
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2013

Commission File No. 001-33794

HILLENBRAND, INC.

(Exact name of registrant as specified in its charter)

Indiana
(State of incorporation)

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

One Batesville Boulevard
Batesville, IN
(Address of principal executive offices)

47006
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The registrant had 62,823,347 shares of common stock, no par value per share, outstanding as of July 29, 2013.

**HILLENBRAND, INC.
INDEX TO FORM 10-Q**

	<u>Page</u>
<u>PART I — FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	
<u>Financial Statements (Unaudited)</u>	
<u>Consolidated Statements of Income for the Three and Nine Months Ended June 30, 2013 and 2012</u>	3
<u>Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended June 30, 2013 and 2012</u>	4
<u>Consolidated Balance Sheets at June 30, 2013 and September 30, 2012</u>	5
<u>Consolidated Statements of Cash Flow for the Nine Months Ended June 30, 2013 and 2012</u>	6
<u>Condensed Notes to Consolidated Financial Statements</u>	7
<u>Item 2.</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	24
<u>Item 3.</u>	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	37
<u>Item 4.</u>	
<u>Controls and Procedures</u>	38
<u>PART II — OTHER INFORMATION</u>	
<u>Item 1.</u>	
<u>Legal Proceedings</u>	39

Item 1A.	Risk Factors	39
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	44
Item 6.	Exhibits	44
SIGNATURES		

[Table of Contents](#)
PART I — FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS
Hillenbrand, Inc.
Consolidated Statements of Income (Unaudited)
(in millions, except per share data)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
Net revenue	\$ 408.8	\$ 238.4	\$ 1,112.5	\$ 729.7
Cost of goods sold	273.7	147.6	730.2	440.9
Gross profit	135.1	90.8	382.3	288.8
Operating expenses	109.4	57.8	306.9	178.6
Operating profit	25.7	33.0	75.4	110.2
Interest expense	5.9	3.0	17.2	8.8
Other income (expense), net	(0.3)	(0.1)	0.3	(0.8)
Income before income taxes	19.5	29.9	58.5	100.6
Income tax expense	5.8	8.6	17.0	20.6
Consolidated net income	13.7	21.3	41.5	80.0
Less: Net income attributable to noncontrolling interests	0.4	—	1.2	—
Net income(1)	\$ 13.3	\$ 21.3	\$ 40.3	\$ 80.0
Net income(1) — per share of common stock:				
Basic earnings per share	\$ 0.21	\$ 0.34	\$ 0.64	\$ 1.29
Diluted earnings per share	\$ 0.21	\$ 0.34	\$ 0.64	\$ 1.28
Weighted average shares outstanding — basic	62.8	62.3	62.7	62.1
Weighted average shares outstanding — diluted	63.2	62.5	63.0	62.4
Cash dividends per share	\$ 0.1950	\$ 0.1925	\$ 0.5850	\$ 0.5775

(1) Net income attributable to Hillenbrand

See Condensed Notes to Consolidated Financial Statements

[Table of Contents](#)
Hillenbrand, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)
(in millions)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
Consolidated net income	\$ 13.7	\$ 21.3	\$ 41.5	\$ 80.0
Other comprehensive income (loss), net of tax				
Currency translation adjustment	5.2	(8.7)	(3.8)	(7.4)
Pension and postretirement benefit plan adjustments	1.7	1.0	3.0	2.2
Change in net unrealized loss on derivative instruments	0.2	0.2	(0.5)	(0.2)
Change in net unrealized gain (loss) on available-for-sale securities	—	0.5	(0.2)	(0.4)
Total other comprehensive income (loss), net of tax	7.1	(7.0)	(1.5)	(5.8)
Consolidated comprehensive income (loss)	20.8	14.3	40.0	74.2
Less: Comprehensive income attributable to noncontrolling interests	0.4	—	1.2	—
Comprehensive income (loss)(2)	\$ 20.4	\$ 14.3	\$ 38.8	\$ 74.2

(2) Comprehensive income (loss) attributable to Hillenbrand

See Condensed Notes to Consolidated Financial Statements

[Table of Contents](#)

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

	June 30, 2013	September 30, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 41.1	\$ 20.2
Trade receivables, net	183.6	150.7
Unbilled receivables from long-term manufacturing contracts	138.1	—
Inventories	185.9	90.0
Deferred income taxes	29.6	19.6
Prepaid expense	37.2	15.1
Other current assets	23.8	9.7
Total current assets	639.3	305.3
Property, plant, and equipment, net	168.0	117.9
Intangible assets, net	558.5	313.9
Goodwill	535.9	303.7
Other assets	55.2	46.7
Total Assets	\$ 1,956.9	\$ 1,087.5
LIABILITIES		
Current Liabilities		
Trade accounts payable	\$ 178.8	\$ 35.3
Liabilities from long-term manufacturing contracts and advances	72.0	15.9
Current portion of long-term debt	10.0	—
Accrued compensation	24.9	29.3
Deferred income taxes	18.8	0.9
Other current liabilities	132.5	70.4
Total current liabilities	437.0	151.8
Long-term debt	701.3	271.6
Accrued pension and postretirement healthcare	228.0	111.8
Deferred income taxes	30.2	21.7
Other long-term liabilities	40.5	24.3
Total Liabilities	1,437.0	581.2
Commitments and contingencies		
EQUITY		
Common stock, no par value, 63.1 and 63.2 shares issued, 62.8 and 62.6 shares outstanding, 0.3 and 0.3 shares restricted	—	—
Additional paid-in capital	317.6	321.9
Retained earnings	241.4	238.3
Treasury stock, 0.3 and 0.6 shares	(2.5)	(11.5)
Accumulated other comprehensive loss	(43.9)	(42.4)
Total Hillenbrand Shareholders' Equity	512.6	506.3
Noncontrolling interests	7.3	—
Total Equity	519.9	506.3
Total Liabilities and Equity	\$ 1,956.9	\$ 1,087.5

See Condensed Notes to Consolidated Financial Statements

[Table of Contents](#)

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

	Nine Months Ended June 30,	
	2013	2012
Operating Activities		
Consolidated net income	\$ 41.5	\$ 80.0
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	70.3	31.0
Deferred income taxes	(20.4)	(6.8)
Equity in net (gain) loss from affiliates	0.8	(1.4)
Share-based compensation	5.0	7.1
Trade accounts receivable and receivables on long-term manufacturing contracts	(10.0)	12.2
Inventories	11.3	(10.8)
Prepaid expense and other current assets	(26.4)	(7.0)
Trade accounts payable	(1.2)	3.6
Accrued expenses and other current liabilities	(38.2)	(3.6)
Income taxes payable	16.2	(2.1)
Defined benefit plan funding	(15.4)	(2.1)

Defined benefit plan expense	13.1	9.5
Other, net	4.2	—
Net cash provided by operating activities	<u>50.8</u>	<u>109.6</u>
Investing Activities		
Capital expenditures	(19.1)	(14.0)
Proceeds on sales of property, plant, and equipment	1.3	—
Proceeds from sales of investments	1.7	—
Acquisition of business, net of cash acquired	(415.7)	—
Return of investment capital from affiliates	1.0	0.4
Net cash used in investing activities	<u>(430.8)</u>	<u>(13.6)</u>
Financing Activities		
Proceeds from term loan	200.0	—
Repayments on term loan	(7.5)	—
Proceeds from revolving credit facilities, net of financing costs	648.9	150.0
Repayments on revolving credit facilities	(404.1)	(308.0)
Payment of dividends on common stock	(36.5)	(35.8)
Other, net	(0.9)	(0.2)
Net cash provided by (used in) financing activities	<u>399.9</u>	<u>(194.0)</u>
Effect of exchange rates on cash and cash equivalents	<u>1.0</u>	<u>(1.5)</u>
Net cash flow	20.9	(99.5)
Cash and cash equivalents		
At beginning of period	20.2	115.5
At end of period	<u>\$ 41.1</u>	<u>16.0</u>

See Condensed Notes to Consolidated Financial Statements

[Table of Contents](#)

Hillenbrand, Inc.

Condensed Notes to Consolidated Financial Statements (Unaudited)

(financial amounts in millions, except share and per share data)

1. Background and Basis of Presentation

Hillenbrand, Inc. (“Hillenbrand”) is a global diversified industrial company that makes and sells premium business-to-business products and services for a wide variety of industries. We pursue profitable growth and meaningful dividends for our shareholders by leveraging our leading brands, robust cash generation capabilities and strong core competencies. Hillenbrand has two business platforms: the Process Equipment Group and Batesville. The Process Equipment Group is a recognized leader in the design and production of equipment and systems used in processing applications, and Batesville® is a recognized leader in the North American funeral products industry. “Hillenbrand,” “the Company,” “we,” “us,” “our,” and similar words refer to Hillenbrand and its subsidiaries.

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

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

Correction of Errors

During the third quarter of fiscal year 2013, we recorded an adjustment to cost of goods sold and operating expenses to correct errors related to certain accrued liabilities at Coperion. The impact of the adjustment increased cost of goods sold in the third quarter by \$1.3, which should have been recorded in the second quarter of fiscal year 2013. In addition, the adjustment decreased operating expenses in the third quarter by \$0.3, which should have been recorded as an increase in the second quarter (\$1.0) and a decrease in the first quarter (\$1.3). There is no impact on any prior annual periods. We believe the impact of these errors and the cumulative net adjustment to correct the errors was immaterial to our interim consolidated financial statements for the current and prior periods.

2. Summary of Significant Accounting Policies

The significant accounting policies used in preparing these financial statements are consistent with the accounting policies described in our Annual Report on Form 10-K for the fiscal year ended September 30, 2012. The following represent additions to our accounting policies due to the acquisition of Coperion.

Revenue Recognition

With the acquisition of Coperion, a portion of the Company’s revenue is derived from long-term manufacturing contracts. The majority of this revenue is recognized based on the percentage-of-completion method. Under this method, revenue is recognized based upon the costs incurred to date as compared to the total estimated cost of the project and are included in net revenues on the consolidated income statement. Revenues in excess of billings are

[Table of Contents](#)

presented as unbilled receivables from long-term manufacturing contracts, and deposits in excess of billings are presented as liabilities from long-term manufacturing contracts on the consolidated balance sheet. Approximately 25% and 20% of the Company's revenue was attributable to these long-term manufacturing contracts for the three and nine months ended June 30, 2013. Revenue for components, replacement parts, and service is recognized on a completed contract basis when title and risk of loss passes to the customer.

Derivative Financial Instruments

We use derivative financial instruments to manage the economic impact of fluctuations in currency exchange rates. These include foreign currency exchange forward contracts, which generally have terms from one to 24 months. The aggregate notional amount of these derivative instruments was \$125.0 at June 30, 2013, and \$46.0 at September 30, 2012.

We measure all derivative instruments at fair value and report them on our consolidated balance sheets as assets or liabilities. Derivative instruments designated as hedges for customer orders or intercompany purchases have an offsetting tax-adjusted amount in accumulated other comprehensive gain (loss). Derivative instruments designated to hedge foreign currency exposures within our balance sheet have an offsetting amount recorded in other income or expense. The carrying value of all of these contracts, at fair value, resulted in assets of \$0.7 and \$0.0, included in other current assets at June 30, 2013, and September 30, 2012, and liabilities of \$1.6 and \$0.4, included in other current liabilities at June 30, 2013, and September 30, 2012. See Note 13 for additional information on the fair value of our derivative instruments.

Changes in the fair value of derivatives are accounted for depending on the intended use of the derivative, designation of the hedging relationship, and whether or not the criteria to apply hedge accounting has been satisfied. Gains and losses on derivative instruments reported in accumulated other comprehensive gain (loss) are subsequently included in earnings in the periods in which earnings are affected by the hedged item. The amounts recognized in accumulated other comprehensive income (loss) and subsequently through earnings were not material for the three or nine months ended June 30, 2013 and 2012. Net gains and losses on all derivative instruments were substantially offset by foreign exchange effects on the hedged items.

Recently Adopted and Issued Accounting Standards

In June 2011, the Financial Accounting Standards Board ("FASB") issued an accounting standards update titled *Presentation of Comprehensive Income*. This update eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. An entity can elect to present items of net income and other comprehensive income in one continuous statement or in two separate consecutive statements. Each component of net income and other comprehensive income, together with totals for comprehensive income and its two parts, net income and other comprehensive income, must be displayed under either alternative. The new disclosure requirements became effective and were adopted as of October 1, 2012. As the new standard relates to presentation only, the adoption of this standard did not have a significant impact on our consolidated financial statements.

In January 2013, the FASB issued an accounting standards update titled *Balance Sheet: Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*. This standard limits the scope of an accounting standards update titled *Balance Sheet*, issued in December 2011, to derivatives, repurchase agreements, and securities lending transactions to the extent that they are (1) offset in the financial statements or (2) subject to an enforceable master netting arrangement or similar agreement. The disclosure requirements shall be applied retrospectively for all periods presented and will be effective for our fiscal year beginning October 1, 2013. We do not expect the adoption of this standard to have a significant impact on our consolidated financial statements.

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

[Table of Contents](#)

In March 2013, the FASB issued an accounting standard update titled *Foreign Currency Matters — Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity*. This update specifies that a cumulative translation adjustment should be released into earnings when an entity ceases to have a controlling financial interest in a subsidiary or group of assets within a consolidated foreign entity and the sale or transfer results in the complete or substantially complete liquidation of the foreign entity. The guidance will be effective for our fiscal year beginning October 1, 2014. We do not expect the adoption of this standard to have a significant impact on our consolidated financial statements.

In April 2013, the FASB issued an accounting standard update titled *Presentation of Financial Statements — Liquidation Basis of Accounting*. This update requires an entity to prepare its financial statements using the liquidation basis of accounting when liquidation is imminent, and will be effective for our fiscal year beginning October 1, 2014. We do not expect the adoption of this standard to have a significant impact on our consolidated financial statements.

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

3. Business Acquisitions

We completed the acquisition of Coperion on December 1, 2012, in a transaction valued at \$540.7. The aggregate purchase consideration consisted of \$269.1 of cash, net of cash acquired, and the assumption of \$146.0 of debt and \$125.6 of pension liabilities. We utilized \$426.3 of borrowings under our revolving credit facility and cash on hand to finance the acquisition, including the repayment of \$146.0 of debt outstanding under Coperion's prior financing arrangements.

Based in Stuttgart, Germany, Coperion is a global leader in the manufacture of compounding, extrusion, and bulk material handling equipment used in a broad range of industries, including plastics, chemicals, food processing, pharmaceutical, and aluminum. Coperion has been in business since 1879, and has nine manufacturing sites in Germany, the United States ("U.S."), China, and India, and sales offices in approximately 30 locations in the Americas, Europe, and Asia. Coperion had approximately 2,000 employees worldwide as of June 30, 2013. Approximately 30% of Coperion's revenue is derived from replacement parts and service, generating a large portion of recurring business due to its well-positioned service network and active installed base of equipment across the world.

Coperion revenues consist of large system sales, equipment, components, replacement parts, and service. Large system sales are fulfilled over 12 to 18 months on average,

whereby customers generally pay a deposit and make progress payments before and during the manufacture of the order. Working capital requirements for Coperion have ranged from an optimal negative working capital position, where cash received from customers is more heavily weighted toward the beginning of the project, to our current position where a larger portion of the cash will be received in later stages of manufacturing.

The Coperion business model includes large system projects, where strong application and processing engineering expertise is used to create an entire system for customers. These system projects include Coperion-manufactured proprietary equipment, such as extruders and compounders, as well as components manufactured by third parties, such as gears and motors. Coperion earns attractive gross profit margins similar to the rest of the Process Equipment Group on their proprietary equipment and replacement parts and service (approximately 2/3 of their revenue). About 1/3 of their revenue is generated from third-party-sourced products that carry only a small up-charge, resulting in low single-digit gross profit margins on these products.

[Table of Contents](#)

Hillenbrand believes that selling these complete systems provides a significant competitive advantage and increases margin dollars.

This acquisition is the largest in the Company's history and represents an important step in the execution of our strategic plans to further diversify Hillenbrand and accelerate the growth of the Process Equipment Group business platform. The integration of Coperion with the Process Equipment Group will be a key initiative for the next 12 to 18 months. Combining our product offerings to provide a more complete system solution is our highest priority from an integration perspective. In addition, we believe leveraging Coperion's global infrastructure will enable the existing businesses within the Process Equipment Group platform to enter new global markets more quickly. We also expect the Process Equipment Group's existing strong U.S. sales network will enhance Coperion's expansion in North America. Finally, the application of the Company's lean tools and other core competencies to Coperion's operations is expected to contribute to improved margins and increased customer satisfaction.

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

	December 1, 2012
Cash and cash equivalents	\$ 32.8
Inventory	109.1
Current assets, excluding cash and cash equivalents and inventory	179.9
Property, plant, and equipment	54.4
Identifiable intangible assets	291.8
Goodwill	234.0
Other assets	2.1
Total assets acquired	904.1
Current liabilities	284.0
Accrued pension obligations	125.6
Deferred income taxes	33.4
Other long-term liabilities	6.7
Total liabilities assumed	449.7
Noncontrolling interest assumed	6.5
Aggregate purchase price	\$ 447.9

The estimation of fair value of Coperion's assets and liabilities is preliminary and subject to adjustment based on finalization of the closing balance sheet, including deferred tax balances.

Goodwill is not deductible for tax purposes and was allocated entirely to our Process Equipment Group. Excluding the acquisition of Coperion, the change in goodwill during the nine months ended June 30, 2013, was due to fluctuation in foreign currency rates.

Fair value amounts assigned to identifiable definite-lived intangible assets are being amortized on a straight-line basis over their estimated useful lives. The amounts and useful lives assigned to each asset type at the time of acquisition were:

	Fair Values	Estimated Useful Lives (years)
Trade names	\$ 55.6	Indefinite
Customer relationships	157.7	20
Technology, including patents	44.2	12
Backlog	34.3	<1
Total identifiable intangible assets	\$ 291.8	

[Table of Contents](#)

The unaudited pro forma information for the periods set forth below gives effect to the Coperion acquisition as if it had occurred at the beginning of the earliest period presented. It includes adjustments for additional interest expense, depreciation, and amortization. The unaudited pro forma information for the three and nine months ended June 30, 2012, includes acquisition costs of \$2.8 and \$13.5 as well as backlog amortization and inventory step-up costs of \$14.4 and \$56.6. Acquisition costs, backlog amortization, and inventory step-up costs are not included in the pro forma information for the three and nine months ended June 30, 2013. The unaudited pro forma information is presented for informational purposes only and does not necessarily reflect the results of operations that would actually have been achieved had the acquisition been consummated as of that time.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
Pro forma net revenue	\$ 408.8	\$ 389.5	\$ 1,227.7	\$ 1,249.4
Pro forma net income(1)	29.9	5.6	87.9	37.9
Pro forma basic earnings per share	\$ 0.48	\$ 0.09	\$ 1.40	\$ 0.61
Pro forma diluted earnings per share	\$ 0.47	0.09	\$ 1.40	0.61

(1) Pro forma net income attributable to Hillenbrand

We incurred \$2.8 and \$13.5 of net business acquisition costs associated with the acquisition during the three and nine months ended June 30, 2013. These costs consist of \$2.5 and \$13.4 of operating expenses and \$0.5 and \$1.1 of interest expense for the three and nine months ended June 30, 2013, partially offset by \$0.2 and \$1.0 of other income for the three and nine months.

Coperion's results are included in our Process Equipment Group results. The acquisition of Coperion included a few small subsidiaries where the ownership percentage is less than 100%. The portion of the business that is not owned by the Company is presented as noncontrolling interests within equity in the Consolidated Balance Sheets. Income attributable to the noncontrolling interests was \$0.4 and \$1.2 for the three and nine months ended June 30, 2013, is separately reported within the Consolidated Statements of Income, and is also excluded from Total Hillenbrand Shareholder's Equity.

4. Supplemental Balance Sheet Information

	<u>June 30,</u> <u>2013</u>	<u>September 30,</u> <u>2012</u>
Trade accounts receivable reserves	\$ 17.5	\$ 16.5
Accumulated depreciation on property, plant, and equipment	\$ 269.0	\$ 263.9
Accumulated amortization on intangible assets	\$ 113.1	\$ 69.4
Inventories:		
Raw materials and components	\$ 55.3	\$ 39.1
Work in process	78.5	13.9
Finished goods	52.1	37.0
Total inventories	<u>\$ 185.9</u>	<u>\$ 90.0</u>

11

[Table of Contents](#)

5. Financing Agreements

	<u>June 30,</u> <u>2013</u>	<u>September 30,</u> <u>2012</u>
\$700 revolving credit facility (excludes outstanding letters of credit)	\$ 370.0	\$ 123.0
\$200 term loan	192.5	—
\$150 senior unsecured notes, due July 15, 2020, net of discount	148.8	148.6
Total debt	711.3	271.6
Less: current portion of term loan	10.0	—
Total long-term debt	<u>\$ 701.3</u>	<u>\$ 271.6</u>

In November 2012, we fully exercised the \$300 accordion feature under our revolving credit facility to increase our financing capacity. This increase consisted of a \$200 term loan and a \$100 increase in our borrowing capacity under our revolving credit facility, to \$700. The Company also has the potential, under certain circumstances and with the lenders' approval, to increase the total borrowing capacity under the revolving credit facility by an additional \$300. Deferred financing costs of \$3.8 are being amortized to interest expense over the term of the revolving credit facility.

As of June 30, 2013, we (i) had \$25.1 in outstanding letters of credit issued under our \$700 revolving credit facility, (ii) were in compliance with all covenants set forth in the credit agreement for the revolving credit facility, and (iii) had \$304.9 of remaining borrowing capacity available under the revolving credit facility. The weighted-average interest rates on borrowings under the revolving credit facility were 1.37% for the three- and nine-month periods ended June 30, 2013, and 0.68% and 0.70% for the three- and nine-month periods ended June 30, 2012. The weighted average interest rates on the term loan were 1.70% and 1.73% for the three- and nine-month periods ended June 30, 2013.

In the normal course of business, the Process Equipment Group provides to certain customers bank guarantees and other credit arrangements in support of performance, warranty, advance payment, and other contract obligations. This form of trade finance is customary in the industry and, as a result, we are required to maintain adequate capacity to provide the guarantees. As of June 30, 2013, we had credit arrangements totaling \$286.6 under which \$192.0 was utilized for this purpose. This includes the 150.0 euro Syndicated Letter of Guarantee Facility entered into on June 3, 2013, under which unsecured letters of credit, bank guarantees, or other surety bonds may be issued. There were no direct borrowings under these credit arrangements.

We had restricted cash of \$1.2 at June 30, 2013.

On July 9, 2010, we issued \$150.0 fixed-rate senior unsecured notes due July 15, 2020 (the "Notes"). The Notes bear interest at a fixed rate of 5.5%, payable semi-annually in arrears. The Notes were issued at an original issue discount of \$1.6, which is being amortized to interest expense over the term of the Notes using the effective interest rate method, resulting in an annual interest rate of 5.65%. Deferred financing costs of \$2.1 are being amortized to interest expense over the term of the Notes.

6. Retirement Benefits

In connection with the Coperion acquisition, we acquired the Coperion defined benefit pension plans based in Germany and the U.S., which were recorded at fair value on the acquisition date. The aggregate fair value of the total projected benefit obligations acquired was \$141.6 and the plan assets at fair value totaled \$16.0, resulting in an assumed liability of \$125.6 at December 1, 2012. We estimate we will be required to make minimum contributions of \$2.3 during the remainder of fiscal year 2013 related to these Coperion defined benefit pension plans, although we may make additional discretionary contributions.

12

[Table of Contents](#)

Defined Benefit Plans

	Three Months Ended				Nine Months Ended			
	June 30,				June 30,			
	2013		2012		2013		2012	
Service costs	\$	1.6	\$	1.5	\$	4.8	\$	4.5
Interest costs		4.3		3.2		12.2		9.5
Expected return on plan assets		(3.5)		(3.4)		(10.4)		(10.1)
Amortization of unrecognized prior service costs, net		0.3		0.2		0.7		0.6
Amortization of net loss		1.8		1.4		5.4		4.3
Net pension costs	\$	4.5	\$	2.9	\$	12.7	\$	8.8

Postretirement Healthcare Plans — Net postretirement healthcare costs were \$0.1 and \$0.3 for the three months ended June 30, 2013 and 2012, and \$0.4 and \$0.7 for the nine months ended June 30, 2013 and 2012.

Defined Contribution Plans — Expenses related to our defined contribution plans were \$2.1 and \$2.2 for the three months ended June 30, 2013 and 2012, and \$6.2 and \$6.1 for the nine months ended June 30, 2013 and 2012.

7. Income Taxes

The effective tax rates for the three months ended June 30, 2013 and 2012 were 29.8% and 28.8%. The period over period increase in the effective tax rate was largely due to the favorable resolution of uncertain tax positions for the three months ended June 30, 2012, partially offset by a larger percentage of income from foreign sources in lower tax rate jurisdictions due to the acquisition of Coperion. The effective tax rates for the nine months ended June 30, 2013 and 2012 were 29.1% and 20.5%. The change in the effective tax rates between these nine-month periods was largely due to the \$10.4 reduction of income tax expense in the first quarter of fiscal year 2012, attributable to the permanent reinvestment assertion on historical earnings of certain Swiss operations.

8. Earnings Per Share

At June 30, 2013 and 2012, potential dilutive effects of 2.0 million and 1.8 million shares relating to unvested performance-based stock awards were excluded from the computation of diluted earnings per share as the related performance period is not yet complete. The effects of these performance-based shares will be dilutive in the future to the extent various levels of performance criteria are met.

	Three Months Ended				Nine Months Ended			
	June 30,				June 30,			
	2013		2012		2013		2012	
Net income(1)	\$	13.3	\$	21.3	\$	40.3	\$	80.0
Weighted average shares outstanding — basic (millions)		62.8		62.3		62.7		62.1
Effect of dilutive stock options and unvested time-based restricted stock awards (millions)		0.4		0.2		0.3		0.3
Weighted average shares outstanding — diluted (millions)		63.2		62.5		63.0		62.4
Earnings per share — basic	\$	0.21	\$	0.34	\$	0.64	\$	1.29
Earnings per share — diluted	\$	0.21	\$	0.34	\$	0.64	\$	1.28
Anti-dilutive effect of stock options and unvested time-based restricted stock awards excluded from the computation of diluted earnings per share (millions)		1.8		2.0		1.7		2.0

(1) Net income attributable to Hillenbrand

[Table of Contents](#)

9. Shareholders' Equity

During the nine months ended June 30, 2013, we paid \$36.5 of cash dividends. The decline in treasury stock is primarily the result of the distribution of vested awards during the first quarter of fiscal year 2013.

10. Share-Based Compensation

	Three Months Ended				Nine Months Ended			
	June 30,				June 30,			
	2013		2012		2013		2012	
Share-based compensation costs	\$	(1.0)	\$	0.2	\$	5.0	\$	7.1
Less impact of income tax		0.4		0.1		1.8		2.6
Share-based compensation costs, net of tax	\$	(0.6)	\$	0.1	\$	3.2	\$	4.5

Share-based compensation related to our long-term performance-based stock awards is contingent upon the creation of shareholder value as measured by the cumulative cash returns and final period net operating profit after tax compared to the performance-based targets for each grant over a three-year period. Related accruals are adjusted each quarter based upon actual results to date and any changes to forecasted information on each of the three separate grants. The decrease in share-based compensation expense from the prior year for both the three- and nine-month periods ending June 30, 2013, was driven by these adjustments.

During the nine months ended June 30, 2013, we made the following grants:

	Number of Units
Stock options	508,650
Time-based stock awards	81,780
Performance-based stock awards (maximum that can be earned)	778,942

Stock options granted had a weighted-average exercise price of \$20.78 and a weighted-average grant date fair value of \$4.91. Our time-based stock awards and performance-based stock awards had a weighted-average grant date fair value of \$22.70 and \$20.76.

11. Other Income and Expense, Net

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Equity in net income (loss) of affiliates	\$ (0.2)	\$ 1.0	\$ (0.8)	\$ 1.4
Foreign currency exchange gain (loss)	(0.2)	(0.1)	0.9	(0.3)
Business acquisition costs, net	0.2	—	1.0	—
Other, net	(0.1)	(0.9)	(0.8)	(1.9)
Other income and expense, net	<u>\$ (0.3)</u>	<u>\$ —</u>	<u>\$ 0.3</u>	<u>\$ (0.8)</u>

The acquisition of Coperion, which occurred in the first quarter of fiscal 2013, was transacted in euros. Business acquisition costs, net within other income and expense, net represent the foreign exchange gain recognized on euro-denominated cash required to fund the acquisition, offset by the costs of derivative contracts that hedged currency exposure on the funds required to close the transaction.

[Table of Contents](#)

12. Commitments and Contingencies

Lease Commitments — We lease certain manufacturing facilities, warehouse distribution centers, service centers, and sales offices under operating leases. The aggregate future minimum lease payments for noncancellable operating leases, including those lease obligations assumed through our Coperion acquisition, as of June 30, 2013, were as follows:

	<u>Amount</u>
2013 (remaining three months)	\$ 6.4
2014	12.7
2015	12.6
2016	10.7
2017	10.5
Thereafter	53.6
	<u>\$ 106.5</u>

Litigation

General

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

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

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

Matthews Litigation

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

Matthews claims that it has lost revenue and will lose future revenue in the New York metropolitan area, although the amount of those alleged damages is unspecified. Matthews seeks to: (i) recover compensatory damages,

[Table of Contents](#)

punitive damages, attorneys' fees and costs; and (ii) enjoin certain activities by Harry Pontone, Scott Pontone, Pontone Casket Company, and Batesville and its employees in the New York metropolitan area. Although Matthews originally moved for a preliminary injunction, that request was withdrawn. Discovery has closed. Batesville has moved for summary judgment on Matthews' claims. No trial date has been set.

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

Horstmann Litigation

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

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

Defendants in the Horstmann Litigation are currently considering an appeal of the March 18 judgment. Hillenbrand believes it would be fully indemnified with respect to the Horstmann Litigation and does not believe that the outcome of this lawsuit will have a material adverse effect on the Company’s financial condition or liquidity. Hillenbrand’s balance sheet at June 30, 2013, includes a long-term liability and a corresponding indemnification receivable, recorded in other assets, for \$8.2.

[Table of Contents](#)

13. [Fair Value Measurements](#)

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

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

	Carrying Value at June 30, 2013	Fair Value at June 30, 2013 Using Inputs Considered as:		
		Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 41.1	\$ 41.1	\$ —	\$ —
Equity investments	1.0	—	—	1.0
Investments in rabbi trust	5.3	5.3	—	—
Derivative instruments	0.7	—	0.7	—
Liabilities:				
\$150 senior unsecured notes	148.8	161.4	—	—
Revolving credit facility	370.0	—	370.0	—
Term loan	192.5	—	192.5	—
Derivative instruments	1.6	—	1.6	—

The fair values of the revolving credit facility and term loan approximated book value at June 30, 2013. The fair values of the revolving credit facility and term loan are estimated based on internally-developed models, using current market interest rate data for similar issues, as there is no active market for our revolving credit facility and term loan.

We estimate the fair value of our foreign currency derivatives using industry accepted models. The significant Level 2 inputs used in the valuation of our derivatives include spot rates, forward rates, and volatility. These inputs are obtained from pricing services, broker quotes, and other sources.

[Table of Contents](#)

14. [Segment and Geographical Information](#)

The acquisition of Coperion on December 1, 2012, resulted in the addition of Coperion to the Process Equipment Group segment.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
Net revenue				
Process Equipment Group	\$ 260.8	\$ 92.7	\$ 641.9	\$ 274.6
Batesville	148.0	145.7	470.6	455.1
Total	\$ 408.8	\$ 238.4	\$ 1,112.5	\$ 729.7
Adjusted EBITDA				
Process Equipment Group	\$ 33.3	\$ 18.4	\$ 78.5	\$ 55.8
Batesville	36.7	30.8	123.6	114.3
Corporate	(6.3)	(4.5)	(22.8)	(19.2)
Net revenue (1)				
United States	\$ 223.1	\$ 198.6	\$ 663.3	\$ 605.9
International	185.7	39.8	449.2	123.8
Total	\$ 408.8	\$ 238.4	\$ 1,112.5	\$ 729.7

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

	June 30, 2013	September 30, 2012
Total assets		
Process Equipment Group	\$ 1,659.8	\$ 769.7
Batesville	231.2	236.2
Corporate	65.9	81.6
Total	<u>\$ 1,956.9</u>	<u>\$ 1,087.5</u>
Tangible long-lived assets		
United States	\$ 103.0	\$ 100.4
International	65.0	17.5
Total	<u>\$ 168.0</u>	<u>\$ 117.9</u>

18

[Table of Contents](#)

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
Adjusted EBITDA:				
Process Equipment Group	\$ 33.3	\$ 18.4	\$ 78.5	\$ 55.8
Batesville	36.7	30.8	123.6	114.3
Corporate	(6.3)	(4.5)	(22.8)	(19.2)
Less:				
Interest income	—	(0.1)	(0.3)	(0.4)
Interest expense	5.9	3.0	17.2	8.8
Income tax expense	5.8	8.6	17.0	20.6
Depreciation and amortization	27.4	9.4	70.3	31.0
Business acquisition costs	2.4	0.2	12.4	1.2
Inventory step-up	8.0	—	18.7	—
Restructuring	0.3	2.3	2.2	7.0
Long-term incentive compensation related to the international integration	—	—	—	2.2
Other	0.2	—	0.3	0.5
Consolidated net income	<u>\$ 13.7</u>	<u>\$ 21.3</u>	<u>\$ 41.5</u>	<u>\$ 80.0</u>

15. Condensed Consolidating Information

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

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

The Condensed Consolidating Balance Sheet for September 30, 2012, has been revised to correct the classification of certain intercompany accounts, including intercompany receivables, investment in consolidated subsidiaries, intercompany payables, and shareholders' equity. These revisions increased investment in consolidated subsidiaries and intercompany payables for the parent holding company by \$58.3. The revisions also increased intercompany receivables (\$51.3) and reduced investment in consolidated subsidiaries (\$56.6) and intercompany payables (\$5.3) for the guarantor subsidiaries. Finally, these revisions decreased intercompany receivables (\$8.3) and intercompany payables (\$10.0); and increased shareholders' equity (\$1.7) for the non-guarantor subsidiaries. The revisions to the guarantor subsidiaries had no impact on net assets. These revisions did not impact consolidated results and are not material to the previously reported financial statements.

19

[Table of Contents](#)

Condensed Consolidating Statements of Income

	Three months ended June 30, 2013					Three months ended June 30, 2012				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net revenue	\$ —	\$ 211.9	\$ 235.5	\$ (38.6)	\$ 408.8	\$ —	\$ 191.9	\$ 87.6	\$ (41.1)	\$ 238.4
Cost of goods sold	—	107.4	178.2	(11.9)	273.7	—	96.1	65.2	(13.7)	147.6
Gross profit	—	104.5	57.3	(26.7)	135.1	—	95.8	22.4	(27.4)	90.8
Operating expenses	7.7	65.4	63.0	(26.7)	109.4	5.4	63.2	16.6	(27.4)	57.8
Operating profit	(7.7)	39.1	(5.7)	—	25.7	(5.4)	32.6	5.8	—	33.0
Interest expense	5.2	0.1	0.6	—	5.9	3.0	—	—	—	3.0
Other income (expense), net	(0.1)	(1.0)	0.8	—	(0.3)	(0.1)	0.4	(0.4)	—	(0.1)

Equity in net income (loss) of subsidiaries	19.3	2.9	—	(22.2)	—	24.9	0.3	—	(25.2)	—
Income (loss) before income taxes	6.3	40.9	(5.5)	(22.2)	19.5	16.4	33.3	5.4	(25.2)	29.9
Income tax expense (benefit)	(7.0)	13.0	(0.2)	—	5.8	(4.9)	12.2	1.3	—	8.6
Consolidated net income	13.3	27.9	(5.3)	(22.2)	13.7	21.3	21.1	4.1	(25.2)	21.3
Less: Net income attributable to noncontrolling interests	—	—	0.4	—	0.4	—	—	—	—	—
Net income (loss)(1)	\$ 13.3	\$ 27.9	\$ (5.7)	\$ (22.2)	\$ 13.3	\$ 21.3	\$ 21.1	\$ 4.1	\$ (25.2)	\$ 21.3
Consolidated Comprehensive income (loss)	\$ 20.4	\$ 29.1	\$ 0.5	\$ (29.2)	\$ 20.8	\$ 14.3	\$ 22.6	\$ (4.4)	\$ (18.2)	\$ 14.3
Less: Comprehensive income attributable to noncontrolling interests	—	—	0.4	—	0.4	—	—	—	—	—
Comprehensive income (loss)(2)	\$ 20.4	\$ 29.1	\$ 0.1	\$ (29.2)	\$ 20.4	\$ 14.3	\$ 22.6	\$ (4.4)	\$ (18.2)	\$ 14.3

	Nine months ended June 30, 2013					Nine months ended June 30, 2012				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net revenue	\$ —	\$ 638.2	\$ 600.3	\$ (126.0)	\$ 1,112.5	\$ —	\$ 590.8	\$ 259.9	\$ (121.0)	\$ 729.7
Cost of goods sold	—	320.6	452.6	(43.0)	730.2	—	289.3	193.4	(41.8)	440.9
Gross profit	—	317.6	147.7	(83.0)	382.3	—	301.5	66.5	(79.2)	288.8
Operating expenses	35.5	194.1	160.3	(83.0)	306.9	22.3	185.5	50.0	(79.2)	178.6
Operating profit	(35.5)	123.5	(12.6)	—	75.4	(22.3)	116.0	16.5	—	110.2
Interest expense	14.8	0.2	2.2	—	17.2	8.8	—	—	—	8.8
Other income (expense), net	1.4	(2.7)	1.6	—	0.3	(0.1)	—	(0.7)	—	(0.8)
Equity in net income (loss) of subsidiaries	64.7	7.5	—	(72.2)	—	86.1	1.8	—	(87.9)	—
Income before income taxes	15.8	128.1	(13.2)	(72.2)	58.5	54.9	117.8	15.8	(87.9)	100.6
Income tax expense (benefit)	(24.5)	45.0	(3.5)	—	17.0	(25.1)	42.9	2.8	—	20.6
Consolidated net income	40.3	83.1	(9.7)	(72.2)	41.5	80.0	74.9	13.0	(87.9)	80.0
Less: Net income attributable to noncontrolling interests	—	—	1.2	—	1.2	—	—	—	—	—
Net income (loss)(1)	\$ 40.3	\$ 83.1	\$ (10.9)	\$ (72.2)	\$ 40.3	\$ 80.0	\$ 74.9	\$ 13.0	\$ (87.9)	\$ 80.0
Consolidated Comprehensive income (loss)	\$ 38.8	\$ 85.6	\$ (11.1)	\$ (73.3)	\$ 40.0	\$ 74.2	\$ 76.8	\$ 5.2	\$ (82.0)	\$ 74.2
Less: Comprehensive income attributable to noncontrolling interests	—	—	1.2	—	1.2	—	—	—	—	—
Comprehensive income (loss)(2)	\$ 38.8	\$ 85.6	\$ (12.3)	\$ (73.3)	\$ 38.8	\$ 74.2	\$ 76.8	\$ 5.2	\$ (82.0)	\$ 74.2

(1) Net income attributable to Hillenbrand

(2) Comprehensive income attributable to Hillenbrand

[Table of Contents](#)

Condensed Consolidating Balance Sheets

	As of June 30, 2013					As of September 30, 2012				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Cash and equivalents	\$ 0.4	\$ 8.6	\$ 32.1	\$ —	\$ 41.1	\$ 3.9	\$ 6.3	\$ 10.0	\$ —	\$ 20.2
Trade receivables, net	—	94.1	89.5	—	183.6	—	110.4	40.3	—	150.7
Unbilled receivables from long-term manufacturing contracts	—	3.9	134.2	—	138.1	—	—	—	—	—
Inventories	—	76.6	112.3	(3.0)	185.9	—	62.5	29.9	(2.4)	90.0
Deferred income taxes	8.8	26.0	1.7	(6.9)	29.6	—	26.5	—	(6.9)	19.6
Prepaid expense	1.5	5.0	30.7	—	37.2	5.5	2.6	7.0	—	15.1
Intercompany receivables	221.2	941.7	42.7	(1,205.6)	—	211.6	870.3	44.2	(1,126.1)	—
Other current assets	0.1	2.6	20.6	0.5	23.8	2.0	1.2	8.2	(1.7)	9.7
Total current assets	232.0	1,158.5	463.8	(1,215.0)	639.3	223.0	1,079.8	139.6	(1,137.1)	305.3
Property, plant and equipment, net	7.3	70.3	90.4	—	168.0	7.1	66.0	44.8	—	117.9
Intangible assets, net	2.6	199.8	356.1	—	558.5	1.6	185.5	126.8	—	313.9
Goodwill	—	211.8	324.1	—	535.9	—	176.0	127.7	—	303.7
Investment in consolidated subsidiaries	1,861.1	644.0	—	(2,505.1)	—	1,457.3	311.3	—	(1,768.6)	—
Other assets	16.3	26.1	16.0	(3.2)	55.2	9.8	77.4	0.9	(41.4)	46.7
Total Assets	\$ 2,119.3	\$ 2,310.5	\$ 1,250.4	\$ (3,723.3)	\$ 1,956.9	\$ 1,698.8	\$ 1,896.0	\$ 439.8	\$ (2,947.1)	\$ 1,087.5
Trade accounts payable	\$ 0.3	\$ 23.4	\$ 155.1	\$ —	\$ 178.8	\$ 0.7	\$ 18.2	\$ 16.4	\$ —	\$ 35.3
Liabilities from long-term manufacturing contracts and advances	—	13.1	58.9	—	72.0	—	9.6	6.3	—	15.9
Current portion of long-term debt	10.0	—	—	—	10.0	—	—	—	—	—
Accrued compensation	2.2	16.8	5.9	—	24.9	—	22.2	8.8	(1.7)	29.3
Deferred income taxes	—	—	25.7	(6.9)	18.8	—	—	7.8	(6.9)	0.9
Intercompany payables	977.0	231.6	—	(1,208.6)	—	911.8	216.7	—	(1,128.5)	—
Other current liabilities	6.8	55.4	69.8	0.5	132.5	8.4	49.9	12.1	—	70.4
Total current liabilities	996.3	340.3	315.4	(1,215.0)	437.0	920.9	316.6	51.4	(1,137.1)	151.8
Long-term debt	610.3	8.2	82.8	—	701.3	271.6	—	—	—	271.6
Accrued pension and postretirement healthcare	—	112.6	115.4	—	228.0	—	111.8	—	—	111.8
Deferred income taxes	—	13.5	19.9	(3.2)	30.2	—	56.3	6.8	(41.4)	21.7
Other long-term liabilities	—	25.6	14.9	—	40.5	—	24.3	—	—	24.3
Total Liabilities	1,606.6	500.2	548.4	(1,218.2)	1,437.0	1,192.5	509.0	58.2	(1,178.5)	581.2
Total Hillenbrand Shareholders' Equity	512.7	1,810.3	694.7	(2,505.1)	512.6	506.3	1,387.0	381.6	(1,768.6)	506.3

Noncontrolling interests	—	—	7.3	—	7.3	—	—	—	—	—
Total Equity	512.7	1,810.3	702.0	(2,505.1)	519.9	506.3	1,387.0	381.6	(1,768.6)	506.3
Total Liabilities and Equity	\$ 2,119.3	\$ 2,310.5	\$ 1,250.4	\$ (3,723.3)	\$ 1,956.9	\$ 1,698.8	\$ 1,896.0	\$ 439.8	\$ (2,947.1)	\$ 1,087.5

21

[Table of Contents](#)

Condensed Consolidating Statements of Cash Flows

	Nine months ended June 30, 2013					Nine months ended June 30, 2012				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$ 81.3	\$ 101.0	\$ (35.6)	\$ (95.9)	\$ 50.8	\$ 190.0	\$ 326.3	\$ 4.0	\$ (410.7)	\$ 109.6
Investing activities:										
Capital expenditures	(2.4)	(8.0)	(8.7)	—	(19.1)	(3.6)	(6.1)	(4.3)	—	(14.0)
Acquisition of business, net of cash acquired	(404.3)	(0.5)	(10.9)	—	(415.7)	—	56.7	(56.7)	—	—
Other	3.9	0.1	—	—	4.0	0.4	—	—	—	0.4
Net cash provided by (used in) investing activities	(402.8)	(8.4)	(19.6)	—	(430.8)	(3.2)	50.6	(61.0)	—	(13.6)
Financing activities:										
Proceeds from term loan	200.0	—	—	—	200.0	—	—	—	—	—
Repayments on term loan	(7.5)	—	—	—	(7.5)	—	—	—	—	—
Proceeds from revolving credit facilities, net of financing costs	557.9	—	91.0	—	648.9	150.0	—	—	—	150.0
Repayments on revolving credit facilities	(395.0)	—	(9.1)	—	(404.1)	(308.0)	—	—	—	(308.0)
Payment of dividends - intercompany	—	(90.3)	(5.6)	95.9	—	—	(388.8)	(21.9)	410.7	—
Payment of dividends on common stock	(36.5)	—	—	—	(36.5)	(35.8)	—	—	—	(35.8)
Other, net	(0.9)	—	—	—	(0.9)	(0.2)	—	—	—	(0.2)
Net cash provided by (used in) financing activities	318.0	(90.3)	76.3	95.9	399.9	(194.0)	(388.8)	(21.9)	410.7	(194.0)
Effect of exchange rates on cash and cash equivalents	—	—	1.0	—	1.0	—	—	(1.5)	—	(1.5)
Net cash flow	(3.5)	2.3	22.1	—	20.9	(7.2)	(11.9)	(80.4)	—	(99.5)
Cash and equivalents at beginning of period	3.9	6.3	10.0	—	20.2	7.4	17.7	90.4	—	115.5
Cash and equivalents at end of period	\$ 0.4	\$ 8.6	\$ 32.1	\$ —	\$ 41.1	\$ 0.2	\$ 5.8	\$ 10.0	\$ —	\$ 16.0

22

[Table of Contents](#)

16. Restructuring

During the three months ended June 30, 2013, Hillenbrand incurred \$0.8 of restructuring costs (\$0.3 at the Process Equipment Group and \$0.5 at Batesville). These costs consisted of \$0.6 classified as cost of goods sold and \$0.2 classified as operating expenses related to severance and other restructuring costs. Batesville's restructuring costs relate to the decision in the second quarter of fiscal year 2013 to discontinue the purchase, sale, and distribution of their vault product line. Restructuring charges for the nine months ended June 30, 2013, totaled \$0.5 at the Process Equipment Group, \$2.8 at Batesville and \$0.2 at Corporate. Additional costs of less than \$1.0 and remaining payments associated with these restructurings are expected to conclude in fiscal year 2013.

23

[Table of Contents](#)

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

Forward-Looking Statements and Factors That May Affect Future Results

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

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

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

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

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

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

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

mean that the statement is not forward-looking.

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

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

Non-GAAP Information

The following discussion provides information regarding significant activity and compares our results for the three-and nine-month periods ending June 30, 2013, to the same periods in the prior fiscal year. We begin the discussion at a consolidated level and then provide separate detail about the Process Equipment Group, Batesville, and Corporate. These financial results are prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”).

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

A non-GAAP measure that we use is Adjusted Earnings Before Interest, Income Tax, Depreciation, and Amortization (“Adjusted EBITDA”). As previously discussed, our strategy is to selectively acquire companies which can benefit from our core competencies to spur faster and more profitable growth. Given that strategy, it is a natural consequence to incur related expenses, such as amortization from acquired intangible assets and additional interest expense from debt-funded acquisitions. Accordingly, we use Adjusted EBITDA, among other measures, to monitor our business performance.

24

Table of Contents

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

When describing variances in year-over-year financial information, we first provide the GAAP variance, then discuss adjustments, and finally provide additional information about the year-over-year variance without the impact of these adjustments. We also provide data regarding expenses as a percentage of sales, as that information is often more relevant than the actual variance itself. We believe that providing this additional information provides enhanced information to the readers of our financial statements.

See page 33 for a reconciliation of non-GAAP measures to the closest GAAP-equivalent of each measure. In this reconciliation we also provide this detail on an operating segment basis.

Critical Accounting Estimates

During the nine months ended June 30, 2013, there were no significant changes to our critical accounting estimates, as outlined in our Annual Report on Form 10-K for the year ended September 30, 2012, except as it relates to revenue recognition for Coperion.

Revenue Recognition: With the acquisition of Coperion, a portion of the Company’s revenue is derived from long-term manufacturing contracts. The majority of this revenue is recognized based on the percentage-of-completion method. Under this method, revenue is recognized based upon the costs incurred to date as compared to the total estimated cost of the project and are included in net revenues on the consolidated income statement. Revenues in excess of billings are presented as unbilled receivables from long-term manufacturing contracts, and deposits in excess of billings are presented as liabilities from long-term manufacturing contracts on the consolidated balance sheet. Revenue for components, replacement parts, and service is recognized on a completed contract basis when title and risk of loss passes to the customer.

Executive Overview

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

Hillenbrand is a global diversified industrial company that makes and sells premium business-to-business products and services for a wide variety of industries. We pursue profitable growth and meaningful dividends for our shareholders by leveraging our leading brands, robust cash generation capabilities, and strong core competencies. Hillenbrand has two segments: the Process Equipment Group and Batesville®. The Process Equipment Group designs, makes, sells, and services market-leading brands of bulk solids material handling equipment and related systems for a wide variety of industries across the globe. Batesville is a recognized leader in the North American funeral products industry. Batesville serves as the Company’s core cash-generating operation, providing strong annual operating cash flows. Batesville’s performance has allowed management to invest in acquisitions that provide diversification, such as those we have made in our Process Equipment Group, with a focus on companies with growth opportunities and an ability to benefit from Hillenbrand’s strong core competencies. We believe we can most effectively continue to increase shareholder value by leveraging our strong financial position and core competencies to continue to build a global diversified industrial company with leading positions in multiple industries.

On March 20, 2013, Kenneth A. Camp notified the Board of Directors of Hillenbrand of his intent to retire as president, CEO, and director. Hillenbrand’s Chairman of the Board, Joe Loughrey, confirmed Mr. Camp’s pending retirement and announced the decision of the Board of Directors to transfer these leadership roles to Hillenbrand executive, Joe Raver. Mr. Camp will step down from his position on September 6, 2013, to effect a smooth transition of leadership to Mr. Raver prior to Mr. Camp’s retirement on December 31, 2013. Until the September 6th transition, Mr. Raver will continue to serve as president of the Process Equipment Group, which includes continuing the integration of Coperion.

Another significant event in the current fiscal year was our acquisition of Coperion Capital GmbH (“Coperion”), on December 1, 2012, in a transaction valued at \$540.7. Based in Stuttgart, Germany, Coperion is a global leader in the

25

Table of Contents

manufacturing of compounding, extrusion, and bulk material handling equipment used in a broad range of industries, including plastics, chemicals, food processing, pharmaceutical, and aluminum. Coperion has been in business since 1879, and has nine manufacturing sites in Germany, the United States (“U.S.”), China, and India, and sales offices in approximately 30 locations in the Americas, Europe, and Asia. Coperion had approximately 2,000 employees worldwide as of June 30, 2013. Approximately 30% of Coperion’s revenue is derived from replacement parts and service, generating a large portion of recurring business due to its well-positioned service network and active installed base of equipment across the world.

Coperion revenues consist of large system sales, equipment, components, replacement parts, and service. Large system sales are fulfilled over 12 to 18 months on average, whereby customers generally pay a deposit and make progress payments before and during the manufacture of the order. Working capital requirements for Coperion have ranged from an optimal negative working capital position, where cash received from customers is more heavily weighted toward the beginning of the project, to our current position where a larger portion of the cash will be received in later stages of manufacturing.

The Coperion business model includes large system projects, where strong application and processing engineering expertise is used to create an entire system for customers. These system projects include Coperion-manufactured proprietary equipment, such as extruders and compounders, as well as components manufactured by third parties, such as gears and motors. Coperion earns attractive gross profit margins similar to the rest of the Process Equipment Group on their proprietary equipment and replacement parts and service (approximately 2/3 of their revenue). About 1/3 of their revenue is generated from third-party-sourced products that carry only a small up-charge, resulting in low single-digit gross profit margins on these products. Hillenbrand believes that selling these complete systems provides a significant competitive advantage and increases margin dollars.

This acquisition is the largest in the Company's history and represents an important step in the execution of our strategic plans to further diversify Hillenbrand and accelerate the growth of the Process Equipment Group business platform. The integration of Coperion with the Process Equipment Group will be a key initiative for the next 12 to 18 months. Combining our product offerings to provide a more complete system solution is our highest priority from an integration perspective. In addition, we believe leveraging Coperion's global infrastructure will enable the existing businesses within the Process Equipment Group platform to enter new global markets more quickly. We also expect the Process Equipment Group's existing strong U.S. sales network will enhance Coperion's expansion in North America. Finally, the application of the Company's lean tools and other core competencies to Coperion's operations is expected to contribute to improved margins and increased customer satisfaction.

The calculation of fair value of Coperion's assets and liabilities is preliminary and subject to adjustment based on finalization of the closing balance sheet. The fair value assigned to Coperion's backlog was \$34.3 and will be amortized over approximately 10 months. The fair values assigned to Coperion's customer relationships and technology total \$201.9 and will be amortized on a straight-line basis over their estimated useful lives, resulting in approximately \$12.0 of ongoing annual amortization expense. The fair value assigned to Coperion's inventory resulted in a step-up in value of \$21.6, and will be amortized through cost of goods sold over approximately 10 months. The fair value assigned to Coperion's property, plant, and equipment resulted in a step-up in value of \$19.5, and will be depreciated over the useful lives of the assets. The acquisition resulted in preliminary goodwill of \$234.0.

26

[Table of Contents](#)

Operations Review — Consolidated

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2013		2012		2013		2012	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenue	\$ 408.8	100.0	\$ 238.4	100.0	\$ 1,112.5	100.0	\$ 729.7	100.0
Gross profit	135.1	33.0	90.8	38.1	382.3	34.4	288.8	39.6
Operating expenses	109.4	26.8	57.8	24.2	306.9	27.6	178.6	24.5
Operating profit	25.7	6.3	33.0	13.8	75.4	6.8	110.2	15.1
Interest expense	5.9	1.4	3.0	1.3	17.2	1.5	8.8	1.2
Other income (expense), net	(0.3)	0.1	(0.1)	0.0	0.3	0.0	(0.8)	0.1
Income taxes	5.8	1.4	8.6	3.6	17.0	1.5	20.6	2.8
Net income(1)	13.3	3.3	21.3	8.9	40.3	3.6	80.0	11.0

(1) Net income attributable to Hillenbrand

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Consolidated revenue grew \$170.4 (71.5%). Foreign currency exchange rates did not have a material impact on revenue.

- Process Equipment Group's revenue increased \$168.1 (181.3%). The growth was driven primarily by the acquisition of Coperion in December. Revenue for the rest of the Process Equipment Group decreased 2% due to the previously projected sharp reduction in demand for equipment that processes proppants used in hydraulic fracturing. This reduction, which resulted from exceptionally high demand for such equipment in fiscal year 2012, is expected to continue for the remainder of the year. Excluding the impact of reduced orders for proppant equipment, revenue in the rest of the Process Equipment Group grew 11%.
- Batesville's revenue increased \$2.3 (1.6%) due to an increase in the average selling price, offset in part by decreased volume.

Consolidated gross profit margin was 33.0%, a decrease of 510 basis points. On an adjusted basis, which excluded items described below, the consolidated gross profit margin was 35.2%, a decrease of 340 basis points.

- Process Equipment Group's gross profit margin decreased from 42.7% in the prior year to 29.3%. Excluding \$8.1 of inventory step-up related to the Coperion acquisition and restructuring charges, the adjusted gross profit margin was 32.5% compared to 43.6% in the prior year. The decrease was due to the natural consequence of the Coperion acquisition, as gross profit margins for Coperion are lower given the higher proportion of third-party-sourced products on certain systems projects compared to the rest of the Process Equipment Group. The Coperion business model includes large system projects, where strong application and processing engineering expertise is used to create an entire system for customers. These system projects include Coperion-manufactured proprietary equipment, such as extruders and compounders, as well as components manufactured by third parties, such as gears and motors. Coperion earned attractive gross profit margins similar to the rest of the Process Equipment Group on their proprietary equipment and replacement parts and service (approximately 2/3 of their revenue). About 1/3 of their revenue was generated from third-party-sourced products that carry only a small up-charge, resulting in low single-digit gross profit margins on these products. As a result, total combined adjusted gross profit margins for Coperion are in the mid-to-high 20% range.
- Batesville's gross profit margin increased from 35.1% to 39.6%. Excluding \$0.5 of restructuring charges, the adjusted gross profit margin was 39.9%, a 450-basis-point improvement over the prior year. The increase was primarily driven by an increase in the average selling price in the current year and savings from structural changes implemented in the prior year.

Operating expenses as a percentage of sales increased 260 basis points to 26.8%. On an adjusted basis, our operating expense ratio was 22.9%, a decrease of 70 basis points, primarily due to the addition of Coperion, whose business model carries lower variable operating expenses than the rest of the Process Equipment Group. Offsetting

27

[Table of Contents](#)

this improvement in part was \$3.0 of ongoing amortization expense related to the Coperion acquisition. Adjusted operating expenses exclude the following items:

	Three months Ended June 30,	
	2013	2012
Business acquisition costs	\$ 2.5	\$ 0.2
Backlog amortization	12.8	—
Restructuring charges	0.2	1.2

Our continued focus on the application of Hillenbrand's lean business principles and practices continues to increase efficiencies across the organization. This is evident both in the Process Equipment Group, where they are continuing to mature in these practices, and Batesville, where lean has evolved to an advanced level with projects such as single-point scheduling to connect their entire value chain.

Interest expense increased \$2.9 due primarily to borrowings in connection with the Coperion acquisition, which led to higher weighted-average principal borrowings and higher interest rates on the revolving credit facility and interest incurred on the new term loan.

The income tax rate was 29.8% compared to 28.8%. Excluding the tax effect of all adjustments discussed above, our adjusted effective income tax rate was 30.0% compared to 29.1% for the prior year. The quarter-over-quarter change in the adjusted effective tax rate was largely due to the favorable resolution of uncertain tax positions for the three months ended June 30, 2012, partially offset by a larger percentage of income from foreign sources in lower tax rate jurisdictions due to the acquisition of Coperion for the three months ended June 30, 2013.

Nine Months Ended June 30, 2013 Compared to Nine Months Ended June 30, 2012

Consolidated revenue grew \$382.8 (52.5%). Foreign currency exchange rates did not have a material impact on revenue.

- Process Equipment Group's revenue increased \$367.3 (133.8%). The revenue increase was due to the acquisition of Coperion, offset in part by an 8% decrease in revenue in the rest of the Process Equipment Group. The decrease was driven by the previously projected reduction in demand for equipment that processes proppants used in hydraulic fracturing. Excluding the impact of reduced orders for proppant equipment, revenue in the rest of the Process Equipment Group decreased 1% due to reduced demand for equipment used in the potash and coal industries, as well as a large base resins project that occurred in the second fiscal quarter of the prior year.
- Batesville's revenue increased \$15.5 (3.4%). The increase was primarily driven by increases in the average selling price and volume.

Consolidated gross profit margin was 34.4%, a decrease of 520 basis points. On an adjusted basis, which excluded items described below, the consolidated gross profit margin was 36.3%, a decrease of 380 basis points.

- Process Equipment Group's gross profit margin decreased from 42.9% to 30.7%. Excluding \$19.0 of inventory step-up related to the Coperion acquisition and restructuring charges, the adjusted gross profit margin decreased from 43.3% to 33.7%. The decrease was due to the natural consequence of the Coperion acquisition, as gross profit margins for Coperion are lower given the higher proportion of third-party-sourced products on certain systems projects compared to the rest of the Process Equipment Group. See the Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012 section above for further discussion.
- Batesville's gross profit margin increased 180 basis points to 39.4%. Excluding \$2.3 of restructuring charges, the adjusted gross profit margin was 39.9%, a 180-basis-point improvement over the prior year. The increase was primarily due to increases in the average selling price and volume, as well as savings related to structural changes implemented in the prior year.

Operating expenses as a percentage of sales increased 310 basis points to 27.6%. On an adjusted basis, our operating expense ratio was 23.6% compared to 23.1% in the prior year. The 50 basis point increase was primarily due to seven months of amortization expense (\$7.2) in the current year related to intangible assets acquired in the Coperion acquisition and changes in employee benefits that reduced expense (\$1.9) in the prior year. Adjusted operating expenses exclude the following items:

[Table of Contents](#)

	Nine months Ended June 30,	
	2013	2012
Business acquisition costs	\$ 13.4	\$ 1.2
Backlog amortization	29.9	2.5
Restructuring charges	0.9	3.6
Antitrust litigation	0.1	0.6
Long-term incentive compensation related to the international integration	—	2.2

The vesting of our long-term performance-based stock awards is contingent upon the creation of shareholder value as measured by the cumulative cash returns and final period net operating profit after tax compared to the established hurdle rate over a three-year period. As such, the tax benefit from the international integration in the prior year resulted in additional compensation expense related to performance-based stock awards in fiscal year 2012.

Interest expense increased \$8.4 due primarily to borrowings in connection with the Coperion acquisition, which led to higher weighted-average principal borrowings and higher interest rates on the revolving credit facility and interest incurred on the new term loan.

The income tax rate was 29.1% compared to 20.5%. The year-over-year change in the effective tax rate was largely due to a \$10.4 reduction of income tax expense in the nine months ended June 30, 2012, attributable to the permanent reinvestment assertion on historical earnings of certain Swiss operations. Excluding this tax benefit as well as the tax effect of all other adjustments discussed above, our adjusted effective income tax rate was 29.2% compared to 31.2% for the prior year. The adjusted effective income tax rate was favorably impacted by the acquisition of Coperion, which produced a larger percentage of income from foreign sources in lower tax rate jurisdictions in the current year.

Operations Review — Process Equipment Group

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2013		2012		2013		2012	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Net revenue	\$ 260.8	100.0	\$ 92.7	100.0	\$ 641.9	100.0	\$ 274.6	100.0
Gross profit	76.5	29.3	39.6	42.7	196.9	30.7	117.8	42.9
Operating expenses	76.4	29.3	26.6	28.7	197.1	30.7	83.2	30.3
Operating profit	0.1	—	13.0	14.0	(0.2)	—	34.6	12.6

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Revenue increased \$168.1 (181.3%) driven primarily by the acquisition of Coperion in December. Revenue for the rest of the Process Equipment Group decreased 2% due to

the previously projected reduction in demand for equipment that processes proppants used in hydraulic fracturing. This reduction, which resulted from exceptionally high demand for such equipment in fiscal year 2012, is expected to continue for the remainder of the year. Excluding the impact of reduced orders for proppant equipment, revenue in the rest of the Process Equipment Group grew 11%.

We believe that the industries the Process Equipment Group serves have attractive long-term growth prospects because demand for their products and services will continue to grow as countries such as China and India greatly expand their middle class. While overall demand is expected to increase over the long run, we expect shifts in year-to-year sources of such demand. For example, in fiscal year 2012, demand for equipment that processes proppants used in hydraulic fracturing spiked dramatically in the second quarter and continued at relatively high levels before dropping off dramatically at the end of the fiscal year. As a result, revenue in fiscal year 2013 compared to the prior year has been negatively impacted, and we expect this trend to continue for the remainder of the fiscal year.

29

[Table of Contents](#)

We expect future revenue for the Process Equipment Group will continue to be influenced by order backlog because of the lead time involved in fulfilling engineered-to-order equipment for customers. Though backlog can be an indicator of future revenue, it does not consider projects and parts orders we will receive in the future that may be booked and shipped within the same quarter. The timing of order placement, size, extent of customization, and customer delivery dates can create fluctuations in backlog and revenue. Revenue attributable to backlog is also affected by foreign exchange rate fluctuations with respect to orders denominated in currencies other than U.S. dollars. During the quarter ended June 30, 2013, we experienced an increase in orders as a result of a strong order pipeline (open customer quotes) in Coperion's product lines. Based upon new orders accepted, less orders completed and shipped, backlog increased from \$544.3 on March 31, 2013, to \$570.6 on June 30, 2013, or 4.8%.

Gross profit increased 93.2% to \$76.5, primarily as a result of the Coperion acquisition. Gross profit margin decreased from 42.7% to 29.3%.

On an adjusted basis, the gross profit margin decreased from 43.6% to 32.5% and excluded \$8.1 of inventory step-up related to the Coperion acquisition and restructuring charges. Step-ups in inventory value were recorded at the time of the Coperion acquisition and will be expensed when the inventory is sold.

The decrease in adjusted gross profit margin was due to the natural consequence of the Coperion acquisition, as gross profit margins for Coperion are lower given the higher proportion of third-party-sourced products on certain systems projects compared to the rest of the Process Equipment Group. The Coperion business model includes large system projects, where strong application and processing engineering expertise is used to create an entire system for customers. These system projects include Coperion-manufactured proprietary equipment, such as extruders and compounders, as well as components manufactured by third parties, such as gears and motors. Coperion earned attractive gross profit margins similar to the rest of the Process Equipment Group on their proprietary equipment and replacement parts and service (approximately 2/3 of their revenue). About 1/3 of their revenue was generated from third-party-sourced products that carry only a small up-charge, resulting in low single-digit gross profit margins on these products. As a result, total combined gross profit margins for Coperion are in the mid-to-high 20% range.

Operating expenses increased \$49.8 to \$76.4 and our operating expense to sales ratio increased by 60 basis points, from 28.7% to 29.3%. On an adjusted basis, our operating expense ratio was 24.0% compared to 28.5% in the prior year. The 450 basis point improvement was primarily due to the addition of Coperion, whose business model carries lower variable operating expenses than the rest of the Process Equipment Group. Offsetting this improvement in part was \$3.1 of amortization expense related to intangible assets acquired in the Coperion acquisition. The Coperion acquisition will add \$12.0 of annual ongoing amortization expense. Adjusted operating expenses exclude a total of \$14.0 related to backlog amortization and business acquisition costs in the third quarter of fiscal year 2013 associated with the Coperion acquisition.

Nine Months Ended June 30, 2013 Compared to Nine Months Ended June 30, 2012

Fiscal year 2013 includes seven months of Coperion results related to the acquisition on December 1, 2012.

Revenue increased \$367.3 (133.8%), attributable to the Coperion acquisition. Excluding the Coperion business, revenue decreased 8% driven by the previously projected reduction in demand for equipment that processes proppants used in hydraulic fracturing. Excluding the impact of reduced orders for proppant equipment, revenue in the rest of the Process Equipment Group decreased 1% due to a reduced demand for equipment used in the potash and coal industries, as well as a large base resins project that occurred in the second fiscal quarter of the prior year.

Backlog increased by \$450.1 over the past nine months from \$120.5 on September 30, 2012, to \$570.6 on June 30, 2013.

Gross profit increased 67.1% to \$196.9, primarily as a result of the Coperion acquisition, which added seven months of Coperion results in fiscal year 2013. Gross profit margin decreased from 42.9% to 30.7%.

Adjusted gross profit margin decreased by 960 basis points to 33.7% and excluded \$19.0 of inventory step-up related to the Coperion acquisition and restructuring charges. As discussed above in the quarter results, the decrease in adjusted gross profit margin was due to the natural consequence of the Coperion acquisition, as gross profit margins for Coperion are lower given the higher proportion of third-party-sourced products on certain systems projects

30

[Table of Contents](#)

compared to the rest of the Process Equipment Group. See the Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012 section above for further discussion.

Operating expenses increased \$113.9 to \$197.1, and our operating expense to sales ratio increased by 40 basis points, from 30.3% to 30.7%.

On an adjusted basis, our operating expense ratio decreased to 25.8% from 28.3% in fiscal year 2012. The 250 basis point improvement was attributable to the Coperion business model, which has lower variable operating expenses than the rest of the Process Equipment Group. This ratio improved despite the inclusion of seven months of ongoing amortization expense (\$7.2) related to the intangible assets acquired in the Coperion acquisition. Adjusted operating expenses exclude backlog amortization of \$29.9 in fiscal year 2013 and \$2.5 in fiscal year 2012, as well as \$2.6 of restructuring costs in fiscal year 2012.

Operations Review — Batesville

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2013		2012		2013		2012	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Net revenue	\$ 148.0	100.0	\$ 145.7	100.0	\$ 470.6	100.0	\$ 455.1	100.0
Gross profit	58.6	39.6	51.2	35.1	185.4	39.4	171.0	37.6
Operating expenses	25.6	17.3	25.4	17.4	75.2	16.0	72.1	15.8
Operating profit	33.0	22.3	25.8	17.7	110.2	23.4	98.9	21.7

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Revenue increased \$2.3 (1.6%) due primarily to an increase in the average selling price (3%), offset in part by decreased volume (1%) as the burial market reverted to normal historical declines driven by the rate at which consumers opt for cremation.

Gross profit increased 14.5% to \$58.6. Gross profit margin improved 450 basis points to 39.6%. Adjusted gross profit margin improved 450 basis points to 39.9% and excluded restructuring costs. The increase was primarily due to an increase in the average selling price and savings from structural changes implemented in the prior year.

Operating expenses increased \$0.2 (0.8%) to \$25.6. Our operating expense to sales ratio was relatively flat at 17.3% compared to 17.4% in the prior year.

On an adjusted basis, our operating expense to sales ratio increased by 50 basis points to 17.2% from 16.7%. Adjusted operating expenses exclude a total of \$1.0 related to restructuring and litigation costs in fiscal year 2012. The increase in the operating expense to sales ratio was primarily related to increased personnel costs and additional strategic initiative spending, particularly in our technology offerings, in the current year.

Nine Months Ended June 30, 2013 Compared to Nine Months Ended June 30, 2012

Revenue increased \$15.5 (3.4%) and was driven primarily by an increase in the average selling price (2%) and higher volumes (2%). The increased number of North American deaths during the period more than offset the increased rate at which consumers opted for cremation, resulting in an increased number of burials in North America.

Gross profit increased 8.4% to \$185.4. Gross profit margin improved 180 basis points to 39.4%. Adjusted gross profit margin improved 180 basis points to 39.9% and excluded restructuring charges. The increase was primarily due to an increase in the average selling price and higher volumes in the current year and savings from structural changes implemented in the prior year. These were offset in part by changes in employee benefits that reduced expense by \$2.3 in the prior year.

31

[Table of Contents](#)

Operating expenses increased \$3.1 (4.3%) to \$75.2. Our operating expense to sales ratio was relatively flat at 16.0% compared to 15.8% in the prior year.

On an adjusted basis, our operating expense to sales ratio increased by 50 basis points to 15.8% from 15.3%. Adjusted operating expenses exclude a total of \$0.5 related to restructuring costs in fiscal year 2013, and a total of \$2.4 related to restructuring costs, long-term incentive compensation related to the international integration, and antitrust litigation expense in fiscal year 2012. The increase in the adjusted operating expense to sales ratio was primarily due to increased costs in the first nine months of fiscal year 2013 including strategic initiatives spending, particularly in our technology offerings in the current year (\$2.5), and incentive compensation expense (\$2.4). In addition, changes in employee benefits reduced expense by \$1.9 in the prior year.

Review of Corporate Expenses

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2013		2012		2013		2012	
	\$	% of Revenue	\$	% of Revenue	\$	% of Revenue	\$	% of Revenue
Operating expenses	\$ 7.4	1.8	\$ 5.8	2.4	\$ 34.6	3.1	\$ 23.3	3.2
Less:								
Business acquisition costs	1.5	—	0.2	—	12.1	1.1	1.2	0.2
Restructuring	—	—	—	—	0.2	—	—	—
Long-term incentive compensation related to the international integration	—	—	—	—	—	—	1.2	0.2
Adjusted operating expenses	\$ 5.9	1.4	\$ 5.6	2.3	\$ 22.3	2.0	\$ 20.9	2.9

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Operating expenses increased \$1.6. Excluding the items detailed in the table, adjusted operating expenses increased \$0.3 (5.4%). The increase was primarily due to increased personnel costs, offset in part by decreased long-term incentive compensation expense. Adjusted operating expenses on a percentage of revenue basis were 1.4%, an improvement of 90 basis points compared to 2.3% in the prior year. We expect this expense base to continue to decline as a percentage of revenue.

Nine Months Ended June 30, 2013 Compared to Nine Months Ended June 30, 2012

Operating expenses increased \$11.3. Excluding the items detailed in the table, adjusted operating expenses increased \$1.4 (6.7%). The increase was primarily due to an increase in personnel costs, offset by decreased long-term incentive compensation expense. Adjusted operating expenses on a percentage of consolidated revenue basis were 2.0%, an improvement of 90 basis points compared to 2.9% in the prior year.

The vesting of our long-term performance-based stock awards is contingent upon the creation of shareholder value as measured by the cumulative cash returns and final period net operating profit after tax compared to the established hurdle rate over a three-year period. As such, the tax benefit from the international integration in the prior year resulted in \$2.2 of additional expense related to performance-based stock awards in 2012, of which \$1.2 was incurred by our corporate operations.

In the first nine months of fiscal year 2013, we incurred \$0.2 of restructuring charges related to the cessation of airport operations jointly owned with our previous parent company.

32

[Table of Contents](#)

Non-GAAP Operating Performance Measures

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

	Three months ended June 30,					
	2013			2012		
	GAAP	Adjustments	Adjusted	GAAP	Adjustments	Adjusted

Cost of goods sold	\$ 273.7	\$ (8.6)(a)	\$ 265.1	\$ 147.6	\$ (1.2)(e)	\$ 146.4
Operating expenses	109.4	(15.6)(b)	93.8	57.8	(1.5)(f)	56.3
Interest expense	5.9	(0.5)(c)	5.4	3.0	—	3.0
Other income (expense), net	(0.3)	(0.2)	(0.5)	(0.1)	—	(0.1)
Income tax expense	5.8	7.4(d)	13.2	8.6	0.9(d)	9.5
Net income(1)	13.3	17.1	30.4	21.3	1.8	23.1
Diluted EPS	0.21	0.27	0.48	0.34	0.03	0.37

Ratios:						
Gross margin	33.0%	2.2%	35.2%	38.1%	0.5%	38.6%
Operating expenses as a % of revenue	26.8%	-3.9%	22.9%	24.2%	-0.6%	23.6%

Nine months ended June 30,						
	2013			2012		
	GAAP	Adjustments	Adjusted	GAAP	Adjustments	Adjusted
Cost of goods sold	\$ 730.2	\$ (21.3)(g)	\$ 708.9	\$ 440.9	\$ (3.5)(k)	\$ 437.4
Operating expenses	306.9	(44.4)(h)	262.5	178.6	(10.1)(l)	168.5
Interest expense	17.2	(1.1)(i)	16.1	8.8	—	8.8
Other income (expense), net	0.3	(1.1)(j)	(0.8)	(0.8)	—	(0.8)
Income tax expense	17.0	19.2(d)	36.2	20.6	15.0(m)	35.6
Net income(1)	40.3	46.5	86.8	80.0	(1.4)	78.6
Diluted EPS	0.64	0.74	1.38	1.28	(0.02)	1.26

Ratios:						
Gross margin	34.4%	1.9%	36.3%	39.6%	0.4%	40.0%
Operating expenses as a % of revenue	27.6%	-4.0%	23.6%	24.5%	-1.4%	23.1%

(1) Net income attributable to Hillenbrand

[Table of Contents](#)

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

- (a) Inventory step up (\$8.0 P), restructuring (\$0.1 P, \$0.5 B)
- (b) Business acquisition costs (\$1.0 P, \$1.5 C), backlog amortization (\$12.8 P), restructuring (\$0.2 P), other (\$0.1B)
- (c) Business acquisition costs (\$0.5 C)
- (d) Tax effect of adjustments
- (e) Restructuring (\$0.8 P, \$0.4 B)
- (f) Restructuring (\$0.2 P, \$1.0 B), business acquisition costs (\$0.2 C), other (\$0.1 B)
- (g) Inventory step up (\$18.7 P), restructuring (\$0.3 P, \$2.3 B)
- (h) Business acquisition costs (\$1.3 P, \$12.1 C), backlog amortization (\$29.9 P), restructuring (\$0.2 P, \$0.5 B, \$0.2 C), antitrust litigation (\$0.1 B), other (\$0.1 B)
- (i) Business acquisition costs (\$1.1 C)
- (j) Acquisition-related foreign currency transactions (\$0.8 C), business acquisition costs (\$0.2 C), other (\$0.1 B)
- (k) Restructuring (\$1.1 P, \$2.4 B)
- (l) Restructuring (\$2.6 P, \$1.0 B), backlog amortization (\$2.5 P), long-term incentive compensation related to the international integration (\$0.2 P, \$0.8 B, \$1.2 C), business acquisition costs (\$1.2 C), other (\$0.6 B)
- (m) Tax benefit of the international integration (\$10.4), tax effect of adjustments (\$4.6)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Consolidated net income	\$ 13.7	\$ 21.3	\$ 41.5	\$ 80.0
Interest income		(0.1)	(0.3)	(0.4)
Interest expense	5.9	3.0	17.2	8.8
Income tax expense	5.8	8.6	17.0	20.6
Depreciation and amortization	27.4	9.4	70.3	31.0
EBITDA	\$ 52.8	\$ 42.2	\$ 145.7	\$ 140.0
Business acquisition	2.4	0.2	12.4	1.2
Inventory step-up	8.0	—	18.7	—
Restructuring	0.3	2.3	2.2	7.0
Other	0.2	—	0.3	0.5
Long-term incentive compensation related to the international integration	—	—	—	2.2
Adjusted EBITDA	\$ 63.7	\$ 44.7	\$ 179.3	\$ 150.9

Consolidated adjusted EBITDA increased \$19.0 (42.5%) and \$28.4 (18.8%) for the three and nine months ended June 30, 2013 due primarily to the acquisition of Coperion.

Liquidity and Capital Resources

We believe our ability to generate cash from operating activities is one of our fundamental financial strengths. In this section, we discuss our ability to generate and access cash to meet business needs. We describe actual results in generating and utilizing cash by comparing the first nine months of fiscal year 2013 to the same period last year. We discuss how we see cash flow being affected for the next 12 months. While it is not a certainty, we explain where we think the cash will come from and how we intend to use it. Finally, we identify other significant matters that could affect liquidity on an ongoing basis.

The twelve-month outlook for our business remains strong. As a result of our expected cash flows from operations, we have significant flexibility to meet our financial commitments including working capital needs, capital expenditures, and financing obligations. Our debt financing includes the use of long-term notes, a long-term loan, and a revolving credit facility, as part of our overall cash management strategy. We continue to have ready access to capital markets and regularly review the optimal mix of short-term and long-term debt. In addition to cash balances and our ability to issue long-term debt, we had \$304.9 of borrowing capacity available under the revolving credit facility as of June 30, 2013. The available borrowing capacity reflects a reduction of \$25.1 in outstanding letters of

[Table of Contents](#)

credit issued under the facility. The Company has the ability to increase the total borrowing capacity under the revolving credit facility by an additional \$300.0 subject to approval of the lenders.

In the normal course of business, the Process Equipment Group provides to certain customers bank guarantees in support of performance and other contractual obligations. This form of trade finance is customary in the industry and, as a result, we maintain adequate capacity to provide the guarantees. As of June 30, 2013, we had credit arrangements totaling \$286.6 under which \$192.0 was utilized for this purpose. This includes the 150.0 euro Syndicated Letter of Guarantee Facility entered into on June 3, 2013, under which unsecured letters of credit, bank guarantees, or other surety bonds may be issued. There were no direct borrowings under these credit arrangements.

We have significant operations outside the U.S. The majority of foreign earnings is considered to be indefinitely reinvested in foreign jurisdictions where the Company has made, and intends to continue to make, substantial investments to support the ongoing development and growth of our international operations. Accordingly, no U.S. federal and state income taxes have been accrued on the portion of our foreign earnings that is considered to be indefinitely reinvested in foreign jurisdictions. The cash at our international subsidiaries totaled \$32.9 at June 30, 2013. We do not intend, nor do we foresee a need, to repatriate these funds.

We are currently authorized by our Board of Directors to repurchase shares of our common stock, and may elect to do so, depending on market conditions and other needs for cash consistent with our growth strategy. No repurchases were made in the first nine months of fiscal year 2013.

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

	Nine Months Ended June 30,	
	2013	2012
Cash flow provided by (used in):		
Operating activities	\$ 50.8	\$ 109.6
Investing activities	(430.8)	(13.6)
Financing activities	399.9	(194.0)
Effect of exchange rate changes on cash and cash equivalents	1.0	(1.5)
Net cash flow	<u>\$ 20.9</u>	<u>\$ (99.5)</u>

Cash provided by operating activities in the nine months ended June 30, 2013, compared to the same period in the prior year, decreased \$58.8 (53.6%) primarily due to increased working capital requirements at Coperion. Investments were made to finance Coperion customer projects in process. Certain projects underway have payment schedules where a large portion of the cash will be received in later stages of manufacturing. The terms of these deposits and progress payments vary greatly among industries and geographies.

Working capital requirements for Coperion have ranged from an optimal negative working capital position, where cash received from customers is more heavily weighted toward the beginning of the project, to our current position where a larger portion of the cash will be received in later stages of manufacturing. We expect working capital may fluctuate in the future due to the mix and geography of customer projects in process at any point in time; however, we believe it is unlikely that further significant working capital investments will be required for the remainder of fiscal year 2013.

The decrease in cash provided by operating activities was also driven by \$13.5 of business acquisition costs related to Coperion, \$13.3 of additional defined benefit plan funding compared to prior year, and \$5.0 related to antitrust litigation in the current fiscal year.

Cash used in investing activities in the nine months ended June 30, 2013, was largely impacted by the acquisition of Coperion (\$415.7) and to a lesser extent by increased capital expenditures (\$5.1), both in the current fiscal year.

Cash provided by financing activities in the first nine months of fiscal year 2013 was \$399.9, compared to \$194.0 cash used for financing activities in the same period in the prior year. Net borrowings in the first nine months of

[Table of Contents](#)

fiscal year 2013 were due primarily to the acquisition of Coperion, including net borrowings on the term loan of \$192.5 and net borrowings on the revolving credit facility of \$244.8. During the nine months ended June 30, 2012, we had \$158.0 of net repayments on our revolving credit facilities.

We returned over \$12 to shareholders this quarter in the form quarterly dividends and nearly \$37 for the year to date. We increased our quarterly dividend to \$0.1950 per common share from \$0.1925 paid during fiscal year 2012. We plan to continue to pay quarterly cash dividends at this rate throughout fiscal year 2013.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements.

Contractual Obligations or Contingent Liabilities and Commitments

The following table summarizes our future obligations as of June 30, 2013. This will help give you an understanding of the significance of cash outlays that are fixed beyond the normal accounts payable we have already incurred and have recorded in the financial statements.

(in millions)	Payment Due by Period				
	Total	Less Than 1 Year (1)	1-3 Years	4-5 Years	After 5 Years
10 year, 5.5% fixed rate senior unsecured notes	\$ 150.0	\$ —	\$ —	\$ —	\$ 150.0
Revolving credit facility (2)	370.0	—	—	370.0	—
Term loan	192.5	2.5	25.0	165.0	—
Interest on financing agreements (3)	88.1	4.1	32.3	29.0	22.7
Operating lease obligations (noncancellable)	106.5	6.4	25.3	21.2	53.6
Purchase obligations (4)	147.1	96.8	50.1	0.2	—
Defined benefit plan funding (5)	189.3	3.7	56.5	53.6	75.5
Other long-term liabilities (6)	23.1	1.1	12.7	3.4	5.9
Capital call arrangements (7)	3.0	3.0	—	—	—

Total contractual obligations	\$ 1,269.6	\$ 117.6	\$ 201.9	\$ 642.4	\$ 307.7
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- (1) Represents the remaining three months of fiscal year 2013.
- (2) Our revolving credit facility expires in July 2017. Although we may make earlier principal payments, we have reflected the principal balance due at expiration.
- (3) Cash obligations for interest requirements relate to our fixed-rate debt obligation at its contractual rate and borrowings under the variable-rate revolving credit facility and term loan at their current rates at June 30, 2013.
- (4) Consists of agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. The majority of this balance relates to Coperion's business, in which the manufacturing of system sales spans several months.
- (5) Defined benefit plan funding represents non-discretionary requirements based upon plan funding at June 30, 2013, and excludes any discretionary contributions.
- (6) Other long-term liabilities include the estimated liquidation of liabilities related to our casket pricing obligation, self-insurance reserves, and long-term severance payments.
- (7) We could be called upon by our private equity limited partnership investments to provide a maximum of \$3.0 in additional funds.

Recently Adopted and Issued Accounting Standards

For a summary of recently issued and adopted accounting standards applicable to us, see Note 2 to our consolidated financial statements included in Part I, Item 1, of this Form 10-Q.

[Table of Contents](#)

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

We are exposed to various market risks. We have established policies, procedures, and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks. Our primary exposures are to: collection risk (customer receivables); fluctuations in market prices for certain purchases of commodities; volatility in the fair value of our investments; volatility in the value of our pension plans' assets; variability in foreign currency exchange rates; and volatility in interest rates associated with our credit facility.

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

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

We are subject to variability in foreign currency exchange rates in our international operations. We regularly enter into currency exchange agreements to manage our exposure arising from fluctuating exchange rates related to specific transactions, primarily customer order and forecasted intercompany purchasing, but also amounts within our balance sheet that are denominated in non-functional currencies. As of June 30, 2013, a 10% change in the foreign exchange rates affecting balance sheet transactional exposures would have resulted in a change in pre-tax earnings of approximately \$5. This hypothetical change on transactional exposures is based on the difference between the June 30, 2013, actual foreign exchange rates and hypothetical rates assuming a 10% change in foreign exchange rates on that date.

The translation of the balance sheets of our non-U.S. operations from local currencies into U.S. dollars is also sensitive to changes in foreign exchange rates. These translation gains or losses are recorded as cumulative translation adjustments ("CTA") within accumulated other comprehensive loss on our balance sheet. Using the example above, the hypothetical change in CTA would be calculated by multiplying the net assets of our non-U.S. operations by a 10% change in the applicable foreign exchange rates. The result of the appreciation/depreciation of all applicable currencies versus the U.S. dollar would be to change shareholders' equity by approximately \$65 as of June 30, 2013.

At June 30, 2013, we had \$370.0 outstanding under our \$700 revolving credit facility and \$192.5 outstanding under a related term loan. We are subject to interest rate risk associated with our revolving credit facility and related term loan which bear a variable rate of interest that is based upon the lender's base rate or the LIBOR rate. The interest we pay on our borrowings is dependent on interest rate conditions and the timing of our financing needs. Assuming these borrowings remain at \$562.5 for 12 months, a one percentage point move in the related interest rates would increase or decrease our annual interest expense by approximately \$5.6.

[Table of Contents](#)

Item 4. CONTROLS AND PROCEDURES

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

There have been no changes in internal controls over financial reporting for the period covered by this report that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting, except for the potential changes noted in the following paragraph relating to the Coperion acquisition.

On December 1, 2012, we completed our acquisition of Coperion, which includes its existing information systems and internal controls over financial reporting. In

conducting our evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2013, we have elected to exclude Coperion from our evaluation as permitted under existing SEC rules. We are currently in the process of evaluating and integrating Coperion's historical internal controls over financial reporting with those of the rest of the Company. The integration may lead to changes in future fiscal periods, but we do not expect these changes to materially affect our internal controls over financial reporting. We expect to complete this integration in fiscal year 2014.

Other than the changes noted above, there were no changes in our internal control over financial reporting during the quarter ended June 30, 2013, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

[Table of Contents](#)

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Information pertaining to legal proceedings can be found in Note 12 to the interim consolidated financial statements included in Part I, Item 1 of this report.

Item 1A. RISK FACTORS

In this section of the Form 10-Q, we describe the risks we believe are most important for you to think about when you consider investing in, selling, or owning our stock or debt. This information should be assessed along with the other information we provide you in this Form 10-Q and in our Annual Report on Form 10-K for the year ended September 30, 2012. Like most companies, our business involves risks. The risks described below are not the only risks we face, but these are the ones we currently think have the potential to significantly affect stakeholders in our Company if they were to develop adversely (due to size, volatility, or both). We exclude risks that we believe are inherent in all businesses broadly as a function of simply being "in business." Additional risks not currently known or considered immaterial by us at this time and thus not listed below could also result in adverse effects on our business. In the risk descriptions below, we have assigned the risks into categories to help you understand where they emanate from (e.g. the overall Company or a specific segment).

Risk Related to Our Overall Company

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

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

- successfully identify targets for acquisition;
- negotiate reasonable terms;
- properly perform due diligence and identify all the significant risks associated with a particular acquisition;
- properly evaluate target company management capabilities; and
- successfully integrate the acquired company into our business and achieve the desired performance.

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

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

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

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

[Table of Contents](#)

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

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

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

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

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

We derived approximately 40% and 17% of our revenue from outside the U.S. for the nine-month periods ended June 30, 2013 and 2012. Our international revenue is primarily generated in Europe, the Middle East, Asia, South America, and Canada. We expect our international revenue to continue to grow due to the acquisition of Coperion. In addition, we have manufacturing operations, suppliers, and employees located outside the U.S. Since our growth strategy depends in part on our ability to further penetrate markets outside the U.S., we expect to continue to increase our sales and presence outside the U.S.

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

- interruption in the transportation of materials to us and finished goods to our customers;
- differences in terms of sale, including payment terms;
- local product preferences and product requirements;
- changes in the political or economic condition in a country or region, including safety and health issues;
- trade protection measures and import or export licensing requirements;
- unexpected changes in laws or regulatory requirements, including negative changes in tax laws;
- limitations on ownership and on repatriation of earnings and cash;
- difficulty in staffing and managing widespread operations;
- differing labor regulations;
- difficulties in implementing restructuring actions on a timely or comprehensive basis; and
- differing protection of intellectual property.

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

We cannot provide assurance that our internal controls and compliance systems will always protect us from acts committed by our employees, agents, or business partners that would violate U.S. and/or non-U.S. laws, including the laws governing payments to government officials, bribery, fraud, anti-kickback and false claims rules, competition, export and import compliance, money laundering, and data privacy. In particular, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, and we operate in many parts of the world that have experienced governmental

[Table of Contents](#)

corruption to some degree. Any such improper actions could subject us to civil or criminal investigations in the U.S. and in other jurisdictions; could lead to substantial civil and criminal, monetary and non-monetary penalties, and related shareholder lawsuits; could cause us to incur significant legal fees; and could damage our reputation.

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

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

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

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

We cannot guarantee that the prices we are paying for commodities today will continue in the future or that the marketplace will continue to support current prices for our products or that such prices can be adjusted to fully offset commodity price increases in the future. Any increases in prices resulting from a tightening supply of these or other commodities could adversely affect our profitability. We generally do not engage in hedging transactions for raw material purchases, but we do enter into some fixed-price supply contracts.

Our dependency upon regular deliveries of supplies from particular suppliers means that interruptions or stoppages in such deliveries could adversely affect our operations until arrangements with alternate suppliers could be made. Several of the raw materials used in the manufacture of our products currently are procured from a single source. If any of these sole-source suppliers were unable to deliver these materials for an extended period of time as a result of financial difficulties, catastrophic events affecting their facilities, or other factors, or if we were unable to negotiate acceptable terms for the supply of materials with these sole-source suppliers, our business could 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.

A portion of our workforce is unionized. The Company could face labor disruptions that would interfere with operations.

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

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

In connection with our separation from our previous parent company, certain investments were transferred to us that had an aggregate carrying value of \$11.2 as of June 30, 2013. Volatility in our investment portfolio impacts earnings. These investments could be adversely affected by general economic conditions, changes in interest rates, equity market volatility, and other factors, resulting in an adverse impact on our operating results and financial condition.

[Table of Contents](#)

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

We are also subject to other potential claims, including product and general liability, workers compensation, auto liability, and employment-related matters. While we maintain insurance for certain of these exposures, the policies in place are high-deductible policies. For a more detailed discussion of our asserted claims, see our Annual Report on Form 10-K for the year ended September 30, 2012.

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

As of June 30, 2013, our outstanding debt was \$711.3. This level of debt could have important consequences to our businesses. For example:

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

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

These provisions include, among others:

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

Indiana law also imposes some restrictions on mergers and other business combinations between us and any holder of 10% or more of our outstanding common stock, as well as on certain "control share" acquisitions.

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

[Table of Contents](#)

Risk Related to the Process Equipment Group

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

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

The Process Equipment Group operates in cyclical industries.

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

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

The Process Equipment Group sells dry material separation and size reduction equipment to the electric generating, natural gas, and coal mining industries. A significant portion of its sales are tied to the consumption of natural gas and coal as a means of generating electricity. The demand for natural gas and coal is dependent upon the availability and cost of alternative sources of energy, such as oil or nuclear power. Additionally, the cost of compliance with federal, state, and local laws and regulations on the energy industry may impact the demand for our products. As a result, any downturn in or disruption to the natural gas or coal industries or decline in the demand for electricity, could have a material adverse effect on our business, financial condition, and results of operations.

Risk Related to Batesville

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

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

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

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

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

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

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

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

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

There were no unregistered sales of equity securities in the three months ended June 30, 2013.

Item 6. EXHIBITS

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

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

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

SIGNATURES

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

HILLENBRAND, INC.

Date: August 5, 2013

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

Date: August 5, 2013

BY: /s/ Elizabeth E. Dreyer
Elizabeth E. Dreyer
Vice President, Controller and Chief Accounting Officer

EXHIBIT INDEX

Exhibit 10.1*	Employment Agreement dated as of April 26, 2013, by and between Hillenbrand, Inc. and Joe A. Raver
Exhibit 10.2*	Change in Control Agreement dated as of April 26, 2013, by and between Hillenbrand, Inc. and Joe A. Raver
Exhibit 10.3*	Amendment Agreement dated as of April 26, 2013, by and between Hillenbrand, Inc. and Joe A. Raver
Exhibit 10.4	Syndicated L/G Facility Agreement dated as of June 3, 2013, by and among Hillenbrand, Inc., and certain of its subsidiaries, and Commerzbank Aktiengesellschaft, as arranger and lender, and various other lenders named therein (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on June 4, 2013)
Exhibit 31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101.INS	Instance document
Exhibit 101.SCH	Schema document
Exhibit 101.CAL	Calculation linkbase document
Exhibit 101.LAB	Labels linkbase document
Exhibit 101.PRE	Presentation linkbase document
Exhibit 101.DEF	Definition linkbase document

* Filed herewith.

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement"), is made as of the 26th day of April, 2013, to be effective as of the 6th day of September, 2013 (the "Effective Date"), by and between Hillenbrand, Inc., an Indiana corporation (the "Company"), and Joe A. Raver ("Executive"). Each of the Company and Executive is sometimes referred to below as a "Party" and together they are the "Parties." The Company's direct and remote parent and subsidiary companies, and those companies under common control with the Company, as constituted from time to time, are referred to below as its "affiliated companies."

RECITALS

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

AGREEMENTS

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

1. Effectiveness of Agreement; Employment. The terms and conditions of this Agreement shall become effective commencing on the Effective Date. Until the Effective Date, that certain Employment Agreement by and between Executive and the Company, dated as of June 15, 2008 (the "Prior Employment Agreement"), shall continue in full force and effect. Such Prior Employment Agreement shall terminate upon the effectiveness of this Agreement. The Company will continue to employ Executive on an at-will employment basis commencing on the Effective Date. Executive accepts continued employment by the Company on that basis.
 2. Position and Duties. Executive's position and title on the Effective Date will be as the President and Chief Executive Officer of the Company. Executive agrees to perform all duties and accept all responsibilities incidental to that position (or any other position in which Executive may be employed) or as may be assigned to Executive. Executive's position and duties may include being employed by, serving as an officer or director of, and providing services to or for, one or more of the Company's affiliated companies, as directed by the Company. Executive is instructed by the Company, and agrees, not to perform any duties or engage in any activities that would conflict with any potential post-employment obligations to any prior employers.
 3. Efforts and Loyalty. During the term of Executive's employment under this Agreement, Executive agrees to use Executive's reasonable best efforts in the conduct of the Company's business endeavors entrusted to Executive and agrees to devote substantially all of Executive's working time and efforts, attention and energy to the discharge of the duties and responsibilities of Executive to and for the Company. Executive agrees not to engage in any other activities that interfere with Executive's performance under this Agreement and agrees not to work in any capacity for any other business or enterprise without first obtaining the Company's written consent thereto.
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4. Compensation. Commencing on the Effective Date, for all services rendered by Executive to or for the Company or its affiliated companies, Executive shall be paid as follows:
 - (a) A base salary at an initial annual rate of \$600,000, less withholdings and deductions;
 - (b) Incentive compensation, payable solely at the discretion of the Company (and subject to repayment in full or in part in the event of a restatement of the Company's financial statements in accordance with any applicable policy, law or agreement);
 - (c) The other compensation and benefits described in the attached summary, subject, however, to the terms of this Agreement; and
 - (d) Such additional compensation, benefits and perquisites as the Company may from time to time deem appropriate.
 5. Changes to Compensation. Subject to paragraph 10 below, the Company reserves the right to, and Executive agrees that the Company may, make changes to Executive's compensation from time to time in the Company's sole discretion, including, but not limited to, modifying or eliminating a compensation component; provided, however, that Executive shall be and shall remain entitled to participate in all benefit plans and programs maintained by the Company in its sole discretion from time to time on the same basis as other executive officers similarly situated.
 6. Restrictions and Defense and Indemnification. Executive represents and warrants to the Company that Executive is not a party to or bound by any noncompetition or other agreement, with any former employer or otherwise, that limits or restricts in any manner Executive's right, as an employee or in any other capacity, to be employed by or provide advice or services to, any person or entity. Executive further represents and warrants that Executive does not have or possess any non-public, confidential information of or relating to any business or enterprise (other than the Company or its affiliated companies). Executive agrees to defend and indemnify the Company from and against any loss or expense suffered or incurred by the Company or any of its affiliated companies as a result of an inaccuracy or breach of any of Executive's representations, warranties or agreements made in this Section 6, or any breach by Executive of any post-employment obligations to any prior employer.
 7. Termination Without Cause. The Company may terminate the employment relationship between Executive and the Company at any time, without Cause for doing so, upon written notice of termination given to Executive, effective as of a date specified by the Company that is on or after the date of such notice. In such event, Executive shall be entitled to all compensation, benefits and perquisites paid or accrued as of the date of termination and shall also be entitled to receive severance compensation and benefits in accordance with the provisions of Section 12.
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8. Termination With Cause. Executive's employment may be terminated by the Company at any time with "Cause" for doing so upon written notice of termination to Executive specifying the date of termination and the factual circumstances constituting "Cause" for such termination. For purposes of this Agreement, the Company will have "Cause" to terminate Executive's employment if Executive has:
 - (a) Acted with gross neglect or willful misconduct in the discharge of Executive's duties and responsibilities or refused to follow or comply with the lawful direction of the Company or the terms and conditions of this Agreement, provided such refusal is not based primarily on Executive's good faith compliance with applicable legal or ethical standards; or
 - (b) Acquiesced or participated in any conduct that is dishonest, fraudulent, illegal (at the felony level), unethical, involves moral turpitude or is otherwise illegal and involves conduct that has the potential, in the Company's reasonable opinion, to cause the Company, its officers or its directors embarrassment or ridicule; or
 - (c) Violated a material requirement of any Company policy or procedure or policy or procedure of an affiliated company that applies to Executive; or

- (d) Disclosed without proper authorization any trade secrets or other confidential information of the Company or any of its affiliated companies; or
- (e) Engaged in any act that, in the reasonable opinion of the Company, is contrary to its best interests or would hold the Company, its officers or directors up to probable civil or criminal liability, provided that, if Executive acts in good faith in compliance with applicable legal or ethical standards, such actions shall not be grounds for termination for Cause.

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

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

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

3

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- (a) A reduction in Executive's then-current base annual salary;
 - (b) Failure to re-elect Executive as President and Chief Executive Officer of the Company (unless such failure is related in any way to the Company's decision to terminate Executive for Cause);
 - (c) Failure to provide the same benefits and perquisites that are provided to other peer-level employees;
 - (d) Relocation of Executive's principal location of work to any location that is in excess of 100 miles from the Company's then-existing corporate headquarters;
 - (e) A material diminution in Executive's authority, duties or responsibilities, or
 - (f) Any action or inaction that constitutes a material breach of this Agreement by the Company.

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

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

4

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- (a) Executive becomes eligible for or receives any benefits pursuant to any disability insurance policy as a result of a determination under such policy that Executive is permanently disabled;
 - (b) Executive becomes eligible for or receives any disability benefits under the Social Security Act; or
 - (c) A good faith determination by the Company that Executive is and will likely remain unable to perform the essential functions of Executive's duties or responsibilities hereunder on a full-time basis, with or without reasonable accommodation, as a result of any mental or physical impairment.

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

12. Severance Compensation and Benefits. In the event that (a) Executive's employment is either terminated by the Company without Cause under Section 7 or by Executive for Good Reason under Section 9, and (b) Executive is not entitled to any severance compensation or benefits under a "Change in Control" or similar agreement in connection with the termination of Executive's employment relationship, and (c) Executive executes and delivers to the Company, within twenty-one (21) days (or such longer period required by law if applicable) after termination of Executive's employment relationship, and does not revoke, a written Release (as defined below), then, except as provided below in this Section 12 and subject to the terms of this Agreement and the aforementioned Release, Executive shall be entitled to receive the following:

- (a) Severance compensation ("Severance Pay") equal to the greater of twenty-four (24) months of Executive's base salary (based upon Executive's base salary at the time of termination of employment and subject to required tax or other withholdings) payable to Executive in a lump sum within thirty (30) days after the date on which Executive's employment is terminated or the period provided in the Company's severance guidelines in effect at the time; provided, that notwithstanding the foregoing: (i) if the termination of Executive's employment occurs during November or December, the commencement of Severance Pay payable to Executive shall not occur prior to January 1 of the following year, and (ii) if Executive is a "specified employee" under Section 409A of the Internal Revenue Code of 1986, as amended, or any successor law (the "Code"), then any portion of the Severance Pay that is not exempt from Section 409A, and that would otherwise be payable to Executive during the first six (6) months following the termination of Executive's employment, shall

not be paid to Executive until the ten (10) business day period immediately following the expiration of such six (6) month period.

- (b) If Executive timely elects in the proper form, pursuant to the Consolidated Budget Reconciliation Act (“COBRA”), to continue health care coverage for Executive and/or Executive’s dependents under the health plan in which Executive had coverage at the time of the termination of Executive’s employment, and if Executive continues paying the premiums for such COBRA coverage (subject to

5

any COBRA premium subsidy Executive is eligible for under the American Recovery and Reinvestment Act of 2009 or similar law), then the Company will reimburse to Executive monthly (as taxable income to Executive) an amount that is not less than the dollar amount of health care premiums that the Company and its affiliated companies were paying on behalf of Executive and/or Executive’s dependents immediately prior to the termination of Executive’s employment, such premium reimbursements to continue until the earlier of (i) the date that is twenty-four (24) months after Executive’s employment is terminated, or (ii) the date as of which Executive ceases to carry COBRA continuation health care coverage following Executive’s termination of employment.

- (c) Limited out-placement counseling with a company of the Company’s choice, provided that Executive commences participation in such counseling immediately following termination of employment, for a period of up to twenty-four (24) months following the termination of Executive’s employment.

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

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

13. Confidential Information; Company Property. Executive acknowledges that, by reason of Executive’s employment by the Company and/or any of its affiliated companies, Executive has had and/or will have access to confidential information of the Company and its affiliated companies, including, without limitation, information and knowledge pertaining to business strategies, financial performance, products, inventions, discoveries, improvements, innovations, designs, ideas, trade secrets, proprietary information, manufacturing, packaging, advertising, distribution and sales methods, customer and client lists, and relationships among and between the Company and its affiliated companies and their respective dealers, distributors, sales representatives, wholesalers, customers, clients, suppliers and others who have business dealings with them (“Confidential Information”). Executive also acknowledges that such Confidential Information is a valuable and unique asset of the Company and its affiliated companies. Executive promises that, both during and at all times after the period during which Executive is employed by the Company or any of its affiliated companies, Executive will not disclose any such Confidential Information to any person or entity or use any such Confidential Information for the benefit of Executive or any other person or entity (except in either case as Executive’s duties as an employee of the Company may require) without the prior written authorization of the Company. In this regard, and in order to

6

comply with Executive’s obligations regarding the non-use and non-disclosure of Confidential Information, Executive promises that Executive will not provide advice or services to any person or entity, in any capacity whatsoever, if the Confidential Information possessed by Executive would be useful or of benefit to such person or entity in competing against the Company or any of its affiliated entities or otherwise. The provisions in this Section and this Agreement regarding “Confidential Information” are intended to be supplemental and in addition to, and are not intended to be in lieu or in any way a limitation of, the protections afforded by, and remedies for misuse or misappropriation available under, applicable law regarding the trade secrets of the Company and its affiliated companies.

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

14. Non-Competition. Executive promises that, during the period that Executive is employed by the Company or any of its affiliated companies and for twenty-four (24) months thereafter, Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, directly or indirectly, own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing or control of, or be connected in a competitive capacity as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit Executive’s name to be used in connection with, any business or enterprise that (a) is engaged in the business of designing, engineering, manufacturing, marketing, selling or distributing any products or services that compete with, or are a functional equivalent of or alternative for, any of the products or services designed, engineered, manufactured, marketed, sold or distributed by the Company or any of its affiliated companies within the year prior to the termination of Executive’s employment or that the Company or any of its affiliated companies are about to do so at the time of such termination of employment (the “Competing Products”), and (b) is engaged in any such activities within any state of the United States or the District of Columbia or any other country in which the Company or any of its affiliated companies engages in or is about to engage in any of such activities.
15. No Solicitation. Executive promises that, during the period that Executive is employed by the Company or any of its affiliated companies and for twenty-four (24) months thereafter, Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, (i) call on or solicit, either directly or indirectly, for any purposes involving the designing, engineering, manufacturing, marketing, selling, purchasing or distributing of any

7

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

16. Addition to Restricted Period. In the event Executive breaches any of Executive’s obligations under Sections 14 or 15, then the period of time during which such

provision is to remain in effect following the termination of Executive's employment (such as two years) shall be increased by the same amount of time that Executive was in breach thereof.

17. Survival of Restrictive Covenants. The obligations of Executive under Sections 13, 14 and 15 shall survive the termination of this Agreement and the termination of Executive's employment for any reason, including without limitation a termination of such employment by the Company without Cause or a termination by Executive for Good Reason. A breach by the Company of any contractual, statutory or other obligation to Executive shall not excuse compliance with or terminate Executive's obligations under those Sections or otherwise provide a defense to or preclude the Company from seeking injunctive or other relief in the event of a breach or threatened breach of those obligations by Executive.
18. Enforcement/Injunctive Relief. Executive and the Company stipulate and agree that it would be difficult to measure any damages to the Company or any of its affiliated companies resulting from a breach of any of the provisions of Sections 13, 14 or 15, but that the potential for damages in such event would be great, incalculable and irremediable, and that monetary damages alone would be an inadequate remedy. Accordingly, Executive agrees that the Company shall be entitled to immediate injunctive relief against such breach, or threatened breach, in any court having jurisdiction, and Executive waives the right in any proceeding to enforce this Agreement by the Company or any of its affiliated companies to assert as a matter of defense or otherwise that the Company or any of its affiliated companies has an adequate remedy at law or has not been or will not be irreparably harmed by a breach or threatened breach by Executive of any of such provisions. The remedies described above shall not be the exclusive remedies, and the Company may seek any other remedy available to it either in law or in equity, including, by way of example only, statutory remedies for misappropriation of trade secrets, and including the recovery of compensatory or punitive damages. The prevailing Party, in addition to any other award in its favor, shall be entitled to recover its attorneys' fees and other costs of litigation from the non-prevailing Party in any action brought to enforce the provisions of Sections 13, 14 or 15.
19. Reasonableness and Judicial Modification of Restrictions. Executive acknowledges and agrees that the terms of the restrictions on Executive in Sections 13, 14 and 15 are fair and reasonable, are not unreasonably broad in scope, are reasonably necessary to protect the property and other interests of the Company and the affiliated companies, and will not prevent Executive from obtaining other suitable employment in the event Executive's employment with the Company terminates. Nevertheless, if the scope of any provision

8

contained in Sections 13, 14 or 15 is deemed by any court having jurisdiction to be too broad to permit enforcement of such provision to its fullest extent, then such provision shall nevertheless be enforced to the maximum extent permitted by applicable law, and the Company and Executive each hereby request any such court to judicially modify any such provision accordingly, and each consent to such judicial modification, in any proceeding brought to enforce such provision.

20. Company Modification of Restrictions. The Company may at any time and from time to time during or after the term of Executive's employment by the Company, on its own initiative and without the necessity of obtaining any consent from or agreement of Executive with respect thereto, modify any of the provisions of Sections 13, 14 or 15 that restrict Executive's actions or rights in whatever manner the Company chooses if such modification makes the provision in question less restrictive or burdensome as to Executive's actions or rights than it was prior to modification. Any such modification will be effective immediately upon the Company's giving written notice to Executive thereof (including the precise wording changes made).
21. Publicly Traded Stock. The provisions of Section 14 shall not prohibit Executive from owning not more than one percent (1%) of the outstanding stock or other corporate security of a company that is traded or quoted on a national securities exchange or national market system.
22. Waiver of Jury Trials. Notwithstanding any right to a jury trial for any claims, Executive and the Company each waive any such right to a jury trial, and agree that any claim of any type in connection with Executive's employment by the Company or any of its affiliated companies (including but not limited to employment discrimination litigation, wage litigation, defamation, or any other claim) filed in any court will be tried, if at all, without a jury.
23. Choice of Forum; Consent to Jurisdiction. Any claim or action brought by Executive against the Company or any of its affiliated companies that arises under or relates to this Agreement or is in any way in connection with the employment of Executive by the Company or any of its affiliated companies, or the termination thereof, must be brought and maintained only in a court sitting in either (a) Marion County, Indiana, or Ripley County, Indiana, or, if in a federal court, the United States District Court for the Southern District of Indiana, Indianapolis Division, or (b) the state in which the Company is incorporated or maintains its principal office. Executive consents to the personal jurisdiction of any such court over Executive with respect to any claim or action brought against Executive by the Company or any of its affiliated companies arising under or relating to this Agreement or in any way in connection with Executive's employment by the Company or any of its affiliated companies, or the termination thereof.
24. Choice of Law. This Agreement shall be deemed to have been made in the State of Indiana, and shall be interpreted, construed and enforced in accordance with the laws of that State without regard to the choice of law provisions thereof.

9

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25. Severability. The Parties agree that each and every paragraph, sentence, clause, term and provision of this Agreement is severable and that, in the event any portion of this Agreement is adjudged to be invalid or unenforceable, the remaining portions thereof shall remain in effect and be enforced to the fullest extent permitted by law.
 26. Assignment. The rights and obligations of the Company under this Agreement shall inure to its benefit, as well as the benefit of its successor and affiliated companies, and shall be binding upon the successors and assigns of the Company. This Agreement, being personal to Executive, cannot be assigned by Executive, but Executive's personal representative shall be bound by all its terms and conditions.
 27. Notices. Except as otherwise specifically provided or permitted elsewhere in this Agreement, any notice required or permitted to be given hereunder shall be sufficient and deemed to have been given if in writing and either hand delivered (in person or by a recognized courier or delivery service) or mailed by certified or registered U.S. Mail, return receipt requested, addressed to Executive at the last known residence address of Executive on the Company's records or to the Company at its principal office address with an additional copy mailed by regular mail to the Office of the General Counsel of Hillenbrand, Inc., One Batesville Boulevard, Batesville, Indiana 47006. This Section is not intended to modify any requirement elsewhere in this Agreement that a notice must be received by a Party ("giving" notice is not the equivalent of "receipt" of notice when receipt is expressly required or specified).
 28. Amendments and Waivers. Except as specifically provided herein, any modification, amendment, extension or waiver of this Agreement or any provision hereof must be in writing and must be signed by both Parties or, in the case of a waiver, signed by the Party charged with making such waiver. The waiver by the Company or Executive of a breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach.
 29. Executive Manuals, Policies, Etc. Notwithstanding anything in this Agreement to the contrary, the Company and its affiliated companies shall have the right from time to time to adopt, modify or amend and maintain in full force and effect any employee manuals, policies or procedures applicable to employees generally (including Executive) and any such adoption, modification or amendment shall be in force and effect without it being considered an amendment or modification of this Agreement.

30. Enforcement by Affiliated Companies. The affiliated companies of the Company are intended to be third party beneficiaries with respect to the provisions of Sections 13-28, both inclusive, to the extent relevant to them, and such Sections shall extend to and may be enforced by any of such affiliated companies in their own names or by the Company on their behalf.
31. Previous Terms Superseded. As of the Effective Date, this Agreement integrates, supersedes and replaces any prior employment agreement with the Company or its affiliated companies (for the avoidance of doubt, including the Prior Employment Agreement), oral or written communications (including, if applicable and to the extent in conflict, an offer letter with the Company or an affiliated company) regarding the terms of employment of Executive, and other matters, addressed in this Agreement.

10

Notwithstanding that statement, the Company and Executive have, will or may enter into other written agreements from time to time concerning various matters pertaining to Executive's employment by the Company. In the event any of the terms of any such other agreements conflict or are inconsistent with the terms of this Agreement, the terms of this Agreement shall prevail.

[remainder of page intentionally left blank]

11

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

HILLENBRAND, INC.

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

EXECUTIVE

/S/ Joe A. Raver
Joe A. Raver

CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (the "Agreement") is made as of the 26th day of April, 2013, to be effective as of the 6th day of September, 2013 (the "Effective Date"), by and between Hillenbrand, Inc., an Indiana corporation (the "Company"), and Joe A. Raver (the "Executive").

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

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

WHEREAS, the Committee and the Board believe that Executive has made valuable contributions to the productivity and profitability of the Company and consider it essential to the best interests of the Company and its shareholders that Executive be encouraged to remain with the Company; and

WHEREAS, the Board believes it is in the best interests of the Company and its shareholders that Executive continue in employment with the Company in the event of any proposed Change in Control (as defined below) and be in a position to provide assessment and advice to the Board regarding any proposed Change in Control without concern that Executive might be unduly distracted by the personal uncertainties and risks created by any proposed Change in Control;

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

1. **Effectiveness; Prior Agreement.** The terms and conditions of this Agreement shall become effective commencing on the Effective Date. Until the Effective Date, that certain Change in Control Agreement by and between Executive and the Company, dated as of June 15, 2008 (the "Prior Agreement"), shall continue in full force and effect. The Prior Agreement shall terminate upon the effectiveness of this Agreement.
2. **Termination following a Change in Control.** After the occurrence of a Change in Control, the Company will provide or cause to be provided to Executive the rights and benefits described in Section 3 hereof in the event that Executive's employment with the Company and its subsidiaries is terminated:
 - (a) by the Company (or its successor) for any reason other than on account of Executive's death, permanent disability, retirement or for Cause (as defined below) at any time prior to the second anniversary of a Change in Control; or

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

Anything in this Agreement to the contrary notwithstanding, if a Change in Control occurs and if the Executive's employment with the Company is terminated by the Company without Cause, or by Executive for Good Reason, prior to the date on which the Change in Control occurs, and if it is reasonably demonstrated by Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or anticipation of a Change in Control which subsequently occurs within three months of such termination, then for purposes of this Agreement a Change in Control shall be deemed to have occurred on the day immediately prior to such termination of employment, and all references in Section 3 to payments within a specified period as allowed by law following "Termination" shall instead be references to the specified period following the Change in Control.

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

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

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

- (a) a lump sum payment in cash in the amount of three times Executive's Annual Base Salary (as defined below), payable (i) on the date which is six months following Termination, if the Executive is a "specified employee" as defined in Code Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended ("Code") (Section 409A of the Code is hereunder referred to as "Section 409A"), and the Treasury Regulations promulgated thereunder (to the extent required in order to comply with Section 409A); or (ii) on the next regularly scheduled payroll following the earlier to occur of fifteen (15) days from the Company's receipt of an executed Release or the expiration of sixty (60) days after Executive's Termination, if Executive is not such a "specified employee" (or such payment is exempt from Section 409A); provided, however, that if the before-stated sixty (60) day period ends in a calendar year following the calendar year in which the sixty (60) day period commenced, then any benefits not subject to clause (i) shall only begin on the next regularly scheduled payroll following the expiration of sixty (60) days after the Executive's Termination;
- (b) for the 36 months following Termination, continued health and medical insurance coverage for Executive and Executive's dependents substantially comparable (with regard to both benefits and employee contributions) to the coverage provided by the Company immediately prior to the Change in Control for active employees of equivalent rank. From the

end of such 36-month period until Executive attains Social Security Retirement Age, Executive shall have the right to purchase (at COBRA rates applicable to such coverage) continued coverage for Executive and Executive's dependents under one or more plans maintained by the Company for its active employees, to the extent Executive would have been eligible to purchase continued coverage under the plan in effect immediately prior to the Change in Control had Executive's employment terminated 36 months following Termination. The payment of any health or medical claims for the health and medical coverage provided in this subparagraph (b) shall be made to the Executive as soon as administratively practicable after the Executive has provided the appropriate claim documentation, but in no event shall the payment for any such health or medical claim be paid later than the last day of the calendar year following the calendar year in which the expense was incurred. Notwithstanding anything herein to the contrary, to the extent required by Section 409A: (i) the amount of medical claims eligible for reimbursement or to be provided as an in-kind benefit under this Agreement during a calendar year may not affect the medical claims eligible for reimbursement or to be provided as an in-kind benefit in any other calendar year, and (ii) the right to reimbursement or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit;

- (c) continuation for Executive, for a period of two years following Termination, of the Executive Life Insurance Bonus Plan (if any) provided for Executive by the Company immediately prior to the Change in Control and the group term life insurance program provided for Executive immediately prior to the Change in Control. The payment of any claim for death benefits provided under this subparagraph (c) shall be paid in accordance with the appropriate program, provided, however that

if the death benefit is subject to Section 409A, then the death benefit shall be paid, as determined by the Company in its complete and absolute discretion, no later than the later to occur of (i) the last day of the calendar year in which the death of the Executive occurs or (ii) the 90th day following the Executive's death;

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

(e) a lump sum payment in cash equal to the amounts accrued for the last 12 months times three immediately prior to the Termination in any of the Defined Contribution, Matching Account and/or Supplemental Contribution Account, payable (i) on the date which is six months following Termination, if the Executive is a "specified employee" as defined in Code Section 409A(a)(2)(B)(i) or (ii) on the next regularly scheduled payroll following the earlier to occur of fifteen (15) days from the Company's receipt of an executed Release or the expiration of sixty (60) days after Executive's Termination, if Executive is not such a "specified employee"

3

(or such payment is exempt from Section 409A); provided, however, that if the before-stated sixty (60) day period ends in a calendar year following the calendar year in which the sixty (60) day period commenced, then any benefits not subject to clause (i) shall only begin on the next regularly scheduled payroll following the expiration of sixty (60) days after the Executive's Termination;

(f) a lump sum payment in cash equal to the amount of Short-Term Incentive Compensation which would be payable to Executive if the relevant performance targets with respect to such incentive compensation in effect for the entire year in which the Change in Control occurred were achieved at 100% of target; and

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

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

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

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

4. Adjustments to Payments.

(a) If any payment or benefit Executive would receive pursuant to this Agreement or otherwise, including accelerated vesting of any equity compensation (all such payments and/or benefits hereinafter, "Payment"), would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the

4

excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be either (x) provided to the Executive in full, or (y) provided to the Executive to such lesser extent which would result in no portion of such Payment being subject to the excise tax, further reduced by \$5,000 (including such further reduction, the "Cutback Amount"), whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, such excise tax and other applicable taxes, (all computed at the highest applicable marginal rates), results in the receipt by the Executive, on an after-tax basis, of the greatest amount of the Payment, notwithstanding that all or a portion of such Payment may be subject to the excise tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Cutback Amount, reduction shall occur in the following order: (A) cash payments shall be reduced first and in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such excise tax will be the first cash payment to be reduced; (B) accelerated vesting of performance-based equity awards shall be cancelled or reduced next and in the reverse order of the date of grant for such awards (i.e., the vesting of the most recently granted awards will be reduced first), with full-value awards reduced before any performance-based stock option or stock appreciation rights are reduced; (C) health and welfare benefits shall be reduced and in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such excise tax will be the first benefit to be reduced; and (D) accelerated vesting of time-based equity awards shall be cancelled or reduced last and in the reverse order of the date of grant for such awards (i.e., the vesting of the most recently granted awards will be reduced first), with full-value awards reduced before any time-based stock option or stock appreciation rights are reduced.

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

5. Section 409A Acknowledgement.

Executive acknowledges that Executive has been advised of Section 409A, which has significantly changed the taxation of nonqualified deferred compensation plans and arrangements. Under proposed and final regulations as of the date of this Agreement, Executive has been advised that Executive's severance pay and other

Termination benefits may be treated by the Internal Revenue Service as “nonqualified deferred compensation,” subject to Section 409A. In that event, several provisions in Section 409A may affect Executive’s receipt of severance compensation, including the timing thereof. These include, but are not limited to, a provision which requires that distributions to “specified employees” (as defined in Section 409A) on account of separation from service may not be made earlier than six months after the effective date of separation. If applicable, failure to comply with Section 409A can lead to immediate taxation of such deferrals, with interest calculated at a penalty rate and a 20% excise tax. As a

result of the requirements imposed by the American Jobs Creation Act of 2004, Executive agrees that if Executive is a “specified employee” at the time of Executive’s termination and if severance payments are covered as “nonqualified deferred compensation” or otherwise not exempt, such severance pay (and other benefits to the extent applicable) due Executive at time of termination shall not be paid until a date at least six months after Executive’s effective termination date. Executive acknowledges that, notwithstanding anything contained herein to the contrary, both Executive and the Company shall each be independently responsible for accessing their own risks and liabilities under Section 409A that may be associated with any payment made under the terms of this Agreement which may be deemed to trigger Section 409A. To the extent applicable, Executive understands and agrees that Executive shall have the responsibility for, and Executive agrees to pay, any and all appropriate income tax or other tax obligations for which Executive is individually responsible and/or related to receipt of any benefits provided in this Agreement. Executive agrees to fully indemnify and hold the Company harmless for any taxes, penalties, interest, cost or attorneys’ fee assessed against or incurred by the Company on account of such benefits having been provided to Executive or based on any alleged failure to withhold taxes or satisfy any claimed obligation. Executive understands and acknowledges that neither the Company, nor any of its employees, attorneys or other representatives, has provided or will provide Executive with any legal or financial advice concerning taxes or any other matter, and that Executive has not relied on any such advice in deciding whether to enter into this Agreement. Notwithstanding any provision of this Agreement to the contrary, to the extent that any payment under the terms of this Agreement would constitute an impermissible acceleration of payments under Section 409A or any regulations or Treasury guidance promulgated thereunder, such payments shall be made no earlier than at such times allowed under Section 409A. If any provision of this Agreement (or of any award of compensation) would cause Executive to incur any additional tax or interest under Section 409A or any regulations or Treasury guidance promulgated thereunder, the Company or its successor may reform such provision; provided that it will (i) maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the provisions of Section 409A and (ii) notify and consult with Executive regarding such amendments or modifications prior to the effective date of any such change.

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

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

any state of the United States or the District of Columbia or any other country in which the Company or any of its affiliated companies engages in or is about to engage in any of such activities; and

(b) Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, (i) call on or solicit, either directly or indirectly, for any purposes involving the designing, engineering, manufacturing, marketing, selling, purchasing or distributing of any Competing Products, any person, firm, corporation or other entity who or which is or had been, at the time of or within two years prior to the Termination, a customer of the Company or any of its affiliated companies, or (ii) knowingly solicit for employment, or otherwise for the providing of advice or services, any person who is an employee of the Company or any of its affiliated companies or who was such an employee within six months prior to such Termination.

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

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

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

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

(c) A **“Change in Control”** shall be deemed to occur on:

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

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

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

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

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

- (iii) the date on which a majority of the members of the Board consist of persons other than Current Directors (which term shall mean any member of the Board on the date hereof and any member whose nomination or election has been approved by a majority of Current Directors then on the Board);
- (iv) the consummation of a sale or other disposition of all or substantially all of the assets of the Company; or
- (v) the date of approval by the shareholders of the Company of a plan of complete liquidation of the Company.

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

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

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

8

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

(h) "Supplemental Pension Plan" means the SERP or any successor long-term supplemental pension plan or program or any other commitment made by the Company to provide retirement benefits in addition to those provided by the pension plan trust.

8. Notice.

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

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

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

10. Assignment.

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

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

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

9

12. Integration. As of the Effective Date, this Agreement supersedes and replaces any prior change in control agreement (for the avoidance of doubt, including the Prior Agreement), oral or written agreements or understandings in respect of the matters addressed hereby. To the extent the terms or conditions of any equity award grant instrument conflict with the terms of this Agreement, the terms of this Agreement shall govern.

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

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

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

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

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

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

[remainder of page intentionally left blank]

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

HILLENBRAND, INC.

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

EXECUTIVE

/S/ Joe A. Raver
Joe A. Raver

Hillenbrand, Inc.

April 26, 2013

Mr. Joe A. Raver
 Hillenbrand, Inc.
 One Batesville Boulevard
 Batesville, Indiana 47006

Subject: Amendments to Outstanding Long-Term Incentive Compensation Grants

Dear Mr. Raver:

Pursuant to our recent discussions and in connection with your appointment as President and Chief Executive Officer of Hillenbrand, Inc. (the "Company"), to be effective September 6, 2013 (the "Effective Date"), this document amends the following grant instruments between you and the Company, granting awards under its Stock Incentive Plan (the "Plan"): (i) that certain Restricted Stock Award Agreement dated December 6, 2010, Performance Based Unit Award Agreement dated December 6, 2011, and Performance Based Unit Award Agreement dated December 4, 2012 (the foregoing, collectively, the "Stock Award Agreements"); and (ii) that certain Non-Qualified Stock Option Agreement dated December 6, 2010, Non-Qualified Stock Option Agreement dated December 6, 2011, and Non-Qualified Stock Option Agreement dated December 4, 2012 (the foregoing, collectively, the "Stock Option Agreements"). By signing below, you and the Company agree as follows:

1. Amendments to Stock Award Agreements. Effective as of the Effective Date, Section 9 of each of the Stock Award Agreements shall be deleted in its entirety and replaced with the following:

9. Change in Control. Notwithstanding anything set forth in this Agreement, including Section 8 above, upon the occurrence of a Change in Control during the Measurement Period, the award described in this Agreement shall be subject to the relevant terms and conditions set forth in any Change in Control Agreement between Employee and the Company, including any provisions therein relating to accelerated vesting upon termination.

2. Amendments to Stock Option Agreements. Effective as of the Effective Date, Section 4(b) of each of the Stock Option Agreements shall be deleted in its entirety and replaced with the following:

(b) Notwithstanding anything set forth in this Agreement, including Section 7 below, upon the occurrence of a Change in Control of the Company (as such term is defined in the Plan), your Option shall be subject to the relevant terms and conditions set forth in any Change in Control Agreement between Employee and the Company, including any provisions therein relating to accelerated vesting upon termination.

The provisions of the Stock Award Agreements and Stock Option Agreements not specifically amended above shall continue in full force and effect.

Please indicate your agreement and acceptance of the foregoing by signing below and returning a copy to the Company.

Very truly yours,

HILLENBRAND, INC.

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

ACCEPTED AND AGREED TO:

/S/ Joe A. Raver
 Joe A. Raver

CERTIFICATIONS

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

I, Kenneth A. Camp, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hillenbrand, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a.) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b.) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c.) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d.) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a.) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b.) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2013

/s/ Kenneth A. Camp

Kenneth A. Camp
President and Chief Executive Officer

CERTIFICATIONS

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

I, Cynthia L. Lucchese certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hillenbrand, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a.) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b.) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c.) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d.) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a.) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b.) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2013

/s/ Cynthia L. Lucchese

Cynthia L. Lucchese
Senior Vice President and Chief Financial Officer

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

In connection with the Quarterly Report of Hillenbrand, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth A. Camp, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kenneth A. Camp

Kenneth A. Camp
President and Chief Executive Officer
August 5, 2013

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

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

In connection with the Quarterly Report of Hillenbrand, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cynthia L. Lucchese, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Cynthia L. Lucchese

Cynthia L. Lucchese
Senior Vice President and Chief Financial Officer
August 5, 2013

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