Table of Contents

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

FORM 10-Q

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

For the quarterly period ended December 31, 2008

Commission File No. 001-33794

HILLENBRAND, INC.

(Exact name of registrant as specified in its charter)

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

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

Not Applicable
(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

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

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

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

Yes ☐ No ☑

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

Common Stock, without par value — 61,827,707 shares as of January 31, 2009.

HILLENBRAND, INC.

INDEX TO FORM 10-Q

PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS
Hillenbrand, Inc.

Consolidated Statements of Income (Unaudited)
(amounts in millions, except per share data)

	Three Months Ended December 31,	
	2008	**2007**
Net revenues	$ 166.5	$ 162.9
Cost of goods sold	96.7	96.0
Gross profit	69.8	66.9
Operating expenses (including separation costs; see Note 6)	30.9	28.5
Operating profit	38.9	38.4
Interest expense	(1.1)	—
Investment income and other	3.6	(0.4)
Income before income taxes	41.4	38.0
Income tax expense	14.9	14.0
Net income	$ 26.5	$ 24.0
Income per common share-basic and diluted	$ 0.43	$ 0.39
Dividends per common share*	$ .185	$ —
Average common shares outstanding — basic and diluted	62.0	62.5

* Our first dividend as a stand-alone public company was paid June 30, 2008. Accordingly, there are no dividends reported for the three months ended December 31, 2007.

See Notes to Consolidated Financial Statements

Hillenbrand, Inc.

Consolidated Balance Sheets (Unaudited)
(amounts in millions)

	December 31, 2008	September 30, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 20.3	$ 14.7
Trade accounts receivable, net	96.5	88.4
Inventories	50.8	48.6
Deferred income taxes	17.3	22.4
Other current assets	8.3	7.5
Total current assets	193.2	181.6
Property, net	89.0	90.8
Intangible assets, net	18.8	19.7
Auction rate securities and related Put right (Note 4)	48.3	51.1
Note receivable from Forethought Financial Group, Inc.	133.4	130.4
Investments	23.9	25.2
Deferred income taxes	21.5	19.7
Other assets	25.0	26.8
Total Assets	$ 553.1	$ 545.3
LIABILITIES		
Current Liabilities		
Revolving credit facility	$ 100.0	$ 100.0
Trade accounts payable	10.8	15.8
Accrued compensation	19.7	24.6
Accrued customer rebates	21.5	20.4
Other current liabilities	27.0	20.8
Due to Hill-Rom Holdings, Inc.	4.5	4.4
Total current liabilities	183.5	186.0
Deferred compensation, long-term portion	7.1	7.0
Accrued pension and postretirement healthcare, long-term portion	34.1	33.5
Other long-term liabilities	31.5	30.4
Total Liabilities	256.2	256.9
Commitments and contingencies (Note 14)		
SHAREHOLDERS' EQUITY		
Common stock, no par value, 199.0 shares authorized; 62.8 and 62.4 shares issued, 62.2 and 62.1 shares outstanding at December 31, 2008 and September 30, 2008, respectively	—	—
Additional paid-in-capital	288.3	286.4
Retained earnings	38.1	23.0
Treasury stock, at cost; 0.6 and 0.3 shares at December 31, 2008 and September 30, 2008, respectively	(12.5)	(6.2)
Accumulated other comprehensive loss	(17.0)	(14.8)
Total Shareholders' Equity	296.9	288.4
Total Liabilities and Shareholders' Equity	$ 553.1	$ 545.3

See Notes to Consolidated Financial Statements

Hillenbrand, Inc.

Consolidated Statements of Cash Flows (Unaudited)
(amounts in millions)

	Three Months Ended December 31,	
	2008	**2007**
Operating Activities:		
Net income	$ 26.5	$ 24.0
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	4.5	4.5
Provision for deferred income taxes	0.2	2.0
Net (gain) on disposal of property	(0.1)	—
Net loss on auction rate securities and related Put right	0.2	—
Interest income on note receivable from Forethought Financial Group, Inc.	(3.0)	—
Stock based compensation	1.9	—
Trade accounts receivable	(9.0)	(2.5)
Inventories	(2.9)	(1.2)
Other current assets	1.6	(1.5)
Trade accounts payable	(4.9)	(0.7)
Accrued expenses and other current liabilities	(5.2)	(1.1)
Income taxes prepaid or payable	9.7	(1.9)
Amounts due to/from Hill-Rom Holdings, Inc.	0.1	—
Defined benefit plan funding	(0.4)	(0.3)
Change in deferred compensation	0.1	(0.1)
Other, net	4.0	1.5
Net cash provided by operating activities	23.3	22.7
Investing Activities:		
Capital expenditures	(2.1)	(2.3)
Proceeds on disposal of property	0.1	0.1
Proceeds from sale or redemption of auction rate securities	1.4	—
Capital contributions to affiliates	(0.5)	—
Return of investment capital from affiliates	1.9	—
Net cash provided by (used in) investing activities	0.8	(2.2)
Financing Activities:		
Proceeds from revolving credit facility	10.0	—
Repayments on revolving credit facility	(10.0)	—
Payment of dividends on common stock	(11.4)	—
Purchase of common stock	(6.3)	—
Net change in advances to former parent	—	(20.2)
Net cash used in financing activities	(17.7)	(20.2)
Effect of exchange rate changes on cash and cash equivalents	(0.8)	(0.4)
Net cash flows	5.6	(0.1)
Cash and cash equivalents:		
At beginning of period	14.7	11.9
At end of period	$ 20.3	$ 11.8

See Notes to Consolidated Financial Statements

Hillenbrand, Inc.

Notes to Consolidated Financial Statements (Unaudited)

1. Background and Basis of Presentation

Hillenbrand, Inc. ("we," "us," the "Company," or "Hillenbrand") is the parent holding company of its wholly-owned subsidiary, Batesville Services, Inc. ("Batesville Casket" or "Batesville"). Through Batesville Casket, we are a leader in the North American death care industry. We manufacture, distribute, and sell funeral service products to licensed funeral directors who operate licensed funeral homes. Our Batesville Casket branded products consist primarily of burial caskets but also include cremation caskets, containers and urns, selection room display fixturing for funeral homes, and other personalization and memorialization products and services, including the creation and hosting of websites for licensed funeral homes.

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial statements and therefore do not include all information required in accordance with accounting principles generally accepted in the U.S. The unaudited consolidated financial statements have been prepared on the same basis as the consolidated financial statements as of and for the year ended September 30, 2008. In the opinion of management, these financial statements reflect all normal and recurring adjustments considered necessary to present fairly the Company's consolidated financial position and the consolidated results of our operations and our cash flows as of the dates and for the periods presented.

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires us to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities as of the dates presented. Actual results could differ from those estimates. Examples of such estimates include, but are not limited to, the collectability of our note receivable from Forethought Financial Group, Inc. ("Forethought"), the establishment of reserves related to our customer rebates, allowance for doubtful accounts and early pay discounts, income taxes, accrued litigation, self insurance reserves, the estimation of progress towards performance criteria under our incentive compensation programs, and the estimation of fair value associated with our auction rate securities ("ARS") and investments in various equity securities.

You should read these unaudited consolidated financial statements in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2008. The accounting policies used in preparing these financial statements, unless otherwise noted, are consistent with those described in notes to the financial statements in that Form 10-K.

2. New Accounting Pronouncements

In October 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") No. FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active.* The purpose of FSP No. FAS 157-3 was to clarify the application of Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements*, for a market that is not active. It also allows for the use of our internal assumptions about future cash flows with appropriately risk-adjusted discount rates when relevant observable market data does not exist. FSP No. FAS 157-3 did not change the objective of SFAS No. 157 which is to determine the price that would be received in an orderly transaction that is not a forced liquidation or distressed sale at the measurement date. FSP No. FAS 157-3 was effective upon issuance. Our adoption of FSP No. FAS 157-3 did not have a material effect on our financial position, results of operations, cash flows or disclosures.

3. Supplemental Balance Sheet Information

The following information pertains to significant assets at December 31, 2008, and September 30, 2008, respectively.

(amounts in millions)	December 31, 2008	September 30, 2008
Allowance for possible losses and discounts on trade accounts receivable	$ 16.7	$ 16.1
Inventories:		
Raw materials and work in process	$ 11.3	$ 10.5
Finished products	39.5	38.1
Total inventories	$ 50.8	$ 48.6
Accumulated depreciation on property	$ 230.0	$ 227.2
Accumulated amortization of intangible assets	$ 22.4	$ 21.5

4. Auction Rate Securities ("ARS") and Related Put Right

During the three months ended December 31, 2008, we received an enforceable, non-transferable right (the "Put") from UBS Financial Services ("UBS") that allows us to sell to UBS $25.4 million of our existing ARS (fair value at December 31, 2008) at par value ($30.3 million at December 31, 2008) plus accrued interest. We may exercise this Put at anytime during the period of June 30, 2010, through July 2, 2012. Additionally, UBS may redeem these securities at par value plus accrued interest at anytime prior to expiration at their discretion.

Since the Put has value, we are required to record it on our books as an asset. Therefore, in accordance with SFAS No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities*, we have elected to report the Put at its estimated fair value and record related changes in fair value as a component of "Investment income and other" within the consolidated statement of income. Also, because we now intend to sell these securities to UBS at par value, in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, we have elected to reclassify the ARS related to the Put from "available-for-sale" to "trading" securities. As trading securities, the changes in fair value corresponding to the UBS related ARS (previously recorded as a component of accumulated other comprehensive loss) are now also recorded as a component of "Investment income and other" within our consolidated statement of income. We made these elections so that the effects of changes in the fair value of the UBS related ARS and the related Put would substantially offset within our statement of income, thereby limiting the volatility we might otherwise experience. At December 31, 2008, $18.2 million of our ARS continue to be classified as available-for-sale.

The following table presents the activity related to our ARS and the Put right during the three months ended December 31, 2008:

(amounts in millions)	ARS A	ARS B	Put RightC	AOCLD	(Gain) LossE
Balance at September 30, 2008	$ 51.1	$ —	$ —	$ 1.6	
Change in fair value	(4.5)	—	—	4.5	
Gain on receipt of Put right	—	—	3.7	—	$ (3.7)
Transfer to trading securities	(26.8)	26.8	—	(3.8)	3.8
Change in fair value	(0.5)	(1.1)	1.0	0.5	0.1
Purchases	—	—	—	—	—
Sales or redemptions	(1.1)	(0.3)	—	—	—
Balance at December 31, 2008	$ 18.2	$ 25.4	$ 4.7	$ 2.8	
Net loss included within “Investment income and other” during the three months ended December 31, 2008					$ 0.2

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

B — Auction rate securities; trading, at fair value

C — Put right; at fair value

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

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

5. Financing Agreement

As of December 31, 2008, we (i) had $7.5 million outstanding undrawn letters of credit under our revolving credit facility, (ii) were in compliance with all covenants set forth in the credit agreement, and (iii) had $292.5 million of remaining borrowing capacity available under the facility. During the three month period ended December 31, 2008, the applicable weighted average interest rate was 3.3%. The availability of borrowings under the facility is subject to our ability at the time of borrowing to meet certain specified conditions.

6. Transactions with Hill-Rom Holdings, Inc. (“Hill-Rom”)

Allocation of Corporate Expenses

For the quarterly periods prior to April 1, 2008, the operating expenses within our consolidated statements of income include allocations from Hill-Rom, our former parent company, for certain Hill-Rom retained corporate expenses including treasury, accounting, tax, legal, internal audit, human resources, investor relations, general management, board of directors, information technology, other shared services, and certain severance costs. These allocations were determined on bases that management considered to be reasonable reflections of the utilization of services provided to or the benefits received by us. The allocation methods included revenues, headcount, square footage, actual utilization applied to variable operating costs, and specific identification based upon actual costs incurred when the nature of the item or charge was specific to us. Hill-Rom allocated corporate costs included in our consolidated statements of income were $2.5 million for the three month period ended December 31, 2007.

Separation Costs

In addition to the allocated corporate expenses described above, we incurred or were allocated costs related to the separation from Hill-Rom. For the three month periods ended December 31, 2008 and 2007, these costs aggregated to $0.1 million and $1.2 million, respectively. These costs consisted primarily of investment banking and advisory fees, legal, accounting, recruiting, and consulting fees allocated based upon revenue or specific identification.

7. Retirement and Postemployment Benefits

Defined Benefit Plans

Components of net pension costs were as follows:

	Three Months Ended December 31,	
(amounts in millions)	**2008**	**2007**
Service costs	$ 0.8	$ 1.0
Interest costs	3.2	2.3
Expected return on plan assets	(3.3)	(2.6)
Amortization of unrecognized prior service costs, net	0.2	0.1
Net pension costs	$ 0.9	$ 0.8

The net postretirement healthcare costs recorded during the three months ended December 31, 2008, and 2007 was $0.3 million for both periods.

Defined Contribution Plans

For the three months ended December 31, 2008 and 2007, we recorded expenses related to our defined contribution plans in the amounts of $1.2 million and $1.1 million, respectively.

8. Income Taxes

The effective tax rates for the three month periods ended December 31, 2008 and 2007 were 35.9% and 36.8%, respectively. The effective tax rate for the three month period ended December 31, 2007, was higher due primarily to the non-deductible separation costs we incurred during that three month period.

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

(amounts in millions)	Three Months Ended December 31, 2008
Balance at September 30, 2008	$ 6.0
Additions for tax positions related to the current year	0.2
Additions for tax positions of prior years	—
Reductions for tax positions of prior years	—
Settlements	—
Balance at December 31, 2008	$ 6.2
Other amount accrued at December 31, 2008 for interest and penalties	$ 1.2

9. Income per Common Share

The calculation of basic and diluted net income per common share and shares outstanding for the periods presented prior to April 1, 2008, is based on the number of shares outstanding at March 31, 2008 (plus unissued fully vested common shares). There is no dilutive impact from common stock equivalents for periods prior to April 1, 2008, as we had no dilutive equity awards outstanding. The dilutive effects of our time based restricted stock units and stock option awards are included in the computation of diluted net income per share in periods subsequent to March 31, 2008. At December 31, 2008, potential dilutive effects of these securities representing approximately 1.8 million common shares were excluded from the computation of income per common share as their effects were anti-dilutive. The dilutive effect of our performance based stock awards more fully described in Note 11 are included in the computation of diluted net income per share when the related performance criteria are met. At December 31, 2008, potential dilutive effects of these securities representing approximately 0.6 million common shares were excluded from the computation of income per common share as the related performance criteria had not been met, although they may be met in future periods. There is no significant difference in basic and diluted net income per share and average common shares outstanding as a result of dilutive equity awards for the three month periods ended December 31, 2008 and 2007.

10. Shareholders' Equity

During the three months ended December 31, 2008, we paid cash dividends of $11.4 million, purchased 0.3 million shares of our common stock for $6.3 million, and issued 0.4 million shares of our common stock pursuant to our stock incentive plan. In January 2009, we purchased 0.4 million additional shares of our common stock for approximately $6.3 million.

11. Stock Based Compensation

We have stock based compensation plans (including the Stock Incentive Plan, the Board of Directors Deferred Compensation Plan, and the Executive Deferred Compensation Program) under which 4,785,436 common shares are registered and available for issuance. These programs are administered by our Board of Directors and its Compensation and Management Development Committee. As of December 31, 2008, options with respect to 2,392,255 shares were outstanding under these plans. In addition, a total of 844,916 RSUs and PBUs (both defined below) were outstanding and a total of 257,843 common shares have been either issued or utilized under these plans as of December 31, 2008.

Compensation costs and related income tax benefit charged against income during the periods ended December 31, 2008 and 2007 were as follows:

	Three Months Ended December 31,	
	2008	2007
Stock based compensation costs	$ 1.9	$ 0.7
Income tax benefit	0.7	0.3
Stock based compensation costs, net-of-tax	$ 1.2	$ 0.4

Stock Options

The following tables provide a summary of outstanding stock option awards from September 30, 2008, to December 31, 2008:

	Number of Shares	Weighted Average Exercise Price
Outstanding at September 30, 2008	1,886,033	$ 23.68
Granted	520,912	14.89
Exercised	—	—
Forfeited	—	—
Cancelled	(14,690)	24.28
Outstanding at December 31, 2008	2,392,255	$ 21.77
Exercisable at December 31, 2008	1,381,105	$ 23.59

As of December 31, 2008, there was approximately $3.4 million of unrecognized stock based compensation associated with our unvested stock options expected to be recognized over a weighted average period of 2.0 years. This unrecognized compensation expense includes a reduction for our estimate of potential forfeitures. As of December 31, 2008, the average remaining life of the outstanding stock options was 6.6 years with an aggregate intrinsic value of $0.9 million. As of December 31, 2008, the average remaining life of the exercisable stock options was 4.6 years with an aggregate intrinsic value of less than $0.1 million.

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

During the first quarter of fiscal year 2009, we began granting performance based restricted stock and units (collectively "PBUs") instead of RSUs which were historically contingent upon continued employment and generally vest over a period of five years. These PBUs are consistent with our compensation program's guiding principles and are designed to (i) align management's interests with those of shareholders, (ii) motivate and provide incentive to achieve superior results, (iii) maintain a significant portion of at-risk compensation, (iv) delineate clear accountabilities and (v) ensure competitive compensation. The vesting of PBUs is contingent upon the achievement of shareholder value creation measured using a discounted cash flow model during a cumulative three-year time period and a corresponding three-year service requirement. The value of an award is based upon the fair value of our common stock at the date of grant. Based on the extent to which the performance criteria are achieved, it is possible for none of the awards to vest or for a range up to the maximum to vest, which is reflected in the PBU table below. We record expense associated with the awards on a straight-line basis over the vesting period based upon an estimate of projected performance. The actual performance of the Company is evaluated quarterly and the expense is adjusted according to the new projection. As a result, depending on the degree to which we achieve the performance criteria, our expenses related to the PBUs may become more volatile as we approach the final performance measurement date at the end of the three year period.

Dividends payable in stock accrue on both RSUs and PBUs and are subject to the same specified terms as the original grants. As of December 31, 2008, a total of 4,226 stock units had accumulated on unvested RSUs and PBUs due to dividend reinvestments and are excluded from the tables below.

The value of RSUs and PBUs in our common stock is the fair value at the date of grant. A summary of the unvested RSU and PBU activity from September 30, 2008 through December 31, 2008 presented below represents the maximum number of shares that could be earned or vested:

	Maximum Number of Share Units	Weighted Average Grant Date Fair Value
Unvested RSUs at September 30, 2008	137,708	$ 22.96
Granted	934	19.78
Vested	(13,932)	24.84
Forfeited	—	—
Unvested RSUs at December 31, 2008	124,710	$ 22.70
Unvested PBUs at September 30, 2008	16,755	$ 27.97
Granted	586,038	14.89
Vested	—	—
Forfeited	—	—
Unvested PBUs at December 31, 2008	602,793	$ 15.25

As of December 31, 2008, approximately $1.9 million and $5.0 million of unrecognized stock based compensation was associated with our unvested RSUs and PBUs (based upon projected performance to date), respectively. These costs are expected to be recognized over a weighted average period of 3.3 years and 2.6 years, respectively. This unrecognized compensation expense includes a reduction for our estimate of potential forfeitures. As of December 31, 2008, the outstanding RSUs and PBUs had an aggregate intrinsic value of $4.0 million and $10.0 million, respectively.

Vested Deferred Stock

Past stock based compensation programs, like the current RSU and PBU programs, allowed deferrals after vesting to be set-up as deferred stock. As of December 31, 2008, 113,156 of our shares had been deferred, fully vested and payable in our common stock under our stock based compensation programs (not included in the tables above).

12. Comprehensive Income and Accumulated Other Comprehensive Loss

SFAS No. 130, *Reporting Comprehensive Income*, requires the net-of-tax effect of unrealized gains or losses on available-for-sale securities, foreign currency translation adjustments, changes in items not recognized as a component of net pension and postretirement healthcare costs, and unrealized gains or losses on derivative instruments to be included in comprehensive income.

The components of comprehensive income, each net of tax, are as follows:

(amounts in millions)	Three Months Ended December 31, 2008	2007
Net income	$ 26.5	$ 24.0
Foreign currency translation adjustment	(2.4)	0.7
Changes in net unrealized gains on derivative instruments (net of taxes of $0.4 million)	0.8	—
Changes in net unrealized gains on available-for-sale securities (net of taxes of $0.3 million)	(0.7)	—
Change in items not recognized as a component of net pension and postretirement healthcare cost (net of taxes of $0.1 million and $0.2 million, respectively)	0.1	0.2
Comprehensive income	$ 24.3	$ 24.9

The components of accumulated other comprehensive loss, each net of tax, were as follows:

(amounts in millions)	December 31, 2008	September 30, 2008
Cumulative foreign currency translation adjustment	$ (5.0)	$ (2.6)
Net unrealized gains on derivative instruments (net of taxes of $0.6 million and $0.2 million, respectively)	1.1	0.3
Net unrealized gains on available-for-sale securities (net of taxes of $1.5 million and $1.8 million, respectively)	2.3	3.0
Items not recognized as a component of net pension and postretirement healthcare costs (net of taxes of $9.8 million and $9.9 million, respectively)	(15.4)	(15.5)
Accumulated other comprehensive loss	$ (17.0)	$ (14.8)

13. Investment Income and Other

The components of investment income and other were as follows:

(amounts in millions)	Three Months Ended December 31, 2008	2007
Interest income on cash and cash equivalents	$ 0.1	$ 0.1
Interest income on note receivable from Forethought	3.0	—
Interest income on ARS	0.5	—
Net loss on ARS and related Put right (see Note 4)	(0.2)	—
Foreign currency exchange loss	(0.1)	(0.8)
Other, net	0.3	0.3
Investment income and other	$ 3.6	$ (0.4)

14. Commitments and Contingencies

Antitrust Litigation

On May 2, 2005, a non-profit entity called Funeral Consumers Alliance, Inc. (“FCA”) and several individual consumers filed a purported class action antitrust lawsuit (“FCA Action”) against three national funeral home businesses, Service Corporation International (“SCI”), Alderwoods Group, Inc. (“Alderwoods”), and Stewart Enterprises, Inc. (“Stewart”), together with Hill-Rom and our subsidiary Batesville Casket Company, Inc. (“Batesville”), in the United States District Court for the Northern District of California. This lawsuit alleged a conspiracy to suppress competition in an alleged market for the sale of caskets through a group boycott of so-called “independent casket discounters,” that is, third-party casket sellers unaffiliated with licensed funeral homes; a campaign of disparagement against these independent casket discounters; and concerted efforts to restrict casket price competition and to coordinate and fix casket pricing, all in violation of federal antitrust law and California’s Unfair Competition Law. The lawsuit claimed, among other things, that Batesville’s maintenance and enforcement of, and alleged modifications to, its longstanding policy of selling caskets only to licensed funeral homes were the product of a conspiracy among Batesville, the other defendants and others to exclude “independent casket discounters” and that this alleged conspiracy, combined with other alleged matters, suppressed competition in the alleged market for caskets and led consumers to pay higher than competitive prices for caskets. The FCA Action alleged that two of Batesville’s competitors, York Group, Inc. and Aurora Casket Company, are co-conspirators, but did not name them as defendants. The FCA Action also alleged that SCI, Alderwoods, Stewart and other unnamed co-conspirators conspired to monopolize the alleged market for the sale of caskets in the United States.

After the FCA Action was filed, several more purported class action lawsuits on behalf of consumers were filed based on essentially the same factual allegations and alleging violations of federal antitrust law and/or related state law claims. All of these actions have either been dismissed or consolidated with the FCA Action.

Batesville, Hill-Rom and the other defendants filed motions to dismiss the FCA Action and a motion to transfer to a more convenient forum. In response, the court in California permitted the plaintiffs to replead the complaint and later granted defendants' motion to transfer the action to the United States District Court for the Southern District of Texas (Houston, Texas) ("Court").

On October 12, 2005, the FCA plaintiffs filed an amended complaint containing substantially the same basic allegations as the original FCA complaint. On October 18, 2006, the Court denied the defendants' motions to dismiss the amended FCA complaint.

The FCA plaintiffs are seeking certification of a class that includes all United States consumers who purchased Batesville caskets from any of the funeral home co-defendants at any time during the fullest period permitted by the applicable statute of limitations.

In addition to the consumer lawsuits discussed above, on July 8, 2005, Pioneer Valley Casket Co. ("Pioneer Valley"), an alleged casket store and Internet retailer, also filed a purported class action lawsuit ("Pioneer Valley Action") against Batesville, Hill-Rom, SCI, Alderwoods, and Stewart in California District Court on behalf of the class of "independent casket distributors," alleging violations of state and federal antitrust law and state unfair and deceptive practices laws based on essentially the same factual allegations as in the consumer cases. Pioneer Valley claimed that it and other independent casket distributors were injured by the defendants' alleged conspiracy to boycott and suppress competition in the alleged market for caskets, and by an alleged conspiracy among SCI, Alderwoods, Stewart and other unnamed co-conspirators to monopolize the alleged market for caskets.

The Pioneer Valley complaint was also transferred to the Southern District of Texas but was not consolidated with the FCA Action. On October 21, 2005, Pioneer Valley filed an amended complaint adding three new plaintiffs, each of whom purports to be a current or former "independent casket distributor." Like Pioneer Valley's original complaint, the amended complaint alleges violations of federal antitrust laws, but it has dropped the causes of actions for alleged price fixing, conspiracy to monopolize, and violations of state antitrust laws and state unfair and deceptive practices laws. On October 25, 2006, the district court denied the defendants' motions to dismiss the amended Pioneer Valley complaint.

The Pioneer Valley plaintiffs are seeking certification of a class of all independent casket distributors in the United States who are or were in business at any time from July 8, 2001 to the present, excluding those that: (1) are affiliated in any way with any funeral home; (2) manufacture caskets; or (3) are defendants in the current action, their directors, officers, agents, employees, parents, subsidiaries or affiliates.

Class certification hearings in the FCA Action and the Pioneer Valley Action were held in early December 2006. While the decision was pending on the class certification motions, the Court stayed both cases pending resolution of class certification. On November 24, 2008, the Magistrate Judge who conducted the class certification hearings recommended that the plaintiffs' motions for class certification in both cases be denied. The plaintiffs have filed objections to the Magistrate Judge's recommendation with the District Judge. If the District Judge accepts the Magistrate Judge's recommendation and denies class certification, plaintiffs may petition the United States Court of Appeals for the Fifth Circuit for leave to appeal. It is anticipated that new deadlines, including a trial date, will not be set until sometime after the Court has ruled on the motions for class certification.

Plaintiffs in the FCA and Pioneer Valley Actions generally seek monetary damages, trebling of any such damages that may be awarded, recovery of attorneys' fees and costs, and injunctive relief. The plaintiffs in the FCA Action filed a report indicating that they are seeking damages ranging from approximately $947.0 million to approximately $1.46 billion before trebling on behalf of the purported class of consumers they seek to represent. Additionally, the Pioneer Valley plaintiffs filed a report indicating that they are seeking damages of approximately $99.2 million before trebling on behalf of the purported class of independent casket resellers they seek to represent. Because Batesville continues to adhere to its long-standing policy of selling Batesville® caskets only to licensed funeral homes, a policy that it continues to believe is appropriate and lawful, if the case goes to trial the plaintiffs are likely to claim additional alleged damages for periods between their reports and the time of trial. At this point, it is not possible to estimate the amount of any additional alleged damage claims that they may make. The defendants are vigorously contesting both liability and the plaintiffs' damages theories.

If a class is certified in any of the antitrust cases filed against Hill-Rom and Batesville and if the plaintiffs in any such case prevail at trial, the damages awarded to the plaintiffs, which would be trebled as a matter of law, could have a significant material adverse effect on our results of operations, financial condition and/or liquidity. In antitrust actions such as the FCA and Pioneer Valley Actions the plaintiffs may elect to enforce any judgment against any or all of the codefendants, who have no statutory contribution rights against each other. We and Hill-Rom have entered into a judgment sharing agreement that apportions the costs and any potential liabilities associated with this litigation between us and Hill-Rom.

We believe that we have committed no wrongdoing as alleged by the plaintiffs and that we have meritorious defenses to class certification and to plaintiffs' underlying allegations and damage theories. In accordance with applicable accounting standards, we have not established a loss reserve for any of these cases.

After the FCA Action was filed, in the summer and fall of 2005, Batesville and Hill-Rom were served with Civil Investigative Demands by the Attorney General of Maryland and certain other state attorneys general who had begun an investigation of possible anticompetitive practices in the death care industry relating to a range of funeral services and products, including caskets. We have been informed that approximately 26 state attorneys general offices are participating in the joint investigation, although more could join. We are cooperating with the attorneys general. To date, no claims have been filed against Batesville or Hill-Rom. We are obligated to indemnify Hill-Rom against any costs, expenses, and liabilities resulting from this investigation.

Other Pending Litigation Matter

On August 17, 2007, a lawsuit styled Vertie Staples v. Batesville Casket Company, Inc. was filed against us in the United States District Court for the Eastern District of Arkansas. As amended, the case is a putative class action on behalf of the plaintiff and all others who purchased a Monoseal®, Monogard® or gasketed caskets manufactured by Batesville from a licensed funeral home located in Arkansas from January 1, 1989 to August 31, 2002. The complaint alleges that the warranties on which the claims are predicated date from 1989 to 2002. The plaintiff claims that Monoseal®, Monogard® or gasketed caskets were marketed as completely resistant to the entrance of air and water when they allegedly were not completely resistant. The plaintiff asserts causes of action under the Arkansas Deceptive Trade Practices Act and for fraud, constructive fraud and breach of express and implied warranties. On January 9, 2008, the plaintiff filed an amended complaint that added another putative class plaintiff, restated the pending claims, and added a claim for unjust enrichment. The claims of the original plaintiff were subsequently dismissed by the Court and the case is now styled Garry Clayton v. Batesville Casket Company, Inc.. In order to establish federal jurisdiction over the claims under the Class Action Fairness Act, the plaintiff alleges that the amount in controversy exceeds $5.0 million.

This action is still in the class certification stage, and as such, we are not yet able to assess the potential outcome of this matter. We believe the claims are without merit and will vigorously defend the case. It is not unusual to have multiple copycat class actions suits filed after an initial filing, and it is possible that additional suits based on the same or similar allegations could be brought against us. At present, the trial is set to commence sometime during the week of July 13, 2009.

General

We are involved on an ongoing basis in claims and lawsuits relating to our operations, including environmental, antitrust, patent infringement, business practices, commercial transactions, and other matters. The ultimate outcome of these lawsuits cannot be predicted with certainty. An estimated loss from these contingencies is recognized when we believe it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. However, it is difficult to measure the actual loss that might be incurred related to litigation. The ultimate outcome of these lawsuits could have a material adverse effect on our financial condition, results of operations, and cash flow.

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

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

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

15. Fair Value Measurements

The Company adopted SFAS No. 157 effective October 1, 2008. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (*i.e.,* the "exit price") in an orderly transaction between market participants at the measurement date. As permitted by FSP No. FAS 157-2, *Effective Date of FASB Statement No. 157* , we deferred the adoption of SFAS No. 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually), until October 1, 2010. The full adoption of SFAS No. 157 is not expected to have a material effect on our consolidated financial statements.

The hierarchy of those valuation approaches is broken down into three levels based on the reliability of inputs as follows:

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

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

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

As of December 31, 2008, all assets or liabilities that are carried at fair value within our consolidated financial statements consist of ARS ($43.6 million) and a related Put right ($4.7 million), which are valued based upon Level 3 inputs and derivative instruments ($1.8 million), which are valued based upon Level 2 inputs. We have no other assets or liabilities that are recognized or disclosed at fair value (other than cash equivalents) as of December 31, 2008.

While we continue to earn interest on the ARS at the contractual rate, these investments are not currently being bought and sold in an active market and therefore do not have readily determinable market value. At December 31, 2008, the Company's investment advisors provided a valuation based on Level 3 inputs for the ARS. The investment advisors utilized a discounted cash flow approach (an "*Income*" approach) to arrive at this valuation, which was corroborated by separate and comparable discounted cash flow analysis prepared by us. The assumptions used in preparing the discounted cash flow model include estimates of, based on data available as of December 31, 2008, interest rates, timing and amount of cash flows, credit spread related yield and illiquidity premiums, and expected holding periods of the ARS. These assumptions are volatile and subject to change as the underlying sources of these assumptions and market conditions change. We valued the Put right as the difference between the par value and the fair value of ARS on a present value basis, as adjusted for any bearer risk associated with UBS's financial ability to repurchase the ARS beginning June 30, 2010. See the table in Note 4 for a reconciliation of the beginning to ending balances of these assets and the related change in the fair value of these assets from September 30, 2008, to December 31, 2008.

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

Forward-Looking Statements and Factors That May Affect Future Results

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

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

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

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

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

intend	believe	plan	expect	may	goal
become	pursue	estimate	will	forecast	continue
targeted	increase	higher/lower	improve	progress	potential

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

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

For a discussion of factors that could cause actual results to differ from those contained in forward-looking statements, see the discussions under the heading "Risk Factors" in Item 1A of our Form 10-K filed with the Securities and Exchange Commission on December 9, 2008. We assume no obligation to update or revise any forward-looking statements.

Overview

In this section of the Form 10-Q, entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," we attempt to give you a look at our Company "through the eyes of management" so that you can assess the financial condition and results of operations of our Company. The discussion that follows, when read in conjunction with Management's Discussion and Analysis included in our Form 10-K, should give you information that will help you understand our business and its performance. We intend for the discussion to be clear and to explain the drivers of our results so that you can assess the quality of our earnings and the predictability of our future results.

Background, Death Care Industry Trends, and Strategy and Results

There have been no significant changes to this information during the three month period ended December 31, 2008, as outlined in our Form 10-K for the year ended September 30, 2008.

Recent Factors Impacting our Business

- While commodity prices (such as steel or fuel) have come down from their highs during fiscal 2008, it is difficult to predict where they will head over the balance of the fiscal year. The volatility in the pricing of these commodities may translate into volatility in our results, depending on our success at mitigating the effects.

- We are a defendant, along with Hill-Rom and several other companies in the death care industry, in two purported antitrust class action lawsuits in which the plaintiffs have alleged substantial damages, prior to trebling. In addition to the risks associated with an adverse outcome in this litigation, we have incurred and likely will continue to incur significant legal costs in the defense of this litigation. Under the judgment sharing agreement with Hill-Rom, we are responsible for all costs incurred by us and Hill-Rom in defense of this litigation. All fees and costs incurred in defense of the antitrust litigation matters are included in our historical consolidated financial statements. To date, we have incurred approximately $20.8 million in legal and related costs associated with this matter, of which $0.6 million was incurred in the three months ended December 31, 2008. As discussed within Note 14 to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q, there were recent developments in November 2008 regarding these actions. On November 24, 2008, the Magistrate Judge who conducted the class certification hearings recommended that the plaintiffs' motions for class certification in both cases be denied. The plaintiffs have filed objections to the Magistrate Judge's recommendation with the District Judge. If the District Judge accepts the Magistrate Judge's recommendation and denies class certification, plaintiffs may petition the United States Court of Appeals for the Fifth Circuit for leave to appeal. It is anticipated that new deadlines, including a trial date, will not be set until sometime after the District Court has ruled on the motions for class certification.

- During the three months ended December 31, 2008, our pension assets declined in value by 10.6%, from $146.7 million to $131.1 million. See *"Other Liquidity Matters"* for further discussion on how this may affect our liquidity.

- In November 2008 we received a Put right (the "Put") from UBS Financial Services ("UBS") that allows us to sell approximately $30.3 million (par value at December 31, 2008) of our existing auction rate securities ("ARS") at par value plus accrued interest beginning June 30, 2010. See Note 4 to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further information.

Consolidated Results of Operations

In this section, we provide an analysis of the significant items impacting our Company's results.

Three Months Ended December 31, 2008 Compared to Three Months Ended December 31, 2007

(amounts in millions)	Three Months Ended December 31, 2008	% of Revenues	Three Months Ended December 31, 2007	% of Revenues
Net revenues	$ 166.5	100.0	$ 162.9	100.0
Cost of goods sold	96.7	58.1	96.0	58.9
Gross profit	69.8	41.9	66.9	41.1
Operating expenses	30.8	18.5	27.3	16.8
Separation costs	0.1	—	1.2	0.7
Operating profit	38.9	23.4	38.4	23.6
Interest expense	(1.1)	(0.7)	—	—
Investment income and other	3.6	2.2	(0.4)	(0.2)
Income before taxes	41.4	24.9	38.0	23.4
Income tax expense	14.9	9.0	14.0	8.6
Net income	$ 26.5	15.9	$ 24.0	14.8

Revenue — Our net revenues for the quarter were up slightly, increasing $3.6 million, or 2.2%, from the same period last year. The Batesville brand continues to drive the favorable effects of price realization, which increased revenue by $11.2 million over the same period last year, helping us to recover commodity cost increases we experienced over the past year. Partially offsetting this was the continued unfavorable effect of downward product mix, which reduced revenues from the same period last year by $2.5 million. Additionally, burial unit volume decreased 1.5% compared to the same period last year. This was the primary contributor to a reduction in revenue of $2.7 million, although improved volume on non-burial products limited this impact.

We expect the trends in both product mix and price realization will continue to contribute offsetting effects during fiscal 2009, although we can't be certain of the magnitude of those effects. Finally, we also experienced the unfavorable impact of currency fluctuations during the quarter from a stronger U.S. dollar, primarily compared to the Canadian dollar. This resulted in decreased revenue of $2.4 million over the same period last year. We can't predict how currency rates will move either to help or hurt our results in the future.

Cost of Goods Sold — Our cost of goods sold increased $0.7 million, or 0.7%, net of a $0.5 million decrease largely attributable to lower burial unit volume. In our manufacturing operations, we experienced cost increases over the same period last year of $2.5 million related primarily to higher commodity costs, most notably carbon steel. These cost increases were partially offset by cost savings of $0.7 million related mainly to productivity. In our distribution operations, we experienced decreased costs of $0.3 million, chiefly related to a decrease in the cost of fuel. An aggregate decrease of $0.3 million in costs was attributable to other categories across our manufacturing and distribution activities.

Operating Expenses — Core operating expenses increased $3.5 million, or 12.8%, excluding one time separation costs. (We are better able to analyze our operating cost structure without the non-recurring effects of the separation.) This increase was attributable to $5.9 million of additional operating expenses primarily related to the people required to support our separate public company operations. The increase for these costs was partially offset beginning with the third quarter of fiscal 2008, by a reduction in corporate costs allocated to us by Hill-Rom. These allocated costs decreased by $2.5 million compared to the same period last year. In addition, legal fees related to the outstanding antitrust lawsuits decreased $0.4 million, but this was offset by an aggregate cost increase of $0.5 million attributable to other components of our operating expense categories.

Separation Costs — In the last quarter we incurred or were allocated $0.1 million in separation costs associated with the separation of the Company from Hill-Rom, a decrease from the prior year comparable quarter of $1.1 million. These non-recurring costs include investment banking fees, legal, accounting, recruiting, and consulting fees.

Interest Expense — We began to incur interest expense when we borrowed on our revolving credit facility (and paid the proceeds to Hill-Rom as part of the separation) at the end of the second quarter of fiscal 2008.

Investment Income & Other — "Investment income and other" is up over the same period last year as we began to realize returns from investments that were transferred to us on March 31, 2008, in connection with the separation. We earned interest income of $3.5 million on the ARS and the note receivable from Forethought Financial Group, Inc ("Forethought"). As discussed in the notes to our consolidated financial statements in Part I, Item 1 of this Form 10-Q, we also recorded a $3.7 million gain on the Put right we received from UBS. Concurrently we recorded a loss of $3.8 million when we transferred the related ARS to the "trading" category. As both of these instruments are now adjusted to fair value through the statement of income, we expect the changes in fair value substantially to offset each other. In the period subsequent to receiving the Put and transferring the related ARS to trading, the fair value of the Put increased by $1.0 million and the related ARS decreased in fair value by $1.1 million through December 31, 2008. See "*Other Liquidity Matters*" for further discussion.

Income taxes — Our income tax rate for the period was 35.9%, which was 0.9% lower than the same period last year. This was primarily due to the separation costs we incurred in the same period last year that were not deductible for income tax purposes.

Liquidity and Capital Resources

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

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

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

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

Three Months Ended December 31, 2008 Compared to Three Months Ended December 31, 2007

(amounts in millions)	Three Months Ended December 31, 2008	2007
Cash flows provided by (used in):		
Operating activities	$ 23.3	$ 22.7
Investing activities	0.8	(2.2)
Financing activities*	(17.7)	(20.2)
Effect of exchange rate changes on cash	(0.8)	(0.4)
Increase (decrease) in cash and cash equivalents	$ 5.6	$ (0.1)

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

Operating Activities

Historically, net cash flows from operating activities have represented our primary source of funds for the growth of our business. Prior to our separation from Hill-Rom, cash flows from operating activities were fairly stable, generally following the pattern of our overall net income. This pattern is now less correlated going forward as we incur non-cash related expenses (such as non-cash stock based compensation), non-cash earnings (such as interest income on our note receivable from Forethought), and make our own income tax payments. Interim periods can also be more volatile individually as they are affected to a greater degree by the seasonality of our revenues.

Although our operating cash flow was not significantly changed in total, there were some noteworthy changes in its components as follows:

- Cash payments for income taxes decreased approximately $9 million from the same period last year. This change is the result of the timing between when we had made these payments to Hill-Rom (prior to separation) and the timing of when we now make them directly to tax authorities as a separate company.
- Cash payments to our suppliers increased over the same period last year by approximately $4 million due to the timing of our accounts payable disbursements.
- Cash is disbursed to pay out the annual incentive compensation earned by our employees in the first quarter of the subsequent fiscal year to which the incentive is earned. The payment made this quarter was approximately $2 million higher than the same period last year. We also made a payment of approximately $2 million for payroll withholding taxes just before quarter end that had not been made in the same period last year.

Investing Activities

Historically, net cash flows used in investing activities consisted of purchases of plant, property and equipment we use to run the business or to pay for a business acquisition. Our net investing activities in the three months ended December 31, 2008 decreased from the same period last year due primarily to redemptions and distributions totaling $3.3 million that we received from investment assets transferred to us at the time of separation from Hill-Rom.

Financing Activities

Cash used in financing the business resulted from our quarterly cash dividend of $11.4 million. In addition, we elected to purchase 0.3 million shares of our common stock for $6.3 million under our share repurchase program.

During the same period last year, cash flows from financing were comprised of changes in our parent company investments account, which represent net cash withdrawn by Hill-Rom.

12 Month Outlook

Operating activities

We have no significant changes to report to the discussion included in our Form 10-K filed for the year ended September 30, 2008, except as discussed under "*Other Liquidity Matters*" below.

Investing activities

We are continuing to move forward with our acquisition capabilities and strategy. As previously announced, we intend to utilize business acquisitions to increase the annual growth rate of our revenues and earnings. We are targeting approximately $100 million to $200 million in acquisitions through fiscal 2011, although any acquisition timetable depends on whether suitable opportunities are available. The timing or success of any acquisition effort cannot be predicted. We expect to fund future acquisitions primarily with cash on hand, cash flows from operations, and borrowings under our revolving credit facility.

We can be called upon by our private equity limited partnership investments to provide additional investment funds, the maximum amount being $3.3 million in the aggregate.

Financing activities

During the quarter ended December 31, 2008, we announced an increase in our quarterly dividend to $0.185 per common share. We plan on paying a cash dividend that will require about $11.4 million each quarter based on our outstanding common stock at December 31, 2008. We may use additional cash generated by the business to pay down our revolving credit facility, depending on our working capital needs. As discussed under investing activities, we may utilize availability under the revolving credit facility to finance acquisitions. We may also continue purchasing additional shares of our common stock, depending on market conditions. In fact, during the month of January 2009, we purchased 0.4 million additional shares of our common stock for approximately $6.3 million.

Summary of 12 Month Outlook

We believe that cash on hand, cash generated from operations, and cash available under our credit facility will be sufficient to fund operations, working capital needs, capital expenditure requirements, and financing obligations. However, it is important to understand that if a class is certified in any of the purported class action antitrust lawsuits filed against us, as described in Note 14 to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q, and if the plaintiffs prevail at trial, potential damages awarded the plaintiffs could have a material adverse effect thereafter on our results of operations, financial condition, and liquidity and could exceed our capacity to raise sufficient cash to fund or post a bond to appeal such a judgment.

Other Liquidity Matters

During the three months ended December 31, 2008, our pension assets declined in value by 10.6%, from $146.7 million to $131.1 million. Declines in plan asset values, if sustained, increase the likelihood that we would need to make additional contributions to fund our pension obligations in the future. Based upon our current funding level at December 31, 2008, we are not required to make additional contributions for the next 12 months, although we are currently evaluating the costs and benefits of doing so. As a result, we may make discretionary cash contributions to the pension plans that could result in a decrease to our cash flow from operations over the next 12 months.

At December 31, 2008, we held $43.6 million in a portfolio of auction rate securities (consisting of highly rated state and municipal bonds) recorded at fair value. We have estimated the current fair value of the portfolio using information provided by our investment advisors with expertise in valuing these securities, considering current liquidity limitations, interest rate risk, and the credit worthiness of the borrower, among other factors. The risk exists that the various valuation models utilized by our investment advisors will not reasonably predict the actual price necessary to attract interested buyers for these securities. As of December 31, 2008, the underlying securities in the portfolio consist of credit worthy borrowers with AAA or AA3/A debt ratings. Recent market conditions and auction failures have adversely impacted the liquidity of these securities. The continuing effect of these conditions has led us to conclude that an orderly conversion of the portfolio into cash will likely take more than 12 months. Accordingly, we are classifying these securities as non-current. If current market conditions do not improve, or worsen, we may not be able to readily convert these securities to cash and our earnings could suffer as a result.

During the three months ended December 31, 2008, we received an enforceable, non-transferable right (the "Put") from UBS that allows us to sell approximately $25.4 million of our existing auction rate securities (carrying value at December 31, 2008) at par value plus accrued interest. The Put has a carrying value based upon an estimated fair value of $4.7 million as of December 31, 2008. We may exercise the Put at anytime during the period of June 30, 2010, through July 2, 2012. Additionally, UBS may redeem these securities at par value plus accrued interest at anytime prior to expiration at their discretion. We currently expect to utilize the Put to liquidate the applicable ARS position. Although this is more than 12 months from now, we expect to classify this portion of our ARS portfolio as a component of working capital when the exercise period is fewer than twelve months away.

Although, we are not scheduled to receive a payment under our note receivable (the "Note") from Forethought over the next 12 months, we regularly evaluate the Note for impairment based upon collectability. If, based upon these evaluations, it is probable that the Note will not be paid in accordance with its terms, it is deemed impaired. Based upon information available to us regarding conditions existing on or prior to December 31, 2008, the Note is not impaired. We estimate the fair value of the Note based upon a comparison to debt securities currently trading in an active market with similar characteristics of yield, duration, and credit risk, adjusted for liquidity considerations. Although the Note is not impaired, we estimate that the fair value of the Note (and related interest receivable) has decreased by approximately $22 million to $83 million during the three months ended December 31, 2008. This decrease in estimated fair value was caused by an increase in the required yield to maturity (discount rate) observed in the marketplace on comparable debt instruments.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements.

Contractual Obligations or Contingent Liabilities and Commitments

There have been no significant changes to our contractual obligations or contingent liabilities and commitments during the three months ended December 31, 2008, except as follows. During the three months ended December 31, 2008, our pension assets declined in value. Declines in plan asset values, if sustained, increase the likelihood we would need to make additional contributions to fund our pension obligations in the future. See *"Other Liquidity Matters"* for further discussion.

Critical Accounting Policies

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

Our accounting policies require management to make significant estimates and assumptions using information available at the time the estimates are made. Such estimates and assumptions significantly affect various reported amounts of assets, liabilities, revenues and expenses. If future experience differs materially from these estimates and assumptions, our results of operations and financial condition could be affected. A detailed description of our accounting policies is included in the notes to our consolidated financial statements and the Critical Accounting Policies Section of Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Form 10-K.

The following has become an additional critical accounting policy related to significant activities or agreements since we last reported to you in our Form 10-K as follows:

Performance Based Stock Compensation

During the three months ended December 31, 2008, we granted a substantial number of performance based restricted stock and units as described in the notes to our consolidated financial statements in Part I, Item 1 of this Form 10-Q. These awards vest when the performance criteria have been met rather than solely based upon employment. The actual performance of the Company is evaluated quarterly and the expense is adjusted according to the new projection. The value of an award is based upon the fair value of our common stock at the date of grant. In accordance with the Statement of Financial Accounting Standards ("SFAS") No. 123(R), *Share-Based Payment*, we record the expense associated with these awards on a straight-line basis over the vesting period (generally three years) based upon an estimate of projected performance. As a result, depending on what level we achieve the performance criteria, our operating expenses may become more volatile as we approach the final performance measurement date.

Recently Issued Accounting Standards

In October 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") No. FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active*. The purpose of FSP No. FAS 157-3 was to clarify the application of SFAS No. 157, *Fair Value Measurements*, for a market that is not active. It also allows for the use of management's internal assumptions about future cash flows with appropriately risk-adjusted discount rates when relevant observable market data does not exist. FSP No. FAS 157-3 did not change the objective of SFAS No. 157 which is the determination of the price that would be received in an orderly transaction that is not a forced liquidation or distressed sale at the measurement date. FSP No. FAS 157-3 was effective upon issuance, including prior periods for which financial statements had not been issued. Our adoption of FSP No. FAS 157-3 did not have a material effect on our financial position, results of operations, cash flows or disclosures.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

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

Other than as described below, there have been no significant changes to this information during the three months ended December 31, 2008, as outlined in our Form 10-K for the year ended September 30, 2008.

During the three months ended December 31, 2008, we received an enforceable, non-transferable right (the "Put") from UBS Financial Services ("UBS") that allows us to sell a portion of our existing auction rate securities ("ARS"). Concurrently, in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity* we have elected to reclassify the ARS related to the Put from "available-for-sale" to "trading" securities. Please see the notes to our consolidated financial statements in Part I, Item 1 for important information regarding the Put and related ARS.

We have an outstanding note receivable (the "Note") and related interest receivable from Forethought Financial Group, Inc. ("Forethought") with an aggregate carrying value of $133.4 million as of December 31, 2008. Should Forethought underperform to an extent that it cannot meet its financial obligations, our earnings could be negatively impacted, resulting in a material adverse impact on our financial condition and results of operations. We currently do not expect this to be the case. We estimate the fair value of the Note based upon a comparison to debt securities currently trading in an active market with similar characteristics of yield, duration, and credit risk, adjusted for liquidity considerations. Although the Note is not impaired, we estimate that the fair value of the Note (and related interest receivable) has decreased by approximately $22 million to $83 million during the three months ended December 31, 2008. This decrease in estimated fair value was caused by an increase in the required yield to maturity (the discount rate) observed in the marketplace on comparable debt instruments.

Item 4T. CONTROLS AND PROCEDURES

Our management, with the participation of our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer (the "Certifying Officers"), has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based upon that evaluation, the Certifying Officers concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report for the information required to be disclosed in the reports we file or submit under the Exchange Act to be recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. There were no changes in our internal control over financial reporting during the quarter ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Batesville Antitrust Litigation

Our material legal proceedings are described in detail in Note 14 to our consolidated financial statements in Part I, Item 1 of this report. You should read that note carefully to understand the background and current status of those matters.

As indicated in Note 14 to our consolidated financial statements, if a class were certified in the FCA or Pioneer Valley action and if the plaintiffs were to prevail at trial, damages that could be awarded, which would be trebled as a matter of law, could have a significant material adverse effect on our results of operations, financial condition, and/or liquidity. We continue to believe that we have committed no wrongdoing as alleged by the plaintiffs and that we have meritorious defenses to class certification and to plaintiffs' underlying allegations and damage theories, which we are asserting vigorously.

Item 1A. RISK FACTORS

For information regarding the risks we face, see the discussion under "Item 1A. Risk Factors" in our Form 10-K for the year ended September 30, 2008. There have been no material changes to the risk factors described in that report.

Item 2. UNREGISTERED SALES OF SECURITIES AND USE OF PROCEEDS

There were no unregistered sales of equity securities in the three months ended December 31, 2008.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid Per Share*	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs **	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
October 2008	320,621	$ 19.49	320,621	$ 87,524,373
November 2008	—	—	—	—
December 2008	—	—	—	—
Total	320,621	$ 19.49	320,621	$ 87,524,373

* Includes commissions paid.

** On July 24, 2008, our Board of Directors approved the repurchase of $100 million of common stock. As of December 31, 2008, we had repurchased approximately 0.6 million shares for $12.5 million and they are now held as treasury stock. The stock repurchase approval has no expiration date, and there was no termination or expiration of the stock repurchase plan since our separation from Hill-Rom through December 31, 2008.

Item 6. EXHIBITS

The exhibits filed with this report are listed on the Exhibit Index, which is incorporated herein by reference.

SIGNATURES

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

HILLENBRAND, INC.

DATE: February 6, 2009

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

DATE: February 6, 2009

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

EXHIBIT INDEX

Exhibit 10.1*	Employment Agreement dated as of October 27, 2008, between Hillenbrand, Inc. and Jan M. Santerre
Exhibit 10.2*	Employment Agreement dated as of November 3, 2008, between Hillenbrand, Inc. and Hinesh Patel
Exhibit 31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith.

Exhibit 10.1

EMPLOYMENT AGREEMENT

P R E A M B L E

This Employment Agreement defines the essential terms and conditions of our employment relationship with you. The subjects covered in this Agreement are vitally important to you and to the Company. Thus, you should read the document carefully and ask any questions before signing the Agreement. Given the importance of these matters to you and the Company, you are required to sign the Agreement as a condition of employment.

This EMPLOYMENT AGREEMENT, dated and effective this 27th day of October, 2008 is entered into by and between Hillenbrand, Inc. ("Company") and Jan Santerre ("Employee").

W I T N E S S E T H:

WHEREAS, the Company is engaged in the design, manufacture, promotion and sale of funeral and burial-related products and services throughout the United States and North America including, but not limited to, burial caskets, cremation products and other memorial products.

WHEREAS, the Company is willing to employ Employee in an executive or managerial position and Employee desires to be employed by the Company in such capacity based upon the terms and conditions set forth in this Agreement;

WHEREAS, in the course of the employment contemplated under this Agreement, and as a continuation of Employee's past employment with the Company, if applicable, it will be necessary for Employee to acquire and maintain knowledge of certain trade secrets and other confidential and proprietary information regarding the Company as well as any of its parent, subsidiary and/or affiliated entities (hereinafter jointly referred to as the "Companies"); and

WHEREAS, the Company and Employee (individually referred to as a "Party" and collectively referred to as the "Parties") acknowledge and agree that the execution of this Agreement is necessary to memorialize the terms and conditions of their employment relationship as well as to safeguard against the unauthorized disclosure or use of the Company's confidential information and to otherwise preserve the goodwill and ongoing business value of the Company;

NOW THEREFORE, in consideration of Employee's employment, the Company's willingness to disclose certain confidential and proprietary information to Employee and the mutual covenants contained herein as well as other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

1. Employment. As of the effective date of this Agreement, the Company agrees to employ Employee and Employee agrees to serve as Vice President, Continuous Improvement. Employee agrees to perform all duties and responsibilities traditionally assigned to, or falling within the normal responsibilities of, an individual employed in the above-referenced position. Employee also agrees to perform any and all additional duties or responsibilities as may be assigned by the Company in its sole discretion. The Parties acknowledge that both Employee's title and the underlying duties may change.

2. Best Efforts and Duty of Loyalty. During the term of employment with the Company, Employee covenants and agrees to exercise reasonable efforts to perform all assigned duties in a diligent and professional manner and in the best interest of the Company. Employee agrees to devote Employee's full working time, attention, talents, skills and best efforts to further the Company's business and agrees not to take any action, or make any omission, that deprives the Company of any business opportunities or otherwise act in a manner that conflicts with the best interest of the Company or is otherwise detrimental to its business. Employee agrees not to engage in any outside business activity, whether or not pursued for gain, profit or other pecuniary advantage, without the express written consent of the Company. Employee shall act at all times in accordance with the Company's Code of Ethical Business Conduct, and all other applicable policies which may exist or be adopted by the Company from time to time.

3. At-Will Employment. Subject to the terms and conditions set forth below, Employee specifically acknowledges and accepts such employment on an "at-will" basis and agrees that both Employee and the Company retain the right to terminate this relationship at any time, with or without cause, for any reason not prohibited by applicable law upon notice as required by this Agreement. Employee acknowledges that nothing in this Agreement is intended to create, nor should be interpreted to create, an employment contract for any specified length of time between the Company and Employee.

4. Compensation. For all services rendered by Employee on behalf of, or at the request of, the Company, Employee shall be paid as follows:

   (a) A base salary at the bi-weekly rate of Ten Thousand, Three Hundred Eighty-Four Dollars and Sixty-One Cents ($10,384.61), less usual and ordinary deductions;

   (b) Incentive compensation, payable solely at the discretion of the Company, pursuant to the Company's existing Incentive Compensation Program or any other program as the Company may establish in its sole discretion; and

   (c) Such additional compensation, benefits and perquisites as the Company may deem appropriate.

5. Changes to Compensation. Notwithstanding anything contained herein to the contrary, Employee acknowledges that the Company specifically reserves the right to make changes to Employee's compensation in its sole discretion including, but not limited to, modifying or eliminating a compensation component. The Parties agree that such changes shall be deemed effective immediately and a modification of this Agreement unless, within seven (7) days after receiving notice of such change, Employee exercises Employee's right to terminate this Agreement without cause. The Parties anticipate that Employee's compensation structure will be reviewed on an annual basis but acknowledge that the Company shall have no obligation to do so.

6. Direct Deposit. As a condition of employment, and within thirty (30) days of the effective date of this Agreement, Employee agrees to make all necessary arrangements to have all sums paid pursuant to this Agreement direct deposited into one or more bank accounts as designated by Employee.

7. Warranties and Indemnification. Employee warrants that Employee is not a party to any contract, restrictive covenant, or other agreement purporting to limit or otherwise adversely affecting Employee's ability to secure employment with the Company or any other potential employer. Alternatively, should any such agreement exist, Employee warrants that the existence thereof has been disclosed to the Company and that the contemplated services to be performed hereunder will not violate the terms and conditions of any such agreement. In either event, Employee agrees to fully indemnify and hold the Company harmless from any and all claims arising from, or involving the enforcement of, any such restrictive covenants or other agreements.

8. Restricted Duties. Employee agrees not to disclose, or use for the benefit of the Company, any confidential or proprietary information belonging to any predecessor employer(s) that otherwise has not been made public and further acknowledges that the Company has specifically instructed Employee not to disclose or use such confidential or proprietary information. Based on Employee's understanding of the anticipated duties and responsibilities hereunder, Employee acknowledges that such duties and responsibilities will not compel the disclosure or use of any such confidential and proprietary information.

9. Termination Without Cause. The Parties agree that either Party may terminate this employment relationship at any time, without cause, upon sixty (60) days' advance written notice or, if terminated by the Company, pay in lieu of notice (hereinafter referred to as "notice pay") if the Company so elects. In such event, Employee shall only be entitled to such compensation, benefits and perquisites that have been paid or fully accrued as of the effective date of Employee's separation and as otherwise explicitly set forth in this Agreement. However, in no event shall Employee be entitled to notice pay if Employee is eligible for and accepts severance payments pursuant to the provisions of Paragraphs 15 and 16, below.

10. Termination With Cause. Employee's employment may be terminated by the Company at any time "for cause" without notice or prior warning. For purposes of this Agreement, "cause" shall mean the Company's good faith determination that Employee has:

    (a) Acted with gross neglect or willful misconduct in the discharge of Employee's duties and responsibilities or refused to follow or comply with the lawful direction of the Company or the terms and conditions of this Agreement, provided such refusal is not based primarily on Employee's good faith compliance with applicable legal or ethical standards;

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

    (c) Violated a material requirement of any Company policy or procedure, specifically including a violation of the Company's Code of Ethics or Associate Policy Manual;

    (d) Disclosed without proper authorization any trade secrets or other Confidential Information (as defined herein);

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

    (f) Engaged in such other conduct recognized at law as constituting cause. Upon the occurrence or discovery of any event specified above, the Company shall have the right to terminate Employee's employment, effective immediately, by providing notice thereof to Employee without further obligation to Employee other than accrued wages or other accrued wages, deferred compensation or other accrued benefits of employment (collectively referred to herein as "Accrued Obligations"), which shall be paid in accordance with the Company's past practice and applicable law. To the extent any violation of this Paragraph is capable of being promptly cured by Employee (or cured within a reasonable period to the Company's satisfaction), the Company agrees to provide Employee with a reasonable opportunity to so cure such defect. Absent written mutual agreement otherwise, the Parties agree in advance that it is not possible for Employee to cure any violations of sub-paragraph (b) or (d) and, therefore, no opportunity for cure need be provided in those circumstances.

11. Termination Due to Death or Disability. In the event Employee dies or suffers a disability (as defined herein) during the term of employment, this Agreement shall automatically be terminated on the date of such death or disability without further obligation on the part of the Company other than the payment of Accrued Obligations. For purposes of this Agreement, Employee shall be considered to have suffered a "disability" upon a determination by the Company, or an admission by Employee, that Employee cannot perform the essential functions of Employee's position as a result of a such a disability and the occurrence of one or more of the following events:

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

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

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

    Notwithstanding anything expressed or implied above to the contrary, the Company agrees to fully comply with its obligations under the Family and Medical Leave Act of 1993 and the Americans with Disabilities Act as well as any other applicable federal, state, or local law, regulation, or ordinance governing the provision of leave to individuals with serious health conditions or the protection of individuals with such disabilities as well as the Company's obligation to provide reasonable accommodation thereunder.

12. Exit Interview. Upon termination of Employee's employment for any reason, Employee agrees, if requested, to participate in an exit interview with the Company and reaffirm in writing Employee's post-employment obligations as set forth in this Agreement.

13. Section 409A Notification. Employee acknowledges that Employee has been advised of the American Jobs Creation Act of 2004, which added Section 409A to the Internal Revenue Code ("Section 409A"), and significantly changed the taxation of nonqualified deferred compensation plans and arrangements. Under proposed and final regulations as of the date of this Agreement, Employee has been advised that Employee's severance pay and other termination benefits may be treated by the Internal Revenue Service as providing "nonqualified deferred compensation," and therefore subject to Section 409A. In that event, several provisions in Section 409A may affect Employee'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" of public companies on account of separation from service may not be made earlier than six (6) months after the effective date of such 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% penalty. As a result of the requirements imposed by the American Jobs Creation Act of 2004, Employee agrees that if Employee is a "specified employee" at the time of Employee's termination of employment and if payments in connection with such termination of employment are subject to Section 409A and not otherwise exempt, such payments (and other benefits to the extent applicable) due Employee at the time of termination of employment shall not be paid until a date at least six (6) months after the effective date of Employee's termination of employment ("Employee's Effective Termination Date"). 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 as allowed under Section 409A. If any provision of this Agreement (or of any award of compensation) would cause Employee 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 Employee regarding such amendments or modifications prior to the effective date of any such change.

14. Section 409A Acknowledgement. Employee acknowledges that, notwithstanding anything contained herein to the contrary, both Parties shall be independently responsible for assessing their own risks and liabilities under Section 409A that may be associated with any payment made under the terms of this Agreement or any other arrangement which may be deemed to trigger Section 409A. Further, the Parties agree that each shall independently bear responsibility for any and all taxes, penalties or other tax obligations as may be imposed upon them in their individual capacity as a matter of law. To the extent applicable, Employee understands and agrees that Employee shall have the responsibility for, and Employee agrees to pay, any and all appropriate income tax or other tax obligations for which Employee is individually responsible and/or related to receipt of any compensation or benefits provided in this Agreement. Employee 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 compensation or benefits having been provided to Employee or based on any alleged failure to withhold taxes or satisfy any claimed obligation. Employee understands and acknowledges that neither the Company, nor any of its employees, attorneys, or other representatives has provided or will provide Employee with any legal or financial advice concerning taxes or any other matter, and that Employee has not relied on any such advice in deciding whether to enter into this Agreement.

15. Severance. In the event Employee's employment is terminated by the Company without cause, and subject to the normal terms and conditions imposed by the Company as set forth herein and in the attached Separation and Release Agreement, Employee shall be eligible to receive severance pay based upon Employee's base salary at the time of termination for a period determined in accordance with any guidelines as may be established by the Company or for a period up to six (6) months (whichever is longer).

16. Severance Payment Terms and Conditions. No severance pay shall be paid if Employee voluntarily leaves the Company's employ or is terminated for cause. Any severance pay made payable under this Agreement shall be paid in lieu of, and not in addition to, any other contractual, notice or statutory pay or other accrued compensation obligation (excluding accrued wages and deferred compensation). Additionally, such severance pay is contingent upon Employee fully complying with the restrictive covenants contained herein and executing a Separation and Release Agreement in a form not substantially different from that attached as Exhibit A. Further, the Company's obligation to provide severance hereunder shall be deemed null and void should Employee fail or refuse to execute and deliver to the Company the Company's then-standard

Separation and Release Agreement (without modification) within any time period as may be prescribed by law or, in the absence thereof, twenty-one (21) days after the Employee's Effective Termination Date. Conditioned upon the execution and delivery of the Separation and Release Agreement as set forth in the prior sentence, severance pay benefits shall be paid as follows: (i) in one lump sum equivalent to six (6) months' base salary on the day following the date which is six (6) months following Employee's Effective Termination Date with any remainder to be paid in bi-weekly installments equivalent to Employee's bi-weekly base salary commencing upon the next regularly scheduled payroll date if both the severance pay benefit is subject to Section 409A and if Employee is a "specified employee" under Section 409A or (ii) for any severance pay benefits not subject to clause (i), in bi-weekly installments equivalent to Employee's bi-weekly base salary commencing upon the next regularly scheduled payroll date following the earlier to occur of fifteen (15) days from the Company's receipt of an executed Separation and Release Agreement or the expiration of sixty (60) days after Employee's Effective Termination Date and shall be paid on the Company's regularly scheduled pay dates; 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 calendar 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 Employee's Effective Termination Date. Excluding any lump sum payment due as a result of the application of Section 409A (which shall be paid regardless of reemployment), all other severance payments provided hereunder shall terminate upon reemployment.

17. Assignment of Rights.

(a) Copyrights. Employee agrees that all works of authorship fixed in any tangible medium of expression by Employee during the term of this Agreement relating to the Company's business ("Works"), either solely or jointly with others, shall be and remain exclusively the property of the Company. Each such Work created by Employee is a "work made for hire" under the copyright law and the Company may file applications to register copyright in such Works as author and copyright owner thereof. If, for any reason, a Work created by Employee is excluded from the definition of a "work made for hire" under the copyright law, then Employee does hereby assign, sell, and convey to the Company the entire rights, title, and interests in and to such Work, including the copyright therein. Employee will execute any documents that the Company deems necessary in connection with the assignment of such Work and copyright therein. Employee will take whatever steps and do whatever acts the Company requests, including, but not limited to, placement of the Company's proper copyright notice on Works created by Employee, to secure or aid in securing copyright protection in such Works and will assist the Company or its nominees in filing applications to register claims of copyright in such Works. The Company shall have free and unlimited access at all times to all Works and all copies thereof and shall have the right to claim and take possession on demand of such Works and copies.

(b) Inventions. Employee agrees that all discoveries, concepts, and ideas, whether patentable or not, including, but not limited to, apparatus, processes, methods, compositions of matter, techniques, and formulae, as well as improvements thereof or know-how related thereto, relating to any present or prospective product, process, or service of the Company ("Inventions") that Employee conceives or makes during the term of this Agreement relating to the Company's business, shall become and remain the exclusive property of the Company, whether patentable or not, and Employee will, without royalty or any other consideration:

(i) Inform the Company promptly and fully of such Inventions by written reports, setting forth in detail the procedures employed and the results achieved;

(ii) Assign to the Company all of Employee's rights, title, and interests in and to such Inventions, any applications for United States and foreign Letters Patent, any United States and foreign Letters Patent, and any renewals thereof granted upon such Inventions;

(iii) Assist the Company or its nominees, at the expense of the Company, to obtain such United States and foreign Letters Patent for such Inventions as the Company may elect; and

(iv) Execute, acknowledge, and deliver to the Company at the Company's expense such written documents and instruments, and do such other acts, such as giving testimony in support of Employee's inventorship, as may be necessary, in the opinion of the Company, to obtain and maintain United States and foreign Letters Patent upon such Inventions and to vest the entire rights and title thereto in the Company and to confirm the complete ownership by the Company of such Inventions, patent applications, and patents.

18. Company Property. All records, files, drawings, documents, data in whatever form, business equipment (including computers, PDAs, cell phones, etc.), and the like relating to, or provided by, the Company shall be and remain the sole property of the Company. Upon termination of employment, Employee shall immediately return to the Company all such items without retention of any copies and without additional request by the Company. De minimis items such as pay stubs, 401(k) plan summaries, employee bulletins, and the like are excluded from this requirement.

19. Confidential Information. Employee acknowledges that the Company and its affiliated entities (herein collectively referred to as "Companies") possess certain trade secrets as well as other confidential and proprietary information which they have acquired or will acquire at great effort and expense. Such information may include, without limitation, confidential information, whether in tangible or intangible form, regarding the Companies' products and services, marketing strategies, business plans, operations, costs, current or prospective customer information (including customer identities, contacts, requirements, creditworthiness, preferences, and like matters), product concepts, designs, prototypes or specifications, research and development efforts, technical data and know- how, sales information, including pricing and other terms and conditions of sale, financial information, internal procedures, techniques, forecasts, methods, trade information, trade secrets, software programs, project requirements, inventions, trademarks, trade names, and similar information regarding the Companies' business(es) (collectively referred to herein as "Confidential Information"). Employee further acknowledges that, as a result of Employee's employment with the Company, Employee will have access to, will become acquainted with, and/or may help develop, such Confidential Information. Confidential Information shall not include information readily available to the public through so long as such information was not made available through fault of Employee or wrong doing by any other individual.

20. Restricted Use of Confidential Information. Employee agrees that all Confidential Information is and shall remain the sole and exclusive property of the Company and/or its affiliated entities. Except as may be expressly authorized by the Company in writing, Employee agrees not to disclose, or cause any other person or entity to disclose, any Confidential Information to any third party while employed by the Company and for as long thereafter as such information remains confidential (or as limited by applicable law). Further, Employee agrees to use such Confidential Information only in the course of Employee's duties in furtherance of the Company's business and agrees not to make use of any such Confidential Information for Employee's own purposes or for the benefit of any other entity or person.

21. Acknowledged Need for Limited Restrictive Covenants. Employee acknowledges that the Companies have spent and will continue to expend substantial amounts of time, money and effort to develop their business strategies, Confidential Information, customer identities and relationships, goodwill and employee relationships, and that Employee will benefit from these efforts. Further, Employee acknowledges the inevitable use of, or near-certain influence by Employee's knowledge of, the Confidential Information disclosed to Employee during the course of employment if allowed to compete against the Company in an unrestricted manner and that such use would be unfair and extremely detrimental to the Company. Accordingly, based on these legitimate business reasons, Employee acknowledges each of the Companies' need to protect their legitimate business interests by reasonably restricting Employee's ability to compete with the Company on a limited basis.

22. Non-Solicitation. During Employee's employment and for a period of twenty-four (24) months thereafter, Employee agrees not to directly or indirectly engage in the following prohibited conduct:

    (a) Solicit, offer products or services to, or accept orders for, any Competitive Products or otherwise transact any competitive business with, any customer or entity with whom Employee had contact or transacted any business on behalf of the Company (or any Affiliate thereof) during the eighteen (18) month period preceding Employee's date of separation or about whom Employee possessed, or had access to, confidential and proprietary information;

    (b) Attempt to entice or otherwise cause any third party to withdraw, curtail or cease doing business with the Company (or any Affiliate thereof), specifically including customers, vendors, independent contractors and other third party entities;

(c) Disclose to any person or entity the identities, contacts or preferences of any customers of the Company (or any Affiliate thereof), or the identity of any other persons or entities having business dealings with the Company (or any Affiliate thereof);

(d) Induce any individual who has been employed by or had provided services to the Company (or any Affiliate thereof) within the six (6) month period immediately preceding the effective date of Employee's separation to terminate such relationship with the Company (or any Affiliate thereof);

(e) Assist, coordinate or otherwise offer employment to, accept employment inquiries from, or employ any individual who is or had been employed by the Company (or any Affiliate thereof) at any time within the six (6) month period immediately preceding such offer or inquiry;

(f) Communicate or indicate in any way to any customer of the Company (or any Affiliate thereof), prior to formal separation from the Company, any interest, desire, plan, or decision to separate from the Company; or

(g) Otherwise attempt to directly or indirectly interfere with the Company's business, the business of any of the Companies or their relationship with their employees, consultants, independent contractors or customers.

23. Limited Non-Compete. For the above-stated reasons, and as a condition of employment to the fullest extent permitted by law, Employee agrees during the Relevant Non-Compete Period not to directly or indirectly engage in the following competitive activities:

(a) Employee shall not have any ownership interest in, work for, advise, consult, or have any business connection or business or employment relationship in any competitive capacity with any Competitor unless Employee provides written notice to the Company of such relationship prior to entering into such relationship and, further, provides sufficient written assurances to the Company's satisfaction that such relationship will not jeopardize the Company's legitimate interests or otherwise violate the terms of this Agreement;

(b) Employee shall not engage in any research, development, production, sale or distribution of any Competitive Products, specifically including any products or services relating to those for which Employee had responsibility for the eighteen (18) month period preceding Employee's date of separation;

(c) Employee shall not market, sell, or otherwise offer or provide any Competitive Products within Employee's Geographic Territory (if applicable) or Assigned Customer Base, specifically including any products or services relating to those for which Employee had responsibility for the eighteen (18) month period preceding Employee's date of separation; and

(d) Employee shall not distribute, market, sell or otherwise offer or provide any Competitive Products to any customer of the Company with whom Employee had contact or for which Employee had responsibility at any time during the eighteen (18) month period preceding Employee's date of separation.

24. Non-Compete Definitions. For purposes of this Agreement, the Parties agree that the following terms shall apply:

(a) "Affiliate" includes any parent, subsidiary, joint venture, or other entity controlled, owned, managed or otherwise associated with the Company;

(b) "Assigned Customer Base" shall include all accounts or customers formally assigned to Employee within a given territory or geographical area or contacted by Employee at any time during the eighteen (18) month period preceding Employee's date of separation;

(c) "Competitive Products" shall include any product or service that directly or indirectly competes with, is substantially similar to, or serves as a reasonable substitute for, any product or service in research, development or design, or manufactured, produced, sold or distributed by the Company;

(d) "Competitor" shall include any person or entity that offers or is actively planning to offer any Competitive Products and may include (but not be limited to) any entity identified on the Company's Illustrative Competitor List, attached hereto as Exhibit B, which shall be amended from time to time to reflect changes in the Company's business and competitive environment (updated competitor lists will be provided to Employee upon reasonable request);

(e) "Geographic Territory" shall include any territory formally assigned to Employee as well as all territories in which Employee has provided any services, sold any products or otherwise had responsibility at any time during the eighteen (18) month period preceding Employee's date of separation;

(f) "Relevant Non-Compete Period" shall include the period of Employee's employment with the Company as well as a period of eighteen (18) months after such employment is terminated, regardless of the reason for such termination provided, however, that this period shall be reduced to the greater of (i) nine (9) months or (ii) the total length of Employee's employment with the Company, including employment with any parent, subsidiary or affiliated entity, if such employment is less than twenty-four (24) months;

(g) "Directly or indirectly" shall be construed such that the foregoing restrictions shall apply equally to Employee whether performed individually or as a partner, shareholder, officer, director, manager, employee, salesperson, independent contractor, broker, agent, or consultant for any other individual, partnership, firm, corporation, company, or other entity engaged in such conduct.

25. Employment by National or Regional Accounts. Employee acknowledges that Employee will have acquired and/or have access to confidential and proprietary information regarding the Company's business dealings with, and business strategies concerning, its national or regional accounts (a/k/a Key Accounts, Prime Accounts, and National Accounts). Employee further acknowledges that such knowledge would provide Employee with a competitive advantage if used against the Company or used against a competitor of a national or regional account. Accordingly, as a term and condition of employment, Employee agrees that the foregoing restrictive covenants shall apply with equal force to restrict Employee from seeking any employment or any other business relationship with such national or regional account, whether or not serviced by Employee, for the duration of Employee's Relevant Non-Compete Period. Employee agrees that such accounts shall include, but not be limited to, the following:

- Arbor Memorial Services
- Brooke Funeral Services Co., LLC (Brooke Franchise Corp.)
- Buckner Management Services
- Calvert Group
- Carriage Funeral Holdings, Inc.
- Celebris Memorial Services, Inc. (Urgel Bourgie)
- Citadel Funeral Service, Inc. (Wisconsin Vault Company)
- Concord Family Services, Inc.
- Family Choices
- Gibralter Mausoleum Company (A division of Matthews International)
- Keystone Group Holdings, Inc.
- Legacy Funeral Group (Legacy Funeral Holdings, Inc.; Legacy Funeral Holdings of Louisiana, LLC; Legacy Funeral Holdings of Mississippi, LLC; Legacy Funeral Properties, Inc.)
- Memory Gardens Management Corporation
- Newcomer Funeral Homes and Crematories
- Northstar Memorial Group
- Paxus Services, Inc. (Paxus Services (Kansas), Inc.; Paxus Services (Tennessee), Inc.; Paxus Services (Louisiana), Inc.; Paxus Services (Texas), Inc.; Paxus Services (Oklahoma), Inc.)
- Pioneer Enterprises, Inc.
- Rollings Funeral Service, Inc.
- Security National Financial Corporation
- Service Corporation International
- Stewart Enterprises, Inc.
- StoneMor Partners, L.P.
- Vertin Companies Family Funeral Homes
- Washburn-McReavy Funeral Chapels
- Wilson Financial Group, Inc.

26. Consent to Reasonableness. In light of the above-referenced concerns, including Employee's knowledge of and access to the Companies' Confidential Information, Employee acknowledges that the terms of the foregoing restrictive covenants are reasonable and necessary to protect the Company's legitimate business interests and will not unreasonably interfere with Employee's ability to obtain alternate employment. As such, Employee hereby agrees that such restrictions are valid and enforceable, and affirmatively waives any argument or defense to the contrary. Employee acknowledges that this limited non-competition provision is not an attempt to prevent Employee from obtaining other employment in violation of IC § 22-5-3-1 or any other similar statute. Employee further acknowledges that the Company may need to take action, including litigation, to enforce this limited non-competition provision, which efforts the Parties stipulate shall not be deemed an attempt to prevent Employee from obtaining other employment.

27. Survival of Restrictive Covenants. Employee acknowledges that the above restrictive covenants shall survive the termination of this Agreement and the termination of Employee's employment for any reason. Employee further acknowledges that any alleged breach by the Company of any contractual, statutory or other obligation shall not excuse or terminate the obligations hereunder or otherwise preclude the Company from seeking injunctive or other relief. Rather, Employee acknowledges that such obligations are independent and separate covenants undertaken by Employee for the benefit of the Company.

28. Effect of Transfer. Employee agrees that this Agreement shall continue in full force and effect notwithstanding any change in job duties, job titles or reporting responsibilities. Employee further acknowledges that the above restrictive covenants shall survive, and be extended to cover, the transfer of Employee from the Company to its parent, subsidiary, or any other affiliated entity (hereinafter collectively referred to as an "Affiliate") or any subsequent transfer(s) among them. Specifically, in the event of Employee's temporary or permanent transfer to an Affiliate, Employee agrees that the foregoing restrictive covenants shall remain in force so as to continue to protect such company for the duration of the Non-Compete Period, measured from Employee's effective date of transfer to an Affiliate. Additionally, Employee acknowledges that this Agreement shall be deemed to have been automatically assigned to the Affiliate as of Employee's effective date of transfer such that the above-referenced restrictive covenants (as well as all other terms and conditions contained herein) shall be construed thereafter to protect the legitimate business interests and goodwill of the Affiliate as if Employee and the Affiliate had independently entered into this Agreement. Employee's acceptance of Employee's transfer to, and subsequent employment by, the Affiliate shall serve as consideration for (as well as be deemed as evidence of Employee's consent to) the assignment of this Agreement to the Affiliate as well as the extension of such restrictive covenants to the Affiliate. Employee agrees that this provision shall apply with equal force to any subsequent transfers of Employee from one Affiliate to another Affiliate.

29. Post-Termination Notification. For the duration of Employee's Relevant Non-Compete Period or other restrictive covenant period, whichever is longer, Employee agrees to promptly notify the Company no later than five (5) business days of Employee's acceptance of any employment or consulting engagement. Such notice shall include sufficient information to demonstrate Employee's compliance with Employee's non-compete obligations and must include at a minimum the following information: (i) the name of the employer or entity for which Employee is providing any consulting services; (ii) a description of Employee's intended duties as well as (iii) the anticipated start date. Such information is required to demonstrate Employee's compliance with Employee's non-compete obligations as well as all other applicable restrictive covenants. Such notice shall be provided in writing to the Office of Vice President and General Counsel of the Company at One Batesville Boulevard, Batesville, Indiana 47006. Failure to timely provide such notice shall be deemed a material breach of this Agreement and entitle the Company to the immediate return of any severance payments paid to Employee plus attorneys' fees. Employee further consents to the Company's notification to any new employer of Employee's obligations under this Agreement.

30. Scope of Restrictions. If the scope of any restriction contained in any preceding paragraphs of this Agreement is deemed too broad to permit enforcement of such restriction to its fullest extent, then such restriction shall be enforced to the maximum extent permitted by law, and Employee hereby consents and agrees that such scope may be judicially modified accordingly in any proceeding brought to enforce such restriction.

31. Specific Enforcement/Injunctive Relief. Employee agrees that it would be difficult to measure any damages to the Company from a breach of the above-referenced restrictive covenants, but acknowledges that the potential for such damages would be great, incalculable and irremediable, and that monetary damages alone would be an inadequate remedy. Accordingly, Employee agrees that the Company shall be entitled to immediate injunctive relief against such breach, or threatened breach, in any court having jurisdiction. In addition, if Employee violates any such restrictive covenant, Employee agrees that the period of such violation shall be added to the term of the restriction. In determining the period of any violation, the Parties stipulate that in any calendar month in which Employee engages in any activity in violation of such provisions, Employee shall be deemed to have violated such provision for the entire month, and that month shall be added to the duration of the non-competition provision. Employee acknowledges that the remedies described above shall not be the exclusive remedies, and the Company may seek any other remedy available to it either in law or in equity, including, by way of example only, statutory remedies for misappropriation of trade secrets, and including the recovery of compensatory or punitive damages. Employee further agrees that the Company shall be entitled to an award of all costs and attorneys' fees incurred by it in any attempt to enforce the terms of this Agreement.

32. Publicly Traded Stock. The Parties agree that nothing contained in this Agreement shall be construed to prohibit Employee from investing Employee's personal assets in any stock or corporate security traded or quoted on a national securities exchange or national market system provided, however, such investments do not require any services on the part of Employee in the operation or the affairs of the business or otherwise violate the Company's Code of Ethics.

33. Notice of Claim and Contractual Limitations Period. Employee acknowledges the Company's need for prompt notice, investigation, and resolution of any claims that may be filed against it due to the number of relationships it has with employees and others (and due to the turnover among such individuals with knowledge relevant to any underlying claim). Accordingly, Employee agrees prior to initiating any litigation of any type (including, but not limited to, employment discrimination litigation, wage litigation, defamation, or any other claim) to notify the Company, within One Hundred and Eighty (180) days after the claim accrued, by sending a certified letter addressed to the Company's General Counsel setting forth: (i) claimant's name, address, and phone; (ii) the name of any attorney representing Employee; (iii) the nature of the claim; (iv) the date the claim arose; and (v) the relief requested. This provision is in addition to any other notice and exhaustion requirements that might apply. For any dispute or claim of any type against the Company (including but not limited to employment discrimination litigation, wage litigation, defamation, or any other claim), Employee must commence legal action within the shorter of one (1) year of accrual of the cause of action or such shorter period that may be specified by law.

34. Non-Jury Trials. Notwithstanding any right to a jury trial for any claims, Employee waives any such right to a jury trial, and agrees that any claim of any type (including but not limited to employment discrimination litigation, wage litigation, defamation, or any other claim) lodged in any court will be tried, if at all, without a jury.

35. Choice of Forum. Employee acknowledges that the Company is primarily based in Indiana, and Employee understands and acknowledges the Company's desire and need to defend any litigation against it in Indiana. Accordingly, the Parties agree that any claim of any type brought by Employee against the Company or any of its employees or agents must be maintained only in a court sitting in Marion County, Indiana, or Ripley County, Indiana, or, if a federal court, the Southern District of Indiana, Indianapolis Division. Employee further understands and acknowledges that in the event the Company initiates litigation against Employee, the Company may need to prosecute such litigation in such state where the Employee is subject to personal jurisdiction. Accordingly, for purposes of enforcement of this Agreement, Employee specifically consents to personal jurisdiction in the State of Indiana as well as any state in which resides a customer assigned to the Employee. Furthermore, Employee consents to appear, upon Company's request and at Employee's own cost, for deposition, hearing, trial, or other court proceeding in Indiana or in any state in which resides a customer assigned to the Employee.

36. Choice of Law. This Agreement shall be deemed to have been made within the County of Ripley, State of Indiana and shall be interpreted and construed in accordance with the laws of the State of Indiana without regard to the choice of law provisions thereof. Any and all matters of dispute of any nature whatsoever arising out of, or in any way connected with the interpretation of this Agreement, any disputes arising out of the Agreement or the employment relationship between the Parties hereto, shall be governed by, construed by and enforced in accordance with the laws of the State of Indiana without regard to any applicable state's choice of law provisions.

37. Titles. Titles are used for the purpose of convenience in this Agreement and shall be ignored in any construction of it.

38. Severability. The Parties agree that each and every paragraph, sentence, clause, term and provision of this Agreement is severable and that, in the event any portion of this Agreement is adjudged to be invalid or unenforceable, the remaining portions thereof shall remain in effect and be enforced to the fullest extent permitted by law. Further, should any particular clause, covenant, or provision of this Agreement be held unreasonable or contrary to public policy for any reason, the Parties acknowledge and agree that such covenant, provision or clause shall automatically be deemed modified such that the contested covenant, provision or clause will have the closest effect permitted by applicable law to the original form and shall be given effect and enforced as so modified to whatever extent would be reasonable and enforceable under applicable law.

39. Assignment-Notices. The rights and obligations of the Company under this Agreement shall inure to its benefit, as well as the benefit of its parent, subsidiary, successor and affiliated entities, and shall be binding upon the successors and assigns of the Company. This Agreement, being personal to Employee, cannot be assigned by Employee, but Employee's personal representative shall be bound by all its terms and conditions. Any notice required hereunder shall be sufficient if in writing and mailed to the last known residence of Employee or to the Company at its principal office with a copy mailed to the Office of the General Counsel.

40. Amendments and Modifications. Except as specifically provided herein, no modification, amendment, extension or waiver of this Agreement or any provision hereof shall be binding upon the Company or Employee unless in writing and signed by both Parties. The waiver by the Company or Employee of a breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach. Nothing in this Agreement shall be construed as a limitation upon the Company's right to modify or amend any of its manuals or policies in its sole discretion and any such modification or amendment which pertains to matters addressed herein shall be deemed to be incorporated herein and made a part of this Agreement.

41. Outside Representations. Employee represents and acknowledges that in signing this Agreement Employee does not rely, and has not relied, upon any representation or statement made by the Company or by any of the Company's employees, officers, agents, stockholders, directors or attorneys with regard to the subject matter, basis or effect of this Agreement other than those specifically contained herein.

42. Voluntary and Knowing Execution. Employee acknowledges that Employee has been offered a reasonable amount of time within which to consider and review this Agreement; that Employee has carefully read and fully understands all of the provisions of this Agreement; and that Employee has entered into this Agreement knowingly and voluntarily.

43. Entire Agreement. This Agreement constitutes the entire employment agreement between the Parties hereto concerning the subject matter hereof and shall supersede all prior and contemporaneous agreements between the Parties in connection with the subject matter of this Agreement. Any pre-existing Employment Agreements shall be deemed null and void. Nothing in this Agreement, however, shall affect any separately-executed written agreement addressing any other issues (e.g., the Inventions, Improvements, Copyrights and Trade Secrets Agreement, etc.).

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

"EMPLOYEE"	HILLENBRAND, INC.
Signed: /s/ Jan M. Santerre	By: /s/ P. Douglas Wilson
Printed: Jan Santerre	Title: Senior V.P., Human Resources
Dated: October 27, 2008	Dated: October 28, 2008

CAUTION: READ BEFORE SIGNING

Exhibit A

SAMPLE SEPARATION AND RELEASE AGREEMENT

THIS SEPARATION and RELEASE AGREEMENT ("Agreement") is entered into by and between _____ ("Employee") and _____ (together with its subsidiaries and affiliates, the "Company"). Employee and the Company (together the "Parties") agree as follows:

1. Employee's active employment by the Company shall terminate effective [date of termination] (Employee's "Effective Termination Date"). Except as specifically provided by this Agreement, or in any other non-employment agreement that may exist between the Company and Employee, Employee agrees that the Company shall have no other obligations or liabilities to Employee following Employee's Effective Termination Date and that Employee's receipt of the severance compensation and benefits provided herein shall constitute a complete settlement, satisfaction and waiver of any and all claims Employee may have against the Company.

2. Employee further submits, and the Company hereby accepts, Employee's resignation as an employee, officer and director, as applicable, as of Employee's Effective Termination Date, for any position Employee may hold. The Parties agree that this resignation shall apply to all such positions Employee may hold with the Company or any parent, subsidiary or affiliated entity thereof. Employee agrees to execute any documents needed to effectuate such resignations. Employee further agrees to take whatever steps are necessary to facilitate and ensure the smooth transition of Employee's duties and responsibilities to others.

3. Employee acknowledges that Employee has been advised of the American Jobs Creation Act of 2004, which added Section 409A ("Section 409A") to the Internal Revenue Code, and significantly changed the taxation of nonqualified deferred compensation plans and arrangements. Under proposed and final regulations as of the date of this Agreement, Employee has been advised that Employee's severance compensation and benefits may be treated by the Internal Revenue Service as providing "nonqualified deferred compensation," and therefore subject to Section 409A. In that event, several provisions in Section 409A may affect Employee's receipt of severance compensation and benefits. These include, but are not limited to, a provision which requires that distributions to "specified employees" of public companies on account of separation from service may not be made earlier than six (6) months after the effective date of such separation. If applicable, failure to comply with Section 409A can lead to immediate taxation of deferrals, with interest calculated at a penalty rate and a 20% penalty. As a result of the requirements imposed by the American Jobs Creation Act of 2004, Employee agrees that if Employee is a "specified employee" at the time of Employee's termination and if the severance compensation payable to Employee is covered by Section 409A as "non-qualified deferred compensation" or is otherwise not exempt from Section 409A, the severance compensation shall not be paid until a date at least six (6) months after Employee's Effective Termination Date from the Company, as more fully explained in Section 4 below.

4. In consideration of the promises contained in this Agreement and contingent upon Employee's compliance with such promises, the Company agrees to provide Employee the following:

(a) Severance compensation ("Severance Pay"), in lieu of and not in addition to any other contractual, notice or statutory pay obligations (other than accrued wages and deferred compensation), in the maximum total amount of [_____] Dollars and [_____] Cents ($_____) (the "Maximum Amount") (subject to applicable deductions or other set-offs) determined and payable as follows:

[*For 409A Severance Pay for Specified Employees Only*]

(i) A lump sum payment in the gross amount of [_____] Dollars and [_____] Cents ($_____) (subject to applicable deductions or other set-offs) payable the day following the six (6) month anniversary of Employee's Effective Termination Date, and if such lump sum payment is less than the Maximum Amount and Employee has not been Reemployed (hereafter defined) prior to the payment of such lump sum amount, then an additional amount of Severance Pay shall also be paid to Employee in the form of bi-weekly installments equivalent to Employee's gross base salary (i.e. _____ Dollars and _____ Cents ($_____)) (subject to applicable deductions or other set-offs) commencing on the Company's next regularly scheduled bi-weekly payroll date after the payment of the lump sum amount provided above and continuing on such regularly scheduled bi-weekly payroll dates until the Maximum Amount of Severance Pay (including therein the lump sum paid and all bi-weekly payments paid) has been paid to Employee or until Employee becomes Reemployed, whichever occurs first. If Employee is Reemployed prior to receiving the Maximum Amount of Severance Pay, the provisions of Section 8 may be applicable to Employee. For purposes of this subsection and Section 8 (if applicable), Employee shall be deemed to have been "Reemployed" if Employee becomes entitled to receive compensation for the performance of personal services, whether as an employee, consultant or in any other capacity or relationship, and references to a subsequent "employer" shall include the payer of such compensation to Employee regardless of the exact legal relationship existing between them.

[*For Non- 409A Severance Pay or 409A Severance Pay for Non-Specified Employees Only*]

(i) Commencing on the Company's next regularly scheduled bi-weekly payroll date immediately following the earlier to occur of (A) the date that is fifteen (15) days after the date on which the Company received this executed Agreement from Employee or (B) the date that is sixty (60) days after Employee's Effective Termination Date (assuming that Employee has not been Reemployed prior to such commencement date), and continuing on such regularly scheduled bi-weekly payroll dates until the Maximum Amount of Severance Pay has been paid to Employee or until Employee becomes Reemployed, whichever occurs first, Employee shall be paid Severance Pay equivalent to Employee's bi-weekly base salary (i.e., [_____] Dollars and [_____] Cents ($[_____]) (subject to applicable deductions or other set-offs); provided, however, that notwithstanding the foregoing, severance payments payable to an employee whose Effective Termination Date occurs in November or December shall begin on the Company's next regularly scheduled bi-weekly payroll date following the expiration of sixty (60) days after the Employee's Effective Termination Date, regardless of the earlier date on which the Company received this signed Agreement from such employee. If Employee is Reemployed prior to receiving the Maximum Amount of Severance Pay, the provisions of Section 8 may be applicable to Employee. For purposes of this subsection and Section 8 (if applicable), Employee shall be deemed to have been "Reemployed" if Employee becomes entitled to receive compensation for the performance of personal services, whether as an employee, consultant or in any other capacity or relationship, and references to a subsequent "employer" shall include the payer of such compensation to Employee regardless of the exact legal relationship existing between them.

(b) Payment for any earned but unused vacation as of Employee's Effective Termination Date, less applicable deductions permitted or required by law, payable in one lump sum within fifteen (15) days after Employee's Effective Termination Date; and

(c) Group Life Insurance coverage until such date that the Company's obligations to make severance payments to Employee under Section 4(a)(i) above and Section 8 (if applicable) have been satisfied in full.

5. Except as may be required by Section 409A, the severance payments payable under Section 4(a)(i) above and Section 8 (if applicable) shall be paid in accordance with the Company's standard payroll practices (e.g. bi-weekly). The Parties agree that the initial two (2) weeks of such severance payments shall be allocated as consideration provided to Employee in exchange for Employee's execution of a release in compliance with the Older Workers Benefit Protection Act. The balance of the severance compensation and benefits provided and other obligations undertaken by the Company pursuant to this Agreement shall be allocated as consideration for all other promises and obligations undertaken by Employee, including execution of a general release of claims.

6. The Company further agrees to provide Employee with limited out-placement counseling with a company of its choice provided that Employee participates in such counseling immediately following termination of employment. Notwithstanding anything in this Section 6 to the contrary, the out-placement counseling shall not be provided after the last day of the second calendar year following the calendar year in which termination of employment occurs.

7. As of Employee's Effective Termination Date, Employee will become ineligible to participate in the Company's health insurance program and continuation of coverage requirements under COBRA (if any) will be triggered at that time. However, as additional consideration for the promises and obligations contained herein (and except as may be prohibited by law), the Company agrees to continue to pay the employer's share of such coverage as provided under the health care program selected by Employee as of Employee's Effective Termination Date, subject to any approved changes in coverage based on a qualified election, until the above-referenced severance payments are terminated, Employee accepts other employment or Employee becomes eligible for alternative healthcare coverage, whichever occurs first, provided Employee (i) timely completes the applicable election of coverage forms and (ii) continues to pay the employee portion of the applicable premium(s). Thereafter, if applicable, coverage will be made available to Employee at Employee's sole expense (i.e., Employee will be responsible for the full COBRA premium) for the remaining months of the COBRA coverage period made available pursuant to applicable law. In the event Employee is deemed to be a highly compensated employee under applicable law, Employee acknowledges that the value of the benefits provided hereunder may be subject to taxation. The medical insurance provided herein does not include any disability coverage.

8. Should Employee become Reemployed before the Maximum Amount of the above-referenced Severance Pay has been paid to Employee, Employee agrees to so notify the Company in writing within five (5) business days of Employee's becoming Reemployed, providing the name of such employer, Employee's intended duties as well as the anticipated start date. Such information is required to ensure Employee's compliance with Employee's non-compete obligations as well as all other applicable restrictive covenants. This notice will also serve to trigger the Company's right to terminate the above-referenced severance pay benefits (specifically excluding any lump sum payment due as a result of the application of Section 409A) as well as all Company-paid or Company–provided benefits consistent with the above paragraphs. Failure to timely provide such notice shall be deemed a material breach of this Agreement entitling the Company to recover as damages the value of all benefits provided to Employee hereunder plus attorneys fees. In the event Employee accepts employment at a lower rate of pay, the Company will agree to continue to pay Employee the difference between the above severance payments and Employee's total compensation to be paid by a subsequent employer upon receipt of acceptable proof of such compensation. All other severance compensation and benefits provided by the Company to Employee hereunder, however, shall terminate upon Reemployment.

9. Employee 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 any severance compensation or benefits having been provided to Employee or based on any alleged failure to withhold taxes or satisfy any claimed obligation. Employee understands and acknowledges that neither the Company, nor any of its employees, attorneys, or other representatives, has provided Employee with any legal or financial advice concerning taxes or any other matter, and that Employee has not relied on any such advice in deciding whether to enter into this Agreement. To the extent applicable, Employee understands and agrees that Employee shall have the responsibility for, and Employee agrees to pay, any and all appropriate income tax or other tax obligations for which Employee is individually responsible and/or related to receipt of any compensation or benefits provided in this Agreement not subject to federal withholding obligations.

10. In consideration for the making of this Agreement and the severance benefits provided hereunder (whether Employee remains eligible to receive them or not), Employee, on behalf of himself and on behalf of Employee's heirs, representatives, agents and assigns, hereby RELEASES, INDEMNIFIES, HOLDS HARMLESS, and FOREVER DISCHARGES (i) the Company and its parent, subsidiary or affiliated entities, (ii) all of the present or former directors, officers, employees, shareholders, and agents of each of such companies, as well as, (iii) all predecessors, successors and assigns of any of the foregoing, from any and all actions, charges, claims, demands, damages or liabilities of any kind or character whatsoever ("Claims"), known or unknown, which Employee now has or may have had through the effective date of this Agreement, excluding, however, Claims arising under this Agreement.

11. Without limiting the generality of the foregoing release, it shall include: (i) all Claims or potential Claims arising under any federal, state or local laws relating to the Parties' employment relationship, including any Claims Employee may have under: the Civil Rights Acts of 1866 and 1964, as amended, 42 U.S.C. §§ 1981 and 2000(e) et seq.; the Civil Rights Act of 1991; the Age Discrimination in Employment Act, as amended, 29 U.S.C. §§ 621 et seq.; the Americans with Disabilities Act of 1990, as amended, 42 U.S.C §§ 12,101 et seq.; the Fair Labor Standards Act 29 U.S.C. §§ 201 et seq.; the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101, et seq.; the Employee Retirement Income Security Act, 29 U.S.C. §§ 1101 et seq.; the Sarbanes-Oxley Act of 2002, specifically including the Corporate and Criminal Fraud Accountability Act, 18 USC §1514A et seq.; and any other federal, state or local law governing the Parties' employment relationship; (ii) any Claims on account of, arising out of or in any way connected with Employee's employment with the Company or leaving of that employment; (iii) any Claims alleged or which could have been alleged in any charge or complaint against the Company; (iv) any Claims relating to the conduct of any employee, officer, director, agent or other representative of the Company; (v) any Claims of discrimination, harassment or retaliation on any basis; (vi) any Claims arising from any legal restrictions on an employer's right to separate its employees; (vii) any Claims for personal injury, compensatory or punitive damages or other forms of relief; and (viii) all other causes of action sounding in contract, tort or other common law basis, including (a) the breach of any alleged oral or written contract, (b) negligent or intentional misrepresentations, (c) wrongful discharge, (d) just cause dismissal, (e) defamation, (f) interference with contract or business relationship or (g) negligent or intentional infliction of emotional distress.

12. Employee further agrees and covenants not to sue the Company or any entity or individual subject to the foregoing General Release with respect to any Claims released by this Agreement, provided, however, that nothing contained in this Agreement shall:

    (a) prevent Employee from filing an administrative charge with the Equal Employment Opportunity Commission or any other federal, state or local agency; or

    (b) prevent Employee from challenging, under the Older Worker's Benefit Protection Act (29 U.S.C. § 626), the knowing and voluntary nature of Employee's release of any age claims in this Agreement in court or before the Equal Employment Opportunity Commission.

13. Notwithstanding Employee's right to file an administrative charge with the EEOC or any other federal, state, or local agency, Employee agrees that with Employee's release of claims in this Agreement, Employee has waived any right Employee may have to recover monetary or other personal relief in any proceeding based in whole or in part on claims released by Employee in this Agreement. For example, Employee waives any right to monetary damages or reinstatement if an administrative charge is brought against the Company, whether by Employee, the EEOC or any other person or entity, including but not limited to any federal, state or local agency. Further, with Employee's release of Claims in this Agreement, Employee specifically assigns to the Company Employee's right to any recovery arising from any such proceeding.

14. The Parties acknowledge that it is their mutual and specific intent that the above waiver fully complies with the requirements of the Older Workers Benefit Protection Act (29 U.S.C. § 626) and any similar law governing release of claims. Accordingly, Employee hereby acknowledges that:

    (a) Employee has carefully read and fully understands all of the provisions of this Agreement and that Employee has entered into this Agreement knowingly and voluntarily;

    (b) the severance benefits offered in exchange for Employee's release of claims exceed in kind and scope that to which Employee would have otherwise been legally entitled absent the execution of this Agreement;

    (c) prior to signing this Agreement, Employee had been advised, and is being advised by this Agreement, to consult with an attorney of Employee's choice concerning its terms and conditions; and

    (d) Employee has been offered at least [twenty-one (21)/forty-five (45)] [SELECT 21 FOR AN INDIVIDUAL TERMINATION AND 45 FOR A GROUP TERMINATION] days within which to review and consider this **Agreement.**

15. The Parties agree that this Agreement shall not become effective and enforceable until the date this Agreement is signed by both Parties or seven (7) calendar days after its execution by Employee, whichever is later. Employee may revoke this Agreement for any reason by providing written notice of such intent to the Company within seven (7) days after Employee has signed this Agreement, thereby forfeiting Employee's right to receive any severance benefits provided hereunder and rendering this Agreement null and void in its entirety. This revocation must be sent to the Employee's HR representative with a copy sent to the Batesville Casket Company Office of General Counsel and must be received by the end of the seventh day after Employee signs this Agreement to be effective.

16. The Parties agree that nothing contained herein shall purport to waive or otherwise affect any of Employee's rights or claims that may arise after Employee signs this Agreement. It is further understood by the Parties that nothing in this Agreement shall affect any rights Employee may have under any Company sponsored Deferred Compensation Program, Executive Life Insurance Bonus Plan, Stock Grant Award, Stock Option Grant, Restricted Stock Unit Award, Pension Plan and/or Savings Plan (i.e., 401(k) plan) provided by the Company as of the date of his/her termination, such items to be governed exclusively by the terms of the applicable agreements or plan documents.

17. Similarly, notwithstanding any provision contained herein to the contrary, this Agreement shall not constitute a waiver or release or otherwise affect Employee's rights with respect to any vested benefits, any rights Employee has to benefits which cannot be waived by law, any coverage provided under any Directors and Officers ("D&O") policy, any rights Employee may have under any indemnification agreement Employee has with the Company prior to the date hereof, any rights Employee has as a shareholder, or any claim for breach of this Agreement, including, but not limited to the benefits promised by the terms of this Agreement.

18. Except as provided herein, Employee acknowledges that Employee will not be eligible to receive or vest in any additional stock options, stock awards or restricted stock units ("RSUs") as of Employee's Effective Termination Date. Failure to exercise any vested options within the applicable period as set forth in the plan and/or grant will result in their forfeiture. Employee acknowledges that any stock options, stock awards or RSUs held for less than the required period shall be deemed forfeited as of the effective date of this Agreement. All terms and conditions of such stock options, stock awards or RSUs shall not be affected by this Agreement, shall remain in full force and effect, and shall govern the Parties' rights with respect to such equity based awards.

19. **[*Option A*]** Employee acknowledges that Employee's termination and the severance compensation and benefits offered hereunder were based on an individual determination and were not offered in conjunction with any group termination or group severance program and waives any claim to the contrary.

    [*Option B*] Employee represents and agrees that Employee has been provided relevant cohort information based on the information available to the Company as of the date this Agreement was tendered to Employee. This information is attached hereto as Exhibit A. The Parties acknowledge that simply providing such information does not mean and should not be interpreted to mean that the Company was obligated to comply with 29 C.F.R. § 1625.22(f).

20. Employee hereby affirms and acknowledges Employee's continued obligations to comply with the post-termination covenants contained in Employee's Employment Agreement, including but not limited to, the non-compete, trade secret and confidentiality provisions thereof, as well as to comply with any other agreements between Employee and the Company or any of its affiliated companies that remain in effect. Employee acknowledges that a copy of the Employment Agreement has been attached to this Agreement as Exhibit A **[B]** or has otherwise been provided to Employee and, to the extent not inconsistent with the terms of this Agreement or applicable law, the terms thereof shall be incorporated herein by reference. Employee acknowledges that the restrictions contained therein are valid and reasonable in every respect and are necessary to protect the Company's legitimate business interests. Employee hereby affirmatively waives any claim or defense to the contrary. Employee hereby acknowledges that the definition of Competitor, as provided in Employee's Employment Agreement, shall include but not be limited to those entities specifically identified in the updated Competitor List attached hereto as Exhibit B **[C]**.

21. Employee acknowledges that the Company as well as its parent, subsidiary and affiliated companies ("Companies" herein) possess, and Employee has been granted access to, certain trade secrets as well as other confidential and proprietary information that they have acquired at great effort and expense. Such information includes, without limitation, confidential information regarding products and services, marketing strategies, business plans, operations, costs, current or, prospective customer information (including customer contacts, requirements, creditworthiness and like matters), product concepts, designs, prototypes or specifications, regulatory compliance issues, research and development efforts, technical data and know-how, sales information, including pricing and other terms and conditions of sale, financial information, internal procedures, techniques, forecasts, methods, trade information, trade secrets, software programs, project requirements, inventions, trademarks, trade names, and similar information regarding the Companies' business (collectively referred to herein as "Confidential Information").

22. Employee agrees that all such Confidential Information is and shall remain the sole and exclusive property of the Company. Except as may be expressly authorized by the Company in writing, or as may be required by law after providing due notice thereof to the Company, Employee agrees not to disclose, or cause any other person or entity to disclose, any Confidential Information to any third party for as long thereafter as such information remains confidential (or as limited by applicable law) and agrees not to make use of any such Confidential Information for Employee's own purposes or for the benefit of any other entity or person. The Parties acknowledge that Confidential Information shall not include any information that is otherwise made public through no fault of Employee or other wrong doing.

23. On or before Employee's Effective Termination Date or per the Company's request, Employee agrees to return the original and all copies of all things in Employee's possession or control relating to the Companies or their businesses, including but not limited to any and all contracts, reports, memoranda, correspondence, manuals, forms, records, designs, budgets, contact information or lists (including customer, vendor or supplier lists), ledger sheets or other financial information, drawings, plans (including, but not limited to, business, marketing and strategic plans), personnel or other business files, computer hardware, software, or access codes, door and file keys, identification, credit cards, pager, phone, and any and all other physical, intellectual, or personal property of any nature that Employee received, prepared, helped prepare, or directed preparation of in connection with Employee's employment with the Company. Nothing contained herein shall be construed to require the return of any non-confidential and de minimis items regarding Employee's pay, benefits or other rights of employment such as pay stubs, W-2 forms, 401(k) plan summaries, benefit statements, etc.

24. Employee hereby consents and authorizes the Company to deduct as an offset from the above-referenced Severance Pay the value of any Company property not returned or returned in a damaged condition as well as any monies paid by the Company on Employee's behalf (e.g., payment of any outstanding American Express bill).

25. Employee agrees to cooperate with the Company in connection with any pending or future litigation, proceeding or other matter which has been or may be brought against or by the Company before any agency, court, or other tribunal and concerning or relating in any way to any matter falling within Employee's knowledge or former area of responsibility. Employee agrees to immediately notify the Company, through the Office of the General Counsel, in the event Employee is contacted by any outside attorney (including paralegals or other affiliated parties) unless (i) the Company is represented by the attorney, (ii) Employee is represented by the attorney for the purpose of protecting Employee's personal interests or (iii) the Company has been advised of and has approved such contact. Employee agrees to provide reasonable assistance and completely truthful testimony in such matters including, without limitation, facilitating and assisting in the preparation of any underlying defense, responding to discovery requests, preparing for and attending deposition(s) as well as appearing in court to provide truthful testimony. The Company agrees to reimburse Employee for all reasonable out of pocket expenses incurred at the request of the Company associated with such assistance and testimony.

26. Employee agrees not to make any written or oral statement that may defame, disparage or cast in a negative light so as to do harm to the personal or professional reputation of (a) the Company, (b) its employees, officers, directors or trustees or (c) the services and/or products provided by the Company and its subsidiaries or affiliate entities. The Parties acknowledge that nothing contained herein shall be construed to prevent or prohibit the Company or the Employee from providing truthful information in response to any court order, discovery request, subpoena or other lawful request.

27. **EMPLOYEE SPECIFICALLY AGREES AND UNDERSTANDS THAT THE EXISTENCE AND TERMS OF THIS AGREEMENT ARE STRICTLY CONFIDENTIAL AND THAT SUCH CONFIDENTIALITY IS A MATERIAL TERM OF THIS AGREEMENT.** Accordingly, except as required by law or unless authorized to do so by the Company in writing, Employee agrees that Employee shall not communicate, display or otherwise reveal any of the contents of this Agreement to anyone other than Employee's spouse, legal counsel or financial advisor provided, however, that they are first advised of the confidential nature of this Agreement and Employee obtains their agreement to be bound by the same. The Company agrees that Employee may respond to legitimate inquiries regarding the termination of Employee's employment by stating that the Parties have terminated their relationship on an amicable basis and that the Parties have entered into a Confidential Separation and Release Agreement that prohibits Employee from further discussing the specifics of Employee's separation. Nothing contained herein shall be construed to prevent Employee from discussing or otherwise advising subsequent employers of the existence of any obligations as set forth in Employee's Employment Agreement. Further, nothing contained herein shall be construed to limit or otherwise restrict the Company's ability to disclose the terms and conditions of this Agreement as may be required by business necessity.

28. In the event that Employee breaches or threatens to breach any provision of this Agreement, Employee agrees that the Company shall be entitled to seek any and all equitable and legal relief provided by law, specifically including immediate and permanent injunctive relief. Employee hereby waives any claim that the Company has an adequate remedy at law. In addition, and to the extent not prohibited by law, Employee agrees that the Company shall be entitled to discontinue providing any additional severance compensation or benefits upon such breach or threatened breach as well as an award of all costs and attorneys' fees incurred by the Company in any successful effort to enforce the terms of this Agreement. Employee agrees that the foregoing relief shall not be construed to limit or otherwise restrict the Company's ability to pursue any other remedy provided by law, including the recovery of any actual, compensatory or punitive damages. Moreover, if Employee pursues any Claims against the Company that have been released by Employee, or breaches the above confidentiality provision, Employee agrees to immediately reimburse the Company for the value of all benefits received under this Agreement to the fullest extent permitted by law.

29. Similarly, in the event that the Company breaches or threatens to breach any provision of this Agreement, Employee shall be entitled to seek any and all equitable or other available relief provided by law, specifically including immediate and permanent injunctive relief. In the event Employee is required to file suit to enforce the terms of this Agreement, the Company agrees that Employee shall be entitled to an award of all costs and attorneys' fees incurred by Employee in any wholly successful effort (i.e. entry of a judgment in Employee's favor) to enforce the terms of this Agreement. In the event Employee is wholly unsuccessful, the Company shall be entitled to an award of its costs and attorneys' fees.

30. Both Parties acknowledge that this Agreement is entered into solely for the purpose of terminating Employee's employment relationship with the Company on an amicable basis and shall not be construed as an admission of liability or wrongdoing by the Company or Employee, both Parties having expressly denied any such liability or wrongdoing.

31. Each of the promises and obligations shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, assigns and successors in interest of each of the Parties.

32. The Parties agree that each and every paragraph, sentence, clause, term and provision of this Agreement is severable and that, if any portion of this Agreement should be deemed not enforceable for any reason, such portion shall be stricken and the remaining portion or portions thereof should continue to be enforced to the fullest extent permitted by applicable law.

33. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Indiana without regard to any applicable state's choice of law provisions.

34. Employee represents and acknowledges that in signing this Agreement Employee does not rely, and has not relied, upon any representation or statement made by the Company or by any of the Company's employees, officers, agents, stockholders, directors or attorneys with regard to the subject matter, basis or effect of this Agreement other than those specifically contained herein.

35. This Agreement represents the entire agreement between the Parties concerning the subject matter hereof, shall supersede any and all prior agreements which may otherwise exist between them concerning the subject matter hereof (specifically excluding, however, the post-termination obligations contained in an Employee's Employment Agreement, any obligations contained in an existing and valid Indemnity Agreement or Change in Control or any obligation contained in any other legally-binding document), and shall not be altered, amended, modified or otherwise changed except by a writing executed by both Parties.

PLEASE READ CAREFULLY. THIS SEPARATION AND RELEASE AGREEMENT INCLUDES A COMPLETE RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

IN WITNESS WHEREOF, the Parties have themselves signed, or caused a duly authorized agent thereof to sign, this Agreement on their behalf and thereby acknowledge their intent to be bound by its terms and conditions.

[EMPLOYEE]		[COMPANY]	
Signed:	_____	By:	_____
Printed:	_____	Title:	_____
Dated:	_____	Dated:	_____

Exhibit B

ILLUSTRATIVE COMPETITOR LIST

The following is an illustrative, non-exhaustive list of Competitors with whom Employee may not, during her relevant non-compete period, directly or indirectly engage in any of the competitive activities proscribed by the terms of her Employment Agreement.

- Astral Industries, Inc.
- Aurora Casket Company, Inc.
- Goliath Casket, Inc.
- Milso Industries, Inc.
- Milso Industries, LLC
- New England Casket Company
- R and S Marble Designs
- Reynoldsville Casket Company
- Schuykill Haven Casket Company, Inc. (A division of The Haven Line Industries)
- SinoSource International, Inc.
- Thacker Caskets, Inc.
- The York Group (a division of Matthews International Corp.) and its distributors, including Warfield Rohr, Artco, Newmark and AJ Distribution
- The Victoriaville Group
- Wilbert Funeral Services, Inc.

While the above list is intended to identify the Company's primary competitors, it should not be construed as all encompassing so as to exclude other potential competitors falling within the Non-Compete definitions of "Competitor." The Company reserves the right to amend this list at any time in its sole discretion to identify other or additional Competitors based on changes in the products and services offered, changes in its business or industry as well as changes in the duties and responsibilities of the individual employee. An updated list will be provided to Employee upon reasonable request. Employees are encouraged to consult with the Company prior to accepting any position with any potential competitor.

Exhibit 10.2

EMPLOYMENT AGREEMENT

P R E A M B L E

This Employment Agreement defines the essential terms and conditions of our employment relationship with you. The subjects covered in this Agreement are vitally important to you and to the Company. Thus, you should read the document carefully and ask any questions before signing the Agreement. Given the importance of these matters to you and the Company, you are required to sign the Agreement as a condition of employment.

This EMPLOYMENT AGREEMENT, dated and effective this 3rd day of November, 2008 is entered into by and between Hillenbrand, Inc. ("Company") and Hinesh Patel ("Employee").

W I T N E S S E T H:

WHEREAS, the Company is engaged in the design, manufacture, promotion and sale of funeral and burial-related products and services throughout the United States and North America including, but not limited to, burial caskets, cremation products and other memorial products.

WHEREAS, the Company is willing to employ Employee in an executive or managerial position and Employee desires to be employed by the Company in such capacity based upon the terms and conditions set forth in this Agreement;

WHEREAS, in the course of the employment contemplated under this Agreement, and as a continuation of Employee's past employment with the Company, if applicable, it will be necessary for Employee to acquire and maintain knowledge of certain trade secrets and other confidential and proprietary information regarding the Company as well as any of its parent, subsidiary and/or affiliated entities (hereinafter jointly referred to as the "Companies"); and

WHEREAS, the Company and Employee (individually referred to as a "Party" and collectively referred to as the "Parties") acknowledge and agree that the execution of this Agreement is necessary to memorialize the terms and conditions of their employment relationship as well as to safeguard against the unauthorized disclosure or use of the Company's confidential information and to otherwise preserve the goodwill and ongoing business value of the Company;

NOW THEREFORE, in consideration of Employee's employment, the Company's willingness to disclose certain confidential and proprietary information to Employee and the mutual covenants contained herein as well as other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

1. Employment. As of the effective date of this Agreement, the Company agrees to employ Employee and Employee agrees to serve as Vice President, Strategy & Business Development. Employee agrees to perform all duties and responsibilities traditionally assigned to, or falling within the normal responsibilities of, an individual employed in the above-referenced position. Employee also agrees to perform any and all additional duties or responsibilities as may be assigned by the Company in its sole discretion. The Parties acknowledge that both Employee's title and the underlying duties may change.

2. Best Efforts and Duty of Loyalty. During the term of employment with the Company, Employee covenants and agrees to exercise reasonable efforts to perform all assigned duties in a diligent and professional manner and in the best interest of the Company. Employee agrees to devote Employee's full working time, attention, talents, skills and best efforts to further the Company's business and agrees not to take any action, or make any omission, that deprives the Company of any business opportunities or otherwise act in a manner that conflicts with the best interest of the Company or is otherwise detrimental to its business. Employee agrees not to engage in any outside business activity, whether or not pursued for gain, profit or other pecuniary advantage, without the express written consent of the Company. Employee shall act at all times in accordance with the Company's Code of Ethical Business Conduct, and all other applicable policies which may exist or be adopted by the Company from time to time.

3. At-Will Employment. Subject to the terms and conditions set forth below, Employee specifically acknowledges and accepts such employment on an "at-will" basis and agrees that both Employee and the Company retain the right to terminate this relationship at any time, with or without cause, for any reason not prohibited by applicable law upon notice as required by this Agreement. Employee acknowledges that nothing in this Agreement is intended to create, nor should be interpreted to create, an employment contract for any specified length of time between the Company and Employee.

4. Compensation. For all services rendered by Employee on behalf of, or at the request of, the Company, Employee shall be paid as follows:

   (a) A base salary at the bi-weekly rate of Nine Thousand Two Hundred Thirty Dollars and Seventy-Seven Cents ($9,230.77), less usual and ordinary deductions;

   (b) Incentive compensation, payable solely at the discretion of the Company, pursuant to the Company's existing Incentive Compensation Program or any other program as the Company may establish in its sole discretion; and

   (c) Such additional compensation, benefits and perquisites as the Company may deem appropriate.

5. Changes to Compensation. Notwithstanding anything contained herein to the contrary, Employee acknowledges that the Company specifically reserves the right to make changes to Employee's compensation in its sole discretion including, but not limited to, modifying or eliminating a compensation component. The Parties agree that such changes shall be deemed effective immediately and a modification of this Agreement unless, within seven (7) days after receiving notice of such change, Employee exercises Employee's right to terminate this Agreement without cause. The Parties anticipate that Employee's compensation structure will be reviewed on an annual basis but acknowledge that the Company shall have no obligation to do so.

6. Direct Deposit. As a condition of employment, and within thirty (30) days of the effective date of this Agreement, Employee agrees to make all necessary arrangements to have all sums paid pursuant to this Agreement direct deposited into one or more bank accounts as designated by Employee.

7. Warranties and Indemnification. Employee warrants that Employee is not a party to any contract, restrictive covenant, or other agreement purporting to limit or otherwise adversely affecting Employee's ability to secure employment with the Company or any other potential employer. Alternatively, should any such agreement exist, Employee warrants that the existence thereof has been disclosed to the Company and that the contemplated services to be performed hereunder will not violate the terms and conditions of any such agreement. In either event, Employee agrees to fully indemnify and hold the Company harmless from any and all claims arising from, or involving the enforcement of, any such restrictive covenants or other agreements.

8. Restricted Duties. Employee agrees not to disclose, or use for the benefit of the Company, any confidential or proprietary information belonging to any predecessor employer(s) that otherwise has not been made public and further acknowledges that the Company has specifically instructed Employee not to disclose or use such confidential or proprietary information. Based on Employee's understanding of the anticipated duties and responsibilities hereunder, Employee acknowledges that such duties and responsibilities will not compel the disclosure or use of any such confidential and proprietary information.

9. Termination Without Cause. The Parties agree that either Party may terminate this employment relationship at any time, without cause, upon sixty (60) days' advance written notice or, if terminated by the Company, pay in lieu of notice (hereinafter referred to as "notice pay") if the Company so elects. In such event, Employee shall only be entitled to such compensation, benefits and perquisites that have been paid or fully accrued as of the effective date of Employee's separation and as otherwise explicitly set forth in this Agreement. However, in no event shall Employee be entitled to notice pay if Employee is eligible for and accepts severance payments pursuant to the provisions of Paragraphs 15 and 16, below.

10. Termination With Cause. Employee's employment may be terminated by the Company at any time "for cause" without notice or prior warning. For purposes of this Agreement, "cause" shall mean the Company's good faith determination that Employee has:

    (a) Acted with gross neglect or willful misconduct in the discharge of Employee's duties and responsibilities or refused to follow or comply with the lawful direction of the Company or the terms and conditions of this Agreement, provided such refusal is not based primarily on Employee's good faith compliance with applicable legal or ethical standards;

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

    (c) Violated a material requirement of any Company policy or procedure, specifically including a violation of the Company's Code of Ethics or Associate Policy Manual;

    (d) Disclosed without proper authorization any trade secrets or other Confidential Information (as defined herein);

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

    (f) Engaged in such other conduct recognized at law as constituting cause. Upon the occurrence or discovery of any event specified above, the Company shall have the right to terminate Employee's employment, effective immediately, by providing notice thereof to Employee without further obligation to Employee other than accrued wages or other accrued wages, deferred compensation or other accrued benefits of employment (collectively referred to herein as "Accrued Obligations"), which shall be paid in accordance with the Company's past practice and applicable law. To the extent any violation of this Paragraph is capable of being promptly cured by Employee (or cured within a reasonable period to the Company's satisfaction), the Company agrees to provide Employee with a reasonable opportunity to so cure such defect. Absent written mutual agreement otherwise, the Parties agree in advance that it is not possible for Employee to cure any violations of sub-paragraph (b) or (d) and, therefore, no opportunity for cure need be provided in those circumstances.

11. Termination Due to Death or Disability. In the event Employee dies or suffers a disability (as defined herein) during the term of employment, this Agreement shall automatically be terminated on the date of such death or disability without further obligation on the part of the Company other than the payment of Accrued Obligations. For purposes of this Agreement, Employee shall be considered to have suffered a "disability" upon a determination by the Company, or an admission by Employee, that Employee cannot perform the essential functions of Employee's position as a result of a such a disability and the occurrence of one or more of the following events:

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

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

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

    Notwithstanding anything expressed or implied above to the contrary, the Company agrees to fully comply with its obligations under the Family and Medical Leave Act of 1993 and the Americans with Disabilities Act as well as any other applicable federal, state, or local law, regulation, or ordinance governing the provision of leave to individuals with serious health conditions or the protection of individuals with such disabilities as well as the Company's obligation to provide reasonable accommodation thereunder.

12. Exit Interview. Upon termination of Employee's employment for any reason, Employee agrees, if requested, to participate in an exit interview with the Company and reaffirm in writing Employee's post-employment obligations as set forth in this Agreement.

13. Section 409A Notification. Employee acknowledges that Employee has been advised of the American Jobs Creation Act of 2004, which added Section 409A to the Internal Revenue Code ("Section 409A"), and significantly changed the taxation of nonqualified deferred compensation plans and arrangements. Under proposed and final regulations as of the date of this Agreement, Employee has been advised that Employee's severance pay and other termination benefits may be treated by the Internal Revenue Service as providing "nonqualified deferred compensation," and therefore subject to Section 409A. In that event, several provisions in Section 409A may affect Employee'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" of public companies on account of separation from service may not be made earlier than six (6) months after the effective date of such 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% penalty. As a result of the requirements imposed by the American Jobs Creation Act of 2004, Employee agrees that if Employee is a "specified employee" at the time of Employee's termination of employment and if payments in connection with such termination of employment are subject to Section 409A and not otherwise exempt, such payments (and other benefits to the extent applicable) due Employee at the time of termination of employment shall not be paid until a date at least six (6) months after the effective date of Employee's termination of employment ("Employee's Effective Termination Date"). 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 as allowed under Section 409A. If any provision of this Agreement (or of any award of compensation) would cause Employee 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 Employee regarding such amendments or modifications prior to the effective date of any such change.

14. Section 409A Acknowledgement. Employee acknowledges that, notwithstanding anything contained herein to the contrary, both Parties shall be independently responsible for assessing their own risks and liabilities under Section 409A that may be associated with any payment made under the terms of this Agreement or any other arrangement which may be deemed to trigger Section 409A. Further, the Parties agree that each shall independently bear responsibility for any and all taxes, penalties or other tax obligations as may be imposed upon them in their individual capacity as a matter of law. To the extent applicable, Employee understands and agrees that Employee shall have the responsibility for, and Employee agrees to pay, any and all appropriate income tax or other tax obligations for which Employee is individually responsible and/or related to receipt of any compensation or benefits provided in this Agreement. Employee 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 compensation or benefits having been provided to Employee or based on any alleged failure to withhold taxes or satisfy any claimed obligation. Employee understands and acknowledges that neither the Company, nor any of its employees, attorneys, or other representatives has provided or will provide Employee with any legal or financial advice concerning taxes or any other matter, and that Employee has not relied on any such advice in deciding whether to enter into this Agreement.

15. Severance. In the event Employee's employment is terminated by the Company without cause, and subject to the normal terms and conditions imposed by the Company as set forth herein and in the attached Separation and Release Agreement, Employee shall be eligible to receive severance pay based upon Employee's base salary at the time of termination for a period determined in accordance with any guidelines as may be established by the Company or for a period up to six (6) months (whichever is longer).

16. Severance Payment Terms and Conditions. No severance pay shall be paid if Employee voluntarily leaves the Company's employ or is terminated for cause. Any severance pay made payable under this Agreement shall be paid in lieu of, and not in addition to, any other contractual, notice or statutory pay or other accrued compensation obligation (excluding accrued wages and deferred compensation). Additionally, such severance pay is contingent upon Employee fully complying with the restrictive covenants contained herein and executing a Separation and Release Agreement in a form not substantially different from that attached as Exhibit A. Further, the Company's obligation to provide severance hereunder shall be deemed null and void should Employee fail or refuse to execute and deliver to the Company the Company's then-standard

Separation and Release Agreement (without modification) within any time period as may be prescribed by law or, in the absence thereof, twenty-one (21) days after the Employee's Effective Termination Date. Conditioned upon the execution and delivery of the Separation and Release Agreement as set forth in the prior sentence, severance pay benefits shall be paid as follows: (i) in one lump sum equivalent to six (6) months' base salary on the day following the date which is six (6) months following Employee's Effective Termination Date with any remainder to be paid in bi-weekly installments equivalent to Employee's bi-weekly base salary commencing upon the next regularly scheduled payroll date if both the severance pay benefit is subject to Section 409A and if Employee is a "specified employee" under Section 409A or (ii) for any severance pay benefits not subject to clause (i), in bi-weekly installments equivalent to Employee's bi-weekly base salary commencing upon the next regularly scheduled payroll date following the earlier to occur of fifteen (15) days from the Company's receipt of an executed Separation and Release Agreement or the expiration of sixty (60) days after Employee's Effective Termination Date and shall be paid on the Company's regularly scheduled pay dates; 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 calendar 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 Employee's Effective Termination Date. Excluding any lump sum payment due as a result of the application of Section 409A (which shall be paid regardless of reemployment), all other severance payments provided hereunder shall terminate upon reemployment.

17. Assignment of Rights.

(a) Copyrights. Employee agrees that all works of authorship fixed in any tangible medium of expression by Employee during the term of this Agreement relating to the Company's business ("Works"), either solely or jointly with others, shall be and remain exclusively the property of the Company. Each such Work created by Employee is a "work made for hire" under the copyright law and the Company may file applications to register copyright in such Works as author and copyright owner thereof. If, for any reason, a Work created by Employee is excluded from the definition of a "work made for hire" under the copyright law, then Employee does hereby assign, sell, and convey to the Company the entire rights, title, and interests in and to such Work, including the copyright therein. Employee will execute any documents that the Company deems necessary in connection with the assignment of such Work and copyright therein. Employee will take whatever steps and do whatever acts the Company requests, including, but not limited to, placement of the Company's proper copyright notice on Works created by Employee, to secure or aid in securing copyright protection in such Works and will assist the Company or its nominees in filing applications to register claims of copyright in such Works. The Company shall have free and unlimited access at all times to all Works and all copies thereof and shall have the right to claim and take possession on demand of such Works and copies.

(b) Inventions. Employee agrees that all discoveries, concepts, and ideas, whether patentable or not, including, but not limited to, apparatus, processes, methods, compositions of matter, techniques, and formulae, as well as improvements thereof or know-how related thereto, relating to any present or prospective product, process, or service of the Company ("Inventions") that Employee conceives or makes during the term of this Agreement relating to the Company's business, shall become and remain the exclusive property of the Company, whether patentable or not, and Employee will, without royalty or any other consideration:

(i) Inform the Company promptly and fully of such Inventions by written reports, setting forth in detail the procedures employed and the results achieved;

(ii) Assign to the Company all of Employee's rights, title, and interests in and to such Inventions, any applications for United States and foreign Letters Patent, any United States and foreign Letters Patent, and any renewals thereof granted upon such Inventions;

(iii) Assist the Company or its nominees, at the expense of the Company, to obtain such United States and foreign Letters Patent for such Inventions as the Company may elect; and

(iv) Execute, acknowledge, and deliver to the Company at the Company's expense such written documents and instruments, and do such other acts, such as giving testimony in support of Employee's inventorship, as may be necessary, in the opinion of the Company, to obtain and maintain United States and foreign Letters Patent upon such Inventions and to vest the entire rights and title thereto in the Company and to confirm the complete ownership by the Company of such Inventions, patent applications, and patents.

18. Company Property. All records, files, drawings, documents, data in whatever form, business equipment (including computers, PDAs, cell phones, etc.), and the like relating to, or provided by, the Company shall be and remain the sole property of the Company. Upon termination of employment, Employee shall immediately return to the Company all such items without retention of any copies and without additional request by the Company. De minimis items such as pay stubs, 401(k) plan summaries, employee bulletins, and the like are excluded from this requirement.

19. Confidential Information. Employee acknowledges that the Company and its affiliated entities (herein collectively referred to as "Companies") possess certain trade secrets as well as other confidential and proprietary information which they have acquired or will acquire at great effort and expense. Such information may include, without limitation, confidential information, whether in tangible or intangible form, regarding the Companies' products and services, marketing strategies, business plans, operations, costs, current or prospective customer information (including customer identities, contacts, requirements, creditworthiness, preferences, and like matters), product concepts, designs, prototypes or specifications, research and development efforts, technical data and know- how, sales information, including pricing and other terms and conditions of sale, financial information, internal procedures, techniques, forecasts, methods, trade information, trade secrets, software programs, project requirements, inventions, trademarks, trade names, and similar information regarding the Companies' business(es) (collectively referred to herein as "Confidential Information"). Employee further acknowledges that, as a result of Employee's employment with the Company, Employee will have access to, will become acquainted with, and/or may help develop, such Confidential Information. Confidential Information shall not include information readily available to the public through so long as such information was not made available through fault of Employee or wrong doing by any other individual.

20. Restricted Use of Confidential Information. Employee agrees that all Confidential Information is and shall remain the sole and exclusive property of the Company and/or its affiliated entities. Except as may be expressly authorized by the Company in writing, Employee agrees not to disclose, or cause any other person or entity to disclose, any Confidential Information to any third party while employed by the Company and for as long thereafter as such information remains confidential (or as limited by applicable law). Further, Employee agrees to use such Confidential Information only in the course of Employee's duties in furtherance of the Company's business and agrees not to make use of any such Confidential Information for Employee's own purposes or for the benefit of any other entity or person.

21. Acknowledged Need for Limited Restrictive Covenants. Employee acknowledges that the Companies have spent and will continue to expend substantial amounts of time, money and effort to develop their business strategies, Confidential Information, customer identities and relationships, goodwill and employee relationships, and that Employee will benefit from these efforts. Further, Employee acknowledges the inevitable use of, or near-certain influence by Employee's knowledge of, the Confidential Information disclosed to Employee during the course of employment if allowed to compete against the Company in an unrestricted manner and that such use would be unfair and extremely detrimental to the Company. Accordingly, based on these legitimate business reasons, Employee acknowledges each of the Companies' need to protect their legitimate business interests by reasonably restricting Employee's ability to compete with the Company on a limited basis.

22. Non-Solicitation. During Employee's employment and for a period of twenty-four (24) months thereafter, Employee agrees not to directly or indirectly engage in the following prohibited conduct:

    (a) Solicit, offer products or services to, or accept orders for, any Competitive Products or otherwise transact any competitive business with, any customer or entity with whom Employee had contact or transacted any business on behalf of the Company (or any Affiliate thereof) during the eighteen (18) month period preceding Employee's date of separation or about whom Employee possessed, or had access to, confidential and proprietary information;

    (b) Attempt to entice or otherwise cause any third party to withdraw, curtail or cease doing business with the Company (or any Affiliate thereof), specifically including customers, vendors, independent contractors and other third party entities;

(c) Disclose to any person or entity the identities, contacts or preferences of any customers of the Company (or any Affiliate thereof), or the identity of any other persons or entities having business dealings with the Company (or any Affiliate thereof);

(d) Induce any individual who has been employed by or had provided services to the Company (or any Affiliate thereof) within the six (6) month period immediately preceding the effective date of Employee's separation to terminate such relationship with the Company (or any Affiliate thereof);

(e) Assist, coordinate or otherwise offer employment to, accept employment inquiries from, or employ any individual who is or had been employed by the Company (or any Affiliate thereof) at any time within the six (6) month period immediately preceding such offer or inquiry;

(f) Communicate or indicate in any way to any customer of the Company (or any Affiliate thereof), prior to formal separation from the Company, any interest, desire, plan, or decision to separate from the Company; or

(g) Otherwise attempt to directly or indirectly interfere with the Company's business, the business of any of the Companies or their relationship with their employees, consultants, independent contractors or customers.

23. Limited Non-Compete. For the above-stated reasons, and as a condition of employment to the fullest extent permitted by law, Employee agrees during the Relevant Non-Compete Period not to directly or indirectly engage in the following competitive activities:

(a) Employee shall not have any ownership interest in, work for, advise, consult, or have any business connection or business or employment relationship in any competitive capacity with any Competitor unless Employee provides written notice to the Company of such relationship prior to entering into such relationship and, further, provides sufficient written assurances to the Company's satisfaction that such relationship will not jeopardize the Company's legitimate interests or otherwise violate the terms of this Agreement;

(b) Employee shall not engage in any research, development, production, sale or distribution of any Competitive Products, specifically including any products or services relating to those for which Employee had responsibility for the eighteen (18) month period preceding Employee's date of separation;

(c) Employee shall not market, sell, or otherwise offer or provide any Competitive Products within Employee's Geographic Territory (if applicable) or Assigned Customer Base, specifically including any products or services relating to those for which Employee had responsibility for the eighteen (18) month period preceding Employee's date of separation; and

(d) Employee shall not distribute, market, sell or otherwise offer or provide any Competitive Products to any customer of the Company with whom Employee had contact or for which Employee had responsibility at any time during the eighteen (18) month period preceding Employee's date of separation.

24. Non-Compete Definitions. For purposes of this Agreement, the Parties agree that the following terms shall apply:

(a) "Affiliate" includes any parent, subsidiary, joint venture, or other entity controlled, owned, managed or otherwise associated with the Company;

(b) "Assigned Customer Base" shall include all accounts or customers formally assigned to Employee within a given territory or geographical area or contacted by Employee at any time during the eighteen (18) month period preceding Employee's date of separation;

(c) "Competitive Products" shall include any product or service that directly or indirectly competes with, is substantially similar to, or serves as a reasonable substitute for, any product or service in research, development or design, or manufactured, produced, sold or distributed by the Company;

(d) "Competitor" shall include any person or entity that offers or is actively planning to offer any Competitive Products and may include (but not be limited to) any entity identified on the Company's Illustrative Competitor List, attached hereto as Exhibit B, which shall be amended from time to time to reflect changes in the Company's business and competitive environment (updated competitor lists will be provided to Employee upon reasonable request);

(e) "Geographic Territory" shall include any territory formally assigned to Employee as well as all territories in which Employee has provided any services, sold any products or otherwise had responsibility at any time during the eighteen (18) month period preceding Employee's date of separation;

(f) "Relevant Non-Compete Period" shall include the period of Employee's employment with the Company as well as a period of eighteen (18) months after such employment is terminated, regardless of the reason for such termination provided, however, that this period shall be reduced to the greater of (i) nine (9) months or (ii) the total length of Employee's employment with the Company, including employment with any parent, subsidiary or affiliated entity, if such employment is less than twenty-four (24) months;

(g) "Directly or indirectly" shall be construed such that the foregoing restrictions shall apply equally to Employee whether performed individually or as a partner, shareholder, officer, director, manager, employee, salesperson, independent contractor, broker, agent, or consultant for any other individual, partnership, firm, corporation, company, or other entity engaged in such conduct.

25. Employment by National or Regional Accounts. Employee acknowledges that Employee will have acquired and/or have access to confidential and proprietary information regarding the Company's business dealings with, and business strategies concerning, its national or regional accounts (a/k/a Key Accounts, Prime Accounts, and National Accounts). Employee further acknowledges that such knowledge would provide Employee with a competitive advantage if used against the Company or used against a competitor of a national or regional account. Accordingly, as a term and condition of employment, Employee agrees that the foregoing restrictive covenants shall apply with equal force to restrict Employee from seeking any employment or any other business relationship with such national or regional account, whether or not serviced by Employee, for the duration of Employee's Relevant Non-Compete Period. Employee agrees that such accounts shall include, but not be limited to, the following:

- Arbor Memorial Services
- Brooke Funeral Services Co., LLC (Brooke Franchise Corp.)
- Buckner Management Services
- Calvert Group
- Carriage Funeral Holdings, Inc.
- Celebris Memorial Services, Inc. (Urgel Bourgie)
- Citadel Funeral Service, Inc. (Wisconsin Vault Company)
- Concord Family Services, Inc.
- Family Choices
- Gibralter Mausoleum Company (A division of Matthews International)
- Keystone Group Holdings, Inc.
- Legacy Funeral Group (Legacy Funeral Holdings, Inc.; Legacy Funeral Holdings of Louisiana, LLC; Legacy Funeral Holdings of Mississippi, LLC; Legacy Funeral Properties, Inc.)
- Memory Gardens Management Corporation
- Newcomer Funeral Homes and Crematories
- Northstar Memorial Group
- Paxus Services, Inc. (Paxus Services (Kansas), Inc.; Paxus Services (Tennessee), Inc.; Paxus Services (Louisiana), Inc.; Paxus Services (Texas), Inc.; Paxus Services (Oklahoma), Inc.)
- Pioneer Enterprises, Inc.
- Rollings Funeral Service, Inc.
- Security National Financial Corporation
- Service Corporation International
- Stewart Enterprises, Inc.
- StoneMor Partners, L.P.
- Vertin Companies Family Funeral Homes
- Washburn-McReavy Funeral Chapels
- Wilson Financial Group, Inc.

26. Consent to Reasonableness. In light of the above-referenced concerns, including Employee's knowledge of and access to the Companies' Confidential Information, Employee acknowledges that the terms of the foregoing restrictive covenants are reasonable and necessary to protect the Company's legitimate business interests and will not unreasonably interfere with Employee's ability to obtain alternate employment. As such, Employee hereby agrees that such restrictions are valid and enforceable, and affirmatively waives any argument or defense to the contrary. Employee acknowledges that this limited non-competition provision is not an attempt to prevent Employee from obtaining other employment in violation of IC § 22-5-3-1 or any other similar statute. Employee further acknowledges that the Company may need to take action, including litigation, to enforce this limited non-competition provision, which efforts the Parties stipulate shall not be deemed an attempt to prevent Employee from obtaining other employment.

27. Survival of Restrictive Covenants. Employee acknowledges that the above restrictive covenants shall survive the termination of this Agreement and the termination of Employee's employment for any reason. Employee further acknowledges that any alleged breach by the Company of any contractual, statutory or other obligation shall not excuse or terminate the obligations hereunder or otherwise preclude the Company from seeking injunctive or other relief. Rather, Employee acknowledges that such obligations are independent and separate covenants undertaken by Employee for the benefit of the Company.

28. Effect of Transfer. Employee agrees that this Agreement shall continue in full force and effect notwithstanding any change in job duties, job titles or reporting responsibilities. Employee further acknowledges that the above restrictive covenants shall survive, and be extended to cover, the transfer of Employee from the Company to its parent, subsidiary, or any other affiliated entity (hereinafter collectively referred to as an "Affiliate") or any subsequent transfer(s) among them. Specifically, in the event of Employee's temporary or permanent transfer to an Affiliate, Employee agrees that the foregoing restrictive covenants shall remain in force so as to continue to protect such company for the duration of the Non-Compete Period, measured from Employee's effective date of transfer to an Affiliate. Additionally, Employee acknowledges that this Agreement shall be deemed to have been automatically assigned to the Affiliate as of Employee's effective date of transfer such that the above-referenced restrictive covenants (as well as all other terms and conditions contained herein) shall be construed thereafter to protect the legitimate business interests and goodwill of the Affiliate as if Employee and the Affiliate had independently entered into this Agreement. Employee's acceptance of Employee's transfer to, and subsequent employment by, the Affiliate shall serve as consideration for (as well as be deemed as evidence of Employee's consent to) the assignment of this Agreement to the Affiliate as well as the extension of such restrictive covenants to the Affiliate. Employee agrees that this provision shall apply with equal force to any subsequent transfers of Employee from one Affiliate to another Affiliate.

29. Post-Termination Notification. For the duration of Employee's Relevant Non-Compete Period or other restrictive covenant period, whichever is longer, Employee agrees to promptly notify the Company no later than five (5) business days of Employee's acceptance of any employment or consulting engagement. Such notice shall include sufficient information to demonstrate Employee's compliance with Employee's non-compete obligations and must include at a minimum the following information: (i) the name of the employer or entity for which Employee is providing any consulting services; (ii) a description of Employee's intended duties as well as (iii) the anticipated start date. Such information is required to demonstrate Employee's compliance with Employee's non-compete obligations as well as all other applicable restrictive covenants. Such notice shall be provided in writing to the Office of Vice President and General Counsel of the Company at One Batesville Boulevard, Batesville, Indiana 47006. Failure to timely provide such notice shall be deemed a material breach of this Agreement and entitle the Company to the immediate return of any severance payments paid to Employee plus attorneys' fees. Employee further consents to the Company's notification to any new employer of Employee's obligations under this Agreement.

30. Scope of Restrictions. If the scope of any restriction contained in any preceding paragraphs of this Agreement is deemed too broad to permit enforcement of such restriction to its fullest extent, then such restriction shall be enforced to the maximum extent permitted by law, and Employee hereby consents and agrees that such scope may be judicially modified accordingly in any proceeding brought to enforce such restriction.

31. Specific Enforcement/Injunctive Relief. Employee agrees that it would be difficult to measure any damages to the Company from a breach of the above-referenced restrictive covenants, but acknowledges that the potential for such damages would be great, incalculable and irremediable, and that monetary damages alone would be an inadequate remedy. Accordingly, Employee agrees that the Company shall be entitled to immediate injunctive relief against such breach, or threatened breach, in any court having jurisdiction. In addition, if Employee violates any such restrictive covenant, Employee agrees that the period of such violation shall be added to the term of the restriction. In determining the period of any violation, the Parties stipulate that in any calendar month in which Employee engages in any activity in violation of such provisions, Employee shall be deemed to have violated such provision for the entire month, and that month shall be added to the duration of the non-competition provision. Employee acknowledges that the remedies described above shall not be the exclusive remedies, and the Company may seek any other remedy available to it either in law or in equity, including, by way of example only, statutory remedies for misappropriation of trade secrets, and including the recovery of compensatory or punitive damages. Employee further agrees that the Company shall be entitled to an award of all costs and attorneys' fees incurred by it in any attempt to enforce the terms of this Agreement.

32. Publicly Traded Stock. The Parties agree that nothing contained in this Agreement shall be construed to prohibit Employee from investing Employee's personal assets in any stock or corporate security traded or quoted on a national securities exchange or national market system provided, however, such investments do not require any services on the part of Employee in the operation or the affairs of the business or otherwise violate the Company's Code of Ethics.

33. Notice of Claim and Contractual Limitations Period. Employee acknowledges the Company's need for prompt notice, investigation, and resolution of any claims that may be filed against it due to the number of relationships it has with employees and others (and due to the turnover among such individuals with knowledge relevant to any underlying claim). Accordingly, Employee agrees prior to initiating any litigation of any type (including, but not limited to, employment discrimination litigation, wage litigation, defamation, or any other claim) to notify the Company, within One Hundred and Eighty (180) days after the claim accrued, by sending a certified letter addressed to the Company's General Counsel setting forth: (i) claimant's name, address, and phone; (ii) the name of any attorney representing Employee; (iii) the nature of the claim; (iv) the date the claim arose; and (v) the relief requested. This provision is in addition to any other notice and exhaustion requirements that might apply. For any dispute or claim of any type against the Company (including but not limited to employment discrimination litigation, wage litigation, defamation, or any other claim), Employee must commence legal action within the shorter of one (1) year of accrual of the cause of action or such shorter period that may be specified by law.

34. Non-Jury Trials. Notwithstanding any right to a jury trial for any claims, Employee waives any such right to a jury trial, and agrees that any claim of any type (including but not limited to employment discrimination litigation, wage litigation, defamation, or any other claim) lodged in any court will be tried, if at all, without a jury.

35. Choice of Forum. Employee acknowledges that the Company is primarily based in Indiana, and Employee understands and acknowledges the Company's desire and need to defend any litigation against it in Indiana. Accordingly, the Parties agree that any claim of any type brought by Employee against the Company or any of its employees or agents must be maintained only in a court sitting in Marion County, Indiana, or Ripley County, Indiana, or, if a federal court, the Southern District of Indiana, Indianapolis Division. Employee further understands and acknowledges that in the event the Company initiates litigation against Employee, the Company may need to prosecute such litigation in such state where the Employee is subject to personal jurisdiction. Accordingly, for purposes of enforcement of this Agreement, Employee specifically consents to personal jurisdiction in the State of Indiana as well as any state in which resides a customer assigned to the Employee. Furthermore, Employee consents to appear, upon Company's request and at Employee's own cost, for deposition, hearing, trial, or other court proceeding in Indiana or in any state in which resides a customer assigned to the Employee.

36. Choice of Law. This Agreement shall be deemed to have been made within the County of Ripley, State of Indiana and shall be interpreted and construed in accordance with the laws of the State of Indiana without regard to the choice of law provisions thereof. Any and all matters of dispute of any nature whatsoever arising out of, or in any way connected with the interpretation of this Agreement, any disputes arising out of the Agreement or the employment relationship between the Parties hereto, shall be governed by, construed by and enforced in accordance with the laws of the State of Indiana without regard to any applicable state's choice of law provisions.

37. Titles. Titles are used for the purpose of convenience in this Agreement and shall be ignored in any construction of it.

38. Severability. The Parties agree that each and every paragraph, sentence, clause, term and provision of this Agreement is severable and that, in the event any portion of this Agreement is adjudged to be invalid or unenforceable, the remaining portions thereof shall remain in effect and be enforced to the fullest extent permitted by law. Further, should any particular clause, covenant, or provision of this Agreement be held unreasonable or contrary to public policy for any reason, the Parties acknowledge and agree that such covenant, provision or clause shall automatically be deemed modified such that the contested covenant, provision or clause will have the closest effect permitted by applicable law to the original form and shall be given effect and enforced as so modified to whatever extent would be reasonable and enforceable under applicable law.

39. Assignment-Notices. The rights and obligations of the Company under this Agreement shall inure to its benefit, as well as the benefit of its parent, subsidiary, successor and affiliated entities, and shall be binding upon the successors and assigns of the Company. This Agreement, being personal to Employee, cannot be assigned by Employee, but Employee's personal representative shall be bound by all its terms and conditions. Any notice required hereunder shall be sufficient if in writing and mailed to the last known residence of Employee or to the Company at its principal office with a copy mailed to the Office of the General Counsel.

40. Amendments and Modifications. Except as specifically provided herein, no modification, amendment, extension or waiver of this Agreement or any provision hereof shall be binding upon the Company or Employee unless in writing and signed by both Parties. The waiver by the Company or Employee of a breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach. Nothing in this Agreement shall be construed as a limitation upon the Company's right to modify or amend any of its manuals or policies in its sole discretion and any such modification or amendment which pertains to matters addressed herein shall be deemed to be incorporated herein and made a part of this Agreement.

41. Outside Representations. Employee represents and acknowledges that in signing this Agreement Employee does not rely, and has not relied, upon any representation or statement made by the Company or by any of the Company's employees, officers, agents, stockholders, directors or attorneys with regard to the subject matter, basis or effect of this Agreement other than those specifically contained herein.

42. Voluntary and Knowing Execution. Employee acknowledges that Employee has been offered a reasonable amount of time within which to consider and review this Agreement; that Employee has carefully read and fully understands all of the provisions of this Agreement; and that Employee has entered into this Agreement knowingly and voluntarily.

43. Entire Agreement. This Agreement constitutes the entire employment agreement between the Parties hereto concerning the subject matter hereof and shall supersede all prior and contemporaneous agreements between the Parties in connection with the subject matter of this Agreement. Any pre-existing Employment Agreements shall be deemed null and void. Nothing in this Agreement, however, shall affect any separately-executed written agreement addressing any other issues (e.g., the Inventions, Improvements, Copyrights and Trade Secrets Agreement, etc.).

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

"EMPLOYEE"	COMPANY
Signed: /s/ Hinesh Patel	By: /s/ P. Douglas Wilson
Printed: Hinesh Patel	Title: Senior V.P. Human Resources
Dated: November 3, 2008	Dated: November 3, 2008

CAUTION: READ BEFORE SIGNING

Exhibit A

SAMPLE SEPARATION AND RELEASE AGREEMENT

THIS SEPARATION and RELEASE AGREEMENT ("Agreement") is entered into by and between _____ ("Employee") and _____ (together with its subsidiaries and affiliates, the "Company"). Employee and the Company (together the "Parties") agree as follows:

1. Employee's active employment by the Company shall terminate effective [date of termination] (Employee's "Effective Termination Date"). Except as specifically provided by this Agreement, or in any other non-employment agreement that may exist between the Company and Employee, Employee agrees that the Company shall have no other obligations or liabilities to Employee following Employee's Effective Termination Date and that Employee's receipt of the severance compensation and benefits provided herein shall constitute a complete settlement, satisfaction and waiver of any and all claims Employee may have against the Company.

2. Employee further submits, and the Company hereby accepts, Employee's resignation as an employee, officer and director, as applicable, as of Employee's Effective Termination Date, for any position Employee may hold. The Parties agree that this resignation shall apply to all such positions Employee may hold with the Company or any parent, subsidiary or affiliated entity thereof. Employee agrees to execute any documents needed to effectuate such resignations. Employee further agrees to take whatever steps are necessary to facilitate and ensure the smooth transition of Employee's duties and responsibilities to others.

3. Employee acknowledges that Employee has been advised of the American Jobs Creation Act of 2004, which added Section 409A ("Section 409A") to the Internal Revenue Code, and significantly changed the taxation of nonqualified deferred compensation plans and arrangements. Under proposed and final regulations as of the date of this Agreement, Employee has been advised that Employee's severance compensation and benefits may be treated by the Internal Revenue Service as providing "nonqualified deferred compensation," and therefore subject to Section 409A. In that event, several provisions in Section 409A may affect Employee's receipt of severance compensation and benefits. These include, but are not limited to, a provision which requires that distributions to "specified employees" of public companies on account of separation from service may not be made earlier than six (6) months after the effective date of such separation. If applicable, failure to comply with Section 409A can lead to immediate taxation of deferrals, with interest calculated at a penalty rate and a 20% penalty. As a result of the requirements imposed by the American Jobs Creation Act of 2004, Employee agrees that if Employee is a "specified employee" at the time of Employee's termination and if the severance compensation payable to Employee is covered by Section 409A as "non-qualified deferred compensation" or is otherwise not exempt from Section 409A, the severance compensation shall not be paid until a date at least six (6) months after Employee's Effective Termination Date from the Company, as more fully explained in Section 4 below.

4. In consideration of the promises contained in this Agreement and contingent upon Employee's compliance with such promises, the Company agrees to provide Employee the following:

(a) Severance compensation ("Severance Pay"), in lieu of and not in addition to any other contractual, notice or statutory pay obligations (other than accrued wages and deferred compensation), in the maximum total amount of [_____] Dollars and [_____] Cents ($_____) (the "Maximum Amount") (subject to applicable deductions or other set-offs) determined and payable as follows:

[*For 409A Severance Pay for Specified Employees Only*]

(i) A lump sum payment in the gross amount of [_____] Dollars and [_____] Cents ($_____) (subject to applicable deductions or other set-offs) payable the day following the six (6) month anniversary of Employee's Effective Termination Date, and if such lump sum payment is less than the Maximum Amount and Employee has not been Reemployed (hereafter defined) prior to the payment of such lump sum amount, then an additional amount of Severance Pay shall also be paid to Employee in the form of bi-weekly installments equivalent to Employee's gross base salary (i.e. _____ Dollars and _____ Cents ($_____)) (subject to applicable deductions or other set-offs) commencing on the Company's next regularly scheduled bi-weekly payroll date after the payment of the lump sum amount provided above and continuing on such regularly scheduled bi-weekly payroll dates until the Maximum Amount of Severance Pay (including therein the lump sum paid and all bi-weekly payments paid) has been paid to Employee or until Employee becomes Reemployed, whichever occurs first. If Employee is Reemployed prior to receiving the Maximum Amount of Severance Pay, the provisions of Section 8 may be applicable to Employee. For purposes of this subsection and Section 8 (if applicable), Employee shall be deemed to have been "Reemployed" if Employee becomes entitled to receive compensation for the performance of personal services, whether as an employee, consultant or in any other capacity or relationship, and references to a subsequent "employer" shall include the payer of such compensation to Employee regardless of the exact legal relationship existing between them.

[*For Non- 409A Severance Pay or 409A Severance Pay for Non-Specified Employees Only*]

(i) Commencing on the Company's next regularly scheduled bi-weekly payroll date immediately following the earlier to occur of (A) the date that is fifteen (15) days after the date on which the Company received this executed Agreement from Employee or (B) the date that is sixty (60) days after Employee's Effective Termination Date (assuming that Employee has not been Reemployed prior to such commencement date), and continuing on such regularly scheduled bi-weekly payroll dates until the Maximum Amount of Severance Pay has been paid to Employee or until Employee becomes Reemployed, whichever occurs first, Employee shall be paid Severance Pay equivalent to Employee's bi-weekly base salary (i.e., [_____] Dollars and [_____] Cents ($[_____]) (subject to applicable deductions or other set-offs); provided, however, that notwithstanding the foregoing, severance payments payable to an employee whose Effective Termination Date occurs in November or December shall begin on the Company's next regularly scheduled bi-weekly payroll date following the expiration of sixty (60) days after the Employee's Effective Termination Date, regardless of the earlier date on which the Company received this signed Agreement from such employee. If Employee is Reemployed prior to receiving the Maximum Amount of Severance Pay, the provisions of Section 8 may be applicable to Employee. For purposes of this subsection and Section 8 (if applicable), Employee shall be deemed to have been "Reemployed" if Employee becomes entitled to receive compensation for the performance of personal services, whether as an employee, consultant or in any other capacity or relationship, and references to a subsequent "employer" shall include the payer of such compensation to Employee regardless of the exact legal relationship existing between them.

(b) Payment for any earned but unused vacation as of Employee's Effective Termination Date, less applicable deductions permitted or required by law, payable in one lump sum within fifteen (15) days after Employee's Effective Termination Date; and

(c) Group Life Insurance coverage until such date that the Company's obligations to make severance payments to Employee under Section 4(a)(i) above and Section 8 (if applicable) have been satisfied in full.

5. Except as may be required by Section 409A, the severance payments payable under Section 4(a)(i) above and Section 8 (if applicable) shall be paid in accordance with the Company's standard payroll practices (e.g. bi-weekly). The Parties agree that the initial two (2) weeks of such severance payments shall be allocated as consideration provided to Employee in exchange for Employee's execution of a release in compliance with the Older Workers Benefit Protection Act. The balance of the severance compensation and benefits provided and other obligations undertaken by the Company pursuant to this Agreement shall be allocated as consideration for all other promises and obligations undertaken by Employee, including execution of a general release of claims.

6. The Company further agrees to provide Employee with limited out-placement counseling with a company of its choice provided that Employee participates in such counseling immediately following termination of employment. Notwithstanding anything in this Section 6 to the contrary, the out-placement counseling shall not be provided after the last day of the second calendar year following the calendar year in which termination of employment occurs.

7. As of Employee's Effective Termination Date, Employee will become ineligible to participate in the Company's health insurance program and continuation of coverage requirements under COBRA (if any) will be triggered at that time. However, as additional consideration for the promises and obligations contained herein (and except as may be prohibited by law), the Company agrees to continue to pay the employer's share of such coverage as provided under the health care program selected by Employee as of Employee's Effective Termination Date, subject to any approved changes in coverage based on a qualified election, until the above-referenced severance payments are terminated, Employee accepts other employment or Employee becomes eligible for alternative healthcare coverage, whichever occurs first, provided Employee (i) timely completes the applicable election of coverage forms and (ii) continues to pay the employee portion of the applicable premium(s). Thereafter, if applicable, coverage will be made available to Employee at Employee's sole expense (i.e., Employee will be responsible for the full COBRA premium) for the remaining months of the COBRA coverage period made available pursuant to applicable law. In the event Employee is deemed to be a highly compensated employee under applicable law, Employee acknowledges that the value of the benefits provided hereunder may be subject to taxation. The medical insurance provided herein does not include any disability coverage.

8. Should Employee become Reemployed before the Maximum Amount of the above-referenced Severance Pay has been paid to Employee, Employee agrees to so notify the Company in writing within five (5) business days of Employee's becoming Reemployed, providing the name of such employer, Employee's intended duties as well as the anticipated start date. Such information is required to ensure Employee's compliance with Employee's non-compete obligations as well as all other applicable restrictive covenants. This notice will also serve to trigger the Company's right to terminate the above-referenced severance pay benefits (specifically excluding any lump sum payment due as a result of the application of Section 409A) as well as all Company-paid or Company-provided benefits consistent with the above paragraphs. Failure to timely provide such notice shall be deemed a material breach of this Agreement entitling the Company to recover as damages the value of all benefits provided to Employee hereunder plus attorneys fees. In the event Employee accepts employment at a lower rate of pay, the Company will agree to continue to pay Employee the difference between the above severance payments and Employee's total compensation to be paid by a subsequent employer upon receipt of acceptable proof of such compensation. All other severance compensation and benefits provided by the Company to Employee hereunder, however, shall terminate upon Reemployment.

9. Employee 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 any severance compensation or benefits having been provided to Employee or based on any alleged failure to withhold taxes or satisfy any claimed obligation. Employee understands and acknowledges that neither the Company, nor any of its employees, attorneys, or other representatives, has provided Employee with any legal or financial advice concerning taxes or any other matter, and that Employee has not relied on any such advice in deciding whether to enter into this Agreement. To the extent applicable, Employee understands and agrees that Employee shall have the responsibility for, and Employee agrees to pay, any and all appropriate income tax or other tax obligations for which Employee is individually responsible and/or related to receipt of any compensation or benefits provided in this Agreement not subject to federal withholding obligations.

10. In consideration for the making of this Agreement and the severance benefits provided hereunder (whether Employee remains eligible to receive them or not), Employee, on behalf of himself and on behalf of Employee's heirs, representatives, agents and assigns, hereby RELEASES, INDEMNIFIES, HOLDS HARMLESS, and FOREVER DISCHARGES (i) the Company and its parent, subsidiary or affiliated entities, (ii) all of the present or former directors, officers, employees, shareholders, and agents of each of such companies, as well as, (iii) all predecessors, successors and assigns of any of the foregoing, from any and all actions, charges, claims, demands, damages or liabilities of any kind or character whatsoever ("Claims"), known or unknown, which Employee now has or may have had through the effective date of this Agreement, excluding, however, Claims arising under this Agreement.

11. Without limiting the generality of the foregoing release, it shall include: (i) all Claims or potential Claims arising under any federal, state or local laws relating to the Parties' employment relationship, including any Claims Employee may have under: the Civil Rights Acts of 1866 and 1964, as amended, 42 U.S.C. §§ 1981 and 2000(e) et seq.; the Civil Rights Act of 1991; the Age Discrimination in Employment Act, as amended, 29 U.S.C. §§ 621 et seq.; the Americans with Disabilities Act of 1990, as amended, 42 U.S.C §§ 12,101 et seq.; the Fair Labor Standards Act 29 U.S.C. §§ 201 et seq.; the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101, et seq.; the Employee Retirement Income Security Act, 29 U.S.C. §§ 1101 et seq.; the Sarbanes-Oxley Act of 2002, specifically including the Corporate and Criminal Fraud Accountability Act, 18 USC §1514A et seq.; and any other federal, state or local law governing the Parties' employment relationship; (ii) any Claims on account of, arising out of or in any way connected with Employee's employment with the Company or leaving of that employment; (iii) any Claims alleged or which could have been alleged in any charge or complaint against the Company; (iv) any Claims relating to the conduct of any employee, officer, director, agent or other representative of the Company; (v) any Claims of discrimination, harassment or retaliation on any basis; (vi) any Claims arising from any legal restrictions on an employer's right to separate its employees; (vii) any Claims for personal injury, compensatory or punitive damages or other forms of relief; and (viii) all other causes of action sounding in contract, tort or other common law basis, including (a) the breach of any alleged oral or written contract, (b) negligent or intentional misrepresentations, (c) wrongful discharge, (d) just cause dismissal, (e) defamation, (f) interference with contract or business relationship or (g) negligent or intentional infliction of emotional distress.

12. Employee further agrees and covenants not to sue the Company or any entity or individual subject to the foregoing General Release with respect to any Claims released by this Agreement, provided, however, that nothing contained in this Agreement shall:

    (a) prevent Employee from filing an administrative charge with the Equal Employment Opportunity Commission or any other federal, state or local agency; or

    (b) prevent Employee from challenging, under the Older Worker's Benefit Protection Act (29 U.S.C. § 626), the knowing and voluntary nature of Employee's release of any age claims in this Agreement in court or before the Equal Employment Opportunity Commission.

13. Notwithstanding Employee's right to file an administrative charge with the EEOC or any other federal, state, or local agency, Employee agrees that with Employee's release of claims in this Agreement, Employee has waived any right Employee may have to recover monetary or other personal relief in any proceeding based in whole or in part on claims released by Employee in this Agreement. For example, Employee waives any right to monetary damages or reinstatement if an administrative charge is brought against the Company, whether by Employee, the EEOC or any other person or entity, including but not limited to any federal, state or local agency. Further, with Employee's release of Claims in this Agreement, Employee specifically assigns to the Company Employee's right to any recovery arising from any such proceeding.

14. The Parties acknowledge that it is their mutual and specific intent that the above waiver fully complies with the requirements of the Older Workers Benefit Protection Act (29 U.S.C. § 626) and any similar law governing release of claims. Accordingly, Employee hereby acknowledges that:

    (a) Employee has carefully read and fully understands all of the provisions of this Agreement and that Employee has entered into this Agreement knowingly and voluntarily;

    (b) the severance benefits offered in exchange for Employee's release of claims exceed in kind and scope that to which Employee would have otherwise been legally entitled absent the execution of this Agreement;

    (c) prior to signing this Agreement, Employee had been advised, and is being advised by this Agreement, to consult with an attorney of Employee's choice concerning its terms and conditions; and

    (d) Employee has been offered at least [twenty-one (21)/forty-five (45)] [SELECT 21 FOR AN INDIVIDUAL TERMINATION AND 45 FOR A GROUP TERMINATION] days within which to review and consider this **Agreement.**

15. The Parties agree that this Agreement shall not become effective and enforceable until the date this Agreement is signed by both Parties or seven (7) calendar days after its execution by Employee, whichever is later. Employee may revoke this Agreement for any reason by providing written notice of such intent to the Company within seven (7) days after Employee has signed this Agreement, thereby forfeiting Employee's right to receive any severance benefits provided hereunder and rendering this Agreement null and void in its entirety. This revocation must be sent to the Employee's HR representative with a copy sent to the Batesville Casket Company Office of General Counsel and must be received by the end of the seventh day after Employee signs this Agreement to be effective.

16. The Parties agree that nothing contained herein shall purport to waive or otherwise affect any of Employee's rights or claims that may arise after Employee signs this Agreement. It is further understood by the Parties that nothing in this Agreement shall affect any rights Employee may have under any Company sponsored Deferred Compensation Program, Executive Life Insurance Bonus Plan, Stock Grant Award, Stock Option Grant, Restricted Stock Unit Award, Pension Plan and/or Savings Plan (i.e., 401(k) plan) provided by the Company as of the date of his/her termination, such items to be governed exclusively by the terms of the applicable agreements or plan documents.

17. Similarly, notwithstanding any provision contained herein to the contrary, this Agreement shall not constitute a waiver or release or otherwise affect Employee's rights with respect to any vested benefits, any rights Employee has to benefits which cannot be waived by law, any coverage provided under any Directors and Officers ("D&O") policy, any rights Employee may have under any indemnification agreement Employee has with the Company prior to the date hereof, any rights Employee has as a shareholder, or any claim for breach of this Agreement, including, but not limited to the benefits promised by the terms of this Agreement.

18. Except as provided herein, Employee acknowledges that Employee will not be eligible to receive or vest in any additional stock options, stock awards or restricted stock units ("RSUs") as of Employee's Effective Termination Date. Failure to exercise any vested options within the applicable period as set forth in the plan and/or grant will result in their forfeiture. Employee acknowledges that any stock options, stock awards or RSUs held for less than the required period shall be deemed forfeited as of the effective date of this Agreement. All terms and conditions of such stock options, stock awards or RSUs shall not be affected by this Agreement, shall remain in full force and effect, and shall govern the Parties' rights with respect to such equity based awards.

19. **[*Option A*]** Employee acknowledges that Employee's termination and the severance compensation and benefits offered hereunder were based on an individual determination and were not offered in conjunction with any group termination or group severance program and waives any claim to the contrary.

    [*Option B*] Employee represents and agrees that Employee has been provided relevant cohort information based on the information available to the Company as of the date this Agreement was tendered to Employee. This information is attached hereto as Exhibit A. The Parties acknowledge that simply providing such information does not mean and should not be interpreted to mean that the Company was obligated to comply with 29 C.F.R. § 1625.22(f).

20. Employee hereby affirms and acknowledges Employee's continued obligations to comply with the post-termination covenants contained in Employee's Employment Agreement, including but not limited to, the non-compete, trade secret and confidentiality provisions thereof, as well as to comply with any other agreements between Employee and the Company or any of its affiliated companies that remain in effect. Employee acknowledges that a copy of the Employment Agreement has been attached to this Agreement as Exhibit A **[B]** or has otherwise been provided to Employee and, to the extent not inconsistent with the terms of this Agreement or applicable law, the terms thereof shall be incorporated herein by reference. Employee acknowledges that the restrictions contained therein are valid and reasonable in every respect and are necessary to protect the Company's legitimate business interests. Employee hereby affirmatively waives any claim or defense to the contrary. Employee hereby acknowledges that the definition of Competitor, as provided in Employee's Employment Agreement, shall include but not be limited to those entities specifically identified in the updated Competitor List attached hereto as Exhibit B **[C]**.

21. Employee acknowledges that the Company as well as its parent, subsidiary and affiliated companies ("Companies" herein) possess, and Employee has been granted access to, certain trade secrets as well as other confidential and proprietary information that they have acquired at great effort and expense. Such information includes, without limitation, confidential information regarding products and services, marketing strategies, business plans, operations, costs, current or, prospective customer information (including customer contacts, requirements, creditworthiness and like matters), product concepts, designs, prototypes or specifications, regulatory compliance issues, research and development efforts, technical data and know-how, sales information, including pricing and other terms and conditions of sale, financial information, internal procedures, techniques, forecasts, methods, trade information, trade secrets, software programs, project requirements, inventions, trademarks, trade names, and similar information regarding the Companies' business (collectively referred to herein as "Confidential Information").

22. Employee agrees that all such Confidential Information is and shall remain the sole and exclusive property of the Company. Except as may be expressly authorized by the Company in writing, or as may be required by law after providing due notice thereof to the Company, Employee agrees not to disclose, or cause any other person or entity to disclose, any Confidential Information to any third party for as long thereafter as such information remains confidential (or as limited by applicable law) and agrees not to make use of any such Confidential Information for Employee's own purposes or for the benefit of any other entity or person. The Parties acknowledge that Confidential Information shall not include any information that is otherwise made public through no fault of Employee or other wrong doing.

23. On or before Employee's Effective Termination Date or per the Company's request, Employee agrees to return the original and all copies of all things in Employee's possession or control relating to the Companies or their businesses, including but not limited to any and all contracts, reports, memoranda, correspondence, manuals, forms, records, designs, budgets, contact information or lists (including customer, vendor or supplier lists), ledger sheets or other financial information, drawings, plans (including, but not limited to, business, marketing and strategic plans), personnel or other business files, computer hardware, software, or access codes, door and file keys, identification, credit cards, pager, phone, and any and all other physical, intellectual, or personal property of any nature that Employee received, prepared, helped prepare, or directed preparation of in connection with Employee's employment with the Company. Nothing contained herein shall be construed to require the return of any non-confidential and de minimis items regarding Employee's pay, benefits or other rights of employment such as pay stubs, W-2 forms, 401(k) plan summaries, benefit statements, etc.

24. Employee hereby consents and authorizes the Company to deduct as an offset from the above-referenced Severance Pay the value of any Company property not returned or returned in a damaged condition as well as any monies paid by the Company on Employee's behalf (e.g., payment of any outstanding American Express bill).

25. Employee agrees to cooperate with the Company in connection with any pending or future litigation, proceeding or other matter which has been or may be brought against or by the Company before any agency, court, or other tribunal and concerning or relating in any way to any matter falling within Employee's knowledge or former area of responsibility. Employee agrees to immediately notify the Company, through the Office of the General Counsel, in the event Employee is contacted by any outside attorney (including paralegals or other affiliated parties) unless (i) the Company is represented by the attorney, (ii) Employee is represented by the attorney for the purpose of protecting Employee's personal interests or (iii) the Company has been advised of and has approved such contact. Employee agrees to provide reasonable assistance and completely truthful testimony in such matters including, without limitation, facilitating and assisting in the preparation of any underlying defense, responding to discovery requests, preparing for and attending deposition(s) as well as appearing in court to provide truthful testimony. The Company agrees to reimburse Employee for all reasonable out of pocket expenses incurred at the request of the Company associated with such assistance and testimony.

26. Employee agrees not to make any written or oral statement that may defame, disparage or cast in a negative light so as to do harm to the personal or professional reputation of (a) the Company, (b) its employees, officers, directors or trustees or (c) the services and/or products provided by the Company and its subsidiaries or affiliate entities. The Parties acknowledge that nothing contained herein shall be construed to prevent or prohibit the Company or the Employee from providing truthful information in response to any court order, discovery request, subpoena or other lawful request.

27. **EMPLOYEE SPECIFICALLY AGREES AND UNDERSTANDS THAT THE EXISTENCE AND TERMS OF THIS AGREEMENT ARE STRICTLY CONFIDENTIAL AND THAT SUCH CONFIDENTIALITY IS A MATERIAL TERM OF THIS AGREEMENT.** Accordingly, except as required by law or unless authorized to do so by the Company in writing, Employee agrees that Employee shall not communicate, display or otherwise reveal any of the contents of this Agreement to anyone other than Employee's spouse, legal counsel or financial advisor provided, however, that they are first advised of the confidential nature of this Agreement and Employee obtains their agreement to be bound by the same. The Company agrees that Employee may respond to legitimate inquiries regarding the termination of Employee's employment by stating that the Parties have terminated their relationship on an amicable basis and that the Parties have entered into a Confidential Separation and Release Agreement that prohibits Employee from further discussing the specifics of Employee's separation. Nothing contained herein shall be construed to prevent Employee from discussing or otherwise advising subsequent employers of the existence of any obligations as set forth in Employee's Employment Agreement. Further, nothing contained herein shall be construed to limit or otherwise restrict the Company's ability to disclose the terms and conditions of this Agreement as may be required by business necessity.

28. In the event that Employee breaches or threatens to breach any provision of this Agreement, Employee agrees that the Company shall be entitled to seek any and all equitable and legal relief provided by law, specifically including immediate and permanent injunctive relief. Employee hereby waives any claim that the Company has an adequate remedy at law. In addition, and to the extent not prohibited by law, Employee agrees that the Company shall be entitled to discontinue providing any additional severance compensation or benefits upon such breach or threatened breach as well as an award of all costs and attorneys' fees incurred by the Company in any successful effort to enforce the terms of this Agreement. Employee agrees that the foregoing relief shall not be construed to limit or otherwise restrict the Company's ability to pursue any other remedy provided by law, including the recovery of any actual, compensatory or punitive damages. Moreover, if Employee pursues any Claims against the Company that have been released by Employee, or breaches the above confidentiality provision, Employee agrees to immediately reimburse the Company for the value of all benefits received under this Agreement to the fullest extent permitted by law.

29. Similarly, in the event that the Company breaches or threatens to breach any provision of this Agreement, Employee shall be entitled to seek any and all equitable or other available relief provided by law, specifically including immediate and permanent injunctive relief. In the event Employee is required to file suit to enforce the terms of this Agreement, the Company agrees that Employee shall be entitled to an award of all costs and attorneys' fees incurred by Employee in any wholly successful effort (i.e. entry of a judgment in Employee's favor) to enforce the terms of this Agreement. In the event Employee is wholly unsuccessful, the Company shall be entitled to an award of its costs and attorneys' fees.

30. Both Parties acknowledge that this Agreement is entered into solely for the purpose of terminating Employee's employment relationship with the Company on an amicable basis and shall not be construed as an admission of liability or wrongdoing by the Company or Employee, both Parties having expressly denied any such liability or wrongdoing.

31. Each of the promises and obligations shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, assigns and successors in interest of each of the Parties.

32. The Parties agree that each and every paragraph, sentence, clause, term and provision of this Agreement is severable and that, if any portion of this Agreement should be deemed not enforceable for any reason, such portion shall be stricken and the remaining portion or portions thereof should continue to be enforced to the fullest extent permitted by applicable law.

33. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Indiana without regard to any applicable state's choice of law provisions.

34. Employee represents and acknowledges that in signing this Agreement Employee does not rely, and has not relied, upon any representation or statement made by the Company or by any of the Company's employees, officers, agents, stockholders, directors or attorneys with regard to the subject matter, basis or effect of this Agreement other than those specifically contained herein.

35. This Agreement represents the entire agreement between the Parties concerning the subject matter hereof, shall supersede any and all prior agreements which may otherwise exist between them concerning the subject matter hereof (specifically excluding, however, the post-termination obligations contained in an Employee's Employment Agreement, any obligations contained in an existing and valid Indemnity Agreement or Change in Control or any obligation contained in any other legally-binding document), and shall not be altered, amended, modified or otherwise changed except by a writing executed by both Parties.

PLEASE READ CAREFULLY. THIS SEPARATION AND RELEASE AGREEMENT INCLUDES A COMPLETE RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

IN WITNESS WHEREOF, the Parties have themselves signed, or caused a duly authorized agent thereof to sign, this Agreement on their behalf and thereby acknowledge their intent to be bound by its terms and conditions.

[EMPLOYEE]		[COMPANY]	
Signed:	_____	By:	_____
Printed:	_____	Title:	_____
Dated:	_____	Dated:	_____

Exhibit B

ILLUSTRATIVE COMPETITOR LIST

The following is an illustrative, non-exhaustive list of Competitors with whom Employee may not, during his relevant non-compete period, directly or indirectly engage in any of the competitive activities proscribed by the terms of his Employment Agreement.

- Astral Industries, Inc.
- Aurora Casket Company, Inc.
- Goliath Casket, Inc.
- Milso Industries, Inc.
- Milso Industries, LLC
- New England Casket Company
- R and S Marble Designs
- Reynoldsville Casket Company
- Schuykill Haven Casket Company, Inc. (A division of The Haven Line Industries)
- SinoSource International, Inc.
- Thacker Caskets, Inc.
- The York Group (a division of Matthews International Corp.) and its distributors, including Warfield Rohr, Artco, Newmark and AJ Distribution
- The Victoriaville Group
- Wilbert Funeral Services, Inc.

While the above list is intended to identify the Company's primary competitors, it should not be construed as all encompassing so as to exclude other potential competitors falling within the Non-Compete definitions of "Competitor." The Company reserves the right to amend this list at any time in its sole discretion to identify other or additional Competitors based on changes in the products and services offered, changes in its business or industry as well as changes in the duties and responsibilities of the individual employee. An updated list will be provided to Employee upon reasonable request. Employees are encouraged to consult with the Company prior to accepting any position with any potential competitor.

EXHIBIT 31.1

CERTIFICATIONS

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

I, Kenneth A. Camp, certify that:

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

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

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

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

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

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

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

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

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

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

Date: February 6, 2009

/s/ Kenneth A. Camp

Kenneth A. Camp
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

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

I, Cynthia L. Lucchese certify that:

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

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

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

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

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

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

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

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

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

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

Date: February 6, 2009

/s/ Cynthia L. Lucchese

Cynthia L. Lucchese
Senior Vice President and
Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report of Hillenbrand, Inc. (the "Company") on Form 10-Q for the period ending December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth A. Camp, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

February 6, 2009

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

EXHIBIT 32.2

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

In connection with the Quarterly Report of Hillenbrand, Inc. (the "Company") on Form 10-Q for the period ending December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cynthia L. Lucchese, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

February 6, 2009

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