board of Directors' Deferred Compensation Plan with respect to all individuals who immediately prior to the Distribution were directors of RemainCo and who, after the Distribution Date, will serve as directors of SpinCo but not RemainCo ("SpinCo Directors") who have accrued, or were eligible to accrue, benefits under the RemainCo Board of Directors' Deferred Compensation Plan immediately prior to the Distribution Date. SpinCo (acting directly or through a member of the SpinCo Group) shall be responsible for any and all liabilities (including liability for funding) and other obligations with respect to the SpinCo Board of Directors' Deferred Compensation Plan.
- (b) Continuation of Elections. As of the Distribution Date, SpinCo (acting directly or through a member of the SpinCo Group) shall cause the SpinCo Board of Directors' Deferred Compensation Plan to recognize and maintain all elections (including deferral, distribution and investment elections) and beneficiary designations with respect to SpinCo Directors under the RemainCo Board of Directors' Deferred Compensation Plan to the extent such elections or designations are available under the SpinCo Board of Directors' Deferred Compensation Plan until a new election that by its terms supersedes such original election is made by the SpinCo Director in accordance with applicable law and the terms and conditions of the SpinCo Board of Directors' Deferred Compensation Plan.

6.3 SpinCo Executive Deferred Compensation Program.

(a) <u>Establishment of SpinCo Executive Deferred Compensation Program</u>. Effective as of the Distribution Date, SpinCo shall, or shall cause a member of the SpinCo Group to, establish a non-qualified deferred compensation plan to benefit SpinCo Participants who have accrued, or were eligible to accrue, benefits under the RemainCo Executive Deferred Compensation Program immediately prior to the Distribution Date, the terms of which are substantially comparable, in the aggregate, to the terms of the RemainCo Executive Deferred Compensation Program as in effect immediately prior to the Distribution Date (the "<u>SpinCo Executive Deferred Compensation Program</u>"). Effective as of the Distribution Date, SpinCo

hereby agrees to cause the SpinCo Executive Deferred Compensation Program to assume responsibility for all liabilities and fully perform, pay and discharge all obligations, when such obligations become due, of the RemainCo Executive Deferred Compensation Program with respect to all SpinCo Participants therein. SpinCo (acting directly or through a member of the SpinCo Group) shall be responsible for any and all liabilities (including liability for funding) and other obligations with respect to the SpinCo Executive Deferred Compensation Program.

(b) <u>Continuation of Elections</u>. As of the Distribution Date, SpinCo (acting directly or through a member of the SpinCo Group) shall cause the SpinCo Executive Deferred Compensation Program to recognize and maintain all elections (including deferral, distribution and investment elections) and beneficiary designations with respect to SpinCo Participants under the RemainCo Executive Deferred Compensation Program to the extent such elections or designations are available under the SpinCo Executive Deferred Compensation Program until a new election that by its terms supersedes such original election is made by the SpinCo Participant in accordance with applicable law and the terms and conditions of the SpinCo Executive Deferred Compensation Program.

ARTICLE 7.

LONG-TERM INCENTIVE AWARDS

7.1 Treatment of Outstanding RemainCo Options.

(a) RemainCo Directors and Employees. RemainCo shall take any and all action as shall be necessary or appropriate, including without limitation approval of the provisions of this Agreement, so that each RemainCo Option held on the Distribution Date by (1) an individual who immediately prior to the Distribution was a director of RemainCo and who, after the Distribution Date, will serve as a director of RemainCo but not SpinCo, or (2) a RemainCo Participant (other than a Former RemainCo Employee) shall remain an option to purchase RemainCo common stock issued under the RemainCo Stock Plan or the RemainCo 1996 Stock Plan (each such option, a "Remaining RemainCo Option"). Each Remaining RemainCo Option shall be subject to the same terms and conditions after the Distribution as the terms and conditions applicable to the corresponding RemainCo Option immediately prior to the Distribution, including the terms and conditions relating to vesting and the post-termination exercise period, with the intention that such adjustment satisfy the requirements of Section 424 of the Code and avoid treatment as nonqualified deferred compensation subject to Section 409A of the Code. The exercise price and number of shares subject to each Remaining RemainCo Option shall be adjusted as follows: (i) the number of shares of RemainCo common stock subject to each such Remaining RemainCo Option shall be equal to the product of (x) the number of shares of RemainCo common stock subject to the Code and avoid treatment as nonqualified deferred compensation subject to the corresponding RemainCo Option immediately prior to the Distribution Date and (y) the RemainCo Share Ratio, with fractional shares rounded to the nearest whole share and (ii) the per-share exercise price of each such Remaining RemainCo Option shall be equal to the product of (x) the per-share exercise price of the corresponding RemainCo Option immediately prior to the Distribution Date and (y) the RemainCo Option immediately prior to the Distribution Date and (y) the RemainCo O

- (b) SpinCo Directors and Employees. RemainCo and SpinCo shall take any and all action as shall be necessary or appropriate, including without limitation approval of the provisions of this Agreement, so that each RemainCo Option held on the Distribution Date by (1) an individual who immediately prior to the Distribution was a director of RemainCo and who, after the Distribution Date, will serve as a director of SpinCo but not RemainCo, or (2) a SpinCo Participant (other than a Former SpinCo Employee) shall be replaced with a substitute SpinCo Option (each such option, an "SpinCo Option") issued under the SpinCo Stock Plan, subject to terms and conditions after the Distribution that are substantially similar (to the extent practicable) to the terms and conditions applicable to the corresponding RemainCo Option immediately prior to the Distribution, including the terms and conditions relating to vesting and the post-termination exercise period, with the intention that such substitution satisfy the requirements of Section 424 of the Code and avoid treatment as nonqualified deferred compensation subject to Section 409A of the Code. The exercise price and number of shares subject to such SpinCo Option shall be determined as follows: (i) the number of shares of SpinCo common stock subject to each such SpinCo Option shall be equal to the product of (x) the number of shares of RemainCo common stock subject to the Distribution Date and (y) the SpinCo Share Ratio, with fractional shares rounded to the nearest whole share and (ii) the per-share exercise price of each such SpinCo Option shall be equal to the product of (x) the per-share exercise price of the corresponding RemainCo Option immediately prior to the Distribution Date and (y) the SpinCo Option will take into account all employment with both RemainCo and SpinCo, and their respective subsidiaries and affiliates, for purposes of determining when the SpinCo Option becomes exercisable.
- (c) RemainCo/SpinCo Directors and Former Employees. RemainCo and SpinCo shall take any and all action as shall be necessary or appropriate, including without limitation approval of the provisions of this Agreement, so that each RemainCo Option held on the Distribution Date by (1) an individual who immediately prior to the Distribution was a director of RemainCo and who, after the Distribution Date, will serve as a director of both RemainCo and SpinCo, (2) a Former RemainCo Employee, or (3) a Former SpinCo Employee shall be replaced with an adjusted RemainCo Option with an adjusted exercise price (a "Post-Distribution RemainCo Option") and a substitute SpinCo Option issued under the SpinCo Stock Plan, subject to terms and conditions after the Distribution that are substantially similar (to the extent practicable) to the terms and conditions applicable to the corresponding RemainCo Option immediately prior to the Distribution, including the terms and conditions relating to vesting and the post-termination exercise period, with the intention that such adjustment and substitution satisfy the requirements of Section 424 of the Code and avoid treatment as nonqualified deferred compensation subject to Section 409A of the Code. Such replacement will be implemented in a manner such that immediately following the Distribution (i) the number of shares relating to the Post-Distribution RemainCo Option will be equal to the number of shares of RemainCo common stock subject to the RemainCo Option represented outstanding shares of RemainCo common stock, and (iii) the per share option exercise price of the original RemainCo Option will be proportionally allocated between the Post-Distribution RemainCo Option and the substitute SpinCo Option based upon the RemainCo Option Stock Value and the SpinCo Stock

Value. Each Post-Distribution RemainCo Option and substituted SpinCo Option adjusted from or substituted for an original RemainCo Option described in this Section 7.1(c), when combined, will preserve the intrinsic value of such original RemainCo Option, and each will preserve the ratio from the original option of the exercise price to the fair market value of the stock subject to the option. Such options will take into account all employment with both RemainCo and SpinCo, and their respective subsidiaries and affiliates, for purposes of determining when the options become exercisable.

- (d) Non-U.S. Employees. RemainCo Options held by non-U.S. RemainCo Participants and non-U.S. SpinCo Participants shall be treated in the same manner as set forth in paragraphs (a)-(c) above, as applicable, unless it is determined that such treatment would result in adverse tax consequences under applicable non-U.S. tax laws, in which case such RemainCo Options shall be adjusted in an alternative manner that will, to the extent possible, avoid such adverse tax consequences.
- (e) Amendments and Waivers. Prior to the Distribution Date, RemainCo shall amend the RemainCo Stock Plan and/or outstanding RemainCo Options, as necessary, to provide that neither the Distribution nor a transfer of employment in connection with the Distribution (i) between members of the RemainCo Group, (ii) between members of the SpinCo Group, (iii) from a member of the RemainCo Group to a member of the SpinCo Group, or (iv) from a member of the SpinCo Group to a member of the RemainCo Group shall constitute a termination of employment for purposes of such RemainCo Options. Prior to the Distribution Date, RemainCo shall amend the RemainCo Stock Plan and/or outstanding RemainCo Options held by directors of RemainCo whose service as directors of RemainCo will cease in connection with the Distribution, as necessary, to provide that such options shall remain exercisable until the original expiration date of such options. Prior to the Distribution Date, RemainCo shall waive any applicable exercise or forfeiture restrictions with respect to outstanding RemainCo Options under the RemainCo 1996 Stock Plan held by SpinCo Participants that would otherwise apply as a result of the Distribution or a transfer of employment from a member of the RemainCo Group to a member of the SpinCo Group in connection with the Distribution.
- (f) Exercise of Options. Upon the exercise of a SpinCo Option, regardless of the holder thereof, the exercise price shall be paid to (or otherwise satisfied to the satisfaction of) SpinCo in accordance with the terms of the SpinCo Option, and SpinCo shall be solely responsible for the issuance of SpinCo common stock, for ensuring the withholding of all applicable tax on behalf of the employing entity of such holder, and for ensuring the remittance of such withholding taxes to the employing entity of such holder. Upon the exercise of a Remaining RemainCo Option or a Post-Distribution RemainCo Option, regardless of the holder thereof, the exercise price shall be paid to (or otherwise satisfied to the satisfaction of) RemainCo in accordance with the terms of the Remaining RemainCo Option or Post-Distribution RemainCo Option, and RemainCo shall be solely responsible for the issuance of RemainCo common stock, for ensuring the withholding of all applicable tax on behalf of the employing entity of such holder and for ensuring the remittance of such withholding taxes to the employing entity of such holder.
 - (g) Restriction on Exercisability of Options. The Parties acknowledge and agree that blackout periods may be implemented with respect to the Remaining RemainCo

Options, Post-Distribution RemainCo Options and the SpinCo Options for administrative reasons in accordance with the terms of the RemainCo Stock Plan or the SpinCo Stock Plan, as applicable.

7.2 Treatment of Outstanding RemainCo Deferred Stock Awards

- (a) RemainCo Directors and Employees. Subject to Section 7.2(d), RemainCo and SpinCo shall take any and all action as shall be necessary or appropriate, including without limitation approval of the provisions of this Agreement, so that, as of the Distribution Date, the number of shares of RemainCo Deferred Stock in the RemainCo Deferred Stock Account of (1) an individual who immediately prior to the Distribution was a director of RemainCo and who, after the Distribution Date, will serve as a director of RemainCo but not SpinCo, and (2) a RemainCo Participant (other than a Former RemainCo Employee) shall be adjusted such that the number of shares of RemainCo Deferred Stock in such RemainCo Deferred Stock in such RemainCo Deferred Stock Account shall equal the product of (x) the number of shares of RemainCo Deferred Stock in the RemainCo Deferred Stock Account immediately prior to the Distribution, multiplied by (y) the RemainCo Share Ratio. Such adjustment shall be intended to preserve the intrinsic value of the original RemainCo Deferred Stock Award and to avoid treatment as nonqualified deferred compensation subject to Section 409A of the Code.
- (b) SpinCo Directors and Employees. Subject to Section 7.2(d), RemainCo and SpinCo shall take any and all action as shall be necessary or appropriate, including without limitation approval of the provisions of this Agreement, so that each RemainCo Deferred Stock Award held by (1) an individual who immediately prior to the Distribution was a director of RemainCo and who, after the Distribution Date, will serve as a director of SpinCo but not RemainCo, and (2) a SpinCo Participant (other than a Former SpinCo Employee) will be replaced with a substitute SpinCo Deferred Stock Award issued under the SpinCo Stock Plan, subject to terms and conditions after the Distribution that are substantially similar (to the extent practicable) to the terms and conditions applicable to the corresponding RemainCo Deferred Stock Award immediately prior to the Distribution, with the intention that such substitution avoid treatment as nonqualified deferred compensation subject to Section 409A of the Code. It is intended that each substitute SpinCo Deferred Stock Award will preserve the intrinsic value of the original RemainCo Deferred Stock Award for which it was substituted by representing a number of shares of SpinCo common stock equal to the product of (x) the number of shares of RemainCo Deferred Stock in the RemainCo Deferred Stock Account immediately prior to the Distribution, multiplied by (y) the SpinCo Share Ratio. The Parties agree that unvested RemainCo Deferred Stock Awards (other than performance-based RemainCo Deferred Stock Awards) granted prior to December 2007 and held by individuals who immediately prior to the Distribution are employees of a member of the SpinCo Group shall become fully vested as of the Distribution Date and shall be paid according to their terms as adjusted in accordance with this paragraph.
- (c) <u>RemainCo/SpinCo Directors</u>. RemainCo and SpinCo shall take any and all action as shall be necessary or appropriate, including without limitation approval of the provisions of this Agreement, so that each individual who immediately prior to the Distribution was a director of RemainCo and who, after the Distribution Date, will serve as a director of both RemainCo and SpinCo will have each of his RemainCo Deferred Stock Awards replaced with an

adjusted RemainCo Deferred Stock Award and a substitute SpinCo Deferred Stock Award issued under the SpinCo Stock Plan, subject to terms and conditions after the Distribution that are substantially similar (to the extent practicable) to the terms and conditions applicable to the corresponding RemainCo Deferred Stock Award immediately prior to the Distribution, with the intention that such adjustment and substitution avoid treatment as nonqualified deferred compensation subject to Section 409A of the Code. Immediately following the Distribution (i) the number of shares of RemainCo Deferred Stock in such individual's RemainCo Deferred Stock Account shall equal the number of shares of RemainCo Deferred Stock in such RemainCo Deferred Stock Account immediately prior to the Distribution, and (ii) the substitute SpinCo Deferred Stock Award shall represent the number of shares of SpinCo common stock that such individual would have received in the Distribution had he held the number of shares in his RemainCo Deferred Stock Account immediately prior to the Distribution, with the intention that such adjustment and substitution avoid treatment as nonqualified deferred compensation subject to Section 409A of the Code.

- (d) <u>Vesting and Distribution of Deferred Stock Awards</u> Notwithstanding Sections 7.2(a) and (b), RemainCo and SpinCo shall take any and all action as shall be necessary or appropriate, including without limitation approval of the provisions of this Agreement, so that each RemainCo Participant and each SpinCo Participant who has made an election to defer payment of a RemainCo Deferred Stock Award will have the portion of their RemainCo Deferred Stock Awards to which such election applies replaced with an adjusted RemainCo Deferred Stock Award and a substitute SpinCo Deferred Stock Award issued under the SpinCo Stock Plan. Immediately following the Distribution, with respect to the portion of the RemainCo Deferred Stock Awards to which the deferral election applies, (i) the number of shares of RemainCo Deferred Stock Account immediately prior to the Distribution, and (ii) the substitute SpinCo Deferred Stock Award shall represent the number of shares of SpinCo common stock that such individual would have received in the Distribution had he held the number of shares in his RemainCo Deferred Stock Account immediately prior to the Distribution, with the intention that such adjustment and substitution preserve the intrinsic value of the original RemainCo Deferred Stock Award and avoid treatment as nonqualified deferred compensation subject to Section 409A of the Code.
- (e) Non-U.S. Employees. RemainCo Deferred Stock Awards held by non-U.S. RemainCo Participants and non-U.S. SpinCo Participants shall be treated in the same manner as set forth in paragraphs (a)-(d) above, as applicable, unless it is determined that such treatment would result in adverse tax consequences under applicable non-U.S. tax laws, in which case such RemainCo Deferred Stock Awards shall be adjusted in an alternative manner that will, to the extent possible, avoid such adverse tax consequences
- (f) <u>Amendments</u>. Prior to the Distribution Date, RemainCo shall amend the RemainCo Stock Plan and/or outstanding RemainCo Deferred Stock Awards, as necessary, to provide that (i) neither the Distribution nor a transfer of employment in connection with the Distribution (A) between members of the RemainCo Group, (B) between members of the SpinCo Group, (C) from a member of the RemainCo Group to a member of the SpinCo Group, or (D) from a member of the SpinCo Group to a member of the RemainCo Group shall constitute a termination of employment for purposes of such RemainCo Deferred Stock Awards, and (ii)

awards that were granted on April 5, 2007 that are subject to vesting based on certain performance goals shall vest based solely on the achievement of the performance goals of each holder's post-Distribution employer (i.e., RemainCo or SpinCo) after year one of the applicable three year performance period. Prior to the Distribution Date, RemainCo shall amend the RemainCo Stock Plan and RemainCo Deferred Stock Awards held by RemainCo directors who, after the Distribution, will serve as directors of SpinCo, as necessary, to allow such directors to make new elections providing that the underlying common stock will be delivered on the six month anniversary of the date the director ceases to be a director of SpinCo, provided that any such election to defer shall be conditioned on the occurrence of the Distribution.

- (g) <u>Vesting of Deferred Stock Awards</u>. Except with respect to the RemainCo Deferred Stock Awards that vest as described in Section 7.2(b), upon the vesting of the RemainCo Deferred Stock Awards, RemainCo shall be solely responsible for the settlement of all RemainCo Deferred Stock Awards, regardless of the holder thereof, and for ensuring the satisfaction of all applicable tax withholding requirements on behalf of the employing entity of such holder and for ensuring the remittance of such withholding taxes to the employing entity of such holder. Upon the vesting of the RemainCo Deferred Stock Awards that vest as described in Section 7.2(b) and the SpinCo Deferred Stock Awards, SpinCo shall be solely responsible for the settlement of all such awards, regardless of the holder thereof, and for ensuring the satisfaction of all applicable tax withholding requirements on behalf of the employing entity of such holder and for ensuring the remittance of such withholding taxes to the employing entity of such holder.
- 7.3 Cooperation. Each of the Parties shall establish an appropriate administration system in order to handle, in an orderly manner, exercises of RemainCo Options and SpinCo Options and the settlement of RemainCo Deferred Stock Awards and SpinCo Deferred Stock Awards. Each of the Parties will work together to unify and consolidate all indicative data and payroll and employment information on regular timetables and make certain that each applicable entity's data and records in respect of such awards are correct and updated on a timely basis. The foregoing shall include employment status and information required for tax withholding/remittance, compliance with trading windows and compliance with the requirements of the Securities Exchange Act and other applicable laws.
- **7.4** SEC Registration. The Parties mutually agree to use commercially reasonable efforts to maintain effective registration statements with the SEC with respect to the long-term incentive awards described in this Article VII, to the extent any such registration statement is required by applicable law.
- 7.5 Savings Clause. The Parties hereby acknowledge that the provisions of this Article VII are intended to achieve certain tax, legal and accounting objectives and, in the event such objectives are not achieved, the Parties agree to negotiate in good faith regarding such other actions that may be necessary or appropriate to achieve such objectives.

ARTICLE 8.

ADDITIONAL COMPENSATION MATTERS; SEVERANCE

8.1 Annual Incentive Awards.

- (a) SpinCo Assumption of Annual Incentive Liability. Effective as of the Distribution Date, SpinCo shall assume or retain, as applicable, responsibility for all liabilities and fully perform, pay and discharge all obligations, when such obligations become due, relating to any annual incentive awards that any SpinCo Participant is eligible to receive with respect to fiscal year 2008 and, effective as of the Distribution Date, RemainCo shall have no obligation with respect to any such annual incentive award.
- (b) RemainCo Assumption of Annual Incentive Liability. Effective as of the Distribution Date, RemainCo shall assume or retain, as applicable, responsibility for all liabilities and fully perform, pay and discharge all obligations, when such obligations become due, relating to any annual incentive awards that any RemainCo Participant is eligible to receive with respect to fiscal year 2008 and, effective as of the Distribution Date, SpinCo shall have no obligation with respect to any such annual incentive award.
- (c) <u>Establishment of SpinCo Annual Incentive Plan.</u> Effective as of the Distribution Date, SpinCo shall have adopted an annual incentive plan which shall permit the issuance of annual incentive awards on terms and conditions substantially comparable to those under the RemainCo Short-Term Incentive Compensation Plan (provided that the payment amounts and individual performance criteria shall be established in the discretion of the SpinCo Board of Directors or the SpinCo Committee).
- (d) <u>Adjustment of Outstanding Awards</u>. Effective as of the Distribution Date, RemainCo and SpinCo shall adjust any outstanding annual incentive awards for RemainCo Participants and SpinCo Participants, respectively, so that such awards' payout calculations shall be based solely on the RemainCo Participants' and SpinCo Participants' post-Distribution employer's financial performance.

8.2 Individual Arrangements.

- (a) <u>RemainCo Individual Arrangements</u>. RemainCo acknowledges and agrees that, except as otherwise provided herein, it shall have full responsibility with respect to any liabilities and the payment or performance of any obligations arising out of or relating to any employment, consulting, non-competition, retention or other compensatory arrangement previously provided by any member of the RemainCo Group or SpinCo Group to any RemainCo Participant, including life insurance policies not held in any trust and covering any RemainCo Participant.
- (b) SpinCo Individual Arrangements. SpinCo acknowledges and agrees that, except as otherwise provided herein, it shall have full responsibility with respect to any liabilities and the payment or performance of any obligations arising out of or relating to any employment, consulting, non-competition, retention or other compensatory arrangement previously provided

by any member of the RemainCo Group or SpinCo Group to any SpinCo Participant, including life insurance policies not held in any trust and covering any SpinCo Participant.

8.3 Severance Plans.

- (a) <u>Establishment of SpinCo Severance Plans</u>. Effective as of the Distribution Date, SpinCo shall take all steps necessary to establish for SpinCo Employees a severance plan which provides severance benefits comparable to those provided under the RemainCo Severance Plan (such SpinCo severance plan referred to herein as the "<u>SpinCo Severance Plan</u>").
- (b) <u>Assumption of Severance Liabilities</u>. Effective as of the Distribution Date, SpinCo shall assume or retain, as applicable, responsibility for all liabilities and fully perform, pay and discharge all obligations, when such obligations become due, relating to any severance benefit to which a SpinCo Participant is entitled under a RemainCo Severance Plan as of the Distribution Date. Likewise, RemainCo shall assume or retain, as applicable, responsibility for all liabilities and fully perform, pay and discharge all obligations, when such obligations become due, relating to any severance benefit to which a RemainCo Participant is entitled under a RemainCo Severance Plan as of the Distribution Date.
- (c) Effect of the Separation on Severance. RemainCo and SpinCo acknowledge and agree that the transaction contemplated by the Distribution Agreement, in and of itself, will not constitute a termination of employment of any SpinCo Participant for purposes of any policy, plan, program or agreement of RemainCo or SpinCo or any member of the RemainCo Group or SpinCo Group that provides for the payment of severance, separation pay, salary continuation or similar benefits in the event of a termination of employment.

8.4 Workers' Compensation Liabilities.

- (a) <u>Pre-Distribution Date Claims</u>. Except as set forth below, all workers' compensation liabilities relating to, arising out of, or resulting from any claim by a SpinCo Employee or Former SpinCo Employee that results from an accident, incident or event occurring, or from an occupational disease which becomes manifest, before the Distribution Date shall be retained by SpinCo. Notwithstanding the foregoing, SpinCo shall not assume or retain any workers' compensation liability relating to, arising out of, or resulting from any claim by a SpinCo Employee that results from an accident, incident or event occurring, or from an occupational disease which becomes manifest, while such SpinCo Employee was employed by any member of the RemainCo Group (such a claim, a "RemainCo Retained Claim"). All workers' compensation liabilities relating to, arising out of, or resulting from (i) any RemainCo Retained Claim or (ii) any claim by a RemainCo Employee or Former RemainCo Employee that results from an accident, incident, or event occurring, or from an occupational disease which becomes manifest before the Distribution Date shall be retained by RemainCo.
- (b) <u>Post-Distribution Date Claims</u>. All workers' compensation liabilities relating to, arising out of, or resulting from any claim by a SpinCo Employee or Former SpinCo Employee that results from an accident, incident or event occurring, or from an occupational disease which becomes manifest, on or after the Distribution Date shall be retained by SpinCo. All workers' compensation liabilities relating to, arising out of, or resulting from any claim by a

RemainCo Employee or Former RemainCo Employee that results from an accident, incident or event occurring, or from an occupational disease which becomes manifest, on or after the Distribution Date shall be retained by RemainCo.

- (c) <u>General</u>. For purposes of this Section 8.4, a compensable injury shall be deemed to be sustained upon the occurrence of the event giving rise to eligibility for workers' compensation benefits or an occupational disease becomes manifest, as the case may be. RemainCo and SpinCo shall cooperate in good faith with respect to the notification to appropriate governmental agencies of the Distribution and the issuance of new workers' compensation insurance policies or program of self-insurance and claims handling contracts.
- 8.5 Sections 162(m)/409A. Notwithstanding anything in this Agreement to the contrary (including the treatment of supplemental and deferred compensation plans, outstanding long-term incentive awards and annual incentive awards as described herein), the Parties agree to negotiate in good faith regarding the need for any treatment different from that otherwise provided herein to ensure that (i) a federal income tax deduction for the payment of such supplemental or deferred compensation or long-term incentive award, annual incentive award or other compensation is not limited by reason of Section 162(m) of the Code (to the extent that such result is intended under the applicable RemainCo Benefit Plan), and (ii) the treatment of such supplemental or deferred compensation or long-term incentive award, annual incentive award or other compensation does not cause the imposition of a tax under Section 409A of the Code.
- **8.6** <u>Director Fees.</u> RemainCo shall retain responsibility for the payment of any fees payable in respect of service on the RemainCo Board of Directors that are payable but not yet paid as of the Distribution Date, and SpinCo shall have no responsibility for any such payments.

ARTICLE 9.

INDEMNIFICATION

9.1 General Indemnification. Any claim for indemnification under this Agreement shall be governed by, and be subject to, the provisions of Article III of the Distribution Agreement, which provisions are hereby incorporated by reference into this Agreement and any references to "Agreement" in such Article III as incorporated herein shall be deemed to be references to this Agreement.

ARTICLE 10.

GENERAL AND ADMINISTRATIVE

10.1 Separate Plans. Each SpinCo Benefit Plan is intended to constitute a separate, "single employer" plan so that no "multiple employer" plan (as described in Code Section 413(c)) or "multiple employer welfare arrangement" (as defined in ERISA Section 3(40)) shall exist with respect to RemainCo and SpinCo. Notwithstanding the foregoing, RemainCo and SpinCo may arrange with third parties providing services with respect to RemainCo Benefit Plans immediately prior to the Distribution (including, but not limited to, administrative services,

claims processing services, trustee services and stop-loss coverage) to continue such services on a shared basis for a period of time after the Distribution Date. RemainCo and SpinCo agree to share the costs of any such shared services during such period on a per-participant basis.

- 10.2 Sharing Of Information. RemainCo and SpinCo (acting directly or through their respective affiliates) shall provide to the other and their respective agents and vendors all information as the other may reasonably request to enable the requesting Party to administer efficiently and accurately each of its Benefit Plans and to determine the scope of, as well as fulfill, its obligations under this Agreement. Such information shall, to the extent reasonably practicable, be provided in the format and at the times and places requested, but in no event shall the Party providing such information be obligated to incur any out-of-pocket expenses not reimbursed by the Party making such request or make such information available outside of its normal business hours and premises. Any information shared or exchanged pursuant to this Agreement shall be subject to the confidentiality requirements set forth in the Distribution Agreement. The Parties also hereby agree to enter into any business associate agreements that may be required for the sharing of any information pursuant to this Agreement to comply with the requirements of HIPAA.
- 10.3 Reasonable Efforts/Cooperation. Each of the Parties hereto will use its commercially reasonable efforts to promptly take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate the transactions contemplated by this Agreement, including adopting plans or plan amendments. Each of the Parties hereto shall cooperate fully on any issue relating to the transactions contemplated by this Agreement for which the other Party seeks a determination letter or private letter ruling from the IRS, an advisory opinion from the DOL or any other filing, consent or approval with respect to or by a Governmental Authority.
- 10.4 Employer Rights. Nothing in this Agreement shall prohibit SpinCo or any SpinCo affiliate from amending, modifying or terminating any SpinCo Benefit Plan at any time within its sole discretion. In addition, nothing in this Agreement shall prohibit RemainCo or any RemainCo affiliate from amending, modifying or terminating any RemainCo Benefit Plan at any time within its sole discretion.
- **10.5** Effect on Employment. Nothing in this Agreement is intended to confer upon any employee or former employee of RemainCo, SpinCo or either of their respective affiliates any right to continued employment, or any recall or similar rights to an individual on layoff or any type of approved leave.
- 10.6 <u>Consent Of Third Parties</u> If any provision of this Agreement is dependent on the consent of any third party and such consent is withheld, the Parties hereto shall use their reasonable best efforts to implement the applicable provisions of this Agreement to the fullest extent practicable. If any provision of this Agreement cannot be implemented due to the failure of such third party to consent, the Parties hereto shall negotiate in good faith to implement the provision in a mutually satisfactory manner.
- 10.7 Access To Employees. Following the Distribution Date, RemainCo and SpinCo shall, or shall cause each of their respective affiliates to, make available to each other those of

their employees who may reasonably be needed in order to defend or prosecute any legal or administrative action (other than a legal action between RemainCo and SpinCo) to which any employee, director or Benefit Plan of the RemainCo Group or SpinCo Group is a party and which relates to their respective Benefit Plans prior to the Distribution Date. The Party to whom an employee is made available in accordance with this Section 10.7 shall pay or reimburse the other Party for all reasonable expenses which may be incurred by such employee in connection therewith, including all reasonable travel, lodging, and meal expenses, but excluding any amount for such employee's time spent in connection herewith.

- 10.8 Beneficiary Designation/Release Of Information/Right To Reimbursement To the extent permitted by applicable law and except as otherwise provided for in this Agreement, all beneficiary designations, authorizations for the release of information and rights to reimbursement made by or relating to SpinCo Participants under RemainCo Benefit Plans shall be transferred to and be in full force and effect under the corresponding SpinCo Benefit Plans until such beneficiary designations, authorizations or rights are replaced or revoked by, or no longer apply, to the relevant SpinCo Participant.
- 10.9 Not A Change In Control The Parties hereto acknowledge and agree that the transactions contemplated by the Distribution Agreement and this Agreement do not constitute a "change in control" for purposes of any RemainCo Benefit Plan or SpinCo Benefit Plan.

ARTICLE 11.

MISCELLANEOUS

- 11.1 Effect If Distribution Does Not Occur. Notwithstanding anything in this Agreement to the contrary, if the Distribution Agreement is terminated prior to the Distribution Date, then all actions and events that are, under this Agreement, to be taken or occur effective prior to, as of or following the Distribution Date, or otherwise in connection with the Distribution, shall not be taken or occur except to the extent specifically agreed to in writing by RemainCo and SpinCo and neither Party shall have any liability or further obligation to the other Party under this Agreement.
- 11.2 <u>Relationship Of Parties</u>. Nothing in this Agreement shall be deemed or construed by the Parties or any third party as creating the relationship of principal and agent, partnership or joint venture between the Parties, it being understood and agreed that no provision contained herein, and no act of the Parties, shall be deemed to create any relationship between the Parties other than the relationship set forth herein.
- 11.3 Affiliates. Each of RemainCo and SpinCo shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by each of their affiliates, respectively.
- 11.4 Notices. All notices, requests, claims, demands and other communications under this Agreement, as between the Parties, shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt unless the day of receipt is not a Business Day, in which case it shall be deemed to have been duly given or made on the next

following Business Day) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 11.4):

To RemainCo:

Hillenbrand Industries, Inc. (to be renamed Hill-Rom Holdings, Inc.) 700 State Route 46 East Batesville, IN 47006-8835 c/o Corporate Secretary

To SpinCo:

Batesville Holdings, Inc. (to be renamed Hillenbrand, Inc.) One Batesville Road Batesville, IN 47006 c/o Corporate Secretary

- 11.5 Entire Agreement. This Agreement, the Distribution Agreement, and each other related agreement, including any annexes, schedules and exhibits hereto and thereto, as well as any other agreements and documents referred to herein and therein, shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter. In the event of any inconsistency between this Agreement and any Exhibit hereto, the Exhibit shall prevail.
- 11.6 Waivers. The failure of any Party to require strict performance by any other Party of any provision in this Agreement will not waive or diminish that Party's right to demand strict performance thereafter of that or any other provision hereof.
- 11.7 <u>Amendments</u>. Subject to the terms of Section 11.8 of this Agreement, this Agreement may not be modified or amended except by an agreement in writing signed by each of the Parties.
- 11.8 Termination, Etc. This Agreement (including Article IX hereof (Indemnification)) may be terminated and abandoned at any time prior to the Distribution Date by and in the sole discretion of RemainCo without the approval of SpinCo or the stockholders of RemainCo and it shall be deemed terminated if and when the Distribution Agreement is terminated. In the event of such termination, no Party shall have any liability of any kind to any other Party or any other Person. After the Distribution Date, this Agreement may not be terminated except by an agreement in writing signed by each of the Parties.
- 11.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana (other than the laws regarding choice of laws and conflicts of laws) as to all matters, including matters of validity, construction, effect, performance and remedies.

- 11.10 Dispute Resolution. Any controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity, termination or breach of this Agreement or otherwise arising out of, or in any way related to this Agreement or the transactions contemplated hereby, including any claim based on contract, tort, statute or constitution (but excluding any controversy, dispute or claim arising out of any contract relating to the use or lease of real property if any third party is a necessary party to such controversy, dispute or claim) (collectively, "Agreement Dispute"), shall be governed by, and be subject to, the provisions of Article VI of the Distribution Agreement, which provisions (and related defined terms) are hereby incorporated by reference into this Agreement and any references to "Agreement" in such Article VI as incorporated herein shall be deemed to be references to this Agreement; provided, however, any references to "Agreement" in such Article VI as incorporated herein shall be deemed to be references to this Agreement and Agreement Disputes as defined in this Agreement. Notwithstanding the foregoing provisions of this Section 11.10, (i) disputes regarding the amount of the Final Pension Plan Transfer Amount or True-Up Amount shall be determined exclusively pursuant to the dispute resolution procedures set out in Section 3.2 of this Agreement, (ii) no notice of dispute relating to the characterization of an individual as a RemainCo Employee, SpinCo Employee, Former RemainCo Employee or Former SpinCo Employee may be provided under this Section 11.10 more than one hundred eighty (180) days after the Distribution, and (iii) no notice of dispute may be provided under this Section 11.10 after the second anniversary of the Distribution Date.
- 11.11 <u>Titles and Headings</u>. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.
- 11.12 Counterparts. This Agreement may be executed in more than one counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Parties.
- 11.13 <u>Assignment</u>. Except as otherwise provided for in this Agreement, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by any Party without the prior written consent of the other Party, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void; <u>provided, that,</u> a Party may assign this Agreement in connection with a merger transaction in which such Party is not the surviving entity or the sale by such Party of all or substantially all of its assets; and <u>provided, further,</u> that the surviving entity of such merger or the transferee of such assets shall agree in writing, reasonably satisfactory to the other Parties, to be bound by the terms of this Agreement as if named as a "Party" hereto.
- 11.14 Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

- 11.15 <u>Successors and Assigns</u>. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors and permitted transferees and assigns.
 - 11.16 Exhibits. The Exhibits shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.
- 11.17 Specific Performance. The Parties agree that irreparable damage would occur in the event that the provisions of this Agreement were not performed in accordance with their specific terms. Accordingly, it is hereby agreed that the Parties shall be entitled to (i) an injunction or injunctions to enforce specifically the terms and provisions hereof in any arbitration in accordance with Section 11.10 of this Agreement, (ii) provisional or temporary injunctive relief in accordance therewith in any Indiana Court, and (iii) enforcement of any such award of an arbitral tribunal or an Indiana Court in any court of the United States, or any other any court or tribunal sitting in any state of the United States or in any foreign country that has jurisdiction, this being in addition to any other remedy or relief to which they may be entitled.
- 11.18 Waiver of Jury Trial SUBJECT TO SECTIONS 11.10 AND 11.17 OF THIS AGREEMENT, EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY COURT PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF AND PERMITTED UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.18.
- 11.19 Force Majeure. No Party (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other Party of the nature and extent of any such Force Majeure condition and (b) use due diligence to remove any such causes and resume performance under this Agreement as soon as reasonably practicable.
- 11.20 <u>Authorization</u>. Each of the Parties hereby represents and warrants that it has the power and authority to execute, deliver and perform this Agreement, that this Agreement has been duly authorized by all necessary corporate action on the part of such Party, that this Agreement constitutes a legal, valid and binding obligation of each such Party and that the execution, delivery and performance of this Agreement by such Party does not contravene or

conflict with any provision of law or of its charter or bylaws or any material agreement, instrument or order binding on such Party.

- 11.21 No Third-Party Beneficiaries. Except as otherwise expressly provided in this Agreement, this Agreement is solely for the benefit of the Parties and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.
- 11.22 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.			
	HILLENBRAND INDUSTRIES, INC.		
	By: Name: Title:		
	BATESVILLE HOLDINGS, INC.		
	By: Name: Title: -38-		

EXHIBIT A

Assumptions And Valuation Methodology for Purposes of Section 3.2(b)

Mortality Rates — Per PBGC Regulation Section 4044.53.

Interest Rates — Per PBGC Regulation Section 4044.52 and Appendix B thereto.

Expected Retirement Age — Per Regulation Section 4044.55 and assuming beginning-of-year decrement. Early retirement subsidies will be taken into account in the value of accrued benefits by reflecting a grow-in of early retirement eligibility by including projected future eligibility service.

 $Pre retirement\ With drawal/Disability\ Rates --None\ assumed.$

Expense Loading — None assumed.

EXHIBIT B

RemainCo Welfare Plans

Medical Plan

Dental Plan

Vision Plan

Basic Employee Life Insurance

Supplemental Life and Dependent Life Insurance

Basic Employee AD&D

Voluntary AD&D and Dependent AD&D

Long Term Disability

Voluntary Long Term Disability

Short Term Disability

Employee Assistance Program

Health Care Flexible Spending Account

Dependent Care Flexible Spending Account

Adoption Assistance Flexible Spending Account

Limited Scope Flexible Spending Account

Business Travel Accident

Tuition Reimbursement

Vacation and Holiday Policies

EXHIBIT C

Transferred RemainCo Participants

EXHIBIT D

Transferred SpinCo Participants

JUDGMENT SHARING AGREEMENT
BY AND AMONG
HILLENBRAND INDUSTRIES, INC.
BATESVILLE HOLDINGS, INC.

AND

BATESVILLE CASKET COMPANY, INC.

Dated as of March _____, 2008

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JUDGMENT SHARING AGREEMENT

THIS JUDGMENT SHARING AGREEMENT, dated as of March ____, 2008 (this "Agreement"), is entered into by and among Hillenbrand Industries, Inc., an Indiana corporation ("HI"), Batesville Holdings, Inc., an Indiana corporation ("BSI Parent"), and Batesville Casket Company, Inc., an Indiana corporation (BSI"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in Article I.

WITNESSETH:

WHEREAS, HI currently owns all the issued and outstanding capital stock of BSI Parent, and BSI is an indirect wholly owned subsidiary of BSI Parent;

WHEREAS, the Board of Directors of HI is currently considering (a) the spin-off of its entire ownership interest in BSI Parent through a distribution of all the outstanding shares of capital stock of BSI Parent to the shareholders of HI (the "Distribution") and (b) the change of the names of HI and BSI Parent to Hill-Rom Holdings, Inc. and Hillenbrand, Inc., respectively, on or prior to the record date for the Distribution; and

WHEREAS, HI and BSI are each named as codefendants in the BSI Litigation Matters and as such, may become jointly and severally liable for the payment of damages assessed in that litigation;

NOW, THEREFORE, in consideration of the mutual promises, covenants and obligations herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

1.01 General. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

AAA: as defined in Section 3.04(a).

Action: any claim, suit, action, mediation, arbitration, inquiry, investigation or other proceeding of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any mediator, arbitrator or Governmental Authority.

<u>affiliate</u>: with respect to any specified Person, a Person that directly, or indirectly through one or more intermediaries, controlls, is controlled by, or is under common control with, such specified Person; provided, however, that for purposes of this Agreement, no member of either Group and no officer or director of any member of either Group shall be deemed to be an affiliate of any member of the other Group.

Agreement: as defined in the preamble to this Agreement.

Applicable Deadline: as defined in Section 3.03(b).

Applicable Rate: the rate of interest applicable from time to time to the indebtedness outstanding under a Person's senior bank credit facility or, if no such indebtedness is outstanding, the Base Rate.

Arbitration Act: the United States Arbitration Act, 9 U.S.C. ss.ss 1-16, as the same may be amended from time to time.

Arbitration Demand Date: as defined in Section 3.03(a).

Arbitration Demand Notice: as defined in Section 3.03(a).

Base Rate: the rate which Citibank, N.A. (or any successor thereto or other major money center commercial bank agreed to by the parties hereto) announces from time to time as its base lending rate, as in effect from time to time.

best efforts: a Person's good faith best efforts to achieve a goal as expeditiously as possible, which may require the incurrence of expense or hardship in order to achieve the reasonable expectations of another party as agreed hereunder.

BSI: as defined in the preamble of this Agreement, including its successors and permitted assigns.

BSI Funding Component: with respect to each BSI Litigation Matter, the sum of the Initial BSI Funding Tranche and the Second BSI Funding Tranche, if any.

BSI Group: BSI Parent and the BSI Subsidiaries.

BSI Litigation Funding Obligation: with respect to each BSI Litigation Matter, the aggregate amount that HI and/or BSI are required to pay or post in cash (a) to satisfy in whole a claim (including, if any, interest, penalties, attorneys fees and court costs) arising from such BSI Litigation Matter if and only upon such claim being Finally Determined, or (b) to post a supersedeas bond (including the cost of the bond, cash collateral or letter of credit that must be provided or posted, fees and other costs), in the event HI or BSI elects to do so, to defer the execution of any judgment which may be entered in connection with such BSI Litigation Matter pending its Final Determination.

BSI Litigation Matter: To the extent not covered by collectible insurance: (a) each Action listed on Schedule 2.01; (b) each additional Action hereafter asserted prior to the consummation of the Distribution against both a member of the HI Group and a member of the BSI Group seeking damages for alleged violations of state and federal antitrust laws based upon the BSI Group's method of distributing caskets exclusively through licensed funeral directors; and (c) any other Action consolidated for purposes of trial with any Action referred to in clause (a) or (b) above.

BSI Parent: as defined in the preamble of this Agreement, including its successors and permitted assigns.

BSI Subsidiaries: all of the corporations, limited liability companies or other entities listed on Exhibit A as members of the BSI Group, and any other Subsidiaries of BSI Parent, in each case including their successors and permitted assigns.

Business Day: any day other than a Saturday, a Sunday or a day on which banking institutions located in the State of Indiana are authorized or obligated by law or executive order to close.

Deposit Date: as defined in Section 2.01(b).

<u>Distribution</u>: as defined in the second "Whereas" clause of this Agreement.

Escalation Notice: as defined in Section 3.02(a).

Final Determination or Finally Determined: with respect to any Action, threatened Action or other matter, that the outcome or resolution of that Action, threatened Action or matter has either (a) been decided by an arbitrator or Governmental Authority of competent jurisdiction by judgment, order, award or other ruling or (b) has been settled or voluntarily dismissed and, in the case of each of clauses (a) and (b), the claimants' rights to maintain that Action, threatened Action or other matter have been finally adjudicated, waived, discharged, settled, or extinguished as to all members of the HI Group and the BSI Group, and that judgment, order, ruling, award, settlement or dismissal (whether mandatory or voluntary, but if voluntary that dismissal must be final, binding and with prejudice as to all claims specifically pleaded in that Action) is subject to no further appeal, vacatur proceeding or discretionary review.

Funding Bank Account: a demand deposit account with a financial institution located in the continental United States designated mutually by HI and BSI for the deposit of their respective Funding Components and from which account the parties may withdraw funds based only upon their joint instructions.

Funding Components: the BSI Funding Component and the HI Funding Component applicable to any BSI Litigation Matter.

Governmental Authority: any federal, state, local, foreign or international court, government, department, commission, board, bureau or agency, authority (including, but not limited to, any central bank or taxing authority) or instrumentality (including, but not limited to, any court, tribunal or grand jury) exercising executive, prosecutorial, legislative, judicial, regulatory or administrative functions of or pertaining to government or any other regulatory, administrative or governmental authority.

Group: the HI Group or the BSI Group, as the context requires.

HI: as defined in the preamble to this Agreement, including its successors and permitted assigns.

HI Funding Component: with respect to each BSI Litigation Matter, the HI Funding Tranche.

HI Funding Tranche: as defined in Section 2.01(c).

HI Group: HI and the HI Subsidiaries.

HI Subsidiaries: all of the corporations, limited liability companies or other entities listed on Exhibit A as members of the HI Group, and any other Subsidiaries of HI, in each case including their successors and permitted assigns.

Initial BSI Funding Tranche: as defined in Section 2.01(c).

Maximum Funding Obligation: with respect to each BSI Litigation Matter, the aggregate maximum amount that either HI or BSI is obligated to contribute to the satisfaction of a BSI Litigation Funding Obligation determined in accordance with the provisions of Section 2.01(c).

Maximum Funding Proceeds: the maximum amount of cash and cash proceeds that a Person and its Subsidiaries have on hand and/or have raised, using their best efforts (without any requirement to sell assets other than cash equivalents), to satisfy a BSI Litigation Funding Obligation, including all cash on hand, all cash equivalents that can be converted to cash, all available internally generated funds, the drawing of all undrawn capacity under existing credit facilities, the creation of and drawdown under new secured and unsecured credit facilities and term loans to the maximum extent practicable under the circumstances and the aggregate net proceeds from the issuance and sale of additional equity, debt and hybrid securities; provided, however, that (a) for a Person and its Subsidiaries this definition of Maximum Funding Proceeds shall exclude a Normal Operating Cash Balance and (b) for purposes of calculating the amount of Maximum Funding Proceeds, a Person and its Subsidiaries shall not be required to issue and sell more equity securities than can be underwritten on a firm commitment basis by one or more Qualified Investment Bankers at normal discount rates. For this purpose, such Person and its Subsidiaries shall be required to use their best efforts to raise the maximum amount of cash and net proceeds from such transactions, borrowings and debt securities sales as expeditiously as possible. In negotiating the terms of such transactions, borrowings and debt securities sales, the maximization of cash and net proceeds shall be given priority over the minimization of the costs of raising such proceeds, the minimization of restrictive covenants, the avoidance of the creation of liens on assets or the preservation of a debt rating.

Normal Operating Cash Balance: the amount of operating cash required to sustain the business of a Person and its Subsidiaries after the date of the Distribution, including amounts required to service all indebtedness incurred by such Person and its Subsidiaries after that date, currently estimated to be \$40 million in the case of the HI Group and \$30 million in the case of the BSI Group, in each case as determined by a Qualified Solvency Expert with reference to the levels of operating cash required by each Group from and after the date of this Agreement.

<u>Person</u>: an individual, a limited or general partnership, a joint venture, a corporation, a trust, a limited liability company, an unincorporated organization, or a Governmental Authority.

Qualified Investment Banker: Citigroup Global Markets Inc. or Goldman, Sachs & Co., including in each case its successors and assigns, or any other investment banking firm of national stature in the United States mutually approved by HI and BSI.

Qualified Solvency Expert: Duff & Phelps, Inc. or its successor or any other firm of solvency experts of national reputation in the United States mutually approved by HI and BSI.

Rules: as defined in Section 3.05.

representative: with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys and representatives.

<u>Required Funding Obligation</u>: the lesser of the aggregate amount of a Person's Maximum Funding Proceeds or such smaller amount that such Person is required to contribute to the satisfaction of a BSI Litigation Funding Obligation pursuant to Section 2.01.

Second BSI Funding Tranche: as defined in Section 2.01(c).

Settlement Agreement: as defined in Section 2.04.

<u>Solvency Threshold</u>: one dollar short of the level at which an additional liability or obligation of a Person incurred for less than equivalent value would become subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provision of applicable state law, all as determined by a Qualified Solvency Expert.

Subsidiary: with respect to any specified Person, any corporation or other legal entity of which such Person or any of its Subsidiaries controls or owns, directly or indirectly, more than 50% of the stock or other equity interest entitled to vote on the election of members to the board of directors or similar governing body, in each case including its successors or permitted assigns; provided, however, that for purposes of this Agreement, no member of the BSI Group shall be deemed to be a Subsidiary of any member of the HI Group.

1.02 References to Time. All references in this Agreement to times of the day shall be to Batesville, Indiana time, except as otherwise specifically provided herein.

ARTICLE II.

BSI LITIGATION FUNDING OBLIGATIONS

2.01 Funding Methodology.

- (a) Expenses. BSI and the BSI Subsidiaries shall bear, at their sole expense, all joint attorneys', accountants', consultants', expert witnesses' and other professionals' fees and expenses and all other out-of-pocket costs incurred on behalf of themselves and HI and the HI Subsidiaries in the investigation, defense and/or evaluation of each BSI Litigation Matter.
- (b) <u>Deposit of Funds</u>. At least fifteen days prior to the date that funds representing a BSI Funding Component and an HI Funding Component are required to be available to pay a claim or post a supersedeas bond in connection with a BSI Litigation Matter (a "<u>Deposit Date</u>"), BSI and HI shall specify in writing (i) their good faith best estimates of the amounts of the Initial BSI Funding Tranche, the HI Funding Tranche and the Second BSI Funding Tranche, if any, and the key assumptions used in calculating each such estimate, in each

case as determined as of such date, (ii) the clause of the definition of BSI Litigation Funding Obligation to which the foregoing Funding Components relate and (iii) the relevant Deposit Date. Both the HI Group and the BSI Group are committed to generate additional Maximum Funding Proceeds pursuant to Section 2.01(d) between the date of such specification and the relevant Deposit Date. Therefore, on the Business Day prior to each Deposit Date, if the amount of Maximum Funding Proceeds generated by either the HI Group or the BSI Group has increased since the date of the foregoing specification, HI and BSI shall further specify in writing the different amounts, if any, of the two components of the BSI Funding Component and the HI Funding Component and the reasons for each increase therein, and such different amounts shall, for all purposes, be the two components of the BSI Funding Component and the HI Funding Component with respect to such BSI Litigation Matter. On each Deposit Date, BSI and HI shall deposit immediately available funds in the Funding Bank Account in the amounts of the BSI Funding Component and the HI Funding Component, as the case may be, applicable to the BSI Litigation Matter to which such Deposit Date relates. Notwithstanding any other provision in this Agreement, (x) in the event that the Maximum Funding Proceeds that could be generated by the HI Group and the BSI Group would not be adequate in the aggregate to satisfy a BSI Litigation Funding Obligation, no party to this Agreement shall be obligated to engage in activities to generate Maximum Funding Proceeds, (y) if the Maximum Funding Proceeds that have been generated by BSI and HI in connection with a BSI Litigation Matter are not adequate to satisfy in full a BSI Litigation Funding Obligation, no party to this Agreement shall be obligated to deposit funds so generated in the Funding Bank Account on the related Deposit Date and (z) neither HI nor BSI shall be obligated to raise more funds than are required to satisfy in full its Required

(c) Sources of Funding for BSI Litigation Funding Obligation Notwithstanding any other provision of this Agreement to the contrary, HI and BSI agree that between themselves the following allocation principles shall be used in determining the sources of the funding of each BSI Litigation Funding Obligation, if any, depending on the amount of that obligation: (i) first, the BSI Group shall contribute an amount equal to its Maximum Funding Proceeds minus the difference between \$50 million and the Normal Operating Cash Balance of the BSI Group to the extent that the BSI Group's Normal Operating Cash Balance is less than \$50 million (the "Initial BSI Funding Tranche"); (ii) second, the HI Group shall contribute an amount equal to its Maximum Funding Proceeds (the "HI Funding Tranche"); and (iii) third, the BSI Group shall contribute the balance of its Maximum Funding Proceeds (the "Second BSI Funding Tranche"); provided, however, that HI and BSI agree between themselves that (x) the respective funding obligations of each member of each Group under this Section 2.01(c) shall never exceed its respective Solvency Threshold, (y) neither Group shall be required to apply any portion of its Normal Operating Cash Balance to the satisfaction of a BSI Litigation Funding Obligation and (z) neither Group shall be required to issue and sell a percentage of its total outstanding equity securities that is greater than the percentage of outstanding total equity securities that the other Group is obligated to issue and sell under the definition of Maximum Funding Proceeds.

(d) Obligations to Maximize Funding Proceeds. Between the date on which a judgment is entered with respect to any BSI Litigation Matter and the related Deposit Date, each member of the HI Group and the BSI Group shall use its best efforts to raise the Maximum Funding Proceeds. Prior to using any funds deposited by HI to satisfy a BSI Litigation Funding

Obligation, BSI shall first use all of the Maximum Funding Proceeds from the Initial BSI Funding Tranche for such purpose. Prior to using any funds deposited by BSI with respect to the Second BSI Funding Tranche, HI shall use all funds deposited by HI with respect to the HI Funding Tranche.

- (e) <u>Repayment of Excess Funds</u>. As soon as it can be determined, HI and BSI shall promptly ascertain the portions, if any, of the amounts deposited by HI and BSI in satisfaction of a Finally Determined BSI Litigation Funding Obligation that exceed their respective Funding Components. Any portion of the amount deposited by either HI or BSI that exceeds its respective Funding Component shall be remitted promptly to HI or BSI, as the case may be.
- 2.02 <u>Rights of Contribution</u>. In the event that any provisions of Section 2.01 are held to be unenforceable in accordance with their terms by a Governmental Authority, HI and BSI agree between themselves to contribute to the satisfaction of any BSI Litigation Funding Obligation based upon principles of general common law contribution determined with reference to their respective fault, if any, as reflected in the trial record of the BSI Litigation Matter, or failing to reach such an agreement, pursuant to an arbitration initiated and conducted in accordance with Article III.
- 2.03 Termination of Agreement. If either HI or BSI shall be dismissed as a defendant in any BSI Litigation Matter (except where a party is dismissed or otherwise released, whether by release, covenant not to sue or otherwise, as a result of its entry into a Settlement Agreement) or shall be found upon conclusion of trial not to be responsible for the payment of any damages to the plaintiffs in such lawsuit, all obligations under this Article II of the party so dismissed or found not to be responsible for the payment of any damages with respect to such BSI Litigation Matter shall terminate once such dismissal or finding of no liability for the payment of damages has been Finally Determined.
- 2.04 <u>Settlement</u>. Either HI or BSI may settle alone, the claims against it in any BSI Litigation Matter or enter into a judgment sharing or similar agreement with one or more codefendants in any BSI Litigation Matter (collectively a "<u>Settlement Agreement</u>"), but no such Settlement Agreement shall release the signatory thereto from its obligations under this Article II to the other party to this Agreement unless such Settlement Agreement results in a Final Determination.
- 2.05 Exclusive Remedy. The terms of this Article II are in lieu of any other rights of contribution, indemnity, reimbursement or sharing, or any other claims, suits or causes of action by or on behalf of the parties to this Agreement relating to all BSI Litigation Matters.
- 2.06 Further Assurances. Unless otherwise expressly provided in this Agreement, each of the parties hereto shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement.

ARTICLE III.

ARBITRATION; DISPUTE RESOLUTION

3.01 Agreement to Arbitrate. The procedures for discussion, negotiation and arbitration set forth in this Article III shall be the final, binding and exclusive means to resolve, and shall apply to all disputes, controversies or claims (whether in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with this Agreement. Each party agrees on behalf of itself and each member of its respective Group that the procedures set forth in this Article III shall be the final, binding and exclusive remedy in connection with any dispute, controversy or claim relating to any of the foregoing matters and irrevocably waives any right to commence any Action in or before any Governmental Authority, except to the extent provided under the Arbitration Act in the case of judicial review of arbitration results or awards. Each party on behalf of itself and each member of its respective Group irrevocably waives any right to any trial by jury with respect to any dispute, controversy or claim covered by this Section 3.01.

3.02 Escalation.

(a) Expeditious Resolution. It is the intent of the two Groups to use their respective commercially reasonable efforts to resolve expeditiously any dispute, controversy or claim between them with respect to the matters covered by this Agreement that may arise from time to time on a mutually acceptable negotiated basis. In furtherance of the foregoing, any party involved in a dispute, controversy or claim may deliver a notice (an "Escalation Notice") demanding an in-person meeting involving representatives of the two Groups at a senior level of management (or if the parties agree, of the appropriate business function or division within such entity). A copy of any such Escalation Notice shall be delivered addressed to the General Counsel, or like chief legal officer or official, of each party involved in the dispute, controversy or claim (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location or procedure for such discussions or negotiations between the parties may be established by agreement of the parties from time to time; provided, however, that the parties shall use their reasonable best efforts to meet within three days of the Escalation Notice.

(b) Good Faith Negotiations. Following delivery of an Escalation Notice, the parties shall undertake good faith, diligent efforts to negotiate a commercially reasonable resolution of the dispute, controversy or claim. The parties may, by mutual consent, retain a mediator to aid the parties in their discussions and negotiations. Any opinion expressed by the mediator shall be strictly advisory and shall not be binding on the parties, nor shall any opinion expressed by the mediator be admissible in any arbitration proceedings. The mediator may be chosen from a list of mediators selected by the parties or by other agreement of the parties. All third-party costs of the mediation shall be borne equally by the parties involved in the matter, and each party shall be responsible for its own expenses. Mediation is not a prerequisite to an Arbitration Demand Notice under Section 3.03

3.03 Demand for Arbitration.

(a) Initiation of Process. At any time following three days after the date of an Escalation Notice (the "Arbitration Demand Date"), any party involved in the dispute, controversy or claim (regardless of whether such party delivered the Escalation Notice) may deliver a notice demanding arbitration of such dispute, controversy or claim (an "Arbitration Demand Notice"). Delivery of an Escalation Notice by a party shall be a prerequisite to delivery of an Arbitration Demand Notice by that party or the other party, provided, however, that in the event that any party shall deliver an Arbitration Demand Notice to another party, such other party may itself deliver an Arbitration Demand Notice to such first party with respect to any related dispute, controversy or claim with respect to which the Applicable Deadline has not passed without the requirement of delivering an Escalation Notice. No party may assert that the failure to resolve any matter during any prior discussions or negotiations, or the failure to agree on a mutually acceptable time, agenda, location or procedure for a meeting is a prerequisite to an Arbitration Demand Notice under Section 3.03. In the event that any party delivers an Arbitration Demand Notice with respect to any dispute, controversy or claim that is the subject of any then pending arbitration proceeding or of a previously delivered Arbitration Demand Notice, all such disputes, controversies and claims shall be resolved in the arbitration proceeding for which an Arbitration Demand Notice was first delivered unless the arbitrators in their sole discretion determine that it is impracticable or otherwise inadvisable to do so.

(b) <u>Limitation Periods</u>. Any Arbitration Demand Notice may be given until the date that is two years after the later of the occurrence of the act or event giving rise to the underlying claim or the date on which such act or event was, or should have been, in the exercise of reasonable due diligence, discovered by the party asserting the claim (as applicable and as it may in a particular case be specifically extended by the parties in writing, the "<u>Applicable Deadline</u>"). Any discussions, negotiations or mediations between the parties pursuant to this Agreement or otherwise will not toll the Applicable Deadline unless expressly agreed in writing by the parties. Each of the parties agrees on behalf of itself and each member of its Group that if an Arbitration Demand Notice with respect to a dispute, controversy or claim is not given prior to the occurrence of the Applicable Deadline, as between or among the parties and the members of their Groups, such dispute, controversy or claim will be barred. Subject to Section 3.08, upon delivery of an Arbitration Demand Notice pursuant to Section 3.03(a) prior to the Applicable Deadline, the dispute, controversy or claim, and all substantive and procedural issues related thereto, shall be decided by a three member panel of arbitrators in accordance with this Article III.

3.04 Arbitrators.

(a) <u>Selection</u>. The party delivering the Arbitration Demand Notice shall notify the American Arbitration Association ("<u>AAA</u>") and the other parties in writing describing in reasonable detail the nature of the dispute. Within five days of the date of the Arbitration Demand Notice, the members of each Group shall select one arbitrator from the members of a panel of arbitrators of the AAA. The selected arbitrators shall then jointly select a third arbitrator from the members of a panel of arbitrators of the AAA, and such third arbitrator shall be disinterested with respect to each of the parties and shall be experienced in complex commercial arbitration. In the event that the parties' selected arbitrators are unable to agree on the selection of the third arbitrator, the AAA shall select the third arbitrator, within ten days of the date of the

Arbitration Demand Notice. In the event that any arbitrator is unable to serve, his replacement will be selected in the same manner as the arbitrator to be replaced. The vote of two of the three arbitrators shall be required for any decision under this Article III.

- (b) <u>Time</u>. The arbitrators will set a time for the hearing of the matter which will commence no later than ten days after the date of appointment of the third arbitrator and which hearing will be no longer than three days (unless in the judgment of the arbitrators the matter is unusually complex and sophisticated and thereby requires a longer time, in which event such hearing shall be no longer than five days). The final decision of such arbitrators will be rendered in writing to the parties not later than five days after the last day of the hearing, unless otherwise agreed by the parties in writing.
- (c) <u>Place</u>. The place of any arbitration hereunder will be Indianapolis, Indiana, and the language of any arbitration hereunder will be English. Unless otherwise agreed by the parties, the arbitration hearing shall be conducted on consecutive days.
- 3.05 Hearings. Within the time period specified in Section 3.04(b), the matter shall be presented to the arbitrators at a hearing by means of written submissions of memoranda and verified witness statements, filed simultaneously, and responses, if necessary in the judgment of the arbitrators or both of the Groups. If the arbitrators deem it to be essential to a fair resolution of the dispute, live cross-examination or direct examination may be permitted, but is not generally contemplated to be necessary. The arbitrators shall actively manage the arbitration with a view to achieving a just, speedy and cost-effective resolution of the dispute, claim or controversy. The arbitrators may, in their discretion, set time and other limits on the presentation of each Group's case, its memoranda or other submissions, and may refuse to receive any proffered evidence, which the arbitrators, in their discretion, find to be cumulative, unnecessary, irrelevant or of low probative nature. Any arbitration hereunder shall be conducted in accordance with the Commercial Arbitration Rules of the AAA ("Rules") in effect on the date the Arbitration Demand Notice is served. The decision of the arbitrators will be final and binding on the parties, and judgment thereon may be had and will be enforceable in any court having jurisdiction over the parties. Arbitration awards will bear interest at the Applicable Rate plus 2% per annum, subject to any maximum amount permitted by applicable law. To the extent that the provisions of this Agreement and the prevailing Rules conflict, the provisions of this Agreement shall govern.

3.06 Discovery and Certain Other Matters.

(a) <u>Production of Documents</u>. Any party involved in a dispute, controversy or claim subject to this Article III may request document production from the other party or parties of specific and expressly relevant documents, with the reasonable expenses of the producing party incurred in such production paid by the requesting party. Any such discovery shall be conducted in accordance with the Rules, subject to the discretion of the arbitrators. Any such discovery shall be conducted expeditiously and shall not cause the hearing to be adjourned except upon consent of all parties involved in the applicable dispute or upon an extraordinary showing of cause demonstrating that such adjournment is necessary to permit discovery essential to a party to the proceeding. Disputes concerning the scope of document production and enforcement of the document production requests will be determined by written agreement of the

parties involved in the applicable dispute or, failing such agreement, will be referred to the arbitrators for resolution. Subject to the terms of this Agreement, all discovery requests will be subject to the parties' rights to claim any applicable privilege, and no joint privilege may be waived without the prior written consent of all parties to this Agreement. The arbitrators will adopt procedures to protect the proprietary rights of the parties and to maintain the confidential treatment of the arbitration proceedings (except as may be required by law). Subject to the foregoing, the arbitrators shall have the power to issue subpoenas to compel the production of documents relevant to the dispute, controversy or claim.

- (b) Authority of Arbitrators. The arbitrators shall have full power and authority to determine issues of arbitrability but shall otherwise be limited to interpreting or construing the applicable provisions of this Agreement, and will have no authority or power to limit, expand, alter, amend, modify, revoke or suspend any condition or provision of this Agreement; it being understood, however, that the arbitrators will have full authority to implement the provisions of this Agreement, and to fashion appropriate remedies for breaches of this Agreement (including interim or permanent injunctive relief); provided that the arbitrators shall not have (i) any authority in excess of the authority a court having jurisdiction over the parties and the controversy or dispute would have absent these arbitration provisions or (ii) any right or power to award punitive damages. It is the intention of the parties that in rendering a decision the arbitrators give effect to the applicable provisions of this Agreement and follow applicable law (it being understood and agreed that this sentence shall not give rise to a right of judicial review of the arbitrators' award). In resolving any arbitration initiated pursuant to Section 2.02, the arbitrators shall resolve the matter solely with reference to the respective fault, if any, of HI and BSI as reflected in the trial record of the BSI Litigation Matter to which such arbitration relates.
- (c) Effect of Failure to Participate. If a party fails or refuses to appear at and participate in an arbitration hearing after due notice, the arbitrators may hear and determine the controversy upon evidence produced by the appearing party.
- (d) <u>Costs</u>. Arbitration costs will be borne equally by each party involved in the matter, and each party will be responsible for its own attorneys' fees and other costs and expenses, including the costs of any expert witnesses selected by such party.

3.07 Certain Additional Matters.

- (a) Nature of Award. Any arbitration award shall be a bare award limited to a holding for or against a party and shall be without findings as to facts, issues or conclusions of law and shall be without a statement of the reasoning on which the award rests, but must be in adequate form so that a judgment of a court may be entered thereupon. Judgment upon any arbitration award hereunder may be entered in any court having jurisdiction thereof.
- (b) Confidentiality of Proceedings. Except as required by law, the parties shall hold, and shall cause their respective officers, directors, employees, agents and other representatives to hold, the existence, content and result of mediation or arbitration in confidence in accordance with the provisions of this Section 3.07(b) and except as may be required in order

to enforce any award. Each of the parties shall request that any mediator or arbitrator comply with such confidentiality requirement.

3.08 <u>Law Governing Arbitration Procedures</u>. The interpretation of the provisions of this Article III, only insofar as they relate to the agreement to arbitrate and any procedures pursuant thereto, shall be governed by the Arbitration Act, as amended, and other applicable federal law. In all other respects, the interpretation of this Agreement shall be governed as set forth in Section 4.02.

ARTICLE IV.

MISCELLANEOUS

- **4.01** Complete Agreement. This Agreement, the Exhibit and the Schedule hereto shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.
- **4.02** Governing Law. The validity and enforceability of the judgment sharing provisions of this Agreement shall be governed by and construed in accordance with federal law relating to judgment sharing agreements in antitrust matters, such as *In re Brand Name Prescriptions Drugs Antitrust Litig*, Nos. 94 C 897, MDL 997, 1995 WL 221853, (N.D. Ill. April 11, 1995); *Cimarron Pipeline Const., Inc. v. National Council on Compensation Ins.*, No. Civ-89-822-T, 1992 WL 350612 (W.D. Okl. April 10, 1992); and *California v. Infineon Technologies* AG, No C 06-4333 PJH, (N.D. Cal. November 29, 2007) (Slip Copy, Docket No. 296). This Agreement shall otherwise be governed by and construed in accordance with the laws of the State of Indiana (other than the laws regarding choice of laws and conflicts of laws) as to all matters, including matters of validity, construction, effect, performance and remedies; provided, however, that the Arbitration Act shall govern the matters described in Article III.
- 4.03 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person (including a nationally recognized delivery service) by facsimile, electronic mail or other standard form of telecommunications (provided confirmation is delivered to the recipient the next Business Day in the case of facsimile, electronic mail or other standard form of telecommunications) or by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to HI: Hillenbrand Industries, Inc.

1069 State Route 46 East Batesville, IN 47006-8835 c/o Corporate Secretary

If to BSI: Batesville Casket Company, Inc.

One Batesville Boulevard Batesville, IN 47006-8835 c/o General Counsel If to BSI Parent:

Batesville Holdings, Inc. One Batesville Boulevard Batesville, IN 47006-8835 c/o General Counsel

or to such other address as any party hereto may have furnished to the other parties by a notice in writing in accordance with this Section 4.03.

- 4.04 Amendment and Modification. This Agreement may be amended, modified or supplemented only by a written agreement signed by each of the parties hereto.
- 4.05 Successors and Assigns: No Third Party Beneficiaries
 This Agreement is made and shall be binding on and inure solely to the benefit of HI, BSI and BSI Parent
 and their respective successors or permitted assigns and does not otherwise confer any rights or defenses upon any other Person including any other codefendants in the BSI
 Litigation. Neither HI nor BSI nor BSI Parent may assign any of its rights or obligations under this Agreement to another Person without the consent of the other parties to
 this Agreement, which consents may be withheld for any reason or no reason. Subject to the foregoing: (a) this Agreement and all the terms and provisions hereof shall be
 binding upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns; and (b) each party to this Agreement shall require
 any Person or Persons that, as a result of any merger, purchase of assets, reorganization or other transaction, acquires or succeeds to all or substantially all of its business or
 assets to assume its obligations under this Agreement pursuant to a written assumption agreement in form and substance reasonably satisfactory to the other parties.
- 4.06 <u>Counterparts</u>. This Agreement may be executed in three or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 4.07 Interpretation. The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties hereto and shall not in any way affect the meaning or interpretation of this Agreement.
- 4.08 Legal Enforceability. Each party agrees that it shall not, directly or indirectly, challenge the enforceability of this Agreement on any grounds or under any circumstances. Without limiting the effect of the immediately preceding sentence, if any provision of this Agreement is determined by a Governmental Authority or the arbitrators selected under Section 3.04 to be prohibited or unenforceable in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Each party acknowledges that money damages would be an inadequate remedy for any breach of the provisions of this Agreement and agrees that the obligations of the parties hereunder shall be specifically enforceable.

- **4.09** <u>Performance Standard</u>. Each of HI, BSI Parent and BSI agrees to at all times exercise good faith and fair dealing in the performance of its rights and obligations under this Agreement and to cause the members of its respective Group to do likewise.
- **4.10** <u>Authority</u>. Each of the parties hereto represents to the others that: (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement; (b) the execution, delivery and performance of this Agreement by it have been, duly authorized by all necessary corporate or other actions; (c) it has duly and validly executed and delivered this Agreement; and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.
- **4.11** No Admission of Liability. Nothing contained in this Agreement is intended to be, nor shall it be deemed to be, an admission of liability to anyone or an admission of the existence of facts upon which liability could be based other than to HI, BSI and BSI Parent pursuant to the terms of this Agreement.
- 4.12 <u>Limitation on Damages</u>. Neither the BSI Group nor the HI Group (or any member thereof) shall be obligated to pay damages (when aggregated with all damages paid by each other member of such Group, and all amounts paid which reduce a BSI Litigation Funding Obligation) to the other for any breach of this Agreement in an amount that exceeds its aggregate Funding Component hereunder (plus applicable costs and accrued interest) with respect to all BSI Litigation Matters. In addition, no party shall be liable to any other party to this Agreement for the payment of punitive, indirect, incidental or consequential damages, including (without limitation) lost profits or lost opportunity damages with respect to any breach of this Agreement.
- **4.13** <u>Joint Authorship</u>. This Agreement shall be treated as though it were jointly drafted by HI, on the one hand, and BSI and BSI Parent, on the other hand, and any ambiguities shall not be construed for or against any party hereto on the basis of attributed authorship.

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4.14 <u>References; Construction.</u> Any reference to an "Article," "Exhibit," "Schedule" or "Section," without more, is to an Article, Exhibit, Schedule and Section to or of this Agreement. Unless otherwise expressly stated, clauses beginning with the term "including" set forth examples only and in no way limit the generality of the matters thus exemplified. References to "and" and "or" in this Agreement shall in each instance include both the conjunctive and the disjunctive.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HILLENBRAND INDUSTRIES, INC.			
By:			
Name:	Peter H. Soderberg		
Title:	President and Chief Executive Officer		
BATES	VILLE HOLDINGS, INC.		
By:			
Name:	Kenneth A. Camp		
Title:	President and Chief Executive Officer		
BATESVILLE CASKET COMPANY, INC.			
By:			
Name:	Kenneth A. Camp		

Title: President and Chief Executive Officer

EXHIBIT A

BSI Subsidiaries

[To Come]

HI Subsidiaries

[To Come]

A-1-

SCHEDULE 2.01

Actions Comprising BSI Litigation Matters

[To Come]

S-1-

HILLENBRAND, INC. STOCK INCENTIVE PLAN

RECITALS

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

WHEREAS, Hill-Rom Holdings, Inc. and Hillenbrand, Inc. 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 Hill-Rom Holdings, Inc. and its subsidiaries; and

WHEREAS, in accordance with Section 2.5 of the Employee Matters Agreement, Hillenbrand, Inc. is to adopt and implement a Stock Incentive Plan with features that are comparable to the Hillenbrand Industries, Inc. Stock Incentive Plan, Amended and Restated Effective January 1, 2005, to be effective as of the date of the consummation of the transactions contemplated by the Distribution Agreement.

SECTION 1. Purpose and Types of Awards

- 1.1 The purposes of the Hillenbrand, Inc. Stock Incentive Plan (the 'Plan') are to enable Hillenbrand, Inc. (the "Company") to attract, retain and reward its employees, officers and directors, and strengthen the mutuality of interests between such persons and the Company's shareholders by offering such persons an equity interest in the Company and thereby enabling them to participate in the long-term success and growth of the Company.
- 1.2 Awards under the Plan may be in the form of (i) Stock Options; (ii) Stock Appreciation Rights; (iii) Restricted Stock; (iv) Deferred Stock; and/or (v) Bonus Stock. Awards may be free-standing or granted in tandem. If two awards are granted in tandem, the award holder may exercise (or otherwise receive the benefit of) one award only to the extent he or she relinquishes the tandem award.

SECTION 2. Definitions

"Board" shall mean the Board of Directors of the Company.

"Bonus Stock" shall mean an award described in Section 10 of the Plan.

- "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- "Committee" shall mean the committee of the Board designated by the Board to administer the Plan, or if no committee is designated, and in any case with respect to awards to non-employee directors, the entire Board.
 - "Common Stock" shall mean the common stock of the Company, without par value.
 - "Company" shall mean Hillenbrand, Inc. and its successors.
 - "Deferred Stock" shall mean an award described in Section 9 of the Plan and also known as Restricted Stock Units.
 - "Distribution" shall have the meaning set forth in the recitals.
- "Distribution Agreement" shall mean the Distribution Agreement by and between Hillenbrand Industries, Inc. and Batesville Holdings, Inc. dated as of March ____, 2008.
 - "Employee" shall mean an employee of the Company or of any Subsidiary of the Company.
- "Employee Matters Agreement" shall mean the Employee Matters Agreement by and between Hillenbrand Industries, Inc. and Batesville Holdings, Inc. dated as of _____, 2008.
- "Fair Market Value" of the Common Stock on any date shall mean the value determined in good faith by the Committee, by formula or otherwise; provided, however, that unless the Committee determines to use a different measure, the fair market value of the Common Stock shall be the average of the high and the low sales prices of the Common Stock (on such exchange or market as is determined by the Board to be the primary market for the Common Stock) on the date in question (or if shares of Common Stock were not traded on such date, then on the next preceding trading day on which a sale of Common Stock occurred).
 - "Hill-Rom Common Stock" shall have the meaning set forth in Section 5.3.
 - "Hill-Rom Options" shall have the meaning set forth in Section 5.3.
 - "Hill-Rom Deferred Stock" shall have the meaning set forth in Section 5.3.
- "Incentive Option" shall mean a Stock Option granted under the Plan which both is designated as an Incentive Option and qualifies as an incentive stock option within the meaning of Section 422 of the Code.
 - "Non-Employee Director" shall mean a director of the Company who is not employed by the Company or any of its Subsidiaries.

- "Non-Qualified Option" shall mean a Stock Option granted under the Plan, which either is designated as a Non-Qualified Option or does not qualify as an incentive stock option within the meaning of Section 422 of the Code.
 - "Optionee" shall mean any person who has been granted a Stock Option under the Plan or who is otherwise entitled to exercise a Stock Option.
 - "Option Period" shall mean, with respect to any portion of a Stock Option, the period after such portion has become exercisable and before it has expired or terminated.
 - "Plan" shall mean the Hillenbrand, Inc. Stock Incentive Plan.
 - "Relationship" shall mean the status of employee, officer, or director of the Company or any Subsidiary of the Company.
 - "Restricted Stock" shall mean an award described in Section 8 of the Plan.
 - "Spinoff Awards" shall have the meaning set forth in Section 5.3.
 - "Spinoff Deferred Stock" shall have the meaning set forth in Section 5.3.
 - "Spinoff Options" shall have the meaning set forth in Section 5.3.
 - "Stock Appreciation Right" shall mean an award described in Section 7 of the Plan.
 - "Stock Option" shall mean an Incentive Option or a Non-Qualified Option, and, unless the context requires otherwise, shall include Director Options.
- "Subsidiary" shall mean any corporation, partnership, joint venture or other entity in which the Company owns, directly or indirectly, more than 50% of the ownership interests.

SECTION 3. Administration

- 3.1 The Plan shall be administered by the Committee. Notwithstanding anything to the contrary contained herein, only the Board shall have authority to grant awards to Non-Employee Directors and to amend and interpret such awards.
- 3.2 The Committee shall have the following authority and discretion with respect to awards under the Plan: to grant and amend (provided however that no amendment shall impair the rights of the award holder without his or her written consent) awards to eligible persons under the Plan; to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall deem advisable; to interpret the terms and provisions of the Plan and any award granted under the Plan; and to make all factual and other determinations necessary or advisable for the administration of the Plan. In particular, and without limiting its authority and powers, the Committee shall have the authority and discretion:

- (a) to select the persons to whom awards will be granted from among those eligible;
- (b) to determine the number of shares of Common Stock to be covered by each award granted hereunder subject to the limitations contained herein;
- (c) to determine the terms and conditions of any award granted hereunder, including, but not limited to, any vesting or other restrictions based on such continued employment, performance objectives and such other factors as the Committee may establish, and to determine whether the terms and conditions of the award have been satisfied;
- (d) to determine the treatment of awards upon an Employee's retirement, disability, death, termination for cause or other termination of employment, or during a leave of absence or upon a Non-Employee Director's termination of Relationship as allowed by law;
- (e) to determine that the award holder has no rights with respect to any dividends declared with respect to any shares covered by an award or that amounts equal to the amount of any dividends declared with respect to the number of shares covered by an award (i) will be paid to the award holder currently or (ii) will be deferred and deemed to be reinvested or (iii) will otherwise be credited to the award holder;
- (f) to determine whether, to what extent, and under what circumstances Common Stock and other amounts payable with respect to an award will be deferred either automatically or at the election of an award holder, including providing for and determining the amount (if any) of deemed earnings on any deferred amount during any deferral period:
- (g) to amend the terms of any award, prospectively or retroactively; provided, however, that no amendment shall impair the rights of the award holder without his or her written consent;
- (h) after considering any accounting impact to the Company, to substitute new Stock Options for previously granted Stock Options, or for options granted under other plans or agreements, in each case including previously granted options having higher option prices;
 - (i) to determine, pursuant to a formula or otherwise, the Fair Market Value of the Common Stock on a given date;
- (j) after considering any accounting impact to the Company, to provide that the shares of Common Stock received as a result of an award shall be subject to a right of repurchase by the Company and/or a right of first refusal, in each case subject to such terms and conditions as the Committee may specify;
 - (k) to adopt one or more sub-plans, consistent with the Plan, containing such provisions as may be necessary or desirable to enable awards under the

Plan to comply with the laws of other jurisdictions and/or qualify for preferred tax treatment under such laws; and

- (1) to delegate such administrative duties as it may deem advisable to one or more of its members or to one or more Employees or agents.
- 3.3 The Committee shall have the right to designate awards as "Performance Awards." The grant or vesting of a Performance Award shall be subject to the achievement of performance objectives established by the Committee based on one or more of the following criteria, in each case applied to the Company on a consolidated basis and/or to a business unit and which the Committee may use as an absolute measure, as a measure of improvement relative to prior performance, or as a measure of comparable performance relative to a peer group of companies: sales, operating profits, operating profits before taxes, operating profits before interest expense and taxes, net earnings, earnings per share, return on equity, return on assets, return on invested capital, total shareholder return, cash flow, debt to equity ratio, market share, stock price, economic value added, and market value added.
- 3.4 All determinations and interpretations made by the Committee pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and award holders. Determinations by the Committee under the Plan relating to the form, amount, and terms and conditions of awards need not be uniform, and may be made selectively among persons who receive or are eligible to receive awards under the Plan, whether or not such persons are similarly situated.
 - 3.5 The Committee shall act by a majority of its members at a meeting (present in person or by conference telephone) or by majority written consent.
- 3.6 No member of the Board or the Committee, nor any officer or Employee of the Company or its Subsidiaries acting on behalf of the Board or the Committee, shall be personally liable for any action, determination or interpretation taken or made with respect to the Plan or any award hereunder. The Company shall indemnify all members of the Board and the Committee and all such officers and Employees acting on their behalf, to the extent permitted by law, from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act, or omission to act, in connection with the performance of such persons' duties, responsibilities and obligations under the Plan.

SECTION 4. Stock Subject to Plan

- 4.1 The total number of shares of Common Stock which may be issued under the Plan shall be 4,635,436, any or all of which may be issued pursuant to Incentive Options, subject to adjustment as provided in Section 4.4. Such shares may consist of authorized but unissued shares or shares that have been issued and reacquired by the Company. The exercise of a Stock Appreciation Right for cash or the payment of any award in cash shall not count against this share limit.
- 4.2 To the extent a Stock Option is surrendered for cash or terminates without having been exercised, or an award terminates without the holder having received payment of the award, or shares awarded are forfeited, the shares subject to such award shall again be available

for distribution in connection with future awards under the Plan. Shares of Common Stock equal in number to the shares surrendered in payment of the option price, and shares of Common Stock which are withheld in order to satisfy federal, state or local tax liability shall count against the share limit set forth in Section 4.1.

- 4.3 No Employee shall be granted Stock Options and/or Stock Appreciation Rights with respect to more than 200,000 shares of Common Stock in any fiscal year, and no Employee shall be granted Restricted Stock, Deferred Stock and/or Bonus Stock awards with respect to more than 100,000 shares of Common Stock in any fiscal year, subject to adjustment as provided in Section 4.4. Notwithstanding the foregoing, any Spinoff Awards (as defined in Section 5.3) shall not count against the foregoing fiscal year award limits.
- 4.4 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 affecting the Common Stock such that an adjustment is determined by the Board in its discretion to be appropriate, after considering any accounting impact to the Company, in order to prevent dilution or enlargement of benefits under the Plan, then the Board shall, in such a manner as it may in its discretion deem equitable, adjust any or all of (i) the aggregate number and kind of shares reserved for issuance under the Plan, and (ii) the number and kind of shares as to which awards may be granted to any individual in any fiscal year. 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 affecting the Common Stock subject to an outstanding award, the number and kind of shares of Common Stock or other securities which are subject to this Plan or subject to any awards theretofore granted, and the exercise prices, shall be appropriately and equitably adjusted by the Board so as to maintain the proportionate number of shares or other securities without changing the aggregate exercise price, if any.

In addition, upon the dissolution or liquidation of the Company or upon any reorganization, merger, or consolidation as a result of which the Company is not the surviving corporation (or survives as a wholly-owned subsidiary of another corporation), or upon a sale of substantially all the assets of the Company, the Board may, after considering any accounting impact to the Company, take such action as it in its discretion deems appropriate to (i) accelerate the time when awards vest and/or may be exercised and/or may be paid, (ii) cash out outstanding Stock Options and/or other awards at or immediately prior to the date of such event, (iii) provide for the assumption of outstanding Stock Options or other awards by surviving, successor or transferee corporations, (iv) provide that in lieu of shares of Common Stock of Company, the award recipient shall be entitled to receive the consideration he would have received in such transaction in exchange for such shares of Common Stock (or the Fair Market Value thereof in cash), and/or (v) provide that Stock Options shall be exercisable for a period of at least 10 business days from the date of receipt of a notice from the Company of such proposed event, following the expiration of which period any unexercised Stock Options shall terminate.

The Board's determination as to which adjustments shall be made under this Section 4.4 and the extent thereof shall be final, binding and conclusive.

4.5 No fractional shares shall be issued or delivered under the Plan. The Committee shall determine whether the value of fractional shares shall be paid in cash or other property, or whether such fractional shares and any rights thereto shall be cancelled without payment.

SECTION 5. Eligibility

- 5.1 The persons who are eligible for awards under Sections 6, 7, 8, 9, and 10 of the Plan are Employees, officers and directors of the Company or of any Subsidiary of the Company. In addition, awards under such Sections may be granted to prospective Employees, officers, or directors but such awards shall not become effective until the recipient's commencement of employment or service with the Company or a Subsidiary. Incentive Options may be granted only to Employees and prospective Employees. Award recipients under the Plan shall be selected from time to time by the Committee, in its sole discretion, from among those eligible.
 - 5.2 Non-Employee Directors shall be granted awards under Section 12 in addition to any awards which may be granted to them under other Sections of the Plan.
- 5.3 In connection with the Distribution, options to purchase Common Stock ("Spinoff Options") may be granted to holders of options ("Hill-Rom Options") to purchase shares of common stock, no par value, of Hill-Rom Holdings, Inc. ("Hill-Rom Common Stock") as of the date of the Distribution in accordance with the terms of the Employee Matters Agreement. The Spinoff Options may be granted to such holders on substantially similar terms to the corresponding options to purchase Hill-Rom Common Stock held by such holders, including the rate at which the options vest and the expiration date of such options, provided that the number of shares of Common Stock under the Spinoff Options and the exercise prices of the Spinoff Options compared to their Hill-Rom Option counterparts will reflect the Distribution in the manner set forth in the Employee Matters Agreement. In addition, Deferred Stock awards ("Spinoff Deferred Stock") may be granted to holders of deferred stock relating to Hill-Rom Common Stock ("Hill-Rom Deferred Stock") as of the date of the Distribution in accordance with the terms of the Employee Matters Agreement. The Spinoff Deferred Stock awards may be granted to such holders on substantially similar terms to the corresponding deferred stock relating to Hill-Rom Common Stock held by such holders, including the rate at which the awards vest, provided that the number of shares of Common Stock under the Spinoff Deferred Stock awards compared to their Hill-Rom Deferred Stock counterparts will reflect the Distribution in the manner set forth in the Employee Matters Agreement. It is intended that all grants of Spinoff Options and Spinoff Deferred Stock described in this paragraph satisfy the requirements of Section 424 of the Code, to the extent applicable, and avoid treatment as nonqualified deferred compensation subject to Section 409A of the Code. Spinoff Options and Spinoff Deferred Stock shall be referred to collectively herein as "Spinoff Awards."

SECTION 6. Stock Options

- 6.1 The Stock Options awarded to eligible persons under the Plan may be of two types: (i) Incentive Options and (ii) Non-Qualified Options. To the extent that any Stock Option granted to an Employee does not qualify as an Incentive Option, it shall constitute a Non-Qualified Option. All Stock Options awarded to persons who are not Employees shall be Non-Qualified Options.
- 6.2 Subject to the following provisions, Stock Options awarded under Section 6 of the Plan shall be in such form and shall have such terms and conditions as the Committee may determine.
 - (a) Option Price. The option price per share of Common Stock purchasable under a Stock Option (other than a Spinoff Option) shall be determined by the Committee and may not be less than the Fair Market Value of the Common Stock on the date of the award of the Stock Option (or, with respect to awards to prospective Employees, on the first date of employment).
 - (b) Option Term. The term of each Stock Option shall be fixed by the Committee.
 - (c) Exercisability. Stock Options shall be exercisable and shall vest at such time or times and subject to such terms and conditions as shall be determined by the Committee. The Committee may impose different schedules for exercisability and vesting. After considering any accounting impact to the Company, the Committee may waive any exercise or vesting provisions or accelerate the exercisability or vesting of the Stock Option at any time in whole or in part.
 - (d) Method of Exercise. Stock Options may be exercised in whole or in part at any time during the Option Period by giving the Company notice of exercise in the form approved by the Committee (which may be written or electronic) specifying the number of whole shares to be purchased, accompanied by payment of the aggregate option price for such shares. Payment of the option price shall be made in such manner as the Committee may provide in the award, which may include (i) cash (including cash equivalents), (ii) delivery (either by actual delivery of the shares or by providing an affidavit affirming ownership of the shares) of shares of Common Stock already owned by the Optionee for at least six months, (iii) broker-assisted "cashless exercise" in which the Optionee delivers a notice of exercise together with irrevocable instructions to a broker acceptable to the Company to sell shares of Common Stock (or a sufficient portion of such shares) acquired upon exercise of the Stock Option and remit to the Company a sufficient portion of the sale proceeds to pay the total option price and any withholding tax obligation resulting from such exercise, (iv) any other manner permitted by law, or (v) any combination of the foregoing.
 - (e) No Shareholder Rights. An Optionee shall have no rights to dividends or other rights of a shareholder with respect to shares subject to a Stock Option until the Optionee has duly exercised the Stock Option and a certificate for such shares

has been duly issued (or the Optionee has otherwise been duly recorded as the owner of the shares on the books of the Company).

- (f) <u>Termination of Employment or Relationship</u>. Following the termination of an Optionee's employment or other Relationship with the Company or its Subsidiaries, the Stock Option shall be exercisable to the extent determined by the Committee. The Committee may provide different post-termination exercise provisions which may vary based on the nature of and reason for the termination. The Committee may provide that, notwithstanding the option term fixed pursuant to Section 6.2(b), a Non-Qualified Option which is outstanding on the date of an Optionee's death shall remain outstanding for an additional period after the date of such death. The Committee shall have absolute discretion to determine the date and circumstances of any termination of employment or other Relationship.
- (g) Non-transferability. Unless otherwise provided by the Committee, (i) Stock Options shall not be transferable by the Optionee other than by will or by the laws of descent and distribution, and (ii) during the Optionee's lifetime, all Stock Options shall be exercisable only by such Optionee. The Committee, in its sole discretion, may permit Stock Options to be transferred to such other transferees and on such terms and conditions as may be determined by the Committee.
- (h) <u>Surrender Rights</u>. The Committee may, after considering any accounting impact to the Company, provide that Stock Options may be surrendered for cash upon any terms and conditions set by the Committee.
 - 6.3 Notwithstanding the provisions of Section 6.2, Incentive Options shall be subject to the following additional restrictions:
 - (a) Option Term. No Incentive Option shall be exercisable more than ten years after the date such Incentive Stock Option is awarded.
- (b) Additional Limitations for 10% Shareholders. No Incentive Option granted to an Employee who owns more than 10% of the total combined voting power of all classes of stock of the Company or any of its parent or subsidiary corporations, as defined in Section 424 of the Code, shall (i) have an option price which is less than 110% of the Fair Market Value of the Common Stock on the date of award of the Incentive Option or (ii) be exercisable more than five years after the date such Incentive Option is awarded
- (c) Exercisability. The aggregate Fair Market Value (determined as of the time the Incentive Option is granted) of the shares with respect to which Incentive Options (granted under the Plan and any other plans of the Company, its parent corporation or subsidiary corporations, as defined in Section 424 of the Code) are exercisable for the first time by an Optionee in any calendar year shall not exceed \$100,000.
 - (d) Notice of Disqualifying Disposition. An Optionee's right to exercise an Incentive Option shall be subject to the Optionee's agreement to notify the

Company of any "disqualifying disposition" (for purposes of Section 422 of the Code) of the shares acquired upon such exercise.

- (e) Non-transferability. Incentive Options shall not be transferable by the Optionee, other than by will or by the laws of descent and distribution. During the Optionee's lifetime, all Incentive Options shall be exercisable only by such Optionee.
- (f) <u>Last Grant Date</u>. No Incentive Option shall be granted more than ten years after the earlier of the date of adoption of the Plan by the Board or approval of the Plan by the Company's shareholders.

The Committee may, with the consent of the Optionee, amend an Incentive Option in a manner that would cause loss of Incentive Option status, provided the Stock Option as so amended satisfies the requirements of Section 6.2.

6.4 <u>Substitute Options</u>. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Committee may grant Stock Options in substitution for any options or other stock awards or stock-based awards granted by such entity or an affiliate thereof. Such substitute Stock Options may be granted on such terms as the Committee deems appropriate in the circumstances, notwithstanding any limitations on Stock Options contained in other provisions of this Section 6.

SECTION 7. Stock Appreciation Rights

- 7.1 A Stock Appreciation Right shall entitle the holder thereof to receive, for each share as to which the award is granted, payment of an amount, in cash, shares of Common Stock, or a combination thereof, as determined by the Committee, equal in value to the excess of the Fair Market Value of a share of Common Stock on the date of exercise over the Fair Market Value of a share of Common Stock on the day such Stock Appreciation Right was granted. Any such award shall be in such form and shall have such terms and conditions as the Committee may determine. The grant shall specify the number of shares of Common Stock as to which the Stock Appreciation Right is granted.
- 7.2 The Committee may provide that a Stock Appreciation Right may be exercised only within the 60-day period following occurrence of a Change in Control (as defined in Section 14.2) (such Stock Appreciation Right being referred to herein as a "*Limited Stock Appreciation Right*"). The Committee may also provide that in the event of a Change in Control the amount to be paid upon exercise of a Stock Appreciation Right shall be based on the Change in Control Price (as defined in Section 14.3).

SECTION 8. Restricted Stock

Subject to the following provisions, all awards of Restricted Stock shall be in such form and shall have such terms and conditions as the Committee may determine:

(a) The Restricted Stock award shall specify the number of shares of Restricted Stock to be awarded, the price, if any, to be paid by the recipient of the Restricted Stock and the date or dates on which, or the conditions upon the satisfaction of

which, the Restricted Stock will vest. The grant and/or the vesting of Restricted Stock may be conditioned upon the completion of a specified period of service with the Company and/or its Subsidiaries, upon the attainment of specified performance objectives, or upon such other criteria as the Committee may determine.

- (b) Stock certificates representing the Restricted Stock awarded under the Plan shall be registered in the award holder's name, but the Committee may direct that such certificates be held by the Company on behalf of the award holder. Except as may be permitted by the Committee, no share of Restricted Stock may be sold, transferred, assigned, pledged or otherwise encumbered by the award holder until such share has vested in accordance with the terms of the Restricted Stock award. At the time Restricted Stock vests, a certificate for such vested shares shall be delivered to the award holder (or his or her designated beneficiary in the event of death), free of all restrictions.
- (c) The Committee may provide that the award holder shall have the right to vote and/or receive dividends on Restricted Stock. Unless the Committee provides otherwise, Common Stock received as a dividend on, or in connection with a stock split of, Restricted Stock shall be subject to the same restrictions as the Restricted Stock.
- (d) Except as may be provided by the Committee, in the event of an award holder's termination of employment or other Relationship before all of his or her Restricted Stock has vested, or in the event any conditions to the vesting of Restricted Stock have not been satisfied prior to any deadline for the satisfaction of such conditions set forth in the award, the shares of Restricted Stock which have not vested shall be forfeited, and the Committee may provide that (i) any purchase price paid by the award holder shall be returned to the award holder or (ii) a cash payment equal to the Restricted Stock's Fair Market Value on the date of forfeiture, if lower, shall be paid to the award holder
- (e) The Committee may waive, in whole or in part, any or all of the conditions to receipt of, or restrictions with respect to, any or all of the award holder's Restricted Stock (except that the Committee may not waive conditions or restrictions with respect to awards intended to qualify under Section 162(m) of the Code unless such waiver would not cause the award to fail to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code).

SECTION 9. Deferred Stock Awards (also known as Restricted Stock Units)

Subject to the following provisions, all awards of Deferred Stock shall be in such form and shall have such terms and conditions as the Committee may determine:

(a) The Deferred Stock award shall specify the number of shares of Deferred Stock to be awarded and the duration of the period (the 'Deferral Period') during which, and the conditions under which, receipt of the Common Stock will be deferred. The Committee may condition the grant or vesting of Deferred Stock, or receipt of Common Stock or cash at the end of the Deferral Period, upon the completion

of a specified period of service with the Company and/or its Subsidiaries, upon the attainment of specified performance objectives, or upon such other criteria as the Committee may determine

- (b) Except as may be provided by the Committee, Deferred Stock awards may not be sold, assigned, transferred, pledged or otherwise encumbered during the Deferral Period.
- (c) At the expiration of the Deferral Period, the award holder (or his or her designated beneficiary in the event of death) shall receive (i) certificates for the number of shares of Common Stock equal to the number of shares covered by the Deferred Stock award, (ii) cash equal to the Fair Market Value of such Common Stock, or (iii) a combination of shares and cash, as the Committee may determine.
- (d) Except as may be provided by the Committee, in the event of an award holder's termination of employment or other Relationship before the Deferred Stock has vested, his or her Deferred Stock award shall be forfeited.
- (e) The Committee may waive, in whole or in part, any or all of the conditions to receipt of, or restrictions with respect to, Common Stock or cash under a Deferred Stock award (except that the Committee may not waive conditions or restrictions with respect to awards intended to qualify under Section 162(m) of the Code unless such waiver would not cause the award to fail to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code).

SECTION 10. Bonus Stock Awards

The Committee may award Bonus Stock to any eligible award recipient subject to such terms and conditions as the Committee shall determine. The grant of Bonus Stock may, but need not, be conditioned upon the attainment of specified performance objectives or upon such other criteria as the Committee may determine. The Committee may waive such conditions in whole or in part (except that the Committee may not waive conditions or restrictions with respect to awards intended to qualify under Section 162(m) of the Code unless such waiver would not cause the award to fail to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code). Unless otherwise specified by the Committee, no money shall be paid by the recipient for the Bonus Stock. Alternatively, the Committee may, after considering any accounting impact to the Company, offer eligible employees the opportunity to purchase Bonus Stock at a discount from its Fair Market Value. The Bonus Stock award shall be satisfied by the delivery of the designated number of shares of Common Stock which are not subject to restriction.

SECTION 11. Election to Defer Deferred Stock Awards or Bonus Stock Awards

The Committee may permit an award recipient to elect to defer payment of an award for a specified period or until a specified event, upon such terms as are determined by the Committee. An award holder may elect to defer the distribution date of a Deferred Stock Award or Bonus Stock Award provided that such election is made and delivered to the Company in compliance with Section 409A of the Code, when applicable.

SECTION 12. Non-Employee Director Awards

The Board shall have the discretion to determine the number and types of awards to be granted to Non-Employee Directors and the terms of such awards, including but not limited to the exercisability and the effect of a director's termination of service.

SECTION 13. Tax Withholding

- 13.1 Each award holder shall, no later than the date as of which an amount with respect to an award first becomes includible in such person's gross income for applicable tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any federal, state, local or other taxes of any kind required by law to be withheld with respect to the award. The obligations of the Company under the Plan shall be conditional on such payment or arrangements. The Company (and, where applicable, its Subsidiaries), shall, to the extent permitted by law, have the right to deduct the minimum amount of any required tax withholdings from any such taxes from any payment of any kind otherwise due to the award holder.
- 13.2 To the extent permitted by the Committee, and subject to such terms and conditions as the Committee may provide, an Employee may elect to have the minimum amount of any required tax withholdings with respect to any awards hereunder, satisfied by (i) having the Company withhold shares of Common Stock otherwise deliverable to such person with respect to the award or (ii) delivering to the Company shares of unrestricted Common Stock already owned by the Employee for at least six months. Alternatively, the Committee may require that a portion of the shares of Common Stock otherwise deliverable be applied to satisfy the withholding tax obligations with respect to the award.

SECTION 14. Change in Control

- 14.1 In the event of a Change in Control, unless otherwise determined by the Committee at the time of grant or by amendment (with the award holder's consent) of such grant:
 - (a) all outstanding Stock Options (including Director Options) and all outstanding Stock Appreciation Rights (including Limited Stock Appreciation Rights) awarded under the Plan shall become fully exercisable and vested;
 - (b) the restrictions and vesting conditions applicable to any outstanding Restricted Stock and Deferred Stock awards under the Plan shall lapse and such shares and awards shall be deemed fully vested;
 - (c) the Committee may, in its sole discretion, accelerate the payment date of all Restricted Stock and Deferred Stock awards; and
 - (d) to the extent the cash payment of any award is based on the Fair Market Value of Common Stock, such Fair Market Value shall be the Change in Control Price.

14.2 A "Change in Control" shall be deemed to occur on:

- (i) the date that any person, corporation, partnership, syndicate, trust, estate or other group acting with a view to the acquisition, holding or disposition of securities of the Company, becomes, directly or. indirectly, the beneficial owner, as defined in Rule 13d-3 under the Securities Exchange Act of 1934 ("Beneficial Owner"), of securities of the Company representing 35% or more of the voting power of all securities of the Company having the right under ordinary circumstances to vote at an election of the Board ("Voting Securities"), other than by reason of (x) the acquisition of securities of the Company by the Company or any of its Subsidiaries or any employee benefit plan of the Company or any of its Subsidiaries, (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.
- 14.3 "Change in Control Price" means the highest price per share of Common Stock paid in any transaction reported on any national market or securities exchange where the Common Stock is traded, or paid or offered in any transaction related to a Change in Control at

any time during the 90-day period ending with the Change in Control. Notwithstanding the foregoing sentence, in the case of Stock Appreciation Rights granted in tandem with Incentive Options, the Change in Control Price shall be the highest price paid on the date on which the Stock Appreciation Right is exercised.

SECTION 15. General Provisions

- 15.1 Each award under the Plan shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the Common Stock subject or related thereto upon any securities exchange or market or under any state or federal law, or (ii) the consent or approval of any government regulatory body or (iii) an agreement by the recipient of an award with respect to the disposition of Common Stock, is necessary or desirable in order to satisfy any legal requirements, 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, the right to exercise such Stock Option shall be suspended, such award shall not be granted and such shares will not be issued, sold or delivered, 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 Committee, and the Committee determines that the issuance, sale or delivery of the shares is lawful. The application of this Section shall not extend the term of any Stock Option or other award. The Company shall have no obligation to effect any registration or qualification of the Common Stock under federal or state laws or to compensate the award holder for any loss caused by the implementation of this Section 15.1.
- 15.2 The Committee may provide, at the time of grant or by amendment with the award holder's consent, that an award and/or Common Stock acquired under the Plan shall be forfeited, including after exercise or vesting, if within a specified period of time the award holder engages in any of the conduct described below ("Disqualifying Conduct"). Disqualifying Conduct shall mean (i) the award holder's performance of service for a competitor of the Company and/or its Subsidiaries, including service as an employee, director, or consultant, or the establishing by the award holder of a business which competes with the Company and/or its Subsidiaries, (ii) the award holder's solicitation of employees or customers of the Company and/or its Subsidiaries (iii) the award holder's improper use or disclosure of confidential information of the Company and/or its Subsidiaries or (iv) material misconduct by the award holder in the performance of such award holder's duties for the Company and/or its Subsidiaries, as determined by the Committee.
 - 15.3 Nothing set forth in this Plan shall prevent the Board from adopting other or additional compensation arrangements.
- 15.4 Nothing in the Plan nor in any award hereunder shall confer upon any award holder any right to continuation of his or her employment by or other Relationship with the Company or its Subsidiaries, or interfere in any way with the rights of any such company to terminate such employment or other Relationship.
- 15.5 Neither the Plan nor any award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or Subsidiary

and an award recipient, and no award recipient will, by participation in the Plan, acquire any right in any specific Company property, including any property the Company may set aside in connection with the Plan. To the extent that any award recipient acquires a right to receive payments from the Company or any Subsidiary pursuant to an award, such right shall not be greater than the right of an unsecured general creditor of the Company or its Subsidiaries.

15.6 The Plan and all awards hereunder shall be governed by the laws of the State of Indiana without giving effect to conflict of laws principles.

SECTION 16. Amendments and Termination

- 16.1 The Plan shall be of unlimited duration. The Board may discontinue the Plan at any time and may amend it from time to time. No amendment or discontinuation of the Plan shall adversely affect any award previously granted without the award holder's written consent. Amendments may be made without shareholder approval except as required to satisfy applicable laws or regulations or the requirements of any stock exchange or market on which the Common Stock is listed or traded.
- 16.2 The Committee may amend the terms of any award prospectively or retroactively; provided, however, that no amendment shall impair the rights of the award holder without his or her written consent.

SECTION 17. Effective Date of Plan

17.1 The Plan is effective as of the date of the consummation of the transactions contemplated by the Distribution Agreement.

HILLENBRAND, INC. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

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HILLENBRAND, INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

WITNESSETH:

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

WHEREAS, Hill-Rom Holdings, Inc. and Hillenbrand, Inc. 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 Hill-Rom Holdings, Inc. and its subsidiaries; and

WHEREAS, in accordance with Section 6.1 of the Employee Matters Agreement, Hillenbrand, Inc. is to adopt and implement a Supplemental Executive Retirement Plan with features that are comparable to the Hillenbrand Industries, Inc. Supplemental Executive Retirement Plan, Amended and Restated Effective January 1, 2005, 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 "Aggregate Account" means the vested (pursuant to Article V) balance credited to a Participant's Defined Contribution Account, Matching Account and/or Supplemental Contribution Account, including contribution credits and deemed income, gains and losses (to the extent realized as determined by the Employer, in its discretion) credited thereto. A Participant's Aggregate Account shall be determined as of the date of reference. A Participant's Aggregate Account shall be utilized solely as a device for measurement and determination of the amount to be paid to the Participant pursuant to

this Plan. A Participant's Aggregate Account shall not constitute or be treated as a trust fund of any kind.

- 1.2 "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.
- 1.3 "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, and with respect to payments related to the Aggregate Account, the person, persons, trust or other entity designated by the Participant to receive benefits payable under the Deferred Compensation Guidelines.
- 1.4 "Board" means the Board of Directors of Hillenbrand, Inc.

1.5 "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.

1.6 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.
- 1.7 "Code" means the Internal Revenue Code of 1986, as amended.
- 1.8 "Committee" means the Compensation and Management Development Committee of the Board.
- 1.9 "Company" means Hillenbrand, Inc. and its Subsidiaries.
- 1.10 "Deferral Election" means the written election made by a Participant on the Deferral Elections Checklist form as timely submitted and accepted by the Committee
- 1.11 "Deferred Compensation Guidelines" means the Company's "Deferred Compensation Payment Administrative Guidelines", as amended by the Committee in its sole discretion.
- 1.12 "Defined Contribution Account" means the account maintained on the books of account of the Employer for each Participant pursuant to Section 5.1. Separate Defined Contribution Accounts shall be maintained for each Participant. The Defined Contribution Account shall be utilized solely as a device for measurement and

determination of the amount to be paid to the Participant pursuant to this Plan. A Participant's Defined Contribution Account shall not constitute or be treated as a trust fund of any kind.

- 1.13 "Distribution Agreement" means the Distribution Agreement by and between Hillenbrand Industries, Inc. and Batesville Holdings, Inc. dated as of March , 2008.
- 1.14 **"Employee Matters Agreement"** means the Employee Matters Agreement by and between Hillenbrand Industries, Inc. and Batesville Holdings, Inc. dated as of March ________, 2008.
- 1.15 "Employer" means the Company.
- 1.16 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.
- 1.17 "Matching Account" means the account maintained on the books of account of the Employer for each Participant pursuant to Section 5.2. Separate Matching Accounts shall be maintained for each Participant. A Matching Account shall be utilized solely as a device for measurement and determination of the amount to be paid to the Participant pursuant to this Plan. A Matching Account shall not constitute or be treated as a trust fund of any kind.
- 1.18 "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.
- 1.19 "Prior SERP" means the Hillenbrand Industries, Inc. Supplemental Executive Retirement Plan as in effect immediately prior to the Effective Date.
- 1.20 "Pension Plan" means the Hillenbrand, Inc. Pension Plan, as amended.
- 1.21 "Plan Year" means the twelve (12) month period ending on the December 31 of each year during which this Plan is in effect, provided that the first Plan Year shall commence on the Effective Date and end on December 31 of the calendar year in which the Effective Date occurs.
- 1.22 "Savings Plan" means the Hillenbrand, Inc. Savings Plan, as amended.
- 1.23 "SpinCo Participant" shall have the meaning set forth in Section 1.1 of the Employee Matters Agreement.
- 1.24 "Subsidiary" means an operating company unit of which a majority equity interest is owned directly or indirectly by the Company.

- 1.25 "Supplemental Contribution Account" means the account maintained on the books of account of the Employer for each Participant pursuant to Section 5.3. Separate Supplemental Contribution Account shall be maintained for each Participant. The Supplemental Contribution Account shall be utilized solely as a device for measurement and determination of the amount to be paid to the Participant pursuant to this Plan. A Participant's Supplemental Contribution Account shall not constitute or be treated as a trust fund of any kind.
- 1.26 "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 <u>Committee Duties</u>. 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 <u>Binding Effect of Decisions</u>. 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 IX.

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 and/or has an Aggregate Account (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 <u>Subject To Pension Plan.</u> 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 begin as of the first day of the calendar month following the six month anniversary 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.

- (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 begin on the first day of the calendar month following the six month anniversary 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. 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 begin 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 sixth month anniversary 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. 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.
- (d) Notwithstanding anything herein to the contrary, if a Traditional Participant is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code, then any payments to be made to such Traditional Participant under this Section 4.3 shall commence on the first day of the calendar month following the six-month anniversary of the date of his termination of employment.

- 4.4 <u>Change in Control</u>. 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 <u>Forfeiture of Supplement Retirement Benefit</u>. 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 <u>Frozen Supplemental Retirement Benefit</u>. 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 <u>Elections under the Prior SERP</u>. 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 Date, 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 the Prior SERP have not commenced, then as of 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. EMPLOYER CONTRIBUTIONS

5.1 Defined Contributions

- (a) Each Plan Year the Employer shall record as a contribution to the Defined Contribution Account of a Traditional Participant an amount equal to (1) the maximum amount of contribution of whatever kind the Employer would have had to make to the Savings Plan for and on behalf of a Traditional Participant for such Plan Year (i) without the annual additions limits set forth in Code Section 415 and (ii) with the changes to the calculation of "Compensation" (as defined in the Savings Plan) as described in paragraph (c) of this Section 5.1, less (2) the amount of contribution of whatever kind that the Employer actually made to the Savings Plan for and on behalf of the Traditional Participant for such Plan Year.
- (b) For each Participant who is not a Traditional Participant ("Non-Traditional Participant"), each Plan Year the Employer shall record as a contribution to the Defined Contribution Account of a Non-Traditional Participant an amount equal to (1) the maximum amount of contribution of whatever kind, other than any Employer Matching Contributions (as defined in the Savings Plan), the Employer would have had to make to the Savings Plan for and on behalf of a Non-Traditional Participant for such Plan Year (i) without the annual additions limits set forth in Code Section 415 and (ii) with the changes to the calculation of "Compensation" (as defined in the Savings Plan) as described in paragraph (c) of this Section 5.1, less (2) the amount of contribution of whatever kind, other than any Employer Matching Contributions, that the Employer actually made to the Savings Plan for and on behalf of the Non-Traditional Participant for such Plan Year.
- (c) For purposes of calculating the Defined Contributions under this Section 5.1, "Compensation" as defined in the Savings Plan shall include the amount of a Participant's Target Bonus (whether or not the target is attained and whether or not the Target Bonus is paid) for a Plan Year, and such "Compensation" shall not be limited by the compensation limits set forth in Code Section 401(a)(17); provided however, that such "Compensation" may be limited in amount by resolution of the Board or Committee, as they determine in their sole discretion, for any one or more Participants.

5.2 Matching Contributions.

- (a) For each Non-Traditional Participant who has elected to contribute the maximum amount as provided under Code Section 402(g)(1) as a "qualified cash or deferred arrangement" (as defined in Code Section 401(k)(2)) to the Savings Plan, each Plan Year the Employer shall record as a contribution to the Matching Account of a Non-Traditional Participant an amount equal to (1) the maximum amount of Employer Matching Contributions (as defined in the Savings Plan) the Employer would have had to make to the Savings Plan for and on behalf of a Non-Traditional Participant for such Plan Year (i) without the annual additions limits set forth in Code Section 415, (ii) without any limits on a Non-Traditional Participant's "qualified cash or deferred arrangement" under Code Sections 401(k) or 402(g)(1), (iii) without any limits on a matching contribution as set forth in Code Section 401(m) and (iv) with the changes to the calculation of "Compensation" (as defined in the Savings Plan) as described in paragraph (c) of this Section 5.2, less (2) the amount of Employer Matching Contributions that the Employer actually made to the Savings Plan for and on behalf of the Non-Traditional Participant for such Plan Year.
- (b) For each Non-Traditional Participant who has not elected to contribute the maximum amount as provided under Code Section 402(g)(1) as a "qualified cash or deferred arrangement" (as defined in Code Section 401(k)(2)) to the Savings Plan, each Plan Year the Employer shall record as a contribution to the Matching Account of a Non-Traditional Participant an amount equal to (1) the maximum amount of Employer Matching Contributions (as defined in the Savings Plan) the Employer would have had to make to the Savings Plan for and on behalf of a Non-Traditional Participant for such Plan Year (i) without the annual additions limits set forth in Code Section 415, (ii) without any limits on a Non-Traditional Participant's "qualified cash or deferred arrangement" under Code Sections 401(k), (iii) without any limits on a matching contribution as set forth in Code Section 401(m), (iv) with the limits on a Non-Traditional Participant's "qualified cash or deferred arrangement" under Code Section 402(g)(i) and (v) with the changes to the calculation of "Compensation" (as defined in the Savings Plan) as described in paragraph (c) of this Section 5.2, less (2) the amount of Employer Matching Contributions that the Employer actually made to the Savings Plan for and on behalf of the Non-Traditional Participant for such Plan Year.
- (c) For purposes of calculating the Matching Contributions under this Section 5.2, "Compensation" as defined in the Savings Plan shall include the amount of a Participant's Target Bonus (whether or not the target is attained and whether or not the Target Bonus is paid) for a Plan Year and such "Compensation" shall not

be limited by the compensation limits set forth in Code Section 401(a)(17); provided however, that such "Compensation" may be limited in amount by the Board or Committee, as they determine in their sole discretion, for any one or more Non-Traditional Participants.

5.3 Supplemental Contributions.

- (a) Each Plan Year the Employer shall record as a contribution to the Supplemental Contribution Account of certain Participants selected by the Committee an amount equal to three percent (3%) of such Participants' "Compensation" (as defined in the Savings Plan) with such changes to its calculation as described in paragraph (b) of this Section 5.3.
- (b) For purposes of calculating the Supplemental Contributions under this Section 5.3, "Compensation" as defined in the Savings Plan shall include the amount of a selected Participant's Target Bonus (whether or not the target is attained and whether or not the Target Bonus is paid) for a Plan Year and such "Compensation" shall not be limited by the compensation limits set forth in Code Section 401(a)(17); provided however, that such "Compensation" may be limited in amount by the Board or Committee, as they determine in their sole discretion, for any one or more of the selected Participants.
- 5.4 <u>Defined Contribution Accounts, Matching Account and Supplemental Contribution Account</u> All Employer contributions made pursuant to this Section V shall be credited to a Participant's Defined Contribution Account, Matching Account and/or, Supplemental Contribution Account which shall be a bookkeeping account established for each Participant by the Employer. The time when the Employer contributions are credited to a Participant's Defined Contribution Account, Matching Account and/or Supplemental Contribution Account shall be determined by the Committee, in its sole discretion. The Defined Contribution Accounts, the Matching Accounts and the Supplemental Contribution Account shall be unfunded and shall maintain all credits made to such account, pursuant to this Plan for the benefit of a Participant.
- 5.5 Beginning Account Balances of Participants Who Participated in the Prior SERP As of the Effective Date, the Aggregate Account balance of any Participant under the Prior SERP as of the day before the Effective Date shall be the opening Aggregate Account balance under this Plan and the respective Define Contribution Account, Matching Account and/or Supplemental Contribution Account of such Participant, which makes up the Aggregate Account. Notwithstanding anything herein to the contrary, as of the Effective Date, a Participant's Aggregate Account under the Prior SERP shall be cancelled and forfeited by the Participant, and such Participant shall, on or after the Effective Date, only receive a distribution of his or her Aggregate Account under this Plan and shall not receive a distribution of all or any portion of an Aggregate Account under the Prior SERP.

- 5.6 Earnings on Accounts. The balance of a Participant's Defined Contribution Account, Matching Account and/or Supplemental Contribution Account, shall accrue interest credited monthly to the Participant's Defined Contribution Account balance, Matching Account balance and/or Supplemental Contribution Account balance at the end of the Company's fiscal months at a rate which is equal to the monthly prime interest rate (determined as of the first day of each month) charged by the Company's principal bank, or, at the election of the Committee, Participants selected by the Committee may be credited at such other rate or rates as may be determined by the Committee.
- 5.7 Vesting. A Participant shall be fully (100%) vested in all amounts credited to his or her Defined Contribution Account and Supplemental Contribution Account, and a Participant shall vest in all amounts credited to his or her Matching Account pursuant to the vesting schedule maintained under the Savings Plan for any Employer Matching Contributions made to the Savings Plan by the Employer; provided however, that upon the occurrence of an event which is a Change in Control, each Participant shall be fully 100% vested in such Participant's Matching Account.
- 5.8 <u>Distribution of Aggregate Account</u>. A Participant's Aggregate Account shall be paid within fifteen (15) days of the six-month anniversary of the date of the Participant's termination of employment.
- 5.9 Forfeiture of Aggregate Account. Notwithstanding anything in this Article V, upon the termination of a Participant's employment by the Company or any of its Subsidiaries for Cause, such Participant shall forfeit all rights to his or her Aggregate Account under this Article V, and the Employer shall have no obligations with respect to this Article V.
- 5.10 <u>Elections under the Prior SERP</u>. Any and all elections made by a Participant under the Prior SERP with respect to his or her Aggregate Account under the Prior SERP shall be deemed to be an election under this Plan with respect to the Participant's Aggregate Account under this Article V.

ARTICLE VI. 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 VII. 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 VIII. AMENDMENT AND TERMINATION

- 8.1 <u>Amendment</u>. 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.
- 8.2 <u>Termination</u>. 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 IX. <u>DETERMINATION OF BENEFITS</u>

- 9.1 <u>Claim</u>. 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.
- 9.2 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.
- 9.3 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.
- 9.4 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 X. 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 XI. GENERAL PROVISIONS

- 11.1 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.
- 11.2 <u>Captions</u>. 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.
- 11.3 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.
- 11.4 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.
- 11.5 <u>Protective Provisions</u>. 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.
- 11.6 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.
- 11.7 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 XII. 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 XIII. RIGHTS TO BENEFITS

Subject to Article VI, 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 XIV. BOARD APPROVAL	
This Plan was approved by the Board on February, 2008. IN WITNESS WHEREOF, the Employer has caused this Plan to be executed this day of _	, 20
	HILLENBRAND, INC.
	By: Name: Title:
17	

EXHIBIT "A"

Example of Average Monthly Earnings for Supplemental Retirement Benefit

Calculation of Target Bonus

	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

Average Monthly Earnings for Supplemental Retirement Benefit:

1,261,370, $5,12 = \underline{$21,023}$

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

HILLENBRAND

, 2008

Dear Hillenbrand Industries, Inc. Shareholder:

We are pleased to inform you that on , 2008, the Board of Directors of Hillenbrand Industries, Inc. approved the distribution of all the shares of common stock of Batesville Holdings, Inc., a wholly owned subsidiary of Hillenbrand, to Hillenbrand shareholders. Batesville Holdings is a newly formed holding company for Hillenbrand's funeral service business, which has operated under the Batesville Casket name.

This distribution is to be made pursuant to a plan approved in principle by Hillenbrand's Board of Directors on May 7, 2007, to separate Hillenbrand's funeral service business from its medical technology business conducted through its Hill-Rom business unit. Upon completion of the distribution, Hillenbrand shareholders will own 100% of the common stock of Batesville Holdings. Hillenbrand will continue as a publicly traded company with Hill-Rom as its sole operating unit.

In connection with the distribution, Hillenbrand plans to change its name to Hill-Rom Holdings, Inc., and Batesville Holdings will change its name to Hillenbrand, Inc. These name changes are being made to continue the long association of the Hillenbrand name with the Batesville Casket business.

Hillenbrand's Board of Directors believes that the separation of Hillenbrand's funeral service and medical technology businesses will create two focused, mission-driven enterprises that can each better achieve its business objectives and pursue growth opportunities in its respective market and will increase value to Hillenbrand's shareholders, customers and employees.

The distribution of Batesville Holdings common stock will occur on precord on the record date for the distribution. Each Hillenbrand shareholder will be entitled to receive one share of Batesville Holdings common stock for each share of Hillenbrand common stock held by such shareholder at the close of business on public the record date for the distribution. Holders of Hillenbrand common stock who sell their shares of Hillenbrand common stock prior to the record date or who sell their entitlement to receive shares of Batesville Holdings common stock will not receive shares of Batesville Holdings common stock in the distribution. The Batesville Holdings common stock will be issued in book-entry form only, which means that no physical stock certificates will be issued. No fractional shares of Batesville Holdings common stock will be issued. If you would otherwise have been entitled to a fractional share of Batesville Holdings common stock, you will instead receive a check for its cash value.

Shareholder approval of the distribution is not required, and you are not required to take any action to receive your Batesville Holdings common stock. The distribution is intended to be tax-free for U.S. federal income tax purposes to Hillenbrand shareholders, except for cash received in lieu of any fractional share.

Following the distribution, you will own shares in both Hillenbrand and Batesville Holdings, unless you sell your Hillenbrand common stock or your entitlement to receive shares of Batesville Holdings common stock prior to the distribution date. The number of Hillenbrand shares you own will not change as a result of the distribution. Hillenbrand's common stock will continue to trade on the New York Stock Exchange; however, in connection with Hillenbrand's name change to Hill-Rom Holdings, Inc., Hillenbrand intends to change its trading symbol from "HB" to "HRC." Batesville Holdings has applied to have its common stock listed on the New York Stock Exchange under the symbol "HI."

The enclosed information statement, which is being mailed to all holders of Hillenbrand common stock on the record date for the distribution, describes the distribution in detail and contains important information about Batesville Holdings and its business, financial condition and operations. We urge you to read the information statement carefully. For information about Hillenbrand and Hill-Rom, you should read the reports and other information Hillenbrand has filed and will file with the Securities and Exchange Commission.

We want to thank you for your continued support of Hillenbrand and we look forward to your future support of Batesville Holdings. Sincerely,

Rolf A. Classon Chairman of the Board of Directors Hillenbrand Industries, Inc. Peter H. Soderberg President and Chief Executive Officer Hillenbrand Industries, Inc.



, 2008

Dear Future Batesville Holdings, Inc. Shareholder:

It is our pleasure to welcome you as a shareholder of our company, Batesville Holdings, Inc. We are excited about our future as a leader in the North American death care industry through the sale of funeral service products, including burial caskets, cremation caskets, containers and urns, selection room display fixturing and other personalization and memorialization products.

Upon completion of the distribution of our common stock to shareholders of our parent company, Hillenbrand Industries, Inc., we will be a separate, publicly traded company with \$260.4 million in pro forma shareholders' equity and \$648.6 million in pro forma assets, each as of December 31, 2007. For the year ended September 30, 2007, on a pro forma basis we generated revenues of \$667.2 million, operating profit of \$159.9 million and net income of \$104.0 million. For the three months ended December 31, 2007, on a pro forma basis we generated revenues of \$162.9 million, operating profit of \$39.4 million and net income of \$25.5 million.

In connection with the distribution, Batesville Holdings will change its name to Hillenbrand, Inc. and Hillenbrand will change its name to Hill-Rom Holdings, Inc. These name changes are being made to continue the long association of the Hillenbrand name with the Batesville Casket business. Batesville Holdings has applied to have its common stock listed on the New York Stock Exchange under the symbol "HI."

We invite you to learn more about Batesville Holdings by reviewing the enclosed information statement. We urge you to read the information statement carefully. We look forward to our future and to your support as a holder of Batesville Holdings common stock.

Sincerely,

Ray J. Hillenbrand Chairman of the Board of Directors Batesville Holdings, Inc. Kenneth A. Camp President and Chief Executive Officer Batesville Holdings, Inc. Preliminary Information Statement (Subject to Completion, Dated February 19, 2008)



Information Statement Distribution of Common Stock of

BATESVILLE HOLDINGS, INC.

Βv

HILLENBRAND INDUSTRIES, INC. to Hillenbrand Industries, Inc. Shareholders

This information statement is being furnished in connection with the distribution by Hillenbrand Industries, Inc. to its shareholders of all of the shares of common stock of Batesville Holdings, Inc. This information statement was first mailed to Hillenbrand shareholders on or about , 2008

Batesville Holdings is a wholly owned subsidiary of Hillenbrand, newly formed to be a holding company for Hillenbrand's funeral service business, which has operated under the Batesville Casket name. To implement the distribution, Hillenbrand will distribute all of the shares of Batesville Holdings common stock on a pro rata basis to the holders of Hillenbrand common stock as of the record date. Each of you, as a holder of Hillenbrand common stock, will receive one share of Batesville Holdings common stock for each share of Hillenbrand common stock that you held at the close of business on , 2008, the record date for the distribution. No fractional shares of Batesville Holdings common stock will be issued. Hillenbrand shareholders who would otherwise have been entitled to fractional shares of Batesville Holdings common stock will instead receive checks for the cash value of the fractional shares. The distribution will be made on , 2008. Immediately after the distribution is completed, Batesville Holdings will be a separate, publicly traded company.

In connection with the distribution, Hillenbrand intends to change its name to Hill-Rom Holdings, Inc., and Batesville Holdings intends to change its name to Hillenbrand, Inc. These name changes are being made to continue the long association of the Hillenbrand name with the Batesville Casket business. Please refer to the "Note Regarding the Use of Certain Terms" on page ii for a description of how we refer to these entities in this information statement.

No vote of Hillenbrand shareholders is required in connection with this distribution. We are not asking you for a proxy and you are requested not to send us a proxy.

Hillenbrand shareholders will not be required to pay any consideration for the shares of Batesville Holdings common stock they receive in the distribution, and they will not be required to surrender or exchange shares of their Hillenbrand common stock or take any other action in connection with the distribution.

All of the outstanding shares of Batesville Holdings common stock are currently owned by Hillenbrand. Accordingly, there currently is no public trading market for Batesville Holdings common stock. Following the distribution, Hillenbrand's common stock will continue to trade on the New York Stock Exchange; however, in connection with Hillenbrand's name change to Hill-Rom Holdings, Inc., Hillenbrand intends to change its trading symbol from "HB" to "HRC." Batesville Holdings has applied to have its common stock listed on the New York Stock Exchange under the symbol "HI." We anticipate that a limited market, commonly known as a "when-issued" trading market, for Batesville Holdings common stock will develop on or shortly before the record date for the distribution and will continue up to and through the distribution date, and we anticipate that "regular-way" trading of Batesville Holdings common stock will begin on the first trading day following the distribution date.

In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 5 of this information statement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of any of the securities of Batesville Holdings, or determined whether this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is , 2008.

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NOTE REGARDING THE USE OF CERTAIN TERMS

To avoid confusion relating to the name changes that will occur in connection with the distribution, we use the following terms to refer to the entities indicated:

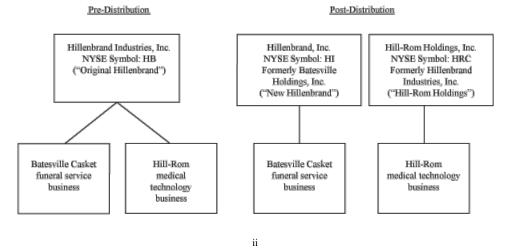
"We," "us," "our," "our company" and "New Hillenbrand" refer to Batesville Holdings, Inc., the holding company for the Batesville Casket funeral service business whose shares will be distributed in the distribution and which will change its name to Hillenbrand, Inc. in connection with the distribution

"Original Hillenbrand" refers to Hillenbrand Industries, Inc., the publicly traded holding company for the Batesville Casket funeral service business and the Hill-Rom medical technology business, prior to the distribution.

"Hill-Rom Holdings" refers to Hill-Rom Holdings, Inc., which will be the holding company for the medical technology business following the distribution and the change of Original Hillenbrand's name to Hill-Rom Holdings, Inc.

Where appropriate in context, the foregoing terms also include the subsidiaries of these entities.

The following diagrams depict the pre- and post-distribution structures:



QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

What is New Hillenbrand and why is Original Hillenbrand separating New Hillenbrand's business and distributing its stock?

Why am I receiving this document?

How will the separation of New Hillenbrand from Original Hillenbrand work? Why is the separation of New Hillenbrand structured as a distribution?

When will the distribution occur?

What do shareholders need to do to participate in the distribution?

New Hillenbrand currently is a wholly owned subsidiary of Original Hillenbrand that was recently formed to be a holding company for Original Hillenbrand's funeral service business, which has operated under the Batesville Casket name. The separation of New Hillenbrand from Original Hillenbrand and the distribution of New Hillenbrand's common stock are intended to provide you with equity investments in two separate companies that should then be able to focus exclusively on maximizing opportunities for their distinct businesses. This should result in enhanced long-term performance of each business. See "The Separation — Background of and Reasons for the Separation."

Original Hillenbrand is delivering this document to you because you were a holder of Original Hillenbrand common stock on the record date for the distribution of our shares of common stock. Accordingly, you are entitled to receive one share of our common stock for each share of Original Hillenbrand common stock that you held at the close of business on the record date. We will not issue fractional shares of our common stock, and you will receive a check for the cash value of any fractional share of our common stock you otherwise would be entitled to receive. No action is required for you to participate in the distribution. The distribution will take place on ____, 2008. This document will help you understand the effects of the separation and distribution on your investment in Original Hillenbrand.

To accomplish the separation, Original Hillenbrand will distribute all of the common stock of New Hillenbrand to Original Hillenbrand's shareholders on a pro rata basis as a dividend. Original Hillenbrand believes that a tax-free distribution of shares of New Hillenbrand to the Original Hillenbrand shareholders is a tax-efficient way to separate its funeral service and medical technology businesses in a manner that will create long-term value for Original Hillenbrand shareholders.

Original Hillenbrand will distribute the shares of New Hillenbrand common stock on to holders of record of Original Hillenbrand common stock at the close of business on 2008, the record date. , 2008

You do not have to do anything, but we urge you to read this entire information statement carefully. Shareholders of Original Hillenbrand as of the record date will not be required to take any action to receive New Hillenbrand common stock in the distribution. No shareholder approval of the distribution is required or sought because the Indiana Business Corporation Law, which governs Original Hillenbrand as an Indiana corporation, provides that distributions to shareholders may be authorized by the board of directors. We are not asking you for a proxy and you are requested not to send us a proxy. You will not be required to make any payment, surrender or exchange your shares of Original Hillenbrand common stock or take any other action to receive

Can Original Hillenbrand decide to cancel the distribution of our common stock even if all the conditions have been met?

Does New Hillenbrand plan to pay dividends?

Will New Hillenbrand incur any debt in the separation?

your shares of our common stock. Please do not send in your Original Hillenbrand stock

If you own Original Hillenbrand common stock as of the close of business on the record date, Original Hillenbrand, with the assistance of Computershare Investors Services, the settlement and distribution agent, will electronically issue shares of our common stock to you or to your brokerage firm on your behalf by way of direct registration in book-entry form. Computershare Investors Services will mail you a book-entry account statement that reflects your shares of New Hillenbrand common stock, or your bank or brokerage firm will credit your account for the

Following the distribution, shareholders whose shares are held in book-entry form may request that their shares of New Hillenbrand common stock held in book-entry form be transferred to a brokerage or other account at any time, without charge.

Yes. The distribution is subject to the satisfaction or waiver of certain conditions. See the section entitled "The Separation — Conditions to the Distribution." Until the distribution date, Original Hillenbrand has the right to terminate the distribution, even if all of the conditions are satisfied, if at any time the Board of Directors of Original Hillenbrand determines that the distribution is not in the best interests of Original Hillenbrand and its shareholders or that market conditions or other circumstances are such that it is not advisable to separate the funeral service and medical technology businesses of Original Hillenbrand.

Yes. A goal of the separation is that current Original Hillenbrand shareholders initially receive combined quarterly cash dividends from Hill-Rom Holdings and New Hillenbrand equal to the \$0.285 per share quarterly dividend currently paid by Original Hillenbrand. Accordingly, following the distribution New Hillenbrand expects initially to pay a quarterly dividend of \$ per share, and Hill-Rom Holdings expects initially to pay a quarterly dividend of \$ per share. The declaration and payment of dividends by New Hillenbrand or Hill-Rom Holdings will be subject to the sole discretion of their respective boards of directors and will depend upon many factors, including their financial condition, earnings, capital requirements, covenants associated with their debt obligations or other contractual restrictions, legal requirements and other factors deemed relevant by their respective boards of directors. See "Dividend Policy."

Yes. New Hillenbrand expects to enter into a new \$400 million bank credit facility that will be available for working capital purposes and to fund capital expenditures and acquisitions. New Hillenbrand expects to borrow approximately \$250 million under that facility to pay a cash dividend of that amount to Original Hillenbrand immediately prior to the distribution in order to establish appropriate long-term capital structures for each of the companies. On a pro forma basis giving effect to the distribution and related transactions, including the payment of the dividend to Original Hillenbrand, New Hillenbrand had shareholders' equity of \$260.4 million as of December 31, 2007.

What will the separation cost?

\$45 million, of which a portion has been allocated to us. Through December 31, 2007, Original Hillenbrand has incurred cumulative separation costs of \$14.7 million, of which \$1.2 million and \$5.1 million were allocated to the funeral service business of Original Hillenbrand for the three month period ended December 31, 2007, and the year ended September 30, 2007, respectively. A majority of these separation costs are expected to be cash, with a portion being non-deductible for income tax purposes. In addition to these separation costs, Original Hillenbrand and New Hillenbrand expect to incur an incremental combined charge related to the modification or acceleration of equity-based awards, subject to final approval by the Original Hillenbrand Board of Directors, in the range of \$16 million to \$19 million with \$7 million to \$8 attributable to

For additional information relating to our planned financing arrangements, see the sections entitled "Unaudited Pro Forma Combined Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital

Original Hillenbrand expects to incur pre-tax separation costs of approximately \$40 million to

Hillenbrand expect to incur an incremental combined charge related to the modification or acceleration of equity-based awards, subject to final approval by the Original Hillenbrand Board of Directors, in the range of \$16 million to \$19 million, with \$7 million to \$8 attributable to New Hillenbrand. These estimates are dependent upon the fair value of our common stock and could change depending on the actual fair value at the time of modification. For additional information on the proposed modification of equity-based awards, see the section entitled "Executive Compensation — Compensation Discussion and Analysis — Equitable Adjustments

to Outstanding Equity-Based Awards."

Resources - Other Liquidity Matters."

What are the U.S. federal income tax consequences of the distribution to Original Hillenbrand shareholders?

Original Hillenbrand has received a private letter ruling from the Internal Revenue Service, or IRS, to the effect that the distribution, together with certain related transactions, will qualify as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, Original Hillenbrand will receive an opinion of Bracewell & Giuliani LLP, counsel to Original Hillenbrand, addressing certain requirements, the satisfaction of which has been assumed in the private letter ruling, that must be met in order for the distribution to qualify as a tax-free distribution. These requirements include, for example, that a valid business purpose for the distribution exists and that the distribution is not a "device" to distribute Original Hillenbrand's corporate earnings and profits. As a tax-free distribution, no gain or loss will be recognized by you, and no amount will be included in your income, upon the receipt of shares of our common stock in the distribution. You will generally recognize gain or loss with respect to cash received in lieu of a fractional share of our common stock. For more information regarding the private letter ruling and the potential tax consequences to you of the distribution, see the section entitled "The Separation — U.S. Federal Income Tax Consequences of the Distribution."

What will New Hillenbrand's relationship be with Hill-Rom Holdings following the separation?

Before the separation of New Hillenbrand from Original Hillenbrand, we will enter into a distribution agreement and several other agreements with Original Hillenbrand to effect the separation and provide a framework for our relationship with Hill-Rom Holdings after the separation. These other agreements include transitional services agreements, shared services or

Will I receive physical certificates representing shares of New Hillenbrand common stock following the separation?

Will New Hillenbrand issue fractional shares of its common stock in the distribution?

joint ownership agreements, an employee matters agreement, a tax sharing agreement and a judgment sharing agreement. These agreements will govern the relationship between us and Hill-Rom Holdings subsequent to the completion of the separation, and provide for the allocation between us and Hill-Rom Holdings of Original Hillenbrand's assets, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after our separation from Original Hillenbrand. In addition, to allocate the potential liability under certain antitrust litigation matters in which both we and Original Hillenbrand are defendants, we and Original Hillenbrand will enter into a judgment sharing agreement that will apportion responsibility between New Hillenbrand and Hill-Rom Holdings for posting appeal bonds and paying any damages awarded in these cases. We cannot assure you that these agreements will be on terms as favorable to us as agreements with unaffiliated third parties might be. For additional information regarding the separation agreements, see the sections entitled "Risk Factors — Risks Relating to the Separation," "Arrangements between Original Hillenbrand and New Hillenbrand" and "Business and Properties — Legal Proceedings — Antitrust Litigation."

No. Following the separation, New Hillenbrand will not issue physical certificates representing shares of New Hillenbrand common stock. Instead, Original Hillenbrand, with the assistance of Computershare Investors Services, the settlement and distribution agent, will electronically issue shares of our common stock to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. Computershare Investors Services will mail you a bookentry account statement that reflects your shares of New Hillenbrand common stock, or your bank or brokerage firm will credit your account for the shares. A benefit of issuing stock electronically in book-entry form is that there will be none of the physical handling and safekeeping responsibilities that are inherent in owning physical stock certificates. After you receive your book-entry account statement, you may request that we issue you a physical stock certificate by following the directions on your account statement.

No. New Hillenbrand will not issue fractional shares of its common stock in the distribution. Fractional shares that Original Hillenbrand shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed ratably to those shareholders who would otherwise have been entitled to receive fractional shares. Because the distribution ratio will be one share of New Hillenbrand common stock for each share of Original Hillenbrand common stock outstanding, we expect that the payment of cash in lieu of fractional shares will apply only to certain shareholders that hold shares of Original Hillenbrand common stock through the BYDS Buy Direct Stock Program maintained by Computershare Investors Services, Original Hillenbrand's transfer agent.

What if I want to sell my Original Hillenbrand common stock or my New Hillenbrand common stock?

What is "regular-way" and "ex-distribution" trading?

You should consult with your financial advisors, such as your stockbroker, bank or tax advisor. If you sell your Original Hillenbrand common stock prior to the record date or sell your entitlement to receive shares of New Hillenbrand common stock in the distribution prior to the distribution date, you will not be entitled to receive any shares of New Hillenbrand common stock in the distribution.

Beginning on or shortly before the record date and continuing up to and through the distribution date, we expect that there will be two markets in Original Hillenbrand common stock: a "regularway" market and an "ex-distribution" market. Shares of Hillenbrand common stock that trade in the "regular-way" market will trade with an entitlement to shares of our common stock distributed pursuant to the distribution. Shares that trade in the "ex-distribution" market will trade without an entitlement to shares of our common stock distributed pursuant to the distribution. On the first trading day following the distribution date, all shares of Hill-Rom Holdings will trade "ex-distribution."

If you decide to sell any shares of Original Hillenbrand before the distribution, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your Original Hillenbrand common stock or your entitlement to New Hillenbrand common stock pursuant to the distribution or both.

Prior to the distribution, Original Hillenbrand will change its name from Hillenbrand Industries, Inc. to Hill-Rom Holdings, Inc., and New Hillenbrand will change its name from Batesville Holdings, Inc. to Hillenbrand, Inc. These name changes are being made to continue the long association of the Hillenbrand name with the Batesville Casket business.

We have applied to list our common stock on the NYSE under the symbol "HI." We anticipate that trading in shares of our common stock will begin on a "when-issued" basis on or shortly before the record date and will continue up to and through the distribution date and that "regularway" trading in shares of our common stock will begin on the first trading day following the distribution date. If trading begins on a "when-issued" basis, you may purchase or sell our common stock up to and through the distribution date, but your transaction will not settle until after the distribution date. We cannot predict the trading prices for our common stock before, on or after the distribution date.

Original Hillenbrand's common stock will continue to trade on the New York Stock Exchange, or NYSE; however, in connection with Original Hillenbrand's name change to Hill-Rom Holdings, Inc., Original Hillenbrand intends to change its trading symbol from "HB" to "HRC."

Why are Original Hillenbrand and New Hillenbrand changing their names in connection with the separation?

Where will I be able to trade shares of New Hillenbrand common stock?

What will happen to the listing of Original Hillenbrand common stock?

change as a result of the distribution?

Will the distribution affect the market price of my Original Hillenbrand shares?

How will I determine my tax basis in the New Hillenbrand shares I receive in the distribution?

Are there risks to owning New Hillenbrand common stock?

Will the number of Original Hillenbrand shares I own No. The number of Shares of Original Hillenbrand common stock you own will not change as a result of the distribution.

> Yes. As a result of the distribution, we expect the trading price of shares of Hill-Rom Holdings common stock immediately following the distribution to be lower than the trading price of Original Hillenbrand common stock immediately prior to the distribution because the trading price will no longer reflect the value of the funeral service business. Furthermore, until the market has fully analyzed the value of Hill-Rom Holdings without the funeral service business, the market price of a share of Hill-Rom Holdings common stock may fluctuate significantly. Original Hillenbrand believes that over time following the separation, the common stock of Hill-Rom Holdings and New Hillenbrand should have a higher aggregate market value than if Original Hillenbrand were to remain under its current configuration, assuming the same market conditions and the realization of the expected benefits of the separation. However, there can be no assurance that such a higher aggregate market value will be achieved, and the combined trading prices of a share of Hill-Rom Holdings common stock and a share of New Hillenbrand common stock after the distribution may be equal to, greater than or less than the trading price of a share of Original Hillenbrand common stock before the distribution.

> Shortly after the distribution is completed, Hill-Rom Holdings will provide U.S. taxpayers with information to enable them to compute their tax basis in both Hill-Rom Holdings and New Hillenbrand shares and other information they will need to report their receipt of New Hillenbrand common stock on their 2008 federal income tax returns as a tax-free transaction. Generally, your aggregate basis in the stock you hold in Hill-Rom Holdings and New Hillenbrand shares received in the distribution will equal the aggregate basis in the Original Hillenbrand common stock held by you immediately before the distribution, allocated between your Hill-Rom Holdings common stock and the New Hillenbrand common stock you receive in the distribution in proportion to the relative fair market value of each on the date of the distribution.

> You should consult your tax advisor about the particular consequences of the distribution to you, including the application of state, local and foreign tax laws.

> Yes. Our business is subject to both general and specific risks relating to our business, the industry in which we operate, our ongoing contractual relationships with Hill-Rom Holdings and our status as a separate, publicly traded company. Our business is also subject to risks relating to the separation. These risks are described in the "Risk Factors" section of this information statement beginning on page 5. We encourage you to read that section carefully.

Where can Original Hillenbrand shareholders obtain more information?

Before the distribution, if you have any questions relating to the separation, you should contact:

Hillenbrand Industries, Inc.

Investor Relations 1069 State Route 46 East Batesville, Indiana 47006-8835 Attention: Blair A. (Andy) Rieth, Jr. Vice President, Investor Relations Phone (812) 931-2199 Fax (812) 931-3533 www.hillenbrand.com

After the distribution, New Hillenbrand shareholders who have any questions relating to our common stock should contact us at:

Hillenbrand, Inc.

Investor Relations
One Batesville Boulevard
Batesville, Indiana 47006-8835
Attention: Mark R. Lanning
Vice President, Investor Relations
Phone (812) 934-7256
Fax (812) 934-1963
www.batesville.com

or

Computershare Investors Services 2 North LaSalle Street Chicago, IL 60602

Phone (312) 360-5328

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SUMMARY

This summary highlights selected information contained elsewhere in this information statement relating to our company, our separation from Original Hillenbrand and the distribution of our common stock by Original Hillenbrand to its shareholders. For a more complete understanding of our business and the separation and distribution, you should carefully read the entire information statement.

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement assumes the completion of the distribution and all the other transactions referred to in this information statement in connection with the separation and distribution.

Our Company

We are a leader in the North American death care industry through the manufacture, distribution and sale of funeral service products to licensed funeral establishments. Our products consist primarily of burial and cremation caskets, but also include containers and urns, selection room display fixturing for funeral homes, other personalization and memorialization products and services, including creating and hosting websites for funeral homes. Our product offering ranges from gasketed caskets made of carbon steel, stainless steel, copper and bronze to non-gasketed steel, hardwood and veneer hardwood units. In addition, we manufacture and sell cloth-covered caskets, all wood construction (orthodox) caskets and a line of urns, containers and other memorialization products used in cremations. We supply selection room display fixturing through our System Solutions by Batesville® group. We operate six manufacturing and ninety-four distribution facilities that are integrated into a rapid replenishment, high velocity hub and spoke distribution system. Recently, we launched our NorthStartm program, selling private label caskets and casket parts to other North American manufacturers and distributions through a separate sales force and distribution system.

Our strategy centers on growing our sales of Batesville® branded burial caskets and cremation products to licensed funeral establishments, the sale of non-Batesville branded caskets to independent casket manufacturers and distributors, and exploring acquisitions in and closely adjacent to our casket and cremation business that capitalize on our strengths and leadership position.

As of December 31, 2007, on a pro forma basis we had \$260.4 million in shareholders' equity and \$648.6 million in assets. For the year ended September 30, 2007, on a pro forma basis we generated revenues of \$667.2 million, operating profit of \$159.9 million and net income of \$104.0 million. For the three months ended December 31, 2007, on a pro forma basis we generated revenues of \$162.9 million, operating profit of \$39.4 million and net income of \$25.5 million.

For more information about our business, industry and strategy and the risks we face, see the sections entitled "Risk Factors," "Business and Properties" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Separation

On May 7, 2007, the Board of Directors of Original Hillenbrand authorized management of Original Hillenbrand to pursue a plan to separate its funeral service business from its medical technology business, which we refer to as "the separation" in this information statement. In furtherance of this plan, on , 2008, the Original Hillenbrand Board of Directors approved the distribution of all of the shares of our common stock held by Original Hillenbrand to its shareholders. This distribution will take place on , 2008. On the distribution date, each holder of Original Hillenbrand common stock will receive one share of our common stock for each share of Original Hillenbrand common stock held at the close of business on the record date.

Before our separation from Original Hillenbrand, we will enter into a distribution agreement and several other agreements with Original Hillenbrand to effect the separation and provide a framework for our relationships with Hill-Rom Holdings after the separation. These other agreements include transitional services agreements, shared services or joint ownership agreements, an employee matters agreement, a tax sharing agreement and a judgment sharing agreement. These agreements will govern the relationship between us and Hill-Rom Holdings subsequent to

the completion of the separation and provide for the allocation between us and Hill-Rom Holdings of Original Hillenbrand's assets, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after our separation from Original Hillenbrand. In addition, in order to allocate between us any potential liability under certain antitrust litigation matters in which both we and Original Hillenbrand are defendants, we will enter into a judgment sharing agreement with Original Hillenbrand that will apportion responsibility between us and Hill-Rom Holdings for posting appeal bonds and paying any damages awarded in these cases. For more information on the distribution agreement and related agreements, see the sections entitled "Risk Factors — Risks Relating to the Separation," "Arrangements between Original Hillenbrand" and "Business and Properties — Legal Proceedings — Antitrust Litigation."

The Original Hillenbrand Board of Directors believes that the separation of the funeral service business should not only enhance its strength, but will also improve both companies' strategic, operational and financial flexibility. Although there can be no assurance, Original Hillenbrand believes that, over time, the common stock of Hill-Rom Holdings and New Hillenbrand should have a greater aggregate market value than Original Hillenbrand has in its current configuration, assuming the same market conditions and the realization of the expected benefits of the separation. The following are some of the opportunities and benefits that the Original Hillenbrand Board of Directors considered, among others, in approving the separation:

- Allows us and Hill-Rom Holdings to focus on our respective industries. The Original Hillenbrand Board of Directors believes that the
 separation will allow Hill-Rom Holdings and New Hillenbrand to maintain a sharper focus on their respective core business and growth
 opportunities, which will allow each separated company to respond more nimbly to the industry in which it operates.
- Provides direct access to capital. Each company will have a capital structure adequate to meet its needs. After the separation, each company's
 capital structure is expected to better facilitate acquisitions (including, possibly, acquisitions using its common stock as currency), joint
 ventures, partnerships and internal expansion, which are important for us to grow our business.
- Creates more effective management incentives and improves ability to attract and retain talent. The separation will permit the use of equity-based incentives, such as options and restricted stock units, for each of the companies with a value that is expected to reflect more closely the efforts and performance of each company's management. Original Hillenbrand believes such equity-based compensation arrangements should provide enhanced incentives for performance and improve the ability for each company to attract, retain and motivate qualified personnel.
- Enables investors to invest directly in our business. Separating the funeral service business from the medical technology business of Original Hillenbrand is expected to reduce the complexities surrounding investor and research analyst understanding and will provide investors with the opportunity to invest individually in each of the separated companies.

Neither we nor Original Hillenbrand can assure you that, following the separation, any of these benefits will be realized to the extent anticipated or at all. See "The Separation — Background of and Reasons for the Separation."

Other risks affecting us and our business are discussed under "Risk Factors" beginning on page 5.

Interests of Certain Persons in the Separation

Except as set forth below, none of our directors or executive officers will receive any benefits or remuneration not received by shareholders in connection with the separation and distribution. Under a supplemental benefits agreement entered into in March 2006 between Original Hillenbrand and Kenneth A. Camp, our President and Chief Executive Officer, Mr. Camp will be credited with additional service under a Supplemental Executive Retirement Plan as a result of the distribution. Additionally, in connection with the distribution, we expect that, subject to approval by the Original Hillenbrand Board of Directors, equitable adjustments will be made to outstanding stock option and deferred stock share awards that currently relate to Original Hillenbrand common stock, including stock option and deferred stock share awards held by our directors and executive officers, to the extent necessary to maintain the equivalent value of such awards upon the distribution. For a more complete description of these matters, see "The Separation — Interests of Certain Persons in the Separation."

Summary Combined Historical and Pro Forma Financial Information

The following table sets forth a summary of our historical combined financial information for the periods and as of the dates presented and should be read together with the Combined Financial Statements and notes thereto included elsewhere in this information statement. The summary historical financial information for the years ended September 30, 2007, 2006 and 2005 is derived from our audited Combined Financial Statements included elsewhere in this information statement. The summary historical financial information for the three months ended December 31, 2007 and 2006 is derived from our unaudited Combined Financial Statements included elsewhere in this information statement. Historical results are not necessarily indicative of our future results, and interim period results are not necessarily indicative of our annual results.

The following table also sets forth a summary of our unaudited pro forma combined financial information giving effect to the separation and the distribution. The unaudited pro forma combined financial data as of and for the three months ended December 31, 2007 and for the year ended September 30, 2007 have been derived from our historical Combined Financial Statements and adjusted to give effect to the following planned transactions:

- the planned distribution of our common stock to Original Hillenbrand shareholders by Original Hillenbrand (assuming a one to one distribution ratio) and the related transfer to us from Original Hillenbrand of certain corporate assets and liabilities of Original Hillenbrand.
- the procurement of a revolving line of credit for a total of \$400 million, of which we intend to draw approximately \$250 million to be
 transferred to Original Hillenbrand as a cash dividend immediately prior to the distribution in order to establish appropriate long-term capital
 structures for us and Original Hillenbrand,
- the inclusion of interest expense to reflect the anticipated borrowings under our new revolving line of credit as of the date of separation, calculated based upon expected interest rates for our then outstanding debt, and
- the inclusion of investment income on certain investments that will be transferred to us.

There are also expected to be certain incremental cost increases that we will experience as a stand-alone public entity. For example, Original Hillenbrand currently provides many corporate functions on our behalf. As an independent, publicly traded company, our total costs related to functions such as tax, accounting, legal, internal audit, human resources, risk management, shared information technology systems, procurement and other statutory functions, including a board of directors, are expected to increase from the costs for such shared functions that were historically allocated to us from Original Hillenbrand. The annualized incremental costs associated with replacing and/or establishing these functions have not been reflected in the unaudited pro forma combined financial information but are currently estimated to be in the range of approximately \$4 million to \$6 million in fiscal 2008. This estimate includes the incremental costs we expect to incur or be allocated under the distribution agreement, employee matters agreement, tax sharing agreement, and shared services and transitional services agreements described under "Arrangements between Original Hillenbrand and New Hillenbrand."

Additionally, while annual investment income of \$10 million to \$12 million from private equity limited partnership investments that will be transferred to us has been reported by Original Hillenbrand during recent years, such incremental income has been excluded from the following unaudited pro forma combined financial information due to its inherent volatility.

Based upon available cash on hand at the time of the distribution, it is intended that both New Hillenbrand and Original Hillenbrand will have minimum cash balances equivalent to their estimated normal operating cash needs. Should excess cash be available, it will be split among New Hillenbrand and Original Hillenbrand after taking into consideration certain funding requirements of Original Hillenbrand, the funding status of benefit plans and other factors.

The summary pro forma combined financial information is derived from, and should be read together with, the unaudited pro forma combined financial statements beginning on page 29 of this information statement. The unaudited pro forma combined statement of income information gives effect to the separation and distribution as if it occurred on October 1, 2006, and the unaudited pro forma combined balance sheet information gives effect to the separation and distribution as if it occurred on December 31, 2007. The unaudited pro forma combined financial information does not purport to present our results of operations or financial position as if the separation and distribution actually had occurred on the dates indicated, nor does it project our results of operations or financial position for any future period or as of any future date.

	-	Three Months Ended December 31,					Fiscal Years Ended September 30,					
	Pro Forma		As Reported							Reported		
	2007		2007 2006		2006	2007		2007		2006	2005	
			(Un	audited)		(Unaudi						
					(All am	ounts in m	illions)					
Income Statement Data:												
Net revenues	\$	162.9	\$	162.9	\$ 162.2		67.2	\$ 667.		674.6	\$659.	
Cost of goods sold		96.0		96.0	93.4	_	88.6	388.		391.9	392.	
Gross profit		66.9		66.9	68.8		78.6	278.		282.7	266.	
Operating expenses		27.5		27.3	26.7	1	18.7	117.		105.3	105.	
Separation costs				1.2				5.	1			
Operating profit		39.4		38.4	42.1	1	59.9	155.	6	177.4	161	
Interest expense		(3.3)		_	_	((14.4)	-	-	_	_	
Investment income and other		3.5		(0.4)	(0.4)		16.4	1.	4	1.4	2.0	
Income before income taxes		39.6		38.0	41.7	1	61.9	157.	0	178.8	163	
Income tax expense		14.1		14.0	15.6		57.9	57.	5	65.6	60.	
Net income	\$	25.5	\$	24.0	\$ 26.1	\$ 1	04.0	\$ 99.	5 \$	113.2	\$102.	
Pro forma net income per share:	_		_					_	_			
Basic	\$	0.41	\$	0.38	\$ 0.42	\$	1.66	\$ 1.6	0 \$	1.82	\$ 1.6	
Diluted	\$	0.41	\$	0.38	\$ 0.42	\$	1.66	\$ 1.6			\$ 1.6	
Pro forma shares outstanding:												
Basic		62.5		62.3	62.3		62.5	62.	3	62.3	62	
Diluted		62.7		62.3	62.3		62.7	62.	3	62.3	62	
Cash Flow Data:												
Cash flows provided by (used in):												
Operating activities		N/A	\$	22.7	\$ 29.9		N/A	\$ 127.		124.6	\$ 88.	
Investing activities		N/A		(2.2)	(1.1)		N/A	(20.		(15.3)	(13.	
Financing activities		N/A		(20.2)	(26.5)		N/A	(103.	/	(107.0)	(78.	
Effect of exchange rate changes on cash		N/A		(0.4)	(0.1)		N/A	0.	3	0.3	0.	
Total cash flows, net		N/A	\$	(0.1)	\$ 2.2		N/A	\$ 4.	0 \$	2.6	\$ (2.	
									_			
								December 31, 200				
								As Reported P (Unaudited)			ro Forma	
									(In mil	mons)		
Balance Sheet Data:												
Total assets								\$	322.0	\$	648.	
Long-term debt									_		250.	
Other long-term liabilities									26.6		26.	
Total liabilities									138.2		388.	
Parent company/shareholders' equity									183.8		260.	

RISK FACTORS

Our business involves risks. The following information about these risks should be considered carefully together with the other information contained herein.

Risks Related to Our Business

An adverse outcome in the ongoing antitrust litigation in which we are a defendant could materially adversely affect our results of operations, financial position and liquidity.

We are a defendant in several purported antitrust class action lawsuits. See "Business and Properties — Legal Proceedings — Antitrust Litigation." The plaintiffs in one of these cases have served a report indicating that they are seeking damages ranging from approximately \$947 million to approximately \$1.46 billion before trebling, and the plaintiffs in the other case have served a report indicating that they are seeking damages of approximately \$99.2 million before trebling. If these cases go to trial, the plaintiffs are likely to claim additional alleged damages for the period 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. In the event a class is certified in any of these cases and the plaintiffs prevail at trial, any damages awarded would be trebled as a matter of law and the plaintiffs may elect to enforce any judgment against any or all of the codefendants, who have no statutory contribution rights against each other. Accordingly, if a class is certified in any of these cases and the plaintiffs prevail at trial, we could be subject to substantial liability. In such event, we may not be able to satisfy any such judgment or to post an appeal bond for the appeal of any such judgment. In that event, we could resort to bankruptcy proceedings. If we are able to satisfy a judgment or post an appeal bond, doing so may significantly impair our financial position and liquidity.

Although we will enter into a judgment sharing agreement with Original Hillenbrand with respect to this litigation, there can be no assurance that Original Hillenbrand will be able to satisfy its potential obligations under this agreement. Moreover, negative covenants contained in the distribution agreement, intended to preserve the credit capacity of each of New Hillenbrand and Original Hillenbrand to perform its obligations under the judgment sharing agreement, impose restrictions on us that, among other matters, may limit our ability to consummate acquisitions or pay dividends. See "Arrangements between Original Hillenbrand and New Hillenbrand — Distribution Agreement" and "— Judgment Sharing Agreement."

In addition to the risks associated with an adverse outcome in this litigation, we continue to incur significant legal costs in the vigorous defense of this litigation and expect these costs to continue for the foreseeable future. We expect these costs to be approximately \$12.5 million in fiscal 2008. Under the judgment sharing agreement, we will be responsible for all costs incurred by us and Original Hillenbrand in defense of this litigation.

Our business is significantly dependent on several major contracts with large national providers. Our relationships with these customers pose several risks.

We have contracts with a number of large, national funeral home customers which comprise a sizeable portion of our overall sales volume. The November 2006 completion of the combination of our largest customer, Service Corporation International ("SCI"), and our second largest customer, Alderwoods Group, Inc. ("Alderwoods"), has brought purchases by both organizations under the same agreement. This agreement does not impose specific purchase requirements on the combined entity. While we anticipate that SCI will continue to buy substantially all its burial products from us for the foreseeable future, there can be no guarantee that it will do so. Any decision by our large national funeral home customers to discontinue purchases from us could have a material adverse effect on our financial condition, results of operations and cash flows. In addition, we have lost, and may continue to lose, some business as the SCI/Alderwoods combined entity continues to divest itself of certain overlapping properties. The losses from divestitures could be significant if a large number of these properties are purchased by funeral homes or other entities that elect not to purchase products from us and we are not able to attract replacement business from the subsequent owners of these properties.

Also, while our contracts with large funeral service providers give us important access to many of the largest purchasers of funeral service products, they can obligate us to sell our products at contracted prices for extended periods of time, therefore limiting our ability, in the short-term, to raise prices in response to significant increases in raw material prices or other factors.

Continued fluctuations in mortality rates and increased cremations may adversely affect, as they have in recent years, the volume of our sales of 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 United States continues to age, we anticipate the number of deaths in North America will be relatively flat for at least the foreseeable future.

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 U.S. cremations is gradually and steadily increasing, resulting in a contraction in the demand for burial caskets, which was a contributing factor to lower burial casket sales volumes for us in each of fiscal years 2005, 2006 and 2007 and the first three months of fiscal 2008.

We expect these trends to continue into the foreseeable future and our 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 our sales of burial caskets to fluctuate from quarter to quarter and year to year.

Our business is facing increasing competition from a number of non-traditional sources and caskets manufactured abroad and imported into North America

Non-traditional funeral service providers could present more of a competitive threat to us and our sales channel than is currently anticipated. While some of these have competed against us for many years, large discount retailers such as Costco, casket stores, and internet casket retailers represent more recent competitors. Also, we have learned that several manufacturers located in China are currently manufacturing caskets for sale into the United States. It is not possible to quantify the financial impact that these competitors will have on our business, but these competitors will continue to drive additional pricing and other competitive pressures in an industry that already has approximately double the necessary domestic production capacity. Such competitive actions could have a negative impact on our results of operations.

Increased prices for, or unavailability of, raw materials used in our products could adversely affect profitability or revenues. In particular, our results of operations continue to be adversely affected by high prices for steel, red metals, solid wood and fuel.

Our profitability is affected by the prices of the raw materials used in the manufacture of our products. These prices may 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 prices of our products could adversely affect our results of operations. While there has been less overall cost pressure in 2006 and 2007, we experienced significantly higher prices in fiscal 2004 and 2005 than we had in prior periods for commodities used in the manufacture of our products, including steel, red metals, solid wood and fuel. Although we have historically been able to offset such rising costs with increases in the prices of our products, there can be no assurance that the marketplace will continue to support the higher prices or that such prices will fully offset such commodity price increases in the future. Any further 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 do enter into fixed price supply contracts at times. Our decision not to engage in hedging transactions may result in increased price volatility, with resulting adverse effects on profitability.

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 only from a single source. If any of these sole-source suppliers were unable to deliver these materials for an extended period of time as a result of financial difficulties, catastrophic events affecting their facilities or other factors, or if we were unable to negotiate acceptable terms for the supply of materials with these sole-source suppliers, our business could 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.

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.

A substantial portion of our workforce is unionized, and we could face labor disruptions that would interfere with our operations.

Approximately 37% of our employees, as part of our logistics and manufacturing operations in the United States and Canada, work under collective bargaining agreements. Although we have not experienced any significant work stoppages in the past 20 years as a result of labor disagreements, we cannot ensure that such a stoppage will not occur in the future. Inability to negotiate satisfactory new agreements or a labor disturbance at one of our principal facilities could have a material adverse effect on our operations.

Risks Relating to the Separation

We may be unable to achieve some or all of the benefits that we expect to achieve from our separation from Original Hillenbrand, and any such benefits may be offset in part by certain negative consequences of the separation.

We may not be able to achieve the full strategic and financial benefits that we expect will result from our separation from Original Hillenbrand or such benefits may be delayed or may not occur at all. For example, there can be no assurance that analysts and investors will regard our corporate structure as clearer and simpler than the current Original Hillenbrand corporate structure or place a greater value on our company as a stand-alone company than on our business as a part of Original Hillenbrand. As a result, in the future the aggregate market price of Hill-Rom Holdings common stock and our common stock as separate companies may be less than the market price per share of Original Hillenbrand's common stock had the separation and distribution not occurred.

Because we will be a smaller company than Original Hillenbrand prior to the separation and expect to have credit ratings below Original Hillenbrand's current credit ratings, we expect to have less borrowing capacity and greater borrowing costs than Original Hillenbrand currently has.

We have no operating history as a separate publicly traded company.

Prior to the consummation of the distribution, we have operated as part of Original Hillenbrand. Accordingly, we have no direct experience complying with certain of the requirements of the Sarbanes-Oxley Act of 2002 or with the periodic reporting requirements of the Securities Exchange Act of 1934. Additionally, we have not been responsible for performing various corporate functions, including tax administration, treasury administration, investor relations, internal audit and risk management.

The historical and pro forma financial information included in this information statement 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 primarily as a result of the following factors:

 Prior to our separation, our business was operated by Original Hillenbrand as part of its broader corporate organization, rather than as a separate, publicly traded company. As a result, we will be required to make certain modifications to certain business support and governance activities upon our separation from

Original Hillenbrand. Our historical and pro forma financial results reflect allocations of expenses for these and similar functions but these allocations are less than the expenses we would have incurred had we operated as a separate, publicly traded company. We expect that the annualized incremental costs associated with being a separate public company will be in the range of \$4 million to \$6 million in fiscal 2008.

- · After the separation, the borrowing costs for our business will be higher than Original Hillenbrand's borrowing costs prior to the separation.
- Other significant changes may occur in our cost structure, management, financing and business operations as a result of our operating as a company separate from Original Hillenbrand.

We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as a separate, publicly-traded company, and we may experience increased costs after the separation or as a result of the separation.

After the separation, Hill-Rom Holdings will be contractually obligated to provide to us only those services specified in the transition services and shared services agreements and the other agreements we enter into with Original Hillenbrand in preparation for the separation. We may be unable to replace in a timely manner or on comparable terms the services that Original Hillenbrand previously provided to us that are not specified in these agreements. Also, upon the expiration of these agreements, many of the services that are covered in such agreements will be provided internally or by unaffiliated third parties, and we expect that in some instances we may incur higher costs to obtain such services than we incurred under the terms of such agreements. In addition, if Hill-Rom Holdings does not continue to perform effectively the services that are called for under the transition services and shared services agreements and the other agreements, we may not be able to operate our business effectively and our profitability may decline. See "Arrangements between Original Hillenbrand and New Hillenbrand."

Our agreements with Original Hillenbrand may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties.

The agreements related to our separation from Original Hillenbrand, including the distribution agreement, judgment sharing agreement, employee matters agreement, tax sharing agreement, shared services agreements and transitional services agreements, were prepared in the context of our separation from Original Hillenbrand while we were still part of Original Hillenbrand and, accordingly, may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties. The terms of the agreements were prepared in the context of our separation related to, among other things, allocation of assets, liabilities, rights, indemnifications and other obligations between Original Hillenbrand and us. See the section entitled "Arrangements between Original Hillenbrand and New Hillenbrand."

Volatility in our investment portfolio or collection risk associated with our notes receivable portfolio could negatively impact earnings.

In conjunction with our separation from Original Hillenbrand, ownership in certain investments will be transferred to us. Volatility in that investment portfolio, which Original Hillenbrand carried at a value of \$25.9 million at December 31, 2007, could negatively impact earnings. The investment portfolio, which includes private equity limited partnerships among other 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 on our financial condition. This was evident when one significant impairment of a strategic investment resulted in an impairment charge of \$8.7 million for Original Hillenbrand in the fourth quarter of fiscal 2005, and two additional impairments resulted in a charge of \$2.0 million by Original Hillenbrand in the second quarter of fiscal 2006.

Also being transferred to us at the time of separation are outstanding long-term notes receivable and equity instruments, which Original Hillenbrand carried at a value of \$167.5 million at December 31, 2007. This balance primarily represents the seller financing provided to FFS Holdings, Inc., the entity that purchased Original Hillenbrand's former Forethought Financial Services, Inc. subsidiary. Should Forethought fail to perform consistent with the original expectations set forth by FFS Holdings, Inc. or underperform to an extent that it cannot meet its

financial obligations, or should general economic conditions or other factors results in defaults of our customer notes, our earnings could be negatively impacted resulting in a material adverse impact on our financial condition and results of operations.

The distribution could result in significant tax liability.

Original Hillenbrand has received a private letter ruling from the IRS that the distribution will qualify for tax-free treatment under Code Sections 355 and 368(a)(1)(D). The IRS ruling relies on certain representations, assumptions and undertakings, including those relating to the past and future conduct of our business. Although Original Hillenbrand believes that all of these representations, assumptions and undertakings were correct, the IRS ruling would not be valid if the representations, assumptions and undertakings were incorrect. Moreover, the IRS private letter ruling does not address all the issues that are relevant to determining whether the distribution will qualify for tax-free treatment, although Original Hillenbrand will receive an opinion of counsel with respect to the legal and tax issues not addressed in the private letter ruling. Notwithstanding the IRS private letter ruling, the IRS could determine that the distribution should be treated as a taxable transaction if it determines that any of the representations, assumptions or undertakings that were included in the request for the private letter ruling were false or had been violated. For more information regarding the private letter ruling, see the section entitled "The Separation — U.S. Federal Income Tax Consequences of the Distribution."

If the distribution fails to qualify for tax-free treatment, Original Hillenbrand would be subject to tax as if it had sold the common stock of our company in a taxable sale for its fair market value and our initial public shareholders would be subject to tax as if they had received a taxable distribution equal to the fair market value of our common stock that was distributed to them. Under the tax sharing agreement between Original Hillenbrand and us, we would generally be required to indemnify Original Hillenbrand against any tax resulting from the distribution to the extent that such tax resulted from (1) an issuance of our equity securities, a redemption of our equity securities or our involvement in other acquisitions of our equity securities, (2) other actions or failures to act by us or (3) any of our representations or undertakings being incorrect or violated. For a more detailed discussion, see the section entitled "Arrangements between Original Hillenbrand and New Hillenbrand — Tax Sharing Agreement." Our indemnification obligations to Original Hillenbrand and its subsidiaries, officers and directors are not limited by any maximum amount. If we are required to indemnify Original Hillenbrand or such other persons under the circumstances set forth in the tax sharing agreement, we may be subject to substantial liabilities.

We might not be able to engage in desirable strategic transactions and equity issuances following the distribution.

To preserve the tax-free treatment to Original Hillenbrand and its shareholders of the distribution, under a tax sharing agreement that we will enter into with Original Hillenbrand, for the two year period following the distribution, we may be prohibited, except in specified circumstances, from:

- · issuing equity securities,
- · engaging in certain business combination or asset sale transactions, or
- · engaging in other actions or transactions that could jeopardize the tax-free status of the distribution.

These restrictions may limit our ability to pursue strategic transactions or engage in new business or other transactions that may maximize the value of our business. For more information, see the sections entitled "The Separation — U.S. Federal Income Tax Consequences of the Distribution" and "Arrangements between Original Hillenbrand and New Hillenbrand — Tax Sharing Agreement."

Until the distribution occurs Original Hillenbrand has the sole discretion to change the terms of the separation in ways which may be unfavorable to us.

Until the distribution occurs, the Board of Directors of Original Hillenbrand will have the sole and absolute discretion to determine and change the terms of the distribution, including the establishment of the record date and distribution date. These changes could be unfavorable to us. In addition, the Board of Directors of Original Hillenbrand may decide at any time not to proceed with the separation.

Risks Relating to Our Common Stock

There is no existing market for our common stock and a trading market that will provide you with adequate liquidity may not develop for our common stock. In addition, once our common stock begins trading, the market price of our shares may fluctuate widely.

There is currently no public market for our common stock. It is anticipated that, on or prior to the record date for the distribution, trading of shares of our common stock will begin on a "when-issued" basis and will continue up and through the distribution date. However, there can be no assurance that an active trading market for our common stock will develop as a result of the distribution or be sustained in the future.

We cannot predict the prices at which our common stock may trade after the distribution. The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- · a shift in our investor base;
- our quarterly or annual earnings, or those of other companies in our industry;
- · actual or anticipated fluctuations in our operating results;
- · changes in accounting standards, policies, guidance, interpretations or principles;
- · announcements by us or our competitors of significant acquisitions, dispositions or alliances;
- · product introductions by competitors;
- the emergence of new competitors;
- · the outcome of litigation or governmental investigations;
- · the failure of securities analysts to cover our common stock after the distribution;
- · changes in earnings estimates by securities analysts or our ability to meet those estimates;
- · the operating and stock price performance of other comparable companies;
- · arbitrage activity;
- · overall market fluctuations;
- · general economic conditions; and
- other factors covered in this "Risk Factors" section of this information statement.

Stock markets in general have experienced volatility that has often been unrelated to the operating or financial performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock.

Substantial sales of our common stock may occur in connection with this distribution, which could cause our stock price to decline.

The shares of our common stock that Original Hillenbrand distributes to its shareholders generally may be sold immediately in the public market. Although we have no actual knowledge of any plan or intention on the part of any shareholder to sell our common stock following the separation, it is possible that some Original Hillenbrand shareholders, including possibly some of our largest shareholders, may sell our common stock received in the distribution for reasons such as that our business profile or market capitalization as a separate, publicly traded company does not fit their investment objectives. The sales of significant amounts of our common stock or the perception in the market that this will occur may result in the lowering of the market price of 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 have the effect of delaying or preventing changes in control if our Board of Directors determines that such changes in control are not in the best interests of us and 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:

- · a Board of Directors that is divided into three classes with staggered terms;
- 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. For more information, see the section entitled "Description of New Hillenbrand Capital Stock — Business Combinations."

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 acquirors 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 company and our shareholders.

Although we currently anticipate paying dividends, there cannot be any assurance that dividends will be paid.

Currently, we anticipate initially paying a quarterly dividend of \$ per share beginning with the third quarter of fiscal 2008, which amount, together with the quarterly dividend expected to be paid by Hill-Rom Holdings after the separation, is intended to result in a combined dividend at the same level as the dividend paid by Original Hillenbrand prior to the separation. However, there can be no assurance that we will have sufficient surplus under Indiana law to be able to pay any dividends. This may result from extraordinary cash expenses, actual expenses exceeding contemplated costs, capital expenditures or increases in reserves. The declaration and payment of dividends by us will be subject to the sole discretion of our Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements, covenants associated with certain of our debt obligations or other contractual restrictions, legal requirements and other factors deemed relevant by our Board of Directors. If we do not pay dividends, the price of our common stock that you receive in the distribution must appreciate for you to receive a gain on your investment in New Hillenbrand. This appreciation may not occur.

FORWARD LOOKING STATEMENTS

Certain statements in this information statement constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding our future plans, objectives, beliefs, expectations, representations and projections. We have tried, whenever possible, to identify these forward-looking statements by using words such as, but not limited to, "intend," "anticipate," "believe," "plan," "encourage," "expect," "may," "goal," "become," "pursue," "estimate," "strategy," "will," "should," "projection," "forecast," "continue," "accelerate," "promise," "increase," "higher," "lower," "reduce," "improve," "expand," "progress," "potential" or the negative of those terms or other variations of them or comparable terminology. The absence of such terms, however, does not mean that the statement is not forward-looking.

It is important to note that 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. Factors that could cause actual results to differ from forward looking statements include but are not limited to the factors discussed under the heading "Risk Factors" in this information statement. We assume no obligation to update or revise any forward looking statements.

THE SEPARATION

General

On May 7, 2007, the Board of Directors of Original Hillenbrand approved in principle a plan to separate its funeral service and medical technology businesses into separate, publicly traded companies.

In furtherance of this plan, on , 2008, the Original Hillenbrand Board of Directors approved the distribution of all of the shares of our common stock held by Original Hillenbrand to holders of Original Hillenbrand common stock. The distribution of the shares of our common stock will take place on , 2008. On the distribution date, each holder of Original Hillenbrand common stock will receive one share of our common stock for each share of Original Hillenbrand common stock held at the close of business on the record date, as described below.

You will not be required to make any payment, surrender or exchange your shares of Original Hillenbrand common stock or take any other action to receive your shares of our common stock.

The distribution of our common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions, including final approval of the Original Hillenbrand Board of Directors. We cannot provide any assurances that the distribution will be completed or approved by the Original Hillenbrand Board of Directors. For a more detailed description of these conditions, see the section entitled "— Conditions to the Distribution"

We are a direct, wholly owned subsidiary of Original Hillenbrand recently formed to be a holding company for Original Hillenbrand's funeral service business, which has operated under the Batesville Casket name. Following the distribution of our shares of common stock to Original Hillenbrand's shareholders, Original Hillenbrand will continue as a publicly traded company under the name Hill-Rom Holdings, Inc. with the Hill-Rom medical technology business as its sole operating unit.

The Number of Shares You Will Receive

For each share of Original Hillenbrand common stock that you owned at the close of business on share of our common stock on the distribution date.

Fractional shares of our common stock will not be issued as part of the distribution nor will any be credited to book entry accounts. Instead, the distribution agent, Computershare Investors Services, will, as soon as practicable on or after the distribution date, aggregate into whole shares the fractional shares of our common stock that Original Hillenbrand shareholders would otherwise have been entitled to receive. The distribution agent will sell these whole shares in the open market at prevailing market prices and distribute the aggregate sale proceeds, net of applicable expenses including brokerage fees, ratably to shareholders who would otherwise have been entitled to receive fractional shares. The amount of this payment will depend on the prices at which the aggregated fractional shares are sold by the distribution agent. The receipt of cash in lieu of fractional shares will generally be taxable to the recipient shareholder. For an explanation of the U.S. federal income tax consequences of the distribution, including the receipt of cash in lieu of fractional shares, please see "— U.S. Federal Income Tax Consequences of the Distribution." Because the distribution ratio will be one share of New Hillenbrand common stock for each share of Original Hillenbrand common stock outstanding, we expect that the payment of cash in lieu of fractional shares will apply only to certain shareholders that hold shares of Original Hillenbrand common stock through the BYDS Buy Direct Stock Program maintained by Computershare Investors Services, Original Hillenbrand's transfer agent.

When and How You Will Receive the Distributed Shares

Original Hillenbrand will distribute the shares of our common stock on , 2008, the distribution date. Computershare Investors Services will serve as transfer agent and registrar for our common stock and as settlement and distribution agent in connection with the distribution.

If you own Original Hillenbrand common stock as of the close of business on the record date, the shares of New Hillenbrand common stock that you are entitled to receive in the distribution will be issued electronically, as of the

distribution date, to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. Registration in book-entry form refers to a method of recording stock ownership when no physical share certificates are issued to shareholders, as is the case in this distribution. No physical stock certificates of New Hillenbrand will be issued in the distribution.

If you sell shares of Original Hillenbrand common stock in the "regular-way" market prior to the distribution date, you will be selling your right to receive shares of our common stock in the distribution. For more information see the section entitled "— Trading Between the Record Date and Distribution Date."

Commencing on or shortly after the distribution date, if you hold physical stock certificates that represent your shares of Original Hillenbrand common stock, or if you hold your shares in book-entry form, and you are the registered holder of such shares, the settlement and distribution agent will mail to you an account statement that indicates the number of shares of our common stock that have been registered in book-entry form in your name. If you have any questions concerning the mechanics of having shares of our common stock registered in book-entry form, we encourage you to contact Computershare Investors Services at the address and telephone number set forth on page viii of this information statement. After you receive your bookentry account statement, you may request that we issue you physical stock certificates by following the directions on your account statement.

Most Original Hillenbrand shareholders hold their shares of Original Hillenbrand common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the stock in "street name" and ownership would be recorded on the bank's or brokerage firm's books. If you hold your Original Hillenbrand common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares of our common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares of our common stock held in "street name," we encourage you to contact your bank or brokerage firm.

Results of the Separation

After our separation from Original Hillenbrand, we will be a separate, publicly traded company. Immediately following the distribution, we expect to have approximately 19,000 shareholders of record, based on the number of registered shareholders of Hillenbrand common stock on December 17, 2007, and approximately 62 million shares of our common stock outstanding. The actual number of shares to be distributed will be determined on the record date and will reflect any changes in the number of shares of Original Hillenbrand common stock between December 17, 2007 and the record date for the distribution.

Before or concurrently with the separation, we will enter into a distribution agreement and several other agreements with Original Hillenbrand to effect the separation and provide a framework for our relationships with Hill-Rom Holdings after the separation. These agreements will govern the relationship between us and Hill-Rom Holdings subsequent to the completion of the separation and provide for the allocation of assets, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after our separation from Original Hillenbrand. For a more detailed description of these agreements, see the section entitled "Arrangements between Original Hillenbrand and New Hillenbrand."

The distribution will not affect the number of outstanding shares of Original Hillenbrand common stock or any rights of Original Hillenbrand shareholders at the time of the distribution.

U.S. Federal Income Tax Consequences of the Distribution

The following is a summary of the material U.S. federal income tax consequences relating to the distribution by Original Hillenbrand. This summary is based on the Code, the Treasury regulations promulgated thereunder, and interpretations of the Code and the Treasury regulations by the courts and the IRS, in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. This summary does not discuss all the tax considerations that may be relevant to Original Hillenbrand shareholders in light of their particular circumstances, nor does it address the consequences to Original Hillenbrand shareholders subject to special treatment under the U.S. federal income tax laws (such as non-U.S. persons, insurance companies, dealers or brokers in securities or currencies, tax-exempt organizations, financial institutions, mutual funds, pass-through entities and investors in

such entities, holders who hold their shares as a hedge or as part of a hedging, straddle, conversion, synthetic security, integrated investment or other risk-reduction transaction or who are subject to alternative minimum tax or holders who acquired their shares upon the exercise of employee stock options or otherwise as compensation). In addition, this summary does not address the U.S. federal income tax consequences to those Original Hillenbrand shareholders who do not hold their Original Hillenbrand common stock as a capital asset. Finally, this summary does not address any state, local or foreign tax consequences. ORIGINAL HILLENBRAND SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE AND LOCAL AND FOREIGN TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM.

Original Hillenbrand has received a private letter ruling from the IRS to the effect that the distribution will qualify as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. As a tax-free distribution: (i) no gain or loss will be recognized by (and no amount will be included in the income of) Original Hillenbrand shareholders upon their receipt of shares of New Hillenbrand common stock in the distribution; (ii) any cash received in lieu of fractional share interests in New Hillenbrand will give rise to gain or loss equal to the difference between the amount of cash received and the tax basis allocable to the fractional share interests (determined as described below), and such gain or loss will be capital gain or loss if the Original Hillenbrand common stock on which the distribution is made is held as a capital asset on the date of the distribution; (iii) the aggregate basis in the Hill-Rom Holdings common stock and the New Hillenbrand common stock in the hands of each Original Hillenbrand common shareholder after the distribution will equal the aggregate basis in Original Hillenbrand common stock held by the shareholder immediately before the distribution, allocated between the Hill-Rom Holdings common stock and the New Hillenbrand common stock in proportion to the relative fair market value of each on the date of the distribution; and (iv) the holding period of the New Hillenbrand common stock received by each Original Hillenbrand shareholder will include the holding period at the time of the distribution for the Original Hillenbrand common stock on which the distribution is made, provided that the Original Hillenbrand common stock is held as a capital asset on the date of the distribution.

Although the private letter ruling from the IRS generally will be binding on the IRS, if the factual representations or assumptions made in the letter ruling request were untrue or incomplete in any material respect, neither we nor Hill-Rom Holdings will be able to rely on the ruling. Original Hillenbrand believes that all such representations and assumptions were true and complete. Furthermore, the IRS will not rule on whether a distribution satisfies certain requirements necessary to obtain tax-free treatment under Section 355 of the Code. Rather, the ruling will be based upon representations by Original Hillenbrand that these conditions have been satisfied, and any inaccuracy in such representations could invalidate the ruling. Original Hillenbrand will receive an opinion of Bracewell & Giuliani LLP, counsel to Original Hillenbrand, that addresses the material matters on which the IRS does not rule as a matter of policy. In particular, the tax opinion will opine (i) that there are valid non-tax business purposes under Section 355 for the distribution to occur, (ii) that the distribution is not being used by Original Hillenbrand as a means, referred to as a "device" under Section 355, to distribute earnings and profits of Original Hillenbrand to the shareholders of Original Hillenbrand, and (iii) that the distribution is not part of a plan or arrangement under Section 355(e) to allow for the acquisition by persons (other than the shareholders of Original Hillenbrand who will be receiving shares of New Hillenbrand common stock in the distribution) of 50% or more of the stock of either Original Hillenbrand or New Hillenbrand as to factual matters.

Notwithstanding receipt by Original Hillenbrand of the IRS ruling and the opinion of counsel, in the event there was a material misstatement or omission in the representations or assumptions made in the letter ruling request, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, our initial public shareholders and Hill-Rom Holdings could be subject to significant U.S. federal income tax liability. In general, Hill-Rom Holdings would be subject to tax as if it had sold the common stock of our company in a taxable sale for its fair market value and our initial public shareholders would be subject to tax as if they had received a taxable distribution equal to the fair market value of our common stock that was distributed to them. In addition, even if the distribution were to otherwise qualify under Section 355 of the Code, it may be taxable to Hill-Rom Holdings (but not to shareholders) under Section 355(e) of the Code, if the distribution were later deemed to be part of a plan (or series of related transactions) pursuant to

which one or more persons acquire directly or indirectly stock representing a 50% or greater interest in Hill-Rom Holdings or us. For this purpose, any acquisitions of Original Hillenbrand/Hill-Rom Holdings stock or of our common stock within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although we or Hill-Rom Holdings may be able to rebut that presumption.

In connection with the distribution, we and Original Hillenbrand will enter into a tax sharing agreement pursuant to which we will agree to be responsible for certain liabilities and obligations following the distribution. In general, under the terms of the tax sharing agreement, in the event the distribution were to fail to qualify as a reorganization for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code (including as a result of Section 355(e) of the Code) and if such failure was not the result of actions taken after the distribution by Hill-Rom Holdings or us, we and Hill-Rom Holdings would share the responsibility for any taxes imposed on Hill-Rom Holdings as a result thereof. We will be responsible for taxes based on a fraction, the numerator of which shall be the price of our stock based on the five trading days after the distribution date and the denominator of which is the sum of the price of our stock and the price of Hill-Rom Holdings stock on the five trading days following the distribution. If such failure was the result of actions taken after the distribution by Hill-Rom Holdings or us, the party responsible for such failure would be responsible for all taxes imposed on Hill-Rom Holdings to the extent that such taxes result from such actions. For a more detailed discussion, see the section entitled "Arrangements between Original Hillenbrand and New Hillenbrand — Tax Sharing Agreement." Our indemnification obligations to Hill-Rom Holdings and its subsidiaries, officers and directors are not limited in amount or subject to any cap. If we are required to indemnify Hill-Rom Holdings and its subsidiaries and their respective officers and directors under the circumstances set forth in the tax sharing agreement, we may be subject to substantial liabilities

U.S. Treasury regulations require each shareholder that receives stock in a spin-off, such as the distribution, to attach to the shareholder's U.S. federal income tax return for the year in which the spin-off occurs a detailed statement setting forth certain information relating to the tax-free nature of the spin-off. Shortly after the distribution, Hill-Rom Holdings will provide shareholders who receive New Hillenbrand shares in the distribution with the information necessary to comply with that requirement.

THE FOREGOING IS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW. THE FOREGOING DOES NOT PURPORT TO ADDRESS ALL U.S. FEDERAL INCOME TAX CONSEQUENCES OR TAX CONSEQUENCES THAT MAY ARISE UNDER THE TAX LAWS OF OTHER JURISDICTIONS OR THAT MAY APPLY TO PARTICULAR CATEGORIES OF SHAREHOLDERS. EACH ORIGINAL HILLENBRAND SHAREHOLDER SHOULD CONSULT ITS TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO SUCH SHAREHOLDER, INCLUDING THE APPLICATION OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS, AND THE EFFECT OF POSSIBLE CHANGES IN TAX LAWS THAT MAY AFFECT THE TAX CONSEQUENCES DESCRIBED ABOVE.

AS REQUIRED BY U.S. TREASURY REGULATIONS, YOU SHOULD BE AWARE THAT THIS COMMUNICATION IS NOT INTENDED OR WRITTEN BY THE SENDER TO BE USED, AND IT CANNOT BE USED, BY ANY RECIPIENT FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE RECIPIENT UNDER U.S. FEDERAL TAX LAWS. THE ADVICE WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS INFORMATION STATEMENT. ANY RECIPIENT SHOULD SEEK ADVICE BASED ON THE RECIPIENT'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Market for Common Stock

There is currently no public market for our common stock. A condition to the distribution is the listing on the NYSE of our common stock. Original Hillenbrand's common stock will continue to trade on the New York Stock Exchange; however, in connection with Original Hillenbrand's name change to Hill-Rom Holdings, Inc., Original Hillenbrand intends to change its trading symbol from "HB" to "HRC." We expect that this change in trading symbol will take effect at the time that "when-issued" and "ex-distribution" trading begins as described below under

"— Trading Between the Record Date and Distribution Date." We have applied to have our common stock listed on the New York Stock Exchange under the symbol "HI."

Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date and continuing up to and through the distribution date, we expect that there will be two markets in Original Hillenbrand common stock: a "regular-way" market and an "ex-distribution" market. Shares of Original Hillenbrand common stock that trade on the regular way market will trade with an entitlement to shares of our common stock distributed pursuant to the distribution. Shares that trade on the ex-distribution market will trade without an entitlement to shares of our common stock distributed pursuant to the distribution. Therefore, if you sell shares of Original Hillenbrand common stock in the "regular-way" market through the distribution date, you will be selling your right to receive shares of New Hillenbrand common stock in the distribution. If you own shares of Original Hillenbrand common stock at the close of business on the record date and sell those shares on the "ex-distribution" market through the distribution date, you will still receive the shares of our common stock that you would be entitled to receive pursuant to your ownership of the shares of Original Hillenbrand common stock on the record date.

Further, beginning on or shortly before the record date and continuing up to and through the distribution date, we expect that there will be a "when-issued" market in our common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for shares of our common stock that will be distributed to Original Hillenbrand shareholders on the distribution date. If you owned shares of Original Hillenbrand common stock at the close of business on the record date, you would be entitled to shares of our common stock pursuant to the distribution. You may trade this entitlement to shares of our common stock, without trading the shares of Original Hillenbrand common stock you own, on the "when-issued" market. On the first trading day following the distribution date, "when issued" trading with respect to our common stock will end and "regular-way" trading will begin.

Conditions to the Distribution

We expect that the distribution will occur on , 2008, the distribution date, provided that the following conditions, among others, shall have been satisfied or, if permissible under the distribution agreement, waived by Original Hillenbrand:

- our registration statement on Form 10, of which this information statement is a part, shall have become effective under the Securities Exchange Act of 1934, as amended;
- the listing of our common stock on the NYSE shall have been approved, subject to official notice of issuance;
- any government approvals and other material consents necessary to consummate the distribution shall have been received and be in full force and
 effect: and
- no order, injunction, decree or regulation issued by any governmental authority or other legal restraint or prohibition preventing consummation of the distribution shall be in effect, and no other event outside the control of Original Hillenbrand shall have occurred or failed to occur that prevents the consummation of the distribution.

The fulfillment of the foregoing conditions does not create any obligation on Original Hillenbrand's part to effect the distribution, and the Original Hillenbrand Board of Directors has reserved the right, in its sole discretion, to waive any or all of the above conditions, and to amend, modify or abandon the distribution and related transactions at any time prior to the distribution date. Original Hillenbrand has the right not to complete the distribution if, at any time, the Original Hillenbrand Board of Directors determines, in its sole discretion, that the distribution is not in the best interests of Original Hillenbrand or its shareholders or that market conditions or other circumstances are such that it is not advisable to separate the funeral service business from Original Hillenbrand.

Background of and Reasons for the Separation

Following the appointment of Peter H. Soderberg as President and Chief Executive Officer of Original Hillenbrand in March 2006, Original Hillenbrand embarked on a thorough strategic assessment and planning process for both its medical technology business and its funeral service business in order to develop a plan to enhance long-term shareholder value. This process included a consideration of the appropriate enterprise and capital structures to align these elements with and support the strategic plan. The Board of Directors evaluated, with the input of its financial advisors, a range of enterprise and capital structure alternatives for Original Hillenbrand. These alternatives included the continuation of Original Hillenbrand's current operating structure, the sale of one or both of its business units, returning cash to shareholders through an increase in balance sheet leverage and the spin-off of one of its business units. Following this assessment and evaluation, in October 2006, Original Hillenbrand announced new three-year strategic plans for both business units, and the Board of Directors concluded that separating the two business units into two publicly traded companies merited further, more detailed consideration as a means to position the two operating units to achieve their strategic goals.

From October 2006 to May 2007, the Original Hillenbrand Board of Directors, with input from its advisors, considered the merits and mechanics of a separation of the medical technology and funeral service business units, including whether the achievement of the strategic plans for the business units would be aided by a separation of the business units. This review culminated in the Board's May 7, 2007 approval in principle of a plan to separate Original Hillenbrand's funeral service and medical technology businesses. Among the factors the Board considered were:

- the effects of various legal and potential litigation related considerations on the merits or mechanisms of a separation;
- the capital structure of each of the separated companies and their post separation ability to execute and fund at acceptable debt rating levels their
 respective dividend obligations and growth strategies on a sustained basis and provide reasonable flexibility to insulate against fluctuations in
 operating results and other unanticipated events;
- detailed implementation plans to separate the businesses, potential risks and mitigation plans and an assessment of management's ability to
 execute a separation without losing the momentum of one or both of the businesses against their respective strategic plans;
- valuation and market considerations relating to the timing of a separation;
- · whether a separation of the businesses would better facilitate desired cultural and other changes at each business unit;
- whether, based on consideration of growth trajectories, synergies, divergent industries, cultures, processes and practices, ability to execute a true
 conglomerate strategy and other factors, it made sense to keep the business units together;
- · whether investor confusion has resulted from a consolidated structure and any related impact on the valuation of the businesses;
- · whether a separation of the businesses would better facilitate attraction, motivation and retention of talent at each company;
- · the performance of other companies that have been spun off;
- the valuation of the sum of the businesses on a separated basis versus together over time;
- the ability of separated focused businesses to use equity to support cultural and business development objectives;
- · various tax efficient means by which the separation could be accomplished; and

 one time transactional costs to implement the separation and ongoing post separation incremental costs associated with operating two separate public companies and the return on investment associated with incurring these costs.

Based upon this detailed review, the Original Hillenbrand Board of Directors concluded that there was a strong business case to support the separation of the two operating companies. Original Hillenbrand believes that the separation of the funeral service business is the best way to unlock the full value of Original Hillenbrand's businesses and will provide each of Hill-Rom Holdings and us with certain opportunities and benefits. The following are some of the opportunities and benefits that the Original Hillenbrand Board of Directors considered, among others, in approving the separation:

- Allows us and Hill-Rom Holdings to focus on our respective industries. The Original Hillenbrand Board of Directors believes that the separation
 will allow Hill-Rom Holdings and New Hillenbrand to maintain a sharper focus on their respective core business and growth opportunities, which
 will allow each separated company to respond more nimbly to the industry in which it operates. The separation will allow the management of each
 company to design and implement corporate policies and strategies that are based primarily on the business characteristics and industry conditions
 applicable to that company and to concentrate its financial resources wholly on its own operations.
- Provides direct access to capital. Each company will have a capital structure adequate to meet its needs. After the separation, each company's capital structure is expected to better facilitate acquisitions (including, possibly, acquisitions using its common stock as currency), joint ventures, partnerships and internal expansion, which are important for us to grow our business. Original Hillenbrand believes that this should provide us with the ability to finance acquisitions with equity in a manner that preserves capital with less dilution of our shareholders' interests than would occur by issuing pre-distribution Original Hillenbrand common stock. Original Hillenbrand believes that our stock should be an attractive acquisition currency to potential sellers of businesses complementary to our business.
- Creates more effective management incentives and improves ability to attract and retain talent. The separation will permit the use of equity-based incentives, such as options and restricted stock units, for each of the companies with a value that is expected to reflect more closely the efforts and performance of each company's management. Such securities should enable each company to provide incentive compensation arrangements for its key employees that are directly related to the market performance of each company's common stock, and Original Hillenbrand believes such equity-based compensation arrangements should provide enhanced incentives for performance and improve the ability for each company to attract, retain and motivate qualified personnel.
- Enables investors to invest directly in our business. Separating the funeral service business from the medical technology business of Original Hillenbrand is expected to reduce the complexities surrounding investor and research analyst understanding and will provide investors with the opportunity to invest individually in each of the separated companies. The Original Hillenbrand Board of Directors believes that many investors prefer to invest in companies with common competencies or industry focus, and therefore the aggregate demand for each of the separated companies' shares by such investors may be greater than the current demand for Original Hillenbrand's shares. Although there can be no assurances, Original Hillenbrand believes that over time following the separation, the common stock of Hill-Rom Holdings and New Hillenbrand should have a higher aggregate market value than if Original Hillenbrand were to remain under its current configuration, assuming the same market conditions and the realization of the expected benefits of the separation.

Neither we nor Original Hillenbrand can assure you that, following the separation, any of these benefits will be realized to the extent anticipated or at all.

In view of the wide variety of factors considered in connection with the evaluation of the separation and the complexity of these matters, the Original Hillenbrand Board of Directors did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to the factors considered. The individual members of the Original Hillenbrand Board of Directors likely may have given different weights to different factors.

With regard to the allocation of assets, liabilities and rights and related indemnifications between Original Hillenbrand and New Hillenbrand in the distribution, in general, assets, liabilities and rights associated with the medical technology business will be retained by Original Hillenbrand and those associated with the funeral service business will be retained by New Hillenbrand. Certain investments, assets, liabilities and related obligations currently held by Original Hillenbrand at the parent company level will be transferred to New Hillenbrand prior to the distribution. These items are unrelated to the medical technology and funeral services businesses, and it was determined that they should be transferred to New Hillenbrand for tax purposes, including supporting that the distribution will qualify as tax free, and to provide each company with the desired capital structure upon completion of the distribution. Additionally, certain assets used by both businesses, including certain aircraft and corporate conference facilities, will be jointly owned by Original Hillenbrand and New Hillenbrand.

With regard to the allocation of potential liability under antitrust litigation matters as provided in the judgment sharing agreement that we will enter into with Original Hillenbrand (see "Arrangements between Original Hillenbrand and New Hillenbrand — Judgment Sharing Agreement"), the Board of Directors of Original Hillenbrand, based on the recommendation of the management teams of Original Hillenbrand and New Hillenbrand, adopted a symmetrical approach under which each company will be responsible for any potential liability in an amount up to its "maximum funding proceeds" (as defined in the judgment sharing agreement). Both we and Original Hillenbrand are defendants in the antitrust litigation, but because the litigation relates to alleged conduct of the funeral service business and not the medical technology business, the judgment sharing agreement provides that we are initially responsible for any potential liability up to the amount of our "maximum funding proceeds" (less a set aside for required operating cash) before Original Hillenbrand is responsible for any portion of such liability.

Separation Costs

Original Hillenbrand expects to incur pre-tax separation costs of approximately \$40 million to \$45 million, of which a portion is being allocated to us. A majority of these separation costs are expected to be paid in cash, with a portion being non-deductible for income tax purposes. In addition to these separation costs, Original Hillenbrand and New Hillenbrand expect to incur an incremental combined charge related to the modification or acceleration of equity-based awards, subject to final approval by the Original Hillenbrand Board of Directors, in the range of \$16 million to \$19 million, with \$7 million to \$8 million attributable to New Hillenbrand. The estimates are dependent upon the fair value of our common stock and could change depending on actual fair value at the time of modification. For additional information on the proposed modification or acceleration of equity-based awards, see the section entitled "Executive Compensation — Compensation Discussion and Analysis — Equitable Adjustments to Outstanding Equity-Based Awards."

Interests of Certain Persons in the Separation

Except as set forth below, none of our directors or executive officers will receive any benefits or remuneration not received by shareholders in connection with the separation and distribution.

Under a supplemental benefits agreement entered into in March 2006 between Original Hillenbrand and Kenneth A. Camp, our President and Chief Executive Officer, Mr. Camp will be credited with additional service under a Supplemental Executive Retirement Plan as a result of the distribution. The present value of the benefit associated with the additional service with which Mr. Camp will be credited was \$546,628 as of September 30, 2007, calculated on the same basis and using the same assumptions as the present value of accumulated benefits shown in the Pension Benefits at September 30, 2007 table under "Executive Compensation — Compensation of Named Executive Officers." For a description of this agreement, see "Executive Compensation — Compensation Discussion and Analysis — Elements of Executive Compensation — Retirement, Change in Control Agreements and Severance — Supplemental Executive Retirement Plan."

In connection with the distribution, we expect that, subject to approval by the Original Hillenbrand Board of Directors, equitable adjustments will be made to outstanding stock option and deferred stock share awards that currently relate to Original Hillenbrand common stock, including stock option and deferred stock share awards held by our directors and executive officers, to the extent necessary to maintain the equivalent value of such awards upon the distribution. Specifically, outstanding options to purchase Original Hillenbrand common stock held by our

executive officers and directors (other than directors who will serve as directors of both Original Hillenbrand and New Hillenbrand) will be replaced with options to purchase New Hillenbrand common stock, with the number of shares issuable on exercise and the exercise price being adjusted so that the New Hillenbrand stock options have the same value as the replaced Original Hillenbrand stock options, based on the market prices of Original Hillenbrand common stock and New Hillenbrand common stock on the date of the distribution. Original Hillenbrand stock options held by our directors who will serve as directors of both Original Hillenbrand and New Hillenbrand will be adjusted such that these directors will hold options to purchase the same number of shares of both Original Hillenbrand common stock and New Hillenbrand common stock, with the current exercise price being allocated between the Original Hillenbrand stock options and the New Hillenbrand stock options proportionally based on the market prices of Original Hillenbrand common stock and New Hillenbrand common stock a

Deferred stock shares of Original Hillenbrand held by our executive officers and directors (other than directors who will serve as directors of both Original Hillenbrand and New Hillenbrand) will be replaced by a number of deferred stock shares of New Hillenbrand such that the New Hillenbrand deferred stock shares will have the same value as the replaced Original Hillenbrand deferred stock shares, based on the market prices of Original Hillenbrand common stock and New Hillenbrand common stock on the date of the distribution. All Original Hillenbrand deferred stock shares held by persons who will be our employees following the distribution, including our executive officers, will vest in their entirety by their terms upon completion of the distribution. Deferred stock shares of Original Hillenbrand held by our directors who will be directors of both Original Hillenbrand and New Hillenbrand will be adjusted such that these directors will hold the same number of deferred stock shares in each of Original Hillenbrand and New Hillenbrand. Certain performance based deferred stock awards currently held by Mr. Camp will be replaced with performance based deferred stock awards of New Hillenbrand, with an adjustment in the number of shares subject to the awards intended to preserve the same value as the replaced Original Hillenbrand awards, based on the market prices of Original Hillenbrand common stock and New Hillenbrand common stock on the date of the distribution.

In connection with the modification or acceleration of outstanding Original Hillenbrand equity-based awards, Original Hillenbrand and New Hillenbrand expect to incur incremental combined charges in the range of \$16 million to \$19 million, with \$7 million to \$8 million attributable to New Hillenbrand. The estimates are dependent upon the fair value of our common stock and could change depending on the actual fair value at the time of modification.

For information regarding outstanding Original Hillenbrand equity-based awards held by our named executive officers and directors, see "Executive Compensation — Compensation of Named Executive Officers — Outstanding Equity Awards of September 30, 2007" and "Security Ownership of Certain Beneficial Owners and Management." For additional information regarding the expected treatment of outstanding Original Hillenbrand equity-based awards in the distribution, see "Executive Compensation — Compensation Discussion and Analysis — Elements of Executive Compensation — Equitable Adjustments to Outstanding Equity-Based Awards."

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to Original Hillenbrand shareholders who are entitled to receive shares of our common stock in the distribution. The information statement is not, and is not to be construed as, an inducement or encouragement to buy, hold or sell any of our securities or securities of Original Hillenbrand. We believe that the information in this information statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither Original Hillenbrand nor we undertake any obligation to update such information.

ARRANGEMENTS BETWEEN ORIGINAL HILLENBRAND AND NEW HILLENBRAND

Prior to the distribution, we will enter into the distribution agreement as well as a number of other agreements with Original Hillenbrand for the purpose of accomplishing the separation from Original Hillenbrand of our business described in this information statement, which we sometimes refer to as the separation, and the distribution of our common stock to Original Hillenbrand shareholders. These agreements will govern the relationship between Hill-Rom Holdings and us subsequent to the distribution and provide for the allocation of the assets, investments and property of Original Hillenbrand as well as of investments, property and employee benefits, tax and other liabilities and obligations attributable to periods prior to the distribution. These agreements include:

- · judgment sharing agreement;
- · employee matters agreement;
- · tax sharing agreement;
- · shared services agreements; and
- · transitional services agreements.

In addition, we will enter into leases and subleases with Original Hillenbrand for locations that we will share after the distribution. Subleases for space in commercially leased locations will have varying terms generally matching the terms of the underlying leases, which we expect to approximate fair market value. Also, we will enter into agreements providing for the joint ownership by Hill-Rom Holdings and us of certain assets, including certain aircraft and corporate conference facilities used by both companies.

The distribution agreement, judgment sharing agreement, employee matters agreement and tax sharing agreement will be filed as exhibits to the registration statement of which this information statement is a part, and the summary of each of these agreements sets forth those terms we believe to be material. These summaries are qualified in their entirety by reference to the full text of the agreements. The terms of these agreements have not yet been finalized and are being reviewed by us and Original Hillenbrand.

Distribution Agreement

The distribution agreement will set forth the agreements between Original Hillenbrand and us with respect to the principal corporate transactions required to effect the separation and the distribution of our shares to Original Hillenbrand shareholders, the allocation of certain corporate assets and liabilities of Original Hillenbrand and us, and other agreements governing the relationship between Original Hillenbrand and us.

The Distribution

The distribution agreement will provide that, subject to the terms and conditions contained in the agreement, Original Hillenbrand will effect the distribution on the distribution date, which we expect will be , 2008. Nevertheless, Original Hillenbrand has reserved the sole and absolute discretion to determine whether to proceed with the distribution, the timing of the distribution and to alter any and all terms of the distribution until it has been completed. In addition, the distribution is subject to the satisfaction or waiver by Original Hillenbrand, in its sole discretion, of a number of conditions. See "The Separation — Conditions to the Distribution."

Releases and Indemnification

The distribution agreement will provide that New Hillenbrand and its subsidiaries will release and discharge Original Hillenbrand and its subsidiaries from all liabilities to New Hillenbrand and its subsidiaries of any sort, including in connection with the transactions contemplated by the distribution agreement, except as expressly set forth in the agreement. Original Hillenbrand and its subsidiaries (other than New Hillenbrand and its subsidiaries) will release and discharge New Hillenbrand and its subsidiaries from all liabilities to Original Hillenbrand and its subsidiaries of any sort, including 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.

Except as otherwise provided in the distribution agreement, we will agree to indemnify, defend and hold harmless Original Hillenbrand and each of its subsidiaries, other than us, from and against all losses relating to, arising out of or resulting from:

- any liabilities relating to us or our business or assumed by us pursuant to the distribution agreement, including the failure of us or any of our subsidiaries to pay, perform or otherwise promptly discharge any such liabilities in accordance with their respective terms;
- · any breach by us or any of our subsidiaries of the distribution agreement or any of the other agreements;
- certain specified claims, other than the claims covered by the judgment sharing agreement discussed below under "— Judgment Sharing Agreement"; and
- any untrue statement or alleged untrue statement of a material fact, or any omission or alleged omission to state a material fact necessary to make
 the statements therein, in the light of the circumstances under which they were made, not misleading, in this information statement or the
 registration statement of which it is a part (except for any information provided to us by Original Hillenbrand for inclusion therein) or in any
 information provided by us to Original Hillenbrand specifically for use in SEC filings made by Original Hillenbrand after the distribution date.

Except as otherwise provided in the distribution agreement, Original Hillenbrand will agree to indemnify, defend and hold harmless New Hillenbrand and its subsidiaries from and against all liabilities relating to, arising out of or resulting from:

- any liabilities relating to Original Hillenbrand or its business, including the failure of Original Hillenbrand or any of its subsidiaries, other than us, to pay, perform or otherwise promptly discharge any such liabilities in accordance with their respective terms;
- any breach by Original Hillenbrand or any of its subsidiaries, other than us, of the distribution agreement or any of the other agreements;
- certain specified claims, other than the claims covered by the judgment sharing agreement discussed below under "— Judgment Sharing Agreement"; and
- any untrue statement or alleged untrue statement of a material fact, or any omission or alleged omission to state a material fact necessary to make
 the statements therein, in the light of the circumstances under which they were made, not misleading in any information provided by Original
 Hillenbrand to us specifically for inclusion in this information statement or the registration statement of which it is a part or in any information
 provided by Original Hillenbrand to us specifically for use in SEC filings made by us after the distribution date.

The distribution agreement also will establish procedures with respect to claims subject to indemnification and related matters.

Restrictive Covenants

In order to preserve the credit capacity of each of New Hillenbrand and Original Hillenbrand to perform its obligations under the judgment sharing agreement described below under "— Judgment Sharing Agreement," the distribution agreement will impose certain restrictive covenants on New Hillenbrand and Original Hillenbrand. Specifically, the distribution agreement will provide that, until the occurrence of an Agreed Termination Event (as described below), New Hillenbrand and its subsidiaries will not:

 incur indebtedness to finance the payment of any extraordinary cash dividend on its outstanding capital stock or the repurchase of any outstanding shares of its capital stock;

- in the case of New Hillenbrand, declare and pay regular quarterly cash dividends on the shares of New Hillenbrand common stock in excess of the quarterly dividend that we initially expect to pay following the distribution;
- make any acquisition outside its core area of business, defined to mean the manufacture or sale of funeral service products or any of New Hillenbrand's existing business lines or any other basic manufacturing or distribution business where it is reasonable to assume that New Hillenbrand's core competencies could add enterprise value;
- incur indebtedness in excess of \$100 million to finance any acquisition in its core area of business without the receipt of an opinion from a qualified investment banker that the transaction is fair to New Hillenbrand's shareholders from a financial point of view; or
- incur indebtedness to make an acquisition in its core area of business that either (1) causes New Hillenbrand's 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 a specified threshold that will be set to equate initially to approximately a \$100 million limitation on incurrence of indebtedness or (2) causes New Hillenbrand's credit rating by either Standard & Poor's Ratings Services or Moody's Investor Services to fall more than one category below its rating at the time of the distribution.

As used in the distribution agreement, "Agreed Termination Event" means the first to occur of (1) the full and complete satisfaction of a trial court judgment in the last pending antitrust litigation matter described under "Business and Properties — Legal Proceedings — Antitrust Litigation" (including any similar future litigation matter that is asserted against both us and Original Hillenbrand prior to the completion of the distribution and any other matter that is consolidated with any such existing or future matter) or the suspension of the execution of such judgment by the posting of a supersedeas bond or (2) the settlement or voluntary dismissal of such last pending matter as to us and Original Hillenbrand. These restrictive covenants will terminate in the event that either Original Hillenbrand's or New Hillenbrand's funding obligations under the judgment sharing agreement terminate in accordance with the terms of that agreement. The distribution agreement will impose similar restrictions on Original Hillenbrand and its subsidiaries, except that the definition of core business will be appropriate for Original Hillenbrand and the debt to EBITDA ratio described in the last bullet point will be set to equate initially to a higher limitation on incurrence of indebtedness.

Dispute Resolution

The distribution agreement will contain provisions that govern, except as otherwise provided in any other agreement, the resolution of disputes, controversies or claims that may arise between us and Original Hillenbrand related to the separation or distribution. These provisions will contemplate that efforts will be made to resolve disputes, controversies and claims by escalation of the matter to senior management or other mutually agreed representatives of us and Original Hillenbrand. If such efforts are not successful, either we or Original Hillenbrand may submit the dispute, controversy or claim to binding arbitration, subject to the provisions of the agreement.

Insurance

The distribution agreement will provide for the allocation among the parties of benefits under existing insurance policies for occurrences prior to the separation and sets forth procedures for the administration of insured claims. In addition, the agreement will allocate among the parties the right to proceeds and the obligation to incur deductibles under certain insurance policies.

Further Assurances

In addition to the actions specifically provided for in the distribution agreement, except as otherwise set forth therein or in any other agreement, both we and Original Hillenbrand agree to use commercially reasonable efforts, prior to, on and after the distribution date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the distribution agreement and the other agreements.

Judgment Sharing Agreement

Because we, Original Hillenbrand and the other co-defendants in the antitrust litigation matters described under "Business and Properties — Legal Proceedings — Antitrust Litigation" are jointly and severally liable for any damages assessed at trial with no statutory contribution rights among the defendants, we and Original Hillenbrand will enter into a judgment sharing agreement to allocate any potential liability under these cases, any similar case brought against both us and Original Hillenbrand prior to the completion of the distribution and any other case that is consolidated with any such existing or future case.

Under the judgment sharing agreement, the aggregate amount that we and Original Hillenbrand will be required to pay or post in cash (1) to satisfy in its entirety any claim (including upon settlement) once the action has been finally judicially determined or (2) to post a bond, in the event we or Original Hillenbrand 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
 - \$50 million or, if the amount of cash retained to operate the business exceeds \$50 million, the difference between \$50 million and the amount of such cash;
- · Second, Original Hillenbrand 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 Original Hillenbrand will be required to raise or provide funds if the total amount of funds available to both us and Original Hillenbrand 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 judgment sharing agreement will provide that if the foregoing allocation is held to be unenforceable, we and Original Hillenbrand will be required to contribute to satisfy any funding obligation based upon a mutually satisfactory agreement as to our and Original Hillenbrand's relative culpability (if any) or, failing such an agreement, pursuant to arbitration under the arbitration provisions contained in the judgment sharing agreement.

The judgment sharing agreement will provide that we are responsible for bearing all fees and costs incurred in the defense of the antitrust litigation matters on behalf of ourselves and Original Hillenbrand. The distribution agreement contains provisions governing the joint defense of the antitrust litigation and other claims.

In the event that we or Original Hillenbrand is 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 Original Hillenbrand) or is found upon conclusion of trial not to be liable for payment of any damages to the plaintiffs, any funding obligations under the judgment sharing agreement 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 will enter into an employee matters agreement with Original Hillenbrand prior to the distribution that will govern our compensation and employee benefit obligations with respect to our current and former employees, along with the assumption of liabilities for certain former Original Hillenbrand employees. The employee matters agreement will allocate 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 Original Hillenbrand equity-based awards, certain outstanding annual and long-term incentive awards, existing deferred compensation obligations and certain retirement, post-retirement and welfare benefit

obligations. In connection with the distribution, we initially expect to adopt, for the benefit of our employees, a variety of compensation and employee benefits plans that are generally comparable in the aggregate to those provided by Original Hillenbrand immediately prior to the distribution. Once we establish our own compensation and benefits plans, 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 will provide that as of the close of the distribution, our employees will generally cease to be active participants in, and we will generally cease to be a participating employer in, the benefit plans and programs maintained by Original Hillenbrand. As of such time, our employees will generally become eligible to participate in all of our applicable plans. In general, we will credit each of our employees with his or her service with Original Hillenbrand prior to the distribution for all purposes under plans maintained by us, to the extent the corresponding Original Hillenbrand plans give credit for such service and such crediting does not result in a duplication of benefits.

The employee matters agreement will provide that as of the distribution date, except as specifically provided therein, we generally will assume, retain and be liable for all wages, salaries, welfare, incentive compensation and employee-related obligations and liabilities for all current and former employees of our business, along with those for certain former Original Hillenbrand corporate employees. The employee matters agreement will also provide for the transfer of assets and liabilities relating to the pre-distribution participation of employees for which we have assumed responsibility in various Original Hillenbrand retirement, postretirement, welfare, incentive compensation and employee benefit plans from such plans to the applicable plans we adopt for the benefit of our employees. The employee matters agreement will provide that we and Original Hillenbrand may arrange with current service providers with respect to Original Hillenbrand'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 Original Hillenbrand for our share of the cost of such shared services.

Tax Sharing Agreement

In conjunction with our separation from Original Hillenbrand, we will enter into a tax sharing agreement with Original Hillenbrand that generally will govern Original Hillenbrand's and our respective rights, responsibilities and obligations after the distribution with respect to taxes, including ordinary course of business taxes and the preparation and filing of tax returns and the handling of tax audits. Included in the taxes to be addressed will be taxes, if any, incurred as a result of any failure of the distribution to qualify as a tax-free distribution for U.S. federal income tax purposes within the meaning of Sections 355 and 368(a)(1)(D) of the Code (including as a result of Section 355(e) of the Code). Under the tax sharing agreement, we expect that, with certain exceptions, we generally will be 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 Original Hillenbrand. Other than the reimbursement or sharing of external and internal costs incurred as a result of and related to tax audits, no fees will be paid by either party to the other party under the tax sharing agreement.

Notwithstanding the foregoing, we expect that, under the tax sharing agreement, we also generally will be responsible for any taxes imposed on Original Hillenbrand that arise from the failure of the distribution to qualify as a tax-free distribution for U.S. federal income tax purposes within the meaning of Sections 355 and 368(a)(1)(D) of the Code, to the extent that such failure to qualify is attributable to actions, events or transactions relating to our stock, assets or business, or a breach of the relevant representations or covenants made by us in the tax sharing agreement. In addition, we generally will be responsible for a portion 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 within the meaning of Sections 355 and 368(a)(1)(D) of the Code, if such failure is for any reason for which neither we nor Original Hillenbrand is responsible. We will be responsible for taxes based on a fraction, the numerator of which shall be the price of our stock based on the five trading days after the distribution date and the denominator of which is the sum of the price of our stock and the price of Hill-Rom Holdings stock on the five trading days following the distribution. The tax sharing agreement also is expected to impose restrictions on our and Original Hillenbrand's ability to engage in certain actions following our separation from Original Hillenbrand and to set forth the respective obligations among us and Original Hillenbrand with respect to the filing of tax returns, the administration of tax contests, assistance and cooperation and other matters.

Shared Services and Transitional Services Agreements

We will enter into shared services agreements and transitional services agreements with Original Hillenbrand in connection with the separation. The shared services agreements will address services that may be provided for an extended period of time, while the transitional services agreements will cover services that are intended to be provided for a limited period of time while the recipient of the services makes other arrangements for these services.

Under the shared services agreements, we, on the one hand, and Hill-Rom Holdings, on the other hand, will agree to provide certain services to each other following the separation for an initial term of two years, subject to earlier termination by the recipient and to an initial extension period and further extension in the event that commercially viable alternatives for these services are unavailable, except as noted below. These services include aviation services related to the airfield that Hill-Rom Holdings will own and operate and certain aircraft that Hill-Rom Holdings and we will jointly own and operate following the separation, as well as certain ground transportation and fleet maintenance services. In general, the recipient of these services will be billed for these 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 Holdings. Hill-Rom Holdings will continue to provide aviation services related to the airfield to us for as long as we continue to own an interest in certain aircraft. Ground transportation services could continue as long as Hill-Rom Holdings and we continue to jointly own corporate conference facilities used by both companies.

Under the transitional services agreements, Hill-Rom Holdings will provide certain services to us for a specified period following the separation. The services to be provided may include services regarding certain financial reporting and other public company staffing needs, legal services, including labor and employment and litigation support, human resources services, medical services and certain information technology services. We will generally be billed at cost for these services, including information technology services provided through a third party under a contract to which Original Hillenbrand is a party. The transitional services agreement will generally provide that the services will continue for a period of up to two years following the separation, subject to extension if the parties agree.

DIVIDEND POLICY

A goal of the separation is that current Original Hillenbrand shareholders initially receive combined quarterly cash dividends from Hill-Rom Holdings and us equal to the \$0.285 per share quarterly dividend currently paid by Original Hillenbrand. Accordingly, following the distribution and beginning with the third quarter of fiscal 2008, we expect initially to pay a quarterly dividend of \$ per share, and Hill-Rom Holdings expects initially to pay a quarterly dividend of \$ per share. The declaration and payment of dividends by us or Hill-Rom Holdings will be subject to the sole discretion of our and Hill-Rom Holdings' respective boards of directors and will depend upon many factors, including financial condition, earnings, capital requirements, covenants associated with debt obligations, legal requirements and other factors deemed relevant by the respective boards of directors. In addition, our and Original Hillenbrand's ability to pay dividends will be limited by covenants contained in the distribution agreement. Specifically, until the occurrence of an Agreed Termination Event (as defined in the distribution agreement), we are prohibited from paying regular quarterly cash dividends in excess of the quarterly dividend we initially expect to pay following the distribution and from incurring indebtedness to finance the payment of any extraordinary cash dividend. See "Arrangements between Original Hillenbrand and New Hillenbrand — Distribution Agreement — Restrictive Covenants." We expect that our new credit facility will permit us to pay dividends on our common stock provided that no event of default under the credit agreement would exist after giving effect to the dividend. See "Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources — Other Liquidity Matters."

CAPITALIZATION

The following table sets forth our combined capitalization as of December 31, 2007 on a historical and pro forma basis to give effect to the separation and distribution and the transactions related to the separation and distribution. This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Unaudited Pro Forma Combined Financial Statements" and corresponding notes included elsewhere in this information statement. For an explanation of the pro forma adjustments made to our historical Combined Financial Statements for the separation and distribution and the transactions related to the separation and distribution to derive the pro forma capitalization described below, see "Unaudited Pro Forma Combined Financial Statements."

	As Reported		Pro 1	Forma(1)
		(In m	illions)	
Long-term debt:				
Borrowings under new credit facility	\$		\$	250.0
Total equity		183.8		260.4
Total capitalization	\$	183.8	\$	510.4

(1) Assumes the separation occurred as of December 31, 2007

The pro forma long-term debt of approximately \$250 million reflects borrowings that we intend to make under a new senior unsecured credit facility to be negotiated for New Hillenbrand prior to the separation. The proceeds of these borrowings will be used to pay a \$250 million cash dividend to Original Hillenbrand immediately prior to the distribution, which Hill-Rom Holdings expects to use to cover the repurchase of outstanding publicly held debentures.

We expect that we would have had, on a pro forma basis, approximately 62 million shares of common stock outstanding as of December 31, 2007 based on each holder of Original Hillenbrand common stock receiving a dividend of one share of our common stock for each share of Original Hillenbrand common stock, there being approximately 62 million shares of Original Hillenbrand common stock outstanding on that date, excluding treasury shares and assuming no exercise of outstanding options.

Our ability to issue additional stock is constrained because such an issuance of additional stock may cause the distribution to be taxable to Original Hillenbrand under Section 355(e) of the Internal Revenue Code, and under the tax sharing agreement we would be required to indemnify Original Hillenbrand against that tax. See "The Separation and Distribution — U.S. Federal Income Tax Consequences of the Distribution" and "Arrangements between Original Hillenbrand and New Hillenbrand — Tax Sharing Agreement" for a more detailed discussion of Section 355(e) and our tax sharing agreement with Original Hillenbrand.

SELECTED FINANCIAL INFORMATION

The following table sets forth our selected financial information derived from our (i) unaudited Combined Financial Statements as of September 30, 2004 and 2003 and for the year ended September 30, 2003, which are not included in this information statement; (ii) audited Combined Financial Statements as of September 30, 2005 and for the year ended September 30, 2004, which are not included in this information statement; (iii) unaudited Combined Financial Statements as of December 31, 2007 and for the three months ended December 31, 2007 and 2006, which are included elsewhere in this information statement; and (iv) audited Combined Financial Statements as of September 30, 2007 and 2006 and for the years ended September 30, 2007, 2006 and 2005, which are included elsewhere in this information statement.

The historical financial information presented may not be indicative of the results of operations or financial position that would have been obtained if we had been an independent company during the periods shown or of our future performance as an independent company.

The selected financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Combined Financial Statements and the notes thereto included elsewhere in this information statement.

	Three Mor Decem		Fiscal	Years Ended S	eptember 30,			
	2007 (Unau	2006 dited)	2007	2006	2005	2004	(Unaudited)	
	`	,	(In million	ns, except per s	hare amounts)		`	,
Income Statement Data:								
Net revenues	\$162.9	\$162.2	\$667.2	\$674.6	\$659.4	\$640.3	\$	628.1
Gross profit	66.9	68.8	278.6	282.7	266.5	268.8		266.8
Net income	24.0	26.1	99.5	113.2	102.8	113.8		105.6
Unaudited pro forma historical basic and diluted net								
income per share	\$ 0.38	\$ 0.42	\$ 1.60	\$ 1.82	\$ 1.65	\$ 1.83	\$	1.69

	Decem	ber 31,	September 30,			1	
		2007 20		2006	2005	2004	2003
	(Unau	(Unaudited)				(Unaudited)	
				(In million	s)		
Balance Sheet Data:							
Total assets	\$	322.0	\$316.6	\$329.4	\$337.1	\$320.5	\$321.7

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The unaudited pro forma combined financial statements set forth below consist of unaudited pro forma combined statements of income for the fiscal year ended September 30, 2007 and for the three months ended December 31, 2007 and an unaudited pro forma combined balance sheet as of December 31, 2007. The unaudited pro forma combined financial statements should be read in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Combined Financial Statements and the notes thereto included elsewhere in this information statement.

The unaudited pro forma combined statements of income and balance sheet included in this information statement have been derived from the audited Combined Financial Statements included elsewhere in this information statement for the fiscal year ended September 30, 2007 and from the unaudited Combined Financial Statements included elsewhere in this information statement as of and for the three months ended December 31, 2007, and do not purport to represent what our results of operations and financial position actually would have been had the separation and distribution occurred on the dates indicated, or to project our results of operations or financial position for any future period or as of any future date. Original Hillenbrand did not account for New Hillenbrand as, and New Hillenbrand was not operated as, a separate, independent company for the periods presented.

The pro forma combined statements of income give effect to the separation and distribution and related transactions as if they occurred as of October 1, 2006. The pro forma combined balance sheet gives effect to the separation and distribution and related transactions as if they occurred as of December 31, 2007. The pro forma adjustments are based upon available information and assumptions that we believe are reasonable; however, such adjustments are subject to change based upon the finalization of the terms of the separation and the underlying separation agreements.

The historical Combined Financial Statements of New Hillenbrand include allocations of expenses from Original Hillenbrand. These costs may not be representative of our future costs to be incurred as a separate public company. At this time we cannot make factually supportable estimates of the costs we would expect to incur as a separate public company. As a result, no adjustment has been included within the accompanying unaudited pro forma combined financial statements to reflect the incremental costs associated with operating as a separate company.

The unaudited pro forma combined financial statements set forth below have been adjusted to give effect to the following planned transactions:

- the planned distribution of our common stock to Original Hillenbrand shareholders by Original Hillenbrand (assuming a one to one distribution ratio) and the related transfer to us from Original Hillenbrand of certain corporate assets and liabilities of Original Hillenbrand,
- the procurement of a revolving line of credit for a total of \$400 million, of which we intend to draw approximately \$250 million to be transferred to Original Hillenbrand as a cash dividend immediately prior to the distribution in order to establish appropriate long-term capital structures for us and Original Hillenbrand,
- the inclusion of interest expense to reflect the anticipated borrowings under our new revolving line of credit as of the date of separation, calculated based upon expected interest rates for our then outstanding debt, and
- the inclusion of investment income on certain investments that will be transferred to us.

There are expected to be certain incremental cost increases that we will experience as a stand-alone public entity. For example, Original Hillenbrand currently provides many corporate functions on our behalf. As an independent, publicly traded company, our total costs related to functions such as tax, accounting, legal, internal audit, human resources, risk management, shared information technology systems, procurement and other statutory functions, including a board of directors, are expected to increase from the costs for such shared functions that were historically allocated to us from Original Hillenbrand. The annualized incremental costs associated with replacing and/or establishing these functions have not been reflected within the accompanying unaudited pro forma combined financial statements for the reasons described above but are currently estimated to be in the range of approximately \$4 million to \$6 million in fiscal 2008. This estimate includes the incremental costs we expect to incur or be allocated under the distribution agreement, employee matters agreement, tax sharing

agreement, and shared services and transitional services agreements described under "Arrangements between Original Hillenbrand and New Hillenbrand." Additionally, while annual investment income of \$10 million to \$12 million from limited partnership investments that will be transferred to us has been reported by Original Hillenbrand during recent years, such incremental income has been excluded from the following unaudited pro forma combined statements of income due to its inherent volatility.

Based upon available cash on hand at the time of the distribution, it is intended that both New Hillenbrand and Original Hillenbrand will have minimum cash balances equivalent to their estimated normal operating cash needs. Should excess cash be available, it will be split among New Hillenbrand and Original Hillenbrand after taking into consideration certain funding requirements of Original Hillenbrand, the funding status of benefit plans and other factors.

Unaudited Pro Forma Combined Statement of Income

Fiscal Year Ended September 30, 2007

		As Reported (In million		Pro Forma Adjustments ions, except per share an		audited Forma
Income Statement Data:						
Net revenues	\$	667.2	\$	_	\$	667.2
Cost of goods sold		388.6				388.6
Gross Profit		278.6		_		278.6
Operating expenses		117.9		0.8(10)		118.7
Separation costs		5.1		(5.1)(2)		
Operating profit		155.6		4.3		159.9
Interest expense		_		(14.4)(3)		(14.4)
Investment income and other		1.4		15.0(4)		16.4
Income before income taxes	_	157.0		4.9		161.9
Income tax expense		57.5		0.4(5)		57.9
Net income	\$	99.5	\$	4.5	\$	104.0
Unaudited pro forma net income per share:(1)						
Basic	\$	1.60			\$	1.66
Diluted	\$	1.60			\$	1.66
Unaudited pro forma shares outstanding:(1)						
Basic		62.3				62.5
Diluted		62.3				62.7

See Notes to Unaudited Pro Forma Combined Financial Statements

Unaudited Pro Forma Combined Statement of Income Three Months Ended December 31, 2007

	As Re	As Reported (In milli		Pro Forma Adjustments ions, except per share amo		audited Forma
Net revenues	\$	162.9	\$	_	\$	162.9
Cost of goods sold		96.0				96.0
Gross profit		66.9		_		66.9
Operating expenses		27.3		0.2(10)		27.5
Separation costs		1.2		(1.2)(2)		
Operating profit		38.4		1.0		39.4
Interest expense		_		(3.3)(3)		(3.3)
Investment income and other		(0.4)		3.9(4)		3.5
Income before income taxes		38.0		1.6		39.6
Income tax expense		14.0		0.1(5)		14.1
Net income	\$	24.0	\$	1.5	\$	25.5
Unaudited pro forma net income per share(1):						
Basic	\$	0.38			\$	0.41
Diluted	\$	0.38			\$	0.41
Unaudited pro forma shares outstanding(1):						
Basic		62.3				62.5
Diluted		62.3				62.7

Unaudited Pro Forma Combined Balance Sheet As of December 31, 2007

	As I	As Reported		Pro Forma Adjustments (In millions)		audited Forma
ASSETS						
Cash and cash equivalents	\$	11.8	\$	129.0(12)	\$	140.8
Trade receivables, net		93.4		_		93.4
Inventories		48.7		_		48.7
Deferred income taxes		17.0		(0.2)(7)		16.8
Other		7.3				7.3
Total current assets		178.2		128.8		307.0
Property, net		87.5		7.6(6)		95.1
Investments		_		193.4(8)		193.4
Intangible assets		22.0		_		22.0
Prepaid pension		1.6		_		1.6
Deferred income taxes		16.1		(3.2)(7)		12.9
Other assets		16.6				16.6
Total assets	\$	322.0	\$	326.6	\$	648.6
LIABILITIES AND PARENT COMPANY/SHAREH	OLDERS'	EQUITY	•			
Trade accounts payable	\$	17.6	\$	_	\$	17.6
Accrued compensation		19.6		_		19.6
Accrued customer rebates		19.4		_		19.4
Other current liabilities		18.3		_		18.3
Total current liabilities		74.9				74.9
Deferred compensation, long-term portion		7.9		_		7.9
Accrued pension and postretirement benefits		28.8		_		28.8
Long-term debt		_		250.0(9)		250.0
Other long-term liabilities		26.6				26.6
Total liabilities		138.2		250.0		388.2
Total equity		183.8		76.6(11)		260.4
Total liabilities and equity	\$	322.0	\$	326.6	\$	648.6

Notes to Unaudited Pro Forma Combined Financial Statements

- (1) The calculation of unaudited pro forma basic net income per share and shares outstanding is based on the number of shares of Original Hillenbrand common stock outstanding at December 31, 2007 (plus unissued fully vested common shares and plus restricted stock units held by employees of New Hillenbrand that will fully vest at the time of the distribution), adjusted for the distribution ratio of one share of our common stock for every share of Original Hillenbrand common stock. The calculation of unaudited pro forma diluted net income per share and shares outstanding for the three months ended December 31, 2007 and the fiscal year ended September 30, 2007 pro forma periods is based on the number of diluted shares of common stock outstanding as of December 31, 2007 that are held by our employees, adjusted for the estimated ratio of our fair market price at the time of the separation. The ratio of our fair market price at the time of the separation factors in the number of stock-based awards equitably adjusted to preserve the intrinsic value of the award as of immediately prior to the separation. This calculation may not be indicative of the dilutive effect that will actually result from the replacement of Original Hillenbrand stock-based awards held by our employees or the grant of new stock-based awards. The number of dilutive shares of our common stock that will result from Original Hillenbrand stock options and restricted stock awards held by our employees will not be determined until immediately after the separation.
- (2) Original Hillenbrand expects to incur pre-tax separation costs of approximately \$40 million to \$45 million, of which a portion has been allocated to the funeral service business of Original Hillenbrand. During the three month period ended December 31, 2007 and the fiscal year ended September 30, 2007, Original Hillenbrand incurred \$2.3 million and \$12.4 million of these costs, respectively, of which respective amounts of \$1.2 million and \$5.1 million were allocated to the funeral service business of Original Hillenbrand. A portion of these separation costs are expected to be non-deductible for income tax purposes. In addition to the above separation costs, Original Hillenbrand and New Hillenbrand expect to incur a non-cash combined charge related to the modification or acceleration of equity-based awards, subject to final approval by the Original Hillenbrand Board of Directors, in the range of \$16 million to \$19 million. Of this amount, \$7 million to \$8 million will be recognized by New Hillenbrand. These estimates are dependent upon the fair value of our common stock and could change depending on the actual fair value at the time of modification. These amounts are not recognized in the pro forma combined statements of income of New Hillenbrand as they have no continuing earnings impact. For additional information on the proposed modification of equity-based awards, see the section entitled "Executive Compensation Compensation Discussion and Analysis Equitable Adjustments to Outstanding Equity-Based Awards."
- (3) We expect to receive a commitment letter related to a new revolving line of credit. This adjustment reflects the addition of interest expense on the anticipated \$250 million of outstanding indebtedness at the date of separation at an interest rate of the applicable current LIBOR rate plus 50 basis points. For purposes of these pro forma financial statements, interest expense was calculated using an assumed annual interest rate of 5.0% and assumes constant debt levels throughout the year. Interest expense also includes estimated amortization of up front fees to establish the credit facility as well as annual commitment fees. As the final terms of the new facility have not yet been agreed upon, those terms may differ from what we have assumed herein. Additionally, our interest rate may be lower or higher if LIBOR rates or our credit rating changes.

 A 1/8 percent of 1 percent (12.5bps) change to the annual interest rate would change net earnings by \$0.3 million on an annual basis. See footnote 9 below for more details of our anticipated indebtedness at the time of separation.
- (4) Reflects investment income on investments to be transferred to us upon separation. Investment income consists of accretion and capitalized interest associated with the FFS Holdings, Inc. investments, which was \$15.0 million and \$3.9 million for the fiscal year ended September 30, 2007 and the three month period ended December 31, 2007, respectively. See footnote 8 below for more details of investments that will be transferred to us at the time of separation.
- (5) Reflects the tax effect of pro forma adjustments using a combined U.S. federal and state income tax rate of approximately 35.7 percent.
- (6) Reflects the transfer of certain fixed assets from Original Hillenbrand to us, which will occur at the time of separation, including ownership interests in a corporate conference center and company owned aircraft.

- (7) Reflects the deferred tax effects of the transfer of investments and certain fixed assets from Original Hillenbrand to us, which will occur at the time of separation.
- (8) Reflects the transfer of investments from Original Hillenbrand to us, which will occur at the time of separation. These investments include holdings in FFS Holdings, Inc. of \$167.5 million and private equity limited partnerships of \$25.9 million. The investments in FFS Holdings, Inc. relate to seller financing associated with the sale of Forethought Financial Services, Inc. by Original Hillenbrand to FFS Holdings, Inc. in July 2004. The seller financing provided is in the form of a seller note receivable, preferred stock, a debt service account and stock warrants. The seller note has a carrying value of approximately \$123.8 million and carries an increasing rate of interest over its ten-year term (beginning July 2004), with interest accruing at 6 percent for the first five years. No payments are due under the note until year six at which time annual payments of \$10 million are required, with all remaining amounts, including unpaid interest, due at maturity. The seller financing also includes preferred stock with a carrying amount of \$31.4 million, which accrues cumulative dividends at the rate of 5 percent per annum, as well as stock warrants in FFS Holdings, Inc., initially valued at \$1.0 million. Additional financing was also provided in the form of a debt service account (carrying amount \$11.3 million at December 31, 2007) associated with third party secured financing obtained by FFS Holdings, Inc. under the transaction. This account was not subject to interest until 2007. Original Hillenbrand received the first scheduled annual payment from this account in July 2007, and the final repayment is due in 2012. Transfer approvals from Original Hillenbrand to us will be obtained for certain FFS investments and the private equity limited partnership investments.
- (9) For purposes of the Combined Financial Statements, none of Original Hillenbrand's consolidated debt and related interest expense has been attributed to the funeral service business of Original Hillenbrand based on the historical funding requirements of the funeral service business. At the date of separation, however, it is anticipated that we will have \$250.0 million of outstanding indebtedness of which the proceeds will be paid to Original Hillenbrand in the form of a dividend just prior to distribution to repay outstanding borrowings of Original Hillenbrand. The planned \$250.0 million will initially be placed on a new \$400.0 million senior unsecured credit facility to be negotiated for New Hillenbrand prior to the separation. Post separation, we will review the need to refinance the borrowing on a more permanent basis.
- (10) At the date of separation, we expect to retain and be liable for retirement and postretirement benefit obligations of certain former employees of Original Hillenbrand. We expect to incur approximately \$0.8 million of additional annual periodic benefit expense (\$0.2 million on a quarterly basis) in connection with these obligations.
- (11) Represents net adjustment to equity resulting from pro forma balance sheet adjustments.
- (12) Reflects the transfer of cash from Original Hillenbrand to us, which will occur at the time of separation. Should excess cash be available, it will be split among New Hillenbrand and Original Hillenbrand after taking into consideration certain funding requirements of Original Hillenbrand, the funding status of benefit plans, the payment of separation costs and other factors.

BUSINESS AND PROPERTIES

General

New Hillenbrand is an Indiana corporation recently formed to be a holding company for the subsidiaries of Original Hillenbrand that conduct Original Hillenbrand's funeral service business. Our principal executive offices are located at One Batesville Boulevard, Batesville, Indiana 47006, and our telephone number at that address is (812) 934-7500. We maintain an Internet site at http://www.batesville.com. Our website and the information contained on that site, or accessible through that site, are not incorporated into this information statement.

We are a leader in the North American death care industry through the manufacture, distribution and sale of funeral service products to licensed funeral directors who operate licensed funeral homes. Our products consist primarily of burial and cremation caskets, but also include containers and urns, selection room display fixturing for funeral homes and other personalization and memorialization products and services, including creating and hosting websites for funeral homes.

Products and Services

We manufacture and sell gasketed caskets made of carbon steel, stainless steel, copper and bronze. We also produce and market non-gasketed steel, hardwood and veneer hardwood caskets. In addition, we manufacture and sell cloth-covered caskets, all wood construction (orthodox) caskets and a line of urns, containers and other memorialization products used in cremations. We also supply selection room display fixturing through our System Solutions by Batesville® group.

Most Batesville brand metal caskets are gasketed caskets that are electronically welded to help resist the entrance of outside elements through the use of rubber gaskets and a locking bar mechanism. Our 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.

Our solid and veneer hardwood caskets are made from mahogany, cherry, walnut, maple, pine, oak, pecan and poplar. Our veneer caskets are manufactured using a proprietary process for veneering that allows for rounded corners and a furniture-grade finished appearance. We also provide select lines of Marsellus® premium caskets to our funeral home customers.

Our 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 and urns, the system includes training, merchandising support and marketing support materials. Cremation caskets and containers are manufactured primarily of hardwoods and fiberboard. Our wide assortment of memorial urns are made from a variety of materials, including cast bronze, cast acrylic, wood, sheet bronze, cloisonné and marble.

We offer several other marketing and merchandising programs to funeral professionals for both casket and cremation products. Batesville caskets are marketed by our direct sales force 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, Puerto Rico, Canada, Mexico, the United Kingdom, Australia and South Africa. A significant portion of our sales are made to large national funeral service providers under contracts we have entered into with these customers.

We maintain inventory at 88 company-operated Customer Service Centers (CSCs) and six Rapid Deployment Centers (RDCs) in North America. Batesville® caskets are generally delivered in specially equipped vehicles owned by us.

We mainly manufacture and distribute products in the United States. We also have two manufacturing facilities in Mexico and distribution facilities in Canada, Mexico, the United Kingdom, Puerto Rico, South Africa and Australia.

Competition

We are a recognized North American industry leader in the sale of funeral service products. We compete on the basis of product quality, personalization, price, and delivery and customer service. Major competitors that

manufacture and/or sell funeral service products over a wide geographic area include Aurora Casket Company and The York Group, Inc., a subsidiary of Matthews International Corporation ("Matthews").

Throughout the United States, many other enterprises manufacture, assemble, and/or distribute funeral service products for sale, often focusing on particular regions or geographic areas. Additionally, we are facing increasing competition from a number of non-traditional sources, including casket manufacturers located abroad.

Regulatory Matters

We are subject to a variety of federal, state, local and foreign environmental laws and regulations relating to environmental and 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 the cost to us of the onsite remediation activities in which we are currently involved to exceed \$1 million. 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 expenditures is not known.

Raw Materials

We use carbon and stainless steel, copper and bronze sheet, wood, fabrics, finishing materials, rubber gaskets, zinc and magnesium alloy in the manufacture of our caskets

When prices fluctuate for raw materials used in our products, based on a number of factors beyond our control, such fluctuations affect our profitability. We generally do not engage in hedging transactions with respect to raw material purchases, but do enter into fixed price supply contracts at times. Additionally, although most of the raw materials used in our products are generally available from several sources, certain of these raw materials currently are procured only from a single source.

Beginning in fiscal 2005, the rising prices of certain raw materials, including red metals (i.e., copper and bronze), fuel and petroleum based products in particular, and fuel related delivery costs, had a direct and material negative effect on our profitability. We have acted and have plans and actions in place to mitigate the impact of rising raw material and fuel prices, including continuous improvement initiatives, various sourcing actions, the completed consolidation of our United States wood manufacturing operations into a single facility, the continued and expanded roll-out of our veneer products from our Mexican manufacturing operations with overall lower material cost composition and annual product price adjustments as contractually allowed. However, there can be no assurance that we will be able to anticipate and react quickly to all changing raw material prices in the future.

Some of our sales are made pursuant to supply agreements with our customers, and historically, we have instituted annual price increases to help offset the impact of inflation and other rising cost factors. While there are certain limitations in some of our agreements, their provisions generally allow us to raise prices to offset some, but not necessarily all, raw material cost inflation.

Distribution

We have extensive distribution capabilities that serve our customers' increasing delivery expectations. Our high-velocity, hub and spoke distribution system, consisting of six Rapid Deployment Centers and 88 Customer Service Centers in North America, serves a majority of our customers each day and is critical to the rapid delivery requirements of funeral directors nationwide.

Patents and Trademarks

We own a number of patents on our 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 our business as a whole.

We also own a number of trademarks and service marks relating to our products and product services which are of importance to us, but, except for the mark "Batesville®," we do not believe any single trademark or service mark is of material significance to our business as a whole.

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

In the past, certain of our products have been copied and sold by others. We vigorously seek to enforce our intellectual property rights. However, we cannot ensure that the copying and sale of our products by others would not materially adversely affect the sale of our products.

Employees

As of December 31, 2007, we employed approximately 3,380 persons in our operations. Approximately 1,200 of these individuals, as part of our logistics and manufacturing operations in the United States and Canada, work under collective bargaining agreements. In the United States and Canada, the collective bargaining agreements have expiration dates ranging from May 2008 to February 2011.

Although we have not experienced any significant work stoppages in the past 20 years as a result of labor disagreements, we cannot ensure that such a stoppage will not occur in the future. Inability to negotiate satisfactory new agreements or a labor disturbance at one of our principal facilities could have a material adverse effect on our operations. However, we have no reason to suspect that we will have significant difficulties in negotiating new collective bargaining agreements to replace those that will expire in the future and we will continue to prepare contingency plans as part of routine preparation for negotiations in order to minimize the impact of any potential work stoppages.

Foreign Operations and Export Sales

Information about our foreign operations is set forth in tables relating to geographic information in Note 11 to our Combined Financial Statements included elsewhere in this information statement.

Our export revenues constituted less than 10 percent of combined revenues in fiscal 2007 and prior years.

Our foreign operations are subject to risks inherent in doing business in foreign countries. Risks associated with operating internationally include political, social and economic instability, increased operating costs, expropriation and complex and changing government regulations, all of which are beyond our control. Further, to the extent we receive revenue from U.S. export sales in currencies other than U.S. dollars, the value of assets and income could be, and have in the past been, adversely affected by fluctuations in the value of local currencies.

Properties

The principal properties used in our operations are listed below, and, except for our leased facility in Chihuahua, Mexico, are owned by us subject to no material encumbrances. 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	Description	Primary Use
Batesville, IN	Manufacturing plants	
	Office facilities	Manufacture of metal caskets Administration
Manchester, TN	Manufacturing plant	Manufacture of metal caskets
Vicksburg, MS	Kiln drying and lumber cutting plant	Drying and dimensioning of lumber
Batesville, MS	Manufacturing plant	Manufacture of hardwood caskets
Chihuahua, Mexico	Manufacturing plant	Manufacture of veneer hardwood caskets
Mexico City, Mexico	Manufacturing plant	Manufacture of metal caskets

In addition to the foregoing, we lease or own a number of warehouse distribution centers, service centers and sales offices throughout North America, the United Kingdom, Mexico, Australia and South Africa.

Legal Proceedings

Antitrust Litigation

We, along with Original Hillenbrand, have been named in several purported antitrust class action lawsuits described below. We will enter into a judgment sharing agreement with Original Hillenbrand to allocate responsibility for funding any potential adverse final judgments or appeal bonds related to these matters, any similar matter asserted against both us and Original Hillenbrand prior to the completion of the distribution and any other matter that is consolidated with any such existing or future matter. See "Arrangements between Original Hillenbrand and New Hillenbrand — Judgment Sharing Agreement."

On May 2, 2005, a non-profit entity called Funeral Consumers Alliance, Inc. ("FCA") and several individual consumers filed a purported class action antitrust lawsuit ("FCA Action") against three national funeral home businesses, SCI, Alderwoods and Stewart Enterprises, Inc. ("Stewart") together with Original Hillenbrand and us, in the United States District Court for the Northern District of California. This lawsuit alleged a conspiracy to suppress competition in an alleged market for the sale of caskets through a group boycott of so-called "independent casket discounters," that is, third-party casket sellers unaffiliated with licensed funeral homes; a campaign of disparagement against these independent casket discounters; and concerted efforts to restrict casket price competition and to coordinate and fix casket pricing, all in violation of federal antitrust law and California's Unfair Competition Law. The lawsuit claimed, among other things, that our maintenance and enforcement of, and alleged modifications to, our long-standing policy of selling caskets only to licensed funeral homes were the product of a conspiracy among us, the other defendants and others to exclude "independent casket discounters" and that this alleged conspiracy, combined with other alleged matters, suppressed competition in the alleged market for caskets and led consumers to pay higher than competitive prices for caskets. The FCA Action alleged that two of our competitors, York Group, Inc. and Aurora Casket Company, are co-conspirators but did not name them as defendants. The FCA Action also alleged that SCI, Alderwoods, Stewart and other unnamed co-conspirators conspirator to monopolize the alleged market for the sale of caskets in the United States.

After the FCA Action was filed, several more purported class action lawsuits on behalf of consumers were filed based on essentially the same factual allegations and alleging violations of federal antitrust law and/or related state law claims. It is not unusual to have multiple copycat class action suits filed after an initial filing, and it is possible that additional suits based on the same or similar allegations could be brought against Original Hillenbrand and us.

We, Original Hillenbrand and the other defendants filed motions to dismiss the FCA Action and a motion to transfer to a more convenient forum. In response, the court in California permitted the plaintiffs to replead the complaint and later granted defendants' motion to transfer the action to the United States District Court for the Southern District of Texas (Houston, Texas) ("Court").

On October 12, 2005, the FCA plaintiffs filed an amended complaint consolidating all but one of the other purported consumer class actions in the Court. The amended FCA complaint contains substantially the same basic allegations as the original FCA complaint. The only other then remaining purported consumer class action, Fancher v. SCI et al., was subsequently dismissed voluntarily by the plaintiff after the defendants filed a motion to dismiss. On October 26, 2006, a new purported class action was filed by the estates of Dale Van Coley and Joye Katherine Coley, Candace D. Robinson, Personal Representative, consumer plaintiffs, against us and Original Hillenbrand in the Western District of Oklahoma alleging violation of the antitrust laws in fourteen states based on allegations that we engaged in conduct designed to foreclose competition and gain a monopoly position in the market. This lawsuit was largely based on similar factual allegations to the FCA Action. We and Original Hillenbrand had this case transferred to the Southern District of Texas in order to coordinate this action with the FCA Action and filed a motion to dismiss this action. On September 17, 2007, the Court granted our and Original Hillenbrand's motion to dismiss and ordered the action dismissed with prejudice.

The FCA plaintiffs are seeking certification of a class that includes all United States consumers who purchased our caskets from any of the funeral home co-defendants at any time during the fullest period permitted by the

applicable statute of limitations. On October 18, 2006, the Court denied our, Original Hillenbrand's and the other defendants' November 2005 motions to dismiss the amended FCA complaint.

In addition to the consumer lawsuits discussed above, on July 8, 2005 Pioneer Valley Casket Co. ("Pioneer Valley"), an alleged casket store and Internet retailer, also filed a purported class action lawsuit ("Pioneer Valley Action") against us, Original Hillenbrand, SCI, Alderwoods, and Stewart in the Northern District of California on behalf of the class of "independent casket distributors," alleging violations of state and federal antitrust law and state unfair and deceptive practices laws based on essentially the same factual allegations as in the consumer cases. Pioneer Valley claimed that it and other independent casket distributors were injured by the defendants' alleged conspiracy to boycott and suppress competition in the alleged market for caskets, and by an alleged conspiracy among SCI, Alderwoods, Stewart and other unnamed co-conspirators to monopolize the alleged market for caskets

Plaintiff Pioneer Valley seeks certification of a class of all independent casket distributors in the United States who are or were in business at any time from July 8, 2001 to the present. Excluded from this class are independent casket distributors that: (1) are affiliated in any way with any funeral home; (2) manufacture caskets; or (3) are defendants or their directors, officers, agents, employees, parents, subsidiaries or affiliates.

The Pioneer Valley complaint was also transferred to the Southern District of Texas but was not combined with the FCA Action, although the scheduling orders for both cases are identical. On October 21, 2005, Pioneer Valley filed an amended complaint adding three new plaintiffs, each of whom purports to be a current or former "independent casket distributor." Like Pioneer Valley's original complaint, the amended complaint alleges violations of federal antitrust laws, but it has dropped the causes of actions for alleged price fixing, conspiracy to monopolize, and violations of state antitrust law and state unfair and deceptive practices laws. On October 25, 2006, the district court denied Original Hillenbrand's and our December 2005 motions to dismiss the amended Pioneer Valley complaint.

Class certification hearings in the FCA Action and the Pioneer Valley Action were held in early December 2006. Post-hearing briefing on the plaintiffs' class certification motions in both cases was completed in March 2007, though briefing on certain supplemental evidence related to class certification in the FCA Action also occurred in September 2007 and October 2007. The Court has not yet ruled on the motions for class certification. On August 27, 2007, the Court suspended all pending deadlines in both cases, including the previously set February 2008 trial date. The Court reset a docket call in both the FCA and Pioneer Valley Actions for May 5, 2008. A docket call is typically a status conference with the Court to set a trial date. It is anticipated that new deadlines, including a trial date, will not be set until sometime after the Court has ruled on the motions for class certification.

Plaintiffs in the FCA and Pioneer Valley Actions generally seek monetary damages, trebling of any such damages that may be awarded, recovery of attorneys' fees and costs, and injunctive relief. The plaintiffs in the FCA Action served a report indicating that they are seeking damages ranging from approximately \$947 million to approximately \$1.46 billion before trebling. Additionally, the Pioneer Valley plaintiffs served a report indicating that they are seeking damages of approximately \$99.2 million before trebling. Because we continue to adhere to our long-standing policy of selling our caskets only to licensed funeral homes, a policy that we continue to believe is appropriate and lawful, if the case goes to trial the plaintiffs are likely to claim additional alleged damages for the period 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. We and our co-defendants are vigorously contesting both liability and the plaintiffs' damages theories

If a class were certified in any of the antitrust cases filed against Original Hillenbrand and us and if the plaintiffs in any such case were to prevail at trial, any 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 and Pioneer Valley Actions the plaintiffs may elect to enforce any judgment against any or all of the co-defendants, who have no statutory contribution rights against each other.

We believe that we and Original Hillenbrand 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. In accordance with applicable accounting standards, neither Original Hillenbrand nor we have established a loss reserve for any of these cases.

After the FCA Action was filed, in the summer and fall of 2005, we were served with Civil Investigative Demands ("CIDs") by the Attorney General of Maryland and certain other state attorneys general who have begun an investigation of possible anticompetitive practices in the death care industry relating to a range of funeral service and products, including caskets. We have been informed that approximately 26 state attorneys general offices are participating in the joint investigation, although more could join. We cooperated with the attorneys general, and to date, no claims have been filed against us.

Other Pending Litigation Matter

On August 17, 2007, a lawsuit styled *Vertie Staples v. Batesville Casket Company, Inc.* was filed against us in the United States District Court for the Eastern District of Arkansas. The case is a putative class action on behalf of the plaintiff and all others in Arkansas who purchased a Monoseal® casket manufactured by us from a licensed funeral home located in Arkansas from January 1, 1989 to the present. The plaintiff claims that Monoseal® caskets were marketed as completely resistant to the entrance of air and water when they were not. The plaintiff asserts causes of action under the Arkansas Deceptive Trade Practices Act and for fraud, constructive fraud and breach of express and implied warranties. On January 9, 2008, the plaintiff filed an amended complaint that added another putative class plaintiff, restated the pending claims, and added a claim for unjust enrichment. In order to establish federal jurisdiction over the claims under the Class Action Fairness Act, the plaintiff alleges that the amount in controversy exceeds \$5,000,000.

This action is in the very early stages of litigation and as such, we are not yet able to assess the potential outcome of this matter. There is a trial date of November 3, 2008. We believe the claims are without merit and will vigorously defend the case. It is not unusual to have multiple copycat suits filed after an initial filing, and it is possible that additional suits based on the same or similar allegations could be brought against us.

General

We are subject to various other claims and contingencies arising out of the normal course of business, including those relating to commercial transactions, product liability, employee related matters, antitrust, safety, health, taxes, environmental and other matters. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not predictable with assurance. It is possible that some litigation matters for which reserves have not been established could be decided unfavorably to us, and that any such unfavorable decisions could have a material adverse effect on our financial condition, results of operations and cash flows.

We are also involved in other possible claims, including product and general liability, workers compensation, auto liability and employment related matters. These have deductibles and self-insured retentions ranging from \$150 thousand to \$1.0 million per occurrence or per claim, depending upon the type of coverage and policy period. For the self-insured exposures, 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. These independent third-party estimates are used to record reserves for all projected deductible and self-insured retention exposures.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

New Hillenbrand will be a holding company for Original Hillenbrand's funeral service business, which has operated under the Batesville Casket name and group of subsidiaries that are being separated from Original Hillenbrand's medical technology business. We are a leader in the North American death care industry through the manufacture, distribution, and sale of funeral service products to licensed funeral directors who operate licensed funeral homes. Our products consist primarily of burial and cremation caskets, but also include containers and urns, selection room display fixturing for funeral homes, and other personalization and memorialization products and services, including the creation and hosting of websites for funeral homes.

Batesville Casket today operates relatively autonomously within the operating company structure of Original Hillenbrand. Accordingly, our primary business operations are not expected to change significantly from the current operating environment as a result of the separation. However, there are certain shared assets and functions among the Original Hillenbrand business units, including shared corporate and business services, as well as shared capital resource allocations. As a result, we will be required to divide or co-own certain assets and engage in certain business support and governance activities upon our separation from Original Hillenbrand. Additionally, the separation will result in changes to our capital structure.

The combined financial statements included elsewhere in this information statement do not include all expenses that would have been incurred had the funeral service business of Original Hillenbrand been a separate, stand-alone entity and do not reflect the funeral service business of Original Hillenbrand's results of operations, financial position and cash flows had the funeral service business of Original Hillenbrand been a stand-alone company during the periods presented. This Management's Discussion and Analysis should be read together with the unaudited pro forma combined financial statements, as well as the Combined Financial Statements of the funeral service business of Original Hillenbrand and the notes thereto included elsewhere in this information statement.

Death Care Industry Trends

The death of a family member or loved one causes most people to seek the services of a state (or a Canadian province) 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 directly from the funeral home as a matter of choice and convenience.

<u>Demographics and Consumer Preferences.</u> For the past several decades the total number of deaths in the U.S. and Canada (where most of our products are sold) has been relatively flat. 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 approximately one third in the United States and one half in Canada. These combined factors have yielded a slow but steady decline in the total number of casketed deaths in North America. The current trends are expected to continue for the foreseeable future until the post-WWII spike in births may cause an increase in deaths. While the primary driver of market size is 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 health care 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 predict precisely 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 be relatively flat and the cremation rate will continue to gradually increase, resulting in a steady decline in the demand for burial caskets for the foreseeable future.

Along with the declining number of casketed deaths, the casket industry has experienced a long-term gradual decline in the average price (normally referred to as product mix) of burial caskets sold, a trend that has also affected us. One of the factors which has affected mix is the pricing practice of many funeral homes, which places most of the margin expectation on the sale of products instead of the services provided. We have observed a recent change 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. Additionally, more consumers are expecting higher levels of personalization, both in products and services. Our response to this changing consumer preference is described below.

<u>Competition</u>. Competition in the casket industry is based on product quality, features and personalization, price, and customer and delivery service. We compete in the sale of burial and cremation containers with several national casket manufacturers/distributors, a larger number of regional manufacturers/distributors, and more than 100 independent casket distributors, most of whom serve fairly narrow geographic segments. Recently, the industry has seen a few new foreign manufacturers, mostly from China, who import caskets into the U.S. and Canada. Additionally, some others such as Costco, local casket stores, and internet sellers sell caskets directly to consumers, although we estimate that total sales among this latter group are a small portion of annual burial casket volume.

The effect of gradually declining casket demand has also resulted in economic pressures on casket manufacturers and distributors as they seek to maintain volume by increasing market share. The industry has approximately double the necessary domestic production capacity which further increases these pressures. Additionally, the costs of delivery have increased as well with higher fuel prices resulting in increased per unit costs. Established manufacturers and distributors have responded to these competitive pressures by increasing discounts.

Over the past decade, funeral homes have sought to minimize their inventory costs by shifting the inventory burden to their suppliers. Today, many funeral homes do not maintain any casket inventory and expect their casket suppliers to provide same day or next day delivery to satisfy their funeral requirements. Our high velocity, "hub and spoke" distribution system enables us to meet these customer expectations with lower inventory investment per dollar of sales. This system enables us to deliver the majority of our volume, including uniquely personalized caskets, within 24 hours of receiving the customer's order. In 2007 we delivered the "right casket at the right time" 99.3% of the time. We believe this highly effective distribution system is aligned with the increasing time demands of families and the inventory reduction expectations of our customers. We also believe this represents an important competitive advantage, although some competitors are able to offer comparable delivery capability in certain geographic areas.

<u>Industry Consolidation</u>. The underlying industry trends are leading to consolidations, acquisitions, and partnerships among casket manufacturers and distributors. In the past few years, two of the larger casket manufacturers have merged and several independent distributors have been acquired. In the past two years we acquired two smaller regional distributors. We continue to be interested in the possibility of acquiring high-quality distributors and will remain selective in this process.

The demographic and economic pressures that are driving consolidation among casket manufacturers and distributors are also driving some consolidation among funeral homes. In the fourth calendar quarter of 2006 our largest customer acquired our second largest customer. We have retained essentially all of the combined business after the acquisition with the exception of some of the individual firms that were divested to meet regulatory requirements. On a smaller scale we have also seen an increased number of regional funeral home operators expanding through selected acquisitions. Earlier in 2007 we established a dedicated sales team to focus on this regional consolidator customer segment, and we will continue to invest to meet the needs of this growing customer group.

<u>Costs of Raw Material and Energy</u>. The primary raw materials used in our products include steel, wood, and red metals (i.e., copper and bronze). Although the key materials have fluctuated in price from time-to-time, current economic conditions are such that we expect all casket manufacturers to continue to be affected by increased costs of raw materials over the next few years. Higher fuel costs in the past few years have resulted in fuel surcharges on many raw materials and services, along with an unfavorable impact on manufacturing and distribution costs.

We believe that we are affected by raw material and energy cost increases to a lesser degree than many of our competitors because of the scale and scope of our operations. Additionally, our wide use of Continuous Improvement has enabled us to reduce waste in many areas of our business. We intend to continue to use this powerful tool of Continuous Improvement, practices which are based on the Toyota Production System, to better serve our customers and to maintain and increase margins.

Strategy and Results

We believe that we have a number of capabilities that yield significant competitive advantage. Among them are:

- Our leadership position as the largest manufacturer and distributor of caskets and containers in North America provides scale and scope that
 enables us to seize emerging opportunities rapidly and effectively.
- Our highly integrated manufacturing facilities in the United States and Mexico employ "pull production" and "one-piece flow" to feed our high
 velocity replenishment system with products quickly and efficiently to meet the growing time demands of our customers and their client families.
- The Batesville business system of Continuous Improvement (based on the Toyota Production System) and effective execution enables us to reduce waste in administrative processes as well as manufacturing and distribution.
- The Batesville® brand is widely recognized among funeral professionals and the breadth of our product line enables us to support our customers
 as they seek to serve client families of varying means.
- Our ability to apply proven merchandising principles and proprietary database tools enables us to help our customers increase their average mix and drive greater profitability for them and for us, all while increasing the satisfaction of their clients.
- Our talent management process helps us to identify and develop our people through exposure to lean business principles, participation in strategic
 projects, and planned multifunctional assignments. We have a track record of developing and retaining multi-disciplined leaders.

By building on these core competencies we seek to grow organic revenue and operating income by an average of 3% to 4% annually over the fiscal 2008-2009 time frame. We plan to invest selectively to maintain and further develop our current leadership position with funeral directors while exploring new opportunities in less penetrated areas. Our strategy remains centered on growing our business of selling Batesville branded burial caskets and cremation products direct to funeral homes while investing in opportunities to sell private label caskets and parts to manufacturers and distributors, a new channel of distribution for us. Finally, we intend to pursue strategic acquisitions in and closely adjacent to our casket and cremation businesses in which we can capitalize on our core competencies and utilize our scope and scale. Important elements of this strategy, and our results to-date, include the following.

<u>Grow our sales to our funeral home customers.</u> We seek to profitably grow revenue by selling products to licensed funeral homes through a combination of growth in volume, improved mix of products sold and strategic acquisitions within the funeral services industry.

Grow our burial casket revenue.

- We have responded to the consolidation trend in our industry and the growth of regional funeral home consolidators by creating a sales team
 which differentially serves those customers whose business spans multiple sales territories. This group of customers is currently an underpenetrated opportunity for us. We have converted several of these regional customers to our Batesville brand by demonstrating the value of our
 products and services to their operations and the families they serve.
- In 2004 and 2005 we discontinued unprofitable products from our product line. During that time we also introduced our Dimensions® line of wider caskets designed to provide a dignified funeral to the increasing number of obese consumers. In 2006 we introduced new lines of caskets (our Geminitm and Haileytm lines) designed for consumers that value high eye appeal and low feature content. We are very encouraged by the response of our funeral home customers and their families to these new products.

Improve the mix of burial caskets.

Using our proprietary funeral product merchandising analytic and predictive tools enables our customers to improve their profitability while
increasing the satisfaction of their client families. Product and service merchandising, along with consumer friendly display and information
systems, enables a funeral home to

present a broad array of products to serve all of their client families, and to articulate the value of the product in an environment that makes families more comfortable with the selection process. We have experienced increased sales and improved product mix with customers who have implemented our merchandising systems in fiscal 2007. While our average selling price increased overall in 2007, those customers that implemented our merchandising systems experienced even greater improvement in average selling price for each casket sold. We intend to continue to invest in these tools and to make them available to more funeral homes.

Grow our Options by Batesvilletm Cremation product sales

Our Options by Batesvilletm product line consists of cremation caskets, containers, urns and other cremation products to funeral homes and
cemeteries. Continued growth in these products is expected as more consumers choose cremation over burial. To further accelerate growth we
have dedicated a sales and marketing team to focus on developing new products and services for these consumers.

<u>Grow sales in the independent distributor channel.</u> In 2006 we launched the NorthStartm private label program. Under the NorthStar program, we manufacture private label caskets and casket parts, which do not include Batesville proprietary features, for other manufacturers and distributors, a channel of distribution we had not served in the past.

Sales of Private Label Caskets

• 2007 was the first full year for our sales of private label caskets and casket parts under the NorthStar program. We plan to increase sales of these products over the next few years. Our private label caskets and parts are differentiated and made with unique tooling in our existing facilities. These private label caskets and parts are marketed and sold by a small, dedicated, independent team of sales engineers.

<u>Continued pursuit of strategic acquisitions within the casket industry</u>. Our recent efforts with respect to this initiative include the following:

- In January 2007 we consummated the acquisition of a small regional casket distributor, which marked the second such acquisition in ten months. We effectively and efficiently integrated both of those businesses into ours such that they were accretive to earnings in year one. We have earned returns on both acquisitions well in excess of our cost of capital. Because of our scale and scope advantages in manufacturing and distribution, we continue to believe we are well positioned to take advantage of additional strategic acquisition opportunities as they arise.
- During fiscal 2007 and 2006, we also attempted to acquire Yorktowne Caskets, Inc. ("Yorktowne") but after a delay caused by litigation
 involving Yorktowne and its previous supplier, a subsequent due diligence effort made it clear that an acquisition of the business was not in the
 best interests of our shareholders.
- We also intend to explore prudent acquisitions of or relationships with other businesses closely adjacent to our casket and cremation businesses in which we can capitalize on our core competencies and utilize our scale and scope to further enhance shareholder value.

Recent Factors Impacting our Business

<u>Customer consolidation</u> — In October 2006 we signed a new, non-exclusive supply agreement with Service Corporation International, our largest customer and the largest provider of funeral services in North America. The agreement covers our casket product line through fiscal 2008, with an option to extend for two additional one-year periods. Although SCI is currently purchasing essentially all of their casket requirements from us, the agreement does not impose specific purchase requirements on SCI. While we anticipate that SCI will continue to buy substantially all its burial and cremation container products from us for the foreseeable future, there can be no guarantee that SCI will do so. In November 2006 SCI acquired our second largest customer, Alderwoods. As a result of this acquisition, the purchase of our products by both organizations was brought under the same agreement. Although we have lost some business as this new combined entity continues to divest itself of certain overlapping properties, we have been able to offset most of the financial impact of these divestitures by supplying many of the owners of these newly divested properties.

Acquisition activity — In July 2007, we announced the termination of negotiations related to the possible acquisition of Yorktowne. Our intentions to acquire Yorktowne were previously announced in the fall of 2005, but our efforts were delayed because of certain legal impediments, which expired on April 15, 2007. Effective at that time, a supply agreement between Yorktowne and us was put into place and we began to update the due diligence process. Ultimately, we were unable to reach acceptable terms with Yorktowne with respect to an acquisition and Matthews subsequently announced that its casket division, York Caskets, had purchased certain assets of Yorktowne. Termination of our negotiations with Yorktowne resulted in the recognition of a \$2.8 million charge in fiscal 2007 for previously deferred costs related to the planned acquisition. Shortly before the transfer of its assets to York, Yorktowne ceased purchasing funeral products from us under the supply agreement. We filed suit against Yorktowne and York in Federal Court for the Southern District of Ohio asserting our rights under the supply agreement and recorded a \$4.3 million charge during fiscal 2007, primarily related to amounts due from Yorktowne under the supply agreement. We subsequently settled this suit, together with suits pending against us that York had filed in conjunction with our 2005 attempt to purchase Yorktowne. The settlement of these matters had no material impact on our financial statements. None of these developments preclude us from seeking business from Yorktowne's customers.

Legal proceedings — We are a defendant, along with Original Hillenbrand and several other companies in the death care industry, in two purported antitrust class action lawsuits in which the plaintiffs have alleged substantial damages, prior to trebling. In addition to the risks associated with an adverse outcome in this litigation, we continue to incur significant legal costs in the defense of this litigation and expect these costs to continue for the foreseeable future. Under the proposed judgment sharing agreement with Original Hillenbrand, we will be responsible for all costs incurred by us and Original Hillenbrand in defense of this litigation. All fees and costs incurred in defense of the antitrust litigation matters are included in our historical combined financial statements. To date, we have incurred approximately \$16.9 million in legal and related costs associated with this matter, of which \$1.0 million and \$7.8 million were incurred in the three months ended December 31, 2007 and the fiscal year ended September 30, 2007, respectively.

See "Risk Factors — Risks related to Our Business", "Arrangements between Original Hillenbrand and New Hillenbrand — Distribution Agreement" and "— Judgment Sharing Agreement."

Results of Operations

Three Months Ended December 31, 2007 Compared to Three Months Ended December 31, 2006 (unaudited)

The following table presents comparative operating results for the periods discussed within this section of Management's Discussion and Analysis:

	Dece	Three Months Ended December 31,		Three Months Ended December 31,			
		2007	% of Revenues		2006	% of Revenues	
Net revenues	\$	162.9	100.0	\$	162.2	100.0	
Cost of goods sold		96.0	58.9		93.4	57.6	
Gross profit		66.9	41.1		68.8	42.4	
Operating expenses		27.3	16.8		26.7	16.5	
Separation costs		1.2	0.7				
Operating profit		38.4	23.6		42.1	25.9	
Investment income and other		(0.4)	(0.2)		(0.4)	(0.2)	
Income before income taxes		38.0	23.4		41.7	25.7	
Income tax expense		14.0	8.6		15.6	9.6	
Net income	\$	24.0	14.8	\$	26.1	16.1	

Our revenues in the first quarter of 2008 were essentially flat increasing \$0.7 million or 0.4 percent over the prior year comparable period. Revenues were favorably impacted by improved net price realization of \$5.6 million

as a result of our annual price increase. A relatively flat number of deaths in North America along with the slow, steady increase in cremation selection continue to negatively impact the burial market. Strong preceding quarter sales due to customers buying ahead of our price increase also reduced demand for caskets. As a result, lower sales volumes, primarily related to burial caskets, reduced revenues for the quarter by \$4.3 million. While our merchandising initiative is positively impacting our mix of products sold, the overall mix impact on revenue was unfavorable for the quarter by \$1.9 million. Further, our expansion in the lower-end metal product offerings has resulted in volume growth, but has also negatively impacted mix. Our revenues during the first quarter of 2008 reflected a positive impact of \$1.3 million resulting from the impact of foreign exchange rates over the prior year comparable period.

Cost of goods sold of \$96.0 million increased \$2.6 million over the prior year comparable period. Distribution expenses were \$2.1 million higher compared to the prior year comparable period resulting from inflation on personnel and benefit expenses of \$0.8 million, higher fuel costs of \$0.7 million, and other cost increases of \$0.6 million. Material and conversion costs decreased \$1.7 million related to a 3.0 percent reduction in burial units sold during the quarter as compared to the prior year comparable period. This decrease was partially offset by aggregate increased costs of \$1.3 million related primarily to inflation on commodities (red metals, carbon steel and textiles), personnel and benefits costs, and higher pension expenses. Fixed manufacturing costs were essentially flat as lower benefit expenses of \$0.6 million offset inflationary increases from personnel and other costs. In the prior year comparative period, we also recognized \$0.5 million in gains from asset sales.

Operating expenses increased \$0.6 million over the prior year comparable period. We experienced increased expenses of \$1.5 million, primarily related to personnel and benefits costs. Legal expenses related to the ongoing antitrust litigation decreased \$1.2 million, offset by a \$0.3 million increase in other legal fees.

In addition to the operating expenses discussed above, results reflect an allocation of \$1.2 million of separation related expenses from Original Hillenbrand, primarily legal and professional fees, in preparing for the pending separation of Batesville Casket.

Net income was reduced \$2.1 million as our lower operating profit was partially offset by the incremental reduction in our income tax expense of \$1.6 million. The effective rate of our income tax provision was 36.8% compared to 37.5% in the prior year comparable period.

Fiscal Year Combined Results of Operations

The following table presents comparative operating results for the fiscal years discussed within this section of Management's Discussion and Analysis:

	Year Ended September 30, 2007		% of Revenues	Year Ended September 30, 2006		% of Revenues	Year Ended September 30, 2005		% of Revenues
Net revenues	\$	667.2	100.0	\$	674.6	100.0	\$	659.4	100.0
Cost of goods sold		388.6	58.2		391.9	58.1		392.9	59.6
Gross profit		278.6	41.8		282.7	41.9		266.5	40.4
Operating expenses		117.9	17.7		105.3	15.6		105.2	15.9
Separation costs		5.1	0.8						
Operating profit		155.6	23.3		177.4	26.3		161.3	24.5
Investment income and other		1.4	0.2		1.4	0.2		2.0	0.3
Income before income taxes		157.0	23.5		178.8	26.5		163.3	24.8
Income tax expense		57.5	8.6		65.6	9.7		60.5	9.2
Net income	\$	99.5	14.9	\$	113.2	16.8	\$	102.8	15.6

Fiscal Year Ended September 30, 2007 Compared to Fiscal Year Ended September 30, 2006

For the year ended September 30, 2007, our revenues were down slightly compared to the same period in the prior year, declining by 1.1 percent, or \$7.4 million. The lower volume of burial caskets sold was the primary driver, negatively impacting revenues by \$20.7 million. Market conditions continue to be a challenge as rising cremations reduce the amount of burial caskets sold on a relatively flat number of estimated deaths in North America. A lower mix of burial caskets sold resulted in an \$8.0 million reduction in revenues for the year. While this mix trend has been consistent for several years, recent product launches in under penetrated areas have focused on lower price points with high eye-appeal, low feature content offerings, contributing to the unfavorable mix. However, our merchandising efforts have helped to partially offset this trend, driving increased customer satisfaction in addition to sales of higher value products. The Batesville brand continues to generate year over year price realization improvement, contributing an additional \$21.5 million to revenues in fiscal 2007.

Cost of goods sold of \$388.6 million decreased \$3.3 million compared to the same period in 2006. Material and conversion cost reductions totaled \$8.2 million, with \$6.2 million of the difference related to the 1.9 percent reduction in burial units sold during the year. Additional drivers of the lower costs included a local sourcing initiative at our Chihuahua, Mexico facility, yield improvement initiatives at our Vicksburg, Mississippi rough mill, and lower pension, bonus, and utility rates compared to the prior year. Various process improvements within the plants have generated productivity improvements that more than offset compensation inflation for the year. Fixed manufacturing costs were lower by \$1.4 million driven primarily by savings of \$2.7 million from the plant consolidation completed in the prior year, offset by higher benefit costs of \$0.8 million and general cost increases of \$0.5 million. Distribution expenses were \$1.8 million higher than prior year resulting primarily from increased costs of \$0.6 million realized in connection with a distributor acquisition during the year, while depreciation and personnel costs also increased. In the prior year, we also recognized \$1.9 million in increased gains from asset sales (including our Nashua facility) as well as a \$0.9 million insurance settlement, all as components of cost of goods sold.

Operating expenses increased \$12.6 million compared to 2006, including \$8.7 million in costs associated with the Yorktowne acquisition attempt and related supply agreement. In conjunction with our strategic initiatives, \$3.8 million of spending occurred which was targeted at generating revenue growth and focused primarily on sales force expansion and support of our merchandising initiative. Increased costs associated with healthcare, pension, equity based awards totaled \$2.8 million and were more than offset by the \$3.0 million reduction in incentive compensation earned for the fiscal year. Likewise, increased recruiting expenses and additional bad debt expenses also impacted our year over year spending but were partially countered by savings within our information technology group as a result of insourcing certain functions.

In addition to the operating expenses discussed above, we were allocated \$5.1 million of expenses from Original Hillenbrand, primarily legal and professional fees, in preparing for the pending separation of Batesville Casket.

Net income was reduced \$13.7 million as our lower operating profit was offset by the incremental reduction in our income tax expense of \$8.1 million. The effective rate of our income tax provision was 36.6%, compared to 36.7% in the prior year.

Fiscal Year Ended September 30, 2006 Compared to Fiscal Year Ended September 30, 2005

For the year ended September 30, 2006, our revenues rose when compared to the same period in the prior year, increasing by 2.3 percent, or \$15.2 million. We realized improved pricing on our burial product lines of \$25.1 million which helped to offset other revenue pressures. Lower volumes in our burial casket product line reduced revenues by \$9.0 million as the impact of cremation continued to occur. During the second quarter of fiscal 2006, we began a phased geographic launch of the new Geminitm product line, a high eye appeal, low feature content non-gasketed steel product. While this product introduction was well received in the marketplace, the added volume contributed to a lower product mix sold during the year, a primary driver to the \$7.3 million unfavorable mix impact on revenues. Sales of our private label caskets and casket parts from our NorthStar product line added \$4.1 million of revenue growth as we continue to expand into this channel of independent manufacturers and distributors.

Cost of goods sold totaling \$391.9 was down slightly from the prior year. Overall burial units sold (including both core products as well as NorthStar private label units) were down less than 1%. Total material and conversion costs were down \$1.8 million. We experienced lower costs in carbon steel and wood prices (two of our largest commodity

spends), although inflationary pressures continued with plastics, chemicals, zinc and red metals. Our solid wood plant consolidation progressed as scheduled, contributing additional costs as a result of material yield issues and production inefficiencies, not unusual for a consolidation of this size. Utility rates continued to be higher in 2006 as our overall spending in this area increased year over year. Fixed manufacturing costs decreased nearly \$3.0 million from the prior year driven mostly by the closure of our New Hampshire solid wood plant as well as the gain recognized from the sale of that facility. We also recorded a \$1.0 million gain on the insurance recovery of costs incurred due to a fire at our Vicksburg rough mill. Distribution expenses increased in fiscal 2006 by \$3.8 million, driven by higher fuel costs, increased compensation and benefits and investments in certain geographies related to initiatives to improve service.

Operating expenses were substantially flat in fiscal 2006 compared to the prior year. Legal expenses increased by \$6.3 million driven by the outstanding antitrust litigation that is ongoing. Incentive compensation cost also increased by \$7.1 million as a payout was earned during 2006 which had not occurred in 2005. Offsetting these items were lower pension and post retirement benefit costs of \$2.5 million, favorable variable sales compensation and marketing expenses of \$2.2 million, and reduced allocated corporate costs and information technology expenses totaling \$4.1 million combined. In addition, improved operating expenses were realized as 2005 included a \$2.3 million special charge related to a manufacturing facility closure and an organizational rightsizing.

Net income improved \$10.4 million as the additional operating profit was offset by the incremental tax expense of \$5.1 million. The effective rate of our income tax provision was 36.7%, compared to 37.0% in the prior year.

Special Charges

In the third fiscal quarter of 2005, we announced plans to close our Nashua, New Hampshire plant and consolidated our solid wood casket production into our Batesville, Mississippi plant. The consolidation of the two plants resulted in a special charge, reported as a component of Operating expenses in the third quarter of fiscal 2005, of \$1.5 million. Additionally, other pre-tax costs of \$2.3 million, including certain severance and other termination benefits, as well as costs related to accelerated depreciation expense, the transfer of equipment, training of employees and other costs, were realized through the completion of the consolidation of the plants in the second quarter of fiscal 2006 as a component of costs of goods sold. All cash charges associated with this action have since been paid.

Liquidity and Capital Resources

Our financial resources have historically been provided by Original Hillenbrand, which has historically managed cash on a centralized basis. Accordingly, cash receipts associated with our business have been transferred to Original Hillenbrand on a daily basis, and Original Hillenbrand has funded our cash disbursements. These net cash transfers are reflected in parent company investment in our Combined Financial Statements.

Net cash flows from operating activities have represented our primary sources of funds for growth of our business, including capital expenditures and acquisitions.

		nths Ended ber 31,	F	Fiscal Year Ended September 30,		
	2007 2006		2007	2006	2005	
	(Unau	ıdited)				
Cash flows provided by (used in):						
Operating activities	\$ 22.7	\$ 29.9	\$ 127.3	\$ 124.6	\$ 88.9	
Investing activities	(2.2)	(1.1)	(20.1)	(15.3)	(13.2)	
Financing activities*	(20.2)	(26.5)	(103.5)	(107.0)	(78.3)	
Effect of exchange rate changes on cash	(0.4)	(0.1)	0.3	0.3	0.1	
Increase (decrease) in cash	<u>\$ (0.1)</u>	\$ 2.2	\$ 4.0	\$ 2.6	\$ (2.5)	

^{*} Represents net cash provided to our parent company.

Operating Activities

Operating cashflows for the three month period ended December 31, 2007, were \$22.7 million, which was \$7.2 million lower than the prior year comparable period. This decrease resulted from lower operating profits, as well as an increase in accounts receivable and prepaid expenses.

Operating cash flows for the year ended September 30, 2007 were \$127.3 million, which was \$2.7 million higher than the prior fiscal year. Although our net income decreased in fiscal 2007 from the prior year, the effect of this was more than offset by improved collection of accounts receivable and reduced payments related to deferred compensation compared to prior year.

Compared to the fiscal year ended September 30, 2005, net cash provided by operating activities increased \$35.7 million to \$124.6 million in fiscal 2006. That increase was driven largely by lower funding of defined benefit retirement plans, as funding in the prior year included a significant contribution to Original Hillenbrand's master defined benefit retirement plan and totaled \$43.6 million. Other significant cash flow drivers were higher 2006 net income of \$10.4 million and lower inventories as we finished the year with stronger deliveries in the fourth quarter of 2006. Partially offsetting the impact of those items was an increase in deferred compensation payments during 2006 of \$10.9 million.

Investing Activities

Net cash used in investing activities for the three month period ended December 31, 2007, increased by \$1.1 million over the prior year comparable period due to increased capital expenditures.

Net cash used in investing activities for the year ended September 30, 2007 increased by \$4.8 million over the prior fiscal year. This increase resulted from a reduction in the proceeds we received from disposal of property, primarily related to the sale of our former Nashua wood manufacturing facility sold in fiscal 2006. Additionally, our spending for business acquisitions increased by \$2.9 million over the prior fiscal year.

In January 2007, Batesville acquired a small regional casket distributor for cash of \$5.2 million. This acquisition capitalizes on our capacity to serve the broad needs of funeral service professionals and expands our distribution base in the Midwest and Florida. We have completed the valuation of assets and liabilities acquired and an allocation of the purchase price, resulting in the recognition of approximately \$1.6 million of intangible assets and \$2.6 million of goodwill. The purchase price remains subject to a contingent consideration provision based on volume retention which, if paid, would be recorded as an adjustment to goodwill, thus this allocation of purchase price remains subject to change.

During the fiscal year ended September 30, 2006 net cash used in investing activities totaled \$15.3 million compared to \$13.2 million in the 2005 fiscal year. The slightly higher use of cash was driven by the fiscal 2006 acquisition of a small regional casket distributor for \$2.7 million, along with \$2.5 million of higher capital expenditures. Those increases in cash spend were partially offset by a \$3.1 million increase in proceeds from the disposal of property and equipment in fiscal 2006, primarily related to sale of our former Nashua wood manufacturing facility.

Financing Activities

During the three month period ended December 31, 2007, net cash provided to our parent company decreased by \$6.3 million to \$20.2 million when compared to the same period prior year.

Cash flows from financing were comprised of changes in our parent company investments account, which represents net cash withdrawn from the funeral service business by Original Hillenbrand. Net cash provided to our parent company decreased by \$3.5 million to \$103.5 million for fiscal 2007.

For the fiscal year ended September 30, 2006, the change in parent company investment represented an additional net use of our cash, when compared to fiscal 2005, of \$28.7 million.

Other Liquidity Matters

In connection with the separation we expect to enter into a new \$400 million five-year senior revolving credit facility with a syndicate of banks. We expect that the availability of borrowings under the facility will be subject to our ability at the time of borrowing to meet certain specified conditions, including certain financial ratios. We

expect the facility will provide that we may use borrowings under the facility for working capital, capital expenditures, and other lawful corporate purposes and to finance acquisitions. The terms of the facility have not been finalized, but we expect that the facility will contain covenants that, among other matters, will require us to maintain a specified leverage ratio and possibly a specified interest coverage ratio. In connection with the consummation of the separation, we expect to borrow approximately \$250 million under this facility and to use those borrowings to pay a cash dividend to Original Hillenbrand, which intends to use those funds to cover the repurchase of a roughly equivalent amount of outstanding publicly held debentures. We expect to have \$150 million of remaining borrowing capacity available under this facility.

We believe that, upon consummation of the separation, we will have a solid financial position with continued strong operating cash flows and availability under our previously discussed revolving credit facility, as well as potential access to the capital markets to fund the execution of our strategic initiatives. We also believe that upon separation it is likely that our borrowing costs will increase somewhat from Original Hillenbrand's past borrowing costs, as our credit rating as an independent public company is expected to be lower than that of Original Hillenbrand. Although our combined financial statements do not reflect a history of paying dividends as a stand-alone public company, we expect to initially pay annual dividends of approximately \$million, assuming an initial quarterly per share dividend of \$and assuming approximately 62 million of our shares are outstanding (based on the number of shares of Original Hillenbrand common stock outstanding on December 31, 2007 and a distribution ratio of one share of our common stock for every share of Original Hillenbrand common stock outstanding). Although not a guarantee of future results, we believe that our initial cash flows from operations will adequately fund our operating activities, service our debt under the proposed revolving credit facility, and support paying cash dividends at this level.

We intend to continue to pursue selective acquisition candidates in certain areas of our business, but the timing, size or success of any acquisition effort and the related potential capital commitments cannot be predicted. We expect to fund future acquisitions primarily with cash on hand, cash flow from operations and borrowings, including the unborrowed portion of the five-year credit facility, but we may also issue additional debt and/or equity in connection with acquisitions.

We expect capital spending in 2008 to be generally consistent with previous capital spending levels, before consideration of additional capital requirements for any new business acquisitions.

We believe that cash on hand and generated from operations will be sufficient to fund operations, working capital needs, capital expenditure requirements and financing obligations for the foreseeable future. However, if a class is certified in any of the purported class action antitrust lawsuits filed against us, as described in "Business and Properties — Legal Proceedings — Antitrust Litigation," and the plaintiffs prevail at trial, potential damages awarded the plaintiffs could have a material adverse effect on our results of operations, financial condition and/or liquidity.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements.

Contractual Obligations and Contingent Liabilities and Commitments

To provide visibility to matters potentially impacting our liquidity position, the following table outlines our contractual obligations as of September 30, 2007 (Dollars in millions):

	<u> </u>	Payments Due by Period							
	·	Less							
		Than 1	1–3	4–5	After 5				
Contractual Obligations	Total	Year	Years	Years	Years				
Operating Lease Obligations	\$ 15.7	\$ 4.9	\$ 7.2	\$ 3.3	\$ 0.3				
Purchase Obligations(1)	11.6	11.6	_	_					
Deferred Compensation Arrangements(2)	8.6	1.1	2.1	1.8	3.6				
Pension Funding(3)	2.9	1.2	1.7	_	_				
Other long-term liabilities(4)	27.7	4.5	8.1	5.2	9.9				
Total Contractual Cash Obligations	\$ 66.5	\$ 23.3	\$ 19.1	\$ 10.3	\$ 13.8				

- (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 order. 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) Deferred compensation arrangements represent amounts due current and former executives and directors in accordance with elective deferrals. Under our deferred compensation program, deferred amounts can appreciate over time based on the individual's election of either (a) a variable interest rate equal to the prime rate or (b) a phantom stock account whose value moves in accordance with the market value of Original Hillenbrand common stock and dividends paid by Original Hillenbrand.
- (3) The minimum pension funding represents payments to comply with funding requirements. The annual projected payments beyond fiscal 2008 are not currently determinable. Our minimum pension funding requirements were substantially reduced as a result of the \$42.8 million of funding made to the Original Hillenbrand primary benefit pension plan during 2005.
- (4) Other long-term liabilities includes the forecasted liquidation of liabilities related to our casket pricing obligation, self-insurance reserves and long-term severance payments.

During the three months ended December 31, 2007, there have not been any material changes in our contractual obligations.

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 commit 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 production needs.

In conjunction with our recent 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. As discussed above, in conjunction with the separation we will enter into a distribution agreement and judgment sharing agreement with Original Hillenbrand. If we are required to make any payments to Original Hillenbrand under the provisions of these agreements, those payments could be substantial and could materially adversely affect our financial condition and liquidity. See "Risks Related to the Separation" and "Arrangements between Original Hillenbrand and New Hillenbrand — Distribution Agreement" and "— Judgment Sharing Agreement."

Critical Accounting Policies

Our accounting policies, including those described below, 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, results of operations and financial condition could be affected. Our most critical accounting policies are described below. A more detailed description of our significant accounting policies is included in the Notes to our Combined Financial Statements included elsewhere in this information statement.

Revenue Recognition

We recognize revenue in accordance with SEC Staff Accounting Bulletin ("SAB") No. 104, "Revenue Recognition." Revenue for our products is generally 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 Emerging Issue Task Force ("EITF") 01-09, "Accounting 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 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 Statement of Financial Accounting Standards ("SFAS") No. 48, "Revenue Recognition When Right of Return Exists."

Liabilities for Loss Contingencies Related to Lawsuits

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. See "Business and Properties — Legal Proceedings" for additional details.

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 \$150 thousand 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 possible that actual costs could differ from those estimates.

Stock-Based Compensation

Prior to fiscal 2006, we applied the provisions of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for stock-based compensation. As a result, no compensation expense was recognized for stock options granted with exercise prices equivalent to the fair market value of stock on the date of grant. Compensation expense was recognized on other forms of stock-based compensation, including stock and performance-based awards and units. Effective October 1, 2005, we adopted SFAS No. 123(R), "Share-Based Payment" using the modified prospective application method. This Statement requires companies to measure and recognize compensation expense for all stock options and share-based compensation transactions using a fair-value-based method. SFAS No. 123(R) eliminated the use of the intrinsic value method of accounting in APB Opinion No. 25. See further discussion of SFAS No. 123(R) in Notes 1 and 9 to the Combined Financial Statements.

Retirement and Postretirement Plans

Original Hillenbrand sponsors and we will assume retirement and postretirement benefit plans covering a majority of employees. Expense recognized in relation to such plans is based upon actuarial valuations and inherent in those valuations can be 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 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 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 expected rate of return on pension assets was 8.00 percent for fiscal 2007, 2006 and 2005. A 25 basis point increase in the expected rate of return on pension assets reduces annual pension expense by approximately \$0.4 million. The discount rate was increased to 6.50 percent in 2007, up from 6.00 percent in 2006. For each 50 basis point change in the discount rate, the impact to annual pension expense ranges from \$0.3 million to \$0.5 million. Impacts from assumption changes could be positive or negative depending on the direction of the change in rates. See Note 5 to the Combined Financial Statements included elsewhere in this information statement for key assumptions and other information regarding our retirement and postretirement benefit plans.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132(R)." This Statement requires recognition of the funded status of a benefit plan in the statement of financial position. SFAS No. 158 also requires recognition in other comprehensive income of certain gains and losses that arise during the period but are deferred under pension accounting rules, as well as modifies the timing of reporting and adds certain disclosures. The Statement provides recognition and disclosure elements to be effective as of the end of the fiscal year after December 15, 2006, our fiscal year 2007. As such, we have adopted the recognition and disclosure elements at the end of the 2007 fiscal year. See Note 5 in the Combined Financial Statements for the impact of adopting SFAS No. 158.

Environmental Matters

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 the cost to us of the onsite remediation activities in which we are currently involved to exceed \$1 million dollars. 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 expenditures is not known.

Recently Issued Accounting Standards

On October 1, 2007, we adopted Financial Accounting Standards Board ("FASB") Interpretation 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), which addresses the accounting and disclosure of uncertain material income tax positions. FIN 48 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. The difference between the tax benefit recognized in the financial statements for a position in accordance with FIN 48 and the tax benefit claimed in the tax return is referred to as an unrecognized tax benefit. The adoption of FIN 48, which was reflected as a cumulative effect of a change in accounting principle, resulted in a decrease to beginning parent company equity at October 1, 2007 of \$1.8 million.

In September 2006, the FASB issued "SFAS" No. 157, "Fair Value Measurements," which is effective for fiscal years beginning after November 15, 2007, our fiscal year 2009, and for interim periods within those years. This statement defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. In December 2007, the FASB released a proposed FASB Staff Position (FSP FAS 157-b — Effective Date of FASB Statement No. 157) which, if adopted as proposed, would delay the effective date of SFAS No. 157

for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on at least an annual basis. We are currently evaluating its potential impact to our financial statements and results of operations.

In September 2006, the Securities and Exchange Commission (SEC) issued SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". This SAB redefines the SEC staff views regarding the process of quantifying financial statement misstatements and is aimed at eliminating diversity with respect to the manner in which registrants quantify such misstatements. Specifically, the SAB requires an entity to consider both a balance sheet and income statement approach in its evaluation as to whether misstatements are material. The adoption of SAB 108 did not have a material impact on our combined financial statements or results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," which gives entities the option to measure eligible financial assets, and financial liabilities at fair value. Its objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. If opted, the difference between carrying value and fair value at the election date is recorded as a transition adjustment to opening retained earnings. SFAS No. 159 is effective as of the beginning of a company's first fiscal year after November 15, 2007, our fiscal year 2009. We are evaluating, the statement and have not yet determined the impact its adoption will have on our combined financial statements.

On December 4, 2007, the FASB issued SFAS No. 141(R), "Business Combinations," and SFAS No. 160, "Noncontrolling interests in Consolidated Financial Statements — an amendment of ARB No. 51." SFAS No. 141(R) changes the accounting for acquisition transaction costs by requiring them to be expensed in the period incurred, and also changes the accounting for contingent consideration, acquired contingencies and restructuring costs related to an acquisition. SFAS No. 160 requires that a noncontrolling (minority) interest in a consolidated subsidiary be displayed in the consolidated balance sheets as a separate component of equity. It also indicates that gains and losses should not be recognized on sales of noncontrolling interests in subsidiaries but that differences between sale proceeds and the consolidated basis of accounting should be accounted for as charges or credits to consolidated additional paid-in-capital. However, in a sale of a subsidiary's shares that results in the deconsolidation of the subsidiary, a gain or loss would be recognized for the difference between proceeds of that sale and the carrying amount of the interest sold. Also, a new fair value in any remaining noncontrolling ownership interest would be established. Both of these statements are effective for the first annual reporting period beginning on or after December 15, 2008, and early adoption is prohibited. As such, we will adopt the provisions of SFAS No. 141(R) and SFAS No. 160 beginning in our fiscal year 2010.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various market risks, collection risk associated with our accounts and notes receivable portfolio and variability in currency exchange rates. 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.

We are subject to variability in foreign currency exchange rates primarily in our Canadian operations. Exposure to this variability is periodically managed primarily through the use of natural hedges, whereby funding obligations and assets are both managed in the local currency. We, from time-to-time, enter into currency exchange agreements to manage our exposure arising from fluctuating exchange rates related to specific transactions. The sensitivity of earnings and cash flows to variability in exchange rates is assessed by applying an appropriate range of potential rate fluctuations to our assets, obligations and projected results of operations denominated in foreign currencies. We operate the program pursuant to documented corporate risk management policies and do not enter into derivative transactions for speculative purposes.

Our pension plan 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: 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 percent of the equity portfolio.

MANAGEMENT

Our Directors and Executive Officers

Our Board of Directors following the distribution will be comprised of seven to nine directors. We have appointed Ray J. Hillenbrand as Chairman of our Board of Directors. Kenneth A. Camp, our President and Chief Executive Officer, also is a director, and each of the non-employee directors designated below has been elected to the board. We expect to identify up to five additional directors prior to the completion of the distribution. Upon completion of the distribution, a majority of the members of our Board of Directors will be independent as defined by New York Stock Exchange listing standards.

Upon completion of the distribution, our Board of Directors will be divided into three classes. Class I directors will be elected for terms expiring at the annual meeting of shareholders to be held in 2009, Class II directors will be elected for terms expiring at the annual meeting of shareholders to be held in 2010, and Class III directors will be elected for terms expiring at the annual meeting of shareholders to be held in 2011. Class assignments for our directors will be determined prior to completion of the distribution. Commencing with the annual meeting of shareholders to be held in 2009, directors for each class will be elected at the annual meeting of shareholders held in the year in which the term for that class expires for three year terms.

The following table sets forth information as to persons who serve or who are currently expected to serve as our directors or executive officers immediately following the distribution, including their ages as of December 31, 2007. None of the identified executive officers will retain their positions with Original Hillenbrand after the distribution. The positions identified in the table refer to positions with New Hillenbrand, except where the table indicates that the position is with our Batesville Casket subsidiary.

Name	Age	Position
Ray J. Hillenbrand	73	Chairman of the Board of Directors
Kenneth A. Camp	62	President, Chief Executive Officer and Director
Cynthia L. Lucchese	47	Senior Vice President and Chief Financial Officer
John R. Zerkle	53	Senior Vice President, General Counsel and Secretary
Michael L. DiBease	54	Vice President, Marketing of Batesville Casket
Mark A. English	45	Vice President, Global Sales of Batesville Casket
Douglas I. Kunkel	43	Vice President, Global Supply Chain Management of Batesville Casket
Theodore S. Haddad	44	Chief Accounting Officer
W August Hillenbrand	67	Director
Eduardo R. Menascé	62	Director

Ray J. Hillenbrand has been a director of Original Hillenbrand since 1970 and served as Chairman of the Board of Original Hillenbrand from January 17, 2001 until March 20, 2006. He has been engaged in the management of personal and family investments for much of his career. Mr. Hillenbrand was employed by and active in the management of Original Hillenbrand prior to his resignation as an officer in 1977. Mr. Hillenbrand is President of Dakota Charitable Foundation and serves as a member of the Board of Trustees of The Catholic University of America, Washington, D.C. He is past Chairman of the Board of Rushmore Health Systems, which includes Rapid City Regional Hospital. Mr. Hillenbrand and W August Hillenbrand are cousins.

Kenneth A. Camp was elected President and Chief Executive Officer of Batesville Casket on May 1, 2001 and was elected Senior Vice President of Original Hillenbrand on October 1, 2006, having been a Vice President of Original Hillenbrand since October 8, 2001. He has been employed by Original Hillenbrand since 1981. Mr. Camp previously held the position of Vice President of Administration of Original Hillenbrand from 2000 to 2001. Prior to that assignment he held various positions at Batesville Casket 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 was elected as Vice President and Chief Financial Officer of Batesville Casket effective January 3, 2008. From 2005 to 2007, she served as Senior Vice President and Chief Financial Officer for Thoratec Corporation (NASDAQ: THOR). Prior to that, she worked for Guidant Corporation (NYSE: GDT) in a variety of senior finance roles, including Vice President and Treasurer, Vice President of Finance and Administration of the Guidant Sales Corporation, and Corporate Controller and Chief Accounting Officer.

John R. Zerkle was elected as Vice President and General Counsel of Batesville Casket in 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 Original Hillenbrand. He also served as Compliance Officer for Forethought Investment Management, Inc. Prior to joining Forethought, Mr. Zerkle was in private practice for twenty years, where he focused his practice on corporate, securities, regulatory and banking law matters.

Michael L. DiBease is currently Vice President, Marketing for Batesville Casket, and has held this position since April 2004. Mr. DiBease has been employed by Batesville Casket for 30 years during which time the majority of his assignments have been within the sales organization. From 2001 until April 2004, Mr. DiBease held the position of Vice President of Sales. Prior to that, Mr. DiBease served Batesville Casket as its Vice President of Strategic Accounts, serving in that capacity for ten years.

Mark A. English is currently the Vice President, Global Sales of Batesville Casket. Mr. English has held this position since August 2006. Mr. English joined Batesville Casket in December 2002 as the Vice President of Strategy and Planning, then serving as the Vice President, Sales of the East Division prior to his current role. Mr. English began his career with Original Hillenbrand in 1989 when he joined Support Systems International, now Hill-Rom Company, Inc. During his tenure with Hill-Rom, Mr. English served in various senior logistics positions.

Douglas I. Kunkel is the Vice President, Global Supply Chain Management for Batesville Casket. He has held this position since May 2007. Prior to that, Mr. Kunkel was the Vice President of Operations of Batesville Casket from September 2005 to April 2007, and was the Vice President and Chief Financial Officer for Batesville Casket from January 2002 to August 2005. Before joining Batesville Casket, Mr. Kunkel held various finance positions for Hill-Rom Company, Inc., including Vice President and Controller, Director of International and Financial Planning, and Manager of International Finance. Prior to joining Hill-Rom, Mr. Kunkel spent six years in public accounting with the firm of Arthur Andersen. Mr. Kunkel is a member of the Board of Directors of MainSource Financial Group (NASDAQ: MSFG), a \$2.5 billion financial holding company, where he serves on the compensation committee and audit committee.

Theodore S. Haddad, CPA, was hired as the Chief Accounting Officer of Batesville Casket effective September 17, 2007. Prior to joining Batesville Casket Company, Mr. Haddad served as a Senior Manager in the Audit and Business Advisory Services group of PricewaterhouseCoopers, LLP since July 2002.

W August Hillenbrand has served as a director of Original Hillenbrand since 1972 and served as Chief Executive Officer of Original Hillenbrand from 1989 until 2000. Mr. Hillenbrand also served as President of Original Hillenbrand from 1981 until 1999. Prior to his retirement in December 2000, Original Hillenbrand had employed Mr. Hillenbrand throughout his business career. Mr. Hillenbrand is the Chief Executive Officer of Hillenbrand Capital Partners, an unaffiliated family investment partnership. He is also a director of DPL Inc. of Dayton, Ohio and Pella Corporation of Pella, Iowa. Mr. Hillenbrand and Ray J. Hillenbrand are cousins.

Eduardo R. Menascé has served as a director of Original Hillenbrand since 2004. He is the retired President of the Enterprise Solutions Group for Verizon Communications, Inc., New York City, New York. Prior to the merger of Bell Atlantic and GTE Corporation, which created Verizon Communications, he was the President and Chief Executive Officer of CTI MOVIL S.A. (Argentina), a business unit of GTE Corporation, from 1996 to 2000. Mr. Menascé has also held senior positions at CANTV in Venezuela and Wagner Lockheed and Alcatel in Brazil and from 1981 to 1992 served as Chairman of the Board and Chief Executive Officer of GTE Lighting in France. He earned a Bachelor's degree in Industrial Engineering from Universidad Pontificia Catolica de Rio de Janeiro and a Master's degree in Business Administration from Columbia University. Mr. Menascé currently serves on the Boards of Directors of Pitney Bowes Inc., a global provider of integrated mail and document management solutions, John Wiley & Sons, Inc., a developer, publisher and seller of products in print and electronic media for educational,

professional, scientific, technical, medical, and consumer markets, and KeyCorp, one of the nation's leading bank-based financial service companies.

Committees of the Board of Directors

Following completion of the distribution, our Board of Directors will have the following committees:

Audit Committee

The Audit Committee will have general oversight responsibilities with respect to our financial reporting and financial controls. It will review annually our financial reporting process, our system of internal controls regarding accounting, legal and regulatory compliance and ethics that management or the Board has established and the internal and external audit processes of New Hillenbrand. The Audit Committee is expected to consist of Eduardo R. Menascé (Chairman), Ray J. Hillenbrand and an additional director to be identified prior to the distribution. Each member of the Audit Committee will be independent under Rule 10A-3 of the Securities and Exchange Commission and NYSE listing standards and meet the financial literacy guidelines established by the board in the Audit Committee Charter. The Board interprets "financial literacy" to mean the ability to read and understand audited and unaudited financial statements (including the related notes) and monthly operating statements of the sort released or prepared by New Hillenbrand, as the case may be, in the normal course of its business. Original Hillenbrand's Board of Directors has determined that each of Mr. Hillenbrand and Mr. Menascé is an "audit committee financial expert" as that term is defined in Item 407 of Regulation S-K of the Securities and Exchange Commission.

Compensation and Management Development Committee

The Compensation and Management Development Committee will assist the Board in ensuring that our officers and key management are effectively compensated in terms of salaries, supplemental compensation and other benefits that are internally equitable and externally competitive. The Committee also will be responsible for reviewing and assessing the talent development and succession management actions concerning our officers and key employees of New Hillenbrand. The composition of the Compensation and Management Development Committee will be determined prior to the distribution. Each member of the Compensation and Management Development Committee will be independent as defined by the New York Stock Exchange listing standards.

Nominating/Corporate Governance Committee

The Nominating/Corporate Governance Committee will assist the board in ensuring that New Hillenbrand is operated in accordance with prudent and practical corporate governance standards, ensuring that the Board achieves its objective of having a majority of its members be independent in accordance with New York Stock Exchange and other regulations and identifying candidates for the Board of Directors. Ray J. Hillenbrand is expected to be Chairman of the Nominating/Corporate Governance Committee, and the remaining members will be identified prior to the distribution. Each member of the Nominating/Corporate Governance Committee will be independent as defined by the New York Stock Exchange listing standards.

Common Director Policy

Following the completion of the distribution, we expected that W August Hillenbrand and Eduardo R. Menascé will serve as directors of both New Hillenbrand and Hill-Rom Holdings. We refer to these directors as "common directors." In order to avoid potential conflicts of interest and inadvertent divulgence of confidential information regarding any matter in which the interests of New Hillenbrand and Hill-Rom Holdings are potentially adverse (a "potentially adverse matter"), the Boards of Directors of each of New Hillenbrand and Original Hillenbrand have adopted the following general practices and procedures related to these common directors:

- · No common director will be entitled to receive any pre-meeting materials or meeting handouts relating to any potentially adverse matter;
- Prior to the commencement of the discussion of any potentially adverse matter, each common director will excuse himself from the meeting at
 which such matter is about to be discussed;

- · No common director will be entitled to vote on any resolution relating to a potentially adverse matter; and
- Each director of New Hillenbrand and Hill-Rom Holdings will use all reasonable efforts to ensure that no potentially adverse matter is discussed at any informal gathering where a common director is present.

These practices and procedures will be applicable to all committee and board meetings of New Hillenbrand and Hill-Rom Holdings as long as both companies share a common director.

Compensation Committee Interlocks and Insider Participation

Following the separation, none of our executive officers will serve as a member of the compensation committee of any entity that has one or more executive officers serving on our Compensation and Management Development Committee.

Compensation of Directors

Of the persons who will be members of our Board of Directors following the distribution, only Mr. Camp will be a salaried employee of New Hillenbrand. All other directors will receive separate compensation for Board service.

We expect the compensation that we will pay to our non-employee directors following the distribution will be substantially similar to the compensation that Original Hillenbrand currently pays to its non-employee directors. The details of Original Hillenbrand's compensation program for its non-employee directors are as follows:

- Non-employee directors receive an annual retainer of \$25,000 for their service as directors, together with a \$3,500 fee for each board meeting attended. The Chairman of the Board's annual retainer is \$150,000.
- For any Board meeting lasting longer than one day, each non-employee director who attends receives \$1,000 for each additional day.
- Non-employee directors who attend a Board meeting or standing committee meeting by telephone receive fifty percent (50%) of the usual meeting fee.
- Each non-employee director who is a member of the Nominating/Corporate Governance, Audit or Compensation and Management Development Committee receives a fee of \$1,500 for each committee meeting attended.
- The Chairs of the Audit, Compensation and Management Development and Nominating/Corporate Governance Committees receive an additional \$10,000, \$8,000 and \$7,000 annual retainer, respectively.
- · Non-employee directors who attend meetings of committees of which they are not members receive no fees for their attendance.
- Notwithstanding the foregoing, for any meeting of an ad hoc committee or team of the Board that requires attendance in person or by telephone, the non-employee directors who attend each receive a meeting fee of \$1,500, except when such meetings occur before, during or after a meeting of the Board or a standing committee of the Board that also is attended by such directors.
- · Board and committee retainers are paid in quarterly installments and the meeting fees are paid following the meeting.
- Each director is reimbursed for expenses incurred as a result of attendance at Board or committee meetings. Original Hillenbrand also makes its aircraft available to directors for attendance at Board meetings.
- Each non-employee director is awarded on the first trading day following the close of each annual meeting of shareholders 1,800 restricted stock units (otherwise known as deferred stock awards) under Original Hillenbrand's Stock Incentive Plan. Delivery of shares underlying such restricted stock units will occur on the later to occur of one year and one day from the date of the grant or the six month anniversary of the date that the applicable director ceases to be a member of the Board of Directors. In the case of the Chairman of the Board, his or her annual grant of restricted stock units is 3.500.
- Non-employee directors also are eligible to participate in Original Hillenbrand's group term life insurance program in which Original Hillenbrand pays premiums. Death benefits, which are age related, range from \$60,000 to \$150,000.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Named Executive Officers

Our named executive officers are Kenneth A. Camp, President and Chief Executive Officer; John R. Zerkle, Vice President, General Counsel and Secretary; Michael L. DiBease, Vice President, Marketing of Batesville Casket Company; and Douglas I. Kunkel, Vice President, Global Supply Chain of Batesville Casket Company. These individuals are referred to as the "Named Executive Officers." Cynthia L. Lucchese, who will be our Senior Vice President and Chief Financial Officer, was not an employee of Original Hillenbrand or any of its subsidiaries during fiscal year 2007. Accordingly, we do not present executive compensation information below for a principal financial officer.

Background

Prior to the separation, the elements and amounts of the compensation of the Named Executive Officers have been determined or approved by Original Hillenbrand. Accordingly, this discussion and analysis is of the compensation arrangements applicable to our Named Executive Officers prior to the separation, except where we indicate otherwise or the context otherwise requires. In general, we expect that the objectives of New Hillenbrand's compensation program and the elements of compensation paid by New Hillenbrand after the separation will be similar to those of Original Hillenbrand. However, compensation of our executive officers will be determined by the Compensation and Management Development Committee of our Board of Directors, which may make adjustments to these compensation arrangements, or adopt new compensation arrangements following the separation.

As Senior Vice President of Original Hillenbrand and President and Chief Executive Officer of its Batesville Casket business unit, Mr. Camp has been a named executive officer of Original Hillenbrand. Accordingly, Mr. Camp's compensation has been set by, and been a specific focus of, Original Hillenbrand's Compensation and Management Development Committee (the "Compensation Committee"). As senior officers of Batesville Casket but not executive officers of Original Hillenbrand, our other Named Executive Officers have been compensated within the existing Original Hillenbrand pay grade structure approved by the Compensation Committee. Their compensation generally has been set by, or based on the recommendation of, the President and Chief Executive Officer of Batesville Casket within the parameters of the Original Hillenbrand pay grade structure. Because of Mr. Camp's role as a senior executive of the parent company as well as President and Chief Executive Officer of Batesville Casket, compared to the other Named Executive Officers who have been division level officers, Mr. Camp's total compensation has been substantially greater than the total compensation of the other Named Executive Officers. We expect the compensation of Messrs. Camp and Zerkle going forward to reflect their increased responsibilities as executive officers of a separate publicly traded company.

Original Hillenbrand's compensation programs have been designed by Original Hillenbrand's Compensation Committee and approved by Original Hillenbrand's Board of Directors.

Objectives and Principles of Original Hillenbrand's Executive Compensation Program

The objectives of Original Hillenbrand's executive compensation program are to ensure officers and key management personnel are effectively compensated in terms of base salary, supplemental compensation and other benefits that are internally equitable and externally competitive and advance the long term interests of Original Hillenbrand's shareholders. Original Hillenbrand's compensation program is designed to reward individual performance relative to predefined duties and responsibilities (which may appropriately change as circumstances change). The compensation program also considers business performance at enterprise and business unit levels and long-term shareholder value creation.

Original Hillenbrand's compensation program is based on the following guiding principles, which support Original Hillenbrand's commitment to maintain a compensation program that fosters performance and the creation of long-term shareholder value:

- · Aligning management's interests with those of shareholders;
- · Motivating and providing incentive for employees to achieve superior results;
- Assuring clear accountabilities and providing rewards for producing results;
- · Ensuring competitive compensation in order to attract and retain superior talent; and
- · Ensuring simplicity and transparency in compensation structure.

To attract and retain high-caliber executive officers, Original Hillenbrand's total compensation packages for the Named Executive Officers are intended to be in line with what is offered by companies with which it competes for executive talent. Original Hillenbrand also analyzes overall compensation carefully to ensure it recognizes other factors such as length of service, the level of experience and responsibility, complexity of position, internal pay equity within Original Hillenbrand and the degree of replacement difficulty. Original Hillenbrand also analyzes individual performance, including such qualities as leadership, strategic vision and execution of corporate initiatives. In addition to compensation being competitive and aligned with individual performance, significant portions of executive compensation should be tied to both the achievement of Original Hillenbrand's key operational and financial performance goals and the value of Original Hillenbrand stock, thereby aligning executive compensation with both the success of Original Hillenbrand's business strategy and objectives as well as the returns realized by its shareholders. To that end, Original Hillenbrand management has been granted opportunities for both short-term and long-term incentives that are tied to the achievement of key operational and financial metrics that drive Original Hillenbrand's business strategy. Furthermore, Original Hillenbrand grants time-based stock options and deferred stock shares (also referred to as restricted stock units) and performance based deferred stock shares to ensure alignment with the interests of Original Hillenbrand's shareholders. See the discussion under "— Equitable Adjustments to Outstanding Equity-Based Awards" below regarding the treatment of Original Hillenbrand equity-based awards in the separation.

Original Hillenbrand's executives' fixed compensation (which primarily includes base salaries, benefits and limited perquisites), as well as executives' short-term and long-term performance-based compensation at target levels of performance, have generally been designed to fall at approximately the 50th percentile of compensation paid by companies with which Original Hillenbrand competes for executive talent. Total compensation is paid above or below the 50th percentile of the applicable market when pre-established business and/or personal criteria targets are exceeded or are not achieved. Our executives' short-term and long-term performance-based compensation are each expressed as a percentage of their salaries. For fiscal 2007, Mr. Camp's total compensation was below the 50th percentile of the applicable market, primarily as the result of the failure of both Original Hillenbrand and Batesville Casket to achieve target levels of financial performance for short term incentive compensation purposes. See "— Elements of Executive Compensation — Annual Cash Incentives." Original Hillenbrand's Compensation Committee did not review peer group or survey data for our other Named Executive Officers for 2007 compensation purposes.

To create an ongoing personal financial stake in Original Hillenbrand's success for each officer, further align the interests of the officers and Original Hillenbrand's shareholders and motivate officers to maximize shareholder value, Original Hillenbrand's Board of Directors has adopted guidelines that require its executive officers to maintain specified stock ownership percentages. We expect to adopt similar guidelines.

Process for Determining Compensation

The Compensation Committee is charged with ensuring that Original Hillenbrand's compensation programs meet the objectives outlined above. In that role, the Compensation Committee makes all executive compensation decisions, administers Original Hillenbrand's compensation plans and keeps the Board of Directors informed regarding executive compensation matters. The Compensation Committee in consultation with Original Hillenbrand's compensation consultant determines the compensation of the Chief Executive Officer. The Chief Executive Officer makes recommendations to the Compensation Committee regarding the compensation of his

direct reports, including Original Hillenbrand's other named executive officers, including Mr. Camp. As noted above, our other Named Executive Officers have been senior officers of Batesville Casket but not executive officers of Original Hillenbrand and have been compensated within the existing Original Hillenbrand pay grade structure approved by the Compensation Committee. Their compensation generally has been set by, or based on the recommendation of, the President and Chief Executive Officer of Batesville Casket within the parameters of the Original Hillenbrand pay grade structure. From time to time, Original Hillenbrand management also provides recommendations to the Compensation Committee regarding modifications to the elements and structure of Original Hillenbrand's compensation program.

The Compensation Committee has normally engaged nationally recognized independent compensation and benefits consulting firms (1) to evaluate independently and objectively the effectiveness of and assist with implementation of Original Hillenbrand's compensation and benefit programs and (2) to provide the Compensation Committee with additional expertise in the evaluation of Original Hillenbrand's compensation practices and of the recommendations developed by management and firms engaged by Original Hillenbrand. The consultants also provide information and insights relative to current and emerging compensation and benefits practices. Since April 2005, the Compensation Committee has retained Ernst & Young as its compensation and benefits consulting firm. For executive officers of Original Hillenbrand, including Mr. Camp, Ernst & Young has provided peer group proxy and survey data regarding the amount, form and mix of compensation at the twenty-fifth percentile, median and seventy fifth percentile, which have been used by the Compensation Committee as one reference point in its decision making around compensation packages.

Among the factors considered by the Compensation Committee in determining the elements and amounts of total compensation are peer group data, survey data, internal pay equity, external market conditions, individual factors and aggregate compensation.

<u>Peer Group and Survey Data.</u> As one of several factors in considering approval of elements of Original Hillenbrand's compensation programs, the Compensation Committee has compared Original Hillenbrand's compensation programs and performance against an approved peer group of companies. The compensation peer group, which is periodically reviewed and updated by the Compensation Committee, currently consists of twelve companies that are similar in size and in similar industries as Original Hillenbrand and with whom Original Hillenbrand may compete for executive talent. The companies comprising Original Hillenbrand's compensation peer group, which was last revised in late 2004, through the end of fiscal year 2007 were:

Bard (C.R.), Inc.
Beckman Coulter, Inc.
Conmed Corporation
Invacare Corporation
Mettler-Toledo International, Inc.
Steris Corporation

Baxter International, Inc.
Becton Dickinson & Co.
Dade Behring Holdings, Inc.
Kinetic Concepts, Inc.
Respironics, Inc.
Viasys Healthcare, Inc.

The Compensation Committee also has received and considered supplemental information regarding the compensation paid by Apria Healthcare Group, Inc. and Hospira Inc. Although these companies have not been included in Original Hillenbrand's compensation peer group, they are included in a performance peer group used by Original Hillenbrand's management for other business purposes. In addition, in considering the compensation of management employees whose services relate solely to the funeral services business, which includes all of our Named Executive Officers other than Mr. Camp, the Compensation Committee has utilized comparative data from a peer group consisting of Carriage Services, Inc., Matthews International Corporation, Service Corporation International and Stewart Enterprises, Inc.

For fiscal 2008 and assuming the separation, the Original Hillenbrand Compensation Committee has established a new compensation peer group for use in its compensation related decisions for the Named Executive Officers. The companies in this peer group have been selected because they are in industries that are similar to ours, such as furniture, metals and fabrication, use manufacturing and distribution methodologies that are similar to ours and are comparable to us in size, based on revenues and number of employees, profitability and valuation

methodology. This peer group currently consists of the following companies but may be subject to changes after the separation:

Acuity Brands
Drew Industries
Herman Miller, Inc.
Matthews International Corporation
Service Corporation International
Stewart Enterprises, Inc.
The Middleby Corporation

American Woodmark Corporation Ethan Allen Interiors, Inc. La-Z-Boy Sealy Corporation Simpson Manufacturing Tempur-pedic International, Inc.

In addition to peer group data, the Compensation Committee considers survey data that include a broad sample of Fortune 1000 companies, focusing on data regarding companies with revenues within a reasonable range of Original Hillenbrand or its business units, companies in the manufacturing industry and companies with a comparable number of full time equivalent employees. The Compensation Committee uses data compiled from various compensation surveys (i.e., consolidated data averaged from at least three surveys) from human resource benefit firms such as Watson & Wyatt, Mercer and others as appropriate. The purpose of the survey data is to provide an additional source of market data to validate the findings under the proxy analysis. In particular, the survey data provide additional data based on the specific job responsibilities of Original Hillenbrand's named executive officers compared to the appropriate market.

Internal Pay Equity. From time to time, the Compensation Committee has examined the relationship between the compensation paid to executives within each pay grade and within Original Hillenbrand as a whole to avoid any unjustified differences in compensation. In December 2007, the Compensation Committee compared the pay of the Original Hillenbrand's Chief Executive Officer to the next highest executive and to the average of its four other named executive officers as part of its analysis and approval of the compensation program for fiscal year 2008. In light of this information (coupled with other information reviewed as described in more detail below), the Compensation Committee did not identify issues within this analysis that would warrant any changes in compensation strategy. We expect that our Compensation and Management Development Committee will conduct similar internal pay equity reviews periodically for our Named Executive Officers.

External Market Conditions and Individual Factors. The Compensation Committee is aware that it cannot establish total executive compensation levels solely on the basis of the median range of competitive benchmark survey data without additional analysis. Accordingly, the Compensation Committee also takes into account external market conditions and individual factors when establishing the total compensation of each executive. Some of these factors include the executive's length of service, the level of experience and responsibility, complexity of position, individual performance, internal pay equity within Original Hillenbrand and the degree of replacement difficulty.

Aggregate Compensation. For named executive officers of Original Hillenbrand, including Mr. Camp, the Compensation Committee has considered the aggregate value of base salary, short-term incentive compensation at target level and the estimated value of long-term incentive compensation. The Compensation Committee has compared the aggregate amount of these elements of compensation for Original Hillenbrand's named executive officers, including Mr. Camp, to the aggregate amount of the same elements of named executive officer compensation at other companies using peer group and survey data and targeted aggregate compensation of Original Hillenbrand's named executive officers at median levels. The most recent study for Original Hillenbrand's named executive officers was performed in November 2006. In July 2007, Ernst & Young conducted compensation market analysis for Messrs. Camp and Zerkle based on their expected increased responsibilities with New Hillenbrand as an independent publicly traded company. We expect that our Compensation and Management Development Committee will perform similar total direct compensation studies periodically for our Named Executive Officers.

In addition, in December 2007, the Compensation Committee reviewed the total compensation of Original Hillenbrand's named executive officers, including Mr. Camp, in comparison to the total compensation of its peer group companies, in each case as reported under the SEC's new disclosure rules for executive compensation. The purpose of this high level review was to look at all elements of compensation that are not typically captured within a total direct compensation analysis covering base salary, annual incentive, and long term incentive compensation

and, if there were significant differences, to understand what elements of compensation gave rise to the differences. Based on its total compensation review, the Compensation Committee did not identify any issues that warranted a change to the existing strategy.

As a supplemental analytical tool for the review of the total compensation of Original Hillenbrand's named executive officers, the Compensation Committee also reviewed tally sheets for Original Hillenbrand's named executive officers, including Mr. Camp, in December 2007. The tally sheets provided information not only relative to the total compensation of Original Hillenbrand's named executive officers, but also provided information on how changing one element of pay could impact other payments, including payments under severance and change in control agreements. In light of the fact that generally no merit increases were proposed for Original Hillenbrand's named executive officers in fiscal year 2008 (with Mr. Camp being the lone exception), the short-term incentive compensation opportunities did not change, and the long-term incentive awards were consistent with prior years, the Compensation Committee did not identify any issues that would warrant a change in the current compensation strategy for any of Original Hillenbrand's named executive officers.

Elements of Executive Compensation

The three major components of Original Hillenbrand's executive officer compensation are: (1) base salary, (2) variable cash incentive awards and (3) long-term, equity-based incentive awards. Each component of the program was developed in a "building block" approach, with the objective of developing a compensation package based on each element being competitive, based on peer group proxy statement and survey data, while also being competitive as a whole.

Base Salary. Original Hillenbrand provides senior management with a fixed level of cash compensation in the form of base salary that is competitive and consistent with their skill level, experience, knowledge, length of service with Original Hillenbrand and the level of responsibility and complexity of their position. Base salary is intended to aid in the attraction and retention of talent in a competitive market. The target salary for Original Hillenbrand's senior management has been based in part on the competitive market median of Original Hillenbrand's peer group, supplemented by published survey data (the "competitive market"). Actual base salaries may differ from the competitive market median target as a result of various factors including length of service, the level of experience and responsibility, complexity of their position, individual performance, internal pay equity within Original Hillenbrand and the degree of difficulty in replacing the individual. The base salaries of senior management are reviewed by the Compensation Committee on an annual basis, generally during the first quarter of the fiscal year, as well as at the time of promotion or significant changes in responsibility. Executives are eligible for merit based increases based on prior year performance. Individual performance is determined by use of a broad based internal performance management system, which differentiates individual achievement. Performance is ranked on a scale that ranges from "unacceptable" to "outstanding," with a corresponding range of possible merit based increases in base salary. For 2007, the recommended range of possible merit based increases was 0% to 6%, with a target increase of 3.5%. Our Named Executive Officers received merit based increases in 2007 ranging from 0% to 5%. Merit increases also may be positively or negatively affected by changes in the competitive market as determined through compensation market analysis. When adjusting base salaries, the Compensation Committee also considers the effects of the adjustment on other elements of compensation that may be tied to or related to base salary, including annual cash incentive awards, pension and retirement plan benefits and severance and change in control benefits.

The base salary paid to each of our Named Executive Officers during the year ended September 30, 2007, is set forth in the Summary Compensation Table under "— Compensation of Named Executive Officers" below. The Original Hillenbrand Compensation Committee has approved the following post separation base salaries for the Named Executive Officers, which in the case of Mr. Camp and Mr. Zerkle reflect the increased responsibilities of their positions with a stand alone public company: Mr. Camp — \$650,000, Mr. Zerkle — \$275,000, Mr. DiBease — \$299,990, and Mr. Kunkel — \$286,000.

Annual Cash Incentives

Overview. The payment of annual cash incentives is formula-based, with adjustments for achievement of individual performance goals, and is governed by Original Hillenbrand's Short-Term Incentive Compensation Plan ("STIC Plan"). The objective of the STIC Plan is to provide a total level of cash compensation that is heavily weighted on the achievement of internal performance objectives, which takes into consideration the competitive market median total cash compensation.

The STIC Plan is designed to motivate executives to perform and meet company and individual objectives, with significant compensation at risk. The program provides a mechanism to pay amounts above the market median (50th percentile) total cash compensation when Original Hillenbrand experiences above average financial success, is designed to encourage high individual and group performance and is based on the philosophy that employees should share in the success of Original Hillenbrand if above average value is created for Original Hillenbrand shareholders. The potential to be paid significant awards plays an important role in the attraction and retention of executives.

Pool Funding Percentage. Under the terms of the STIC Plan, the Compensation Committee establishes specific financial objectives for Original Hillenbrand and its business units, and may also establish non-financial objectives. A STIC Plan pool is established for each of Original Hillenbrand and its business units and is funded based upon the achievement by Original Hillenbrand or the applicable business unit of the established performance objectives. Each STIC Plan pool is funded between 30% and 150% of the product of the target incentive compensation opportunity (expressed as a percentage of their base salary) for each STIC Plan participant times their base salary ("Pool Funding"). STIC Plan pools are funded at 100% when performance is at target levels and are funded up to 150% when performance exceeds target levels. STIC Plan pools are not funded, and no short-term incentive compensation is payable, when minimum financial performance objectives are not met.

Short-term financial performance objectives are established annually at levels that typically reflect strong financial performance under then existing conditions. Fiscal year 2007 financial performance objectives were measured in terms of revenues and operating income for Original Hillenbrand and its business units, with each STIC Plan pool being funded seventy five percent by operating income and twenty five percent by revenues generated within Original Hillenbrand or the applicable business unit. Despite the performance objectives, however, the Compensation Committee has the discretion to exclude from the calculation of applicable revenue and operating income targets for purposes of funding STIC Plan pools, nonrecurring special charges and amounts. These adjustments generally include items such as significant litigation and settlement costs; restructuring charges; changes in accounting policies; acquisition and divestiture impacts; and major unbudgeted material expenses incurred by or at the direction of the Original Hillenbrand Board of Directors. Additionally, for fiscal year 2007, to the extent business unit operating expenses were favorable to plan based on under spending against 2007 through 2009 strategic plan investment objectives, the Compensation Committee, in its discretion, further excluded that favorability from the calculation of the applicable operating income targets for purposes of funding STIC Plan pools. The target objectives are intended to represent stretch goals based on the business plan of Original Hillenbrand or the applicable business unit. The objectives are set with the intention that the relative level of difficulty in achieving the targets is consistent from year to year. Original Hillenbrand and Batesville Casket failed to meet minimum financial performance objectives in fiscal year 2005. In fiscal year 2006, performance of Batesville Casket was above target, and Original Hillenbrand's consolidated performance achievement was slightly below target. In fiscal year 2007, achievement by Original Hillenbrand and Batesville Casket was above the minimum financial performance objectives but below target. The target financial performance objectives for Original Hillenbrand for fiscal 2007 were revenues of \$2,080.4 million and operating income off \$293.7 million. For Batesville Casket, the target financial performance objectives for 2007 were revenues of \$704.7 million and operating income of \$173.2 million.

Individual STIC Percentage. Each participant is entitled to participate in the STIC Plan pools determined by the Compensation Committee. In fiscal 2007, Mr. Camp participated in both the Original Hillenbrand pool and the Batesville Casket pool and was eligible for payouts based 25% on the funding of the Original Hillenbrand pool and 75% on the funding of the Batesville Casket pool. Each of the other Named Executive Officers participated in and was eligible for payout under only the Batesville Casket pool.

Under the terms of the Plan for fiscal 2007, short term incentive compensation target opportunity, based on Original Hillenbrand or business unit performance, was equal to 75% of base salary in the case of Mr. Camp and 40% to 50% of base salary in the case of the other Named Executive Officers. The STIC Plan provides for individual short term incentive compensation payouts ranging up to a maximum of two times the executive's short term incentive compensation target opportunity set forth above depending upon achievement of applicable Pool Funding and personal performance objectives (measured by a personal performance multiplier from 0% to 150%) determined by the President and Chief Executive Officer of Original Hillenbrand and approved by the Compensation Committee. Individual performance is measured using the same performance factors used for determining merit based increases in base salary. Those personal performance factors are based on achievement of personal performance goals established for each individual, including each of the Named Executive Officers, at the beginning of each fiscal year. Those goals are both qualitative and quantitative in nature and, therefore, the evaluation of performance against those objectives by the Compensation Committee is, in part, subjective. Additionally, the Compensation Committee evaluates individual performance against objectives that arise during the course of the applicable fiscal year that were not considered when individual goals were determined at the beginning of the year.

For 2007, the objectives established at the beginning of the year for Mr. Camp included executing the Batesville Casket business plan through continuous improvement in all facets of the business, managing pending litigation, consummating the acquisition of and integrating Yorktowne (see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Factors Impacting Our Business — Acquisition activity"), demonstrating superb service and support to Batesville Casket's largest customer while continuing to enhance customer relationships generally and nurturing our new growth initiatives. For Mr. Zerkle, the objectives established at the beginning of 2007 included conducting legal issues training to key employees, managing key litigation and intellectual property matters, coordinating all legal aspects for mergers and acquisitions and managing contract review. For Mr. DiBease, the objectives established at the beginning of 2007 included executing elements of the Batesville Casket strategic plan as it pertains to all elements of brand management, product development, marketing communication and promotion and technology solutions.

Mr. DiBease's objectives also included matters related to acquisitions and the further development of the NorthStartm program. For Mr. Kunkel, the objectives established at the beginning of 2007 included executing elements of the Batesville Casket strategic plan, including driving improvements in safety, quality, cost, delivery and customer satisfaction throughout the entire supply chain. Additionally, Mr. Kunkel had objectives around the development of talent throughout the supply chain organization and ensuring synchronization of the supply chain with other functional areas throughout Batesville Casket.

After considering personal performance against the goals described above and other objectives that arose during the course of the year, and Original Hillenbrand and Batesville Casket financial performance, the Compensation Committee awarded short-term incentive compensation to our Named Executive Officers for fiscal 2007 as set forth in the Summary Compensation Table under "— Compensation of Named Executive Officers" below.

The following provides an example of the calculation of annual cash incentives, using Mr. Camp. As described above, Mr. Camp's target short term incentive compensation opportunity for fiscal 2007 was 75% of base salary, or approximately \$318,077. He was eligible for payouts based 25% on the funding of the Original Hillenbrand pool and 75% on the funding of the Batesville Casket pool. Based on performance above minimum levels but below target levels at each of Original Hillenbrand and Batesville Casket, the Original Hillenbrand and Batesville Casket pools were funded at 78.4% and 59.0% of target opportunity, respectively. Thus, the financial performance modifier for Mr. Camp based on these funding levels was approximately 63.78% [(25% x 78.4%) + (75% x 59.0%)]. Based on his individual performance, Mr. Camp received an individual performance modifier of 100%. Accordingly, Mr. Camp's annual cash incentive payment was equal to approximately 63.78% of his \$318,077 target opportunity, or \$202,881.

Short-term incentive compensation is calculated for each executive participant at the end of each fiscal year and is payable in cash. Payment of earned 2007 short-term incentive compensation was made during the first quarter of fiscal 2008. All or a portion of short term incentive compensation may be deferred by the executive and invested either in cash or common stock to be paid at the end of the deferral period.

Following the separation, we will have a short-term incentive compensation plan that is substantially the same as Original Hillenbrand's, except that performance objectives will relate only to our company.

Long-Term Equity Awards

Overview. Original Hillenbrand's Stock Incentive Plan, which was approved by Original Hillenbrand's shareholders in 2002, provides for the opportunity to grant stock options and other equity-based incentive awards to officers, other key employees and non-employee directors to help align those individuals' interests with those of shareholders, to motivate executives to make strategic long-term decisions, and to better enable Original Hillenbrand to attract and retain capable directors and executive personnel. For a description of the treatment of Original Hillenbrand equity-based awards in the separation and the terms of the Stock Incentive Plan that we expect to adopt, see "— Equitable Adjustment to Outstanding Equity-Based Awards" and "— Stock Incentive Plan" below.

Equity based awards are generally granted to executive officers annually based on a grant range of between 0% and 200% of a standard grant amount. The standard grant amount is determined by the Compensation Committee as competitive market median awards for each executive grade level. The actual grant of awards, with potential grants up to 200% of standard grant, is made by considering the individual's performance through the Original Hillenbrand performance management system, using the same performance factors as those used for merit based salary increases and short-term incentive compensation awards. While equity based awards are focused primarily on motivating future performance, to the extent that the executive officers' personal performance objectives for the most recently completed fiscal year have not been achieved, those individuals' equity based grants may be made at levels that are lower on the standard range of grants available. Awards made in 2007 based on 2006 performance for our Named Executive Officers other than Mr. Camp were based on the following ranges of potential stock option and deferred stock share (otherwise known as restricted stock unit) awards:

	Stock Option Range	(otherwise known as Restricted Stock Unit) Range
Michael L. DiBease	0 to 8,800	0 to 2,300
Douglas I. Kunkel	0 to 22,800	0 to 6,000
John R. Zerkle	0 to 8,800	0 to 2,300

Deferred Stock Share

Awards made to Mr. Camp in 2007 based on 2006 performance were determined on an assessment of Mr. Camp's individual performance in relation to the number of stock options and deferred stock shares awarded to Mr. Camp in prior years. Actual awards granted to the Named Executive Officers during the year ended September 30, 2007 are set forth in the Grants of Plan-Based Awards Table under "— Compensation of Named Executive Officers" below.

As part of its analysis and approval of the fiscal 2008 long-term incentive awards, the Compensation Committee reviewed information relative to equity wealth accumulation based on previous grants as well as the anticipated fiscal 2008 grants. The purpose of this analysis was to determine whether prior and proposed grants are likely to be effective for retention and performance incentive to Original Hillenbrand's named executive officers, including Mr. Camp, as well as to determine whether the accumulation of equity warranted continued participation in severance and change in control programs of Original Hillenbrand. Based on its analysis, the Compensation Committee did not identify any issues that would warrant a change in the existing long-term incentive strategy.

In addition to reviewing the equity accumulation information, the Compensation Committee also reviewed the overall share usage under Original Hillenbrand's current stock incentive program prior to approving the fiscal 2008 awards. The Compensation Committee determined that Original Hillenbrand's overall dilution trends and its annual dilution rate, when compared to peer group and market data, were reasonable, and no changes were warranted

The budgeted awards for fiscal 2008 were adjusted upward approximately 5% for all eligible executives. This adjustment was made to partially address a shortfall to the competitive median market for equity compensation.

After considering the market shortfall and the individual performance for the Named Executive Officers, the Compensation Committee granted the following equity awards in December 2007:

	Stock Options	Deferred Stock Shares (otherwise known as Restricted Stock Units)
Kenneth A. Camp	20,000	4,000
Michael L. DiBease	4,000	1,000
Douglas I. Kunkel	11,400	3,000
John R. Zerkle	6,600	2.000

Time Based Equity Awards. To better align the interests of executive officers with those of Original Hillenbrand's shareholders, the Compensation Committee began in 2004 to substitute deferred stock shares (otherwise known as restricted stock units under the Stock Incentive Plan) for a significant portion of the stock option grants that would have previously been granted to executives. In September of 2005, after considering the Stock Incentive Plan burn rate, number of participants and potential aggregate target awards for participants, the Compensation Committee decided that the total value of equity based grants should be divided equally between stock options and deferred stock shares because the Compensation Committee wanted to provide long term equity based incentives balanced between higher risk and opportunity stock options, which are potentially more dilutive to Original Hillenbrand's Stock Incentive Plan and outstanding equity with less risky and potentially less dilutive deferred stock shares, which are effective executive retention vehicles.

An option's value to an executive upon exercise of the option and sale of the underlying shares is tied to corporate performance because higher corporate performance leads to higher share price and options have no value if equity value does not increase over the grant date stock price. Deferred stock shares (otherwise known as restricted stock units) provide for long-term incentive opportunities that differ from stock options. Deferred stock shares can have value to the executive even if the issuer's share price declines prior to vesting, increasing their value as a retention device. While there is still value in the event of a declining stock price and less exposure to downside equity performance, there is less opportunity related to upside equity performance with deferred stock shares when compared to stock options because a lower number of deferred stock shares is awarded to provide comparable grant date fair value to stock options. Deferred stock shares and stock options typically vest in increments over five and three years, respectively. If an executive does not perform and is terminated before full vesting, he or she loses the value of unvested awards' full potential award value, subject to certain early vesting events, such as a change in control, death, disability or retirement as described in more detail under "— Retirement, Change in Control Agreements and Severance" below.

Consistent with Original Hillenbrand's long term practices, stock options and deferred stock shares (otherwise known as restricted stock units) are only granted by the Compensation Committee and are typically granted annually in November or December, following certification of Original Hillenbrand's financial results from the immediately preceding fiscal year, regardless of the current trading price of Original Hillenbrand's equity. Stock option exercise prices are the average of high and low equity price on the date of grant. Stock options are typically granted for terms of ten years, and vest one-third on each of the first three anniversaries of the date of grant. Deferred stock shares typically vest in twenty percent, twenty-five percent, twenty-five percent and thirty percent increments on the day after the dates of each of the second, third, fourth and fifth anniversaries of grant. Prior to fiscal 2008, an executive's accumulated retirement and/or equity benefits have not been considered as a factor in the decision as to the annual grant size of long-term incentives, although we expect that wealth accumulation data will be used in setting compensation for our Named Executive Officers going forward.

On September 7, 2005, Original Hillenbrand's Board of Directors ratified the Compensation Committee's decision to accelerate the vesting of options granted in fiscal 2005 and certain other "underwater" stock options that had exercise prices of \$50.48 or higher. In order to maintain high standards of integrity and governance, executive officers are restricted from performing exercise and sell transactions with such vested options until the original vesting date of the affected options. The primary purpose of the accelerated vesting of these options was to reduce Original Hillenbrand's future reported compensation expense upon the adoption of SFAS No. 123(R), "Share Based Payment," in the first fiscal quarter of 2006. In connection with its evaluation of the Stock Incentive Plan, the

Compensation Committee utilized the services of an independent compensation consulting firm to provide marketplace competitive information.

Performance Based Equity Awards. During the third quarter of 2007, Original Hillenbrand granted a Performance Based Stock Award to Mr. Camp. This award is consistent with Original Hillenbrand's compensation program's guiding principles and was designed to (1) align Batesville Casket's Chief Executive Officer's interests with those of shareholders, (2) motivate and provide incentive to achieve superior results, (3) assure clear accountabilities and provide rewards for producing results, and (4) ensure competitive compensation.

This award is performance based deferred stock shares (otherwise known as restricted stock units), which are subject to any stock dividends, stock splits, and other similar rights inuring to common stock, but unlike the deferred stock shares described above, are not entitled to cash dividend reinvestment. Vesting of the awards is contingent upon achievement of one, two and three-year performance targets and corresponding service requirements. Upon completion of the separation, in determining vesting for Mr. Camp, these performance targets will reflect only our performance. Prior to the separation, the performance targets are based on a combination of Original Hillenbrand and Batesville Casket performance. The targets for the 2007 grants are based on the following key measures:

- 2007 2009 cumulative revenue
- 2007 2009 cumulative operating income
- 2007 2009 return on assets employed

The performance measures for our Chief Executive Officer were chosen based upon the importance of these objectives in the achievement of Original Hillenbrand's strategic plan, providing quality earnings and creating value for Original Hillenbrand's stockholders. In setting these performance targets, Original Hillenbrand also considered the performance of its peer group, market indices and customer base with the intent that these goals be set to represent stretch goals that would result in superior upper quartile performance relative to Original Hillenbrand's customers and peers. Achievement of these targets is believed to be a "challenging" goal. However, 2007 was the first year in which these awards were made, and therefore there is no historical precedent on which to assess the likelihood of achievement. If the performance goals are met, the Performance Based Stock Award will fully vest at the end of 2009. These performance measures are subject to adjustment by the Compensation Committee based upon unusual or extraordinary items that were not contemplated when the performance measures were set and may be out of the control of management. These items are the same as those that are excluded in the calculation of performance measures for purposes of short-term incentive compensation. For 2007, the performance objectives were not achieved.

Other Equity Based Compensation. In addition to the equity awards described above, senior management may from time to time receive additional equity based compensation at the date of hire, upon promotion, for special recognition or upon a significant change in responsibility. These awards are used as a recruiting and retention tool. These grants are typically in the form of stock options or deferred stock shares (otherwise known as restricted stock units) and are typically granted as a percentage of the respective employee's base salary. There were no Other Equity Based Compensation awards made to the Named Executive Officers during fiscal year 2007.

Share Ownership Guidelines. All executive officers and designated members of management of Original Hillenbrand are expected to own shares of Original Hillenbrand common stock. Specifically, our Chief Executive Officer, his executive officer direct reports, including the other Named Executive Officers, from and after the later to occur of (i) February 13, 2006 or (ii) the date on which any such individual first became an officer of Original Hillenbrand or any of its subsidiaries ("Start Date") are required to hold shares of Original Hillenbrand common stock or equivalents described below at the following levels ("Required Ownership Level"):

Position

Required Ownership Level (Expressed as Base Annual Salary Multiple)

Chief Executive Officer Other Named Executive Officers 2 x Base Annual Salary 1 x Base Annual Salary

Shares owned outright (including vested deferred shares) and deferred stock shares (otherwise known as restricted stock units), whether vested or unvested, count as share equivalents towards the Required Ownership

Level. The Required Ownership Level must be achieved within five years from the Start Date. Failure to achieve or maintain the Required Ownership Level may result in (1) the applicable individual being required to hold all after tax vested deferred stock shares and after-tax shares acquired upon exercise of stock options or (2) suspension of future restricted stock or deferred stock share grants until the Required Ownership Level is achieved. The Compensation Committee (or its designee) may make exceptions, in its (his or her) sole discretion, in the event of disability or great financial hardship.

The foregoing Required Ownership Levels for the Named Executive Officers are based on their current positions at the Original Hillenbrand Batesville Casket subsidiary level. It is anticipated that after or in connection with the separation the Original Hillenbrand Compensation Committee or our Compensation and Management Development Committee will review and may adjust the Required Ownership Levels to reflect the increased responsibility levels of each Named Executive Officer with New Hillenbrand.

Section 162(m). Section 162(m) of the Internal Revenue Code limits tax deductibility of certain executive compensation in excess of \$1 million per year unless certain requirements are met. The Stock Incentive Plan is designed to provide for the grant of awards that meet these requirements and also enables the Compensation Committee to grant awards that do not satisfy the performance based pay exemption under the Section 162(m) requirements. For example, time-based vested deferred stock shares (otherwise known as restricted stock unit) awards do not satisfy the performance-based exception under 162(m) and therefore are subject to 162(m) and included in the \$1 million dollar compensation cap in the year the awards are included in taxable income of the recipient.

Retirement, Change in Control Agreements and Severance

Overview. Original Hillenbrand believes that it is in the best interests of it and its shareholders to have the unbiased dedication of its executives, without the distraction of personal uncertainties such as retirement or a change in control. Original Hillenbrand has designed its senior management retirement and other post-employment benefit programs to reduce such distraction. Original Hillenbrand believes that its programs allow for a "smooth" transition in the event of retirement or a change in control without providing "windfall" benefits to management. It also believes that these benefits are at market levels and competitive with those of other comparable companies. We expect to adopt similar programs in connection with the separation.

The components of Original Hillenbrand's retirement benefits program are as follows:

- · Normal Retirement Guidelines
- · Deferred Compensation Program
- · Pension Plan
- · Savings Plan
- · Supplemental Executive Retirement Plan
- · Change in Control Agreements
- · Severance Pay Plan

Normal Retirement Guidelines. Executives currently employed, including the Named Executive Officers, who are at least 55 years of age and with 5 years length of service are eligible to receive certain benefits under Original Hillenbrand's Stock Incentive Plan. These guidelines are incorporated into each individual equity award agreement and have been approved by the Compensation Committee. The following is allowed:

- accelerated vesting of outstanding time-based deferred stock awards and stock options, which have been held for at least one year;
- · partial vesting of outstanding performance-based deferred stock awards, which have been held for at least one year; and
- an extension of up to three years of the time to exercise eligible outstanding stock options.

Executive Deferred Compensation Program. Under the Hillenbrand Industries, Inc. Executive Deferred Compensation Program (the "Deferred Compensation Program") certain executives, including the Named Executive Officers, who are chosen by the Compensation Committee may elect to defer all or a portion of their base compensation, payments under the Short-Term Incentive Compensation Program and certain other benefits to be paid in years later than when such amounts are due. As of September 30, 2007, none of the Named Executive Officers participate or have balances in the Deferred Compensation Program.

Pension Plan. The Hillenbrand Industries, Inc. Pension Plan (the "Pension Plan") covers officers and other employees of Original Hillenbrand and its subsidiaries. Directors of Original Hillenbrand who are not employees of Original Hillenbrand or one of its subsidiaries are not eligible to participate in the Pension Plan. In connection with the distribution, we intend to adopt a pension plan for our employees who are currently participants in the Pension Plan. Our employees will cease to participate in the Pension Plan effective upon the distribution. Our pension plan will replicate in all material respects the benefit formulas under the Original Hillenbrand Pension Plan, and the assets and liabilities of the Original Hillenbrand Pension Plan attributable to our employees and all other pension liabilities assumed by us in the separation will be transferred to our pension plan. Our employees will be given full credit under our pension plan for years of service and compensation accrued under the Original Hillenbrand Pension Plan. None of our employees who is not currently a participant in the Original Hillenbrand Pension Plan will be entitled to participate in our pension plan as this plan has been frozen to new participants. The principal terms of the Original Hillenbrand Pension Plan are described below.

Contributions to the Pension Plan by Original Hillenbrand are made on an actuarial basis, and no specific contributions are determined or set aside for any individual. Effective June 30, 2003, the Pension Plan was closed to new participants. Existing participants, effective January 1, 2004 were given the choice to remain in the Pension Plan and to continue earning credited service or to freeze their accumulated benefit as of January 1, 2004 and to participate in an enhanced defined contribution savings plan, as described below.

The Internal Revenue Code limits the amount of benefits that may be paid under the Pension Plan. A supplemental pension benefit that makes up for the Internal Revenue Code limitations is provided under the SERP described below. Benefits under the Pension Plan are not subject to deductions for Social Security or other offset amounts.

Employees who retire under the Pension Plan receive fixed benefits calculated by means of a formula that takes into account the highest average annual calendar year eligible compensation earned over five consecutive years and the employee's years of service.

For information regarding the pension benefits payable to our Named Executive Officers, see the Pension Benefits at September 30, 2007 table under "— Compensation of Named Executive Officers" below.

Savings Plan. Original Hillenbrand maintains the Hillenbrand Industries, Inc. Savings Plan (the "Savings Plan"), which covers substantially all employees, including senior management. In connection with the distribution, our employees, including the Named Executive Officers, will cease to participate in the Original Hillenbrand Savings Plan and instead will participate in a new savings plan that we will establish that is expected to be substantially similar to the current Savings Plan. The account balances of our employees and the related plan assets and all other participant liabilities assumed by us in the separation under the Original Hillenbrand Savings Plan will be transferred to our savings plan.

Under the Savings Plan, which is a tax-qualified retirement savings plan, participating employees may contribute up to 40 percent of compensation on a before-tax basis. Original Hillenbrand contributes a matching contribution to the Savings Plan for only those participants who are not active participants in the Pension Plan in an amount equal to fifty cents for each dollar contributed by participating employees on the first six percent of their compensation. Additionally, Original Hillenbrand annually contributes to the Savings Plan, (1) for employees who are active participants in the Pension Plan, an amount equal to three percent of such employees' compensation and, (2) for employees who are not active employees in the Pension Plan, an amount equal to four percent of such employees' compensation.

During 2007, the Savings Plan limited the "additions" that can be made to a participating employee's account to \$45,000 per year. "Additions" include all Original Hillenbrand contributions and the before-tax contributions

made by Original Hillenbrand at the request of the participating employee under Section 401(k) of the Internal Revenue Code. Of those additions, the current maximum before-tax contribution made by a participating employee is \$15,500 per year (or \$20,500 per year for certain participants age 50 and over). In addition, no more than \$225,000 of annual compensation may be taken into account in computing benefits under the Savings Plan. A supplemental savings plan benefit that makes up for these limitations is provided under the SERP as described below.

Participants immediately vest in their own contributions and earnings. Matching contributions made by Original Hillenbrand cliff vest after three years of continuous employment and all subsequent matching contributions immediately vest thereafter.

Each year Original Hillenbrand performs standard year-end coverage, nondiscrimination and compliance testing on the Savings Plan to ensure compliance with applicable Internal Revenue Service rules and regulations. In the event the plan does not meet the nondiscrimination requirements, a prorated portion of the contributions made by "Highly Compensated" employees will be returned to the respective employee in order to ensure compliance.

For information regarding compensation paid to our Named Executive Officers under the Savings Plan, see the Summary Compensation Table for Fiscal Year Ending September 30, 2007 and footnote 6 thereto under "— Compensation of Named Executive Officers" below.

Supplemental Executive Retirement Plan. The Hillenbrand Industries, Inc. Supplemental Executive Retirement Plan (the "SERP") provides additional retirement benefits to certain employees selected by the Compensation Committee or the Chief Executive Officer of Original Hillenbrand whose retirement benefits under the Pension Plan and/or Savings Plan are reduced, curtailed or otherwise limited as a result of certain limitations under the Internal Revenue Code. The employees that have been selected to participate in this plan include the senior executives of Original Hillenbrand and certain senior executives of its operating companies, including Kenneth A. Camp, Michael L. DiBease and Douglas I. Kunkel. In connection with the distribution, our employees who participate in the Original Hillenbrand SERP will cease to participate in the Original Hillenbrand SERP and instead will participate in a new SERP that we will establish that is expected to be substantially similar to the Original Hillenbrand SERP. The obligations to our employees under the Original Hillenbrand SERP will be transferred to our SERP. The Compensation and Management Development Committee of our board of directors or our Chief Executive Officer may select other employees of New Hillenbrand to participate in our SERP after the separation.

The additional retirement benefits provided by the SERP are (1) for certain Pension Plan participants chosen by the Compensation Committee, in an amount equal to the benefits under the Pension Plan which are so reduced, curtailed or limited by reason of the application of such limitation and/or (2) for certain Savings Plan participants chosen by the Compensation Committee, in an amount equal to the benefits under the Savings Plan which are so reduced, curtailed or limited by reason of the application of such limitation. Effective June 30, 2003, the Pension Plan and the Pension Plan portion of the SERP were closed to new participants. Additionally, certain participants in the SERP who are selected by the Compensation Committee may annually accrue an additional benefit of a certain percentage of such participants' Compensation (as defined below) for such year (the current percentage is three), and the amount of the retirement benefit shall equal the sum of such annual accruals plus additional earnings factor. "Compensation" under the SERP means the corresponding definition of compensation under the Pension Plan and the Savings Plan plus a percentage of a participant's eligible compensation as determined under Original Hillenbrand's Short-Term Incentive Compensation Program. Long-term incentive compensation is not included in the calculation of the SERP benefits.

The retirement benefit to be paid under the SERP is from the general assets of Original Hillenbrand, and such benefits, except as otherwise required by Section 409A of the Code, are generally payable at the time and in the manner benefits are payable under the Pension Plan. Under the Savings Plan, a lump sum cash payment is available to the participant within one year of retirement or termination of employment. In the alternative a participant may defer receipt by electing a stream of equal annual payments for up to 15 years.

On March 16, 2006, in addition to an award of 18,671 deferred stock shares (otherwise known as restricted stock units) as of that date, which are further described in the Outstanding Equity Awards at September 30, 2007

table and footnote 4 thereto under "— Compensation of Named Executive Officers," Original Hillenbrand agreed to provide supplemental benefits to Mr. Camp under the SERP as a further retention inducement. The agreement provides that if Mr. Camp remains employed by Original Hillenbrand or us for the entire four-year period beginning on March 16, 2006 and his employment is not thereafter terminated for "cause" (as defined in the employment agreement between us and Mr. Camp), then for benefit calculation purposes under the SERP, Mr. Camp will be credited with an additional four years of service earned under the Pension Plan portion of the SERP (in addition to the years of service Mr. Camp otherwise would earn under the SERP during such period). Also under this agreement, if during the four-year period beginning March 16, 2006 (1) Mr. Camp's employment with Original Hillenbrand or us is terminated after March 16, 2007 due to disability or death, (2) Mr. Camp's employment with Original Hillenbrand or us is terminated after March 16, 2007 without "cause" (as defined in Mr. Camp's employment agreement), (3) a "change in control" (as defined in the SERP) of Original Hillenbrand occurs, or (4) a sale, transfer or disposition of substantially all of the assets or capital stock of us occurs, then Mr. Camp will be credited with one additional year of service under the Pension Plan portion of the SERP for each full year worked during the four-year period beginning March 16, 2006 (in addition to the years of service Mr. Camp otherwise would earn under the SERP during such period). The distribution will constitute a disposition of all of the capital stock of us that will trigger the additional benefits under this agreement.

For information regarding the pension benefits payable to our Named Executive Officers under the SERP, see the Pension Benefits at September 30, 2007 table under "— Compensation of Named Executive Officers" below.

Change in Control Agreements. Original Hillenbrand has entered into a Change in Control Agreement (the "Change in Control Agreement") with Mr. Camp. The Change in Control Agreement is intended to encourage Mr. Camp's continued employment by Original Hillenbrand or us and to allow Mr. Camp to be in a position to provide assessment and advice to the Original Hillenbrand Board of Directors regarding any proposed Change in Control without concern that Mr. Camp might be unduly distracted by the uncertainties and risks created by a proposed Change in Control. The change in control agreement between Mr. Camp and Original Hillenbrand will be terminated in connection with the distribution, and no amounts will be paid to Mr. Camp thereunder. Effective as of the distribution, we intend to enter into change in control agreements with certain of our officers, including each of the Named Executive Officers, containing substantially the same terms as the existing change in control agreement between Mr. Camp and Original Hillenbrand, except that we will make changes to the definition of "Change in Control" as noted below and certain other changes to comply with Section 409A of the Internal Revenue Code. The terms of the existing change in control agreement between Mr. Camp and Original Hillenbrand are described below.

The Change in Control Agreement provides for payment of specified benefits upon the termination of Mr. Camp's employment (other than on account of death, disability, retirement or "cause") in anticipation of or within two years after a Change in Control, or upon the executive's termination of employment for "good reason" within two years after a Change in Control. The benefits to be provided upon a Change in Control under any of the above circumstances are:

- a lump sum payment in cash equal to two times Mr. Camp's annual base salary;
- continued health and medical insurance for Mr. Camp and his dependents and continued life insurance coverage for 24 months, with the right to purchase continued medical insurance (at COBRA rates) from the end of this period until Mr. Camp reaches retirement age;
- · a cash payment in lieu of certain perquisites, such as accrued and unpaid vacation; and
- an increase to the defined benefit and defined contribution pension benefit otherwise payable to Mr. Camp calculated by giving him equivalent credit for two additional years of age and service.

In addition, upon a Change in Control, whether or not Mr. Camp's employment is terminated, all outstanding stock options, restricted stock and deferred stock shares (otherwise known as restricted stock units) will become fully vested and he will be deemed to have earned all outstanding short-term incentive compensation and performance share compensation awards to the extent such awards would have been earned if all performance targets for the relevant period were achieved 100%. Mr. Camp's Change in Control Agreement provides that if he receives payments that would be subject to the excise tax on excess parachute payments imposed by Section 4999 of

the Internal Revenue Code, Mr. Camp will be entitled to receive an additional "gross-up" payment in an amount necessary to put him in the same aftertax position as if such excise tax had not been imposed, except that if the value of all "parachute payments" to Mr. Camp does not exceed 120% of the maximum "parachute payment" that could be paid to him without giving rise to the excise tax, the payments otherwise called for by the Change in Control Agreement will be reduced to the maximum amount which would not give rise to the excise tax.

Based upon the hypothetical termination date of September 30, 2007, Mr. Camp's change in control termination benefits would be as follows:

		Continuance	Vacation			Stock Based Awards				
		of Heath &	and		Retirement		Restricted	Performance		
	Incentive	Welfare	Insurance	Pension	Savings Plan	Stock	Stock	Based	Tax	
Salary	Compensation	Benefits	Benefits	Benefits(1)	Benefit	Options(2)	Units	Awards	Gross-Up(3)	Total
\$860,800	\$ 318,077	\$ 14,605	\$ 41,028	\$ 546,628	\$ 83,627	\$ 80,865	\$1,641,687	\$ 423,654	None	\$4,010,971

- (1) The change-in-control pension benefit is the excess of the monthly pension amount Mr. Camp would have received starting at age 62 calculated as if he had earned two additional years of service and pay at his Annual Base Salary over the monthly Pension Plan annuity benefit, the monthly SERP annuity benefit, and the additional pension benefit provided per agreement dated March 16, 2006, as discussed above.
- (2) As mentioned, for purposes of these disclosures, we assumed that the stock options were cashed out on the hypothetical change in control. Whether the options would be cashed out or converted into stock of a buyer in an actual transaction will depend on the structure of the deal. However, if the options were converted into stock by the buyer, the excise tax, and thus the gross-up payments required under the agreements could be higher.
- (3) Computed based upon the assumption that equity awards are paid out in cash using the closing price per share of Original Hillenbrand common stock on September 28, 2007 (the last trading day of fiscal 2007), which was \$55.02 per share. We assumed an excise tax rate under Code Section 280G of 20 percent, a 35 percent federal income tax rate, a 1.45 percent Medicare tax rate and 4.65 percent state and local income tax rate based on Mr. Camp's resident tax location. Although Mr. Camp's hypothetical change in control benefits exceed the threshold necessary to generate potential excise taxes subject to tax gross-up, the benefits did not exceed 120% of the amount to give rise to the excise tax, and therefore his benefits are reduced as required by the agreement to the extent necessary to avoid the potential excise tax.

Under the Change in Control Agreement, a "Change in Control" is defined generally as (1) the acquisition of beneficial ownership of 35% or more of the voting power of all Original Hillenbrand voting securities by a person or group at a time when such ownership is greater than that of the members of the Hillenbrand Family; (2) the consummation of certain mergers or consolidations; (3) the failure of a majority of the members of the Original Hillenbrand Board of Directors to consist of Current Directors (defined as any director on the date of the Change in Control Agreements and any director whose election was approved by a majority of the then-Current Directors); (4) the consummation of a sale of substantially all of the assets of Original Hillenbrand; or (v) the date of approval by the shareholders of Original Hillenbrand of a plan of complete liquidation of Original Hillenbrand. We expect that the definition of "Change in Control" in the agreements that we will enter into will modify clause (1) of the definition above to provide that a Change in Control will occur upon the acquisition of beneficial ownership of 35% or more of the voting power of all of our voting securities by any person or group other than members of the Hillenbrand Family, subject to certain exceptions.

Severance Pay Plan. Under the Hillenbrand Industries, Inc. Severance Pay Plan for Salaried Employees (the "Severance Plan") post-employment severance benefits are provided to our employees who are terminated in connection with a reduction-in-force or corporate reorganization. Generally these benefit amounts are based upon length of service and position level with Original Hillenbrand. Generally, under the Severance Plan an eligible participant will receive one week's pay for each year of service up to a maximum of twenty-six week's pay. An additional two week's pay will be made if the participant is age forty or older. Additional benefits may be provided by Original Hillenbrand if the participant is terminated as part of an Employer-designated reduction in force, determined in the sole discretion of Original Hillenbrand. In any case the total benefit payable under the Severance Plan will not exceed two times a participant's annual compensation.

Generally, the employment agreements that we have entered into with the Named Executive Officers provide severance benefits that are greater than those provided under the Severance Plan. For information regarding the severance benefits payable to our Named Executive Officers under their employment agreements, see the Potential Payments Upon Terminations tables under "— Compensation of Named Executive Officers" below.

Other Personal Renefits

In addition to the elements of compensation discussed above, Original Hillenbrand also provides senior level management with various other benefits as follows:

- · Tuition Reimbursement
- · Executive Financial Planning, Estate Planning and Tax Preparation Service
- · Executive Physical
- · Other Benefits

Original Hillenbrand provides these benefits in order to remain competitive with the market and believes that these benefits help it to attract and retain qualified executives. These benefits also reduce the amount of time and attention that senior management must spend on personal matters and allows them to dedicate more time to Original Hillenbrand. Original Hillenbrand believes that these benefits are in-line with the market, are reasonable in nature, are not excessive and are in the best interest of Original Hillenbrand and its shareholders.

Tuition Reimbursement Program. All employees are eligible to participate in Original Hillenbrand's Tuition Reimbursement Program. This program is provided to support Original Hillenbrand's innovation and commitment to improving its abilities. Original Hillenbrand believe that education will support the development of its employees for new positions and enhance their contributions to the achievement of its strategic goals. Under Original Hillenbrand's Tuition Reimbursement Program, Original Hillenbrand reimburses tuition, registration fees and laboratory fees for all of its employees. All fulltime employees are eligible for 100% reimbursement on a course-by-course basis within a job related degree program; there is no maximum limit to reimbursement. Minimum academic achievement is required in order to receive reimbursement. This program is not currently being used by any of our Named Executive Officers.

Executive Financial Planning, Estate Planning and Tax Preparation Service Program. Senior level managers are eligible for reimbursement of financial and estate planning services and for income tax preparation services. Reimbursement is approved for dollar amounts of up to 50% of executive's out of pocket costs up to \$2,000 per year. Qualified expenses include income tax preparation, estate planning and investment planning, among others.

Executive Physical. Original Hillenbrand provides senior level managers with annual physicals. Original Hillenbrand covers 100% of the cost of this program. This program was developed to promote the physical well being and health of Original Hillenbrand's senior level managers. Original Hillenbrand believes this program is in the best long-term interests of its shareholders.

Other Benefits. Senior management also participates in other benefit plans that Original Hillenbrand fully or partially subsidizes. Their participation is on the same terms as other employees of Original Hillenbrand. Some of the more significant of these benefits include medical, dental, life and vision insurance, as well as relocation reimbursement; holiday and vacation benefits. All Named Executive Officers participate in Original Hillenbrand's group term life insurance program which provides death benefit coverage of up to two times base salary or \$500,000, whichever is lesser. In addition, beginning January 1, 2007 the named executive officers were eligible to participate in the optional supplemental group term life insurance program in which participants may purchase up to the lesser of five times their base annual salary or \$600,000 of additional term life insurance at their own expense. After the distribution, we expect to adopt group term life insurance and supplemental group term life insurance programs substantially similar to those currently maintained by Original Hillenbrand.

Employment Agreements

We have entered into employment agreements with each of the Named Executive Officers. We believe that it is appropriate for our senior executives to have employment agreements because they provide certain contractual protections to us that we might not otherwise have, including provisions relating to non-competition with us, non-solicitation of our employees and confidentiality of our proprietary information. Additionally, we believe that employment agreements are a useful tool in recruiting and retention of senior level employees. We are in the process of amending these agreements to account for Code Section 409A changes related to payments of deferred compensation and to reflect the distribution.

The current employment agreements set forth the basic duties of the executive officers and provide that each executive officer is entitled to receive, in addition to base salary, incentive compensation payable in our discretion and such additional compensation, benefits and perquisites as we may deem appropriate. The employment agreements are terminable by either us or the executive officer "without cause" on sixty (60) days' written notice, or if terminated by us, pay in lieu of notice, and are terminable at any time by us for cause, as defined in each employment agreement. Generally "cause" is defined as (1) failure by the executive officer to comply with the terms of the employment agreement, specifically not complying with any reasonable instructions or orders issued by us, (2) illegal conduct, (3) violation of significant company policy, (4) improper disclosure of our confidential information, or (5) engaging in conduct that is contrary to our best interests. The executive officer may terminate his employment agreement and declare the agreement to have terminated "without cause" by us upon the occurrence without the executive officer's consent of a "good reason" event. Generally, a "good reason" event is defined as any of the following (1) an assignment to the executive officer of duties lasting more than sixty days that are materially inconsistent with the executive officer's then current position or a material change in the executive officer's reporting relationship to the CEO or his/her successor; (2) the failure to elect or reelect the executive officer as Vice President or other officer of us (unless such failure is related in any way to our decision to terminate the executive officer for cause); (3) our failure to provide the executive officer with office space and support personnel commensurate with level of responsibilities and/or position; (4) a reduction by us in the amount of the executive officer's base salary or the discontinuation or reduction by us of the executive officer's participation in the same level of eligibility as compared to other peer employees in any incentive compensation, additional compensation, benefits, policies or perquisites; (5) the relocation of our principal executive offices or the executive officer's place of work requiring a commuting change of more than fifty (50) miles; or (6) our failure to perform our obligations under the employment agreement. If an executive officer other than Mr. Camp is terminated by us without cause or terminated by the executive officer upon the occurrence, without the executive officer's consent, of a good reason event, we are required to pay severance to the executive in an amount equal to twelve months of the executive officer's base salary, with payments commencing six months after the time of termination. Mr. Camp's agreement provides that until March 20, 2007 (the first anniversary of the election of a permanent President and Chief Executive Officer of Original Hillenbrand), such severance amount will be in an amount equal to twenty-four months of the executive's base salary. For the twelve months after March 20, 2007, the additional severance will be reduced each month, returning the total severance benefit to twelve months of the executive officer's base salary on March 20, 2008. The employment agreements also contain limited non-competition and non-solicitation agreements of the executive officers, which continue generally for a period of two years after the termination of the executive officer's employment.

For information regarding the benefits payable to our Named Executive Officers under their employment agreements, see the Potential Payments Upon Terminations tables under "— Compensation of Named Executive Officers" below.

In connection with the appointment of Cynthia L. Lucchese as Vice President and Chief Financial Officer of Batesville Casket in January 2008, we entered into an employment agreement with Ms. Lucchese containing terms generally consistent with the terms of the existing employment agreements with our Named Executive Officers other than Mr. Camp. The agreement provides for an initial annual base salary of \$300,000 for Ms. Lucchese. Also in connection with her employment, Ms. Lucchese received an award of 4,140 Original Hillenbrand deferred stock shares (otherwise known as restricted stock units) and 16,560 Original Hillenbrand stock options.

Equitable Adjustments to Outstanding Equity-Based Awards

In connection with the distribution, we expect that, subject to approval by the Original Hillenbrand Board of Directors, equitable adjustments will be made to outstanding stock option and deferred stock share (otherwise known as restricted stock unit), awards that currently relate to Original Hillenbrand common stock to the extent necessary to maintain the equivalent value of such awards upon the distribution. In conjunction with these adjustments, which are currently discretionary with respect to outstanding Original Hillenbrand stock options, Original Hillenbrand and New Hillenbrand expect to incur charges in the range of \$9 million to \$11 million and \$3 million to \$4 million, respectively. Of these amounts, the Original Hillenbrand expects to recognize \$5 million to \$7 million just prior to or at the time of the distribution while \$3 million to \$5 million will be recognized over the following three years, but most notably in the initial year following the distribution. New Hillenbrand expects to recognize \$3 million to \$4 million just prior to or at the time of distribution. This amount excludes approximately \$4 million of previously unrecognized compensation of deferred stock shares discussed below. These estimates are dependent upon the fair value of our common stock and could change depending on the actual fair value at the time of modification. In conjunction with these adjustments to outstanding Original Hillenbrand stock options, the Original Hillenbrand Stock Incentive Plan will also be modified to make future adjustments for equity-related transactions mandatory versus their current discretionary status.

Effective as of the distribution, we expect that all Original Hillenbrand deferred stock shares (otherwise known as restricted stock units), held by its Batesville Casket operating subsidiary employees who will be New Hillenbrand employees following the distribution will immediately vest and the underlying shares of common stock will be distributed to employees.

Effective as of the distribution, we expect that all Original Hillenbrand deferred stock shares held by directors who will be directors of New Hillenbrand (but not Original Hillenbrand) following the distribution, will be replaced with New Hillenbrand deferred stock shares. We expect the number of New Hillenbrand deferred stock shares that will be issued in replacement of the Original Hillenbrand deferred stock shares will be determined so as to preserve the value of the deferred stock shares held by such persons prior to the distribution. Notwithstanding the foregoing, we expect that if an employee or director has made an election to defer payment under a deferred stock share award, the deferred stock share award will be converted into deferred stock shares with respect to both Hill-Rom Holdings and New Hillenbrand common stock in the same ratio of Hill-Rom Holdings and New Hillenbrand common stock provided to shareholders pursuant to the distribution. As a result of the distribution, the deferred stock shares held by persons who are employees of us prior to the distribution, which includes all of the Named Executive Officers, will vest in their entirety upon the distribution, resulting in an acceleration of previously unrecognized compensation in the estimated amount of approximately \$4 million. For persons who are employees of Original Hillenbrand prior to the distribution and who will be employees of New Hillenbrand following the distribution, the deferred stock shares held by such persons are expected to be amended such that the transfer of employment to New Hillenbrand will not cause a forfeiture of the deferred stock shares and the New Hillenbrand deferred stock shares issued in replacement of the Original Hillenbrand deferred stock shares will vest on the same schedule as the replaced Original Hillenbrand deferred stock shares. For Original Hillenbrand directors who will stop serving as directors of Original Hillenbrand and will be directors of New Hillenbrand following the distribution, we expect that the deferred stock shares held by such persons will be amended to allow such persons to elect to receive the underlying common stock on the six-month anniversary of the date the director ceases to be a director of New Hillenbrand. With the exception of the acceleration of unrecognized compensation on New Hillenbrand deferred stock shares outlined above, none of the amended deferred stock shares will result in a compensation charge.

Effective as of the distribution, we expect that all Original Hillenbrand stock options held by persons who will be New Hillenbrand employees following the distribution, and by directors who will be directors of New Hillenbrand (but not Hill-Rom Holdings) following the distribution, will be replaced with New Hillenbrand stock options. The stock options held by persons who will be New Hillenbrand employees following the distribution will be amended to provide that the distribution will not constitute a termination of employment. We expect that the number of New Hillenbrand stock options that will be issued in replacement of the Original Hillenbrand stock options and the exercise prices for the New Hillenbrand stock options will be determined so as to preserve the value of the Original Hillenbrand stock options held by such persons prior to the distribution. For persons who are employees of Original Hillenbrand prior to the distribution and who will be employees of New Hillenbrand

following the distribution, we expect that the stock options held by such persons will be amended such that the transfer of employment to New Hillenbrand will not constitute a termination of employment. We expect that the New Hillenbrand stock options issued to employees in replacement of the Original Hillenbrand stock will vest on the same schedule and have the same expiration date as the replaced Original Hillenbrand stock options. For Original Hillenbrand directors who will stop serving as directors of Original Hillenbrand and will be directors of New Hillenbrand following the distribution, we expect that the stock options held by such persons will be amended to provide that such stock options will remain exercisable until the original expiration date of such stock options. The full impact of all amendments to stock options in conjunction with the distribution is fully outlined in the first paragraph of this section.

Effective as of the distribution, we expect that all Original Hillenbrand deferred stock shares and stock options held by (1) former Original Hillenbrand employees, (2) our former employees, and (3) directors of Original Hillenbrand who will be directors of both Hill-Rom Holdings and New Hillenbrand following the distribution will be converted into deferred stock shares and stock options with respect to both Hill-Rom Holdings and New Hillenbrand common stock in the same ratio of Hill-Rom Holdings and New Hillenbrand common stock provided to shareholders pursuant to the distribution.

The foregoing discussion relates to the adjustment of outstanding stock option and deferred stock share awards held by U.S. employees. We expect that such awards held by non-U.S. employees will be adjusted in the same manner, unless it is determined that such adjustment would result in adverse tax consequences under applicable non-U.S. tax laws, in which case such awards may be adjusted in an alternative manner that will, to the extent possible, mitigate or avoid such adverse tax consequences.

Stock Incentive Plan

Original Hillenbrand currently maintains a stock incentive plan under which the Original Hillenbrand options and restricted stock units described above have been issued. Following the distribution, we will have a new stock incentive plan substantially similar to Original Hillenbrand's. We expect our stock incentive plan to have the following principal terms:

Shares. The total number of shares of our common stock initially available for issuance under the plan will be 4,635,436. Shares awarded under the plan may be authorized but unissued shares or shares that have been issued and reacquired by us. The exercise of a stock appreciation right for cash or the payment of any award in cash shall not count against the plan's share limit. To the extent a stock option is surrendered for cash or terminates without having been exercised, an award terminates without the holder having received payment of the award, or shares awarded are forfeited, the shares subject to such award will be available for future awards under the plan. However, shares surrendered to us in payment of the option price or withheld by us to satisfy the award holder's tax liability with respect to an award will count against the share limit and will not be available for future issuance under the plan.

Administration. The plan will be administered with respect to awards to employees by either our full board of directors or a committee of the board, and with respect to awards to non-employee directors, by the full board. (The board or committee so acting is referred to in this description as the "Administrator.") The Administrator is authorized to, among other things, grant and set the terms of awards under the plan; amend such awards (which would permit repricing); waive compliance with the terms of such awards; interpret the terms and provisions of the plan and awards granted under it; adopt administrative rules and practices governing the plan; and make all factual and other determinations needed for administration of the plan. The terms of an award under the plan may vary from participant to participant.

Eligibility. Awards under the plan may be made by the Administrator, in its discretion, to all employees, officers, and directors of New Hillenbrand and of any entity which is more than 50% owned, directly or indirectly, by New Hillenbrand. Awards may also be made to prospective employees, officers, and directors, to become effective only upon their commencement of employment or service. Award recipients will be selected by the Administrator, in its sole discretion, from among those eligible. The maximum number of shares that may be subject to awards granted to an employee in any fiscal year is 200,000 shares of common stock with respect to the aggregate of stock options and stock appreciation rights, and an additional 100,000 shares with respect to the aggregate of restricted stock, deferred stock, and bonus stock awards.

Discretionary Awards. The plan authorizes the Administrator to grant awards to employees, including officers, and non-employee directors on such terms as it may determine in its sole discretion. Awards may be granted alone or in tandem with other types of awards under the plan. A summary of the types of awards available under the plan is set forth below.

- 1. Stock Options. Incentive stock options ("ISOs") and non-qualified stock options may be granted for such number of shares of common stock as the Administrator determines. A stock option will be exercisable and vest at such times, over such term and subject to such terms and conditions as the Administrator determines, at an exercise price determined by the Administrator, which may not be less than the fair market value of the common stock on the date the option is granted. (ISOs are subject to restrictions as to exercise period and price as required by the Internal Revenue Code and may be granted only to employees.) Payment of the exercise price may be made in such manner as the Administrator may provide, including cash, delivery of shares of common stock already owned or subject to award under the plan, "attestation" of common stock ownership, broker-assisted "cashless exercise," or any other manner determined by the Administrator. The Administrator may provide that the stock options will be transferable. Upon an optionee's termination of service, the option will be exercisable to the extent determined by the Administrator, either in the initial grant or an amendment thereto. The Administrator may provide that an option which is outstanding on the date of an optionee's death will remain outstanding for an additional period after the date of such death, notwithstanding that such option would have expired earlier under its terms.
- 2. Stock Appreciation Rights ("SARs"). Upon the exercise of an SAR, New Hillenbrand will pay to the holder in cash, common stock or a combination thereof (the method of payment to be at the discretion of the Administrator), an amount equal to the excess of the fair market value of the common stock on the exercise date over the fair market value of the common stock on the date of SAR grant, multiplied by the number of SARs being exercised. The Administrator may also grant "limited SARs" that will be exercisable only within the 60 days after a "Change in Control" of New Hillenbrand (as defined in the plan). The Administrator may provide that in the event of a Change in Control, SARs or limited SARs will be paid on the basis of the "Change in Control Price" (as defined in the plan).
- 3. Restricted Stock. Restricted stock is stock that has been issued, subject to forfeiture. In making an award of restricted stock, the Administrator will determine the periods, if any, during which the stock is subject to forfeiture, and the purchase price, if any, for the stock. The vesting of restricted stock (i.e., the point at which it becomes non-forfeitable) may be conditioned upon the completion of a specified period of service with New Hillenbrand or a subsidiary, the attainment of specific performance goals, or such other criteria as the Administrator may determine. During the restricted period, the award holder may not sell, transfer, pledge or assign the restricted stock, except as may be permitted by the Administrator. The certificate evidencing the restricted stock will be registered in the holder's name, although the Administrator may direct that it remain in the possession of New Hillenbrand until the restrictions have lapsed. Except as may otherwise be provided by the Administrator, upon the termination of the award holder's service for any reason during the period before the restricted stock has vested, or in the event the conditions to vesting are not satisfied, all restricted stock that has not vested will be subject to forfeiture and the Administrator may provide that any purchase price paid by the holder, or an amount equal to the restricted stock's fair market value on the date of forfeiture, if lower, shall be paid to the holder. During the restricted period, the holder will have the right to vote the restricted stock and to receive any cash dividends, if so provided by the Administrator. Stock dividends will be treated as additional shares of restricted stock and will be subject to the same terms and conditions as the initial grant, unless otherwise provided by the Administrator.
- 4. Deferred Stock. A deferred stock award represents New Hillenbrand's agreement to deliver shares of common stock (or their cash equivalent) at a specified future time. Such delivery may be conditioned upon the completion of a specified period of service, the attainment of specific performance goals or such other criteria as the Administrator may determine, or may provide for the unconditional delivery of shares (or their cash equivalent) on the specified date. In making an award of deferred stock the Administrator will determine the period during which receipt of the common stock will be deferred, and the period, if any, during which the award is subject to forfeiture, and may provide for the issuance of stock pursuant to the award without payment therefor. At the end of the deferral period, and assuming the satisfaction of any condition(s) to vesting of the award, the award will be settled in shares of common stock, cash equal to the fair market value of such stock, or a combination thereof, as provided by the Administrator. During the deferral period set by the Administrator, the award holder may not sell, transfer, pledge or

assign the deferred stock award. In the event of termination of service before the deferred stock award has vested, the award will be forfeited, except as may be provided by the Administrator. Deferred stock will carry no voting rights until such time as shares of common stock are actually issued. The Administrator has the right to determine whether and when dividend equivalents will be paid with respect to a deferred stock award.

5. Bonus Stock. A bonus stock award is a grant of stock to the recipient without payment of money, or the sale of stock at a discounted price. The Administrator may condition the award of bonus stock upon the attainment of specified performance objectives or upon such other criteria as the Administrator may determine. However, once the shares are issued, they are not subject to vesting conditions.

Performance Awards. The Administrator may designate any awards under the plan as "Performance Awards" which are intended to be granted and administered in a manner which would qualify as "performance-based compensation" for purposes of Section 162(m) of the Internal Revenue Code. Either the granting or vesting of a Performance Award will be subject to the achievement of performance objectives specified by the Administrator. The performance objectives specified for a particular award may be based on one or more of the following criteria, which the Administrator may apply to New Hillenbrand in its entirety and/or to a business unit, and which the Administrator may use either as an absolute measure, as a measure of improvement relative to prior performance, or as a measure of comparable performance relative to a peer group of companies: sales, operating profits, operating profits before taxes, operating profits before interest expense and taxes, net earnings, earnings per share, return on equity, return on assets, return on invested capital, total shareholder return, cash flow, debt to equity ratio, market share, stock price, economic value added, and market value added.

Although the Administrator generally has the power to amend awards and to waive conditions to the vesting of awards, this power may be exercised with respect to Performance Awards only to the extent that it would not cause the award to fail to qualify under Section 162(m).

Deferrals of Awards. The Administrator may permit an award recipient to elect to defer receipt of any award for a specified period or until a specified event, upon such terms as are determined by the Administrator.

Change in Control Provisions. If there is a Change in Control of New Hillenbrand, unless otherwise determined by the Administrator, all stock options and SARs which are not then exercisable will become fully exercisable and vested; the restrictions and vesting conditions applicable to restricted stock and deferred stock will lapse and such shares and awards will be deemed fully vested; and the Administrator, in its sole discretion, may accelerate the payment date of all restricted stock and deferred stock. Unless the Administrator provides otherwise, to the extent the cash payment of any award is based on the fair market value of common stock, such fair market value shall be the Change in Control Price. A "Change in Control" is expected to be defined in the plan in the same manner as in the Change in Control Agreements we will enter into with the Named Executive Officers. (See "— Compensation Discussion and Analysis — Retirement, Change in Control Agreements and Severance — Change in Control Agreements" above.) The "Change in Control Price" is generally the highest price per share paid for New Hillenbrand's common stock in the open market or paid or offered in any transaction related to a Change in Control at any time during the 90-day period ending with the Change in Control.

Amendment. The plan is of unlimited duration. The plan may be discontinued or amended by our Board of Directors, except that no amendment or discontinuation may adversely affect any outstanding award without the holder's written consent. Amendments may be made without shareholder approval except as required to satisfy stock exchange or regulatory requirements.

Adjustment. In the case of certain changes in New Hillenbrand's structure affecting the common stock, appropriate adjustments will be made by the Board in order to prevent dilution or enlargement of benefits, in the number of shares reserved under the plan, the number of shares as to which awards can be granted to any individual in any fiscal year, in the number and kind of shares or other property subject to awards then outstanding under the plan and, where applicable, the amount to be paid by the award holders or New Hillenbrand pursuant to awards under the plan. In addition, upon certain corporate transactions the Board will, in its discretion, (1) accelerate the vesting and/or payment date of awards, (2) cash-out outstanding awards, (3) provide for the assumption of outstanding awards by a surviving or transferee company, (4) provide that in lieu of shares of Company common stock, the award recipient will be entitled to receive the consideration he would have received for such shares in the

transaction (or the value of such consideration in cash), and/or (5) require stock options to be either exercised prior to the transaction or forfeited.

Compensation of Named Executive Officers

The following tables and notes set forth compensation information for the fiscal year ended September 30, 2007 for our Named Executive Officers. All of the information in the following tables reflects compensation earned by the individuals for services with Original Hillenbrand and its subsidiaries. All references in the following tables to stock and stock options relate to awards of stock and stock options granted by Original Hillenbrand. For a discussion of the treatment of these stock and stock option awards in connection with the distribution, see "— Compensation Discussion and Analysis — Equitable Adjustments to Outstanding Equity-Based Awards" above. The compensation information set forth below does not necessarily reflect the compensation the Named Executive Officers will receive following the distribution, which could be higher or lower, because historical compensation was determined or approved by Original Hillenbrand and future compensation levels will be determined based on the compensation policies, programs and procedures to be established by our Compensation Committee.

Summary Compensation Table For Fiscal Year Ending September 30, 2007

The following table summarizes the total compensation paid or earned by each of the Named Executive Officers for the fiscal year ended September 30, 2007. We have entered into employment agreements with each of the Named Executive Officers — see the "Employment Agreements" section of the Compensation Discussion and Analysis for further discussion. The Named Executive Officers were not entitled to receive payments that would be characterized as "Bonus" payments for the fiscal year ended September 30, 2007.

Total cash compensation, which includes salary and non-equity incentive plan compensation, is based on individual performance as well as the overall performance of Original Hillenbrand as described in the "Base Salary" and "Annual Cash Incentives" sections of the Compensation Discussion and Analysis. Generally, the emphasis that is placed on stock-based compensation increases as the level of responsibility of the individual employee increases.

(a) Name and Principal Position (as of September 30, 2007)	(b)	(c) Salary \$(1)	Bonus	(e) Stock Awards \$(2)	Options Awards \$(3)	(g) Non-Equity Incentive Plan Compensation \$(4)	and N Deferred	(h) n Pension Value onqualified Compensation arnings \$(5)	(i) All Other npensation \$(6)	(j) Total \$
Kenneth A. Camp President and Chief Executive Officer	2007	\$424,102	_	\$745,077	\$279,017	\$ 202,881	\$	338,345	\$ 42,210	\$2,031,632
Michael L. Dibease Vice President, Marketing	2007	\$295,964	_	\$132,859	\$ 55,670	\$ 59,432	\$	98,601	\$ 12,998	\$ 655,524
Douglas I. Kunkel Vice President, Global Supply Chain Management	2007	\$259,062	-	\$102,073	\$ 75,687	\$ 72,696	\$	25,169	\$ 12,008	\$ 546,695
John R. Zerkle Vice President, General Counsel and Secretary	2007	\$207,404	_	\$ 76,284	\$ 37,776	\$ 56,337	\$	22	\$ 14,550	\$ 392,373

⁽¹⁾ The amounts indicated represent the dollar value of base salary earned during fiscal year 2007.

⁽²⁾ The amounts indicated represent the aggregate dollar amount of compensation expense, excluding the reduction for risk of forfeiture, related to deferred stock share (otherwise known as restricted stock unit) and performance based deferred stock share awards granted and recognized in our financial statements during fiscal year 2007 and includes amounts from awards granted prior to 2007. The determination of this expense is based on the methodology set forth in Notes 1 and 9 to the Combined Financial Statements included elsewhere in this information statement.

⁽³⁾ The amounts indicated represent the aggregate dollar amount of compensation expense, excluding the reduction for risk of forfeiture, related to stock option awards granted and recognized in our financial statements during fiscal year 2007 and includes amounts from awards granted prior to 2007. The determination

- of this expense is based on the methodology set forth in Notes 1 and 9 to the Combined Financial Statements included elsewhere in this information statement
- (4) The amounts indicated represent cash awards earned for fiscal year 2007 and paid in fiscal year 2008 under Original Hillenbrand's STIC Plan. See "Annual Cash Incentives" section of the Compensation Discussion and Analysis.
- (5) Change in Pension Value and Nonqualified Deferred Compensation earned or allocated during the fiscal year ended September 30, 2007, is as

	Pre:	ge in Actuarial sent Value of cumulated ion Benefit(a)	No I Con	ove Market nqualified Deferred npensation Carnings	Total
Kenneth A. Camp(b)	\$	335,354	\$	2,991	\$338,345
Michael L. DiBease	\$	98,307	\$	294	\$ 98,601
Douglas I. Kunkel	\$	24,914	\$	255	\$ 25,169
John R. Zerkle	\$	22		_	\$ 22

- (a) See the Pension Benefits Table below for additional information, including present value assumptions used in this calculation.
- (b) The pension benefit for Kenneth A. Camp includes the effect of the supplemental benefits per agreement dated March 16, 2006 and more fully described in footnote 5 in the following Pension Benefits Table.
- (6) Consists of Original Hillenbrand provided contributions for the savings plan and the savings plan portion of the SERP. Also includes the incremental cost of professional services for tax preparation and financial planning services, and other personal benefits provided by Original Hillenbrand. All Other Compensation earned or allocated during the fiscal year ended September 30, 2007 is as follows:

	Company	Contribution	Financial Planning	Other Personal	
Name	401(K)	Supp 401(k)	Tax Preparation	Benefits	Total
Kenneth A. Camp	\$ 4,034	\$ 37,779	_	\$ 397	\$42,210
Michael L. DiBease	\$ 6,819	\$ 5,708	\$ 150	\$ 321	\$12,998
Douglas I. Kunkel	\$ 7,237	\$ 4,400	_	\$ 371	\$12,008
John R. Zerkle	\$14,096	_	\$ 310	\$ 144	\$14,550

Grants of Plan-Based Awards for Fiscal Year Ended September 30, 2007

The following table summarizes the grants of plan-based awards to each of the Named Executive Officers for the fiscal year ended September 30, 2007. All stock-based awards in fiscal year 2007 were granted under the Original Hillenbrand Stock Incentive Plan.

(a)	(b)	(c))	(d)	(e)	(f)	(g)	(h)	(i) All Other Stock Awards: Number of	(j) All Other	(k)		C=	(I) ant Date Fair
									Shares of	Option Awards:	F	Exercise or		due of Stock
				uture Payouts ncentive Plan A			l Future Pay centive Plan		Stock	Number of Securities	В	ase Price of	1	and Option
Name	Grant Date	Thres \$	hold	Target \$	Maximum \$	Threshold #	Target #	Maximum #	or Units #(3)	Underlying Options #(4)	Op	stion Awards \$/sh		Awards \$(5)
Kenneth A. Camp	11/30/2006 11/30/2006 4/5/2007	\$	0	\$ 318,077	\$ 636,154	0	7,700	7,700	4,000	20,000	\$	57.91	\$ \$ \$	286,948 231,640 468,584
Michael L. DiBease	11/30/2006 11/30/2006	\$	0	\$ 118,385	\$ 236,770				1,800	5,000	\$	57.91	\$ \$	71,736 104,238
Douglas I. Kunkel	11/30/2006 11/30/2006	\$	0	\$ 129,531	\$ 259,062				3,000	10,000	\$	57.91	\$ \$	143,473 173,730
John R. Zerkle	11/30/2006 11/30/2006	\$	0	\$ 82,962	\$ 165,924				1,300	5,000	\$	57.91	\$ \$	71,736 75,283

- (1) The amounts indicated represent potential cash awards that could be paid under Original Hillenbrand's STIC Program. Awards can range from 0% to 200% of the target amount. See "Annual Cash Incentives" section of the Compensation Discussion and Analysis for discussion of this program. See the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table above for the actual amounts earned, which were paid in December, 2007.
- (2) Performance based deferred stock share (otherwise known as restricted stock unit) awards were granted pursuant to Original Hillenbrand's Stock Incentive Plan for the fiscal year ended September 30, 2007. The vesting schedules, upon satisfying performance criteria, for incentive stock awards granted during the fiscal year 2007 are disclosed by individual in the footnotes in the following Outstanding Equity Awards table.
- (3) Deferred stock share (otherwise known as restricted stock unit) awards were granted pursuant to Original Hillenbrand's Stock Incentive Plan for the fiscal year ended September 30, 2007. Dividends paid on Original Hillenbrand common stock will be deemed to have been paid with regard to the deferred stock shares awarded and deemed to be reinvested in Original Hillenbrand common stock at the market value on the date of such dividend, and will be paid in additional shares on the vesting date of the underlying award. The vesting schedules for stock awards granted during the fiscal year 2007 are disclosed by individual in the footnotes in the following Outstanding Equity Awards table.
- (4) Options were granted pursuant to Original Hillenbrand's Stock Incentive Plan for the fiscal year ended September 30, 2007. The options expire in ten years from date of grant and will vest for exercise purposes in equal increments during the first three years of the option life. Stock awards and options are granted at the discretion of the Compensation Committee of Original Hillenbrand's Board of Directors.
- (5) The valuation of stock options, deferred stock shares and performance based deferred stock shares are based on the methodology set forth in Notes 1 and 9 to the Combined Financial Statements included elsewhere in this information statement.

Outstanding Equity Awards at September 30, 2007

The following table summarizes the number and terms of stock option, deferred stock share (otherwise known as restricted stock unit) and performance based deferred stock share awards outstanding for each of the Named Executive Officers as of September 30, 2007.

(a)	(b)	Options Awards (c)	(d)	(e)	(f)	(g)	Stock Awards (h)	i (i)	(j) Equity Incentive
Name	Number of Securities Underlying Unexercised Options # Exercisable	Number of Securities Underlying Unexercised Options # Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options #	Option Exercise Price \$	Option Expiration Date	Number of Shares or Units of Stock that have Not Vested # (8)	Market Value of Shares or Units of Stock that have Not Vested \$(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have Not Vested # (9)	Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have Not Vested \$(1)
Kenneth A. Camp	8,000			\$ 52.15625	1/18/2008				
	8,000			\$ 52.15625	1/18/2009				
	2,500			\$ 29.96875	8/23/2009				
	10,000			\$ 36.3125	1/17/2010				
	10,000			\$ 45.34375	1/15/2011				
	10,000			\$ 48.64	4/9/2011				
	15,000			\$ 50.11	11/9/2011				
	9,000			\$ 61.49	4/9/2012				
	20,000			\$ 47.49	12/4/2012				
	20,000			\$ 58.24	12/3/2013				
	24,000			\$ 55.58	12/15/2014				
	6,667	13,333(2)		\$ 48.955	11/30/2015				
		20,000(3)		\$ 57.910	11/30/2016				
						29,838(4)	\$ 1,641,687	7,700	\$ 423,654
Michael L. DiBease	4,000			\$ 52.15625	1/18/2008				
	20,000			\$ 57.09345	7/27/2008				
	10,000			52.15625	1/18/2009				
	10,000			\$ 36.3125	1/17/2010				
	10,000			\$ 45.34375	1/15/2011				
	8,000			\$ 50.11	11/9/2011				
	4,000			\$ 61.49	4/9/2012				
	8,000			\$ 47.49	12/4/2012				
	4,000			\$ 58.24	12/3/2013				
	5,000			\$ 55.58	12/15/2014				
	1,667	3,333(2)		\$ 48.955	11/30/2015				
		5,000(3)		\$ 57.910	11/30/2016				
						6,817(5)	\$ 375,071		
Douglas I. Kunkel	1,166			\$ 55.58	12/15/2014				
		6,000(2)		\$ 48.955	11/30/2015				
		10,000(3)		\$ 57.910	11/30/2016				
					404500	8,718(6)	\$ 479,664		
John R. Zerkle	1,333			\$ 55.58	12/15/2014				
		2,933(2)		\$ 48.955	11/30/2015				
		5,000(3)		\$ 57.910	11/30/2016	# 400/#			
						5,182(7)) \$ 285,114		

⁽¹⁾ Value is based on the closing price of Original Hillenbrand common stock of \$55.02 on September 28, 2007 (the last trading day of fiscal 2007) as reported on the New York Stock Exchange.

⁽²⁾ The options were granted on November 30, 2005. Remaining unexercisable options will vest 50% each on November 30, 2007 and 2008, respectively.

⁽³⁾ The options were granted on November 30, 2006. The options will vest 33 1/3% each on November 30, 2007, 2008 and 2009, respectively.

⁽⁴⁾ Kenneth A. Camp was awarded 4,000 deferred stock shares on November 30, 2006 which will vest 20%; 25%; 25%; and 30% on December 1, 2008; 2009; 2010; and 2011 respectively. Mr. Camp was also awarded 18,671

- deferred stock shares on March 16, 2006, which vested 15% on March 17, 2007 and which will vest 15%; 15%; and 55% on March 17, 2008; 2009; and 2010 respectively. Mr. Camp was also awarded 3,700 deferred stock shares on November 30, 2005, which will vest 20%; 25%; and 30% on December 1, 2007; 2008; 2009; and 2010 respectively. Mr. Camp was also awarded 3,600 deferred stock shares on December 15, 2004, which vested 20% on December 16, 2006 and which will vest 25%; 25%; and 30% on December 16, 2007; 2008; and 2009 respectively. Mr. Camp was also awarded 4,000 deferred stock shares on December 3, 2003, which vested 20% and 25% on December 4, 2005 and 2006 respectively; and will vest 25% and 30% on December 4, 2007 and 2008, respectively.
- (5) Michael L. DiBease was awarded 1,800 deferred stock shares on November 30, 2006 which will vest 20%; 25%; 25%; and 30% on December 1, 2008; 2009; 2010; and 2011 respectively. Mr. DiBease was also awarded 2,000 deferred stock shares on November 30, 2005, which will vest 20%; 25%; 25%; and 30% on December 1, 2007; 2008; 2009; and 2010 respectively. Mr. DiBease was also awarded 2,000 deferred stock shares on December 15, 2004, which vested 20% on December 16, 2006, and which will vest 25%; 25%; and 30% on December 16, 2007; 2008; and 2009 respectively. Mr. DiBease was also awarded 2,000 deferred stock shares on December 3, 2003, which vested 20% and 25% on December 4, 2005 and 2006 respectively; and will vest 25% and 30% on December 4, 2007 and 2008, respectively.
- (6) Douglas I. Kunkel was awarded 3,000 deferred stock shares on November 30, 2006 which will vest 20%; 25%; 25%; and 30% on December 1, 2008; 2009; 2010; and 2011 respectively. Mr. Kunkel was also awarded 2,800 deferred stock shares on November 30, 2005, which will vest 20%; 25%; 25%; and 30% on December 1, 2007; 2008; 2009; and 2010 respectively. Mr. Kunkel was also awarded 1,400 deferred stock shares on December 15, 2004, which vested 20% on December 16, 2006, and which will vest 25%; 25%; and 30% on December 16, 2007; 2008 and 2009 respectively. Mr. Kunkel was also awarded 2,600 deferred stock shares on December 3, 2003, which vested 20% and 25% on December 4, 2005 and 2006 respectively; and will vest 25% and 30% on December 4, 2007 and 2008.
- (7) John R. Zerkle was awarded 1,300 deferred stock shares on November 30, 2006 which will vest 20%; 25%; 25%; and 30% on December 1, 2008; 2009; 2010; and 2011 respectively. Mr. Zerkle was also awarded 1,150 deferred stock shares on November 30, 2005, which will vest 20%, 25%, 25% and 30% on December 1, 2007, 2008, 2009 and 2010, respectively. Mr. Zerkle was also awarded 2,000 deferred stock shares on December 15, 2004, which vested 20% on December 16, 2006, and which will vest 25%, 25% and 30% on December 16, 2007, 2008 and 2009, respectively. Mr. Zerkle was also awarded 1,600 deferred stock shares on December 3, 2003, which vested 20% and 25% on December 4, 2005 and 2006, respectively, and will vest 25% and 30% on December 4, 2007 and 2008, respectively.
- (8) Dividends paid on Original Hillenbrand common stock will be deemed to have been paid with regard to the deferred stock shares (otherwise known as restricted stock units) awarded and deemed to be reinvested in Original Hillenbrand common stock at the market value on the date of such dividend, and will be paid in additional shares on the vesting date of the underlying award. Generally, vesting is contingent upon continued employment. In the case of retirement, death or disability, vesting may be accelerated for options and deferred stock awards held over one year from issue date of award.
- (9) Performance based deferred stock shares (otherwise known as restricted stock units) were awarded on April 5, 2007 which will vest 20%; 20% and 60% on December 10, 2007; 2008 and 2009, respectively, if certain performance goals are met. Vesting is also contingent on continued employment, except in the case of retirement, death or disability for awards over one year from issue date of award.

Option Exercises and Stock Vested For Fiscal Year Ended September 30, 2007

The following table summarizes the number of stock option awards exercised and the value realized upon exercise during the fiscal year ended September 30, 2007 for the Named Executive Officers, as well as the number of stock awards vested and the value realized upon vesting.

(a)	(b)	(c)	(d)	(e)
	Option	s Awards	Stock	Awards
	Number of		Number of	
	Shares		Shares	
	Acquired on	Value Realized	Acquired on	Value Realized
	Exercise	on Exercise	Vesting	on Vesting
Name	#	\$ (1)	#	\$(2)
Kenneth A. Camp	2,000	\$ 33,195	5,093	\$ 297,278
Michael L. DiBease	2,000	\$ 31,083	1,264	\$ 74,192
Douglas I. Kunkel	31,334	\$ 500,400	984	\$ 57,852
John R. Zerkle	12,634	\$ 146,617	844	\$ 49,872

⁽¹⁾ Based upon the difference between the price of Original Hillenbrand common stock on the New York Stock Exchange at the time of exercise and the exercise price for the stock options exercised.

Pension Benefits at September 30, 2007

The following table quantifies the pension benefits expected to be paid from the Hillenbrand Industries, Inc. Pension Plan ("Pension Plan") and the Hillenbrand Industries, Inc. Supplemental Executive Retirement Plan ("SERP").

(a) Name	(b) Plan Name (1)(2)	(c) Number of Years Credited Service #(3)	(d) Present Value of Accumulated Benefit \$(4)	(e) Payments During Last Fiscal Year \$
Kenneth A. Camp(5)	Pension Plan	26	\$ 651,130	\$ 0
	SERP	27	\$ 1,637,236	\$ 0
Michael L. DiBease	Pension Plan	30	\$ 437,803	\$ 0
	SERP	30	\$ 413,451	\$ 0
Douglas I. Kunkel	Pension Plan	15	\$ 111,822	\$ 0
	SERP	15	\$ 53,358	\$ 0
John R. Zerkle(6)	Pension Plan	1	\$ 6,897	\$ 0

⁽¹⁾ The Pension Plan covers officers of Original Hillenbrand and other employees. Contributions to the Pension Plan by Original Hillenbrand are made on an actuarial basis, and no specific contributions are determined or set aside for any individual. Effective June 30, 2003, the Pension Plan was closed to new participants. Existing participants, effective January 1, 2004, were given the choice of remaining in the Pension Plan and to continue earning credited service or to freeze their accumulated benefit as of January 1, 2004 and to participate in an enhanced defined contribution savings plan. Benefits under the Pension Plan are not subject to deductions for Social Security or other offset amounts. Employees, including officers of Original Hillenbrand, who retire under the Pension Plan, receive fixed benefits calculated by means of a formula that takes into account the highest average annual calendar year eligible compensation earned over five consecutive years and the employee's years of service.

The Pension Plan permits participants with 5 or more years of credited service to retire as early as age 55 but with a reduction in the amount of their monthly benefit. The reduction is .25% for each month the actual retirement date precedes the participant's normal retirement date at age 65 up to a maximum of 30%.

⁽²⁾ Based upon the average of the high and low price of Original Hillenbrand common stock on the New York Stock Exchange on the date the stock awards vest or if the vesting date is a non-trading day, then the next trading day thereafter.

- (2) Original Hillenbrand maintains the Pension Plan portion of the SERP to provide additional retirement benefits to certain employees selected by the Compensation Committee or the Chief Executive Officer of Original Hillenbrand whose retirement benefits under the Pension Plan are reduced, curtailed or otherwise limited as a result of certain limitations under the Internal Revenue Code. The additional retirement benefits provided by the SERP are for certain Pension Plan participants chosen by the Compensation Committee, in an amount equal to the benefits under the Pension Plan which are so reduced, curtailed or limited by reason of the application of such limitation. "Compensation" under the SERP means the corresponding definition of compensation under the Pension Plan plus a percentage of a participant's eligible compensation as determined under Original Hillenbrand's Short-Term Incentive Compensation Program. The retirement benefit to be paid under the SERP is from the general assets of Original Hillenbrand, and such benefits are generally payable at the time and in the manner benefits are payable under the Pension Plan.
- (3) This column represents the years of service as of September 30, 2007.
- (4) This column represents the total discounted value of the monthly single life annuity benefit earned as of September 30, 2007 assuming the executive leaves Original Hillenbrand at this date and retires at age 65. The present value is not the monthly or annual lifetime benefit that would be paid to the executive. The present values are based on a 6.5 percent discount rate at September 30, 2007. The present values assume no pre-retirement mortality and utilize the 2007 Current Liability Blended Mortality Table projected to 2014 within the general RP2000CH mortality tables
- (5) On March 16, 2006, Original Hillenbrand agreed to provide supplemental benefits to Mr. Camp under the SERP. The agreement provides that if Mr. Camp remains employed by Original Hillenbrand or us for the entire four-year period beginning on March 16, 2006 and his employment is not thereafter terminated for "cause" (as defined in the employment agreement between us and Mr. Camp), then for benefit calculation purposes under the SERP, Mr. Camp will be credited with an additional four years of service earned under the Pension Plan portion of the SERP (in addition to the years of service Mr. Camp otherwise would earn under the SERP during such period). Also under this agreement, if during the four-year period beginning March 16, 2006:
 - (i) Mr. Camp's employment with Original Hillenbrand or us is terminated after March 16, 2007 due to disability or death,
 - (ii) Mr. Camp's employment with Original Hillenbrand or us is terminated after March 16, 2007 without "cause" (as defined in Mr. Camp's employment agreement) or by Mr. Camp for "good reason" (as defined in Mr. Camp's employment agreement),
 - (iii) a "change in control" (as defined in the SERP) of Original Hillenbrand occurs, or
 - (iv) a sale, transfer or disposition of substantially all of our assets or capital stock occurs,

then Mr. Camp will be credited with one additional year of service under the Pension Plan portion of the SERP for each full year worked during the four-year period beginning March 16, 2006 (in addition to the years of service Mr. Camp otherwise would earn under the SERP during such period).

(6) Mr. Zerkle has one year credited service in the Pension Plan, in which his accumulated benefit was frozen as of January 1, 2004. Mr. Zerkle participates in the Savings Plan and has accumulated five years of vested service in the Savings Plan.

Nonqualified Deferred Compensation for Fiscal Year Ending September 30, 2007

(a) Name	(b) Executive Contributions in Last Fiscal Year S	(c) Registrant Contributions in Last Fiscal Year \$(1)	(d) Aggregate Earnings in Last Fiscal Year \$(2)	(e) Aggregate Withdrawals/ Distributions S	(f) Aggregate Balance at Last Fiscal Year End \$
Kenneth A. Camp	None	\$ 37,779	\$ 10,578	None	\$154,286
Michael L. DiBease	None	\$ 5,708	\$ 1,061	None	\$ 16,488
Douglas I. Kunkel	None	\$ 4,400	\$ 916	None	\$ 13,944
John R. Zerkle	None	None	None	None	None

- (1) Original Hillenbrand maintains the Savings Plan portion of the SERP to provide additional retirement benefits to certain employees selected by the Compensation Committee or the Chief Executive Officer of Original Hillenbrand whose retirement benefits under the Savings Plan are reduced, curtailed or otherwise limited as a result of certain limitations under the Internal Revenue Code. The additional retirement benefits provided by the SERP are for certain Savings Plan participants chosen by the Compensation Committee, in an amount equal to the benefits under the Savings Plan which are so reduced, curtailed or limited by reason of the application of such limitation. Additionally, certain participants in the SERP who are selected by the Compensation Committee may annually accrue an additional benefit of a certain percentage of such participants' Compensation (as defined below) for such year (the current percentage is three), and the amount of the retirement benefit shall equal the sum of such annual accruals plus additional earnings based on the monthly prime rate in effect from time to time or at other rates determined by the Compensation Committee. "Compensation" under the SERP means the corresponding definition of compensation under the Savings Plan plus a percentage of a participant's eligible compensation as determined under Original Hillenbrand's Short-Term Incentive Compensation Program. Amounts reported here are also reported as Supplemental 401(k) and Supplemental Retirement in the Summary Compensation Table under the column entitled "All Other Compensation" and further disclosed in Footnote 6 thereto. A lump sum cash payment is available to the participant within one year of retirement or termination of employment. In the alternative a participant may defer receipt by electing a stream of equal annual payments for up to 15 years. Under the Hillenbrand Industries, Inc. Executive Deferred Compensation Program ("Deferred Compensation Program") certain executives of Original Hillenbrand who are chosen by the Compensation Committee may elect to defer all or a portion of their base salary compensation, payments under the Short-Term Incentive Compensation Program and certain other benefits to be paid in years later than when such amounts are due. All or a portion of short term incentive compensation may be deferred by the executive and invested either in cash, which will bear interest at a prime rate in effect from time to time or at other rates determined by the Compensation Committee, or common stock to be paid at the end of the deferral period. As of September 30, 2007 none of the Named Executive Officers are participating or have balances in the Deferred Compensation
- (2) The above-market or preferential earnings portion of these amounts are reported in the Summary Compensation Table under the column entitled "Change in Pension Value and Nonqualified Deferred Compensation Earnings" and further disclosed in Footnote 5 thereto.

Potential Payments Upon Terminations

The following tables present the benefits that would be received by each of the Named Executive Officers in the event of a hypothetical termination as of September 30, 2007. For information regarding definitions of termination events included in the employment agreements, see "Compensation Discussion and Analysis — Employment Agreements" above.

Kenneth A. Camp

Event	ary & Other sh Payments	v	ccelerated esting of ck Options	Accelerated Vesting of tock Awards	of l	ntinuance Health & are Benefits	Total
Permanent Disability	\$ 1,001,068	\$	80,865	\$ 1,417,315	\$	11,262	\$2,510,510
Death	\$ 851,185	\$	80,865	\$ 1,417,315	\$	3,728	\$2,353,093
Termination without Cause	\$ 947,123		_	_	\$	15,594	\$ 962,717
Resignation with Good Reason	\$ 947,123		_	_	\$	15,594	\$ 962,717
Termination for Cause	\$ 33,108		_	_		_	\$ 33,108
Resignation without Good Reason	\$ 33,108		_	_		_	\$ 33,108
Retirement	\$ 351,185	\$	80,865	\$ 1,417,315	\$	7,302	\$1,856,667

Also see the table regarding Mr. Camp's potential benefits on a change of control above under "— Compensation Discussion and Analysis — Retirement, Change in Control Agreements and Severance — Change in Control Agreements."

Michael L. DiBease

Event	ary & Other sh Payments	•	ccelerated Vesting of ock Options	V	ccelerated Vesting of ock Awards	Continuance of Health & elfare Benefits	 Total
Permanent Disability	\$ 1,710,473	\$	20,215	\$	274,055	\$ 13,702	\$ 2,018,445
Death	\$ 647,689	\$	20,215	\$	274,055	_	\$ 941,959
Termination without Cause	\$ 291,456		_		_	\$ 6,851	\$ 298,307
Resignation with Good Reason	\$ 291,456		_		_	\$ 6,851	\$ 298,307
Termination for Cause	\$ 23,076		_		_	_	\$ 23,076
Resignation without Good Reason	\$ 23,076		_		_	_	\$ 23,076
Retirement	\$ 141,461		_		_	_	\$ 141,461
Change in Control	\$ 291,456	\$	20,215	\$	375,071	\$ 6,851	\$ 693,593

Douglas I. Kunkel

Event	ry & Other h Payments	V	celerated esting of ck Options	V	ccelerated esting of ck Awards	,	Continuance of Health & Velfare Benefits	Total	
Permanent Disability	\$ 2,288,642	\$	36,390	\$	311,358	\$	604	\$ 2,636,994	
Death	\$ 645,397	\$	36,390	\$	311,358		_	\$ 993,145	
Termination without Cause	\$ 282,896		_		_	\$	302	\$ 283,198	
Resignation with Good Reason	\$ 282,896		_		_	\$	302	\$ 283,198	
Termination for Cause	\$ 15,865		_		_		_	\$ 15,865	
Resignation without Good Reason	\$ 15,865		_		_		_	\$ 15,865	
Retirement	\$ 145,396		_		_		_	\$ 145,396	
Change in Control	\$ 282,896	\$	36,390	\$	479,664	\$	302	\$ 799,252	

John R. Zerkle

Event	lary & Other	,	Accelerated Vesting of ock Options	,	ccelerated Vesting of ock Awards	Continuance of Health & elfare Benefits	Total
Permanent Disability	\$ 1,258,995	\$	17,789	\$	212,157	\$ 12,276	\$ 1,501,217
Death	\$ 515,372	\$	17,789	\$	212,157	_	\$ 745,318
Termination without Cause	\$ 195,538		_		_	\$ 6,138	\$ 201,676
Resignation with Good Reason	\$ 195,538		_		_	\$ 6,138	\$ 201,676
Termination for Cause	\$ 8,041		_		_	_	\$ 8,041
Resignation without Good Reason	\$ 8,041		_		_	_	\$ 8,041
Retirement	\$ 91,003		_		_	_	\$ 91,003
Change in Control	\$ 195,538	\$	17,789	\$	285,114	\$ 6.138	\$ 504,579

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Prior to the distribution, all of the outstanding shares of our common stock are and will be owned beneficially and of record by Original Hillenbrand, and, therefore, none of our officers, directors or director nominees own any of our common stock. The following table sets forth information with respect to the projected beneficial ownership of our outstanding common stock immediately following completion of the distribution by:

- · each person who is known by us to be the beneficial owner of more than five percent of Original Hillenbrand's common stock;
- each person expected to be a director and the Named Executive Officers; and
- · all of our expected directors and our executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock underlying options, warrants and convertible securities that will be exercisable or convertible within 60 days into shares of Original Hillenbrand common stock are deemed to be outstanding and to be beneficially owned by the person holding the options, warrants or convertible securities for the purpose of computing the percentage ownership of the person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

To the extent our directors and executive officers own shares of Original Hillenbrand common stock at the time of the distribution, they will participate in the distribution on the same terms as other holders of Original Hillenbrand common stock. In addition, following the distribution, certain Original Hillenbrand stock-based awards held by these individuals will be converted to our stock-based awards. For additional information on the conversion of these stock-based awards, please see "Management — Equitable Adjustments to Outstanding Equity-Based Awards."

The information below is based on the number of shares of Original Hillenbrand common stock beneficially owned by each person or entity as of December 17, 2007.

The share amounts in the table, other than those representing Original Hillenbrand stock-based awards that are to be cancelled and replaced by New Hillenbrand options or restricted stock units following the distribution, reflect the expected distribution ratio of one share of our common stock for every share of Original Hillenbrand common stock held by the listed person or entity. The percentage ownership of our common stock of each listed person or entity immediately following the distribution will be approximately the same as the percentage ownership of such person or entity immediately prior to the distribution and is calculated based on the number of shares of Original Hillenbrand common stock outstanding as of December 17, 2007.

Except as otherwise noted in the footnotes below, the individual director or executive officer or their family members had sole voting and investment power with respect to such securities. None of the shares beneficially owned by our directors, nominees for director and executive officers are pledged as security. The address of each individual named below is c/o New Hillenbrand, One Batesville Boulevard, Batesville, Indiana 47006. Upon completion of the distribution, we expect that we will have issued and outstanding an aggregate of approximately 62.1 million shares of our common stock based upon the shares of Original Hillenbrand common stock outstanding on December 17, 2007 and the distribution ratio of one share of our common stock for each share of Original Hillenbrand common stock outstanding.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
Directors and Executive Officers:		
Ray J. Hillenbrand	480,144(1)	*
Kenneth A. Camp	200,045(2)	*
John R. Zerkle	12,435(3)	*
Michael L. DiBease	113,801(4)	*
Douglas I. Kunkel	20,635(5)	*
W August Hillenbrand	2,369,351(6)	3.8%
Eduardo R. Menascé	5,598(7)	*
All directors and executive officers as a group (10 persons)	3,252,901(8)	5.2%
Other 5% Shareholders:		
Franklin Mutual Advisers, LLC	3,232,488(9)	5.2%
101 John F. Kennedy Parkway Short Hills,		
New Jersey 070708		
Franklin Resources, Inc.	3,586,514(10)	5.8%
One Franklin Parkway		
San Mateo, California 94493-1906		
Bank of America Corporation	3,658,584(11)	5.9%
100 North Tryon Street, Floor 25		
Bank of America Corporate Center		
Charlotte, North Carolina 28255		
FMR LLC	3,688,174(12)	5.9%
82 Devonshire Street		
Boston, Massachusetts 02109		

- * Less than 1% of the total shares outstanding.
- (1) Includes 11,322 deferred stock shares (otherwise known as restricted stock units) held on the books and records of Original Hillenbrand. Includes 128,975 shares held of record by a charitable foundation, of which Ray J. Hillenbrand is a trustee; and 222,854 shares held of record by family partnerships for the benefit of other members of his immediate family. Mr. Hillenbrand disclaims beneficial ownership of these shares. 44,916 of the shares beneficially owned by Mr. Hillenbrand are pledged as security.
- (2) Includes (i) 148,501 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 17, 2007, (ii) 31,023 deferred stock shares (otherwise known as restricted stock units) held on the books and records of Original Hillenbrand and (iii) 7,700 shares of performance based deferred stock shares (otherwise known as restricted stock units) held on the books and records of Original Hillenbrand.
- (3) Includes (i) 4,467 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 17, 2007 and (ii) 5,975 shares of deferred stock shares (otherwise known as restricted stock units) held on the books and records of Original Hillenbrand.
- (4) Includes (i) 88,001 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 17, 2007 and (ii) 6,325 shares of deferred stock shares (otherwise known as restricted stock units) held on the books and records of Original Hillenbrand.
- (5) Includes (i) 7,500 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 17, 2007 and (ii) 10,056 shares of deferred stock shares (otherwise known as restricted stock units) held on the books and records of Original Hillenbrand.
- (6) Includes (i) 132,000 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 17, 2007 and (ii) 7,109 deferred stock shares (otherwise known as restricted stock units) held on the books and records of Original Hillenbrand. Also includes 202,978 shares owned beneficially by W August Hillenbrand's wife, Nancy K. Hillenbrand; 193,476 shares owned by grantor retained annuity trusts (GRATs);

- 1,433,927 shares owned of record, or which may be acquired within sixty days, by trusts of which W August Hillenbrand is trustee or co-trustee; and 71,771 shares held by a limited liability company. Mr. Hillenbrand disclaims beneficial ownership of these shares.
- (7) Represents deferred stock shares (otherwise known as restricted stock units) held on the books and records of Original Hillenbrand.
- (8) Includes (i) 414,137 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 17, 2007, (ii) 97,305 shares of vested deferred stock or deferred stock shares (otherwise known as restricted stock units) held on the books and records of Original Hillenbrand and (iii) 7,700 shares of performance based deferred stock shares (otherwise known as restricted stock units) held on the books and records of Original Hillenbrand.
- (9) This information is based solely on an Amendment No. 1 to Schedule 13D filed by Franklin Mutual Advisers, LLC with the Securities and Exchange Commission on November 21, 2006.
- (10) This information is based solely on an Amendment No. 2 to Schedule 13G filed by Franklin Resources, Inc. with the Securities and Exchange Commission on February 4, 2008. The Schedule 13G also was filed with respect to all or a portion of such shares by Charles B. Johnson and Rupert H. Johnson, Jr., with the same address as Franklin Resources, Inc., with respect to all of such shares of Original Hillenbrand common stock, and by Franklin Advisory Services, LLC, One Parker Plaza, 9th Floor, Fort Lee, NJ 07024.
- (11) This information is based solely on a Schedule 13G filed by Bank of America Corporation with the Securities and Exchange Commission on February 7, 2008. The Schedule 13G also was filed with respect to all or a portion of such shares by NB Holdings Corporation, Bank of America N.A., United States Trust Company, N.A., Banc of America Securities Holdings Corporation, Banc of America Securities LLC, Columbia Management Group, LLC, Columbia Management Advisors, LLC and Banc of America Investment Advisors, Inc, with the same address as Bank of America Corporation.
- (12) This information is based solely on a Schedule 13G filed by FMR LLC with the Securities and Exchange Commission on February 14, 2008.

TRANSACTIONS WITH RELATED PERSONS

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

During 2000, W August Hillenbrand, a director, and Original Hillenbrand entered into an agreement relating to Mr. Hillenbrand's retirement as Chief Executive Officer of Original Hillenbrand on December 2, 2000. Under that agreement, Mr. Hillenbrand agreed to render consulting services to, and refrain from competing with, Original Hillenbrand, as well as Batesville Casket, through September 18, 2005. For these services, Mr. Hillenbrand received a consulting fee of \$872,800 in the fiscal year ended September 30, 2005. Also under the agreement, Mr. Hillenbrand is entitled to receive a package of benefits from Original Hillenbrand, including payment of life and health insurance premiums which are grossed up for tax purposes, reimbursement of medical expenses not covered by insurance, an office, a secretary, reimbursement of miscellaneous expenses, supplemental pension fund benefit payments and limited use of Original Hillenbrand's corporate aircraft for personal purposes on the same basis as Original Hillenbrand's Chief Executive Officer. During the fiscal years ended September 30, 2005, 2006 and 2007, these benefits aggregated approximately \$582,700, \$816,745 and \$905,277, respectively. Additionally, during fiscal years 2005, 2006 and 2007, Original Hillenbrand paid \$58,100, \$21,695 and \$25,770, respectively, for legal and security measures to address certain security threats to Mr. Hillenbrand and Original Hillenbrand. These arrangements between Original Hillenbrand and W August Hillenbrand will be assigned to and assumed by New Hillenbrand in connection with the distribution.

In 2003, Batesville Casket entered into a contract with Nambé Mills, Inc. pursuant to which Batesville Casket purchases urn products from Nambé Mills. Purchases during the fiscal years ended September 30, 2005, 2006 and 2007 were approximately \$321,000, \$305,000 and \$225,000, respectively, and purchases during fiscal 2008 are projected to total approximately \$204,000. John A. Hillenbrand II, a director of Original Hillenbrand until February 8, 2008, serves as Chairman Emeritus of Nambé Mills. Mr. Hillenbrand's children own substantially all of the equity of Nambé Mills. We believe these purchases were, and will continue to be made, on terms similar to those Batesville Casket could obtain from an unrelated third party for these products.

See also "Arrangements between Original Hillenbrand and New Hillenbrand."

DESCRIPTION OF NEW HILLENBRAND CAPITAL STOCK

The following summary of our capital stock is subject in all respects to the applicable provisions of the Indiana Business Corporation Law, or IBCL, our amended and restated articles of incorporation, referred to herein as our "articles of incorporation," and our amended and restated code of bylaws, referred to herein as our "by-laws," that we expect to be in place at the time of the distribution.

General

The total number of authorized shares of capital stock of New Hillenbrand will consist of 199,000,000 shares of common stock, without par value, and 1,000,000 shares of preferred stock, without par value.

Common Stock

The holders of our common stock are entitled to one vote per share. Directors are elected by a plurality of the votes cast by shares entitled to vote. Other matters to be voted on by our shareholders will be approved if the votes cast favoring the matter exceed the votes cast opposing the matter at a meeting at which a quorum is present, subject to any voting rights granted to holders of any outstanding shares of preferred stock, except as provided below. Approval of a merger, a share exchange, a sale of all or substantially all of our property outside the usual and regular course of business or a dissolution must be approved by a majority of all votes entitled to be cast by the holders of common stock, voting together as a single voting group. Holders of our common stock will not have the right to cumulate votes in elections of directors.

In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to their proportionate share of any assets in accordance with each holder's holdings remaining after payment of liabilities and any amounts due to other claimants, including the holders of any outstanding shares of preferred stock. Holders of our common stock have no preemptive rights and no right to convert or exchange their common stock into any other securities. No redemption or sinking fund provisions will apply to our common stock. All outstanding shares of common stock are, and all shares of common stock to be outstanding upon completion of the distribution will be, fully paid and non-assessable.

Holders of common stock will share equally on a per share basis in any dividend declared by our Board of Directors, subject to any preferential rights of holders of any outstanding shares of preferred stock.

Preferred Stock

Our articles of incorporation authorize our Board of Directors, without shareholder approval, to issue up to 1,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions granted to or imposed upon the preferred stock, including voting rights, dividend rights, conversion rights, terms of redemption, liquidation preference, sinking fund terms, subscription rights and the number of shares constituting any series or the designation of a series. Our Board of Directors can issue preferred stock with voting and conversion rights that could adversely affect the voting power of the holders of common stock, without shareholder approval. No shares of preferred stock are currently outstanding and we have no present plan to issue any shares of preferred stock.

Business Combinations

Chapter 43 of the IBCL restricts business combinations with interested shareholders. It prohibits certain business combinations, including mergers, sales of assets, recapitalizations, and reverse stock splits, between certain corporations having 100 or more shareholders that also have a class of voting shares registered with the SEC under Section 12 of the Securities Exchange Act of 1934 (which includes us) and an interested shareholder, defined as the beneficial owner of 10% or more of the voting power of the outstanding voting shares of that corporation or an affiliate or associate of the corporation which beneficially owned at any time during the preceding five years 10% or more of such voting power, for five years following the date the shareholder acquired such 10% beneficial ownership, unless the acquisition or the business combination was approved by the Board of Directors in advance of that date. If the combination was not previously approved, the interested shareholder may effect a combination after

the five-year period only if the shareholder receives approval from a majority of the disinterested shares or the offer meets certain fair price criteria. A corporation may elect to opt out of these provisions in an amendment to its articles of incorporation approved by a majority of the disinterested shares. Such an amendment, however, would not become effective for eighteen months after its passage and would apply only to stock acquisitions occurring after its effective date. The amendment would not apply to any business combination with an interested shareholder whose share acquisition date occurred on or before the effective date of the amendment. Our articles of incorporation do not elect to opt out of these provisions.

Chapter 42 of the IBCL includes provisions designed to protect minority shareholders in the event that a person acquires, pursuant to a tender offer or otherwise, shares giving it more than 20%, more than 331/3%, or more than 50% of the outstanding voting power (which we refer to as "control shares") of an "issuing public corporation." Unless the issuing public corporation's articles of incorporation or by-laws provide that Chapter 42 does not apply to control share acquisitions of shares of the corporation before the control share acquisition, an acquirer who purchases control shares cannot vote the control shares until each class or series of shares entitled to vote separately on the proposal, by a majority of all votes entitled to be cast by that group (excluding the control shares and any shares held by officers of the corporation and employees of the corporation who are directors thereof), approve in a special or annual meeting the rights of the acquirer to vote the control shares. Unless otherwise provided in a corporation's articles of incorporation or by-laws before a control share acquisition has occurred, in the event that control shares acquired in a control share acquisition are accorded full voting rights and the acquiring person acquires control shares with a majority or more of all voting power, all shareholders of the issuing public corporation have dissenters' rights to receive the fair value of their shares.

"Issuing public corporation" means a corporation which is organized in Indiana, has 100 or more shareholders, its principal place of business, its principal office or substantial assets within Indiana and one of the following:

- more than 10% of its shareholders resident in Indiana:
- · more than 10% of its shares owned by Indiana residents; or
- 10,000 shareholders resident in Indiana.

An issuing public corporation may elect not to be covered by the statute by so providing in its articles of incorporation or by-laws. Neither our articles of incorporation nor our by-laws elect to opt out of these provisions.

We anticipate that the provisions of Chapters 42 and 43 of the IBCL may encourage companies interested in acquiring us to negotiate in advance with our Board of Directors.

Classified Board of Directors

Our articles of incorporation provide for our Board to be divided into three classes of directors, as nearly equal in number as possible, serving staggered terms. Approximately one-third of our Board will be elected each year. Under our articles of incorporation, our directors can be removed only for cause and only upon the affirmative vote of the holders of at least two-thirds of the voting power of all shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class. The provisions for our classified Board and certain other Board of Director matters may be amended, altered or repealed only upon the affirmative vote of the holders of at least two-thirds of the voting power of all shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class.

The provision for a classified board could prevent a party that acquires control of a majority of the outstanding voting stock from obtaining control of our Board until the second annual shareholders meeting following the date the acquiror obtains the controlling stock interest. The classified board provision could have the effect of discouraging a potential acquiror from making a tender offer for our shares or otherwise attempting to obtain control of us and could increase the likelihood that our incumbent directors will retain their positions.

We believe that a classified board will help to assure the continuity and stability of our Board and our business strategies and policies as determined by our Board, because a majority of the directors at any given time will have prior experience on our Board. The classified board provision should also help to ensure that our Board, if confronted with an unsolicited proposal from a third party that has acquired a block of our voting stock, will have

sufficient time to review the proposal and appropriate alternatives and to seek the best available result for all shareholders.

We expect that Class I directors will have an initial term expiring in 2009, Class II directors will have an initial term expiring in 2010 and Class III directors will have an initial term expiring in 2011. After the distribution, we expect our Board will consist of nine directors.

After the initial term of each class, our directors will serve three-year terms. At each annual meeting of shareholders, a class of directors will be elected for a three-year term to succeed the directors of the same class whose terms are then expiring.

Our articles of incorporation further provide that vacancies or newly created directorships in our Board may only be filled by the vote of a majority of the directors then in office, and any director so chosen will hold office until the next annual meeting of shareholders.

At any annual or special meeting of directors, our by-laws require the presence of a majority of the duly elected and qualified members then occupying office as a quorum. However, our articles of incorporation provide for a quorum of 1/3 of such members unless the by-laws otherwise specify.

Shareholder Action; Special Meetings

Our articles of incorporation provide that shareholder action only can be taken at an annual or special meeting of shareholders except that shareholder action by written consent can be taken if the consent is signed by all the holders of our issued and outstanding capital stock entitled to vote thereon. Our by-laws provide that special meetings of the shareholders can only be called by our Board of Directors, our President or shareholders holding not less than one-fourth of the outstanding shares of our common stock.

Quorum at Shareholder Meetings

The holders of a majority of the shares entitled to vote at any meeting of the shareholders, present in person or by proxy, shall constitute a quorum at all shareholder meetings.

Shareholder Proposals

At any meeting of shareholders, only business that is properly brought before the meeting will be conducted. To be properly brought before a meeting of shareholders, business must be specified in the notice of the meeting, brought before the meeting by or at the direction of the Board of Directors, the Chairman of the Board or the Chief Executive Officer or properly brought before the meeting by a shareholder.

For business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary at our principal place of business. To be timely, a shareholder's notice must be delivered to or mailed and received by our Secretary not later than 100 days prior to the anniversary of the date of the immediately preceding annual meeting which was specified in the initial formal notice of such meeting (but if the date of the forthcoming annual meeting is more than 30 days after such anniversary date, such written notice will also be timely if received by the Secretary by the later of 100 days prior to the forthcoming meeting date and the close of business 10 days following the date on which we first make public disclosure of the meeting date). For 2009 only, the anniversary of the preceding annual meeting is deemed to be February 8, 2009.

A shareholder's notice must set forth, as to each matter the shareholder proposes to bring before the meeting:

- · a brief description of the business desired to be brought before the meeting;
- · the name and address of such shareholder;
- the class and number of shares that are owned beneficially by the shareholder proposing the business; and
- · any interest of the shareholder in such business.

Similarly, at a special meeting of shareholders, only such business as is properly brought before the meeting will be conducted or considered. To be properly brought before a special meeting, business must be specified in the notice of the meeting (or any supplement to that notice) or brought before the meeting by or at the direction of the Board of Directors, Chairman of our Board or our Chief Executive Officer.

Nomination of Candidates for Election to Our Board

Our by-laws provide that nominations of persons for election to our Board of Directors may be made at any meeting of shareholders by or at the direction of the Board of Directors or by any shareholder entitled to vote for the election of members of the Board of Directors at the meeting. For nominations to be made by a shareholder, the shareholder must have given timely notice thereof in writing to our Secretary and any nominee must satisfy the qualifications established by the Board of Directors from time to time as contained in the proxy statement for our immediately preceding annual meeting or posted on our website. To be timely, a shareholder's nomination must be delivered to or mailed and received by the Secretary not later than (1) in the case of the annual meeting, 100 days prior to the anniversary of the date of the immediately preceding annual meeting which was specified in the initial formal notice of such meeting (but if the date of the forthcoming annual meeting is more than 30 days after such anniversary date, such written notice will also be timely if received by the Secretary by the later of 100 days prior to the forthcoming meeting date and the close of business 10 days following the date on which we first make public disclosure of the meeting date) and (ii) in the case of a special meeting, the close of business on the tenth day following the date on which we first make public disclosure of the meeting date. For 2009 only, the anniversary of the preceding annual meeting is deemed to be February 8, 2009.

The notice given by a shareholder must set forth:

- the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated;
- a representation that the shareholder is a holder of record, setting forth the shares so held, and intends to appear in person or by proxy as a holder
 of record at the meeting to nominate the person or persons specified in the notice;
- a description of all arrangements or understandings between such shareholder and each nominee proposed by the shareholder and any other person or persons (identifying such person or persons) pursuant to which the nomination or nominations are to be made by the shareholders;
- such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC;
- · the consent in writing of each nominee to serve as a director if so elected, and
- a description of the qualifications of such nominee to serve as a director.

Amendment of By-laws

Our by-laws may be amended, altered or repealed only by our Board of Directors by affirmative vote of a majority of directors present at the meeting.

Amendment of the Articles of Incorporation

Except as otherwise specified above, any proposal to amend, alter, change or repeal any provision of our articles of incorporation, except as may be provided in the terms of any preferred stock, requires approval by our Board of Directors and our shareholders. In general, such a proposal would be approved by our shareholders if the votes cast favoring the proposal exceed the votes cast opposing the proposal at a meeting at which a quorum is present.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Investors Services.

NYSE Listing

We have filed an application to list our shares of common stock on the New York Stock Exchange. We expect that our shares will trade under the symbol "HI."

Limitation on Liability of Directors and Indemnification of Directors and Officers

Chapter 37 of the IBCL authorizes every Indiana corporation to indemnify its officers and directors under certain circumstances against liability incurred in connection with proceedings to which the officers or directors are made a party by reason of their relationship to the corporation. Officers and directors may be indemnified where they have acted in good faith; in the case of official action, the conduct was in the corporation's best interests and in all other cases, the action taken was not against the interests of the corporation; and in the case of criminal proceedings the action was lawful or there was no reason or cause to believe the action was unlawful. Chapter 37 also requires every Indiana corporation to indemnify any of its officers or directors (unless limited by the articles of incorporation of the corporation) who were wholly successful, on the merits or otherwise, in the defense of any such proceeding against reasonable expenses incurred in connection with the proceeding. A corporation may also, under certain circumstances, pay for or reimburse the reasonable expenses incurred by an officer or director who is a party to a proceeding in advance of final disposition of the proceeding. Chapter 37 states that the indemnification provided for therein is not exclusive of any other rights to which a person may be entitled under, the articles of incorporation, by-laws or resolutions of the Board of Directors or shareholders.

Our articles of incorporation and by-laws generally obligate us to indemnify our directors and officers to the full extent permitted by the IBCL and to advance expenses incurred by our directors and officers in the defense of certain claims.

We expect to enter into indemnification agreements with our directors and certain of our officers. Generally, these indemnification agreements will obligate us to indemnify each director and each such officer to the full extent permitted by the laws of the State of Indiana. Indemnification will be required against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense or settlement of a claim, made against the director or officer by reason of his or her service in such role for us. Indemnification is not available in certain circumstances, including where a court determines that the director or officer derived an improper personal benefit, where a court determines that indemnification is not lawful under any applicable statute or public policy or in connection with any proceeding initiated by the officer or director unless required by law, authorized by the Board of Directors or related to enforcement of the indemnification agreement.

We intend to obtain policies that insure our directors and officers and those of our subsidiaries against certain liabilities they may incur in their capacity as directors and officers. Under these policies, the insurer, on our behalf, may also pay amounts for which we have granted indemnification to the directors or officers.

SHARES ELIGIBLE FOR FUTURE SALE

Sales or the availability for sale of substantial amounts of our common stock in the public market could adversely affect our common stock's prevailing market price. Upon completion of the distribution, we expect that we will have outstanding an aggregate of approximately 62.0 million shares of our common stock based upon the shares of Original Hillenbrand common stock issued and outstanding as of October 15, 2007 and the distribution ratio of one share of our common stock for each share of Original Hillenbrand common stock outstanding. The actual number of shares of our common stock outstanding will not be known until the actual number of shares to be distributed is determined after the record date. All of the shares of our common stock will be freely tradable without restriction or further registration under the Securities Act unless the shares are owned by our "affiliates" as that term is defined in Rule 405 under the Securities Act. Shares held by affiliates may be sold in the public market only if registered or if they qualify for an exemption from registration under the Securities Act, including Rule 144 thereunder, which is summarized below. Further, as described below, we plan to file a registration statement to cover the shares issued under our Stock Incentive Plan.

Rule 144

In general, under Rule 144 as currently in effect, an affiliate would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- one percent of the number of shares of our common stock then outstanding, which we expect will equal approximately 620,000 shares of common stock immediately after the distribution; or
- the average weekly trading volume of our common stock on the New York Stock Exchange during the four calendar weeks preceding the filing
 of a notice on Form 144 with respect to such sale.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

Employee Stock Options

We expect to grant options to purchase our common stock and issue restricted stock units pursuant to our Stock Incentive Plan, subject to restrictions, as replacement options or restricted stock units for certain Original Hillenbrand options and restricted stock units outstanding at the time of the distribution. The number of replacement options and restricted stock units that we may grant will be determined as of the distribution date as described in the employee matters agreement. As of October 15, 2007, our directors and employees held stock options covering a total of approximately million shares of Original Hillenbrand common stock that we expect will be replaced by options to purchase shares of our common stock. In addition, our directors and employees held approximately million Original Hillenbrand restricted stock units that we expect will be replaced by New Hillenbrand restricted stock units. We currently expect to file a registration statement under the Securities Act to register shares to be issued under our Stock Incentive Plan. Shares issued pursuant to awards after the effective date of such registration statement, other than shares issued to affiliates, generally will be freely tradable without further registration under the Securities Act.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock. This information statement is a part of that registration statement and, as allowed by SEC rules, does not include all of the information you can find in the registration statement or the exhibits to the registration statement. For additional information relating to us and the distribution, reference is made to the registration statement and the exhibits to the registration statement. Statements contained in this information statement as to the contents of any contract or document referred to are not necessarily complete and in each instance, if the contract or document is filed as an exhibit to the registration statement, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement is qualified in all respects by reference to the applicable document.

After the distribution, we will file annual, quarterly and special reports, proxy statements and other information with the SEC. We intend to furnish our shareholders with annual reports containing consolidated financial statements audited by an independent registered public accounting firm. The registration statement is, and any of these future filings with the SEC will be, available to the public over the Internet on the SEC's website at http://www.sec.gov. You may read and copy any filed document at the SEC's public reference room in Washington, D.C. at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1 (800) SEC-0330 for further information about the public reference room.

We maintain an Internet site at http://www.batesville.com. Our website and the information contained on that site, or accessible through that site, are not incorporated into this information statement or the registration statement on Form 10. We intend to make the annual, quarterly and special reports, proxy statements and other information we file with or furnish to the SEC available free of charge on our website as soon as reasonably practicable after we electronically file or furnish such material with or to the SEC.

INCORPORATION BY REFERENCE OF INFORMATION ABOUT ORIGINAL HILLENBRAND

Original Hillenbrand currently files annual, quarterly and special reports, proxy statements and other information with the SEC. Documents Original Hillenbrand files with the SEC are available at the website and address of the SEC provided above under "Where You Can Find More Information"

We incorporate by reference in this information statement the following documents, which Original Hillenbrand has filed or will file with the SEC:

- Original Hillenbrand's annual report on Form 10-K for the year ended September 30, 2007;
- Original Hillenbrand's quarterly report on Form 10-Q for the quarterly period ended December 31, 2007;
- Original Hillenbrand's current reports on Form 8-K filed on November 6, 2007, December 14, 2007, January 17, 2008, February 13, 2008 and February 19, 2008; and
- each other document filed by Original Hillenbrand with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the completion of the distribution.

The documents incorporated by reference contain important information about Original Hillenbrand and its financial condition and results of operations. In particular, the current report on Form 8-K filed by Original Hillenbrand on February 19, 2008 contains unaudited pro forma financial statements of Original Hillenbrand giving effect to the separation and distribution. You may obtain any of the documents incorporated by reference in this information statement from the SEC as provided above. You also may request a copy of any document incorporated by reference in this information statement (excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference in this document), at no cost, by writing or calling us at the following address: Hillenbrand Industries, Inc., Investor Relations, 1069 State Route 46 East, Batesville, Indiana 47006-8835, telephone: (812) 931-3533.

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All other schedules are omitted because they are not applicable or the required information is shown in the combined financial statements or the notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In our opinion, the combined financial statements listed in the accompanying index present fairly, in all material respects, the financial position of the funeral service business of Hillenbrand Industries, Inc. ("the Company") at September 30, 2007 and 2006, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2007 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 combined financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the combined financial statements, the Company changed the manner in which it accounts for defined benefit pension and other post-retirement plans effective September 30, 2007 and the manner in which it accounts for share-based compensation effective October 1, 2005.

/s/ PricewaterhouseCoopers LLP PricewaterhouseCoopers LLP

Cincinnati, Ohio January 15, 2008

COMBINED STATEMENTS OF INCOME

		Three Mon Decem		led	Fiscal	ember 30,	
	(Ur	2007 (Unaudited)		2006 audited) millions, ex	2007 cept per share a	2006 mounts)	2005
Net revenues	\$	162.9	\$	162.2	\$ 667.2	\$ 674.6	\$ 659.4
Cost of goods sold		96.0		93.4	388.6	391.9	392.9
Gross profit		66.9		68.8	278.6	282.7	266.5
Operating expenses		27.3		26.7	117.9	105.3	105.2
Separation costs (Note 4)		1.2			5.1		
Operating profit		38.4		42.1	155.6	177.4	161.3
Investment income and other		(0.4)		(0.4)	1.4	1.4	2.0
Income before income taxes		38.0		41.7	157.0	178.8	163.3
Income tax expense		14.0		15.6	57.5	65.6	60.5
Net income	\$	24.0	\$	26.1	\$ 99.5	\$ 113.2	\$ 102.8
Unaudited pro forma basic and diluted net income per share	\$	0.38	\$	0.42	\$ 1.60	\$ 1.82	\$ 1.65
Unaudited pro forma basic and diluted shares outstanding		62.3		62.3	62.3	62.3	62.3

FUNERAL SERVICE BUSINESS OF HILLENBRAND INDUSTRIES, INC. $\label{eq:combined} \text{COMBINED BALANCE SHEETS}$

	December 31, 2007			ember 30, 2007		September 30, 2006	
	(Un	audited)	(Dollars	s in millions)			
ASSETS							
Current Assets							
Cash	\$	11.8	\$	11.9	\$	7.9	
Trade accounts receivable, less allowance of \$18.0 on December 31, 2007 (unaudited), \$18.0 on September 30, 2007 and \$13.9 on September 30, 2006 (Note 1)		93.4		90.9		96.0	
Inventories (Note 1)		48.7		47.5		47.7	
Deferred income taxes (Notes 1 and 7)		17.0		16.0		12.9	
Other current assets		7.3		3.9		7.0	
Total current assets		178.2		170.2		171.5	
Property, net (Note 1)		87.5		88.9		88.9	
Intangible assets, net		22.0		23.0		22.2	
Prepaid pension costs (Note 5)		1.6		1.6		17.4	
Deferred income taxes (Notes 1 and 7)		16.1		16.2		6.8	
Other assets		16.6		16.7		22.6	
Total Assets	\$	322.0	\$	316.6	\$	329.4	
LIABILITIES							
Current Liabilities							
Trade accounts payable	\$	17.6	\$	18.3	\$	18.0	
Accrued compensation	Ψ	19.6	Ψ	20.6	Ψ	23.4	
Accrued customer rebates		19.4		20.3		19.0	
Other current liabilities		18.3		16.6		16.6	
Total current liabilities	-	74.9		75.8		77.0	
Deferred compensation, long-term portion		7.9		8.6		7.9	
Accrued pension and postretirement benefits		28.8		28.1		27.7	
Other long-term liabilities (Note 6)		26.6		23.2		24.3	
Total Liabilities		138.2		135.7		136.9	
Commitments and contingencies (Note 10)	_				_		
PARENT COMPANY EQUITY							
Parent company investment (Note 1)		195.5		193.5		197.5	
Accumulated other comprehensive loss (Note 1)		(11.7)		(12.6)		(5.0)	
Total Parent Company Equity		183.8	-	180.9		192.5	
Total Liabilities and Parent Company Equity	\$	322.0	\$	316.6	\$	329.4	

FUNERAL SERVICE BUSINESS OF HILLENBRAND INDUSTRIES, INC. ${\bf COMBINED\ STATEMENTS\ OF\ CASH\ FLOWS}$

	December 31,			Fiscal Ye	nber 30,	
	007 udited)		2006 audited) (Dollars	in millions)	2006	2005
Operating Activities						
Net income	\$ 24.0	\$	26.1	\$ 99.5	\$ 113.2	\$102.8
Adjustments to reconcile net income to net cash flows from operating activities:						
Depreciation and amortization	4.5		4.2	18.5	17.7	18.2
Provision (benefit) for deferred income taxes	2.0		(0.4)	(7.1)	0.8	11.3
(Gain) on disposal of property	_		(0.4)	(0.2)	(3.8)	(1.2)
Change in working capital excluding cash and acquisitions:						
Trade accounts receivable	(2.5)		1.3	5.9	(3.2)	(2.9)
Inventories	(1.2)		(1.5)	1.8	5.0	(1.6)
Other current assets	(3.4)		0.5	3.1	0.3	(3.7)
Trade accounts payable	(0.7)		(0.8)	(0.3)	(1.0)	(2.7)
Accrued expenses and other current liabilities	(1.1)		(0.5)	(2.4)	(4.6)	8.2
Change in deferred compensation	(0.1)			0.7	(5.6)	(7.4)
Defined benefit plan funding	(0.3)		(0.5)	(2.0)	(1.5)	(43.6)
Other, net	 1.5	_	1.9	9.8	7.3	11.5
Net cash provided by operating activities	 22.7		29.9	127.3	124.6	88.9
Investing Activities						
Capital expenditures and purchase of intangibles	(2.3)		(1.7)	(15.6)	(18.8)	(16.3)
Proceeds on disposal of property	0.1		0.6	1.1	6.2	3.1
Payment for acquisitions of businesses, net of cash acquired	 			(5.6)	(2.7)	
Net cash used in investing activities	(2.2)		(1.1)	(20.1)	(15.3)	(13.2)
Financing Activities						
Net change in advances to parent	 (20.2)		(26.5)	(103.5)	(107.0)	(78.3)
Net cash used in financing activities	 (20.2)		(26.5)	(103.5)	(107.0)	(78.3)
Effect of exchange rate changes on cash	(0.4)		(0.1)	0.3	0.3	0.1
Net cash flows	(0.1)		2.2	4.0	2.6	(2.5)
Cash						
At beginning of period	 11.9		7.9	7.9	5.3	7.8
At end of period	\$ 11.8	\$	10.1	\$ 11.9	\$ 7.9	\$ 5.3

COMBINED STATEMENTS OF PARENT COMPANY EQUITY AND COMPREHENSIVE INCOME

	t Company vestment	Accı (Comp	Total		
		ollars in m	illions)		
Balance at September 30, 2004	\$ 166.8	\$	(5.9)	\$ 160.9	
Change in parent company investment	(78.3)			(78.3)	
Comprehensive Income:					
Net income	102.8			102.8	
Foreign currency translation adjustment			1.5	1.5	
Change in minimum pension liability			(1.4)	(1.4)	
Total comprehensive income				102.9	
Balance at September 30, 2005	191.3		(5.8)	185.5	
Change in parent company investment	(107.0)			(107.0)	
Comprehensive Income:					
Net income	113.2			113.2	
Foreign currency translation adjustment			0.3	0.3	
Change in minimum pension liability			0.5	0.5	
Total comprehensive income	 			114.0	
Balance at September 30, 2006	197.5		(5.0)	192.5	
Change in parent company investment	(103.5)			(103.5)	
Comprehensive Income:					
Net income	99.5			99.5	
Foreign currency translation adjustment			1.2	1.2	
Change in minimum pension liability			0.2	0.2	
Total comprehensive income				100.9	
Adoption of SFAS No. 158 (Note 5)	 		(9.0)	(9.0)	
Balance at September 30, 2007	193.5		(12.6)	180.9	
Adoption of FIN 48 (Note 1) (unaudited)	(1.8)			(1.8)	
Change in parent company investment (unaudited)	(20.2)			(20.2)	
Comprehensive Income:					
Net income (unaudited)	24.0			24.0	
Foreign currency translation adjustment (unaudited)			0.7	0.7	
Change in pension related prior service costs (unaudited)			0.2	0.2	
Total comprehensive income (unaudited)	 			24.9	
Balance at December 31, 2007 (unaudited)	\$ 195.5	\$	(11.7)	\$ 183.8	

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions)

1. Distribution and Description of the Business

On May 10, 2007, Hillenbrand Industries, Inc. ("Hillenbrand") announced that its board of directors had authorized management of Hillenbrand to pursue a plan to separate its funeral service business (herein referred to as "Batesville" or the "Company") from its medical technology and related health care services business. The separation of the funeral service business into an independent publicly traded company will occur through a spin-off of 100% of the common stock ("Distribution") of Batesville.

At the date of distribution, through a series of pre-separation transactions, Batesville will hold all the assets and liabilities of the funeral service business. The spin-off is intended to be tax free to the stockholders and to Hillenbrand and Batesville. Hillenbrand will distribute all of the shares of Batesville common stock as a dividend on Hillenbrand common stock as of the record date for the Distribution. Hillenbrand and Batesville will each be independent and have separate public ownership, boards of directors and management. The Distribution is subject to final approval by Hillenbrand's board of directors.

Nature of Operations

Batesville is a leader in the North American death care industry through the manufacture, distribution and sale of funeral service products to licensed funeral establishments. Batesville's products consist primarily of burial and cremation caskets, but also include containers and urns, selection room display fixturing for funeral homes and other personalization and memorialization products and services, including the creation and hosting of websites for funeral homes.

Basis of Presentation

The accompanying combined financial statements were prepared in connection with the Distribution and reflect the combined historical results of operations, financial position and cash flows of the funeral service business, as described above. All significant intercompany transactions and accounts have been eliminated. Management believes the assumptions underlying the combined financial statements, including the assumptions around allocating general corporate overhead costs from Hillenbrand, are reasonable. However, these combined financial statements do not include all of the actual expenses that would have been incurred had Batesville been a stand-alone entity during the periods presented and do not reflect the combined results of operations, financial position and cash flows as if Batesville had been a stand-alone company during the periods presented. See Note 4 for further information regarding allocated expenses.

Unaudited Interim Financial Information

The accompanying unaudited Combined Financial Statements as of December 31, 2007 and for the three months ended December 31, 2007 and 2006 have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S.") and with the instructions to Article 10 of Regulation S-X. Except for the adoption of Financial Accounting Standards Board ("FASB") Interpretation ("FIN") 48, "Accounting for Uncertainty in Income Taxes," on October 1, 2007, the unaudited Combined Financial Statements as of December 31, 2007 and for the three month periods ended December 31, 2007 and 2006 have been prepared on the same basis as the Combined Financial Statements as of September 30, 2007 and for the year ended September 30, 2007 included herein, and in the opinion of management, reflect all adjustments, consisting only of normal and recurring adjustments, considered necessary to present fairly the Company's combined financial position as of December 31, 2007 and the combined results of its operations and its cash flows for the three month period ended December 31, 2007 and 2006. The combined results of operations for the three months ended December 31, 2007 are not necessarily indicative of the results that may be expected for the year ending September 30, 2008 or for any other period.

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

Unaudited Pro Forma Net Income Per Share

The calculation of unaudited pro forma basic and diluted net income per share and shares outstanding for the periods presented is based on the number of shares of Original Hillenbrand common stock outstanding at December 31, 2007 (plus unissued fully vested common shares) adjusted for the distribution ratio of one share of the Company's common stock for every share of Original Hillenbrand common stock. There is no dilutive impact from common stock equivalents for periods prior to the separation, as the Company had no dilutive securities outstanding. The dilutive effect of the Company's share-based awards issued in connection with the conversion of Original Hillenbrand awards upon separation, and for future Company grants will be included in the computation of diluted net income per share in periods after the separation.

Foreign Currency Translation

The functional currency of foreign operations is generally the local currency in the country of domicile. Assets and liabilities of foreign operations are primarily translated into U.S. dollars at year-end rates of exchange and the income statements are translated at the average rates of exchange prevailing during the year. Adjustments resulting from translation of the financial statements of foreign operations into U.S. dollars are excluded from the determination of net income, but included as a component of accumulated other comprehensive loss. Foreign currency gains and losses resulting from foreign currency transactions are included in results of operations and are not material.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates. Examples of such estimates include, but are not limited to, amounts of allowance for doubtful accounts (Note 1) and the establishment of liabilities relating to accrued customer rebates, self-insurance reserves (Note 1 and 6) and income taxes (Note 7).

Cash and Cash Management

Hillenbrand generally uses a centralized approach to cash management and financing of operations. Batesville does maintain its own bank accounts, both domestically and internationally; however, all domestic accounts are swept by Hillenbrand on a daily basis for central cash administration. For purposes of these combined financial statements, only cash held in Batesville bank accounts on each date are presented in the combined balance sheets. Transfers of cash both to and from Hillenbrand's cash management system are reflected as a component of parent company investment in the combined balance sheets.

Trade Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and 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. We determine the allowance based on historical write-off and individual customer collection experience. 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.

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

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 83 percent and 88 percent of our inventories at September 30, 2007 and 2006, respectively. Costs for other inventories have been determined principally by the first-in, first-out (FIFO) method. Inventories at the end of each period consist of the following:

		December 31, 2007		2007		ember 30, 2007	ember 30, 2006
	(Un:	audited)					
Raw materials and work in process	\$	11.4	\$	10.3	\$ 12.3		
Finished products		37.3		37.2	 35.4		
Total	\$	48.7	\$	47.5	\$ 47.7		

If the FIFO method of inventory accounting, which approximates current cost, had been used for all inventories, they would have been approximately \$11.9 million and \$10.9 million higher than reported at September 30, 2007 and 2006, respectively.

Property

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 as follows:

Land improvements	6 years
Buildings and building equipment	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 2007, 2006 and 2005 was \$14.4 million, \$13.8 million and \$13.8 million, respectively. The major components of property and the related accumulated depreciation at the end of each period were as follows:

	Dece	December 31, 2007			September 30, 2007			September 30, 2006		
	Cost (U	Accumulated Depreciation (Unaudited)		Cost	Accumulated Depreciation		Cost		imulated reciation	
Land and land improvements	\$ 7.1	\$	3.1	\$ 7.1	\$	3.0	\$ 7.3	\$	3.0	
Buildings and building equipment	70.4		42.9	70.0		42.5	69.4		41.1	
Machinery and equipment	227.7		171.7	227.2		169.9	228.2		171.9	
Total	\$ 305.2	\$	217.7	\$ 304.3	\$	215.4	\$ 304.9	\$	216.0	

Intangible Assets

Intangible assets are stated at cost and consist predominantly of software, goodwill and trademarks. With the exception of goodwill, our intangible assets are amortized on a straight-line basis over periods ranging from 5 to 15 years. We review intangible assets, excluding goodwill, for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. 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.

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

We assess the carrying value of goodwill 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 segment may not be recoverable. For the purposes of that assessment, we have determined the Company to have a single reporting unit that is consistent with our reportable segment level.

Costs associated with internal use software are recorded in accordance with American Institute of Certified Public Accountants Statement of Position 98-1, "Accounting for Costs of Computer Software Developed or Obtained for Internal Use." Certain expenditures relating to the development of software for internal use are capitalized in accordance with this Statement, including applicable costs associated with the implementation of our Enterprise Resource Planning system. Capitalized software costs are amortized on a straight-line basis over periods ranging from five to ten years once the software is ready for its intended use. Amortization expense approximated \$3.0 million, \$3.1 million and \$3.2 million for fiscal years 2007, 2006 and 2005, respectively, and is included in the total amortization expense amounts provided below.

A summary of intangible assets and the related accumulated amortization as of the end of each period was as follows:

	De	December 31, 2007			September 30, 2007			September 30, 2006			
	Cost	Accumulated Amortization (Unaudited)		Cost	Cost Accumulated Amortization		Cost		umulated ortization		
Goodwill	\$ 5.7	\$	_	\$ 5.8	\$	_	\$ 3.0	\$	_		
Software	27.3		15.9	27.3		15.2	27.5		12.8		
Other	8.3		3.4	8.2		3.1	8.7		4.2		
Total	\$41.3	\$	19.3	\$ 41.3	\$	18.3	\$ 39.2	\$	17.0		

Total amortization expense for fiscal years 2007, 2006 and 2005 was \$3.9 million, \$3.9 million and \$4.4 million, respectively. Amortization expense for all intangibles is expected to approximate the following for each of the next five fiscal years and thereafter: \$3.6 million in 2008, \$3.5 million in 2009, \$3.3 million in 2010, \$3.3 million in 2011, \$1.9 million in 2012 and \$1.6 million thereafter.

See Note 2 for information regarding changes in goodwill.

Retirement Plans

We sponsor retirement and postretirement plans covering a majority of employees. Expense recognized in relation to these defined benefit retirement plans and the postretirement health care 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 health care 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 project 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.

In September 2006, the FASB issued Statement of Accounting Financial Standards (SFAS) No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132(R)." This Statement requires recognition of the funded status of a benefit plan in

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

the statement of financial position. SFAS No. 158 also requires recognition in other comprehensive income of certain gains and losses that arise during the period but are deferred under pension accounting rules, as well as modifies the timing of reporting and adds certain disclosures. The Statement provides recognition and disclosure elements to be effective as of the end of the fiscal year after December 15, 2006, our fiscal year 2007. As such, we have adopted the recognition and disclosure elements at the end of the 2007 fiscal year. See Note 5 for the impact of adopting SFAS No. 158.

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 \$0.2 million at September 30, 2007.

Expenditures that relate to current operations are charged to expense.

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 \$150 thousand to \$1.0 million 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 combined balance sheets.

Parent Company Investment

Parent company investment within the combined balance sheets represents Hillenbrand's historical investment of capital into the Company, the Company's accumulated net earnings after taxes, and the net effect of transactions with and allocations of corporate expenses from Hillenbrand.

Accumulated Other Comprehensive Loss

SFAS No. 130, "Reporting Comprehensive Income," requires the net-of-tax effect of unrealized gains or losses on foreign currency translation adjustments, along with pension or other defined benefit postretirement plans'

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

actuarial gains/losses and prior service costs to be included as a component of accumulated other comprehensive loss. The composition of accumulated other comprehensive loss at the end of each period was as follows:

	 ember 31, 2007 audited)	Sep	tember 30, 2007	September 30, 2006		
Cumulative foreign currency translation adjustments	\$ (1.9)	\$	(2.6)	\$	(3.8)	
Minimum pension liability	*		*		(1.2)	
Items not recognized as a component of net pension and postretirement benefit costs	(9.8)		(10.0)		*	
Total	\$ (11.7)	\$	(12.6)	\$	(5.0)	

^{*} Not applicable due to adoption of SFAS No. 158.

Revenue Recognition

We recognize revenue in accordance with SEC Staff Accounting Bulletin (SAB) No. 104, "Revenue Recognition." Revenue for our products is generally 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 Emerging Issue Task Force (EITF) 01-09, "Accounting 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 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 SFAS No. 48, "Revenue Recognition When Right of Return Exists."

Cost of Goods Sold

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

Research and Development Costs

Research and development costs are expensed as incurred as a component of operating expenses and were \$3.2 million, \$2.7 million and \$3.4 million for fiscal years 2007, 2006 and 2005, respectively.

Advertising Costs

Advertising costs are expensed as incurred and were \$6.5 million, \$4.3 million and \$4.8 million for fiscal years 2007, 2006 and 2005, respectively.

Stock-Based Compensation

Batesville employees participate in Hillenbrand's stock-based compensation plans, which provide for the issuance of a variety of stock-based awards.

Prior to fiscal 2006, we applied the provisions of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for stock-based compensation issued under Hillenbrand's plans. As a result, no compensation expense was recognized for stock options granted with exercise prices

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

equivalent to the fair market value of Hillenbrand stock on the date of grant. Compensation expense was recognized on other forms of stock-based compensation, including stock and performance-based awards and units. Effective October 1, 2005, we adopted SFAS No. 123(R), "Share Based Payment," using the modified prospective application method. Under this method, as of October 1, 2005, we applied the provisions of this Statement to new and modified awards, as well as to the nonvested portion of awards granted before the required effective date and outstanding at such time. The adoption of this pronouncement had no effect on compensation cost recorded in fiscal year 2005 related to stock options, which continues to be disclosed on a pro forma basis only.

On September 1, 2005, the vesting of certain unvested and underwater options previously awarded to employees, officers, and other eligible participants under the Hillenbrand stock option plans was accelerated. As such, we fully vested options to purchase 210,600 shares of Hillenbrand common stock held by Batesville employees with exercise prices greater than or equal to \$50.48 per share. There was no expense recognition under the intrinsic value method within our combined statements of income as a result of this action. The total avoided future compensation expense of \$1.1 million (net-of-tax) on the acceleration of these options held by Batesville employees appears as a pro forma expense in the fourth quarter of 2005, as permitted in guidance provided by the FASB.

As a result of adopting SFAS No. 123(R) on October 1, 2005, Batesville's income before income taxes and net income for the fiscal years 2007 and 2006, are \$1.0 million and \$0.7 million and \$0.6 million and \$0.4 million lower, respectively, than if we had continued to account for share-based compensation under APB Opinion No. 25.

The following table illustrates the effect on Batesville's net income and earnings per share as if we had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", to all stock-based employee compensation programs for fiscal year 2005. The fair values of stock option grants 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. Because of the change in expense recognition for retirement eligible employees, the application of estimated forfeitures, the 2005 acceleration of vesting on underwater stock options, the fact that our options vest over three years and additional stock-based compensation grants have been made subsequent to the adoption of SFAS No. 123(R), the results of expensing stock-based compensation in future periods may have a materially different effect on net income than that presented below. See Note 9 for more details.

	2005
Net income, as reported	\$ 102.8
Add:	
Total stock-based employee compensation, net of related tax effects, included in net income, as reported	1.1
Deduct:	
Total stock-based employee compensation, net of related tax effects, assuming fair value based method of accounting	(4.4)
Pro forma net income	\$ 99.5

Income Taxes and Adoption of FIN 48 (unaudited)

Batesville's operating results have historically been included in Hillenbrand's consolidated U.S. income tax returns. Foreign operations file income tax returns in a number of jurisdictions. The provision for income taxes in these financial statements has been determined on a separate return basis as if Batesville were a separate, stand-alone taxpayer rather than a member of Hillenbrand's consolidated income tax return group. Accordingly, cash tax obligations are generally paid by Hillenbrand with differences between tax expense calculated on a separate return

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

basis and cash paid by Hillenbrand reflected as changes in parent company investment. Deferred income taxes are computed in accordance with SFAS No. 109, "Accounting 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 tax assets in numerous tax jurisdictions. These deferred 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 tax assets, future taxable income, the reversal of existing temporary differences and tax planning strategies are considered.

On October 1, 2007, we adopted FIN 48, which addresses the accounting and disclosure of uncertain material income tax positions. FIN 48 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. The difference between the tax benefit recognized in the financial statements for a position in accordance with FIN 48 and the tax benefit claimed in the tax return is referred to as an unrecognized tax benefit.

The adoption of FIN 48, which was reflected as a cumulative effect of a change in accounting principle, resulted in a decrease to beginning parent company equity at October 1, 2007 of \$1.8 million. The total amount of unrecognized tax benefits at that date was \$7.4 million, which included \$3.7 million 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. Accrued interest and penalties at October 1, 2007 were \$0.2 million.

As noted above, Hillenbrand files consolidated federal income tax returns as well as multiple state and local tax returns that include the operating results of Batesville. Foreign operations file income tax returns in a number of jurisdictions. In the normal course of business, Batesville and Hillenbrand 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 2003 and forward. As of October 1, 2007, Hillenbrand has completed audits with the Internal Revenue Service ("IRS") for tax years prior to fiscal 2002. Additionally, the IRS has concluded its audit of fiscal 2002 and 2003, however, these periods are not yet closed as we have filed a protest with the IRS which is currently in appeals. Hillenbrand is in agreement with the audit findings of the IRS for these periods except for one tax matter which is unrelated to our operations. Hillenbrand is currently under examination by the IRS for fiscal years 2004 through 2008.

Batesville and Hillenbrand have on-going audits in various stages of completion in several state and foreign jurisdictions, one or more of which may conclude within the next 12 months. Such settlements could involve some or all of the following: the payment of additional taxes, the adjustment of certain deferred taxes and/or the recognition of unrecognized tax benefits. We do not expect the outcome of these audits will significantly impact our financial statements.

The amount of unrecognized tax benefits at adoption was reduced by \$2.6 million in the first quarter, primarily related to the settlement of the timing of certain compensation deductions. The offset for this adjustment was recorded as a reduction to deferred tax assets.

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 purchase and sale agreements which generally have terms no greater than 15 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 contract amount of our cash flow currency derivative instruments outstanding was \$19.6 million at September 30, 2007. The fair value of these contracts was not significant at September 30, 2007.

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

To account for our derivative financial instruments, we follow the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138. Derivative financial instruments are recognized on the combined 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.

Recently Issued Accounting Standards

In September 2006 the FASB issued SFAS No. 157, "Fair Value Measurements," which is effective for fiscal years beginning after November 15, 2007, our fiscal year 2009, and for interim periods within those years. This statement defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. In December 2007, the FASB released a proposed FASB Staff Position (FSP FAS 157-b — Effective Date of FASB Statement No. 157) which, if adopted as proposed, would delay the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on at least an annual basis. We are currently evaluating its potential impact to our financial statements and results of operations.

In September 2006, the Securities and Exchange Commission ("SEC") issued SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". This SAB redefines the SEC staff views regarding the process of quantifying financial statement misstatements and is aimed at eliminating diversity with respect to the manner in which registrants quantify such misstatements. Specifically, the SAB requires an entity to consider both a balance sheet and income statement approach in its evaluation as to whether misstatements are material. The adoption of SAB 108 did not have a material impact on our combined financial statements or results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," which gives entities the option to measure eligible financial assets and financial liabilities at fair value. Its objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. If opted, the difference between carrying value and fair value at the election date is recorded as a transition adjustment to opening retained earnings. SFAS No. 159 is effective as of the beginning of a company's first fiscal year after November 15, 2007, our fiscal year 2009. We are evaluating the statement and have not yet determined the impact its adoption will have on our combined financial statements.

On December 4, 2007, the FASB issued SFAS No. 141(R), "Business Combinations," and SFAS No. 160, "Noncontrolling interests in Consolidated Financial Statements — an amendment of ARB No. 51." SFAS No. 141(R) changes the accounting for acquisition transaction costs by requiring them to be expensed in the period incurred, and also changes the accounting for contingent consideration, acquired contingencies and restructuring costs related to an acquisition. SFAS No. 160 requires that a noncontrolling (minority) interest in a consolidated subsidiary be displayed in the consolidated balance sheets as a separate component of equity. It also indicates that gains and losses should not be recognized on sales of noncontrolling interests in subsidiaries but that differences between sale proceeds and the consolidated basis of accounting should be accounted for as charges or credits to consolidated additional paid-in-capital. However, in a sale of a subsidiary's shares that results in the deconsolidation of the subsidiary, a gain or loss would be recognized for the difference between the proceeds of that sale and the carrying amount of the interest sold. Also, a new fair value in any remaining noncontrolling ownership interest would be established. Both of these statements are effective for the first annual reporting period beginning

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

on or after December 15, 2008, and early adoption is prohibited. As such, we will adopt the provisions of SFAS No. 141(R) and SFAS No. 160 beginning in our fiscal year 2010.

2. Acquisitions

The results of acquired businesses are included in the combined financial statements since each acquisition's date of close.

In January 2007, Batesville acquired a small regional casket distributor for cash of \$5.2 million. This acquisition capitalizes on our capacity to serve the broad needs of funeral service professionals and expands our distribution base in the Midwest and Florida. We have completed the valuation of assets and liabilities acquired and an allocation of the purchase price, resulting in the recognition of approximately \$1.6 million of intangible assets and \$2.5 million of goodwill. The purchase price remains subject to a contingent consideration provision based on volume retention which, if paid, would be recorded as an adjustment to goodwill, thus this allocation of purchase price remains subject to change. If the purchase had occurred at the beginning of fiscal 2006, the impact to our results of operations and financial condition would not have been material.

In March 2006, Batesville made an acquisition of another small regional casket distributor for cash of \$3.1 million. Goodwill of \$1.8 million was recorded on the transaction. If the purchase had occurred at the beginning of fiscal 2006, the impact to our results of operations and financial condition would not have been material.

3. Notes Receivable

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 zero percent to 12 percent. 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 accounts receivable and the long-term portion in other assets in the combined balance sheets. Along with our trade accounts receivable, we evaluate the recoverability of notes receivable and record allowances thereon, as deemed appropriate.

Notes receivable at the end of each period consist of the following:

	September 30, 2007		ember 30, 2006
Customer notes, net of discount of \$0.2 million in 2007 and \$0.4 million in 2006	\$ 11.6	\$	14.3
Less current portion	 (5.6)		(6.7)
Notes receivable — long-term	\$ 6.0	\$	7.6
Maturities in fiscal years:	 		
2008	\$ 5.6		
2009	2.5		
2010	1.9		
2011	0.7		
2012	0.3		
2013 and beyond	 0.6		
Total notes receivable	\$ 11.6		

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

4. Transactions with Hillenbrand

Allocation of Corporate Expenses

Batesville's expenses within the combined statements of income include allocations from Hillenbrand for certain Hillenbrand retained corporate expenses including treasury, accounting, tax, legal, internal audit, human resources, investor relations, general management, board of directors, information technology and other shared services and certain severance costs. These allocations have been determined on bases that management considered to be a reasonable reflection of the utilization of services provided to or the benefits received by Batesville. 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 Batesville. See Note 5 for further discussion of retirement and other postretirement benefit costs. Hillenbrand corporate allocated costs included in the combined statements of income for the three month periods ended December 31, 2007 and 2006 and for the fiscal years ended September 30, 2007, 2006 and 2005 were as follows:

	Decen	nber 31	,		Fiscal Y	ear En	ided Septe	mber 3	30,
200			006	2	2007		2006	2	2005
\$	(Una	udited) \$	2.6	\$	12.6	\$	12 1	\$	15.0

Operating expenses

Separation Costs

In addition to the allocated corporate expenses described above, Batesville was allocated costs related to separation from Hillenbrand during the three months ended December 31, 2007 and during fiscal 2007 in the aggregate amount of \$1.2 million (unaudited) and \$5.1 million, respectively. These costs consist primarily of legal, accounting, recruiting and consulting fees allocated based upon revenue or specific identification.

For purposes of governing certain ongoing relationships between Batesville and Hillenbrand at and after the separation and to provide for an orderly transition, Batesville and Hillenbrand have entered or will enter into various agreements. The terms of the agreements described below, which will be in effect following the separation, have not yet been finalized and are being reviewed by us and Hillenbrand. There may be material changes to such agreements prior to the separation, but brief descriptions of the expected content of each agreement are as follows:

Distribution Agreement

The distribution agreement sets forth the agreements between Hillenbrand and us with respect to the principal corporate transactions required to effect the separation and the distribution of our shares to Hillenbrand shareholders and other agreements governing the relationship between Hillenbrand and us. The distribution agreement provides that Batesville and Hillenbrand and its subsidiaries (other than Batesville and its subsidiaries) will release and discharge each other from all liabilities, of any sort, including in connection with the transactions contemplated by the distribution agreement, except as expressly set forth in the agreement. The releases do 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.

Judgment Sharing Agreement ("JSA")

Because Batesville, Hillenbrand and the other co-defendants in the antitrust litigation matters described in Note 10, Commitments and Contingencies, are jointly and severally liable for any damages assessed at trial with no statutory right of contribution among the defendants, Batesville and Hillenbrand will enter into a judgment sharing

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

agreement. The JSA is intended to allocate between Batesville and Hillenbrand any potential liability that may arise from these cases, any similar case brought against both Batesville and Hillenbrand prior to the completion of the distribution and any other case that is consolidated with any such existing or future case. In the event that Batesville or Hillenbrand is dismissed as a defendant in the antitrust litigation matters (except when the dismissal results from a settlement agreement other than a settlement not including both Batesville and Hillenbrand) or is found upon conclusion of trial not to be liable for the payment of any damages to the plaintiffs, any funding obligations under the judgment sharing agreement 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 will enter into an employee matters agreement with Hillenbrand prior to the distribution that will govern our compensation and employee benefit obligations with respect to our current and former employees. The employee matters agreement will allocate liabilities and responsibilities relating to employee compensation and benefit plans and programs and other related matters. In connection with the distribution, we initially expect to adopt, for the benefit of our employees, a variety of compensation and employee benefit plans that are generally comparable in the aggregate to those provided to employees immediately prior to the distribution. In general, we will credit each Batesville employee with his or her service with Hillenbrand prior to the distribution for all purposes under plans maintained by us, to the extent the corresponding Hillenbrand plans give credit for such service and such crediting does not result in a duplication of benefits.

The employee matters agreement will provide that as of the distribution date, except as specifically provided therein, we generally will assume, retain and be liable for all employee-related obligations and liabilities for all current and former employees of our business, as well as those of former employees of Hillenbrand and various businesses previously disposed of by Hillenbrand. Accordingly, such liabilities have been included in Batesville's combined financial statements for the periods presented therein. The employee matters agreement will also provide for the transfer of assets and liabilities relating to the pre-distribution participation of all employees and former employees for which Batesville will assume or retain responsibility in various Hillenbrand retirement, welfare, incentive compensation and employee benefit plans into the applicable plans we adopt post-distribution.

Tax Sharing Agreement

Before our separation from Hillenbrand, we will enter into a tax sharing agreement with Hillenbrand that generally will govern Hillenbrand's and our respective rights, responsibilities and obligations after the distribution 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, we expect that, with certain exceptions, we generally will be 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 Hillenbrand. The tax sharing agreement is also expected to impose restrictions on our and Hillenbrand's ability to engage in certain actions following our separation from Hillenbrand and to set forth the respective obligations among us and Hillenbrand with respect to the filing of tax returns, the administration of tax contests, assistance and cooperation and other matters.

Shared Services and Transitional Services Agreements

We will enter into shared services agreements and transitional services agreements with Hillenbrand and Hill-Rom, an operating company of Hillenbrand, in connection with the separation. The shared services agreements will address services that are to be provided for an extended period of time, while the transitional services agreements will cover services that are intended to be provided for a limited period of time while the recipient of the services makes other arrangements for these services.

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

Under the shared services agreements, we, on the one hand, and Hillenbrand or Hill-Rom, on the other hand, will agree to provide certain services to each other following the separation for an initial term of two years, subject to an extension in the event that commercially viable alternatives for these services are unavailable. These services include aviation services related to the airfield and certain aircraft that Hillenbrand and we will jointly own following the separation, as well as certain ground transportation, fleet maintenance and emergency fire services shared by adjacent manufacturing facilities. In general, the recipient of these services will be billed for these services at the fair value of the services, except for aviation services provided to us, which will be billed at cost.

Under the transitional services agreements, Hillenbrand or Hill-Rom will agree to provide certain services to us for a specified period following the separation. The services to be provided may include services regarding certain financial reporting and other public company staffing needs, legal services, human resources services, medical services and certain information technology services. Hillenbrand or Hill-Rom will generally bill us at cost for these services. The transitional services agreement will generally provide that the services will continue for a period of up to two years following the separation, subject to extension if the parties agree.

5. Retirement and Postretirement Benefit Plans

Upon separation, Batesville Casket will assume, retain and be liable for all retirement and postretirement benefit plan obligations for current and former employees of our business, including all past service, along with that of former employees of Hillenbrand (excludes Hill-Rom employees). In this regard, we initially expect to adopt retirement and postretirement benefit plans that are comparable to those provided by Hillenbrand. Effective with the distribution of our shares, our employees will generally cease to participate in the Hillenbrand plans and will become members of our plans. In forming our plans, the assets and liabilities of the Hillenbrand plans related to our current and former employees and those other former employees for which we will assume responsibility will be determined and transferred to our plans. In the preparation of these financial statements we have determined the split of assets and liabilities related to Batesville for each period presented herein and have used this information in the determination of our pension and postretirement benefit costs and the funded status for our obligations.

The Employee Retirement Income Security Act of 1974 ("ERISA") dictates how assets in single-employer plans are to be allocated in the event of a plan termination. In conjunction with the creation of the new Batesville plans, plan assets will be transferred in accordance with such ERISA guidelines. Accordingly, plan assets have been allocated to Batesville for the purposes of these combined financial statements based on an estimated application of those guidelines in each year presented. The actual allocation of plan assets at the date of separation may differ from that presented herein.

Adoption of SFAS No. 158

As discussed in Note 1, we adopted SFAS No. 158 as of September 30, 2007, which required the recognition of previously unrecognized net actuarial losses and prior service costs. The impact of our adoption of SFAS No. 158 on our retirement and postretirement plans was as follows:

	Pre-SFAS SFAS No. 158 No. 158 Adjustment			Post-SFAS No. 158		
Prepaid pension asset	\$	13.8	\$	(12.2)	\$	1.6
Intangible pension asset		1.7		(1.7)		_
Accrued pension and postretirement costs, current portion		(1.8)		_		(1.8)
Accrued pension and postretirement, long-term		(27.2)		(0.9)		(28.1)
Deferred income taxes		4.3		5.8		10.1
Accumulated other comprehensive loss, net of taxes		1.0		9.0		10.0

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

Retirement Plans

Batesville Casket employees are eligible to participate in defined benefit retirement plans of Hillenbrand. Approximately 74 percent of Batesville Casket's employees participate in one of three such retirement programs, including Hillenbrand's master defined benefit retirement plan, Batesville's defined benefit retirement plan for former bargaining unit employees of Batesville's Nashua, New Hampshire plant and Hillenbrand's Supplemental executive defined benefit retirement plan. Hillenbrand funds the pension trusts 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 three pension plans have a September 30 measurement date.

Effect on Operations

Batesville's share of the components of net pension costs under defined benefit retirement plans for the three month periods ended December 31, 2007 and 2006 and for the fiscal years ended September 30, 2007, 2006 and 2005 were as follows:

	Three Months Ended December 31,				Fiscal Ye	ar En	ded Septen	iber 3	0,						
	2007 2006		2007 2006		2006				2006		2007	_	2006	2	2005
		(Unau	(dited												
Service cost	\$	1.0	\$	1.0	\$	4.2	\$	4.9	\$	4.6					
Interest cost		2.3		2.4		9.6		9.0		8.3					
Expected return on plan assets		(2.6)		(3.0)		(11.8)		(11.8)		(9.0)					
Amortization of unrecognized prior service cost, net		0.1		0.3		0.8		1.2		0.8					
Amortization of net loss		_		_		_		0.7		—					
Net pension costs, before curtailments		0.8		0.7		2.8		4.0		4.7					
Curtailment losses										1.0					
Net pension costs	\$	0.8	\$	0.7	\$	2.8	\$	4.0	\$	5.7					

During fiscal year 2005, we recognized curtailment losses within two of our defined benefit retirement plans related to the closing of our Nashua, New Hampshire wood casket manufacturing plant and a reduction in plan participants in the master defined benefit retirement plan resulting from 2005 restructuring activities.

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

Obligations and Funded Status

The change in Batesville's share of projected benefit obligations, plan assets and funded status, along with amounts recognized in the combined balance sheets for defined benefit retirement plans at September 30 were as follows:

	2007	2006
Change in benefit obligation:		
Projected benefit obligation at beginning of year	\$ 185.6	\$ 195.0
Service cost	4.2	4.9
Interest cost	9.6	9.0
Actuarial (gain)	(4.9)	(18.6)
Benefits paid	(6.9)	(6.8)
Pension costs attributable to Hillenbrand	1.6	2.1
Projected benefit obligation at end of year	189.2	185.6
Change in plan assets:		
Fair value of plan assets at beginning of year	159.6	156.0
Actual return on plan assets	16.3	8.9
Employer contributions	1.7	1.5
Benefits paid	(6.9)	(6.8)
Fair value of plan assets at end of year	170.7	159.6
Funded status:		
Plan assets less than benefit obligations	(18.5)	(26.0)
Unrecognized net actuarial loss	*	20.0
Unrecognized prior service cost	*	8.1
Net amount recognized	\$ (18.5)	\$ 2.1
Amounts recorded in the combined balance sheets:		
Prepaid pension costs	\$ 1.6	\$ 17.4
Accrued pension costs, long-term	(18.9)	(18.6)
Accrued pension costs, current portion	(1.2)	(0.6)
Minimum pension liability	*	2.0
Intangible asset	*	1.9
Net amount recognized	<u>\$ (18.5)</u>	\$ 2.1

^{*} Not applicable due to adoption of SFAS No. 158.

The net actuarial losses of \$10.0 million and prior service costs of \$7.3 million included above, less an applicable aggregate tax effect of \$6.7 million, are included as components of accumulated other comprehensive loss at September 30, 2007. The estimated amount that will be amortized from accumulated other comprehensive loss into net pension costs in 2008 includes prior service costs of \$0.9 million, as no amounts of net actuarial losses will be recognized in fiscal 2008.

As discussed in Note 4, Hillenbrand corporate expenses, including pension costs related to Hillenbrand corporate employees, have been allocated to Batesville for the purposes of presenting these combined financial

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

statements. The pension costs attributable to Hillenbrand presented in the table above represent amounts not allocated to Batesville. Such amounts are included within the activity of Batesville's benefit obligation above as Batesville will retain liability for benefits related to former employees of Hillenbrand.

Accumulated Benefit Obligation

Batesville's share of the accumulated benefit obligation for all defined benefit retirement plans was \$170.6 million and \$163.0 million at September 30, 2007 and 2006, respectively. Selected information for our plans with accumulated benefit obligations in excess of plan assets at the end of each period was as follows:

	September 30 2007		September 30, 2006		
Projected benefit obligation	\$ 22	.2 \$	22.7		
Accumulated benefit obligation	20	.9	21.5		
Fair value of plan assets		2.7	2.4		

Actuarial Assumptions

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

	2007	2006	2005
Discount rate for obligation	6.5%	6.0%	5.5%
Discount rate for expense	6.0%	5.5%	6.0%
Expected rate of return on plan assets	8.0%	8.0%	8.0%
Rate of compensation increase	4.0%	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 weighted average asset allocations of our defined benefit retirement plans at September 30 by asset category, are as follows:

	200'	7	2006
	Target Allocation	Actual Allocation	Actual Allocation
Equity securities	49%-61%	60%	63%
Fixed income securities	38%-49%	39%	35%
Real estate	0%-1%	1%	1%
Other	0%-1%	<u> </u>	<u> </u>
Total		100%	100%

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

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

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.

Trust assets 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 percent of the equity portfolio. Hillenbrand common stock represented approximately 5 percent of trust assets at both September 30, 2007 and 2006, and is subject to a statutory limit when it reaches 10 percent of total trust assets.

Cash Flows

During 2007 and 2006 we contributed cash of \$1.7 million and \$1.5 million, respectively, to our defined benefit retirement plans. We expect to contribute approximately \$1.2 million to our defined benefit retirement plans in fiscal year 2008.

Estimated Future Benefit Payments

Following are the benefit payments, which reflect expected future service and are expected to be paid from plan assets and Company contributions as necessary (in millions):

Projected Pension

	Benefits Payo	
2008	\$	6.8
2009		7.5
2010		8.3
2011		9.0
2012		9.8
2013-2017		61.3

Other Pension Matters

Employees hired after June 30, 2003 are no longer eligible for participation in the master defined benefit retirement plan, but participate in a new 401(k) retirement program that began January 1, 2004. Active employees as of June 30, 2003 were given the opportunity to choose to continue participating in the master defined benefit retirement pension plan and the existing 401(k) plan or to participate in the new 401(k) retirement program. Elections were completed as of September 30, 2003, and became effective January 1, 2004. For those employees that elected to continue participation in the master defined benefit pension plan, there were no changes in benefits and all service is recognized as credited service under the plan. For those who elected the new 401(k) retirement program, benefits under the defined benefit pension plan were frozen and will be paid out in accordance with the plan provisions with future service considered only under the new 401(k) retirement program.

Postretirement Health Care Plan

In addition to defined benefit retirement plans, Hillenbrand also offers a domestic postretirement health care plan that provides health care benefits to qualified retirees and their dependents and in which Batesville 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.

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

The net postretirement benefit cost recorded during the three months ended December 31, 2007 and 2006 was \$0.3 million and \$0.3 million, respectively. The net postretirement benefit cost recorded during the fiscal years ended September 30, 2007, 2006 and 2005 was \$1.3 million, \$0.4 million and \$2.2 million, respectively.

The change in Batesville's share of the accumulated postretirement benefit obligation at September 30 was as follows:

	2007	2006
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 9.7	\$ 10.1
Service cost	0.8	0.8
Interest cost	0.5	0.5
Actuarial (gain)	(0.9)	(0.9)
Benefits paid	(0.3)	(0.8)
Benefit obligation at end of year	\$ 9.8	\$ 9.7
Amounts recorded in the combined balance sheets:		
Accrued postretirement benefits, long-term	\$ 9.2	\$ 9.1
Accrued postretirement benefits, current portion	0.6	0.6
Net amount recognized	\$ 9.8	\$ 9.7

The actuarial gains of \$0.9 million included above, less an applicable tax effect of \$0.3 million, are included as a component of accumulated other comprehensive loss at September 30, 2007. No amount of this actuarial gain is expected to be recognized in earnings in fiscal 2008.

The discount rate used to determine benefit obligations and net periodic benefit cost for the postretirement health care plan during the fiscal year ended September 30, 2007 was 6.25 percent. As of September 30, 2006, the healthcare-cost trend rates were assumed to increase at an annual rate of 9.5 percent in 2007, 8.5 percent in 2008, 7.5 percent in 2009, 7.0 percent in 2010, 6.0 percent in 2011 and 5.0 percent in 2012 and thereafter. The same rates, beginning with fiscal 2008, are projected as of September 30, 2007. A one-percentage-point increase/decrease in the assumed health care cost trend rates as of September 30, 2007 would cause an increase/decrease in service and interest costs of \$0.1 million, along with an increase/decrease in the benefit obligation of \$0.9 million and \$0.8 million, respectively.

We fund the postretirement health care plan as benefits are paid, and current plan benefits are expected to require net company contributions for Batesville retirees of less than \$0.9 million per year for the foreseeable future.

6. Other Long-Term Liabilities

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

	: 	December 31, 2007 (Unaudited)	Sep	tember 30, 2007	ember 30, 2006
Casket pricing obligation	\$	11.2	\$	11.5	\$ 12.5
Self-insurance loss reserves		7.9		8.7	8.2
Other		7.5		3.0	3.6
Total	\$	26.6	\$	23.2	\$ 24.3

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

In connection with Hillenbrand's sale of a subsidiary in 2004, the Company assumed a payment obligation of approximately \$17 million 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.

7. Income Taxes

The significant components of income before income taxes and the combined income tax provision from continuing operations for fiscal years 2007, 2006 and 2005 were as follows:

	2007	2006	2005
Income before income taxes:			
Domestic	\$ 153.3	\$ 177.2	\$ 159.8
Foreign	3.7	1.6	3.5
Total	<u>\$ 157.0</u>	\$ 178.8	\$ 163.3
Income tax expense:			
Current provision:			
Federal	\$ 56.0	\$ 57.8	\$ 44.8
State	7.0	6.4	3.2
Foreign	1.6	0.6	1.2
Total current provision	64.6	64.8	49.2
Deferred provision:			
Federal	(4.7)	1.3	8.4
State	(2.1)	(0.4)	3.3
Foreign	(0.3)	(0.1)	(0.4)
Total deferred provision	(7.1)	0.8	11.3
Income tax expense	\$ 57.5	\$ 65.6	\$ 60.5

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

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 for fiscal years 2007, 2006 and 2005 were as follows:

	2007		2006		2005	
	Amount	% of Pretax Income	Amount	% of Pretax Income	Amount	% of Pretax Income
Federal income tax(a)	\$ 55.0	35.0	\$ 62.6	35.0	\$ 57.2	35.0
State income tax(b)	3.5	2.3	4.4	2.4	4.0	2.5
Foreign income tax(c)	(0.3)	(0.2)	(0.1)	_	(0.1)	(0.1)
Application of tax credits	_	_	_	_	(0.3)	(0.2)
Adjustment of estimated income tax accruals	(0.9)	(0.6)	(1.1)	(0.6)	(0.4)	(0.3)
Valuation allowance	0.6	0.4	_	_	_	_
Other, net	(0.4)	(0.3)	(0.2)	(0.1)	0.1	0.1
Income tax expense	\$ 57.5	36.6	\$ 65.6	36.7	\$ 60.5	37.0

- (a) At statutory rate
- (b) Net of Federal benefit
- (c) Federal tax rate differential

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

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

	September 30, 2007	. S	September 30, 2006	
Deferred tax assets:				
Employee benefit accruals	\$ 21.9	\$	13.6	
Casket pricing obligation	5.0		5.4	
Self-insurance reserves	4.3		4.1	
Other, net	14.0		10.1	
	45.2		33.2	
Less valuation allowance	(0.6)	_	
Total deferred tax assets	44.6	. <u>—</u>	33.2	
Deferred tax liabilities:				
Depreciation	(7.6)	(8.2)	
Amortization	(4.0)	(4.5)	
Other, net	(0.8)	(0.8)	
Total deferred tax liabilities	(12.4)	(13.5)	
Deferred tax assets, net	\$ 32.2	\$	19.7	
Amounts recorded in the combined balance sheets:				
Deferred income taxes, current	\$ 16.0	\$	12.9	
Deferred income taxes, long-term	16.2		6.8	
Deferred income taxes, net	\$ 32.2	\$	19.7	

At September 30, 2007, we had \$1.2 million of deferred tax assets related to state tax credit carryforwards which expire between 2008 and 2011 and \$0.1 million related to foreign tax credit carryforwards which expire in 2015 and 2016. The gross deferred tax assets as of September 30, 2007 were reduced by a valuation allowance of \$0.6 million relating to the state tax credit carryforwards. The valuation allowance of \$0.6 million was recorded during fiscal 2007 as it is more likely than not that some portion of the state tax credit carryforwards will not be realized.

The Company is required to assess its deferred tax assets and the need for a valuation allowance under the separate return method. This assessment requires considerable judgment on the part of management with respect to benefits that could be realized from future taxable income, as well as other positive and negative factors. In evaluating whether it is more likely than not that we would recover our deferred tax assets, future taxable income, the reversal of existing temporary differences and tax planning strategies were considered.

8. Plant Closure

In the third fiscal quarter of 2005, Batesville announced plans to close its Nashua, New Hampshire plant and consolidated its solid wood casket production into its Batesville, Mississippi plant. The consolidation of the two plants resulted in a special charge, reported as a component of operating expenses in the third quarter of fiscal 2005, of \$1.5 million. Additionally, other pre-tax costs of \$2.3 million, including certain severance and other termination benefits, as well as costs related to accelerated depreciation expense, the transfer of equipment, training of employees and other costs, were realized through the completion of the consolidation of the plants in the second

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

quarter of fiscal 2006 as a component of costs of goods sold. All cash charges associated with this action have since been paid.

9. Stock-Based Compensation

Over time, Hillenbrand has had various stock-based compensation programs, the key components of which are further described below. The primary active stock-based compensation program in which Batesville employees participate is the Hillenbrand Stock Incentive Plan. All stock-based compensation programs are administered by the Hillenbrand Board of Directors or its Compensation and Management Development Committee.

The Stock Incentive Plan covers key employees of Hillenbrand and its subsidiaries and provides for long-term performance compensation for key employees and members of the Hillenbrand 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 average fair market price at date of grant and option terms are not expected to exceed ten years.

Compensation cost and related income tax benefits related to Batesville employees charged against income and reflected in the combined statements of income under the Hillenbrand stock-based compensation plans were as follows:

	,	Three Months Ended December 31,			Fiscal Year Ended September 30,		
	2	007	2	006	2007	2006	2005
		(Una	udited)				
Stock-based compensation cost	\$	0.7	\$	0.6	\$ 2.9	\$ 2.4	\$ 1.8
Income tax benefit		0.3		0.2	1.1	0.9	0.7
Stock-based compensation cost, net-of-tax	\$	0.4	\$	0.4	\$ 1.8	\$ 1.5	\$ 1.1

Stock Options

The fair value of option grants under the Hillenbrand 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 weighted average fair value of options granted under the Hillenbrand Stock Incentive Plan was \$14.47, \$12.21 and \$13.19 per share for fiscal years 2007, 2006 and 2005, respectively. The following assumptions were used in the determination of fair value in each period:

	2007	2006	2005
Risk-free interest rate	4.5-4.9%	4.3-4.7%	2.6-4.1%
Dividend yield	1.8-2.2%	1.8-2.3%	1.7-2.1%
Weighted average dividend yield	1.9%	2.0%	1.8%
Volatility factor	18.1-24.6%	20.1-25.3%	20.2-25.9%
Weighted average volatility factor	21.5%	22.7%	23.5%
Exercise factor	33.3%	34.6%	38.7%

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 Hillenbrand dividend payouts.

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

The computation of expected volatility for the valuation of stock options granted is based on historical Hillenbrand 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 forfeiture 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 granted by Hillenbrand.

The following table summarizes the Hillenbrand stock option activity relating to Batesville employees under Hillenbrand's current and predecessor stock option plans for the fiscal year ended September 30, 2007:

Options _	Weighted Average Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In years)	Aggro Intri Valu (In mil	insic ie(1)
Outstanding at October 1, 2006	811,053	\$ 50.20			
Granted	114,698	57.92			
Exercised	(222,663)	48.69			
Forfeited	(10,666)	59.95			
Outstanding at September 30, 2007	692,422	\$ 51.81	5.3	\$	3.0
Exercisable at September 30, 2007	508,944	\$ 50.84	4.1	\$	2.6

⁽¹⁾ The aggregate intrinsic value represents the total pre-tax intrinsic value, based on Hillenbrand's closing stock price of \$55.02 as of September 30, 2007, which would have been received by the option holders had all option holders exercised their options as of that date. This amount changes continuously based on the fair value of Hillenbrand's stock.

As of September 30, 2007, there was \$1.6 million of total unrecognized compensation expense related to stock options held by Batesville employees granted under the Hillenbrand Stock Incentive Plan. This unrecognized compensation expense does not reflect a reduction for estimated potential forfeitures, and is expected to be recognized over a weighted average period of 1.6 years. The total intrinsic value of options exercised by Batesville employees during the fiscal years 2007, 2006 and 2005 was \$3.5 million, \$0.4 million and \$0.5 million, respectively.

On September 1, 2005, Hillenbrand accelerated the vesting of certain unvested and underwater options previously awarded to employees, officers, and other eligible participants under Hillenbrand's stock option plans. As such, options to purchase 210,600 shares of Hillenbrand's common stock held by Batesville employees with exercise prices greater than or equal to \$50.48 per share became fully vested.

Restricted Stock Units (RSUs)

The value of RSUs in Hillenbrand common stock is the fair value at the date of grant, with nonvested grants ranging between \$48.96 and \$66.65 per share. The grants are contingent upon continued employment and vest over periods ranging from one to five years. Dividends, payable in stock, accrue on the grants and are subject to the same specified terms as the original grants. As of September 30, 2007, a total of 5,370 stock units have accumulated on nonvested RSUs held by Batesville employees due to dividend reinvestment.

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

The following table summarizes transactions for nonvested RSUs held by Batesville employees, excluding dividend reinvestment units, for the fiscal year ended September 30, 2007:

Restricted Stock Units	Number of Share Units	Weighted Average Grant Date Fair Value
Nonvested RSUs at October 1, 2006	125,027	\$ 53.54
Granted	30,225	58.64
Vested	(19,218)	56.91
Forfeited	(1,278)	54.43
Nonvested RSUs at September 30, 2007	134,756	\$ 55.01

As of September 30, 2007, there was \$5.0 million of total unrecognized compensation expense related to nonvested RSUs held by Batesville employees granted under the Hillenbrand Stock Incentive Plan. This unrecognized compensation expense does not reflect a reduction for estimated potential forfeitures, and is expected to be recognized over a weighted average period of 3.4 years. The total vest date fair value of shares held by Batesville employees which vested during fiscal years 2007, 2006 and 2005 was \$1.1 million, \$1.4 million and \$0.8 million, respectively.

Performance Based Stock Award

During 2007, Hillenbrand granted a Performance Based Stock Award to Batesville's Chief Executive Officer, which included 7,700 performance based restricted stock units. The fair value of each unit was \$60.86 on the date of grant. Vesting of the award is contingent upon achievement of certain one, two and three-year performance targets and corresponding service requirements. As such, compensation expense, based on the estimated achievement of performance and service requirements, is recognized over the performance period through September 30, 2009.

Vested Deferred Stock

Hillenbrand has historically had various other stock-based compensation programs, which like the current RSU program, allowed deferrals after vesting to be set-up as deferred stock. As of September 30, 2007 and 2006, there were 1,238 and 489 shares, respectively, held by current and former Batesville employees, which had been deferred, fully vested and payable in Hillenbrand common stock under the RSU and other stock-based compensation programs.

10. Commitments and Contingencies

Lease Commitments

Rental expense charged to income for fiscal years 2007, 2006 and 2005 was \$7.2 million, \$6.5 million and \$6.2 million, respectively. The table below indicates the minimum annual rental commitments (excluding renewable periods) aggregating \$15.7 million, for manufacturing facilities, warehouse distribution centers, service centers and sales offices, under noncancelable operating leases.

2008	\$4.9
2009	\$4.1
2010	\$3.1
2011	\$2.0
2012	\$1.3
2013 and beyond	\$0.3

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

Legal Proceedings

Antitrust Litigation

On May 2, 2005, a non-profit entity called Funeral Consumers Alliance, Inc. ("FCA") and several individual consumers filed a purported class action antitrust lawsuit ("FCA Action") against three national funeral home businesses, Service Corporation International ("SCI"), Alderwoods Group, Inc. ("Alderwoods"), and Stewart Enterprises, Inc. ("Stewart") together with Hillenbrand and Batesville, in the United States District Court for the Northern District of California. This lawsuit alleged a conspiracy to suppress competition in an alleged market for the sale of caskets through a group boycott of so-called "independent casket discounters," that is, third-party casket sellers unaffiliated with licensed funeral homes; a campaign of disparagement against these independent casket discounters; and concerted efforts to restrict casket price competition and to coordinate and fix casket pricing, all in violation of federal antitrust law and California's Unfair Competition Law. The lawsuit claimed, among other things, that Batesville's maintenance and enforcement of, and alleged modifications to, its long-standing policy of selling caskets only to licensed funeral homes were the product of a conspiracy among Batesville, the other defendants and others to exclude "independent casket discounters" and that this alleged conspiracy, combined with other alleged matters, suppressed competition in the alleged market for caskets and led consumers to pay higher than competitive prices for caskets. The FCA Action alleged that two of Batesville's competitors, York Group, Inc. and Aurora Casket Company, are co-conspirators but did not name them as defendants. The FCA Action also alleged that SCI, Alderwoods, Stewart and other unnamed co-conspirators conspired to monopolize the alleged market for the sale of caskets in the United States.

After the FCA Action was filed, several more purported class action lawsuits on behalf of consumers were filed based on essentially the same factual allegations and alleging violations of federal antitrust law and/or related state law claims. It is not unusual to have multiple copycat class action suits filed after an initial filing, and it is possible that additional suits based on the same or similar allegations could be brought against Hillenbrand and Batesville.

Batesville, Hillenbrand and the other defendants filed motions to dismiss the FCA Action and a motion to transfer to a more convenient forum. In response, the court in California permitted the plaintiffs to replead the complaint and later granted defendants' motion to transfer the action to the United States District Court for the Southern District of Texas (Houston, Texas) ("Court").

On October 12, 2005, the FCA plaintiffs filed an amended complaint consolidating all but one of the other purported consumer class actions in the Court. The amended FCA complaint contains substantially the same basic allegations as the original FCA complaint. The only other then remaining purported consumer class action, Fancher v. SCI et al., was subsequently dismissed voluntarily by the plaintiff after the defendants filed a motion to dismiss. On October 26, 2006, a new purported class action was filed by the estates of Dale Van Coley and Joye Katherine Coley, Candace D. Robinson, Personal Representative, consumer plaintiffs, against Batesville and Hillenbrand in the Western District of Oklahoma allegian violation of the antitrust laws in fourteen states based on allegations that Batesville engaged in conduct designed to foreclose competition and gain a monopoly position in the market. This lawsuit is largely based on similar factual allegations to the FCA Action. Batesville and Hillenbrand have had this case transferred to the Southern District of Texas in order to coordinate this action with the FCA Action, and have filed a motion to dismiss this action. On September 17, 2007, the Court granted Batesville's and Hillenbrand's motion to dismiss and ordered the action dismissed with prejudice.

The FCA plaintiffs are seeking certification of a class that includes all United States consumers who purchased Batesville caskets from any of the funeral home co-defendants at any time during the fullest period permitted by the applicable statute of limitations. On October 18, 2006, the district court denied Batesville's, Hillenbrand's and the other defendants' November 2005 motions to dismiss the amended FCA complaint.

In addition to the consumer lawsuits discussed above, on July 8, 2005 Pioneer Valley Casket Co. ("Pioneer Valley"), an alleged casket store and Internet retailer, also filed a purported class action lawsuit ("Pioneer Valley

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

Action") against Batesville, Hillenbrand, SCI, Alderwoods, and Stewart in the Northern District of California on behalf of the class of "independent casket distributors," alleging violations of state and federal antitrust law and state unfair and deceptive practices laws based on essentially the same factual allegations as in the consumer cases. Pioneer Valley claimed that it and other independent casket distributors were injured by the defendants' alleged conspiracy to boycott and suppress competition in the alleged market for caskets, and by an alleged conspiracy among SCI, Alderwoods, Stewart and other unnamed co-conspirators to monopolize the alleged market for caskets.

Plaintiff Pioneer Valley seeks certification of a class of all independent casket distributors who are or were in business at any time from July 8, 2001 to the present. Excluded from this class are independent casket distributors that: (1) are affiliated in any way with any funeral home; (2) manufacture caskets; or (3) are defendants or their directors, officers, agents, employees, parents, subsidiaries or affiliates.

The Pioneer Valley complaint was also transferred to the Southern District of Texas but was not combined with the FCA Action, although the scheduling orders for both cases are identical. On October 21, 2005, Pioneer Valley filed an amended complaint adding three new plaintiffs, each of whom purports to be a current or former "independent casket distributor." Like Pioneer Valley's original complaint, the amended complaint alleges violations of federal antitrust laws, but it has dropped the causes of actions for alleged price fixing, conspiracy to monopolize, and violations of state antitrust law and state unfair and deceptive practices laws. On October 25, 2006, the district court denied Hillenbrand's and Batesville's December 2005 motions to dismiss the amended Pioneer Valley complaint.

Class certification hearings in the FCA Action and the Pioneer Valley Action were held in early December 2006. Post-hearing briefing on the plaintiffs' class certification motions in both cases was completed in March 2007 though briefing on certain supplemental evidence related to class certification in the FCA Action also occurred in September 2007 and October 2007. The Court has not yet ruled on the motions for class certification. On August 27, 2007, the Court suspended all pending deadlines in both cases, including the previously set February 2008 trial date. The Court reset a docket call in both the FCA and Pioneer Valley Actions for May 5, 2008. A docket call is typically a status conference with the Court to set a trial date. It is anticipated that new deadlines, including a trial date, will not be set until sometime after the Court has ruled on the motions for class certification.

Plaintiffs in the FCA and Pioneer Valley Actions generally seek monetary damages, trebling of any such damages that may be awarded, recovery of attorneys' fees and costs, and injunctive relief. The plaintiffs in the FCA Action served a report indicating that they are seeking damages ranging from approximately \$947 million to approximately \$1.46 billion before trebling. Additionally, the Pioneer Valley plaintiffs served a report indicating that they are seeking damages of approximately \$99.2 million before trebling. 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 the period 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. Batesville and the defendants are vigorously contesting both liability and the plaintiffs' damages theories.

If a class were certified in any of the antitrust cases filed against Hillenbrand and Batesville and if the plaintiffs in any such case were to prevail at trial, any 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 and Pioneer Valley 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.

We believe that Hillenbrand and Batesville 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. In accordance with applicable accounting standards, neither Hillenbrand nor we have established a loss reserve for any of these cases.

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

After the FCA Action was filed, in the summer and fall of 2005, we were served with Civil Investigative Demands ("CIDs") by the Attorney General of Maryland and certain other state attorneys general who have begun an investigation of possible anticompetitive practices in the death care industry relating to a range of funeral services and products, including caskets. We have been informed that approximately 26 state attorneys general offices are participating in the joint investigation, although more could join. We cooperated with the attorneys general, and to date, no claims have been filed against us.

Other Pending Litigation Matter

On August 17, 2007, a lawsuit styled Vertie Staples v. Batesville Casket Company, Inc. was filed against us in the United States District Court for the Eastern District of Arkansas. The case is a putative class action on behalf of the plaintiff and all others in Arkansas who purchased a Monoseal® casket manufactured by us from a licensed funeral home located in Arkansas from January 1, 1989 to the present. The plaintiff claims that Monoseal® caskets were marketed as completely resistant to the entrance of air and water when they were not. The plaintiff asserts causes of action under the Arkansas Deceptive Trade Practices Act and for fraud, constructive fraud and breach of express and implied warranties. On January 9, 2008, the plaintiff filed an amended complaint that added another putative class plaintiff, restated the pending claims, and added a claim for unjust enrichment. In order to establish federal jurisdiction over the claims under the Class Action Fairness Act, the plaintiff alleges that the amount in controversy exceeds \$5,000,000.

This action is in the very early stages of litigation, and as such, we are not yet able to assess the potential outcome of this matter. There is a trial date of November 3, 2008. We believe the claims are without merit and will vigorously defend the case. It is not unusual to have multiple copycat suits filed after an initial filing, and it is possible that additional suits based on the same or similar allegations could be brought against us.

11. Segment Information and Sources of Revenues

The Company is comprised of a single operating segment. Geographic data for net revenues and long-lived assets (which consist mainly of property and intangibles) for fiscal years 2007, 2006 and 2005 were as follows:

	2007	2006	2005
Net revenues to unaffiliated customers:(a)			
United States	\$ 640.3	\$ 645.9	\$ 634.0
Foreign	26.9	28.7	25.4
Total revenues	\$ 667.2	\$ 674.6	\$ 659.4
Long-lived assets:(b)			
United States	\$ 109.6	\$ 108.4	\$ 106.3
Foreign	2.3	2.7	3.4
Total long-lived assets	\$ 111.9	\$ 111.1	\$ 109.7

⁽a) Net revenues are attributed to geographic areas based on the location of the operation making the sale

⁽b) Includes property and intangible assets

NOTES TO COMBINED FINANCIAL STATEMENTS (Dollars in millions) — (Continued)

Net revenues for fiscal years 2007, 2006 and 2005 were derived from the sale of the following:

	<u>2007</u>	2006	2005
Burial caskets	\$ 601.4	\$ 596.2	\$ 587.3
All other	65.8	78.4	72.1
Total net revenues	\$ 667.2	\$ 674.6	\$ 659.4

One customer accounted for 14.5 percent, 10.7 percent and 11.5 percent of the Company's total revenues during the years ended September 30, 2007, 2006 and 2005, respectively. Accounts receivable from that customer at September 30, 2007 and 2006 was \$13.8 million and \$9.1 million, respectively.

SCHEDULE II

FUNERAL SERVICE BUSINESS OF HILLENBRAND INDUSTRIES, INC.

VALUATION AND QUALIFYING ACCOUNTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2007, 2006 AND 2005

		A	dditions		
Description	Balance at Beginning of Period	Charged to Costs and Expense	Charged to Other Accounts (Dollars in millions)	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, 2007	\$ 13.9	\$ 9.0	s —	\$ (4.9)(a)	¢ 100
1			<u>s — </u>		\$ 18.0
September 30, 2006	\$ 11.5	\$ 3.2	<u>\$ </u>	(0.8)(a)	\$ 13.9
September 30, 2005	\$ 7.5	\$ 4.8	<u>\$</u>	\$ (0.8)(a)	\$ 11.5
Allowance for inventory valuation, including LIFO reserve: Period Ended:					
September 30, 2007	\$ 11.8	\$ 1.5	<u>s — </u>	\$ (0.2)(b)	\$ 13.1
September 30, 2006	\$ 12.0	<u>\$</u>	<u> </u>	\$ (0.2)(b)	\$ 11.8
September 30, 2005	\$ 8.5	\$ 3.7	<u> </u>	\$ (0.2)(b)	\$ 12.0

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

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

HILLENBRAND, INC. (THE "COMPANY")

CORPORATE GOVERNANCE STANDARDS FOR THE BOARD OF DIRECTORS

(As approved by Board of Directors on February 8, 2008)

The following corporate governance standards established by the Board of Directors of the Company (the "Board") provide a structure within which directors and management can effectively pursue the Company's objectives for the benefit of its shareholders and other constituencies. The Company's business is managed under the direction of the Board, but the conduct of the Company's business has been delegated by the Board to the Company's senior management team.

- 1. The Board will consider all major decisions of the Company. However, the Board has established the following standing Committees so that certain important areas can be addressed in more depth than may be possible in a full Board meeting: Audit Committee, Nominating/Corporate Governance Committee and Compensation and Management Development Committee. Each standing Committee has a specific written charter that has been approved by the Board.
 - 2. At all times, at least a majority of the directors of the Company shall be independent, as determined pursuant to numbered paragraph 3 below.
- 3. The Board, after receiving a recommendation from the Nominating/Corporate Governance Committee, must determine annually, based on a consideration of all relevant facts and circumstances, whether each director is independent. A director does not qualify as independent unless the Board has affirmatively determined that the director has no material relationship with the Company¹ (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). In assessing the materiality of a director's relationship with the Company and each director's independence, the Board shall consider the issue of materiality not only from the standpoint of the director but also from that of the persons or organizations with which the director has an affiliation and shall consider whether the relationship represents a potential conflict of interest or otherwise interferes with the director's exercise of his or her independent judgment from management and the Company. Material relationships can include, among others, commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships. In assessing a director's independence, the Board shall also consider the director's ownership, or affiliation with the owner, of less than a controlling amount of voting securities of the Company. The basis for the Board's determination that a relationship is not material shall be disclosed in the Company's annual proxy statement.

For purposes of this numbered paragraph 3, all references to the Company include the Company's subsidiaries.

Further, the Board cannot conclude that a director is independent if:

- The director is, or has been within the last three years, an employee of the Company, or an immediate family membe? of the director is, or has been within the last three years, an executive officer of the Company. Employment as an interim Chairperson or CEO or other executive officer shall not disqualify a director from being considered independent following that employment.
- The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service). Compensation received by a director for former service as an interim Chairperson or CEO or other executive officer need not be considered in determining independence under this test. Compensation received by an immediate family member for service as an employee of the Company (other than an executive officer) need not be considered in determining independence under this test.
- (A) The director or an immediate family member of the director is a current partner of a firm that is the Company's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time.
- The director or an immediate family member of the director is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executives at the same time serves or served on that company's compensation committee.
- The director is a current employee, or an immediate family member of the director is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues. The look-back provision for this test applies solely to the financial relationship between the
- As used in these Corporate Governance Standards, "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home. When applying the three-year lookback provisions described in this numbered paragraph 3, the Board need not consider individuals who are no longer immediate family members of the director as a result of legal separation or divorce, or those who have died or become incapacitated.

Company and the director or immediate family member's current employer; the Board need not consider former employment of the director or immediate family member. Contributions to tax exempt organizations shall not be considered "payments" for purposes of this provision, but the Company shall disclose in its annual proxy statement any such contributions made by the Company to any tax exempt organization in which any independent director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year exceeded the greater of \$1 million, or 2% of such tax exempt organization's consolidated gross revenues. In addition, the Board must consider the materiality of any such relationship in making its determination of independence.

· A director who owns, or is affiliated with the owner, of a controlling amount of voting stock of the Company may not be considered independent.

The disqualification of one director from being independent pursuant to these provisions shall not automatically disqualify any other director on the Board who is an immediate family member of such disqualified director but the disqualification of an immediate family member shall be one of the facts and circumstances considered by the Board in assessing such other director's independence.

Moreover, the Board discourages the following types of transactions with or on behalf of non-officer directors:

- the making of substantial charitable contributions to any organization in which a director is affiliated;
- the entering into of consulting contracts with (or providing other indirect forms of compensation to) directors; or
- the entering into of other compensatory arrangements with directors that may raise questions about their independence.
- 4. The Audit Committee, the Nominating/Corporate Governance Committee and the Compensation and Management Development Committee of the Board will consist entirely of independent directors.
- 5. Each member of the Board will act in accordance with the criteria for selection and discharge the responsibilities set forth in the Position Specification3 for a director of the Company.
- 6. In addition to evaluations to be performed by the Compensation and Management Development Committee, the Board will evaluate the performance of the Company's Chief Executive Officer and certain other senior management positions at least annually in meetings of independent directors that are not attended by the Chief Executive Officer. As a general rule, the Chief Executive Officer should not also hold the position of Chairperson of the Board. However, if, with the Board's approval, the Chief Executive Officer also holds the position of
- 3 See Position Specification for Member of Board of Directors of Hillenbrand, Inc.

Chairperson of the Board, the Board will elect a non-executive Vice Chairperson (or a non-executive director who is the Lead Director). The Vice Chairperson or Lead Director will preside at meetings to evaluate the performance of the Chief Executive Officer.

- 7. Every year the Board will engage management in a discussion of the Company's strategic direction and, based on that discussion, set the Company's strategic direction and review and approve a three-year strategic framework and a one-year business plan.
- 8. On an ongoing basis during each year, the Board will monitor the Company's performance against its annual business plan and against the performance of its peers. In this connection, the Board will assess the impact of emerging political, regulatory and economic trends and developments on the Company. The Board will hold periodic meetings devoted primarily to the review of the Company's strategic plan and business plan and its performance against them.
- 9. The Nominating/Corporate Governance Committee will annually assess the Board's effectiveness as a whole as well as the effectiveness of the individual directors and the Board's various Committees, including a review of the mix of skills, core competencies and qualifications (including independence under applicable standards) of members of the Board and its various committees, which should reflect expertise in one or more of the following areas: accounting and finance, product and technology development, death care or other low growth industry, manufacturing, services businesses, sales and market development, international operations, international governance, mergers and acquisitions related business development, strategic oversight, government relations, investor relations, executive leadership development, public company governance, and executive compensation design and processes. In order to make these assessments, the Nominating/Corporate Governance Committee shall solicit annually the opinions of each director regarding the foregoing matters. The Nominating/Corporate Governance Committee shall present its findings and recommendations to the Board of Directors for appropriate corrective action by the Board. Ineffective directors shall be replaced as promptly as practicable and inefficient Committees of the Board shall be restructured or eliminated promptly.
- 10. Directors are expected to own shares of common stock of the Company. The Board of Directors may from time to time adopt, revise or terminate director stock ownership guidelines. Specifically, any non-employee director who from and after March 31, 2008 is awarded restricted shares of the Company's common stock or deferred stock shares (otherwise known as restricted stock units) with respect to shares of the Company's common stock shall be required to hold any vested shares of the Company's common stock under such awards until at least the six month anniversary from the date such director ceases to be a director of the Company.

Directors are encouraged to limit the number of directorships that they hold in public companies so that they can devote sufficient time to the discharge of their responsibilities to each public company for which they serve as a director, including the Company. The Nominating/Corporate Governance Committee shall make recommendations to the Board regarding the membership of the several Board committees and the chairs of such committees. The members of the several Board committees shall be elected by the Board, after consideration of the recommendation of

the Nominating/Corporate Governance Committee, at the annual meeting of the Board to serve until the next annual meeting of the Board or until their successors shall be duly elected and qualified. Unless the Chair of any Committee is elected by the Board, after consideration of the recommendation of the Nominating/Corporate Governance Committee, the members of the Committee may designate a Chair by majority vote of the Committee membership. The several Committee Chairs will periodically report the Committee's findings and conclusions to the Board. When any director intends to become a director of another board of directors, that director shall provide advance notice to the Chairperson of the Board and the Secretary. Upon termination of or significant change in a member of the Board's principal employment or acceptance of a position as a director on a public company board that results in a director serving on more than four more public company boards he or she shall notify the Chairperson of the Board and tender his or her resignation from the Board, which may be rejected by the Board if the change in status is satisfactory and the Board believes that the director will continue to be a valuable contributor to the Board. No more than half the members of the Board may be over seventy years of age.

- 11. Succession planning and management development will be reviewed annually by the Chief Executive Officer with the Board. The Board will review at least annually the succession plan for the Company's Chief Executive Officer.
- 12. All executive officers and designated members of management are expected to own shares of the Company's common stock. Specifically, the Chief Executive Officer of the Company, his or her executive officer or Grade Level V Employee direct reports, each of their direct reports who are officers or Grade Level V Employees of the Company or any of its subsidiaries, and all other Grade V level employees of the Company or any of its subsidiaries from and after the later to occur of (i) March 31, 2008 or (ii) the date on which any such individual first became an officer or Grade Level V Employee of the Company or any of its subsidiaries ("Start Date") shall be required to hold shares of the Company's common stock or equivalents described below at the following levels ("Required Ownership Level"):

Position	Required Ownership Level (Expressed as Base Annual Salary Multiple)
Company Chief Executive Officer ("CEO")	4 x Base Annual Salary
CEO Executive Officer Direct Reports who are Officers or Grade Level V Employees	2 x Base Annual Salary
Officer or Grade V Level Direct Reports of CEO Executive Officer or Grade Level V Direct Reports	1 x Base Annual Salary
Other Grade V level Employees	0.75 x Base Annual Salary

Shares owned outright (including vested deferred shares) and deferred stock shares (otherwise known as restricted stock units) under the Company's Stock Incentive Plan ("RSUs")) with respect to shares of the Company's common stock (whether vested or unvested) will count as share equivalents towards the Required Ownership Level. The Required Ownership Level must be achieved within five years from the Start Date.

Failure to achieve or maintain the Required Ownership Level may result in (i) the applicable individual being required to hold all after tax vested RSU's and shares acquired upon exercise of stock options or (ii) suspension of future restricted stock or RSU grants until the Required Ownership Level is achieved. The Compensation and Management Development Committee (or its designee) may make exceptions, in its (his or her) sole discretion, in the event of disability or great financial hardship.

- 13. Shareholders of the Company will be given an opportunity to vote on the adoption of all equity-compensation plans and any material revisions to such plans. Brokers may not vote a customer's shares on any equity compensation plan unless the broker has received that customer's instructions to do so.
- 14. Subject to limited exceptions permitted by law, the Company will not directly or indirectly grant loans to executive officers or directors of the Company that are not available to outsiders.
- 15. Stock options will not be repriced, that is, the exercise price for options will not be lowered even if the current fair market value of the underlying shares is below their exercise price.
- 16. Analyses and empirical data that are important to the directors' understanding of the business to be conducted at a meeting of the Board or any Committee will be distributed, to the extent practicable, in writing to all members in advance of the meeting. Management will make every reasonable effort to assure that this material is both concise and in sufficient detail to provide a reasonable basis upon which directors may make an informed business decision. In many cases, significant items requiring Board or Committee approval may be reviewed in one or more meetings, with the intervening time being used for clarification and discussion of relevant issues. Outside directors shall be encouraged to provide input into the development of Board and Committee meeting agenda.
- 17. Directors shall have complete access to the Company's management. It is assumed that directors will exercise reasonable judgment to assure that contact of this sort is not distracting to the business operations of the Company and that any such contact, if in writing, will be copied to the Chief Executive Officer and the Chairperson of the Board. Furthermore, the Board encourages the Chief Executive Officer to bring managers into Board meetings from time to time who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) represent potential members of future senior management that the Chief Executive Officer believes should be given exposure to the Board.
- 18. The Nominating/Corporate Governance Committee shall assess, from time to time, the adequacy and suitability of the compensation package for members of the Company's

Board of Directors in relation to competitive market and sound corporate governance practices. The Chief Executive Officer or other members of the senior management team or other persons appointed by the Nominating/Corporate Governance Committee shall report to the Nominating/Corporate Governance Committee from time to time regarding the adequacy and suitability of the Company's Board compensation package in relation to other comparable U.S. companies. Changes in Board compensation, if any, should be suggested by the Nominating/Corporate Governance Committee and approved only after a full discussion among the members of the Board.

- 19. The Board, with the recommendation of the Nominating/Corporate Governance Committee, will modify from time to time the compensatory arrangements with the Company's non-officer, non-employee directors.
- 20. The Board is responsible for the enactment and approval of changes in the Company's Code of Business Conduct and Ethics ("Policy Statement"). The Board's Audit Committee has responsibility for the oversight of the implementation and administration of the Policy Statement, the review and assessment at least annually of the effectiveness of the Policy Statement and the recommendation to the Board of suggested changes in the Policy Statement.
 - 21. The Board will consider from time to time its optimum size and will increase or decrease from time to time, as appropriate, the number of its members.
- 22. Proposed agendas for each regularly scheduled Board meeting shall be developed by the Chairperson of the Board, Chief Executive Officer and Secretary, revised, as appropriate after joint review by those individuals together with the Chairs of each Board committee, and revised again, as appropriate after review by each member of the Board. Likewise, proposed agendas for each regularly scheduled Board committee meeting shall be developed by the Chair of the applicable Board committee, management liaison and Secretary, revised, as appropriate after joint review by those individuals together with the Chairperson of the Board and Chairs of each other Board committee, and revised again, as appropriate after review by each member of the Board.
 - 23. The Board is committed to the continuing orientation and training of new and incumbent directors at the Board and Committee levels.
- 24. Any related party transactions between the Company or any of its subsidiaries and any director or executive officer of the Company shall be reviewed and preapproved by the Nominating/Corporate Governance Committee.
- 25. The non-management directors regularly shall conduct executive sessions without participation by any employees of the Company. The Chairperson of the Board, or, in his or her absence, the Vice Chairperson of the Board, shall preside over such executive sessions at each regularly scheduled meeting of the Board of Directors. The Chairperson of each of the Nominating/Corporate Governance, Compensation and Management Development and Audit Committees of the Board, or, in his or her absence, the Vice Chairperson of each of those committees, shall preside over executive sessions of those committees without participation by any employees of the Company at each regularly scheduled meeting of those committees. The

names of the directors who will preside at those regularly scheduled executive sessions shall be publicly disclosed.

- 26. While the information needed for the Board's decision making generally will be found within the Company, from time to time the Board may seek legal or other expert advice from sources independent of management. Generally such advice will be sought with the knowledge and concurrence of the Chief Executive Officer. Accordingly, the Board shall have the sole authority to engage, compensate, oversee and terminate external independent consultants, counsel and other advisors as it determines necessary to carry out its responsibilities. The Company shall provide appropriate funding (as determined by each committee) for payment of compensation to advisors engaged by the
- 27. Likewise, each committee of the Board shall have the sole authority to engage, compensate, oversee and terminate external independent consultants, counsel and other advisors as it determines necessary to carry out its duties, including the resolution of any disagreements between management and the auditor regarding financial reporting. The Company shall provide appropriate funding (as determined by each committee) for payment of compensation to advisors engaged by the committees.
- 28. These Corporate Governance Standards have been developed and approved by the Board. The Board will review at least annually the practices incorporated into these Corporate Governance Standards by comparing them to the standards identified by leading governance authorities and the evolving needs of the Company and determine whether these Corporate Governance Standards should be updated. These Corporate Governance Standards shall be published on the Company's website.

HILLENBRAND, INC. (THE "COMPANY")

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

(As approved by Board of Directors on February 8, 2008)

Mission Statement

The Audit Committee ("Committee") shall assist the Board of Directors of the Company ("Board") in fulfilling its oversight responsibilities regarding financial reports and financial controls of the Company. In discharging that role, the Committee shall review the Company's financial reporting process, its system of internal controls regarding accounting, legal and regulatory compliance and ethics that management or the Board, as the case may be, have established and the internal and external audit processes of the Company. The Committee will endeavor to maintain effective working relationships with the Board, management, and the internal and external auditors. Each Committee member will maintain an understanding of the requirements of membership which are necessary to meet and fulfill Committee responsibilities.

Organization

The Board shall arrange that:

1. The Committee shall be comprised of at least three members of the Board, each of whom must meet the independence criteria set forth in the Company's Corporate Governance Standards for the Board of Directors and as required by the New York Stock Exchange, the Securities Exchange Act of 1934 and the rules and regulations of the Securities Exchange Commission at all times during his or her tenure on the Committee. No member of the Committee may, other than in his or her capacity as a member of the Committee, the Board or any other committee of the Board,

(a) accept, directly or indirectly 1, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, provided that, unless the rules of the New York Stock Exchange provide otherwise, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including

Payments by the Company of the following sort will be deemed to constitute indirect acceptance of compensatory payments and accordingly will render a member of the Board ineligible for service on the Committee: (a) payments to an entity in which the member is a partner, member, officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the Company) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Company or any of its subsidiaries; and (b) payments to the member's spouse, minor child or stepchild or adult child or stepchild sharing the member's home.

deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service); or

- (b) be an affiliated person² of the Company or any of its subsidiaries.
- 2. All members of the Committee should possess, at a minimum, basic financial literacy, as such qualification is interpreted by the Board, or acquire such literacy within a reasonable period of time from joining the Committee. At the present time, the Board interprets "financial literacy" to mean the ability to read and understand audited and unaudited consolidated financial statements (including the related notes) and monthly operating statements of the sort released or prepared by the Company, as the case may be, in the normal course of its business. The Chair of the Committee shall be available, capable, qualified and competent in dealing with financial and related issues.
- 3. At least one member of the Committee shall be an "audit committee financial expert" (as defined by the Securities and Exchange Commission) who shall have all of the following attributes:
 - an understanding of generally accepted accounting principles and financial statements;
 - the ability to assess the general application of generally accepted accounting principles in connection with the accounting for estimates, accruals and reserves;
 - experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are
 generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience
 in actively supervising one or more persons engaged in such activities;
 - an understanding of internal controls and procedures for financial reporting; and
 - an understanding of the audit committee function.
- An "affiliated person" or "affiliate" of a specified person, means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the specified person. The term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise. A person who is not an executive officer of the specified person and is not the beneficial owner, directly or indirectly, of more than 10% of any class of voting equity securities of a specified person will be deemed not to be in control of the specified person, and an executive officer, general partner or managing member of an affiliate, or a director who is also is an employee of an affiliate, shall be deemed also to be an affiliate.

A Committee member who sits on the board of directors of both the Company and an affiliate of the Company is exempt from the "affiliated person" requirement if the Committee member, except for being a director on each such board of directors, otherwise meets the independence requirements described in clauses (a) and (b) for both the Company and the affiliate, including the receipt of only ordinary-course compensation for serving as a member of the board of directors, audit committee or any other board committee of the Company or the affiliate.

An audit committee financial expert must have acquired these attributes through any one or more of the following:

- education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more
 positions that involve the performance of similar functions;
- experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions:
- experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
- other relevant experience.
- 4. No director shall be appointed to or remain on the Committee who is simultaneously serving on the audit committees of two or more other public companies unless the Board determines that such simultaneous service would not impair the ability of such member to serve on the Committee and such determination is disclosed in the Company's annual proxy statement.
- 5. The members of the Committee shall be elected by the Board annually, based on a recommendation by the Nominating/Corporate Governance Committee to serve until the next annual meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is designated by the Board, the members of the Committee may designate a Chairperson by majority vote of the Committee membership. The Board may remove a member from the Committee with or without cause. The Committee's Chair will periodically report the Committee's findings and conclusions to the Board. The Committee will be assisted by the Company's Chief Financial Officer and General Counsel. The Company's Secretary or any Assistant Secretary will serve as executive secretary of the Committee.
- 6. Committee meetings shall be held not less frequently than quarterly, usually in conjunction with the Company's regular quarterly Board meetings. The Committee may choose to meet more frequently, if needed. A majority of the Committee members will constitute a quorum for the transaction of business at any meeting of the Committee. Action of the majority at any such meeting will be the action of the Committee.

Roles and Responsibilities

The following functions shall be the common recurring activities of the Committee in carrying out its oversight function. These functions are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate under any particular set of circumstances.

Financial Reporting

The Committee shall:

- 1. Review with management and the external auditors any financial statement issues and the results of the audit including (a) the initial selection of or changes in significant accounting policies used in developing the financial statements, the reasons for and impact of any changes in policy and reasons alternative treatments were not adopted and (b) any off-balance sheet transactions, special purpose entities, transactions with affiliated companies and related parties and the effect of regulatory and accounting initiatives.
- 2. Review management's disposition of proposed significant audit adjustments as identified by the external auditors.
- 3. Inquire into the fairness of the statements and disclosures by requesting explanations from management and from the internal and external auditors on whether:
 - Generally accepted accounting principles have been consistently applied.
 - There are any significant or unusual events or transactions.
 - The Company's financial and operating controls are functioning effectively.
 - The Company's financial statements contain adequate and appropriate disclosures.
- 4. Review with the external auditors their views as to the quality of the Company's accounting principles and financial reporting practices.
- 5. Meet to review and discuss with management and the external auditors the Company's annual audited financial statements and quarterly financial statements and recommend to the Board the inclusion of the Company's audited financial statements in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.
- 6. Prior to the Company's filing of each Annual Report on Form 10-K and Quarterly Report on Form 10-Q, meet to review and discuss with management and the external auditors the content of such filing, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and review any exceptions to the certifications required of the Chief Executive Officer and Chief Financial Officer in connection with such filings. The Committee shall also discuss with the external auditors the matters required to be brought to the Committee's attention by Statement on Auditing Standards No. 61, as well as other matters that should be communicated to the Committee by the external auditors. The Committee shall receive annually the Independence Standards Board Standard No. 1 letter disclosing all relationships between the external auditor and the Company, discuss it with the external auditor, assess impacts on the auditor's independence, and make recommendations needed to the Board for actions to ensure the auditor's independence.

7. Discuss with management, prior to their dissemination, earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, provided that, if it is not otherwise practicable for the entire Committee to review revisions to earnings guidance, such review may be performed by the Chairperson of the Committee.

Internal Control

The Committee shall:

- Review with management, as well as internal and external auditors, the Company's business risk management process, including the adequacy of the Company's
 overall control environment and controls in selected areas representing significant financial and business risk.
- Require that the internal and external auditors and management keep the Committee informed about any significant fraud, illegal acts, or deficiencies in internal control, and similar significant matters.
- 3. Create an opportunity that significant findings and recommendations made by the internal and external auditors can be received and discussed on a timely basis.
- 4. Review and discuss with management, as well as the internal and external auditors, management's report on internal control over financial reporting and the report of the external auditors on management's assessment of internal control over financial reporting prior to the filing of the Company's Annual Report on Form 10-K. Gain an understanding of whether internal control recommendations made by internal auditors have been implemented by management.
- 5. Inquire as to the extent to which internal and external auditors review computer systems and applications and the security of such systems and applications.

Internal Audit

- 1. The Committee shall review as often as it deems necessary but at least annually:
 - The internal audit charter, annual audit plan, activities and organizational structure of the internal audit function.
 - The qualifications and operational independence of the internal audit function and, when necessary, participate in the appointment, replacement, reassignment, or dismissal of the Director of Internal Audit.
 - The effectiveness of the internal audit function including compliance with the Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing.

2. The Committee shall also review periodically as it deems appropriate the reports prepared by the internal audit staff and management's responses to such reports.

External Audit

- 1. The Committee shall review:
 - The external auditors' proposed audit scope and approach.
 - The performance of the external auditors.
- 2. The Committee shall have the direct responsibility for and the sole authority to engage, compensate, oversee, retain and terminate (subject, where applicable, to shareholder ratification) any accounting firm engaged (including the resolution of any disagreements between management and the Company's external auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company and such firm shall report directly to the Committee. The Company shall provide appropriate funding (as determined by the Committee) for payment of compensation to the Company's external auditors. The Committee shall have ultimate authority to approve all audit engagement fees and terms.
- 3. The Committee must approve in advance all auditing services, internal control-related services and permitted non-audit services performed by the Company's external auditors, including tax services, subject to the de minimus exception for non-audit services described in Section 10A(i)1(B) of the Securities Exchange Act of 1934. The Committee may delegate to its Chairperson the authority to pre-approve such non-audit services between regularly scheduled meetings provided that such approvals are reported to the Committee at the next committee meeting. Notwithstanding the foregoing, the Company's external auditors may not provide the following services to the Company: bookkeeping or other services related to the accounting records or financial statements of the Company; financial information systems design and implementation; appraisal or valuation services, irinerso opinions or contribution-in kind reports; actuarial services; internal audit outsourcing services; management functions or human resources; broker or dealer, or investment adviser or investment banking services; legal services and expert services unrelated to the audit; and any other service that the applicable federal oversight regulatory authority determines, by regulation, is impermissible. Non-audit services approved by the Committee and performed by the Company's external auditors must be disclosed to investors in the Company's reports on Form 10-K and/or proxy statements for its annual meetings of shareholders.
- 4. The lead (or coordinating) audit partner and the concurring or reviewing partner associated with the Company's external auditors must be changed at least every five years.
- 5. The Committee cannot engage external auditors to perform audit services for the Company if the Company's Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer or any person in an equivalent position was employed by such external auditors within one year preceding the initiation of the audit.

- 6. The Committee may not engage external auditors to perform audit services for the Company if the external auditors are otherwise not independent with respect to the Company in accordance with Rule 2-01 of Securities and Exchange Commission Regulation S-X (or any successor rule), any independence standards adopted by the Public Company Accounting Oversight Board and any other applicable standards.
- 7. The Committee shall, at least annually, use its best efforts to obtain and review a report from the external auditors addressing: (a) the auditors internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, peer review or Public Company Accounting Oversight Board review of the external auditors or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors and any steps taken to deal with any such issues; and (c) the independence of the external auditors,
 - including a discussion of any relationships or services that may impact their objectivity and independence.
- 8. The Committee shall obtain from the external auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing all critical accounting policies and practices to be used; all alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors; and any material written communications between the external auditors and management, such as any management letter or schedule of unadjusted differences.

Other Responsibilities

The Committee shall:

- 1. Meet at least quarterly, with the external auditors, Director of Internal Audit, and management (including the Company's Chief Executive Officer, Chief Financial Officer and General Counsel) in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately.
- 2. Update the Board about Committee activities and make appropriate recommendations, as often as the Board deems appropriate.
- 3. Annually review and assess the continuing adequacy of this Charter and the performance of this Committee and its members and, if appropriate, recommend changes for the approval of the Board.
- 4. Prepare a report to shareholders to be included in the Company's proxy statements as required by the Securities and Exchange Commission.
- 5. Perform any other activities consistent with this Charter, the Company's Code of By-laws and governing law, as the Committee or the Board deems necessary, appropriate or desirable.

- 6. As appropriate, obtain advice and assistance from outside legal, accounting or other advisors without the necessity for prior authorization by the Board.
- 7. Establish policies for the hiring by the Company of present or former employees of the Company's external auditors.
- 8. Review with management the policies and procedures with respect to officers' expense reports and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the internal auditor or the independent accountants.

Ethical, Legal and Regulatory Compliance

The Committee shall:

- 1. Review management's monitoring of the Company's compliance with the Company's Code of Ethical Business Conduct ("Code"), and confirm that management has a review system in place to maximize the likelihood that the Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy applicable legal requirements.
- 2. Review, with the Company's counsel, any legal or regulatory matter that could have a significant impact on the Company's financial statements.
- 3. Establish, and revise as necessary, procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- 4. Together with the Nominating/Corporate Governance Committee,
 - assist the Board in its oversight of legal and regulatory compliance. The Committee has sole oversight over matters of financial compliance (accounting, auditing, financial reporting, and investor disclosures). As to all other areas of compliance ("non-financial compliance"), the Nominating/Corporate Governance Committee shall have oversight responsibilities in the first instance; however, the two committees shall meet jointly at least annually to review, or establish another appropriate mechanism approved by both committees to facilitate annual reporting to the Committee by the Nominating/Corporate Governance Committee regarding, the major non-financial compliance matters, including: overall state of compliance, significant legal or regulatory compliance exposure and material reports or inquiries from regulators; provided that if each member of the Committee also serves as a member of the Nominating/Corporate Governance Committee, no such joint meeting or other reporting mechanism shall be required.
 - promote an organizational culture that encourages commitment to compliance with the law and use good faith efforts to assure that corporate information and reporting systems exists that are adequate to assure that appropriate information

as to compliance matters comes to its attention in a timely manner as a matter of ordinary operations.

Operations

The Committee shall conduct its operations in accordance with the procedures set forth in Article 4 of the Company's Code of By-Laws applicable to the operations of the Board, except to the extent that such procedures are modified on superseded by the terms of this Charter. The Committee shall have the authority to adopt such additional procedures for the conduct of its business as are not inconsistent with those referred to in the preceding sentence. Except as otherwise expressly provided herein, the Committee shall have no authority to delegate its responsibilities to any subcommittee.

General Limitations

The Committee's responsibility is oversight, and it and the Board recognize that the Company's management is responsible for preparing the Company's financial statements. Additionally, the Committee recognizes that financial management, the internal audit staff, and the external auditors, have more knowledge and more detailed information about the Company than do the members of the Committee. Consequently, in carrying out its oversight responsibilities the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification of the financial statements prepared by management or the audit work performed by the internal or external auditors.

The Board recognizes that the members of the Committee will discharge the foregoing oversight responsibilities by evaluating (a) reports given to them, (b) presentations made to the them and (c) other significant financial reporting decisions which are reported to them by management, internal auditors and external auditors. Within the bounds of sound business judgment and assessment, and to the extent permitted by the Indiana Business Corporation Law, each member of the Committee shall be entitled to rely on the integrity of the individuals and organizations from whom they receive such information. In discharging his or her duties as a member of the Committee, each member is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, that is prepared and presented by either (i) one or more officers or employees of the Company who the member reasonably believes to be reliable and competent in the matters presented or (ii) legal counsel, external independent auditors or other persons as to the matters the member reasonably believes are within the person's professional or expert competence. The Committee may also retain independent counsel, accountants or other outside advisors, as it deems appropriate, and the Company shall provide appropriate funding (as determined by the Committee) for payment of compensations to such advisors retained by the Committee. Furthermore, in fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Company and are not, and do not hold themselves out to be, accountants or auditors by profession or experts in the fields of accounting or auditing.

HILLENBRAND, INC. (THE "COMPANY")

NOMINATING/CORPORATE GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

(As approved by Board of Directors on February 8, 2008)

I. Purpose

The primary function of the Nominating/Corporate Governance Committee (the "Committee") is to assist the Board of Directors of the Company (the "Board") in:
(a) fulfilling its responsibility for assuring that the Company is operated in accordance with prudent and practical corporate governance standards, (b) achieving its objective that a majority of its members be independent, qualified persons at the earliest practicable time and from time to time in conformity with the requirements of the New York Stock Exchange and applicable regulations and (c) identifying qualified individuals to serve on the Board of Directors of the Company. The Committee shall also assist the Audit Committee with oversight of the Company's non financial ethical, legal and regulatory compliance.

II. Composition

The Committee shall be comprised of at least three members of the Board, each of whom must meet the independence criteria set forth in the Company's Corporate Governance Standards for the Board of Directors at all times during his or her tenure on the Committee. The members of the Committee shall be elected annually by the Board, based on a recommendation by the Committee to serve until the next annual meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the Committee membership. The Board may remove a member from the Committee with or without cause. The Chair will periodically report the Committee's findings and conclusions to the Board.

III. Meetings and Operations

The Committee shall meet at least two times annually, or more frequently as circumstances dictate. The Committee will be assisted by the Company's Vice President, General Counsel with respect to its nominating function and governance matters. The Company's Secretary or any Assistant Secretary will serve as executive secretary of the Committee.

A majority of the Committee members will constitute a quorum for the transaction of business at any meeting of the Committee. Action of the majority at any such meeting will be the action of the Committee. The Committee shall conduct its operations in accordance with the

procedures set forth in Article 4 of the Company's Code of By-Laws applicable to the operations of the Board, except to the extent that such procedures are modified on superseded by the terms of this Charter. The Committee shall have the authority to adopt such additional procedures for the conduct of its business as are not inconsistent with those referred to in the preceding sentence. The Committee shall have no authority to delegate its responsibilities to any subcommittee.

IV. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

- Review from time to time and, if appropriate, recommend to the Board changes to the corporate governance standards for the Board of Directors of the Company and
 its committees, including committee charters.
- 2. Review from time to time, and, if appropriate, make changes to, the statement setting forth the responsibilities of directors and the qualifications for new nominees for election to the Board.
- 3. Review from time to time, and, if appropriate, make changes to, the statements setting forth the responsibilities of and the qualifications for the Chairperson of the Board and the Vice Chairperson of the Board.
- 4. Annually assess the Board's effectiveness as a whole as well as the effectiveness of the individual directors and the Board's various committees, including a review of the mix of skills, core competencies and qualifications of members of the Board, which should reflect expertise in one or more of the following areas: accounting and finance, product and technology development, death care or other low growth industry, manufacturing, services businesses, sales and market development, international operations, international governance, mergers and acquisitions related business development, strategic oversight, government relations, investor relations, executive leadership development, public company governance, and executive compensation design and processes. In order to make these assessments, the Committee shall solicit annually the opinions of each director regarding the foregoing matters. Ineffective directors shall be replaced as promptly as practicable and inefficient committees of the Board shall be restructured or eliminated promptly.
- 5. If deemed necessary, select and retain an executive search firm to identify qualified candidates to serve as members of the Board, considering effectiveness, responsiveness and other relevant factors, and approve the fees and other compensation to be paid to the executive search firm.
- 6. Review the performance of the executive search firm and approve any proposed discharge of the executive search firm when circumstances warrant.
- Select and recommend to the Board, director nominees for election at each annual meeting of shareholders, as well as director nominees to fill vacancies arising between annual meetings of shareholders.

- 8. When deemed necessary or appropriate, make recommendations to the Board regarding the appointment or replacement of the Chairperson of the Board and the Vice Chairperson of the Board. Assess, at least annually, the adequacy and suitability of the compensation package for members of the Company's Board of Directors in relation to competitive market and sound corporate governance practices. The Chief Executive Officer or other members of the senior management team or other persons appointed by the Committee shall report to the Committee once a year regarding the adequacy and suitability of the Company's Board compensation package in relation to other comparable U.S. companies. Changes in Board compensation, if any, should be suggested by the Committee and approved only after a full discussion among the members of the Board.
- 9. Recommend to the Board annually, based on a consideration of all relevant facts and circumstances, whether each director is independent (as that term is defined in the Corporate Governance Standards for the Board of Directors).
- 10. Make recommendations with respect to composition of Board committees.
- 11. Assess the adequacy of and make recommendations to the Board regarding directors' and officers' insurance coverage.
- 12. Review and make recommendations to the Board regarding any shareholder proposals.
- 13. Perform such additional functions and have such additional powers as may from time to time be expressly delegated to the Committee by the Board.
- 14. Determine requirements for, and means of, director orientation and training.
- 15. Review this Charter and assess the performance of the members of Committee at least annually and recommend updates and changes to the Board as conditions warrant.
- 16. Review and pre approve any related party transactions between the Company or any of its subsidiaries and any director or executive officer of the Company.
- 17. With respect to ethical, legal and regulatory compliance
- a. Review and assess periodically the Company's Code of Ethical Business Conduct ("Code"), recommend changes in the Code as conditions warrant and confirm that management has established a system to monitor compliance with the Code by officers and relevant employees of the Company.
 - b. The Committee shall, with the Audit Committee,
- (i) promote an organizational culture that encourages commitment to compliance with the law and use good faith efforts to assure that corporate information and reporting systems exists that are adequate to assure that appropriate information as to compliance matters comes to its attention in a timely manner as a matter of ordinary operations.

(ii) assist the Board in its oversight of legal and regulatory compliance. The Audit Committee shall have sole oversight over matters of financial compliance (accounting, auditing, financial reporting, and investor disclosures). As to all other areas of compliance ("non-financial compliance"), the Committee shall have oversight responsibilities in the first instance; however, the two committees shall meet jointly at least annually to review, or establish another appropriate mechanism approved by both committees to facilitate annual reporting to the Audit Committee by the Committee regarding, the major non-financial compliance matters, including: overall state of compliance, significant legal or regulatory compliance exposure and material reports or inquiries from regulators; provided that if each member of the Audit Committee also serves as a member of the Committee, no such joint meeting or other reporting mechanism shall be required.

HILLENBRAND, INC. (THE "COMPANY")

COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

(As approved by Board of Directors on February 8, 2008)

I. Purpose

The primary function of the Compensation and Management Development Committee (the "Committee") is to assist the Board of Directors of the Company (the "Board") in fulfilling its responsibility for assuring that the officers and key management personnel of the Company are effectively compensated in terms of salaries, supplemental compensation and other benefits which are internally equitable, externally competitive and advance the long term interests of the Company's shareholders. The Committee is also responsible to review and assess the talent development and succession management actions concerning the officers and key employees of the Company.

II. Composition

The Committee shall be comprised of at least three members of the Board, each of whom must meet the independence criteria set forth in the Company's Corporate Governance Standards for the Board of Directors at all times during his or her tenure on the Committee.

The Board believes that any director who is "independent" should also qualify as a "non-employee director" under Rule 16b-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as an "outside director" under Section 162(m)³ of the Internal Revenue Code, as amended (the "Code"), as

- A "non-employee director" is a director that (a) is not currently an officer of the Company or a parent or subsidiary thereof, or otherwise currently employed by the Company or a parent or subsidiary thereof, (b) does not receive compensation, either directly or indirectly, from the Company or a parent or subsidiary thereof, for services rendered as a consultant or in any capacity other than as a director, except for an amount that does not exceed the \$120,000 threshold for which disclosure would be required pursuant to Item 404(a) of Regulation S-K under the Securities Act of 1933, as amended, and (c) does not possess an interest in any other transaction for which disclosure would be required pursuant to Item 404(a) of Regulation S-K.
- An "outside director" is a director that (i) is not a current employee of the Company, (ii) is not a former employee of the Company who receives compensation for prior services (other than benefits under a tax-qualified retirement plan), (iii) has not been an officer of the Company, and (iv) does not receive remuneration from the Company, either directly or indirectly, in any capacity other than as director.
- 3 Section 162(m) relates to the deductibility of remuneration in excess of \$1 million paid to a CEO or the other four highest paid executive officers of a public company. The payment of "qualified performance-based compensation" by a public company that is approved by a committee of "outside directors" is exempt from the \$1 million limitation

long as such director has never served as an officer of the Company. Any member of the Committee who fails to meet all the criteria of an "outside director" shall refrain from considering or acting upon any matter subject to Section 162(m) of the Code.

The members of the Committee shall be elected by the Board annually, based on a recommendation by the Nominating/Corporate Governance Committee to serve until the next annual meeting of the Board or until their successors shall be duly elected and qualified. Unless the Board elects a Chair, the members of the Committee may designate a Chair by majority vote of the Committee membership. The Board may remove a member from the Committee with or without cause. The Committee's Chair will periodically report the Committee's findings and conclusions to the Board.

III. Meetings and Operations

The Committee shall meet at least three times annually, or more frequently as circumstances dictate. In furtherance of the Committee's responsibility to foster the development of compensatory arrangements that are designed to both motivate recipients and advance the interests of the Company's shareholders, the Committee should meet at least annually with the Company's Chief Executive Officer and its independent compensation consultants. The Committee will be assisted by the Company's Vice President, Human Resources. The Company's Secretary or any Assistant Secretary will serve as executive secretary of the Committee.

A majority of the Committee members will constitute a quorum for the transaction of business at any meeting of the Committee. Action of the majority at any such meeting will be the action of the Committee.

The Committee shall conduct its operations in accordance with the procedures set forth in Article 4 of the Company's Code of By-Laws applicable to the operations of the Board, except to the extent that such procedures are modified on superseded by the terms of this Charter. The Committee shall have the authority to adopt such additional procedures for the conduct of its business as are not inconsistent with those referred to in the preceding sentence. The Committee shall have no authority to delegate its responsibilities to any subcommittee.

IV. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Assist the Company in defining a total management compensation philosophy that supports the Company's overall strategy and objectives; attracts and retains key executives; links total compensation to financial performance and the attainment of short and long term strategic, operational, and financial objectives; and provides competitive total compensation opportunities at a reasonable cost, while enhancing the ability to fulfill the Company's objectives.

- 2. Review and approve annually the corporate goals and objectives relative to the compensation of the Company's Chief Executive Officer, evaluate the performance of the Company's Chief Executive Officer in the light of those goals and objectives, provide development feedback to the Company's Chief Executive Officer and set the annual compensation level of the Company's Chief Executive Officer based on this evaluation.
- 3. Review at least annually the executive succession plans prepared by the Company's Chief Executive Officer.
- 4. Review and approve annually the corporate goals and objectives relative to the compensation of the elected officers of the Company (other than the Chief Executive Officer) and, if appropriate, approve the compensation arrangements submitted by the Company's Chief Executive Officer for all elected officers (other than himself).
- 5. Propose the adoption, amendment, and termination by the Board of Directors, and shareholders, if required, of stock option plans, stock appreciation rights plans, pension and profit sharing plans, stock bonus plans, stock purchase plans, bonus plans, deferred compensation plans, executive perquisites, employment agreements and other similar programs (the "Compensation Plans"). The Committee shall also administer and interpret the Compensation Plans, establish performance targets under the Company's bonus and incentive plans, exercise oversight responsibility over other compensation programs of the Company, and review the structure, cost effectiveness, and competitive position of the Company's compensation programs. All incentive compensation plans will link executive compensation directly and objectively to measure financial and non-financial goals set in advance by the Committee.
- 6. Grant rights, participation and interests in Compensation Plans to eligible participants and pre-approve all transactions in the Company's securities, by and between the Company and any director and executive officer of the Company, for which exemptive treatment from Section 16(b) of the Exchange Act is sought.
- 7. Oversee the preparation of the Compensation Committee report and compensation discussion and analysis for inclusion in the Company's proxy statement for use in connection with the solicitation of proxies for each annual meeting of shareholders ("Proxy Statement") in accordance with applicable rules and regulations.
- 8. Ensure that all aspects of executive compensation are clearly and comprehensively disclosed in each Proxy Statement.
- 9. Review and approve such other compensation matters as the Board or the Chief Executive Officer of the Company wishes to have the Committee approve.
- 10. Select, monitor and revise, as appropriate, the universe of companies against which the Company is compared in the stock performance chart set forth in each annual proxy statement.
- 11. Ensure the Company's total executive compensation program and practices are designed with full consideration of all tax, accounting, legal and regulatory requirements.

- 12. Keep abreast of current trends, developments, and emerging issues in executive compensation outside of the Company.
- 13. Perform such additional functions and have such additional powers as may from time to time be expressly delegated to the Committee by the Board.
- 14. Have sole authority to select and retain independent compensation consultants, considering effectiveness, responsiveness and other relevant factors, and approve the retention terms, fees and other compensation to be paid to the independent compensation consultants; provided that the foregoing grant of sole authority shall not prevent the Board's Nominating/Corporate Governance Committee from selecting and retaining independent compensation consultants in carrying out its responsibilities with respect to assessment of the compensation of the members of the Board of Directors.
- 15. Review the performance of the independent compensation consultants and approve any proposed discharge of the independent compensation consultants when circumstances warrant.
- 16. Review this Charter and assess the performance of this Committee and its members at least annually and recommend updates and changes to the Board as conditions warrant.

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February 19, 2008

United States Securities and Exchange Commission 100 F Street, N.W. Washington, D.C. 20549

Re: Batesville Holdings, Inc. Registration Statement on Form 10 File No. 001-33794

Ladies and Gentlemen:

On behalf of Batesville Holdings, Inc. (the "Registrant"), we are responding to the comments and requests for additional information contained in the letter from the staff (the "Staff") of the United States Securities and Exchange Commission (the "Commission"), dated January 25, 2008, with respect to Amendment No. 1 to the Registration Statement referred to above (the "Registration Statement") and the related Information Statement (the "Information Statement").

The Registrant today has filed through EDGAR Amendment No. 2 to the Registration Statement. A revised Information Statement is included as Exhibit 99.1 to Amendment No. 2 to the Registration Statement.

For your convenience, we have repeated in bold type the Staff's comments and requests for additional information exactly as set forth in the comment letter. The Registrant's response to each comment or request is set forth immediately below the text of the applicable comment or request. Certain terms used in this letter that are defined in the Information Statement have the meanings given to those terms in the Information Statement.

Information Statement

General

Prior Comment No. 6

1. We note your response to our prior comment. Please be advised that we may have additional comments once we review the requested pro forma financial statements.

Response: Original Hillenbrand has included the requested pro forma financial statements in a Form 8-K filed by Original Hillenbrand with the Commission on February 19, 2008. In the Information Statement, under the heading "Incorporation by Reference of Information about Original Hillenbrand," the Registrant has (i) specifically incorporated this Form 8-K by reference and (ii) specifically referred to the pro forma financial statements. The Registrant believes that this approach provides investors with full access to the Original Hillenbrand pro forma financial statements without the potential for confusion that could result from the inclusion of the Original Hillenbrand pro forma financial statement, which otherwise contains financial statements and financial information only of New Hillenbrand.

Questions and Answers about the Separation and Distribution, page iii

What are the U.S. federal income tax consequences..., page v

2. We note your response to comment 2 in our letter dated November 30, 2007. However, you must clearly provide current disclosure regarding the tax consequences of the transaction to the shareholders. Please delete the words "Original Hillenbrand believes that" the distribution will qualify as a tax-free distribution. Also revise the language which assumes that the distribution is tax-free. Make conforming changes under U.S. Federal Income Tax Consequences of the Distribution. We do not object to your disclosure that the IRS ruling and the opinion of counsel are subject to assumptions and based on the accuracy and completeness of factual representations and statements.

Response: The registrant has revised the disclosure as requested on pages v and 15 of the Information Statement.

The Separation, page 13

U.S. Federal Income Tax Consequences of the Distribution, page 14

3. We note your response to comment 4 in our letter dated November 30, 2007 that the opinion to be provided by counsel will not address the tax consequences of the distribution. We further note, however, that on page 14 Original Hillenbrand believes that the distribution will be tax-free based on the combination of the IRS private letter ruling and the opinion of counsel. As previously requested, please supplementally submit a copy of the tax opinion for our review.

Response: The Registrant is supplementally providing with this letter a copy of the expected form of the opinion of counsel.

Interests of Certain Persons in the Separation, page 19

4. We note your response to comment 5 in our letter dated November 30, 2007. Please quantify in dollars the aggregate amount of equity awards, payments and benefits that all executive officers and directors will receive as a result of the transaction. Provide this information on an individual and group basis. Please also provide disclosure in the Summary section of the filing.

Response: The Registrant has revised the disclosure under "The Separation—Interests of Certain Persons in the Separation" on pages 20-21 of the Information Statement to provide additional detail as requested regarding the adjustment of equity-based awards and other benefits that will be received by the Registrant's executive officers and directors as a result of the separation and distribution. The Registrant also has added a new subsection in the Summary on page 2 of the Information Statement to provide a summary of these adjustments and benefits, with a cross reference to the more detailed disclosure.

Background of and Reasons for the Separation, page 17

5. We note your response to comments 13 and 14 in our letter dated November 30, 2007. Please discuss the risks that Original Hillenbrand considered in specific terms and for each of the factors discussed, disclose how each factor either supported or did not support your decision to approve the separation. For example, you state that one of the factors is "the effects of various legal and potential litigation related considerations on the merits or mechanisms of a separation," but you do not explain how this information impacted the board's decision. As previously requested, please also clarify what consideration the board gave to the allocation of assets, liabilities, rights, and indemnifications between New and Original Hillenbrand in connection with the distribution and judgment sharing agreements. We note your risk factor

on page 8 that such agreements may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties.

Response: The Registrant has revised the disclosure on page 20 of the Information Statement as requested to provide additional detail regarding the consideration the Board gave to the allocation of assets, liabilities, rights and indemnifications, particularly including a discussion of the allocation of potential antitrust litigation liability under the judgment sharing agreement. The Registrant has not included a more detailed discussion of each factor considered by the Board or provided disclosure regarding whether each factor supported or did not support approval of the separation because it is not possible to do so. The Board's review of the factors relevant to the separation occurred over a long period of time and involved highly detailed analyses at various levels. This review and analysis of each factor therefore could not be summarized concisely in a way that would provide meaningful information to investors. Further, much of the information considered by the Board in evaluating these factors is confidential or attorney-client privileged information, the disclosure of which could cause substantial harm to one or both of the separated companies. Additionally, different members of the Board may have had different personal views regarding the significance and implications of the various factors considered, including different views as to whether a particular factor supported or did not support separation; while the Board supports the transaction, each director's reasons for supporting the transaction, including how he or she evaluated or weighted each factor, may be different. The Registrant believes that the Information Statement, as revised, provides investors with sufficient information to understand the factors the Board considered in determining to pursue the separation and the benefits the Board believes can be achieved by separating.

U.S. Federal Income Tax Consequences of the Distribution, page 14

6. We note your response to comment 17 in our letter dated November 30, 2007. Since the tax consequences, including counsel's opinion, are material to shareholders, please discuss counsel's tax opinion in greater detail and identify the applicable Internal Revenue Code provisions, regulations and revenue rulings counsel cites in its opinion.

Response: The Registrant has revised the disclosure on page 15 of the Information Statement as requested to provide additional detail regarding the opinion of counsel.

Unaudited Pro Forma Combined Financial Statements, page 29

Prior Comment No. 20

7. We appreciate your response to our prior comment. We assume that considerable analysis has been undertaken to estimate these incremental costs. Please provide us with the underlying details of the estimates you developed of the incremental costs associated with operating as a public company, as disclosed on nage 29.

Response: The Registrant is supplementally providing with this letter the underlying details developed to estimate the annual incremental costs of operating as a public company. The Registrant hereby requests that all copies of this supplemental material be returned to the Registrant upon completion of the Staff's review of the material.

Prior Comment No. 21

8. Please revise page 29, or a note, to state that all of the fees and costs incurred in defense of the antitrust litigation matters are included in the historical combined financial statements of Batesville (New Hillenbrand).

Response: The Registrant has provided the requested disclosure on page 47 of the Information Statement under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Factors Impacting our Business—Legal Proceedings."

Prior Comment No. 22

9. Please revise page 29, or a note, to disclose that the allocated costs within the historical combined financial statements of Batesville (New Hillenbrand), in combination with the \$4-6 million in incremental costs, represent the estimate of the impact of the Distribution Agreement, the Employee Matters Agreement, the Tax Sharing Agreement, and the Shared Services and Transitional Services Agreements described on page 21.

Response: The Registrant has included the requested disclosure on page 3 and pages 30-31 of the Information Statement.

Prior Comment No. 23

10. We note that you expect pre-tax separation costs of \$40-\$45 million and only appear to have incurred \$12.4 million. The remainder will need to be reflected in the pro forma balance sheets of Old and New Hillenbrand based on how such costs are

expected to be allocated. In addition, you will need to include the impact of the non-cash combined charge related to the modification of equity based awards. Please see Article 11-02(b) (6) of Regulation S-X.

Response: The Registrant has included the estimated remaining cash separation costs as a reduction of the excess cash that is expected to be transferred to the Registrant from Original Hillenbrand as discussed on page 36 of the Information Statement in Note 12 to the Unaudited Pro Forma Combined Financial Statements, and it is included in the net retained earnings adjustment. In addition, the Registrant has disclosed on page 35 of the Information Statement, in Note 2 to the Unaudited Pro Forma Combined Financial Statements, the expected impact of the non-cash combined charge related to the modification or acceleration of the equity based awards, although this charge will not have a continuing earnings impact. Accordingly, no pro forma adjustment is required on the statement of income until such amount is included within the historical combined financial statements of the Registrant. Estimated remaining cash separation costs are similarly included as a pro forma reduction of cash in the Unaudited Pro Forma Consolidated Balance Sheet of Original Hillenbrand which was filed via Form 8-K on February 19, 2008. The expected impact of the non-cash combined charge related to the modification or acceleration of the equity based awards is also described in the notes to the unaudited pro forma consolidated financial statements of Original Hillenbrand included in the Form 8-K.

Executive Compensation, page 58

Objectives and Principles of Original Hillenbrand's Executive Compensation Program, page 58

11. We note your response to comment 25 in our letter dated November 30, 2007. Notwithstanding the multi-factor evaluation for compensation you describe in your response, please revise your disclosure to disclose where actual payments fell within targeted parameters. In addition, to the extent actual compensation was outside a targeted percentile range, please explain why.

Response: The Registrant has revised the disclosure on page 62 of the Information Statement to address the Staff's comment. Specifically, the Registrant has added disclosure regarding Mr. Camp's 2007 compensation in relation to targeted parameters. The Registrant has not added such disclosure for the other named executive officers because, as now described in the Information Statement, the Original Hillenbrand compensation committee did not review peer group or survey data for the other named executive officers for 2007 compensation purposes, and comparisons to market medians are therefore not possible.

Elements of Executive Compensation, page 62

Annual Cash Incentives, page 62

12. We note your response to comment 26 in our letter dated November 30, 2007. Notwithstanding the role of discretionary and subjective determinations by the

compensation committee in connection with determining the amounts of incentive compensation payments, please revise your disclosure to provide a quantitative discussion of the terms of the necessary company and individual performance objectives to be achieved in order for your named executive officers to earn their incentive compensation. Please disclose the specific target performance metrics, as well as the strategic objectives for each individual, used to determine incentive amounts. Also, include an example to illustrate how the process and formula you describe is used to calculate the annual cash incentives of one of your executive officers.

Response: The Registrant has revised the disclosure on pages 66 and 67 of the Information Statement to address the Staff's comment. Specifically, the Registrant has added (i) disclosure of the target 2007 financial performance objectives for Original Hillenbrand and Batesville Casket for annual cash incentive purposes, (ii) a more detailed description of the individual performance objectives for each of the named executive officers, and (iii) an example, using Mr. Camp, of the calculation of annual cash incentives.

Process for Determining Compensation, page 59

13. We note your response to comment 27 in our letter dated November 30, 2007. We further note that the policies applicable to your chief executive officer, Mr. Camp, in regard to annual cash incentives appear to be different than those applicable to the other Named Executive Officers. Please revise your compensation discussion and analysis disclosure to discuss in greater detail the material differences in compensation policies with respect to individual named executive officers.

Response: The Registrant has revised the disclosure on page 61 of the Information Statement to further clarify the differences in compensation policies between Mr. Camp and the other named executive officers. There have not been any material differences in compensation policies among the named executive officers other than Mr. Camp.

Courtesy packages containing copies of Amendment No. 2 to the Registration Statement, both clean and marked to show changes from Amendment No. 1, and this letter are being delivered to each member of the Staff identified in the Staff's comment letter.

If any member of the Staff has any questions regarding the foregoing, or desires further information or clarification in connection therewith, or with respect to any other revisions to Registration Statement or the Information Statement, please contact the undersigned at 713-221-3309.

Very truly yours,

Bracewell & Giuliani LLP

/s/ Charles H. Still, Jr.

Charles H. Still, Jr.

CHS/ms Enclosures