

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): **February 26, 2014**

**HILLENBRAND, INC.**

(Exact Name of Registrant as Specified in Charter)

**Indiana**  
(State or Other Jurisdiction of  
Incorporation)

**1-33794**  
(Commission File Number)

**26-1342272**  
(IRS Employer Identification No.)

**One Batesville Boulevard**  
**Batesville, Indiana**  
(Address of Principal Executive Office)

**47006**  
(Zip Code)

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

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(c) On February 27, 2014, Hillenbrand, Inc. (the "Company") announced that Elizabeth E. Dreyer, the Company's Vice President, Controller and Chief Accounting Officer, will serve as the Company's interim Chief Financial Officer, effective April 1, 2014. Ms. Dreyer, 51, has been the Company's Chief Accounting Officer since December 2010. Prior to joining the Company, Ms. Dreyer served as Vice President of Finance at Zimmer, Inc. (NYSE: ZMH), an orthopedic medical device provider. Prior to joining Zimmer, she was the Chief Financial Officer for Createc Corporation. Ms. Dreyer has also held management roles in finance, organizational effectiveness, and audit at ADESA, Inc., Guidant Corporation, and Deloitte. Ms. Dreyer is a Certified Public Accountant.

(e) Effective February 26, 2014, the Company entered into new change in control agreements with its executive officers, including its named executive officers. The new agreements are modeled after the change in control agreement the Company had previously entered into with its President and CEO Joe A. Raver. The new agreements replace the executives' existing change in control agreements.

The new change in control agreements provide for similar rights and benefits as provided in the executives' prior agreements, except that the new agreements provide benefits only in the event of termination of employment in connection with a change in control of the Company (a "double-trigger"). The prior change in control agreements with certain of the executives had provided certain benefits upon a single-trigger. The rights and benefits provided in the new agreements include severance equal to two times base salary (three times for Mr. Raver), continued health and medical insurance for two years (three years for Mr. Raver), and acceleration of then-outstanding short-term and long-term incentive compensation awards. These rights and benefits are subject to certain customary non-competition obligations and are contingent upon the execution of a release.

In addition, like the agreement previously entered into with Mr. Raver, the rights and benefits provided in the new change in control agreements are not subject to the tax gross-ups that were provided in the prior agreements with certain executives.

The new change in control agreements also include minor revisions to the definition of a "change in control," compared to that found in the prior agreements, in order to harmonize the executives' agreements with the Company's stock incentive plan.

The foregoing description of the change in control agreements does not purport to be complete and is qualified in its entirety by reference to the text of such agreements. A copy of the form of the agreement entered into by the Company's executives is attached as Exhibit 10.1 hereto and is incorporated herein by reference.

(e) On February 26, 2014, the Company's shareholders approved the amendment and restatement of the Hillenbrand, Inc. Stock Incentive Plan at the annual meeting of shareholders held that day. This Plan had been adopted by the Company's Board of Directors on December 4, 2013, subject to shareholder approval at the annual meeting.

The material terms of this Plan are summarized in the Company's definitive proxy statement for its 2014 annual meeting of shareholders, filed with the SEC on January 8, 2014. A copy of this Plan is attached as Exhibit 10.2 hereto and is incorporated herein by reference.

(e) On February 26, 2014, the Company's shareholders approved the amendment and restatement of the Hillenbrand, Inc. Short-Term Incentive Compensation Plan for Key Executives at the annual meeting of shareholders held that day. This Plan had been adopted by the Company's Board of Directors on December 4, 2013, subject to shareholder approval at the annual meeting.

The material terms of this Plan are summarized in the Company's definitive proxy statement for its 2014 annual meeting of shareholders, filed with the SEC on January 8, 2014. A copy of this Plan is attached as Exhibit 10.3 hereto and is incorporated herein by reference.

**Item 5.07 Submission of Matters to a Vote of Security Holders.**

The Company held its annual meeting of shareholders on February 26, 2014. Matters voted upon at the meeting were as follows:

- (1) the election of five members to the Company's Board of Directors;
- (2) the approval, by a non-binding advisory vote, of the compensation paid by the Company to its named executives;
- (3) the approval of the amendment and restatement of the Hillenbrand, Inc. Stock Incentive Plan;
- (4) the approval of the amendment and restatement of the Hillenbrand, Inc. Short-Term Incentive Plan for Key Executives; and
- (5) the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2014.

The final results of the votes taken at the meeting were as follows:

**Proposal 1: Election of Five Members to the Company's Board of Directors:**

Election of Four Members in Class III:

Director's Name	Votes For	Votes Withheld	Broker Non-Votes	Percentage of Votes Cast In Favor
W August Hillenbrand	49,675,201	980,466	5,842,473	98.06%
Thomas H. Johnson	49,271,303	1,384,364	5,842,473	97.27%
Neil S. Novich	49,808,163	847,504	5,842,473	98.33%
Joe A. Raver	49,684,308	971,359	5,842,473	98.08%

Election of One Member in Class II:

Director's Name	Votes For	Votes Withheld	Broker Non-Votes	Percentage of Votes Cast In Favor
Joy M. Greenway	48,973,488	1,682,179	5,842,473	96.68%

**Proposal 2: Approval, by a Non-Binding Advisory Vote, of the Compensation Paid by the Company to its Named Executive Officers:**

Votes For	Votes Against	Votes Abstained	Broker Non-Votes	Percentage of Votes Cast In Favor
49,133,327	719,648	802,692	5,842,473	98.56%

**Proposal 3: Approval of the Amendment and Restatement of the Hillenbrand, Inc. Stock Incentive Plan:**

Votes For	Votes Against	Votes Abstained	Broker Non-Votes	Percentage of Votes Cast In Favor
46,623,215	3,951,675	80,777	5,842,473	92.19%

**Proposal 4: Approval of the Amendment and Restatement of the Hillenbrand, Inc. Short-Term Incentive Compensation Plan for Key Executives:**

Votes For	Votes Against	Votes Abstained	Broker Non-Votes	Percentage of Votes Cast In Favor
48,692,641	1,871,287	91,739	5,842,473	96.30%

**Proposal 5: Ratification of the Appointment of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for 2014:**

Votes For	Votes Against	Votes Abstained	Broker Non-Votes	Percentage of Votes Cast In Favor
54,147,610	1,796,682	553,848	0	96.79%

**Item 9.01 Financial Statements and Exhibits.**

- (d) Exhibits

<b>Exhibit Number</b>	<b>Description</b>
10.1	Form of Change in Control Agreement between Hillenbrand, Inc. and its executive officers, including its named executive officers
10.2	Hillenbrand, Inc. Stock Incentive Plan
10.3	Hillenbrand, Inc. Short-Term Incentive Compensation Plan for Key Executives

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#### **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 hereunto duly authorized.

#### **HILLENBRAND, INC.**

DATE: February 27, 2014

BY: /s/ John R. Zerkle  
John R. Zerkle  
Senior Vice President,  
General Counsel and Secretary

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#### **EXHIBIT INDEX**

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Exhibit 10.3	Hillenbrand, Inc. Short-Term Incentive Compensation Plan for Key Executives

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## CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (the "Agreement") is made as of the 26th day of February, 2014 (the "Effective Date"), by and between Hillenbrand, Inc., an Indiana corporation (the "Company"), and (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 and in the event of any proposed Change in Control (as defined below) 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. Executive and the Company previously entered into that certain Change in Control Agreement dated as of (the "Prior Agreement"). This Agreement replaces and supersedes the Prior Agreement, and the Prior Agreement is hereby terminated.
2. **Termination following a Change in Control.** After the occurrence of a Change in Control, the Company will provide or cause to be provided to Executive the rights and benefits described in Section 3 hereof in the event that Executive's employment with the Company and its subsidiaries is terminated:
  - (a) by the Company or its subsidiaries (or its or their successors) for any reason other than on account of Executive's death, permanent disability, retirement or for Cause (as defined below) at any time prior to the second anniversary of a Change in Control; or
  - (b) by Executive for Good Reason (as defined below) at any time prior to the second anniversary of a Change in Control.

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

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

### 3. Rights and Benefits Upon Termination.

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

- (a) a lump sum payment in cash in the amount of [two/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 of fifteen (15) days from the Company's receipt of an executed Release or the expiration of sixty (60) days after Executive's Termination, if Executive is not such a "specified employee" (or such payment is exempt from Section 409A); provided, however, that if the before-stated sixty (60) day period ends in a calendar year following the calendar year in which the sixty (60) day period commenced, then any benefits not subject to clause (i) shall only begin on the next regularly scheduled payroll following the expiration of sixty (60) days after the Executive's Termination;
- (b) for the [24/36] 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 [24/36]-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 [24/36] 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 Program (if any) provided for Executive by the Company immediately prior to the Change in Control and the group term life insurance program provided for Executive immediately prior to the Change in

Control. The payment of any claim for death benefits provided under this subparagraph (c) shall be paid in accordance with the appropriate program, provided, however that if the death benefit is subject to Section 409A, then the death benefit shall be paid, as determined by the Company in its complete and absolute discretion, no later than the later to occur of (i) the last day of the calendar year in which the death of the Executive occurs or (ii) the 90<sup>th</sup> day following the Executive's death;

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

(e) a lump sum payment in cash equal to the amounts accrued, if any, for the last 12 months times [two/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" (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

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clause (i) shall only begin on the next regularly scheduled payroll following the expiration of sixty (60) days after the Executive's Termination;

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

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

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

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

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

#### 4. Adjustments to Payments.

(a) If any payment or benefit Executive would receive pursuant to this Agreement or otherwise, including accelerated vesting of any equity compensation (all such payments and/or benefits hereinafter, "Payment"), would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be either (x) provided to the Executive in full, or (y) provided to the Executive to such lesser extent which would result in no portion of such Payment being subject to the excise tax, further reduced

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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

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

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

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(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) 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 securities of the Company 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

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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 individuals who at the beginning of the 24-month period ending on such date constituted the entire Board ("Current Directors") shall cease for any reason to constitute a majority of the Board, unless the nomination or election of each new director was approved by a majority vote of the Current Directors;
- (iv) the consummation of a sale or other disposition of all or substantially all of the assets of the Company; or
- (v) the date of approval by the shareholders of the Company of a plan of complete liquidation of the Company.

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

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

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

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

8. **Notice.**

(a) Any discharge or termination of Executive's employment pursuant to Section 2 shall be communicated in a written notice to the other party hereto setting forth the

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effective date of such discharge or termination (which date shall not be more than 30 days after the date such notice is delivered) and, in the case of a discharge for Cause or a termination for Good Reason the basis for such discharge or termination.

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

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

10. **Assignment.**

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

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

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

12. **Integration.** 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.

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

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

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

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

18. **Term of Agreement.** The term of this Agreement shall be one year commencing on the date hereof; provided however, that this Agreement shall be

automatically renewed for successive one-year terms commencing on each anniversary of the date of this Agreement unless the Company shall have given notice of non-renewal to Executive at least 30 days prior to the scheduled termination date; and further provided that notwithstanding the foregoing, (i) this Agreement shall not terminate within [two/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.

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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:  
Name:  
Title:

\_\_\_\_\_

EXECUTIVE

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**HILLENBRAND, INC.  
STOCK INCENTIVE PLAN**

(Approved by the Board of Directors as of December 4, 2013)

**RECITALS**

WHEREAS, in accordance with that certain Distribution Agreement (as defined below), Hillenbrand, Inc. (hereinafter referred to as "**Hillenbrand**" or the "**Company**") spun off from its former parent, Hillenbrand Industries, Inc. (re-named Hill-Rom Holdings, Inc. and hereinafter referred to as "**Former Parent**"), through a pro-rata distribution of all of the outstanding shares of Hillenbrand common stock then owned by Former Parent to the holders of Former Parent common stock ("**Distribution**"); and

WHEREAS, in accordance with that certain Employee Matters Agreement (as defined below) entered into between Hillenbrand and Former Parent in connection with the Distribution, Hillenbrand did adopt and implement a Stock Incentive Plan with features comparable to the stock incentive plan then maintained by Former Parent, to be effective as of the date of the consummation of the transactions contemplated by the Distribution Agreement; and

WHEREAS, following the consummation of the transactions contemplated by the Distribution Agreement, the Board of Directors of the Company did later adopt with shareholder approval the Hillenbrand, Inc. Stock Incentive Plan (the "**Plan**") as of December 19, 2008, and did re-adopt with shareholder approval the Plan, as of February 24, 2010; and

WHEREAS, the Board of Directors of the Company has determined that it is in the best interest of the Company and its shareholders to increase the total number of shares of Common Stock that can potentially be issued under the Plan and to make certain other amendments; and

WHEREAS, the Board of Directors of the Company has, subject to shareholder approval, re-adopted the Plan in the form that follows to amend, restate, supersede and replace the form thereof previously adopted (when approved by the shareholders of the Company), for purposes of increasing the total number of shares of Common Stock that can potentially be issued under the Plan and making certain other amendments thereto.

**SECTION 1. Purpose and Types of Awards**

1.1 The purposes of the Plan are to enable the Company to attract, retain and reward its employees, officers and directors, and strengthen the mutuality of interests between such persons and the Company's shareholders by offering such persons an equity interest in the Company and thereby enabling them to participate in the long-term success and growth of the Company.

1.2 Awards under the Plan may be in the form of (i) Stock Options; (ii) Stock Appreciation Rights; (iii) Restricted Stock; (iv) Restricted Stock Units; and/or (v) Bonus Stock.

Awards may be free-standing or granted in tandem. If two awards are granted in tandem, the award holder may exercise (or otherwise receive the benefit of) one award only to the extent he or she relinquishes the tandem award.

1.3 It is the intent of the Committee (as defined below) that awards made pursuant to the Plan to "covered executives" (within the meaning of Section 162(m) of the Code (as defined below)) constitute "performance-based compensation" satisfying the requirements of Section 162(m) of the Code. Accordingly, with respect to such awards, the Plan shall be interpreted in a manner consistent with 162(m) of the Code. If any provision of the Plan is intended to but does not comply with, or is inconsistent with, the requirements of Section 162(m) of the Code, such provision shall be construed or deemed amended to the extent necessary to conform to and comply with, Section 162(m) of the Code. As soon as practicable after the Company's audited financial statements are available for a fiscal year, the Committee shall determine the Company's and other applicable performance in relation to the performance targets, if any, applicable to any such award for the fiscal year and certify in writing the extent to which the performance targets were achieved for the fiscal year.

**SECTION 2. Definitions**

2.1 When capitalized in this Plan, the following terms shall have the meanings specified below (or as elsewhere defined), unless the context otherwise requires:

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

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

"**Change in Control**" shall have the meaning set forth in Section 14.2.

"**Change in Control Price**" shall have the meaning set forth in Section 14.3.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"**Committee**" shall mean the committee of independent (in accordance with Section 162(m) of the Code) directors of the Board designated by the Board to administer the Plan, or if no committee is designated, and in any case with respect to awards to non-employee directors, the entire Board.

"**Common Stock**" shall mean the common stock of the Company, without par value.

"**Company**" shall mean Hillenbrand, Inc. and its successors.

"**Distribution**" shall have the meaning set forth in the recitals.

"**Distribution Agreement**" shall mean the Distribution Agreement by and between the Company (f/k/a Batesville Holdings, Inc.) and Hillenbrand Industries, Inc., dated effective as of March 14, 2008.

"**Effective Time**" shall mean the occurrence of the consummation of the transactions contemplated by the Distribution Agreement.

“**Employee**” shall mean an employee of the Company or of any Subsidiary of the Company.

“**Employee Matters Agreement**” shall mean the Employee Matters Agreement by and between the Company (f/k/a Batesville Holdings, Inc.) and Hillenbrand Industries, Inc., dated effective as of March 14, 2008.

“**Fair Market Value**” of the Common Stock on any date shall mean the value determined in good faith by the Committee, by formula or other method consistent with the determination of fair market value under Code Section 409A and its interpretive regulations; provided, however, that unless the Committee determines to use a different measure, the fair market value of the Common Stock shall be the average of the high and the low sales prices of the Common Stock (on such exchange or market as is determined by the Board to be the primary market for the Common Stock) on the date in question (or if shares of Common Stock were not traded on such date, then on the next preceding trading day on which a sale of Common Stock occurred).

“**Former Parent**” shall mean Hillenbrand Industries, Inc. (re-named Hill-Rom Holdings, Inc.).

“**Former Parent Stock Incentive Plan**” shall mean the Hillenbrand Industries, Inc. Stock Incentive Plan, as amended, which was in effect immediately prior to the Effective Time.

“**Full Value Award**” shall mean any award under the Plan other than a Stock Option or Stock Appreciation Right.

“**Incentive Option**” shall mean a Stock Option granted under the Plan that both is designated as an Incentive Option and qualifies as an incentive stock option within the meaning of Section 422 of the Code.

“**Non-Employee Director**” shall mean a director of the Company who is not employed by the Company or any of its Subsidiaries.

“**Non-Qualified Option**” shall mean a Stock Option granted under the Plan that either is designated as a Non-Qualified Option or does not qualify as an incentive stock option within the meaning of Section 422 of the Code.

“**Optionee**” shall mean any person who has been granted a Stock Option under the Plan or who is otherwise entitled to exercise a Stock Option.

“**Option Period**” shall mean, with respect to any portion of a Stock Option, the period after such portion has become exercisable and before it has expired or terminated.

“**Plan**” shall have the meaning set forth in the recitals.

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“**Prior Plans**” shall mean the Hillenbrand Industries, Inc. 1996 Stock Option Plan and the Hillenbrand Industries, Inc. Stock Incentive Plan.

“**Relationship**” shall mean the status of employee, officer or director of the Company or any Subsidiary of the Company.

“**Restricted Stock**” shall mean an award described in Section 8 of the Plan.

“**Restricted Stock Units**” or “**RSUs**” shall mean an award described in Section 9 of the Plan.

“**Spinoff Deferred Stock**” shall have the meaning set forth in Section 5.3.

“**Spinoff Options**” shall have the meaning set forth in Section 5.3.

“**Stock Appreciation Right**” shall mean an award described in Section 7 of the Plan.

“**Stock Option**” shall mean an Incentive Option or a Non-Qualified Option and, unless the context requires otherwise, shall include Director Options.

“**Subsidiary**” shall mean any corporation, partnership, joint venture or other entity in which the Company owns, directly or indirectly, more than 50% of the ownership interests; provided, however, that for purposes of granting Incentive Options, the term “Subsidiary” shall mean any company (other than the Company) that is a “subsidiary corporation” within the meaning of Section 424 of the Code.

2.2 The following rules shall govern in interpreting the Plan:

- (a) The Plan and all awards are intended to be exempt from the provisions of Section 409A of the Code, and the Plan and all awards shall be administered to effect compliance with such intent.
- (b) Any reference herein to a provision of law, regulation or rule shall be deemed to include a reference to the successor of such law, regulation or rule.
- (c) To the extent consistent with the context, any masculine term shall include the feminine, and vice versa and the singular shall include the plural, and vice versa.
- (d) If any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity of that provision shall not affect the remaining parts of the Plan, and the Plan shall be interpreted and enforced as if the illegal or invalid provision had never been included herein.

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### SECTION 3. Administration

3.1 The Plan shall be administered by the Committee. Notwithstanding anything to the contrary contained herein, only the Board shall have authority to grant awards to Non-Employee Directors and to amend and interpret such awards.

3.2 The Committee shall have the authority and discretion with respect to awards under the Plan to take the following actions, if consistent with Section 15.7 of the Plan and subject to the conditions of Section 3.2A of the Plan: to grant and amend (provided, however, that no amendment shall impair the rights of the award holder without his or her written consent) awards to eligible persons under the Plan; to adopt, alter and repeal such administrative rules, guidelines and practices

governing the Plan as it shall deem advisable; to interpret the terms and provisions of the Plan and any award granted under the Plan; and to make all factual and other determinations necessary or advisable for the administration of the Plan. In particular, and without limiting its authority and powers, the Committee shall have the authority and discretion:

- (a) to select the persons to whom awards will be granted from among those eligible;
- (b) to determine the number of shares of Common Stock to be covered by each award granted hereunder, subject to the limitations contained herein;
- (c) to determine the terms and conditions of any award granted hereunder, including, but not limited to, any vesting or other restrictions based on such continued employment, performance objectives and such other factors as the Committee may establish, and to determine whether the terms and conditions of the award have been satisfied;
- (d) to determine the treatment of awards upon an Employee's retirement, disability, death, termination for cause or other termination of employment, or during a leave of absence or upon a Non-Employee Director's termination of Relationship as allowed by law;
- (e) to determine, in establishing the terms of the award agreement, that the award holder has no rights with respect to any dividends declared with respect to any shares covered by an award or that amounts equal to the amount of any dividends declared with respect to the number of shares covered by an award (i) will be paid to the award holder currently, or (ii) will be deferred and deemed to be reinvested, or (iii) will otherwise be credited to the award holder;
- (f) to amend the terms of any award, prospectively or retroactively, provided, however, that no amendment shall impair the rights of the award holder without his or her written consent;
- (g) subject to Section 3.2A, after considering any accounting impact to the Company, as well as any applicable provisions of Code Sections 409A and 422, to substitute new Stock Options for previously granted Stock Options, or for options granted

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under other plans or agreements, in each case including previously granted options having higher option prices;

- (h) to determine the Fair Market Value of the Common Stock on a given date;
- (i) subject to Section 3.2A, after considering any accounting impact to the Company, to provide that the shares of Common Stock received as a result of an award shall be subject to a right of repurchase by the Company and/or a right of first refusal, in each case subject to such terms and conditions as the Committee may specify;
- (j) to adopt one or more sub-plans, consistent with the Plan, containing such provisions as may be necessary or desirable to enable awards under the Plan to comply with the laws of other jurisdictions and/or qualify for preferred tax treatment under such laws; and
- (k) to delegate such administrative duties as it may deem advisable to one or more of its members or to one or more Employees or agents.

3.2A Notwithstanding anything in this Plan to the contrary, no "underwater" Stock Options or Stock Appreciation Rights shall be (a) directly repriced, (b) exchanged for the grant of a new or different type of award, or (c) bought out (cashed out), without in any such case first obtaining the approval of the shareholders of the Company to the taking of such action. For purposes of this Plan, a Stock Option or a Stock Appreciation Right is "underwater" at any time when the then current Fair Market Value of a share of Common Stock is less than the per share exercise price or grant price of the Stock Option or Stock Appreciation Right.

3.3 The Committee shall have the right to designate awards as "performance awards." The grant or vesting of a performance award shall be subject to the achievement of pre-established and objective performance objectives established by the Committee based on one or more of the following criteria, in each case applied to the Company on a consolidated basis and/or to a business unit and which the Committee may use as an absolute measure, as a measure of improvement relative to prior performance, or as a measure of comparable performance relative to a peer group of companies: sales, operating profits, operating profits before taxes, operating profits before interest expense and taxes, net earnings, earnings per share, return on equity, return on assets, return on invested capital, total shareholder return, cash flow, debt to equity ratio, market share, stock price, and shareholder, economic or market value added. In establishing performance targets for a year, the Committee may provide for appropriate objectively determinable adjustments to any performance measure for extraordinary and/or non-recurring items. The Committee may establish minimum, target and maximum performance targets, with the award amount based on the level of the performance target(s) achieved. Once established, performance targets, performance measures and the related formula for determining the award shall not be changed.

3.4 All determinations and interpretations made by the Committee pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and award holders. Determinations by the Committee under the Plan relating to the form, amount

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and terms and conditions of awards need not be uniform, and may be made selectively among persons who receive or are eligible to receive awards under the Plan, whether or not such persons are similarly situated.

3.5 The Committee shall act by a majority of its members at a meeting (present in person or by conference telephone) or by written consent.

3.6 No member of the Board or the Committee, nor any officer or Employee of the Company or its Subsidiaries acting on behalf of the Board or the Committee, shall be personally liable for any action, determination or interpretation taken or made with respect to the Plan or any award hereunder. The Company shall indemnify all members of the Board and the Committee and all such officers and Employees acting on their behalf, to the extent permitted by law, from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act, or omission to act, in connection with the performance of such persons' duties, responsibilities and obligations under the Plan.

#### **SECTION 4. Stock Subject to Plan**

4.1 Subject to adjustment as provided in Section 4.4, the total number of shares of Common Stock which may be issued under the Plan shall be 12,535,436, representing the addition of 3,900,000 shares to the Plan as previously approved as of February 24, 2010; provided, that the total number of such additional 3,900,000 shares that may be awarded in the form of Full Value Awards shall be 2,400,000. Such shares may consist of authorized but unissued shares or shares that have been issued and reacquired by the Company. Subject to adjustment as provided in Section 4.4, the total number of shares which may be issued as Incentive Options shall be 1,500,000.

4.2 For the purposes hereof, the following shares of Common Stock covered by previously-granted awards shall be deemed not to have been issued under the Plan and will remain available for awards under the Plan: (a) shares of Common Stock covered by prior awards that again became available for issuance pursuant to the provisions of the Plan before the shareholders' approval of this amendment and restatement of the Plan; (b) shares of Common Stock covered by the unexercised portion of an Stock Option, Stock Appreciation Right or other award that terminates, expires, is canceled or is settled in cash; (c) shares of Common Stock forfeited or repurchased under the Plan; and (d) shares of Common Stock covered by awards that are forfeited, canceled, terminated or settled in cash. The following shares of Common Stock may not again be made available for issuance as awards under the Plan: (i) shares of Common Stock not issued or delivered as a result of the net settlement of an outstanding Stock Option, Stock Appreciation Right or other award; (ii) shares of Common Stock used to pay the exercise price or withholding taxes related to an outstanding Stock Option, Stock Appreciation Right or other award; or (iii) shares of Common Stock repurchased on the open market with the proceeds of the Stock Option exercise price. In addition, if Stock Appreciation Rights are settled in shares of Common Stock upon exercise, the aggregate number of shares subject to the award (rather than the number of shares actually issued upon exercise) shall be counted and may not again be made available for issuance as awards under the Plan.

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4.3 No Employee shall be granted Stock Options and/or Stock Appreciation Rights with respect to more than 500,000 shares of Common Stock in any fiscal year, and no Employee shall be granted Restricted Stock, Restricted Stock Units and/or Bonus Stock awards with respect to more than 300,000 shares of Common Stock in any fiscal year, subject to adjustment as provided in Section 4.4. Notwithstanding the foregoing, any awards of Spinoff Options or Spinoff Deferred Stock (as defined in Section 5.3) shall not count against the foregoing fiscal year award limits.

4.4 In the event of any merger, reorganization, consolidation, sale of substantially all assets, recapitalization, stock dividend, extraordinary cash dividend, stock split, spin-off, split-up, split-off, distribution of assets or other change in corporate structure affecting the Common Stock such that an adjustment is determined by the Board in its discretion to be appropriate, after considering any accounting impact to the Company, in order to prevent dilution or enlargement of benefits under the Plan, then the Board shall, in such a manner as it may in its discretion deem equitable, adjust any or all of (a) the aggregate number and kind of shares reserved for issuance under the Plan, and (b) the number and kind of shares as to which awards may be granted to any individual in any fiscal year. In the event of any merger, reorganization, consolidation, sale of substantially all assets, recapitalization, stock dividend, extraordinary cash dividend, stock split, spin-off, split-up, split-off, distribution of assets or other change in corporate structure affecting the Common Stock subject to an outstanding award, the number and kind of shares of Common Stock or other securities which are subject to this Plan or subject to any awards theretofore granted, and the exercise prices, shall be appropriately and equitably adjusted by the Board so as to maintain the proportionate number of shares or other securities without changing the aggregate exercise price, if any.

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

The Board shall exercise its discretion under this Section 4.4 only to the extent consistent with Section 15.7 of the Plan. The Board's determination as to which adjustments shall be made under this Section 4.4 and the extent thereof shall be final, binding and conclusive.

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

## **SECTION 5. Eligibility and Spinoff Awards**

5.1 The persons who are eligible for awards under Sections 6, 7, 8, 9, and 10 of the Plan are Employees, officers and directors of the Company or of any Subsidiary of the Company. In addition, awards under such Sections may be granted to prospective Employees, officers or directors, but such awards shall not become effective until the recipient's commencement of employment or service with the Company or a Subsidiary. Incentive Options may be granted only to Employees and prospective Employees, but such awards shall not become effective until the recipient's commencement of employment or service with the Company or a Subsidiary. Award recipients under the Plan shall be selected from time to time by the Committee, in its sole discretion, from among those eligible.

5.2 Non-Employee Directors shall be granted awards under Section 12 in addition to any awards which may be granted to them under other Sections of the Plan.

5.3 In connection with the Distribution and except as provided below, (a) Stock Options to purchase Company Common Stock ("*Spinoff Options*") were granted as of the Effective Time in accordance with the terms of the Employee Matters Agreement to certain holders of options to purchase shares of Former Parent common stock under the Prior Plans; and (b) deferred stock awards relating to Company Common Stock ("*Spinoff Deferred Stock*") were granted as of the Effective Time in accordance with the terms of the Employee Matters Agreement to certain holders of Former Parent deferred stock under the Former Parent Stock Incentive Plan. All such grants of Spinoff Options and Spinoff Deferred Stock were and are intended to satisfy the requirements of Section 424 of the Code, to the extent applicable, and avoid treatment as nonqualified deferred compensation subject to Section 409A of the Code. For purposes of this Section 5.3, any director of Former Parent who was not a director of the Company after the Effective Time, and any employee of Former Parent or its Subsidiaries who was not an employee of the Company or its Subsidiaries after the Effective Time, was not treated as a holder of Former Parent options and/or Former Parent deferred stock, even though he or she may have been such a holder prior to the Effective Time, and was not and shall not be entitled to Spinoff Options and Spinoff Deferred Stock hereunder as set forth above.

5.4 In connection with the Distribution, Spinoff Deferred Stock was granted as of the Effective Time in accordance with the Employee Matters Agreement to certain holders of Former Parent deferred stock who made an election to defer payment pursuant to the Former Parent Stock Incentive Plan. All such grants of Spinoff Deferred Stock were and are intended to satisfy the requirements of Section 424 of the Code, to the extent applicable, and avoid treatment as nonqualified deferred compensation subject to Section 409A of the Code.

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## **SECTION 6. Stock Options**

6.1 The Stock Options awarded to eligible persons under the Plan may be of two types: (a) Incentive Options, and (b) Non-Qualified Options. To the extent that any Stock Option granted to an Employee does not qualify as an Incentive Option, it shall constitute a Non-Qualified Option. All Stock Options awarded to persons who are not Employees shall be Non-Qualified Options.

6.2 Subject to the following provisions, Stock Options awarded under Section 6 of the Plan shall be in such form and shall have such terms and conditions as the Committee may determine.

(a) Option Price. The option price per share of Common Stock purchasable under a Stock Option (other than a Spinoff Option) shall be determined by the Committee and may not be less than the Fair Market Value of the Common Stock on the date of the award of the Stock Option (or, with respect to awards to prospective Employees, on the first date of employment).

(b) Option Term. Unless otherwise provided by the Committee in the applicable award agreement, the term of each Stock Option shall be fixed by the Committee and shall not exceed ten years.

(c) Exercisability. Stock Options shall be exercisable and shall vest at such time or times and subject to such terms and conditions as shall be determined by the Committee. Unless otherwise provided by the Committee in the applicable award agreement, Stock Options shall vest (and become exercisable), subject to certain terms and conditions, at the rate of 33-1/3 percent of the shares of Common Stock covered by the Stock Option on each of the first three anniversaries of the grant date of the Stock Option.

(d) Method of Exercise. Stock Options may be exercised in whole or in part at any time during the Option Period by giving the Company notice of exercise in the form approved by the Committee (which may be written or electronic) specifying the number of whole shares to be purchased, accompanied by payment of the aggregate option price for such shares. Payment of the option price shall be made in such manner as the Committee may provide in the award, which may include (i) cash (including cash equivalents), (ii) delivery of shares of Common Stock already owned by the Optionee, (iii) broker-assisted "cashless exercise" in which the Optionee delivers a notice of exercise together with irrevocable instructions to a broker acceptable to the Company to sell shares of Common Stock (or a sufficient portion of such shares) acquired upon exercise of the Stock Option and remit to the Company a sufficient portion of the sale proceeds to pay the total option price and any withholding tax obligation resulting from such exercise, (iv) any other manner permitted by law, or (v) any combination of the foregoing.

(e) No Shareholder Rights. An Optionee shall have no rights to dividends or other rights of a shareholder with respect to shares subject to a Stock Option

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until the Optionee has duly exercised the Stock Option and a certificate for such shares has been duly issued (or the Optionee has otherwise been duly recorded as the owner of the shares on the books of the Company).

(f) Termination of Employment or Relationship. Following the termination of an Optionee's employment or other Relationship with the Company or its Subsidiaries, the Stock Option shall be exercisable to the extent determined by the Committee. The Committee may provide different post-termination exercise provisions which may vary based on the nature of and reason for the termination. The Committee shall have absolute discretion to determine the date and circumstances of any termination of employment or other Relationship.

(g) Non-transferability. Unless otherwise provided by the Committee in the applicable award agreement, (i) Stock Options shall not be transferable by the Optionee other than by will or the laws of descent and distribution, and (ii) during the Optionee's lifetime, all Stock Options shall be exercisable only by such Optionee. The Committee, in its sole discretion, may permit Stock Options to be transferred to such other transferees and on such terms and conditions as may be determined by the Committee; provided, however, that in no event shall the Committee permit a Stock Option to be transferred for consideration.

(h) Surrender Rights. Subject to Section 3.2A, the Committee may, after considering any accounting impact to the Company, provide that Stock Options may be surrendered for cash upon any terms and conditions set by the Committee.

6.3 Notwithstanding the provisions of Section 6.2, Incentive Options shall be subject to the following additional restrictions:

(a) Option Term. No Incentive Option shall be exercisable more than ten years after the date such Incentive Option is awarded.

(b) Additional Limitations for 10% Shareholders. No Incentive Option granted to an Employee who owns more than 10% of the total combined voting power of all classes of stock of the Company or any of its parent or subsidiary corporations, as defined in Section 424 of the Code, shall (i) have an option price which is less than 110% of the Fair Market Value of the Common Stock on the date of award of the Incentive Option, or (ii) be exercisable more than five years after the date such Incentive Option is awarded.

(c) Exercisability. The aggregate Fair Market Value (determined as of the time the Incentive Option is granted) of the shares with respect to which Incentive Options (granted under the Plan and any other plans of the Company, its parent corporation or subsidiary corporations, as defined in Section 424 of the Code) are exercisable for the first time by an Optionee in any calendar year shall not exceed \$100,000. Any Stock Options in excess of such \$100,000 limitation shall be treated as Non-Qualified Options.

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(d) Notice of Disqualifying Disposition. An Optionee's right to exercise an Incentive Option shall be subject to the Optionee's agreement to notify the Company of any "disqualifying disposition" (for purposes of Section 422 of the Code) of the shares acquired upon such exercise.

(e) Non-transferability. Incentive Options shall not be transferable by the Optionee, other than by will or by the laws of descent and distribution. During the Optionee's lifetime, all Incentive Options shall be exercisable only by such Optionee.

(f) Last Grant Date. No Incentive Option shall be granted more than ten years after the earlier of the date of adoption or re-adoption of the Plan, as applicable, by the Board or approval of the Plan by the Company's shareholders.

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

6.4 Substitute Options. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Committee may grant Stock Options in substitution for any options or other stock awards or stock-based awards granted by such entity or an affiliate thereof. Such substitute Stock Options may be granted on such terms, consistent with Section 15.7, as the Committee deems appropriate in the circumstances, notwithstanding any limitations on Stock Options contained in other provisions of this Section 6.

## SECTION 7. Stock Appreciation Rights

7.1 A Stock Appreciation Right shall entitle the holder thereof to receive, for each share as to which the award is granted, payment of an amount, in cash, shares of Common Stock, or a combination thereof, as determined by the Committee, equal in value to the excess of the Fair Market Value of a share of Common Stock on the date of exercise over the Fair Market Value of a share of Common Stock on the day such Stock Appreciation Right was granted. Any such award shall be in such form and shall have such terms and conditions as the Committee may determine. Unless otherwise provided by the Committee in the applicable award agreement, the term of each Stock Appreciation Right shall not exceed ten years. The grant shall specify the number of shares of Common Stock as to which the Stock Appreciation Right is granted.

7.2 The Committee may provide that a Stock Appreciation Right may be exercised only within the 60-day period following occurrence of a Change in Control (as defined in Section 14.2) (such Stock Appreciation Right being referred to herein as a “*Limited Stock Appreciation Right*”). The Committee may also provide that in the event of a Change in Control the amount to be paid upon exercise of a Stock Appreciation Right shall be based on the Change in Control Price (as defined in Section 14.3).

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## SECTION 8. Restricted Stock

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

(a) The Restricted Stock award shall specify the number of shares of Restricted Stock to be awarded, the price, if any, to be paid by the recipient of the Restricted Stock and the date or dates on which, or the conditions upon the satisfaction of which, the Restricted Stock will vest. The grant and/or the vesting of Restricted Stock may be conditioned upon the completion of a specified period of service with the Company and/or its Subsidiaries, upon the attainment of specified performance objectives, or upon such other criteria as the Committee may determine.

(b) Stock certificates or book entry shares representing the Restricted Stock awarded under the Plan shall be registered in the award holder’s name, but the Committee may direct that any such certificates, if applicable, be held by the Company on behalf of the award holder. Except as may be permitted by the Committee, no share of Restricted Stock may be sold, transferred, assigned, pledged or otherwise encumbered by the award holder until such share has vested in accordance with the terms of the Restricted Stock award. At the time Restricted Stock vests, such vested shares shall be delivered (via stock certificate or book entry) to the award holder (or his or her designated beneficiary in the event of death), free of such restriction.

(c) The Committee may provide that the award holder shall have the right to vote and/or receive dividends on Restricted Stock. Unless the Committee provides otherwise, Common Stock received as a dividend on, or in connection with a stock split of, Restricted Stock shall be subject to the same restrictions as the Restricted Stock.

(d) Except as may be provided by the Committee, in the event of an award holder’s termination of employment or other Relationship before all of his or her Restricted Stock has vested, or in the event any conditions to the vesting of Restricted Stock have not been satisfied prior to any deadline for the satisfaction of such conditions set forth in the award, the shares of Restricted Stock which have not vested shall be forfeited, and the Committee may provide that (i) any purchase price paid by the award holder shall be returned to the award holder, or (ii) a cash payment equal to the Restricted Stock’s Fair Market Value on the date of forfeiture, if lower, shall be paid to the award holder.

(e) The Committee may waive, in whole or in part, any or all of the conditions to receipt of, or restrictions with respect to, any or all of the award holder’s Restricted Stock. The Committee may not, however, waive conditions or restrictions with respect to awards intended to qualify under Section 162(m) of the Code unless such waiver would not cause the award to fail to qualify as “performance-based compensation” within the meaning of Section 162(m) of the Code, and the Committee may not accelerate the payment of any dividends subject to restrictions under paragraph (c) above unless such acceleration is consistent with Section 15.7.

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## SECTION 9. Restricted Stock Units (RSUs)

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

(a) The Restricted Stock Unit award shall specify the number of shares of Common Stock to be awarded and the duration of the period (the “Vesting Period”) during which, and the conditions under which, receipt of the underlying Common Stock will be deferred. The Committee may condition the grant or vesting of RSUs, or receipt of Common Stock or cash at the end of the Vesting Period, upon the completion of a specified period of service with the Company and/or its Subsidiaries, upon the attainment of specified performance objectives, or upon such other criteria as the Committee may determine.

(b) Except as may be provided by the Committee, RSU awards may not be sold, assigned, transferred, pledged or otherwise encumbered during the Vesting Period.

(c) At the expiration of the Vesting Period, as soon as administratively practical and in no event later than two and one-half months following the end of the Vesting Period, the award holder (or his or her designated beneficiary, if applicable) shall receive (i) certificates for the appropriate number of shares of Common Stock designated by the RSU award, (ii) cash equal to the Fair Market Value of such Common Stock, or (iii) a combination of shares and cash, as the Committee may determine.

(d) Except as may be provided by the Committee, in the event of an award holder’s termination of employment or other Relationship before the RSU award has vested, such award shall be forfeited.

(e) The Committee may waive, in whole or in part, any or all of the conditions to receipt of, or restrictions with respect to, Common Stock or cash under a Restricted Stock Unit award. The Committee may not, however, waive conditions or restrictions with respect to awards intended to qualify under Section 162(m) of the Code unless such waiver would not cause the award to fail to qualify as “performance-based compensation” within the meaning of Section 162(m) of the Code, and the Committee may not accelerate the payment of any RSU awards unless such acceleration is consistent with Section 15.7.

## SECTION 10. Bonus Stock

The Committee may award Bonus Stock to any eligible award recipient subject to such terms and conditions as the Committee shall determine. The grant of Bonus Stock may, but need not, be conditioned upon the attainment of specified performance objectives or upon such other criteria as the Committee may determine. The

Committee may waive such conditions in whole or in part, except that the Committee may not waive conditions or restrictions with respect to awards intended to qualify under Section 162(m) of the Code unless such waiver would not cause the award to fail to qualify as “performance-based compensation” within the meaning of Section 162(m) of the Code, and the Committee may not accelerate the payment of any Bonus

Stock unless such acceleration is consistent with Section 15.7. Unless otherwise specified by the Committee, no money shall be paid by the recipient for the Bonus Stock. Alternatively, the Committee may, after considering any accounting impact to the Company, offer eligible Employees the opportunity to purchase Bonus Stock at a discount from its Fair Market Value. The Bonus Stock award shall be satisfied by the delivery of the designated number of shares of Common Stock which are not subject to restriction.

**SECTION 11. Election to Defer**

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

**SECTION 12. Non-Employee Director Awards**

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

**SECTION 13. Tax Withholding**

13.1 Each award holder shall, no later than the date as of which an amount with respect to an award first becomes includible in such person’s gross income for applicable tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any federal, state, local or other taxes of any kind required by law to be withheld with respect to the award. The obligations of the Company under the Plan shall be conditional on such payment or arrangements. The Company (and, where applicable, its Subsidiaries), shall, to the extent permitted by law, have the right to deduct the minimum amount of any required tax withholdings from any such taxes from any payment of any kind otherwise due to the award holder.

13.2 To the extent permitted by the Committee, and subject to such terms and conditions as the Committee may provide, an Employee may elect to have the minimum amount of any required tax withholdings with respect to any awards hereunder, satisfied by (a) having the Company withhold shares of Common Stock otherwise deliverable to such person with respect to the award; (b) delivering to the Company shares of unrestricted Common Stock already owned by the Employee; (c) broker-assisted “cashless exercise;” (d) any other manner permitted by law; or (e) any combination of the foregoing. Alternatively, the Committee may require that a portion of the shares of Common Stock otherwise deliverable be applied to satisfy the withholding tax obligations with respect to the award.

**SECTION 14. Change in Control**

14.1 In the event of a Change in Control, unless otherwise determined by the Committee at the time of grant or by amendment (with the award holder’s consent) of such grant or as otherwise provided under the terms of any applicable change in control agreement between the Company and an award recipient under the Plan or as otherwise determined by the Board pursuant to Section 4.4:

- (a) all outstanding Stock Options (including Director Options) and all outstanding Stock Appreciation Rights (including Limited Stock Appreciation Rights) awarded under the Plan shall become fully exercisable and vested;
- (b) the restrictions and vesting conditions applicable to any outstanding Restricted Stock and Restricted Stock Unit awards under the Plan shall lapse and such shares and awards shall be deemed fully vested;
- (c) the Committee may, in its sole discretion, accelerate the payment date of all Restricted Stock Unit awards; and
- (d) to the extent the cash payment of any award is based on the Fair Market Value of Common Stock, such Fair Market Value shall be the Change in Control Price.

14.2 A “**Change in Control**” shall be deemed to occur on:

- (a) 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) 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 (i) 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 (ii) the acquisition of securities of the Company directly from the Company;
- (b) the consummation of a merger or consolidation of the Company with another corporation unless
  - (i) 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;

- (ii) 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

(iii) 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;

(c) the date on which individuals who at the beginning of the 24-month period ending on such date constituted the entire Board ("Current Directors") shall cease for any reason to constitute a majority of the Board, unless the nomination or election of each new director was approved by a majority vote of the Current Directors;

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

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

Notwithstanding any other provision of this Section to the contrary, to the extent an award is subject to Section 409A of the Code, an occurrence shall not constitute a Change in Control if it does not constitute a change in the ownership or effective control, or in the ownership of a substantial portion of the assets of, the Company or another allowable acceleration event under Section 409A of the Code and its interpretive regulations.

14.3 "Change in Control Price" means the highest price per share of Common Stock paid in any transaction reported on any national market or securities exchange where the Common Stock is traded, or paid or offered in any transaction related to a Change in Control at any time during the 90-day period ending with the Change in Control. Notwithstanding the foregoing sentence, in the case of Stock Appreciation Rights granted in tandem with Incentive Options, the Change in Control Price shall be the highest price paid on the date on which the Stock Appreciation Right is exercised.

## SECTION 15. General Provisions

15.1 Each award under the Plan shall be subject to the requirement that, if at any time the Committee shall determine that (a) the listing, registration or qualification of the Common Stock subject or related thereto upon any securities exchange or market or under any state or federal law, or (b) the consent or approval of any government regulatory body, or (c) an agreement by the recipient of an award with respect to the disposition of Common Stock, is necessary or desirable in order to satisfy any legal requirements, or (d) the issuance, sale or delivery of any shares of Common Stock is or may be in the circumstances be unlawful under the laws or regulations of any applicable jurisdiction, the right to exercise such Stock Option shall be suspended, such award shall not be granted and such shares will not be issued, sold or delivered,

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in whole or in part, unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Committee, and the Committee determines that the issuance, sale or delivery of the shares is lawful. The application of this Section shall not extend the term of any Stock Option or other award. The Company shall have no obligation to effect any registration or qualification of the Common Stock under federal or state laws or to compensate the award holder for any loss caused by the implementation of this Section 15.1.

15.2 The Committee may provide, at the time of grant or by amendment with the award holder's consent, that an award and/or Common Stock acquired under the Plan shall be forfeited, including after exercise or vesting, if within a specified period of time the award holder engages in any of the following disqualifying conduct: (a) the award holder's performance of service for a competitor of the Company and/or its Subsidiaries, including service as an employee, director or consultant, or the establishing by the award holder of a business which competes with the Company and/or its Subsidiaries; (b) the award holder's solicitation of employees or customers of the Company and/or its Subsidiaries; (c) the award holder's improper use or disclosure of confidential information of the Company and/or its Subsidiaries; or (d) material misconduct by the award holder in the performance of such award holder's duties for the Company and/or its Subsidiaries, as determined by the Committee.

15.3 Nothing set forth in this Plan shall prevent the Board from adopting other or additional compensation arrangements.

15.4 Nothing in the Plan nor in any award hereunder shall confer upon any award holder any right to continuation of his or her employment by or other Relationship with the Company or its Subsidiaries, or interfere in any way with the rights of any such company to terminate such employment or other Relationship.

15.5 Neither the Plan nor any award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or Subsidiary and an award recipient, and no award recipient will, by participation in the Plan, acquire any right in any specific Company property, including any property the Company may set aside in connection with the Plan. To the extent that any award recipient acquires a right to receive payments from the Company or any Subsidiary pursuant to an award, such right shall not be greater than the right of an unsecured general creditor of the Company or its Subsidiaries.

15.6 Except to the extent preempted by United States federal law or as otherwise expressly provided herein, the Plan and all awards under the Plan shall be interpreted in accordance with and governed by the internal laws of the State of Indiana without giving effect to any choice or conflict of law provisions, principles or rules.

15.7 The Plan and all awards under the Plan shall be interpreted and applied in a manner consistent with the applicable standards for nonqualified deferred compensation plans established by Code Section 409A and its interpretive regulations and other regulatory guidance. To the extent that any terms of the Plan or an award would subject an Employee to gross income inclusion, interest or additional tax pursuant to Code Section 409A, those terms are to that extent superseded by, and shall be adjusted to the minimum extent necessary to satisfy or to be exempt

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from, the Code Section 409A standards. If as of the date Employee's employment terminates, an Employee is a "key employee," within the meaning of Code Section 416(i), without regard to paragraph 416(i)(5), and if the Company has stock that is publicly traded on an established securities market or otherwise, any payment of deferred compensation, within the meaning of Code Section 409A, otherwise payable because of employment termination will be suspended until, and will be paid to the Employee on, the first day of the seventh month following the month in which the Employee's last day of employment occurs.

15.8 Adjustments.

(a) Except as otherwise provided in any award agreement or in any applicable change in control agreement between the Company and an award recipient under the Plan, if any payment or benefit resulting from an award under the Plan or otherwise, including accelerated vesting of any equity compensation (all such payments and/or benefits hereinafter, "Payment"), would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be either (x) provided to the recipient in full, or (y) provided to the recipient 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 recipient, 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 of accelerated awards under the Plan 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; and (C) 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 the award recipient 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 recipient). Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and the recipient.

**SECTION 16. Amendments and Termination**

16.1 The Plan shall terminate at the close of business on December 3, 2023. The Board may discontinue the Plan at any time prior to the date referenced in the prior sentence and may amend it from time to time. No amendment or discontinuation of the Plan shall adversely affect any award previously granted without the award holder's written consent. Amendments may be made without shareholder approval except as required to satisfy applicable laws or regulations or the requirements of any stock exchange or market on which the Common Stock is listed or traded.

16.2 The Committee may amend the terms of any award prospectively or retroactively; provided, however, that no amendment shall impair the rights of the award holder without his or her written consent.

**SECTION 17. Effective Date of Plan**

17.1 This revised version of the Plan was approved and adopted by the Board on December 4, 2013, and is to be effective as of such date, and is to amend, restate, supersede, and replace prior versions of the Plan adopted by the Board, contingent upon the approval thereof by the shareholders of the Company within 12 months following the adoption by the Board.

**HILLENBRAND, INC.  
SHORT-TERM INCENTIVE COMPENSATION PLAN  
FOR KEY EXECUTIVES**

**ARTICLE I.  
GENERAL PROVISIONS**

**Section 1.01. Restatement.** Hillenbrand, Inc. (“*Company*”) previously adopted the Hillenbrand, Inc. Short-Term Incentive Compensation Plan for Key Executives (“*Plan*”), effective as of October 1, 2008. Effective as of October 1, 2013, and contingent on approval of the Plan by the Company’s shareholders as provided in Section 1.03, the Company hereby adopts this restated version of the Plan with the changes referenced herein.

**Section 1.02. Purpose.** The purpose of the Plan is to advance the interests of the Company and its Subsidiaries by providing for annual bonuses to participating Executive Employees based on the achievement of pre-established objective performance goals. By linking a significant portion of the compensation of Executives to pre-established objective goals, the Company more closely aligns the interests of its Executive Employees with those of its shareholders. Amounts payable under the Plan are intended to constitute Performance-Based Compensation.

**Section 1.03. Shareholder Approval.** No benefits shall be paid under the Plan with respect to any Participant, unless the Plan is approved by the Company’s shareholders, as required by the terms of the Plan and the regulations under Code Section 162(m) applicable to Performance-Based Compensation.

**ARTICLE II.  
DEFINED TERMS AND INTERPRETATION**

**Section 2.01. Definitions.** When capitalized in this Plan, the following terms shall have the meanings specified below (or as elsewhere defined), unless the context otherwise requires:

- (a) “*Board*” or “*Board of Directors*” means the Company’s Board of Directors.
- (b) “*Cause*” means, (i) for an Employee who is a party to a written employment agreement with the Employer that defines “cause” or a comparable term at the relevant time, the definition in such employment agreement, and (ii) for all other Employees, the Committee’s good faith determination that the Employee has:
- (1) failed or refused to comply fully and timely with any reasonable instruction or order of the Employer, provided that such noncompliance is not based primarily on the Participant’s compliance with applicable legal or ethical standards;
  - (2) acquiesced or participated in any conduct that is dishonest, fraudulent, illegal (at the felony level), unethical, involves moral turpitude or is otherwise illegal and involves conduct that has the potential to cause the Employer or its related companies or any of their respective officers or directors embarrassment or ridicule;
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- (3) violated any Employer policy or procedure, including the Company’s Code of Ethical Business Conduct; or
- (4) engaged in any act that is contrary to the best interests of or would expose the Employer, its related businesses, or any of their respective officers or directors to probable civil or criminal liability, excluding the Participant’s actions in accordance with applicable legal and ethical standards.
- (c) “*Code*” means the Internal Revenue Code of 1986, as amended from time to time.
- (d) “*Committee*” means the Compensation and Management Development Committee of the Board. Each Committee member shall be an outside director within the meaning of Code Section 162(m).
- (e) “*Company*” means Hillenbrand, Inc., and any successor thereto.
- (f) “*Disability*” means, (i) for an Employee who is a party to a written employment agreement with the Employer that defines “disability” or a comparable term at the relevant time, the definition in such employment agreement, and (ii) for all other Employees, the Committee’s good faith determination that the Employee is eligible (except for the waiting period) for permanent disability benefits under Title II of the Federal Social Security Act.
- (g) “*Deferral Election*” means an election pursuant to the provisions of the Plan on a form acceptable to the Committee to defer all or a portion of a STIC Award Payment.
- (h) “*Effective Date*” means October 1, 2013.
- (i) “*Employee*” means an employee of the Employer.
- (j) “*Employer*” means the Company and/or any Subsidiary.
- (k) “*Executive*” or “*Executive Employee*” means any Employee who is an officer of the Company.
- (l) “*Fiscal Year*” means that fiscal year of the Company, which is the twelve (12)-month period beginning on October 1 and ending on the following September 30.
- (m) “*Good Reason*” means, for an Employee who is a party to a written employment agreement with the Employer at the relevant time, the definition given to such term or a comparable term in such agreement.
- (n) “*Participant*” means, with respect to a Fiscal Year, an Executive to whom the Committee has granted a STIC Award for the year.
- (o) “*Payment Amount*” means the amount of a STIC Award Payment.

- (p) “*Performance-Based Compensation*” means compensation described in Code Section 162(m) that is excluded from “applicable employee remuneration”

under Code Section 162(m).

(q) “**Performance Measures**” means, with respect to a STIC Award, the objective factors used to determine the amount (if any) payable pursuant to the Award. “Performance Measures” shall be based on any of the factors listed below, alone or in combination, as determined by the Committee. Such factors may be applied (i) including or excluding one or more Subsidiaries, (ii) in comparison with plan, budget or prior performance, and/or (iii) on an absolute basis or in comparison with peer-group performance. The factors that may be used as Performance Measures are: (1) return on assets, (2) return on equity, (3) net revenue, (4) operating income, (5) net income, (6) earnings per share, (7) income before interest and taxes, (8) income before taxes, (9) cash flow, (10) order intake, (11) new products, (12) customer satisfaction, (13) brand development, or (14) strategic objectives. In establishing Performance Targets for a year, the Committee may provide for appropriate objectively determinable adjustments to any Performance Measure for extraordinary and/or non-recurring items.

(r) “**Performance Target**” means, with respect to a STIC Award for a Fiscal Year, the objective performance under the Performance Measures for that Fiscal Year that will result in payments under the STIC Award. Performance Targets may differ from Participant to Participant and Award to Award.

(s) “**Retirement**” means, with respect to a Participant, Termination of Employment after having (i) completed at least five years of continuous service with the Company and/or a Subsidiary and (ii) reached age fifty-five (55). For purposes of the preceding sentence, service with the Company’s predecessor, Hill-Rom Holdings, Inc. (formerly known as Hillenbrand Industries, Inc.) shall be considered service with the Company.

(t) “**STIC Award**” or “**Award**” means, with respect to a Participant for a Fiscal Year, an Award under which the amount payable to the Participant (if any) is contingent on the achievement of pre-established Performance Targets during the Fiscal Year.

(u) “**STIC Award Payment**” means the cash payment under a STIC Award.

(v) “**Subsidiary**” means any corporation, partnership, joint venture or other entity in which the Company owns, directly or indirectly, more than 50% of the ownership interests.

(w) “**Termination of Employment**,” or similar uses of the words “Termination” (or a derivation thereof) and “Employment” in close proximity, means complete termination of the employment relationship between a Participant and all Employers.

**Section 2.02. Rules of Interpretation.** The following rules shall govern in interpreting the Plan:

(a) Except to the extent preempted by United States federal law or as otherwise expressly provided herein, the Plan and all Awards shall be interpreted in accordance with and governed by the internal laws of the State of Indiana without giving effect to any choice or conflict of law provisions, principles or rules.

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(b) All amounts payable under the Plan are intended to constitute Performance-Based Compensation, and the Plan and each Award shall be interpreted and administered to effect such intent.

(c) The Plan and all Awards are intended to be exempt from provisions of Code Section 409A, and the Plan and all Awards shall be administered to effect compliance with such intent.

(d) Any reference herein to a provision of law, regulation or rule shall be deemed to include a reference to the successor of such law, regulation or rule.

(e) To the extent consistent with the context, any masculine term shall include the feminine, and vice versa and the singular shall include the plural, and vice versa.

(f) If any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity of that provision shall not affect the remaining parts of the Plan, and the Plan shall be interpreted and enforced as if the illegal or invalid provision had never been included herein.

### ARTICLE III. ADMINISTRATION

The Committee shall administer the Plan, and it shall have all powers and authority necessary or appropriate to fulfill its duties hereunder. The Committee shall have the authority and discretion to interpret the Plan, to establish and revise rules and regulations relating to the Plan, and to make any other determinations that it believes necessary or advisable for administration of the Plan. The Committee’s determination as to all matters relating to the Plan shall be final and binding.

### ARTICLE IV. STIC AWARDS

**Section 4.01. Selection of Participants.** The Committee may, in its sole discretion, grant STIC Awards to one or more Executive Employees as provided in this Article. Nothing herein shall obligate the Committee to grant a STIC Award to any Executive Employee.

**Section 4.02. Award Criteria.** Within ninety (90) days after the start of each Fiscal Year for which it grants STIC Awards, the Committee shall establish (a) the Performance Measures and Performance Targets applicable to each STIC Award for that Fiscal Year, and (b) an objective formula for computing the Payment Amount based on achievement of the established Performance Targets. The Committee shall have sole discretion to determine Performance Measures, Performance Targets and the formula for calculating the Payment Amount. The Committee may establish minimum, target and maximum Performance Targets, with the Payment Amount based on the level of the Performance Target(s) achieved. Once established, Performance Targets, Performance Measures and the related formula for determining the Payment Amount shall not be changed; provided, however, the Committee may, in its sole discretion (subject to the provisions of Subsection 4.05(a)), eliminate or decrease the Payment Amount with respect to any Participant’s Award, based upon such criteria as the

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Committee deems appropriate. The Committee may impose conditions on the receipt of STIC Award Payments in addition to the achievement of Performance Targets.

**Section 4.03. Certification of Performance.** As soon as practicable after the Company’s audited financial statements are available for a Fiscal Year, the Committee shall determine the Company’s and other applicable performance in relation to the Performance Targets for the Fiscal Year and certify in writing the extent to which the Performance Targets were achieved and the Payment Amounts with respect to each STIC Award for the Fiscal Year.

**Section 4.04. STIC Award Payments.** The Employer shall pay STIC Award Payments in cash, subject to applicable tax withholding, as determined by the Employer. Except as provided in Section 4.07, STIC Award Payments for a Fiscal Year shall be paid to the Participant (or, if the Participant is deceased, his estate) during the

first ninety (90) days after the end of such Fiscal Year.

**Section 4.05. Termination of Employment.**

(a) If a Participant's Employment Terminates on account of his (i) death, (ii) Disability, (iii) Retirement, (iv) involuntary Termination of Employment without Cause, or (v) to the extent provided in his employment agreement with the Employer (if any), voluntary Termination of Employment for Good Reason, in each case before STIC Award Payments for a Fiscal Year are made, the Participant's STIC Award Payment, if any, shall first be determined on an interim basis according to the applicable Award formula before considering any discretionary reduction that might be made by the Committee. If the Participant's Employment Terminated on account of one of the aforementioned reasons during the Fiscal Year for which the STIC Award Payment is being determined, the interim payment amount (as determined pursuant to the preceding sentence) shall be multiplied by a fraction, the numerator of which is the number of full weeks during which the Participant was employed by an Employer during such Fiscal Year, and the denominator of which is 52. If the Participant's Employment Terminated on account of one of the aforementioned reasons after the end of the Fiscal Year for which the STIC Award Payment is being determined, the preceding sentence shall not apply and the interim payment amount previously determined as provided above in this Subsection shall not be prorated. The Committee, in its discretion, may then reduce (but not increase) the interim payment amount determined under the preceding provisions of this Subsection by up to one-third in order to arrive at the STIC Award Payment to be made with respect to such Participant. Such payment shall be paid at the same time at which the Participant would have been paid if a Termination of Employment had not occurred with respect to such Participant.

(b) If a Participant's Employment Terminates for any reason not specified in clauses (i)-(v) of Subsection 4.05(a) before STIC Award Payments for a Fiscal Year are made, the Participant shall forfeit his interest in and shall not receive any such payment for that Fiscal Year.

**Section 4.06. Non-Duplication of Payments.** Notwithstanding any other provision hereof, if a Participant receives a payment under a change in control or other agreement with the Employer, which payment is identified as or measured by an amount payable under this Plan

with respect to a certain Fiscal Year, the Participant shall not be entitled to a payment of a duplicate amount hereunder for that same Fiscal Year.

**Section 4.07. Election to Defer STIC Award Payment.** To the extent permitted by Code Section 409A, the Committee may permit a Participant to elect to defer payment of a STIC Award Payment for a specified period or until a specified event, upon such terms as are determined by the Committee.

**Section 4.08. Limitation of Payment Amount.** Under no circumstances shall the Payment Amount with respect to any Participant for a Fiscal Year exceed the lesser of (a) three times the Participant's base salary for the Fiscal Year or (b) Five Million Dollars.

**ARTICLE V.  
TERM**

The Plan is contingent on approval by the Company's shareholders, as provided in Section 1.03, and it shall remain in effect until such time as it shall be terminated by the Board or, if earlier, five years after the Effective Date.

**ARTICLE VI.  
AMENDMENT AND TERMINATION**

The Board may, in its sole discretion, amend or terminate the Plan; provided, however, no such amendment or termination shall adversely affect any right or obligation with respect to any Award already issued, cause any Participant to incur taxes under Code Section 409A, or cause amounts payable under the Plan to cease to be Performance-Based Compensation.

**ARTICLE VII.  
MISCELLANEOUS PROVISIONS**

**Section 7.01. Limitations.** No Employee shall have any claim or right (legal, equitable or other) to be granted an Award, and no person or entity other than the Committee shall have the authority to enter into any agreement with any person for the making or payment of any Award or to make any representation or warranty with respect thereto. Neither the existence of the Plan nor the grant of any Award shall give a Participant any right to be retained in the employ of any Employer or limit the right of any Employer to terminate the employment of any Participant.

**Section 7.02. Additional Payments.** Nothing in the Plan shall preclude the Company from making additional payments or special awards to Participants outside of the Plan that may or may not constitute Performance-Based Compensation, provided that such payment or award does not affect the qualification of any Payment Amount as Performance-Based Compensation.