

**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, 2019

OR

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

For the transition period from ____ to ____

Commission File Number. 001-33794

HILLENBRAND, INC.

(Exact name of registrant as specified in its charter)

Indiana

(State of incorporation)

26-1342272

(I.R.S. Employer Identification No.)

One Batesville Boulevard

Batesville IN

(Address of principal executive offices)

47006

(Zip Code)

(812) 934-7500

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, without par value	HI	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The registrant had 74,718,686 shares of common stock, no par value per share, outstanding as of January 31, 2020.

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PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Hillenbrand, Inc.

Consolidated Statements of Operations (Unaudited)

(in millions, except per share data)

	Three Months Ended December 31,	
	2019	2018
Net revenue	\$ 566.9	\$ 410.3
Cost of goods sold	395.1	263.3
Gross profit	171.8	147.0
Operating expenses	157.4	90.7
Amortization expense	14.8	7.8
Interest expense	14.7	5.5
Other income, net	1.9	0.5
(Loss) income before income taxes	(13.2)	43.5
Income tax (benefit) expense	(12.4)	14.5
Consolidated net (loss) income	(0.8)	29.0
Less: Net income attributable to noncontrolling interests	2.3	0.7
Net (loss) income attributable to Hillenbrand	\$ (3.1)	\$ 28.3
Net (loss) income attributable to Hillenbrand — per share of common stock:		
Basic (loss) earnings per share	\$ (0.05)	\$ 0.45
Diluted (loss) earnings per share	\$ (0.05)	\$ 0.45
Weighted average shares outstanding (basic)	68.4	62.9
Weighted average shares outstanding (diluted)	68.4	63.5

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)
(in millions)

	Three Months Ended December 31,	
	2019	2018
Consolidated net (loss) income	\$ (0.8)	\$ 29.0
Changes in other comprehensive income (loss), net of tax		
Currency translation adjustment	17.3	(4.9)
Pension and postretirement (net of tax of \$0.5 and \$0.1)	1.1	0.2
Change in net unrealized gain (loss) on derivative instruments (net of tax of \$0.2 and \$1.7)	1.4	(5.2)
Total changes in other comprehensive income (loss), net of tax	19.8	(9.9)
Consolidated comprehensive income	19.0	19.1
Less: Comprehensive income attributable to noncontrolling interests	2.2	0.9
Comprehensive income attributable to Hillenbrand	\$ 16.8	\$ 18.2

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Balance Sheets
(in millions)

	December 31, 2019 (unaudited)	September 30, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 142.4	\$ 399.0
Trade receivables, net	344.3	217.4
Receivables from long-term manufacturing contracts	205.9	181.1
Inventories, net	442.1	176.6
Prepaid expenses and other current assets	87.4	49.1
Total current assets	1,222.1	1,023.2
Property, plant, and equipment, net	398.1	140.3
Operating lease right-of-use assets	172.5	—
Intangible assets, net	1,317.7	454.9
Goodwill	1,256.9	578.0
Other long-term assets	53.4	32.2
Total Assets	\$ 4,420.7	\$ 2,228.6
LIABILITIES		
Current Liabilities		
Trade accounts payable	\$ 349.0	\$ 236.2
Liabilities from long-term manufacturing contracts and advances	183.1	158.2
Current portion of long-term debt	42.1	—
Accrued compensation	86.2	73.2
Other current liabilities	219.4	121.7
Total current liabilities	879.8	589.3
Long-term debt	1,822.6	619.5
Accrued pension and postretirement healthcare	162.0	131.3
Operating lease liabilities	137.1	—
Deferred income taxes	215.4	73.6
Other long-term liabilities	60.0	45.1
Total Liabilities	3,276.9	1,458.8
Commitments and contingencies (Note 15)		
SHAREHOLDERS' EQUITY		
Common stock, no par value (75.8 and 63.9 shares issued, 74.7 and 62.7 shares outstanding)	—	—
Additional paid-in capital	712.9	345.3
Retained earnings	586.5	599.5
Treasury stock (1.1 and 1.2 shares)	(45.6)	(50.1)
Accumulated other comprehensive loss	(126.7)	(140.6)
Hillenbrand Shareholders' Equity	1,127.1	754.1
Noncontrolling interests	16.7	15.7
Total Shareholders' Equity	1,143.8	769.8
Total Liabilities and Shareholders' Equity	\$ 4,420.7	\$ 2,228.6

See Condensed Notes to Consolidated Financial Statements

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

	Three Months Ended December 31,	
	2019	2018
Operating Activities		
Consolidated net (loss) income	\$ (0.8)	\$ 29.0
Adjustments to reconcile net (loss) income to cash provided by operating activities:		
Depreciation and amortization	25.9	14.1
Deferred income taxes	(29.0)	5.3
Amortization of deferred financing costs	0.5	0.1
Share-based compensation	2.3	1.9
Settlement of Milacron share-based equity awards	5.9	—
Trade accounts receivable and receivables from long-term manufacturing contracts	(9.4)	15.7
Inventories	26.3	(8.9)
Prepaid expenses and other current assets	14.5	1.9
Trade accounts payable	(1.8)	(0.6)
Liabilities from long-term manufacturing contracts and advances, accrued compensation, and other current liabilities	(21.3)	(9.7)
Income taxes payable	6.5	(12.1)
Defined benefit plan and postretirement funding	(2.7)	(2.3)
Defined benefit plan and postretirement expense	1.5	0.8
Other, net	(0.6)	0.3
Net cash provided by operating activities	17.8	35.5
Investing Activities		
Capital expenditures	(6.3)	(3.6)
Proceeds from sales of property, plant, and equipment	13.3	—
Acquisition of businesses, net of cash acquired	(1,503.1)	(26.2)
Net cash used in investing activities	(1,496.1)	(29.8)
Financing Activities		
Proceeds from issuance of long-term debt	725.0	—
Repayments on long-term debt	(9.1)	—
Proceeds from revolving credit facilities	747.5	160.2
Repayments on revolving credit facilities	(222.5)	(139.6)
Payment of deferred financing costs	(5.4)	—
Payments of dividends on common stock	(15.8)	(13.1)
Proceeds from stock option exercises	0.2	0.3
Payments for employee taxes on net settlement equity awards	(1.8)	(4.1)
Other, net	3.3	(0.9)
Net cash provided by financing activities	1,221.4	2.8
Effect of exchange rates on cash and cash equivalents	0.4	0.3
Net cash flows	(256.5)	8.8
Cash, cash equivalents, and restricted cash:		
At beginning of period	399.4	56.5
At end of period	\$ 142.9	\$ 65.3

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Balance Sheets that sum to the total of the same amounts shown in the Consolidated Statements of Cash Flows:

	December 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 142.4	\$ 64.8
Short-term restricted cash included in other current assets	0.5	0.5
Total cash, cash equivalents, and restricted cash shown in the Consolidated Statements of Cash Flows	\$ 142.9	\$ 65.3

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Statements of Shareholders' Equity (Unaudited)
(in millions)

	Three Months Ended December 31, 2019								
	Shareholders of Hillenbrand, Inc.								
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total	
	Shares			Shares	Amount				
Balance at September 30, 2019	63.9	\$ 345.3	\$ 599.5	1.2	\$ (50.1)	\$ (140.6)	\$ 15.7	\$ 769.8	
Total other comprehensive income (loss), net of tax	—	—	—	—	—	19.9	(0.1)	19.8	
Net (loss) income	—	—	(3.1)	—	—	—	2.3	(0.8)	
Issuance/retirement of stock for stock awards/options	—	(6.1)	—	(0.1)	4.5	—	—	(1.6)	
Share-based compensation	—	2.3	—	—	—	—	—	2.3	
Dividends (\$0.2125 per share)	—	0.1	(15.9)	—	—	—	(1.2)	(17.0)	
Common stock issued to acquire Milacron (see Note 4)	11.9	371.3	—	—	—	—	—	371.3	
Reclassification of certain income tax effects ⁽¹⁾	—	—	6.0	—	—	(6.0)	—	—	
Balance at December 31, 2019	75.8	\$ 712.9	\$ 586.5	1.1	\$ (45.6)	\$ (126.7)	\$ 16.7	\$ 1,143.8	

	Three Months Ended December 31, 2018								
	Shareholders of Hillenbrand, Inc.								
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total	
	Shares			Shares	Amount				
Balance at September 30, 2018	63.9	\$ 351.4	\$ 531.0	1.6	\$ (67.1)	\$ (84.2)	\$ 13.0	\$ 744.1	
Total other comprehensive (loss) income, net of tax	—	—	—	—	—	(10.1)	0.2	(9.9)	
Net income	—	—	28.3	—	—	—	0.7	29.0	
Issuance/retirement of stock for stock awards/options	—	(11.7)	—	(0.2)	7.9	—	—	(3.8)	
Share-based compensation	—	1.9	—	—	—	—	—	1.9	
Dividends (\$0.2100 per share)	—	0.1	(13.2)	—	—	—	(1.0)	(14.1)	
Other	—	—	0.2	—	—	—	—	0.2	
Balance at December 31, 2018	63.9	\$ 341.7	\$ 546.3	1.4	\$ (59.2)	\$ (94.3)	\$ 12.9	\$ 747.4	

⁽¹⁾ Income tax effects of the Tax Act (as defined in Note 2) were reclassified from accumulated other comprehensive loss to retained earnings due to the adoption of ASU 2018-02. See Note 2 for more information.

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Condensed Notes to Consolidated Financial Statements (Unaudited)
(in millions, except share and per share data)

1. Background and Basis of Presentation

Hillenbrand, Inc. (the “Company” or “Hillenbrand”) is a global diversified industrial company with multiple leading brands that serve a wide variety of industries around the world. The Company strives to provide superior return for our shareholders, exceptional value for our customers, great professional opportunities for our employees, and to be responsible to our communities through deployment of the Hillenbrand Operating Model (“HOM”). The HOM is a consistent and repeatable framework designed to produce sustainable and predictable results. The HOM describes the Company’s mission, vision, values, and mindset as leaders; applies our management practices in Strategy Management, Segmentation, Lean, Talent Development, and Acquisitions; and prescribes three steps (Understand, Focus, and Grow) designed to make the Company’s businesses both bigger and better. The Company’s goal is to continue developing Hillenbrand as a world-class global diversified industrial company through the deployment of the HOM.

On July 12, 2019, Hillenbrand entered into a definitive agreement (the “Merger Agreement”) to acquire Milacron Holdings Corp. (“Milacron”) in a cash and stock merger transaction. The Company completed the acquisition on November 21, 2019 through a merger of its wholly-owned subsidiary with and into Milacron, resulting in ownership of 100% of Milacron’s common stock that was issued and outstanding after the merger. The Consolidated Financial Statements as of and for the three months ended December 31, 2019 include the financial results of Milacron from the date of acquisition. See Note 4 for further information on the acquisition.

Hillenbrand’s portfolio is composed of three reportable business segments: the Process Equipment Group, Milacron®, and Batesville®. The Process Equipment Group businesses design, develop, manufacture, and service highly engineered industrial equipment around the world. Milacron is a global leader in highly engineered and customized systems in plastics technology and processing. Batesville is a recognized leader in the death care industry in North America. “Hillenbrand,” the “Company,” “we,” “us,” “our,” and similar words refer to Hillenbrand and its subsidiaries within this Form 10-Q unless context otherwise requires.

The accompanying unaudited Consolidated Financial Statements include the accounts of Hillenbrand and its subsidiaries. They also include two subsidiaries where the Company’s ownership percentage is less than 100%. The Company’s fiscal year ends on September 30. Unless otherwise stated, references to years relate to fiscal years.

These unaudited Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial statements and therefore do not include all information required in accordance with United States generally accepted accounting principles (“GAAP”). The unaudited Consolidated Financial Statements have been prepared on the same basis as, and should be read in conjunction with, the audited Consolidated Financial Statements and notes thereto included in the Company’s latest Annual Report on Form 10-K for the year ended September 30, 2019, as filed with the SEC. In the opinion of management, these Consolidated Financial Statements reflect all adjustments necessary to present a fair statement of the Company’s consolidated financial position and the consolidated results of operations and cash flows as of the dates and for the periods presented. The interim period results are subject to variation and are not necessarily indicative of the results of operations to be expected for the full fiscal year.

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

2. Summary of Significant Accounting Policies

The significant accounting policies used in preparing the Consolidated Financial Statements are consistent with the accounting policies described in the Company’s Annual Report on Form 10-K for 2019, except as described below.

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Updated (“ASU”) 2016-02, *Leases* (“ASU 2016-02”). ASU 2016-02 requires lessees to recognize a right of use asset and related lease liability for leases that have terms of more than twelve months. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance, with the classifications based on criteria that are similar to those applied under the current lease guidance, without the explicit bright lines. ASU 2016-02 became effective for the Company’s fiscal year that began on October 1, 2019. The Company adopted ASU 2016-02 under the allowable transition method to use the effective date as the date of initial application on transition without adjusting the comparative periods presented (modified retrospective method).

At transition, the Company elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification, and initial direct costs. Additionally, ASU 2016-02 also provides practical expedients for an entity’s ongoing accounting. The Company elected to not separate lease and non-lease components. Additionally, the Company will not recognize an asset for leases with a term of twelve months or less and will apply a portfolio approach in determining discount rates.

The Company surveyed its businesses, assessed its portfolio of leases, and compiled a central repository of all leases. Additionally, the Company identified and implemented appropriate changes to policies, procedures, and controls pertaining to existing and future lease arrangements to support recognition and disclosure requirements under ASU 2016-02. As a result of the adoption of ASU 2016-02, the Company recorded right-of-use assets of \$172.5 and corresponding lease liabilities of \$170.0 for its operating leases at December 31, 2019. Approximately \$41.0 of the right-of-use assets and \$39.0 of the corresponding lease liabilities were recorded in connection with the Milacron acquisition. The adoption of ASU 2016-02 did not have a material impact to the Company’s Consolidated Statements of Operations or Consolidated Statements of Cash Flows. See Note 6 for additional information.

In February 2018, the FASB issued ASU 2018-02, *Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (“ASU 2018-02”). ASU 2018-02 allows for the reclassification of stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017 (the “Tax Act”) from accumulated other comprehensive loss to retained earnings. The Company adopted ASU 2018-02 on October 1, 2019, which resulted in a decrease to accumulated other comprehensive loss and an increase to retained earnings of \$6.0 each on the Consolidated Balance Sheets, primarily related to deferred taxes previously recorded for pension and other postretirement benefits. The adoption of ASU 2018-02 did not have an impact to the Consolidated Statements of Operations or Consolidated Statements of Cash Flows.

Recently Issued Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Statements* (“ASU 2016-13”). ASU 2016-13 replaces the current incurred loss impairment model with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. ASU 2016-13 will be effective for the Company’s fiscal year beginning on October 1, 2020. The Company is currently evaluating the impact that ASU 2016-13 will have on the Consolidated Financial Statements.

No other new accounting pronouncements recently adopted or issued had or are expected to have a material impact on the Consolidated Financial Statements.

3. Revenue Recognition

Net revenue includes gross revenue less sales discounts, customer rebates, sales incentives, and product returns, all of which require the Company to make estimates for the portion of these allowances that have yet to be credited or paid to customers. The Company estimates these allowances using the expected value method, which is based upon historical rates and projections of customer purchases toward contractual rebate thresholds.

Contract balances

The balance in receivables from long-term manufacturing contracts at December 31, 2019 and September 30, 2019 was \$205.9 and \$181.1, respectively. The change was driven by the impact of net revenue recognized prior to billings. The balance in the liabilities from long-term manufacturing contracts and advances at December 31, 2019 and September 30, 2019 was \$183.1 and \$158.2, respectively, and consists primarily of cash payments received or due in advance of satisfying performance obligations. The revenue recognized for the three months ended December 31, 2019 and 2018 related to liabilities from long-term manufacturing

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contracts and advances as of September 30, 2019 and 2018 was \$55.3 and \$78.0, respectively. During the three months ended December 31, 2019 and 2018, the adjustments related to performance obligations satisfied in previous periods were immaterial.

Transaction price allocated to the remaining performance obligations

As of December 31, 2019, the aggregate amount of transaction price of remaining performance obligations, which corresponds to backlog as defined in Item 2 of this Form 10-Q, for the Company was \$1,047.7. Approximately 85% of these performance obligations are expected to be satisfied over the next twelve months, and the remaining performance obligations, primarily within one to three years.

Disaggregation of revenue

As a result of completing the acquisition of Milacron during the current year, the Company now sells products in the following additional end markets: custom molders, automotive, consumer goods, packaging, electronics, and construction. The following tables present net revenue by end market, which include reclassifications in the prior year period to conform to the current year presentation:

Revenue by End Market	Three Months Ended December 31, 2019			
	Process Equipment Group	Milacron	Batesville	Total
Plastics	\$ 202.0	\$ —	\$ —	\$ 202.0
Automotive	—	25.0	—	25.0
Chemicals	24.4	—	—	24.4
Consumer goods	—	18.4	—	18.4
Food and pharmaceuticals	18.0	—	—	18.0
Custom molders	—	16.8	—	16.8
Construction	—	16.8	—	16.8
Packaging	—	13.8	—	13.8
Minerals and mining	13.3	—	—	13.3
Electronics	—	8.3	—	8.3
Death care	—	—	127.0	127.0
Other industrial	48.9	34.2	—	83.1
Total	\$ 306.6	\$ 133.3	\$ 127.0	\$ 566.9

	Three Months Ended December 31, 2018		
	Process Equipment Group	Batesville	Total
Revenue by End Market			
Plastics	\$ 160.9	\$ —	\$ 160.9
Chemicals	29.6	—	29.6
Minerals and mining	28.0	—	28.0
Food and pharmaceuticals	16.5	—	16.5
Death care	—	128.1	128.1
Other industrial	47.2	—	47.2
Total	<u>\$ 282.2</u>	<u>\$ 128.1</u>	<u>\$ 410.3</u>

The following tables present net revenue by products and services:

	Three Months Ended December 31, 2019			
	Process Equipment Group	Milacron	Batesville	Total
Products and Services				
Equipment	\$ 206.0	\$ 82.2	\$ —	\$ 288.2
Parts and services	100.6	32.2	—	132.8
Death care	—	—	127.0	127.0
Other	—	18.9	—	18.9
Total	<u>\$ 306.6</u>	<u>\$ 133.3</u>	<u>\$ 127.0</u>	<u>\$ 566.9</u>

	Three Months Ended December 31, 2018		
	Process Equipment Group	Batesville	Total
Products and Services			
Equipment	\$ 183.4	\$ —	\$ 183.4
Parts and services	98.8	—	98.8
Death care	—	128.1	128.1
Total	<u>\$ 282.2</u>	<u>\$ 128.1</u>	<u>\$ 410.3</u>

The following tables present net revenue by timing of transfer:

	Three Months Ended December 31, 2019			
	Process Equipment Group	Milacron	Batesville	Total
Timing of Transfer				
Point in time	\$ 147.3	\$ 133.3	\$ 127.0	\$ 407.6
Over time	159.3	—	—	159.3
Total	<u>\$ 306.6</u>	<u>\$ 133.3</u>	<u>\$ 127.0</u>	<u>\$ 566.9</u>

	Three Months Ended December 31, 2018		
	Process Equipment Group	Batesville	Total
Timing of Transfer			
Point in time	\$ 163.7	\$ 128.1	\$ 291.8
Over time	118.5	—	118.5
Total	<u>\$ 282.2</u>	<u>\$ 128.1</u>	<u>\$ 410.3</u>

4. Business Acquisitions

Acquisition of Milacron

Background

On November 21, 2019, the Company completed the acquisition of Milacron, a global leader in highly engineered and customized systems in plastic technology and processing, through a merger of its wholly-owned subsidiary with and into Milacron, resulting in ownership of 100% of Milacron common stock that was issued and outstanding after the acquisition. The acquisition provides Hillenbrand with increased scale and meaningful product diversification, enhancing its ability to serve customers with expanded capabilities across the plastics value chain.

The results of Milacron are currently reported separately in its own reportable segment. See Note 17 for further information.

Purchase price consideration

As a result of the acquisition, Milacron stockholders received \$11.80 in cash per share and a fixed exchange ratio of 0.1612 shares of Hillenbrand common stock for each share of Milacron common stock they owned, with cash paid in lieu of fractional shares. In addition, concurrent with the closing of the acquisition, the Company made a cash payment of \$772.9 to repay outstanding Milacron debt, including accrued interest. The Company funded the acquisition through a combination of cash on hand, new debt financing, and the issuance of common stock. See Note 8 for a discussion of the debt financing.

Pursuant to the Merger Agreement, certain of Milacron's outstanding stock options, restricted stock awards, restricted stock unit awards, and performance stock unit awards immediately vested and converted into the right to receive \$11.80 per share in cash and 0.1612 shares of Hillenbrand common stock per share. Additionally, certain of Milacron's stock appreciation rights were canceled and converted into the right to receive a lump sum cash payment. The fair value of share-based equity awards was apportioned between purchase price consideration and immediate expense. The portion of the fair value of partially vested awards associated with pre-acquisition service of Milacron employees represented a component of the total purchase price consideration, while the remaining portion of the fair value was immediately recognized as expense within operating expenses in the Consolidated Statements of Operations during the three months ended December 31, 2019.

The following table summarizes the aggregate purchase price consideration to acquire Milacron:

Cash consideration paid to Milacron stockholders	\$	835.9
Repayment of Milacron debt, including accrued interest		772.9
Cash consideration paid to settle outstanding share-based equity awards		34.2
Total cash consideration		1,643.0
Fair value of Hillenbrand common stock issued to Milacron stockholders ⁽¹⁾		356.9
Stock consideration issued to settle outstanding share-based equity awards ⁽¹⁾		14.4
Total consideration transferred		2,014.3
Portion of cash settlement of outstanding share-based equity awards recognized as expense ⁽²⁾		(14.1)
Portion of stock settlement of outstanding share-based equity awards recognized as expense ⁽²⁾		(5.9)
Total purchase price consideration	\$	1,994.3

⁽¹⁾ The fair value of the 11.4 million shares of Hillenbrand's common stock issued as of the acquisition date was determined based on a per share price of \$31.26, which was the closing price of the Hillenbrand's common stock on November 20, 2019, the last trading day before the acquisition closed on November 21, 2019. This includes a nominal amount of cash paid in lieu of fractional shares. Additionally, 0.5 million shares of Hillenbrand's common stock were issued to settle certain of Milacron's outstanding share-based equity awards, as previously discussed.

⁽²⁾ In total, \$20.0 was immediately recognized as expense within operating expenses on the Consolidated Statements of Operations during the three months ended December 31, 2019, which represents the portion of the fair value of outstanding share-based equity awards that was not associated with pre-acquisition service of Milacron employees, as previously discussed.

Purchase price allocation

The acquisition was accounted for as a business combination in accordance with Accounting Standards Codification Topic 805, *Business Combinations*. The purchase price was allocated to the assets acquired and liabilities assumed based on management's estimate of the respective fair values at the date of acquisition. Goodwill was calculated as the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The factors contributing to the recognition of goodwill were based on strategic benefits that are expected to be realized from the acquisition. None of the goodwill is expected to be deductible for income tax purposes.

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

	November 21, 2019
Assets acquired:	
Cash and cash equivalents	\$ 125.8
Trade receivables	135.5
Inventories	288.7
Prepaid expense and other current assets	64.3
Property, plant, and equipment	262.9
Operating lease right-of-use assets	41.3
Identifiable intangible assets	865.0
Goodwill	666.5
Other long-term assets	22.6
Total assets acquired	<u>2,472.6</u>
Liabilities assumed:	
Trade accounts payable	110.2
Liabilities from long-term manufacturing contracts and advances	32.7
Accrued compensation	23.2
Other current liabilities	72.2
Accrued pension and postretirement healthcare	29.4
Deferred income taxes	166.3
Operating lease liabilities - long-term	31.2
Other long-term liabilities	13.1
Total liabilities assumed	<u>478.3</u>
Total purchase price consideration	<u>\$ 1,994.3</u>

The preliminary purchase price allocation was based upon a preliminary valuation, and the Company's estimates and assumptions are subject to change within the measurement period (defined as the 12 months following the acquisition date). The primary areas of the preliminary purchase price allocation that are not yet finalized relate to the fair value of certain tangible assets acquired and liabilities assumed, the valuation of intangible assets acquired and deferred income taxes. The Company expects to continue to obtain information for the purpose of determining the fair value of the assets acquired and liabilities assumed at the acquisition date throughout the remainder of the measurement period.

The preliminary purchase price allocation included \$865.0 of acquired identifiable intangible assets. The preliminary fair value of the identifiable intangible assets has been estimated using the income approach through a discounted cash flow analysis with the cash flow projections. The cash flows are based on estimates used to price the Milacron acquisition, and the discount rates applied were benchmarked with reference to the implied rate of return to the Company's pricing model and the weighted average cost of capital. Definite-lived intangible assets are being amortized over the estimated useful life on a straight-line basis. The determination of the useful lives is based upon various industry studies, historical acquisition experience, economic factors, and future cash flows of the Company post acquisition of Milacron. In addition, Hillenbrand reviewed certain technological trends and considered the relative stability in the current Milacron customer base.

The preliminary amounts allocated to intangible assets are as follows:

	Gross Carrying Amount	Weighted-Average Useful Life
Customer relationships	\$ 555.0	19 years
Trade names	205.0	Indefinite
Technology, including patents	95.0	10 years
Backlog	10.0	3 months
Total	<u>\$ 865.0</u>	

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The Company is required to provide additional disclosures about fair value measurements as part of the Consolidated Financial Statements for each major category of assets and liabilities measured at fair value on a nonrecurring basis (including business acquisitions). The working capital assets and liabilities, as well as the property and equipment acquired, were valued using Level 2 inputs which included data points that are observable, such as definitive sales agreements, appraisals or established market values of comparable assets (market approach). Goodwill and identifiable intangible assets were valued using Level 3 inputs, which are unobservable by nature, and included internal estimates of future cash flows (income approach). Significant increases (decreases) in any of those unobservable inputs in isolation would result in a significantly lower (higher) fair value measurement. Management used a third-party valuation firm to assist in the determination of the preliminary purchase accounting fair values, and specifically those considered Level 3 measurements. Management ultimately oversees the third-party valuation firm to ensure that the transaction-specific assumptions are appropriate for the Company.

Impact on results of operations

The results of Milacron's operations have been included in Hillenbrand's Consolidated Financial Statements since the November 21, 2019 acquisition date. The following table provides the results of operations for Milacron included in Hillenbrand's Consolidated Statements of Operations for the current period:

	Three Months Ended December 31, 2019	
Net revenue	\$	133.3
Income before income taxes		0.7

In connection with the acquisition of Milacron, the Company incurred a total of \$53.8 of business acquisition and integration costs for the three months ended December 31, 2019, which were recorded within operating expenses in the Consolidated Statements of Operations.

Supplemental Pro Forma Information

The supplemental pro forma financial information presented below is for illustrative purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized if the Milacron acquisition had been completed on the date indicated, does not reflect synergies that might have been achieved, nor is it indicative of future operating results or financial position. The pro forma adjustments are based upon currently available information and certain assumptions that Hillenbrand believes are reasonable under the circumstances.

The supplemental pro forma financial information reflects pro forma adjustments to present the combined pro forma results of operations as if the Milacron acquisition had occurred on October 1, 2018 to give effect to certain events that Hillenbrand believes to be directly attributable to the Milacron acquisition. These pro forma adjustments primarily include:

- an increase to depreciation and amortization expense that would have been recognized due to acquired tangible and intangible assets;
- an adjustment to interest expense to reflect the additional borrowings of Hillenbrand and the repayment of Milacron's historical debt in conjunction with the acquisition;
- an adjustment to remove business acquisition and integration costs, inventory step-up costs, and backlog amortization during the three months ended December 31, 2019, as these costs are non-recurring in nature and will not have a continuing effect on Hillenbrand's results; and
- the related income tax effects of the adjustments noted above.

The supplemental pro forma financial information for the periods presented is as follows:

	Three Months Ended December 31,			
	2019		2018	
Net revenue	\$	682.6	\$	699.9
Net income attributable to Hillenbrand		20.6		30.9
Net income attributable to Hillenbrand — per share of common stock:				
Basic earnings per share	\$	0.27	\$	0.41
Diluted earnings per share		0.27		0.41

Sale of Milacron facility

In December 2019, the Company completed the sale of a Milacron manufacturing facility located in Germany. As a result of the sale, the Company received net cash proceeds of \$13.1. There was no material impact to the Consolidated Statement of Operations resulting from the sale of the facility.

Acquisition of Burnaby Machine and Mill Equipment Ltd.

During the three months ended December 31, 2018, the Company completed the acquisition of Burnaby Machine and Mill Equipment Ltd. (“BM&M”) for \$26.2 in cash, which included post-closing working capital adjustments. The Company used its revolving credit facility to fund the acquisition. Based in Canada, BM&M provides high-speed gyratory screeners for a variety of industries. The results of BM&M are reported in the Process Equipment Group reportable segment.

5. Supplemental Consolidated Balance Sheet Information

	December 31, 2019	September 30, 2019
Trade accounts receivable reserves	\$ 26.2	\$ 22.8
Accumulated depreciation on property, plant, and equipment	\$ 316.1	\$ 309.0
Inventories:		
Raw materials and components	\$ 144.9	\$ 72.3
Work in process	85.3	44.0
Finished goods	211.9	60.3
Total inventories	<u>\$ 442.1</u>	<u>\$ 176.6</u>

The Company had restricted cash of \$0.5 and \$0.4 recorded within other current assets in the Consolidated Balance Sheets at December 31, 2019 and September 30, 2019, respectively.

6. Leases

The Company’s lease portfolio is comprised of operating leases primarily for manufacturing facilities, offices, vehicles, and certain equipment. At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on whether the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Leases are classified as operating or finance leases at the commencement date of the lease. Operating leases are recorded within operating lease right-of-use assets, other current liabilities, and operating lease liabilities in the Consolidated Balance Sheets. The Company’s finance leases were insignificant as of December 31, 2019. Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets. We have elected an accounting policy to combine lease and non-lease components for all leases.

Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the implicit rate is generally not readily determinable for most leases, the Company uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate reflects the estimated rate of interest that the Company would pay to borrow on a collateralized basis over a similar term in a similar economic environment. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

Leases may include renewal options, and the renewal option is included in the lease term if the Company concludes that it is reasonably certain that the option will be exercised. A certain number of the Company’s leases contain rent escalation clauses, either fixed or adjusted periodically for inflation of market rates, that are factored into the calculation of lease payments to the extent they are fixed and determinable at lease inception. The Company also has variable lease payments that do not depend on a rate or index, primarily for items such as common area maintenance and real estate taxes, which are recorded as variable costs when incurred.

For the three months ended December 31, 2019, the Company recognized \$8.0 of operating lease expense, including short-term lease expense and variable lease costs, which were immaterial in the quarter.

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The following table presents supplemental Consolidated Balance Sheet information related to the Company's operating leases.

	December 31, 2019
Operating lease right-of-use assets	\$ 172.5
Other current liabilities	\$ 32.9
Operating lease liabilities	137.1
Total operating lease liabilities	<u>\$ 170.0</u>
Weighted-average remaining lease term (in years)	7.9
Weighted-average discount rate	2.2%

As of December 31, 2019, the maturities of the Company's operating lease liabilities were as follows:

2020 (excluding the three months ended December 31, 2019)	\$ 27.4
2021	32.8
2022	28.0
2023	22.8
2024	15.4
Thereafter	57.8
Total lease payments	<u>184.2</u>
Less: imputed interest	(14.2)
Total present value of lease payments	<u>\$ 170.0</u>

Supplemental Consolidated Statement of Cash Flow information is as follows:

	Three Months Ended December 31, 2019
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 8.0
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	13.3

7. Intangible Assets and Goodwill

Intangible Assets

Intangible assets are stated at the lower of cost or fair value. With the exception of most trade names, intangible assets are amortized on a straight-line basis over periods ranging from three to 21 years, representing the period over which the Company expects to receive future economic benefits from these assets. The Company assesses the carrying value of most trade names annually, or more often if events or changes in circumstances indicate there may be an impairment.

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The following tables summarize the carrying amounts and related accumulated amortization for intangible assets as of December 31, 2019 and September 30, 2019:

	December 31, 2019		September 30, 2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Finite-lived assets:				
Trade names	\$ 0.2	\$ (0.2)	\$ 0.2	\$ (0.2)
Customer relationships	1,026.3	(179.4)	464.2	(169.2)
Technology, including patents	173.0	(52.2)	76.8	(49.4)
Software	65.4	(53.1)	58.7	(51.7)
Backlog	10.0	(4.2)	—	—
Other	0.1	(0.1)	0.2	(0.2)
	<u>1,275.0</u>	<u>(289.2)</u>	<u>600.1</u>	<u>(270.7)</u>
Indefinite-lived assets:				
Trade names	331.9	—	125.5	—
	<u>331.9</u>	<u>—</u>	<u>125.5</u>	<u>—</u>
Total	<u>\$ 1,606.9</u>	<u>\$ (289.2)</u>	<u>\$ 725.6</u>	<u>\$ (270.7)</u>

The net change in intangible assets during the three months ended December 31, 2019 was driven primarily by the acquisition of Milacron, which included acquired intangible assets of \$865.0, normal amortization, and foreign currency adjustments. See Note 4 for further information on the acquisition of Milacron. Estimated amortization expense related to intangible assets for the next five years is: \$72.7 in 2020 (includes three months actual and nine months estimated), \$68.7 in 2021, \$67.7 in 2022, \$67.3 in 2023, and \$67.1 in 2024.

Goodwill

Goodwill is not amortized, but is subject to annual impairment tests. Goodwill has been assigned to reporting units within the reportable segments. The Company assesses the carrying value of goodwill annually, or more often if events or changes in circumstances indicate there may be impairment. Impairment testing is performed at a reporting unit level. There were no goodwill impairment charges during the three months ended December 31, 2019 and 2018.

The following table summarizes the changes in the Company's goodwill, by reportable segment, for the three months ended December 31, 2019.

	Process Equipment Group	Milacron	Batesville	Total
Balance as of September 30, 2019	\$ 569.7	\$ —	\$ 8.3	\$ 578.0
Acquisition (see Note 4)	1.7	666.5	—	668.2
Foreign currency adjustments	8.4	2.3	—	10.7
Balance as of December 31, 2019	<u>\$ 579.8</u>	<u>\$ 668.8</u>	<u>\$ 8.3</u>	<u>\$ 1,256.9</u>

8. Financing Agreements

The following table summarizes Hillenbrand's current and long-term debt as of the dates reported in the Consolidated Balance Sheets.

	December 31, 2019	September 30, 2019
\$900.0 revolving credit facility (excluding outstanding letters of credit)	\$ 525.0	\$ —
\$500.0 term loan facility ⁽¹⁾	492.2	—
\$375.0 senior unsecured notes, net of discount ⁽²⁾	370.2	370.1
\$225.0 term loan facility ⁽³⁾	221.7	—
\$150.0 senior unsecured notes, net of discount ⁽⁴⁾	149.8	149.7
\$100.0 Series A Notes ⁽⁵⁾	99.7	99.7
Other	6.1	—
Total debt	1,864.7	619.5
Less: current portion	42.1	—
Total long-term debt	\$ 1,822.6	\$ 619.5

⁽¹⁾ Includes debt issuance costs of \$1.5 at December 31, 2019.

⁽²⁾ Includes debt issuance costs of \$4.2 and \$4.3 at December 31, 2019 and September 30, 2019, respectively.

⁽³⁾ Includes debt issuance costs of \$0.5 at December 31, 2019.

⁽⁴⁾ Includes debt issuance costs of \$0.1 and \$0.2 at December 31, 2019 and September 30, 2019, respectively.

⁽⁵⁾ Includes debt issuance costs of \$0.3 and \$0.3 at December 31, 2019 and September 30, 2019, respectively.

Financing for Milacron Acquisition

Upon completing the acquisition of Milacron on November 21, 2019, Hillenbrand incurred borrowings under its two term loans in aggregate principal amounts of \$500.0 and \$225.0 (the "Term Loan Facilities"), which are provided for under the Company's Third Amended and Restated Credit Agreement dated August 28, 2019 and subsequently amended on October 8, 2019 and January 10, 2020 (the "Credit Agreement"). The \$500.0 term loan matures on the fifth anniversary of the date on which it was borrowed, subject to quarterly amortization payments (equal to 5% of the original principal amount of the term loan in each of years 1 and 2, 7.5% in each of years 3 and 4, and 10% in year 5) and the \$225.0 term loan matures on the third anniversary of the date on which it was borrowed, subject to quarterly amortization payments (equal to 5% of the original principal amount of the term loan in each of years 1 and 2, and 7.5% in year 3). The \$500.0 term loan accrues interest, at the Company's option, at the LIBO Rate or the Alternate Base Rate (each as defined in the Credit Agreement) plus a margin based on the Company's leverage ratio, ranging from 1.00% to 1.875% for term loans bearing interest at the LIBO Rate and 0.0% to 0.875% for term loans bearing interest at the Alternate Base Rate. The \$225.0 term loan accrues interest, at the Company's option, at the LIBO Rate or the Alternate Base Rate plus a margin based on the Company's leverage ratio, ranging from 0.875% to 1.75% for term loans bearing interest at the LIBO Rate and 0.0% to 0.75% for term loans bearing interest at the Alternate Base Rate. For the period since the acquisition, the weighted average interest rates were 3.49% for the \$500.0 term loan and 3.37% for the \$225.0 term loan. Deferred financing costs of \$2.0 are being amortized to interest expense over the respective terms of the Term Loan Facilities.

In addition to the Term Loan Facilities, Hillenbrand incurred \$650.0 of additional borrowings from its revolving credit facility under the Credit Agreement (the "Revolver") at the closing of the Milacron acquisition. The additional borrowings under the Term Loan Facilities and the Revolver, in addition to the \$375.0 of senior unsecured notes issued during the quarter ended September 30, 2019, were used to pay a portion of the cash consideration in connection with the acquisition of Milacron, fees and expenses related to the acquisition, and to repay certain indebtedness of Milacron and its subsidiaries upon closing the acquisition.

With respect to the Revolver, the Company made repayments subsequent to the closing date of the acquisition of Milacron, resulting in an outstanding balance of \$525.0 as of December 31, 2019. As of December 31, 2019, the Company had \$8.3 in outstanding letters of credit issued and \$366.7 of maximum borrowing capacity under the Revolver. \$361.5 of this borrowing capacity was immediately available based on the Company's most restrictive covenant at December 31, 2019. The weighted-average interest rates on borrowings under the Revolver were 3.13% for the three months ended December 31, 2019, and 2.37% for the same period in the prior year. The weighted average facility fee was 0.17% for the three months ended December 31, 2019, and 0.11% for the same period in the prior year.

Other credit arrangements

In the normal course of business, operating companies within the Process Equipment Group and Milacron reportable segments provide to certain customers bank guarantees and other credit arrangements in support of performance, warranty, advance payment, and other contractual obligations. This form of trade finance is customary in the industry and, as a result, the Company maintains adequate capacity to provide the guarantees. As of December 31, 2019, the Company had credit arrangements totaling \$344.2, under which \$249.3 was used for this purpose. These arrangements include the Company's Syndicated Letter of Guarantee Facility (as amended, the "L/G Facility Agreement") and other ancillary credit facilities. On January 10, 2020, the L/G Facility Agreement was amended to expand the size of the existing €150.0 facility by an additional €25.0.

Covenants related to current financing agreements

The Credit Agreement, the L/G Facility Agreement, and the Series A Notes pursuant to the Private Shelf Agreement, dated as of December 6, 2012 (as amended, the "Shelf Agreement"), contain the following financial covenants: a maximum ratio of Indebtedness (as defined in the agreements) to EBITDA (as further defined in the agreements, the "Leverage Ratio") of 3.5 to 1.0 including the application of cash as a reduction of Indebtedness (subject to certain limitations); a maximum Leverage Ratio resulting from an acquisition in excess of \$75.0 of 4.0 to 1.0 for a period of three consecutive quarters following such acquisition; and a minimum ratio of EBITDA (as defined in the agreements) to interest expense of 3.0 to 1.0.

On January 10, 2020, with a retroactive effective date of December 31, 2019, the Company amended the Credit Agreement, the L/G Facility Agreement, and the Shelf Agreement to, among other things, (i) increase the maximum permitted leverage ratio to (A) 4.50 to 1.00 for the fiscal quarters ending December 31, 2019 and March 31, 2020, (B) 4.25 to 1.00 for the fiscal quarter ending June 30, 2020, (C) 4.00 to 1.00 for the fiscal quarter ending September 30, 2020, (D) 3.75 to 1.00 for the fiscal quarter ending December 31, 2020, and (E) 3.50 to 1.00 for the fiscal quarter ending March 31, 2021 and each fiscal quarter ending thereafter and (ii) add additional pricing levels to compensate for the increase in permitted leverage ratios.

As of December 31, 2019, Hillenbrand was in compliance with all covenants under these agreements. Additionally, the Credit Agreement, the L/G Facility Agreement, and the Shelf Agreement provide the Company with the ability to sell assets and to incur debt at its international subsidiaries under certain conditions.

All obligations of the Company arising under the Credit Agreement, the \$375.0 and \$150.0 senior unsecured notes, the Series A Notes, and the L/G Facility Agreement are fully and unconditionally, and jointly and severally, guaranteed by certain of the Company's domestic subsidiaries.

The Credit Agreement, the L/G Facility Agreement, and the Shelf Agreement each contain certain other customary covenants, representations and warranties and events of default. The indentures governing both the \$375.0 and \$150.0 senior unsecured notes do not limit the Company's ability to incur additional indebtedness. They do, however, contain certain covenants that restrict the Company's ability to incur secured debt and to engage in certain sale and leaseback transactions. The indentures also contain customary events of default. The indentures provide holders of the senior unsecured notes with remedies if the Company fails to perform specific obligations. As of December 31, 2019, Hillenbrand was in compliance with all covenants and there were no events of default.

9. Retirement Benefits

Defined Benefit Plans

In connection with the Milacron acquisition, the Company acquired three noncontributory defined benefit plans for certain non-U.S. employees and retirees. One plan covers certain employees in the United Kingdom and the other two plans cover certain employees in Germany. The aggregate fair value of the liability assumed for these defined benefit plans was \$30.7 at November 21, 2019. Contributions to these plans are expected to approximate benefit payments each year.

Components of net periodic pension cost included in the Consolidated Statements of Operations were as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
	Three Months Ended December 31,		Three Months Ended December 31,	
	2019	2018	2019	2018
Service costs	\$ 0.4	\$ 0.6	\$ 0.6	\$ 0.3
Interest costs	2.0	2.6	0.2	0.3
Expected return on plan assets	(3.2)	(3.3)	(0.1)	(0.1)
Amortization of net loss	1.2	0.2	0.4	0.2
Net periodic pension cost	\$ 0.4	\$ 0.1	\$ 1.1	\$ 0.7

Defined Contribution Plans

In connection with the Milacron acquisition, the Company assumed a defined contribution plan (the "401(k) Plan") for eligible U.S. employees and defined contribution plans for eligible employees at certain foreign subsidiaries. For the 401(k) Plan, eligible employees are permitted to contribute a percentage of their compensation and employees are immediately vested in their voluntary contributions. The Company's contributions to the 401(k) Plan are based on matching a portion of the employee contributions and employees become vested in the Company contributions once they attain a year of credited service. For the assumed foreign plans, employees are immediately vested in both their voluntary and company matching contributions.

Expenses related to the Company's defined contribution plans were \$3.3 and \$2.8 for the three months ended December 31, 2019 and 2018, respectively.

10. Income Taxes

The effective tax rates for the three months ended December 31, 2019 and 2018 were 93.9% and 33.3%, respectively. Due to the current quarter net loss position, the tax benefit recognized from the revaluation of current and deferred tax balances in connection with enacted statutory tax rate reductions in certain foreign jurisdictions significantly increased the tax rate, partially offset by the impact of nondeductible expenses associated with the Milacron acquisition. The change in the effective tax rate compared to the prior year was also impacted by the prior year increase in the reserve for unrecognized tax benefits that did not recur in the current year.

The acquisition of Milacron was completed as a taxable acquisition of the outstanding common stock of Milacron. In connection with the acquisition, the Company recorded a net deferred tax liability of \$110.9 associated with the difference between the financial accounting basis and the tax basis in the acquired assets and liabilities assumed. Included in the acquired deferred taxes were deferred tax assets for the carryforward of Milacron's tax net operating losses from federal, state, and foreign tax jurisdictions of \$62.7, which were partially offset by the recognition of preliminary valuation allowances of \$26.7 related to the estimated realizability of these items. The utilization of the acquired U.S. federal and state net operating losses to reduce Hillenbrand's taxable income will be limited annually under Section 382 of the Internal Revenue Code. The Section 382 limitation analysis is in process as part of purchase accounting finalization and was not completed as of December 31, 2019. Additionally, Hillenbrand incurred transaction costs of \$53.8, inclusive of the settlement of share-based equity awards, associated with the acquisition of Milacron. A preliminary estimate of the nondeductible portion of these costs has been determined to be approximately \$24.7 and recognized as an adjustment to the forecasted tax rate for the year. As the Company continues to analyze the tax attributes of the acquisition, it will revise these preliminary estimates and appropriately record the impact of any changes in estimates.

11. Earnings per share

The dilutive effects of performance-based stock awards were included in the computation of diluted earnings per share at the level the related performance criteria were met through the respective balance sheet date. At December 31, 2019 and 2018, potential dilutive effects, representing approximately 256,000 and 400,000 shares, respectively, were excluded from the computation of diluted earnings per share as the related performance criteria were not yet met, although the Company expects to meet various levels of criteria in the future.

	Three Months Ended December 31,	
	2019	2018
Net (loss) income attributable to Hillenbrand	\$ (3.1)	\$ 28.3
Weighted average shares outstanding (basic - in millions) ⁽¹⁾	68.4	62.9
Effect of dilutive stock options and other unvested equity awards (in millions) ⁽²⁾	—	0.6
Weighted average shares outstanding (diluted - in millions)	68.4	63.5
Basic (loss) earnings per share	\$ (0.05)	\$ 0.45
Diluted (loss) earnings per share	\$ (0.05)	\$ 0.45
Shares with anti-dilutive effect excluded from the computation of diluted earnings per share (in millions)	2.4	0.7

⁽¹⁾ The increase in weighted average shares outstanding during the current quarter was due to 11.9 million of additional shares issued on November 21, 2019 in connection with the acquisition of Milacron. See Note 4 for further information.

⁽²⁾ As a result of the net loss attributable to Hillenbrand during the three months ended December 31, 2019, the effect of stock options and other unvested equity awards would be antidilutive. In accordance with GAAP, they have been excluded from the diluted EPS calculation.

12. Accumulated Other Comprehensive Loss

The following tables summarize the changes in the accumulated balances for each component of accumulated other comprehensive loss:

	Pension and Postretirement	Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Total Attributable to Hillenbrand, Inc.	Noncontrolling Interests	Total
Balance at September 30, 2019	\$ (62.3)	\$ (64.7)	\$ (13.6)	\$ (140.6)		
Other comprehensive income (loss) before reclassifications						
Before tax amount	—	17.4	1.3	18.7	\$ (0.1)	\$ 18.6
Tax expense	—	—	(0.3)	(0.3)	—	(0.3)
After tax amount	—	17.4	1.0	18.4	(0.1)	18.3
Amounts reclassified from accumulated other comprehensive loss ⁽¹⁾	1.1	—	0.4	1.5	—	1.5
Net current period other comprehensive income (loss)	1.1	17.4	1.4	19.9	(0.1)	\$ 19.8
Reclassification of certain income tax effects ⁽²⁾	(6.0)	—	—	(6.0)		
Balance at December 31, 2019	\$ (67.2)	\$ (47.3)	\$ (12.2)	\$ (126.7)		

⁽¹⁾ Amounts are net of tax.

⁽²⁾ Income tax effects of the Tax Act were reclassified from accumulated other comprehensive loss to retained earnings due to the adoption of ASU 2018-02. See Note 2 for more information.

	Pension and Postretirement	Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Total Attributable to Hillenbrand, Inc.	Noncontrolling Interests	Total
Balance at September 30, 2018	\$ (41.0)	\$ (44.1)	\$ 0.9	\$ (84.2)		
Other comprehensive income before reclassifications						
Before tax amount	—	(5.1)	(6.8)	(11.9)	\$ 0.2	\$ (11.7)
Tax benefit	—	—	1.6	1.6	—	1.6
After tax amount	—	(5.1)	(5.2)	(10.3)	0.2	(10.1)
Amounts reclassified from accumulated other comprehensive loss ⁽¹⁾	0.2	—	—	0.2	—	0.2
Net current period other comprehensive income (loss)	0.2	(5.1)	(5.2)	(10.1)	\$ 0.2	\$ (9.9)
Balance at December 31, 2018	\$ (40.8)	\$ (49.2)	\$ (4.3)	\$ (94.3)		

⁽¹⁾ Amounts are net of tax.

Reclassifications out of accumulated other comprehensive loss include:

	Three Months Ended December 31, 2019			
	Amortization of Pension and Postretirement ⁽¹⁾		(Gain)/Loss on Derivative Instruments	Total
	Net Loss Recognized	Prior Service Costs Recognized		
Affected Line in the Consolidated Statement of Operations:				
Net revenue	\$ —	\$ —	\$ 0.1	\$ 0.1
Cost of goods sold	—	—	(0.2)	(0.2)
Other income, net	1.6	—	0.5	2.1
Total before tax	<u>\$ 1.6</u>	<u>\$ —</u>	<u>\$ 0.4</u>	<u>\$ 2.0</u>
Tax expense				(0.5)
Total reclassifications for the period, net of tax				<u>\$ 1.5</u>

⁽¹⁾ These accumulated other comprehensive loss components are included in the computation of net periodic pension cost (see Note 9).

	Three Months Ended December 31, 2018			
	Amortization of Pension and Postretirement ⁽¹⁾		(Gain)/Loss on Derivative Instruments	Total
	Net Loss Recognized	Prior Service Costs Recognized		
Affected Line in the Consolidated Statement of Operations:				
Net revenue	\$ —	\$ —	\$ 0.1	\$ 0.1
Cost of goods sold	—	—	(0.1)	(0.1)
Other income, net	0.3	—	—	0.3
Total before tax	<u>\$ 0.3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 0.3</u>
Tax expense				(0.1)
Total reclassifications for the period, net of tax				<u>\$ 0.2</u>

⁽¹⁾ These accumulated other comprehensive loss components are included in the computation of net periodic pension cost (see Note 9).

13. Share-Based Compensation

	Three Months Ended December 31,	
	2019	2018
Share-based compensation costs	\$ 2.3	\$ 1.9
Less impact of income tax benefit	0.5	0.4
Share-based compensation costs, net of tax	<u>\$ 1.8</u>	<u>\$ 1.5</u>

The Company has share-based compensation with long-term performance-based metrics that are contingent upon the Company's relative total shareholder return and the creation of shareholder value. Relative total shareholder return is determined by comparing the Company's total shareholder return during a three-year period to the respective total shareholder returns of companies in a designated performance peer group or stock index, as applicable. Creation of shareholder value is measured by the cumulative cash returns and final period net operating profit after tax compared to the established hurdle rate over a three-year period. For the performance-based awards contingent upon the creation of shareholder value, compensation expense is adjusted each quarter based upon actual results to date and any changes to forecasted information on each of the separate grants.

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During the three months ended December 31, 2019, the Company made the following grants:

	Number of Units
Stock options	454,929
Time-based stock awards	250,741
Performance-based stock awards (maximum that can be earned)	247,112

Stock options granted during fiscal 2020 had a weighted-average exercise price of \$31.94 and a weighted-average grant date fair value of \$6.63. The Company's time-based stock awards and performance-based stock awards granted during fiscal 2020 had weighted-average grant date fair values of \$31.94 and \$34.97. Included in the performance-based stock awards granted during fiscal 2020 are 247,112 units whose payout level is based upon the Company's relative total shareholder return over the three-year measurement period, as described above. These units will be expensed on a straight-line basis over the measurement period and are not subsequently adjusted after the grant date.

14. Other Income, Net

	Three Months Ended December 31,	
	2019	2018
Interest income	\$ 1.3	\$ 0.2
Foreign currency exchange gain, net	0.1	0.4
Other, net	0.5	(0.1)
Other income, net	<u>\$ 1.9</u>	<u>\$ 0.5</u>

15. Commitments and Contingencies

Like most companies, Hillenbrand is involved from time to time in claims, lawsuits, and government proceedings relating to its operations, including environmental, patent infringement, business practices, commercial transactions, product and general liability, workers' compensation, auto liability, employment, and other matters. The ultimate outcome of these matters cannot be predicted with certainty. An estimated loss from these contingencies is recognized when the Company believes 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 these matters. If a loss is not considered probable and/or cannot be reasonably estimated, the Company is required to make a disclosure if there is at least a reasonable possibility that a significant loss may have been incurred. Legal fees associated with claims and lawsuits are generally expensed as incurred.

Claims covered by insurance have in most instances deductibles and self-funded retentions up to \$0.5 per occurrence or per claim, depending upon the type of coverage and policy period. For auto, workers compensation, and general liability, outside insurance companies and third-party claims administrators generally assist in establishing individual claim reserves. An independent outside actuary provides estimates of ultimate projected losses, including incurred but not reported claims, which are used to establish reserves for losses. For all other types of claims, reserves are established based upon advice from internal and external counsel and historical settlement information for claims when such amounts are considered probable of payment.

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

16. Fair Value Measurements

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

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

	Carrying Value at December 31, 2019	Fair Value at December 31, 2019 Using Inputs Considered as:		
		Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 142.4	\$ 142.4	\$ —	\$ —
Investments in rabbi trust	5.0	5.0	—	—
Derivative instruments	2.7	—	2.7	—
Liabilities:				
Revolver	525.0	—	525.0	—
\$500.0 term loan facility	493.7	—	493.7	—
\$375.0 senior unsecured notes	374.4	393.1	—	—
\$225.0 term loan facility	222.2	—	222.2	—
\$150.0 senior unsecured notes	149.9	152.3	—	—
\$100.0 Series A Notes	100.0	—	104.9	—
Derivative instruments	2.1	—	2.1	—

	Carrying Value at September 30, 2019	Fair Value at September 30, 2019 Using Inputs Considered as:		
		Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 399.0	\$ 399.0	\$ —	\$ —
Investments in rabbi trust	4.2	4.2	—	—
Derivative instruments	2.5	—	2.5	—
Liabilities:				
\$375.0 senior unsecured notes	374.4	380.6	—	—
\$150.0 senior unsecured notes	149.9	152.8	—	—
Series A Notes	100.0	—	108.5	—
Derivative instruments	2.6	—	2.6	—

Valuation Techniques

- Cash and cash equivalents and investments in rabbi trust are classified within Level 1 of the fair value hierarchy. Financial instruments classified as Level 1 are based on quoted market prices in active markets. The types of financial instruments the Company classifies within Level 1 include most bank deposits, money market securities, and publicly traded mutual funds. The Company does not adjust the quoted market price for such financial instruments.
- The Company estimates the fair value of foreign currency derivatives using industry accepted models. The significant Level 2 inputs used in the valuation of derivatives include spot rates, forward rates, and volatility. These inputs were obtained from pricing services, broker quotes, and other sources.
- The fair value of the amounts outstanding under the Revolver and Term Loan Facilities approximate carrying value.
- The fair values of the Series A Notes were estimated based on internally-developed models, using current market interest rate data for similar issues, as there is no active market for the Series A Notes.
- The fair values of the \$375.0 and \$150.0 senior unsecured notes were based on quoted prices in active markets

Derivative instruments

The Company has hedging programs in place to manage its currency exposures. The objectives of the Company's hedging programs are to mitigate exposures in gross margin and non-functional-currency-denominated assets and liabilities. Under these programs, the Company uses derivative financial instruments to manage the economic impact of fluctuations in currency exchange rates. These include foreign currency exchange forward contracts, which generally have terms up to 24 months. The aggregate notional value of derivatives was \$163.1 and \$128.9 at December 31, 2019 and September 30, 2019, respectively. The derivatives are recorded at fair value primarily in other current assets and other current liabilities on the Consolidated Balance Sheets.

17. Segment and Geographical Information

Prior to completing the acquisition of Milacron on November 21, 2019, the Company conducted operations through two reportable business segments: the Process Equipment Group and Batesville. Upon completing the acquisition, the Company has been undertaking a planning process of assessing its management and organizational structure. As of December 31, 2019, the Company is still assessing changes in its internal management reporting structure to incorporate Milacron and the effects it may have on the Company's reportable segments, if any. Because this process was not complete as of December 31, 2019, the Company has reported the results of operations of Milacron from the acquisition date through December 31, 2019 as a separate reportable segment.

The Company records the direct costs of business operations to the reportable business segments, including stock-based compensation, asset impairments, restructuring activities, and business acquisition costs. Corporate provides management and administrative services to each reportable segment. These services include treasury management, human resources, legal, business development, and other public company support functions such as internal audit, investor relations, financial reporting, and tax compliance. With limited exception for certain professional services and back-office and technology costs, the Company does not allocate these types of corporate expenses to the reportable segments.

The following tables present financial information for the Company's reportable segments and significant geographical locations:

	Three Months Ended December 31,	
	2019	2018
Net revenue		
Process Equipment Group	\$ 306.6	\$ 282.2
Milacron	133.3	—
Batesville	127.0	128.1
Total	<u>\$ 566.9</u>	<u>\$ 410.3</u>
Adjusted EBITDA ⁽¹⁾		
Process Equipment Group	\$ 51.5	\$ 46.2
Milacron	26.3	—
Batesville	23.0	26.7
Corporate	(8.9)	(8.8)
Net revenue ⁽²⁾		
United States	\$ 272.9	\$ 214.8
Germany	155.4	111.3
All other foreign business units	138.6	84.2
Total	<u>\$ 566.9</u>	<u>\$ 410.3</u>

⁽¹⁾ Adjusted EBITDA is a non-GAAP measure used by management to measure segment performance and make operating decisions. See the Operating Performance Measures section of Management's Discussion and Analysis for further information on adjusted EBITDA, which is reconciled to consolidated net (loss) income below.

⁽²⁾ The Company attributes net revenue to a geography based upon the location of the business that consummates the external sale.

	December 31, 2019	September 30, 2019
Total assets assigned		
Process Equipment Group	\$ 1,791.7	\$ 1,729.1
Milacron	2,347.7	—
Batesville	227.7	186.1
Corporate	53.6	313.4
Total	<u>\$ 4,420.7</u>	<u>\$ 2,228.6</u>
Tangible long-lived assets, net⁽¹⁾		
United States	\$ 238.5	\$ 75.8
Germany	106.9	40.2
China	63.4	4.4
All other foreign business units	161.8	19.9
Total	<u>\$ 570.6</u>	<u>\$ 140.3</u>

⁽¹⁾ Tangible long-lived assets, net includes operating lease right-of-use assets as of December 31, 2019 due to the adoption of ASU 2016-02 in the current year.

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

	Three Months Ended December 31,	
	2019	2018
Adjusted EBITDA:		
Process Equipment Group	\$ 51.5	\$ 46.2
Milacron	26.3	—
Batesville	23.0	26.7
Corporate	(8.9)	(8.8)
Less:		
Interest income	(1.3)	(0.2)
Interest expense	14.7	5.5
Income tax (benefit) expense	(12.4)	14.5
Depreciation and amortization	25.9	14.1
Business acquisition, development, and integration costs	53.8	0.6
Restructuring and restructuring related charges	2.4	0.5
Inventory step-up	9.6	0.1
Consolidated net (loss) income	<u>\$ (0.8)</u>	<u>\$ 29.0</u>

18. Condensed Consolidating Information

Certain 100% owned domestic subsidiaries of Hillenbrand fully and unconditionally, jointly and severally, agreed to guarantee all of the indebtedness and guarantee obligations relating to obligations under its senior unsecured notes. The following are the condensed consolidating financial statements, including the guarantors, which present the statements of operations, balance sheets, and cash flows of (i) the parent holding company, (ii) the guarantor subsidiaries, (iii) the non-guarantor subsidiaries, and (iv) eliminations necessary to present the information for Hillenbrand on a consolidated basis.

Condensed Consolidating Statements of Operations

	Three Months Ended December 31, 2019					Three Months Ended December 31, 2018				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net revenue	\$ —	\$ 205.5	\$ 417.0	\$ (55.6)	\$ 566.9	\$ —	\$ 216.1	\$ 247.8	\$ (53.6)	\$ 410.3
Cost of goods sold	—	117.7	306.3	(28.9)	395.1	—	115.8	174.4	(26.9)	263.3
Gross profit	—	87.8	110.7	(26.7)	171.8	—	100.3	73.4	(26.7)	147.0
Operating expenses	48.6	58.5	77.0	(26.7)	157.4	10.2	61.4	45.8	(26.7)	90.7
Amortization expense	—	3.3	11.5	—	14.8	—	3.3	4.5	—	7.8
Interest expense	5.2	—	9.5	—	14.7	4.5	—	1.0	—	5.5
Other income (expense), net	0.9	(0.9)	1.9	—	1.9	(0.3)	—	0.8	—	0.5
Equity in net income of subsidiaries	25.6	1.8	—	(27.4)	—	42.0	2.2	—	(44.2)	—
(Loss) income before income taxes	(27.3)	26.9	14.6	(27.4)	(13.2)	27.0	37.8	22.9	(44.2)	43.5
Income tax (benefit) expense	(24.2)	6.2	5.6	—	(12.4)	(1.3)	9.9	5.9	—	14.5
Consolidated net (loss) income	(3.1)	20.7	9.0	(27.4)	(0.8)	28.3	27.9	17.0	(44.2)	29.0
Less: Net income attributable to										
noncontrolling interests	—	—	2.3	—	2.3	—	—	0.7	—	0.7
Net (loss) income attributable to Hillenbrand	\$ (3.1)	\$ 20.7	\$ 6.7	\$ (27.4)	\$ (3.1)	\$ 28.3	\$ 27.9	\$ 16.3	\$ (44.2)	\$ 28.3
Consolidated comprehensive income	\$ 16.8	\$ 18.9	\$ 25.9	\$ (42.6)	\$ 19.0	\$ 18.2	\$ 27.8	\$ 11.8	\$ (38.7)	\$ 19.1
Less: Comprehensive income attributable										
to noncontrolling interests	—	—	2.2	—	2.2	—	—	0.9	—	0.9
Comprehensive income attributable to Hillenbrand	\$ 16.8	\$ 18.9	\$ 23.7	\$ (42.6)	\$ 16.8	\$ 18.2	\$ 27.8	\$ 10.9	\$ (38.7)	\$ 18.2

Condensed Consolidating Balance Sheets

	December 31, 2019					September 30, 2019				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Cash and cash equivalents	\$ 1.3	\$ 1.7	\$ 139.4	\$ —	\$ 142.4	\$ 283.1	\$ 9.6	\$ 106.3	\$ —	\$ 399.0
Trade receivables, net	—	100.7	243.6	—	344.3	—	113.6	103.8	—	217.4
Receivables from long-term manufacturing contracts	—	11.7	194.2	—	205.9	—	9.8	171.3	—	181.1
Inventories	—	79.0	365.9	(2.8)	442.1	—	78.2	101.2	(2.8)	176.6
Intercompany receivables	70.5	1,225.4	—	(1,295.9)	—	—	1,179.7	—	(1,179.7)	—
Prepaid expenses and other current assets	6.3	8.0	72.5	0.6	87.4	2.5	6.1	40.1	0.4	49.1
Total current assets	78.1	1,426.5	1,015.6	(1,298.1)	1,222.1	285.6	1,397.0	522.7	(1,182.1)	1,023.2
Property, plant and equipment, net	3.4	60.9	333.8	—	398.1	3.8	61.2	75.3	—	140.3
Operating lease right-of-use assets	0.8	13.4	158.3	—	172.5	—	—	—	—	—
Intangible assets, net	2.4	177.8	1,137.5	—	1,317.7	2.4	181.4	271.1	—	454.9
Goodwill	—	225.0	1,031.9	—	1,256.9	—	225.0	353.0	—	578.0
Investment in consolidated subsidiaries	2,913.7	655.1	—	(3,568.8)	—	2,266.4	655.2	—	(2,921.6)	—
Other long-term assets	48.3	24.6	37.0	(56.5)	53.4	33.8	20.5	3.1	(25.2)	32.2
Total Assets	\$3,046.7	\$ 2,583.3	\$ 3,714.1	\$ (4,923.4)	\$ 4,420.7	\$2,592.0	\$ 2,540.3	\$ 1,225.2	\$ (4,128.9)	\$ 2,228.6
Trade accounts payable	\$ 5.0	\$ 67.0	\$ 277.0	\$ —	\$ 349.0	\$ 2.6	\$ 59.0	\$ 174.6	\$ —	\$ 236.2
Liabilities from long-term manufacturing contracts and advances	—	17.3	165.8	—	183.1	—	13.5	144.7	—	158.2
Current portion of long-term debt	36.2	—	5.9	—	42.1	—	—	—	—	—
Accrued compensation	2.6	15.1	68.5	—	86.2	6.9	20.8	45.5	—	73.2
Intercompany payables	—	—	1,298.7	(1,298.7)	—	1,167.0	10.2	5.3	(1,182.5)	—
Other current liabilities	29.8	58.1	148.4	(16.9)	219.4	19.2	45.0	67.1	(9.6)	121.7
Total current liabilities	73.6	157.5	1,964.3	(1,315.6)	879.8	1,195.7	148.5	437.2	(1,192.1)	589.3
Long-term debt	1,822.4	—	0.2	—	1,822.6	619.5	—	—	—	619.5
Accrued pension and postretirement healthcare	1.0	31.1	129.9	—	162.0	0.8	32.1	98.4	—	131.3
Operating lease liabilities	0.4	10.5	126.2	—	137.1	—	—	—	—	—
Deferred income taxes	—	20.4	234.0	(39.0)	215.4	—	24.0	64.8	(15.2)	73.6
Other long-term liabilities	22.2	16.6	21.2	—	60.0	21.9	12.5	10.7	—	45.1
Total Liabilities	1,919.6	236.1	2,475.8	(1,354.6)	3,276.9	1,837.9	217.1	611.1	(1,207.3)	1,458.8
Hillenbrand Shareholders' Equity	1,127.1	2,347.2	1,221.6	(3,568.8)	1,127.1	754.1	2,323.2	598.4	(2,921.6)	754.1
Noncontrolling interests	—	—	16.7	—	16.7	—	—	15.7	—	15.7
Total Shareholders' Equity	1,127.1	2,347.2	1,238.3	(3,568.8)	1,143.8	754.1	2,323.2	614.1	(2,921.6)	769.8
Total Liabilities and Shareholders' Equity	\$3,046.7	\$ 2,583.3	\$ 3,714.1	\$ (4,923.4)	\$ 4,420.7	\$2,592.0	\$ 2,540.3	\$ 1,225.2	\$ (4,128.9)	\$ 2,228.6

Condensed Consolidating Statements of Cash Flows

	Three Months Ended December 31, 2019					Three Months Ended December 31, 2018				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$ 3.6	\$ (5.6)	\$ 19.8	\$ —	\$ 17.8	\$(17.5)	\$ 0.1	\$ 52.9	\$ —	\$ 35.5
Investing activities:										
Capital expenditures	(0.2)	(2.3)	(3.8)	—	(6.3)	—	(1.7)	(1.9)	—	(3.6)
Proceeds from sales of property, plant, and equipment	—	—	13.3	—	13.3	—	—	—	—	—
Acquisition of business, net of cash acquired	(1,503.1)	—	—	—	(1,503.1)	—	—	(26.2)	—	(26.2)
Net cash (used in) provided by investing activities	(1,503.3)	(2.3)	9.5	—	(1,496.1)	—	(1.7)	(28.1)	—	(29.8)
Financing activities:										
Proceeds from issuance of long-term debt	725.0	—	—	—	725.0	—	—	—	—	—
Repayments on term loan	(9.1)	—	—	—	(9.1)	—	—	—	—	—
Proceeds from revolving credit facilities, net of financing costs	747.3	—	0.2	—	747.5	106.0	—	54.2	—	160.2
Repayments on revolving credit facilities	(222.5)	—	—	—	(222.5)	(72.3)	—	(67.3)	—	(139.6)
Payment of deferred financing costs	(5.4)	—	—	—	(5.4)	—	—	—	—	—
Payment of dividends on common stock	(15.8)	—	—	—	(15.8)	(13.1)	—	—	—	(13.1)
Proceeds from stock option exercises and other	0.2	—	—	—	0.2	0.3	—	—	—	0.3
Payments for employee taxes on net settlement equity awards	(1.8)	—	—	—	(1.8)	(4.1)	—	—	—	(4.1)
Other, net	—	—	3.3	—	3.3	—	—	(0.9)	—	(0.9)
Net cash provided by (used in) financing activities	1,217.9	—	3.5	—	1,221.4	16.8	—	(14.0)	—	2.8
Effect of exchange rates on cash and cash equivalents										
	—	—	0.4	—	0.4	—	—	0.3	—	0.3
Net cash flow	(281.8)	(7.9)	33.2	—	(256.5)	(0.7)	(1.6)	11.1	—	8.8
Cash, cash equivalents and restricted cash at beginning of period	283.1	9.6	106.7	—	399.4	1.1	5.8	49.6	—	56.5
Cash, cash equivalents and restricted cash at end of period	\$ 1.3	\$ 1.7	\$ 139.9	\$ —	\$ 142.9	\$ 0.4	\$ 4.2	\$ 60.7	\$ —	\$ 65.3

19. Restructuring

The following schedule details the restructuring charges by reportable segment and the classification of those charges on the Consolidated Statements of Operations.

	Three Months Ended December 31, 2019			Three Months Ended December 31, 2018		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Process Equipment Group	\$ 0.7	\$ 0.9	\$ 1.6	\$ 0.2	\$ 0.1	\$ 0.3
Milacron	—	0.8	0.8	—	—	—
Batesville	0.1	0.3	0.4	0.1	0.1	0.2
Corporate	—	0.3	0.3	—	—	—
Total	\$ 0.8	\$ 2.3	\$ 3.1	\$ 0.3	\$ 0.2	\$ 0.5

The restructuring charges during the three months ended December 31, 2019 and 2018 related primarily to severance costs. The severance costs within the Milacron and Corporate reportable segments were primarily related to the ongoing integration of Milacron. At December 31, 2019, \$4.9 of restructuring costs were accrued and expected to be paid over the next twelve months.

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

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

FORWARD-LOOKING STATEMENTS AND FACTORS THAT MAY AFFECT FUTURE RESULTS

Throughout this Form 10-Q, we make a number of “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. As the words imply, these are statements about future plans, objectives, beliefs, and expectations that might or might not happen in the future, as contrasted with historical information. Forward-looking statements are based on assumptions that we believe are reasonable, but by their very nature are subject to a wide range of risks. If our assumptions prove inaccurate or unknown risks and uncertainties materialize, actual results could vary materially from Hillenbrand’s expectations and projections.

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

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

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

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

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

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

Here is the key point: Forward-looking statements are not guarantees of future performance, and our actual results could differ materially from those set forth in any forward-looking statements.

Any number of factors, many of which are beyond our control, could cause our performance to differ significantly from what is described in the forward-looking statements. This includes a variety of risks related to our acquisition and integration of Milacron. 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 Part I of the Company’s Form 10-K filed with the SEC on November 13, 2019, and in Item 1A of Part II of this Form 10-Q, as well as other risks and uncertainties detailed in our other filings with the SEC from time to time. We assume no obligation to update or revise any forward-looking statements.

EXECUTIVE OVERVIEW

Hillenbrand is a global diversified industrial company with multiple leading brands that serve a wide variety of industries around the world. Hillenbrand's portfolio is composed of three reportable business segments: the Process Equipment Group, Milacron®, and Batesville®. The Process Equipment Group businesses design, develop, manufacture, and service highly engineered industrial equipment around the world. Milacron is a global leader in highly engineered and customized systems in plastic technology and processing. Batesville is a recognized leader in the death care industry in North America.

We strive to provide superior return for our shareholders, exceptional value for our customers, great professional opportunities for our employees, and to be responsible to our communities through deployment of the HOM. The HOM is a consistent and repeatable framework designed to produce sustainable and predictable results. The HOM describes our mission, vision, values, and mindset as leaders; applies our management practices in Strategy Management, Segmentation, Lean, Talent Development, and Acquisitions; and prescribes three steps (Understand, Focus, and Grow) designed to make our businesses both bigger and better. Our goal is to continue developing Hillenbrand as a world-class global diversified industrial company through the deployment of the HOM.

Our strategy is to leverage our historically strong financial foundation and the implementation of the HOM to deliver sustainable profit growth, revenue expansion, and substantial free cash flow and then reinvest available cash in new growth initiatives that are focused on building platforms with leadership positions in our core markets and near adjacencies, both organically and inorganically, in order to create shareholder value.

Acquisition of Milacron

As discussed in Note 4 of Part I, Item 1 of this Form 10-Q, on November 21, 2019, we completed the acquisition of Milacron for a total purchase price of approximately \$2.0 billion through a merger of our wholly-owned subsidiary with and into Milacron, resulting in ownership of 100% of Milacron common stock that was issued and outstanding after the merger. Milacron is a global leader in highly engineered and customized systems in plastic technology and processing. The acquisition provides Hillenbrand with increased scale and meaningful product diversification, enhancing its ability to serve customers with expanded capabilities across the plastics value chain. The results of Milacron are currently reported separately in its own reportable segment. The Consolidated Financial Statements as of and during the three months ended December 31, 2019 include the financial results of Milacron from the date of acquisition.

As a result of the acquisition, Milacron stockholders received \$11.80 in cash per share and a fixed exchange ratio of 0.1612 shares of Hillenbrand common stock for each share of Milacron common stock they owned, with cash paid in lieu of fractional shares. In addition, concurrent with the closing of the acquisition, we made a cash payment of \$772.9 to repay outstanding Milacron debt, including accrued interest. The Company funded the acquisition through a combination of cash on hand, new debt financing, and the issuance of common stock. See Note 8 of Part I, Item 1 of this Form 10-Q for a discussion of the debt financing.

The calculation of the fair value of Milacron's assets and liabilities is preliminary and subject to adjustment. The Company's results for the period since the acquisition were significantly impacted by the non-recurring effects of the fair value adjustments to inventories and backlog required by acquisition accounting. These fair value adjustments are being charged to the Consolidated Statements of Operations over the respective periods that inventory is expected to be consumed and backlog is expected to be realized as revenue. The preliminary fair value assigned to Milacron's backlog was \$10.0, of which \$4.2 was amortized as expense in the current period while the remainder will be fully amortized over the next fiscal quarter. The preliminary step-up adjustment to inventories was \$36.1, of which \$9.6 was charged as expense during the current period while the remainder will be fully expensed over the next two fiscal quarters.

The preliminary fair value assigned to Milacron's customer relationships, trade names, and technology totaled \$855.0. The trade names were designated as indefinite-lived intangible assets while the customer relationships and technology will be amortized over their respective estimated useful lives on a straight-line basis, resulting in approximately \$29.0 of amortization over the remainder of fiscal year 2020. The acquisition resulted in preliminary goodwill of \$666.5.

OPERATING PERFORMANCE MEASURES

The following discussion compares our results for the three months ended December 31, 2019, to the same period in fiscal year 2019. The Company's fiscal year ends on September 30. Unless otherwise stated, references to years relate to fiscal years. We begin the discussion at a consolidated level and then provide separate detail about the Process Equipment Group, Milacron,

Batesville, and Corporate. These financial results are prepared in accordance with United States generally accepted accounting principles (“GAAP”).

We also provide certain non-GAAP operating performance measures. These non-GAAP measures are referred to as “adjusted” measures and exclude expenses associated with business acquisitions, development, and integration, restructuring and restructuring related charges, inventory step-up, and backlog amortization, and debt financing activities related to the acquisition of Milacron (including net interest expense on the \$375.0 senior unsecured notes for the period prior to completing the acquisition). The related income tax impact for all of these items is also excluded. The measures also exclude the non-recurring tax benefits and expenses related to the interaction of certain provisions of the Tax Act and certain tax items related to the acquisition of Milacron, including the revaluation of deferred tax balances in connection with enacted statutory tax rate reductions in certain foreign jurisdictions. Non-GAAP information is provided as a supplement, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP.

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

An important non-GAAP measure that we use is adjusted earnings before interest, income tax, depreciation, and amortization (“adjusted EBITDA”). A part of Hillenbrand’s strategy is to selectively acquire companies that we believe can benefit from the HOM to spur faster and more profitable growth. Given that strategy, it is a natural consequence to incur related expenses, such as amortization from acquired intangible assets and additional interest expense from debt-funded acquisitions. Accordingly, we use adjusted EBITDA, among other measures, to monitor our business performance.

Another important non-GAAP operational measure used is backlog. Backlog is not a term recognized under GAAP; however, it is a common measurement used in industries with extended lead times for order fulfillment, like those in which the Process Equipment Group and Milacron compete. Backlog represents the amount of consolidated revenue that we expect to realize on contracts awarded related to the Process Equipment Group and Milacron. For purposes of calculating backlog, 100% of estimated revenue attributable to consolidated subsidiaries is included. Backlog includes expected revenue from large systems and equipment, as well as replacement parts, components, and service. The length of time that projects remain in backlog can span from days for replacement parts or service to approximately 18 to 24 months for larger system sales within the Process Equipment Group. The majority of the backlog within Milacron is expected to be fulfilled within the next twelve months. Backlog includes expected revenue from the remaining portion of firm orders not yet completed, as well as revenue from change orders to the extent that they are reasonably expected to be realized. We include in backlog the full contract award, including awards subject to further customer approvals, which we expect to result in revenue in future periods. In accordance with industry practice, our contracts may include provisions for cancellation, termination or suspension at the discretion of the customer.

We expect that future revenue associated with the Process Equipment Group and Milacron will be influenced by backlog because of the lead time involved in fulfilling engineered-to-order equipment for customers. Although backlog can be an indicator of future revenue, it does not include projects and parts orders that are booked and shipped within the same quarter. The timing of order placement, size, extent of customization, and customer delivery dates can create fluctuations in backlog and revenue. Revenue attributable to backlog may also be affected by foreign exchange fluctuations for orders denominated in currencies other than U.S. dollars.

We calculate the foreign currency impact on net revenue, gross profit, operating expenses, backlog, consolidated net income, and adjusted EBITDA in order to better measure the comparability of results between periods. We calculate the foreign currency impact by translating current year results at prior year foreign exchange rates. This information is provided because exchange rates can distort the underlying change in these metrics, either positively or negatively. The cost structures for Corporate and Batesville are generally not significantly impacted by the fluctuation in foreign exchange rates, and we do not disclose the foreign currency impact in the Operations Review section below where the impact is not significant.

See page 38 for reconciliation of adjusted EBITDA to consolidated net income, the most directly comparable GAAP measure. We use other non-GAAP measures in certain other instances and include information reconciling such non-GAAP measures to the respective most directly comparable GAAP measures. Given that there is no GAAP financial measure comparable to backlog, a quantitative reconciliation is not provided.

CRITICAL ACCOUNTING ESTIMATES

For the three months ended December 31, 2019, there were no significant changes to our critical accounting estimates, as outlined in our Annual Report on Form 10-K for 2019.

OPERATIONS REVIEW — CONSOLIDATED

	Three Months Ended December 31,			
	2019		2018	
	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue	\$ 566.9	100.0	\$ 410.3	100.0
Gross profit	171.8	30.3	147.0	35.8
Operating expenses	157.4	27.8	90.7	22.1
Amortization expense	14.8	2.6	7.8	1.9
Interest expense	14.7	2.6	5.5	1.3
Other income, net	1.9	(0.3)	0.5	(0.1)
Income tax (benefit) expense	(12.4)	(2.2)	14.5	3.5
Net (loss) income attributable to Hillenbrand	(3.1)	(0.5)	28.3	6.9

Three Months Ended December 31, 2019 Compared to Three Months Ended December 31, 2018

Net revenue increased \$156.6 (38%), which included unfavorable foreign currency impact (1%). Milacron contributed net revenue of \$133.3 since the acquisition date.

- The Process Equipment Group's net revenue increased \$24.4 (9%), primarily due to higher volume (7%) and favorable pricing. Foreign currency impact decreased net revenue by 2%.
- Batesville's net revenue decreased \$1.1 (1%), primarily due to a decrease in average selling price (2%), partially offset by an increase in volume (1%). Higher volume was driven by an increase in burial sales despite what we estimate to be a decrease in North American burials driven by an increased rate at which families opted for cremation.

Gross profit increased \$24.8 (17%), which included unfavorable foreign currency impact (1%). Gross profit margin decreased 550 basis points to 30.3%. Milacron's gross profit was \$29.3 for the period since the acquisition date.

- The Process Equipment Group's gross profit was flat compared to the prior year, primarily due to unfavorable mix due to an increased proportion of lower margin, large systems sales in plastics, a decline in demand for screening and separating equipment (including equipment that processes proppants for hydraulic fracturing), and cost inflation, offset by pricing and productivity improvements and an increase in volume. Foreign currency impact decreased gross profit by 1%. Gross profit margin decreased 290 basis points to 33.6% in 2020, primarily due to an increased proportion of lower margin, large systems sales in plastics, and cost inflation, partially offset by pricing and productivity improvements.

The Process Equipment Group's gross profit included restructuring and restructuring related charges (\$0.7 in fiscal 2020 and \$0.2 in fiscal 2019) and inventory step-up charges (\$0.1 in fiscal 2019). Excluding these charges, adjusted gross profit increased \$0.4 (0.4%) and adjusted gross profit margin decreased 270 basis points to 33.9%.

- Milacron's gross profit was \$29.3 and gross profit margin was 22.0% for the period since the acquisition date. Milacron's gross profit included inventory step-up charges of \$9.6. Excluding these charges, adjusted gross profit margin was 29.1%.
- Batesville's gross profit decreased \$4.5 (10%) and gross profit margin decreased 330 basis points to 31.0%. The decrease in gross profit and gross profit margin was primarily due to inflation in wages and benefits, including higher healthcare costs, and unfavorable mix, partially offset by productivity initiatives and the higher burial volume.

Batesville's gross profit included restructuring and restructuring related charges (\$0.1 in 2020 and \$0.1 in 2019). Excluding these charges, adjusted gross profit decreased \$4.5 (10%) and adjusted gross profit margin decreased 320 basis points to 31.1%.

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Operating expenses increased \$66.7 (74%), primarily due to increases in business acquisition, development, and integration costs related to the acquisition of Milacron and the addition of Milacron operating expenses, partially offset by savings realized from various restructuring actions. Foreign currency impact decreased operating expenses by 1%. Our operating expense-to-revenue ratio increased by 570 basis points to 27.8% in 2020. Operating expenses included the following items:

	Three Months Ended December 31,	
	2019	2018
Business acquisition, development, and integration costs	\$ 53.8	\$ 0.6
Restructuring and restructuring related charges	1.7	0.2

On an adjusted basis, which excluded business acquisition, development, and integration costs and restructuring and restructuring related charges, operating expenses increased \$12.0 (13%). Adjusted operating expenses as a percentage of net revenue improved 390 basis points in 2020 to 18.0%.

Amortization expense increased \$7.0 (90%), primarily due to amortization on the acquired intangible assets of Milacron (\$7.5 in fiscal 2020).

Interest expense increased \$9.2 (167%), primarily due to increased borrowings as a result of the Milacron acquisition. See Note 8 of Part I, Item 1 of this Form 10-Q for a discussion of the debt financing. On an adjusted basis, which excludes \$2.4 of interest expense on the \$375.0 senior unsecured notes for the period prior to completing the acquisition of Milacron (October 1, 2019 through November 20, 2019), interest expense increased by \$6.8 (124%).

Other income, net was \$1.9 in fiscal 2020, compared to \$0.5 in fiscal 2019. Other income, net included \$0.8 of interest income in fiscal 2020 due to interest earned on the proceeds from the \$375.0 senior unsecured notes during the period prior to completing the acquisition of Milacron.

The effective tax rate was 93.9% in fiscal 2020 compared to 33.3% in fiscal 2019. Due to the current quarter net loss position, the tax benefit recognized from the revaluation of current and deferred tax balances in connection with enacted statutory tax rate reductions in certain foreign jurisdictions significantly increased the tax rate, partially offset by the impact of nondeductible expenses associated with the Milacron acquisition. The change in the effective tax rate compared to the prior year was also impacted by the prior year increase in the reserve for unrecognized tax benefits that did not recur in the current year.

Our adjusted effective income tax rate was 22.6% in fiscal 2020 compared to 29.1% in fiscal 2019. The adjusted effective income tax rate excludes the impact of the following items:

- certain tax items related to the acquisition of Milacron, including the revaluation of deferred tax balances in connection with enacted statutory tax rate reductions in certain foreign jurisdictions (\$7.4 in fiscal 2020);
- an adjustment to our transition tax liability pursuant to the Tax Act (\$0.5 in fiscal 2019);
- an adjustment to our deferred tax liability as a result of revising our permanent reinvestment assertion on earnings of foreign subsidiaries driven by the Tax Act (\$1.3 in fiscal 2019); and
- the tax effect of the adjustments previously discussed within this section.

The decrease in the current year quarter's adjusted effective tax rate was attributable to the tax benefit recognized from the revaluation of current and deferred tax balances, unrelated to the Milacron acquisition accounting, in connection with an enacted statutory tax rate reduction in a foreign jurisdiction in the current period as well as the impact of the increase in the reserve for unrecognized tax benefits in the prior year that did not recur in the current year.

OPERATIONS REVIEW — PROCESS EQUIPMENT GROUP

	Three Months Ended December 31,			
	2019		2018	
	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue	\$ 306.6	100.0	\$ 282.2	100.0
Gross profit	103.1	33.6	103.1	36.5
Operating expenses	57.0	18.6	61.6	21.8
Amortization expense	7.3	2.4	7.8	2.8

Three Months Ended December 31, 2019 Compared to Three Months Ended December 31, 2018

Net revenue increased \$24.4 (9%) primarily due to higher volume (7%), largely driven by increased demand for large systems in plastics, in addition to favorable pricing, partially offset by a decline in demand for screening and separating equipment (including equipment that processes proppants for hydraulic fracturing). Foreign currency impact decreased net revenue by 2%. Order backlog decreased \$45.5 (5%) from \$946.4 on December 31, 2018, to \$900.9 on December 31, 2019. The decrease in backlog was primarily driven by a decrease in orders for projects in the plastics industry. Foreign currency impact decreased order backlog by 2%.

On a sequential basis, order backlog increased \$37.4 (4%) to \$900.9 at December 31, 2019, up from \$863.5 at September 30, 2019.

Gross profit was flat compared to the prior year, primarily due to unfavorable mix due to an increased proportion of lower margin, large systems sales in plastics, a decline in demand for screening and separating equipment (including equipment that processes proppants for hydraulic fracturing), and cost inflation, offset by pricing and productivity improvements and an increase in volume. Foreign currency impact decreased gross profit by 1%. Gross profit margin decreased 290 basis points to 33.6% in fiscal 2020, primarily due to an increased proportion of lower margin, large systems sales in plastics, and cost inflation, partially offset by pricing and productivity improvements.

The Process Equipment Group's gross profit included restructuring and restructuring related charges (\$0.7 in fiscal 2020 and \$0.2 in fiscal 2019) and inventory step-up charges (\$0.1 in 2019). Excluding these charges, adjusted gross profit increased \$0.4 (0.4%) and adjusted gross profit margin decreased 270 basis points to 33.9%.

Operating expenses decreased \$4.6 (8%), primarily due to savings from restructuring actions and reduced discretionary spending. Foreign currency impact decreased operating expenses by 1%. Operating expenses as a percentage of net revenue improved by 320 basis points to 18.6% in 2020.

Operating expenses included restructuring and restructuring related charges (\$0.9 in 2020 and \$0.1 in 2019) and business acquisition, development, and integration costs of \$0.3 in 2019. Excluding these items, adjusted operating expenses decreased \$5.2 (9%) and adjusted operating expenses as a percentage of net revenue improved 340 basis points to 18.3% in 2020.

Amortization expense decreased \$0.5 (6%) primarily due to amortization on the acquired backlog of BM&M in the prior year that did not repeat.

OPERATIONS REVIEW — MILACRON

	Three Months Ended December 31,	
	2019	
	Amount	% of Net Revenue
Net revenue	\$ 133.3	100.0
Gross profit	29.3	22.0
Operating expenses	21.9	16.4
Amortization expense	7.5	5.6

Three Months Ended December 31, 2019

Since we acquired Milacron on November 21, 2019, we do not present comparative period results for variance analysis. Milacron's results for the period since the acquisition date were significantly impacted by the non-recurring effects of the fair value adjustments to inventories and backlog required by acquisition accounting. These fair value adjustments are being charged to the Consolidated Statements of Operations over the respective periods that inventory is expected to be consumed and backlog is expected to be realized as revenue.

Net revenue was \$133.3 during the period subsequent to the acquisition. Order backlog was \$146.8 at December 31, 2019.

Gross profit was \$29.3 and gross profit margin was 22.0%. Milacron's gross profit included inventory step-up charges of \$9.6. Excluding these charges, adjusted gross profit margin was 29.1%. As of December 31, 2019, the remaining unamortized step-up adjustment to inventory was \$26.5 and will be fully expensed over the next two fiscal quarters.

Operating expenses were \$21.9 and operating expense as a percentage of net revenue was 16.4%. Operating expenses included business acquisition, development, and integration costs of \$4.0 (including severance costs related to the integration) and restructuring and restructuring related charges of \$0.3. Excluding these charges, adjusted operating expenses as a percentage of net revenue was 13.2%.

Amortization expense was \$7.5, including backlog amortization of \$4.2. The remaining carrying value of backlog was \$5.8 as of December 31, 2019, which will be fully amortized over the next quarter.

OPERATIONS REVIEW — BATESVILLE

	Three Months Ended December 31,			
	2019		2018	
	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue	\$ 127.0	100.0	\$ 128.1	100.0
Gross profit	39.4	31.0	43.9	34.3
Operating expenses	18.5	14.6	19.6	15.3

Three Months Ended December 31, 2019 Compared to Three Months Ended December 31, 2018

Net revenue decreased \$1.1 (1%), primarily due to a decrease in average selling price (2%), partially offset by an increase in volume (1%). Higher volume was driven by an increase in burial sales despite what we estimate to be a decrease in North American burials driven by an increased rate at which families opted for cremation.

Gross profit decreased \$4.5 (10%) and gross profit margin decreased 330 basis points to 31.0%. The decrease in gross profit and gross profit margin was primarily due to inflation in wages and benefits, including higher healthcare costs, and unfavorable mix, partially offset by productivity initiatives and the higher burial volume.

Gross profit included restructuring and restructuring related charges (\$0.1 in 2020 and \$0.1 in 2019). Excluding these charges, adjusted gross profit decreased \$4.5 (10%) and adjusted gross profit margin decreased 320 basis points to 31.1%.

Operating expenses decreased \$1.1 (6%) to \$18.5 and operating expenses as a percentage of net revenue decreased 70 basis points to 14.6%, primarily due to prior year restructuring actions and current year productivity initiatives, partially offset by cost inflation.

Operating expenses included restructuring and restructuring related charges (\$0.4 in fiscal 2020 and \$0.1 in fiscal 2019). Excluding these charges, adjusted operating expenses decreased \$1.4 (7%) and adjusted operating expenses as a percentage of net revenue improved 90 basis points to 14.3% in fiscal 2020.

REVIEW OF CORPORATE EXPENSES

	Three Months Ended December 31,			
	2019		2018	
	Amount	% of Net Revenue	Amount	% of Net Revenue
Core operating expenses	\$ 10.2	1.8	\$ 9.2	2.2
Business acquisition, development, and integration costs	49.8	8.8	0.3	0.1
Operating expenses	<u>\$ 60.0</u>	<u>10.6</u>	<u>\$ 9.5</u>	<u>2.3</u>

Corporate operating expenses primarily represent operating expenses and costs related to business acquisition, development, and integration, which we incur as a result of our strategy to grow through selective acquisitions.

Business acquisition, development, and integration costs include legal, tax, accounting, and other advisory fees and due diligence costs associated with investigating opportunities (including acquisition and disposition) and integrating completed acquisitions (including severance).

Three Months Ended December 31, 2019 Compared to Three Months Ended December 31, 2018

Operating expenses increased \$50.5 (532%), primarily due to an increase in business acquisition, development, and integration costs as a result of the acquisition of Milacron. These expenses as a percentage of net revenue were 10.6%, an increase of 830 basis points from the prior year.

Core operating expenses increased \$1.0 (11%), primarily driven by the additional operating expenses from Milacron. These expenses as a percentage of net revenue were 1.8%, a decrease of 40 basis points from the prior year.

NON-GAAP OPERATING PERFORMANCE MEASURES

The following is a reconciliation from the most directly comparable GAAP operating performance measure to our non-GAAP adjusted EBITDA.

	Three Months Ended December 31,	
	2019	2018
Consolidated net (loss) income	\$ (0.8)	\$ 29.0
Interest income	(1.3)	(0.2)
Interest expense	14.7	5.5
Income tax (benefit) expense	(12.4)	14.5
Depreciation and amortization	25.9	14.1
EBITDA	<u>\$ 26.1</u>	<u>\$ 62.9</u>
Business acquisition, development, and integration costs ⁽¹⁾	53.8	0.6
Restructuring and restructuring related charges ⁽²⁾	2.4	0.5
Inventory step-up ⁽³⁾	9.6	0.1
Adjusted EBITDA	<u>\$ 91.9</u>	<u>\$ 64.1</u>

⁽¹⁾ Business acquisition, development, and integration costs during the three months ended December 31, 2019 primarily included expenses for the settlement of outstanding Milacron share-based equity awards, professional fees, and severance and employee-related costs in connection with the acquisition and integration of Milacron. Business acquisition, development, and integration costs during the three months ended December 31, 2018 primarily included professional fees.

⁽²⁾ Restructuring and restructuring-related charges primarily included severance costs, unrelated to the acquisition and integration of Milacron, during the three months ended December 31, 2019 and 2018.

⁽³⁾ Represents the non-cash charges related to the fair value adjustment of inventories acquired in connection with the acquisitions of Milacron and BM&M during the three months ended December 31, 2019 and 2018, respectively.

Three Months Ended December 31, 2019 Compared to Three Months Ended December 31, 2018

Consolidated net (loss) income decreased \$29.8 (103%) for the three months ended December 31, 2019, compared to the same period in fiscal 2019. The decrease was primarily driven by an increase in business acquisition, development, and integration costs, primarily in relation to the acquisition of Milacron, unfavorable product mix at the Process Equipment Group resulting from an increased proportion of lower margin, large systems sales in plastics, an increase in interest expense, and cost inflation. This decrease in consolidated net (loss) income was partially offset by a decrease in income tax expense, pricing and productivity improvements, and an increase in volume at the Process Equipment Group. Foreign currency impact decreased consolidated net income by \$0.3.

Consolidated adjusted EBITDA increased \$27.8 (43%) for the three months ended December 31, 2019, compared to the same period in fiscal 2019. The increase was primarily due to the acquisition of Milacron, pricing and productivity improvements, and an increase in volume at the Process Equipment Group. This increase in consolidated adjusted EBITDA was partially offset by unfavorable product mix at the Process Equipment Group resulting from an increased proportion of lower margin, large systems sales in plastics and cost inflation. Foreign currency impact decreased adjusted EBITDA by \$0.8.

LIQUIDITY AND CAPITAL RESOURCES

In this section, we discuss our ability to access cash to meet business needs. We discuss how we see cash flow being affected for the next twelve months and how we intend to use it. We describe actual results in generating and utilizing cash by comparing the first three months of 2020 to the same period last year. Finally, we identify other significant matters that could affect liquidity on an ongoing basis.

Ability to Access Cash

Our debt financing has historically included revolving credit facilities, term loans, and long-term notes as part of our overall financing strategy. We regularly review and adjust the mix of fixed-rate and variable-rate debt within our capital structure in order to achieve a target range based on our financing strategy.

As of December 31, 2019, we had \$366.7 of maximum borrowing capacity under the Revolver, of which \$361.5 of this borrowing capacity was immediately available based on our most restrictive covenant as amended in January 2020. The available borrowing capacity reflects a reduction of \$8.3 for outstanding letters of credit issued under the Revolver. The Company may request an increase of up to \$450.0 in the total borrowing capacity under the Revolver, subject to approval of the lenders.

In the normal course of business, operating companies within the Process Equipment Group and Milacron reportable segments provide to certain customers bank guarantees and other credit arrangements in support of performance, warranty, advance payment, and other contractual obligations. This form of trade finance is customary in the industry and, as a result, we maintain adequate capacity to provide the guarantees. As of December 31, 2019, we had guarantee arrangements totaling \$344.2, under which \$249.3 was used for this purpose. These arrangements include the €150.0 L/G Facility Agreement under which unsecured letters of credit, bank guarantees, or other surety bonds may be issued. The Company may request an increase to the total capacity under the L/G Facility Agreement by an additional €70.0, subject to approval of the lenders. In January 2020, the L/G Facility Agreement was amended to expand the size of the existing €150.0 facility by an additional €25.0.

We have significant operations outside the U.S. We continue to assert that the basis differences in the majority of our foreign subsidiaries continue to be permanently reinvested outside of the U.S. We have recorded tax liabilities associated with distribution taxes on expected distributions of available cash and current earnings. The Company has made, and intends to continue to make, substantial investments in our businesses in foreign jurisdictions to support the ongoing development and growth of our international operations. As of December 31, 2019, we had a transition tax liability of \$19.7 pursuant to the Tax Act. The cash at our foreign subsidiaries totaled \$137.1 at December 31, 2019. We continue to actively evaluate our global capital deployment and cash needs.

12-month Outlook

We believe the 12-month outlook for our business remains positive. Although cash flow from operations in the Process Equipment Group and Milacron reportable segments naturally experiences substantial fluctuations driven by changes in working capital requirements (due to the type of product and geography of customer projects in process at any point in time), we believe we have sufficient flexibility to meet our financial commitments, including working capital needs, capital expenditures, and financing obligations.

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As discussed in Note 4 of Part I, Item 1 of this Form 10-Q, on November 21, 2019, we completed the acquisition of Milacron for a total purchase price of approximately \$2.0 billion through a merger of our wholly-owned subsidiary with and into Milacron, resulting in ownership of 100% of Milacron common stock that was issued and outstanding after the merger. Hillenbrand used approximately \$1.75 billion of borrowings from notes, term loans, and the Revolver to pay the aggregate cash portion of the merger consideration, to pay off Milacron's existing debt, and to pay fees and expenses related to the transaction. These borrowings were comprised of the following:

- \$374.4 (net of discount) was raised in connection with issuing publicly traded notes in September 2019;
- \$650.0 of additional borrowings under the Revolver. Hillenbrand made repayments subsequent to the closing of the acquisition to reduce the outstanding balance of the Revolver, which was \$525.0 as of December 31, 2019; and
- Two term loan commitments totaling \$725.0 in principal.

See Note 8 included in Part I, Item 1 of this Form 10-Q for further details on the financing for the Milacron acquisition. Having completed the acquisition, the Company is focused on deleveraging and intends to prioritize paying down its debt over the next twelve months.

Upon maturity in July 2020, the Company expects to refinance its \$150.0 senior unsecured notes issued in July 2010 on a long-term basis. The Company has the intent and believes it has the ability to refinance these notes due to expected available borrowing capacity under the Revolver, although the financing source ultimately used to refinance these notes may be different. As such, these obligations continue to be classified as long-term debt within the Consolidated Balance Sheets.

The Tax Act requires the Company to pay a transition tax on unremitted earnings of its foreign subsidiaries, resulting in an estimated liability of \$19.7 recorded as of December 31, 2019. The portion of this tax we anticipate will be paid in the next twelve months is \$2.0, with the remainder of the liability to be paid over the next five years. In addition, we expect the lower corporate tax rate of 21% to benefit our cash flow in current and future periods.

In December 2018, our Board of Directors authorized a new share repurchase program of up to \$200.0. The Company does not expect to repurchase shares in the near term as a result of the priority given to paying down long-term debt following the acquisition of Milacron.

Our anticipated contribution to our defined benefit pension plans in 2020 is \$9.3, of which \$2.7 was made during the three months ended December 31, 2019. We will continue to monitor plan funding levels, performance of the assets within the plans, and overall economic activity, and we may make additional discretionary funding decisions based on the net impact of the above factors.

The aggregate amount of our quarterly cash dividends will increase in the future compared to those we paid in 2019 as result of the additional common stock issued in connection with the acquisition of Milacron. We expect to pay approximately \$15.8 each quarter based on our outstanding common stock at December 31, 2019. We increased our quarterly dividend in 2020 to \$0.2125 per common share from \$0.2100 per common share paid in 2019.

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

Cash Flows

(in millions)	Three Months Ended December 31,	
	2019	2018
Cash flows provided by (used in)		
Operating activities	\$ 17.8	\$ 35.5
Investing activities	(1,496.1)	(29.8)
Financing activities	1,221.4	2.8
Effect of exchange rates on cash and cash equivalents	0.4	0.3
Net cash flows	\$ (256.5)	\$ 8.8

Operating Activities

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Operating activities provided \$17.8 of cash during the first three months of fiscal year 2020, and provided \$35.5 of cash during the first three months of fiscal year 2019, a \$17.7 (50%) decrease. The decrease in operating cash flow in 2020 was largely attributable to payments for business acquisition, development, and integration costs in relation to the acquisition of Milacron during the current period, partially offset by changes in working capital requirements.

Working capital requirements for the Process Equipment Group and Milacron reportable segments may continue to fluctuate in the future due primarily to the type of product and geography of customer projects in process at any point in time. Working capital needs are lower when advance payments from customers are more heavily weighted toward the beginning of the project. Conversely, working capital needs are higher when a larger portion of the cash is to be received in later stages of manufacturing.

Investing Activities

The \$1,466.3 increase in cash used in investing activities in the first three months of fiscal 2020 was primarily due to a cash outflow of \$1,503.1 for the acquisition of Milacron in the current period, compared to \$26.2 for the acquisition of BM&M in the prior year period. See Note 4 included in Part 1, Item 1 of this Form 10-Q for further details on these acquisitions. Additionally, capital expenditures increased by \$2.7 compared to the prior year period, primarily related to the acquisition of Milacron in the current period. These cash outflows were partially offset by an inflow of \$13.1 due to proceeds received from the sale of a Milacron manufacturing facility during the current period.

Financing Activities

Cash provided by financing activities was largely impacted by net borrowing activity. Our general practice is to use our cash to pay down debt unless it is needed for an acquisition. Cash provided by financing activities during the first three months of 2020 was \$1,221.4, including \$1,240.9 of proceeds, net of debt repayments. Cash provided by financing activities in the first three months of 2019 was \$2.8, including \$20.6 of proceeds, net of debt repayments. The increase in cash provided by financing activities was primarily due to financing activity for the acquisition of Milacron, including the issuance of two term loan commitments totaling \$725.0 along with an increase in net borrowings on the Revolver of \$525.0 million.

We returned \$15.8 to shareholders during the first three months of 2020 in the form of quarterly dividends. We increased our quarterly dividend in 2020 to \$0.2125 per common share from \$0.2100 per common share paid during 2019.

Off-Balance Sheet Arrangements

As part of its normal course of business, Hillenbrand is a party to various financial guarantees and other commitments. These arrangements involve elements of performance and credit risk that are not included in the Consolidated Balance Sheets. The possibility that Hillenbrand would have to make actual cash expenditures in connection with these obligations is largely dependent on the performance of the guaranteed party, or the occurrence of future events that Hillenbrand is unable to predict. We have no off-balance sheet financing agreements or guarantees at December 31, 2019 that we believe are reasonably likely to have a current or future effect on our financial condition, results of operations, or cash flows.

Contractual Obligations and Contingent Liabilities and Commitments

For a full summary of our future obligations, refer to Management’s Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, in our Annual Report on Form 10-K for the year ended September 30, 2019 (the “2019 Form 10-K”). This information is intended to give you an understanding of the significance of cash outlays that are fixed beyond the normal accounts payable we have already incurred and have recorded in the Consolidated Financial Statements.

The following table provides updated amounts for our contractual obligations that have changed significantly since the filing of our 2019 Form 10-K. The changes resulted from debt obligations and operating lease liabilities assumed in connection with the acquisition of Milacron.

As of December 31, 2019	Payment Obligations by Fiscal Year				
	Total	Remainder of 2020	2021 - 2022	2023 - 2024	Thereafter
\$500.0 term loan	\$ 493.7	\$ 18.7	\$ 62.5	\$ 87.5	\$ 325.0
\$225.0 term loan	222.2	8.5	28.1	185.6	—
Revolver ⁽¹⁾	525.0	—	—	525.0	—
Interest on financing agreements ⁽²⁾	309.0	51.3	120.5	101.3	35.9
Operating lease payments	184.2	27.4	60.8	38.2	57.8

⁽¹⁾ The Revolver expires in August 2024. Although we may make earlier principal payments, we have reflected the principal balance due at expiration.

⁽²⁾ Cash obligations for interest requirements relate to our fixed-rate debt obligations at the contractual rates and our variable-rate debt obligations at the current rates as of December 31, 2019.

Recently Adopted and Issued Accounting Standards

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

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A full discussion of quantitative and qualitative disclosures about market risk may be found in Item 7A of our 2019 Form 10-K filed with the SEC on November 13, 2019. The following discussion provides information on significant changes to our market risks that we think could have a significant impact to our bottom line or the financial strength of the Company. These changes resulted from an increase to our variable-rate debt obligations and additional foreign currency exposures as a result of the acquisition of Milacron.

Interest rate risk

As of September 30, 2019, we had no outstanding variable-rate debt obligations. In connection with the acquisition of Milacron, we incurred significant borrowings under our Revolver and completed the funding of two term loan commitments totaling \$725.0. As a result, our outstanding variable-rate debt obligations were \$1,238.9 as of December 31, 2019. We are subject to interest rate risk associated with such borrowings, which bear a variable rate of interest that is based upon, at the Company’s option, the LIBO Rate or the Alternate Base Rate (each as defined in the Credit Agreement) plus a margin based on the Company’s leverage ratio. The interest we pay on such borrowings is dependent on interest rate conditions and the timing of our financing needs. If we assumed the borrowings under our variable-rate debt obligations remained at \$1,238.9 for 12 months, a one percentage point change in the related interest rates would decrease or increase annual interest expense by approximately \$12.4 million.

In July 2017, the Financial Conduct Authority (the authority that regulates LIBOR, the London Inter-bank Offered Rate) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The Alternative Reference Rates Committee (“ARRC”) has proposed that the Secured Overnight Financing Rate (“SOFR”) is the rate that represents best practice as the alternative to USD-LIBOR for use in derivatives and other financial contracts that are currently indexed to USD-LIBOR. ARRC has proposed a paced market transition plan to SOFR from USD-LIBOR and organizations are currently working on industry-wide and company-specific transition plans as it relates to derivatives and cash markets exposed to USD-LIBOR. The Company has material contracts that are indexed to USD-LIBOR and is monitoring this activity and evaluating the related risks.

Foreign currency risk

We are subject to variability in foreign currency exchange rates in our international operations. We have a hedging program in place which is designed to limit the exposure to this variability through the use of natural hedges and also by entering into currency exchange agreements. Due to Milacron's significant international operations, we have additional exposures to the variability in certain foreign currencies. Under our hedging program, we have effectively hedged any significant additional exposures resulting from the Milacron acquisition. As such, there is no significant impact to pre-tax earnings during the current period as a result of exchange rates on transactions denominated in non-functional currencies.

Item 4. 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"), evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon that evaluation, the Certifying Officers concluded that our disclosure controls and procedures as of the end of the period covered by this report are effective.

In the ordinary course of business, we review our system of internal control over financial reporting and make changes to our systems and processes to improve such controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, automating manual processes, and updating existing systems.

In the current year, the Company established new internal controls related to our accounting policies and procedures as part of our adoption of the new lease standard. These internal controls included providing global training to our finance team and holding regular meetings with management to review and approve key decisions. Beginning October 2019, we have implemented new internal controls to address risks associated with applying the new lease standard.

On November 21, 2019, we completed the acquisition of Milacron, which includes its existing information systems and internal controls over financial reporting. In conducting our evaluation of the effectiveness of our internal control over financial reporting for our fiscal year ended September 30, 2020, we plan to exclude Milacron from our evaluation as permitted under existing SEC Staff interpretive guidance for newly acquired businesses. We are currently in the process of evaluating and integrating Milacron's historical internal controls over financial reporting with ours. The integration may lead to changes in future fiscal periods but we do not expect these changes to materially affect our internal controls over financial reporting. We expect to complete this integration in fiscal 2021. For the three months ended December 31, 2019, Milacron accounted for \$133.3 of our total net revenue, and as of December 31, 2019, had total assets of \$2,347.7 (inclusive of acquired goodwill and identifiable intangible assets of \$1,531.5).

Other than as noted above, there were no changes in internal control over financial reporting identified in the evaluation for the quarter ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Information pertaining to legal proceedings can be found in Note 15 to the Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Item 1A. RISK FACTORS

For information regarding the risks we face, see the discussion under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended September 30, 2019, and the additional risk factors below. The following descriptions of risk factors include any additions and material changes to, and supersede the corresponding descriptions of, the risk factors associated with our business as previously disclosed in our Annual Report on Form 10-K for the year ended September 30, 2019.

1. We may be unable to successfully integrate the businesses of Hillenbrand and Milacron and realize the anticipated benefits of the merger.

On November 21, 2019, we completed the acquisition of Milacron. The success of the merger will depend, in part, on the Company's ability to successfully combine and integrate the businesses of Hillenbrand and Milacron, which previously operated as independent

public companies, and realize the anticipated benefits, including synergies, cost savings, innovation opportunities, and operational efficiencies, in a manner that does not materially disrupt existing customer, supplier, and employee relations nor result in decreased revenues due to losses of, or decreases in orders by, customers. If the Company is unable to achieve these objectives within the anticipated time frame, or at all, the anticipated benefits may not be realized fully or at all, or may take longer to realize than expected, and the value of the Company's common stock may decline.

The integration of the two companies may result in material challenges, including, without limitation:

- the diversion of management's attention from ongoing business concerns and performance shortfalls at one or both of the companies as a result of the devotion of management's attention to the merger or integration;
- managing a larger combined business;
- maintaining employee morale and retaining key management and other employees;
- retaining existing business and operational relationships, including customers, suppliers and employees and other counterparties, as may be impacted by contracts containing consent and/or other provisions that may be triggered by the merger, and attracting new business and operational relationships;
- the possibility of faulty assumptions underlying expectations regarding the integration process;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- coordinating geographically separate organizations; and
- unanticipated issues in integrating information technology, communications and other systems.

Some of these factors are outside of the Company's control, and any one of them could result in delays, increased costs, decreases in the amount of expected revenues or synergies, and diversion of management's time and energy, which could materially affect our financial position, results of operations, and cash flows.

We have incurred substantial expenses in connection with the completion of the merger with Milacron and we expect to incur further expenses in order to integrate a large number of processes, policies, procedures, operations, technologies, and systems of Milacron in connection with the merger.

2. We have a significant amount of debt, which could adversely affect the Company and limit our ability to respond to changes in our business or make future desirable acquisitions.

As of December 31, 2019, our outstanding debt was \$1,864.7. This level of debt (and additional debt we may incur in the future) has important consequences to our businesses. For example:

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

While we have publicly stated that we will seek to deleverage our business, there can be no assurances that we will successfully achieve our deleveraging targets within our anticipated timeline or at all. In order to achieve our targeted leverage ratios, we currently plan to curtail material acquisitions and share repurchases, and as a result, may forego opportunities that might otherwise be beneficial to the Company. Additionally, at any time and from time to time, we may evaluate or pursue one or more strategic options, including potential sale transactions, for a portion of the assets acquired in the merger. There can be no assurances if or when the Company would enter into any such transaction or the terms thereof or whether any such transaction would result in the Company achieving its desired leverage targets. The failure to achieve such deleveraging targets could result in a negative impact to the Company's credit ratings, impair its ability to raise future indebtedness, or otherwise adversely impact its operating or financial condition or performance.

3. If we are unable to comply with the financial and other covenants in our debt agreements, our business, financial condition, and liquidity could be materially adversely affected.

Our Credit Agreement, the L/G Facility Agreement, and the Shelf Agreement contain financial and other restrictive covenants. These covenants could adversely affect us by limiting our financial and operating flexibility as well as our ability to plan for and react to market conditions and to meet our capital needs. Our failure to comply with these covenants could result in events of default which, if not cured or waived, could result in us being required to repay indebtedness before its due date, and we may not have the financial resources or be able to arrange alternative financing to do so. Any event that requires us to repay any of our debt before it is due could require us to borrow additional amounts at unfavorable borrowing terms, cause a significant reduction in our liquidity, and impair our ability to pay amounts due on our indebtedness. Moreover, if we are required to repay any of our debt before it becomes due, we may be unable to borrow additional amounts or otherwise obtain the cash necessary to repay that debt when due, which could materially adversely affect our business, financial condition, and liquidity.

4. Goodwill and other identifiable intangible assets, which are subject to periodic impairment evaluations, represent a significant portion of our total assets. An impairment loss on these assets could have a material adverse impact on our financial condition and results of operations.

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

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

We cannot provide assurance that our internal controls and compliance systems will always protect us from acts committed by our employees, agents, or business partners that would violate U.S. and/or non-U.S. laws, including laws governing payments to government officials, bribery, fraud, anti-kickback, false claims, competition, export and import compliance, including the U.S. Commerce Department's Export Administration Regulations, trade sanctions promulgated by the Office of Foreign Asset Control ("OFAC"), anti-money laundering, and data privacy. In particular, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries, including us, from making improper payments to government officials or other parties for the purpose of obtaining or retaining business, and we operate in many parts of the world that have experienced corruption to some degree. Consequently, we are subject to the jurisdiction of various governments and regulatory agencies outside of the U.S., which may bring our personnel into contact with foreign officials responsible for issuing or renewing permits, licenses or approvals or for enforcing other governmental regulations. In addition, some of the international locations in which we operate lack a developed legal system and have elevated levels of corruption. Our global operations expose us to the risk of violating, or being accused of violating, the foregoing or other anti-corruption laws. Any such improper actions could subject us to civil or criminal investigations in the U.S. and in other jurisdictions; could lead to substantial civil and criminal, monetary, and non-monetary penalties, and related shareholder lawsuits; could cause us to incur significant legal fees; and could damage our reputation.

6. We are exposed to a number of different tax uncertainties, which could have a material adverse effect on our results of operations.

We are required to pay taxes in multiple jurisdictions. We determine the tax liability we are required to pay based on our interpretation of applicable tax laws and regulations in the jurisdictions in which we operate. We may be subject to unfavorable changes, including retroactive changes, in the tax laws and regulations to which we are subject.

We are subject to tax audits by governmental authorities in the United States and numerous non-U.S. jurisdictions, which are inherently uncertain. Negative or unexpected results from one or more such tax audits could adversely affect our results of operations. Tax controls and changes in tax laws or regulations or the interpretation given to them may expose us to negative tax consequences, including interest payments and potential penalties, which could have a material adverse effect on our results of operations.

7. We continually assess the strategic fit of our existing businesses and may divest or otherwise dispose of businesses that are deemed not to fit with our strategic plan or are not achieving the desired return on investment, and we cannot be certain that our business, operating results and financial condition will not be materially and adversely affected.

A successful divestiture depends on various factors, including our ability to effectively transfer liabilities, contracts, facilities, and employees to any purchaser, identify and separate the intellectual property to be divested from the intellectual property that we wish to retain, reduce fixed costs previously associated with the divested assets or business, and collect the proceeds from any divestitures. These efforts require varying levels of management resources, which may divert our attention from other business operations. If we do not realize the expected benefits of any divestiture transaction, our consolidated financial position, results of operations, and cash flows could be negatively impacted. In addition, divestitures of businesses involve a number of risks, including significant costs and expenses, the loss of customer relationships, and a decrease in revenues and earnings associated with the divested business. Furthermore, divestitures potentially involve significant post-closing separation activities, which could involve the expenditure of material financial resources and significant employee resources. Any divestiture may result in a dilutive impact to our future earnings if we are unable to offset the dilutive impact from the loss of revenue associated with the divestiture, as well as significant write-offs, including those related to goodwill and other intangible assets, which could have a material adverse effect on our results of operations and financial condition.

8. We operate in cyclical industries.

As an industrial capital goods supplier, we serve industries that are cyclical and sensitive to changes in general economic conditions, such as packaging, automotive, construction, consumer goods, electronics, chemicals, and plastics industries. The performance of many of our business is directly related to the production levels of our customers. In particular, prices for plastic resins used to make plastic products and parts tend to fluctuate to a greater degree than our customers can adjust for in the pricing of their products. When resin prices increase, certain of our customers' profit margins decrease, which may result in lower demand for our products. Therefore, our business is affected by fluctuations in the price of resin, which could have an adverse effect on our business and ability to generate operating cash flows.

During periods of economic expansion, when capital spending normally increases, the Process Equipment Group and Milacron businesses generally benefit from greater demand for their products. During periods of economic contraction, when capital spending normally decreases, the Process Equipment Group and Milacron businesses generally are adversely affected by declining demand for new equipment orders, and may be subject to increases in uncollectible receivables from customers who become insolvent. There can be no assurance that economic expansion or increased demand will be sustainable, and our financial condition, results of operations, and cash flows could be materially adversely affected.

9. We derive significant revenues from the plastics industry. Decrease in demand for base resin or engineering plastics or equipment used in the production of these products, or changes in technological advances, or changes in laws or regulations could have a material adverse effect on our business, financial condition, and results of operations.

Approximately 90% of Milacron sales are realized from the manufacture, distribution, and service of highly engineered and customized systems within the plastic technology and processing market. The Process Equipment Group sells equipment, including highly engineered extruders, feeders, and conveying systems, to the plastics industry for the production of base resins, durable engineering grade plastics, and other compounded plastics (including bioplastics and recycled plastic product). Sales volume is dependent upon the need for equipment used to produce these products, which may be significantly influenced by the demand for plastics, the capital investment needs of companies in the plastics industry, changes in technological advances, or changes in laws or regulations. Unfavorable developments in the plastics industry could have a material adverse effect on our business, financial condition, and results of operations.

10. We operate in highly competitive industries, many of which are currently subject to intense price competition, and if we are unable to compete successfully, it could have a material adverse effect on our business, financial condition, and results of operations.

Many of the industries in which we operate are highly competitive. Our products may not compete successfully with those of our competitors. The markets for plastic processing equipment and related products, material handling equipment, complete equipment systems, mold components, burial caskets, minerals and mining equipment, and metalworking fluids are highly competitive and include a number of North American, European, and Asian competitors. Principal competitive factors in the plastic processing industry, material handling equipment, and complete equipment systems include price, lead time, product features, technology, total cost of ownership, performance, reliability, quality, delivery, and customer service. Principal competitive factors in the mold components industry include technology, price, quality, performance, and delivery. Principal competitive factors in the burial caskets industry include product, price, delivery, and customer service. Principal competitive factors in the minerals and mining industry include product features, performance, price, delivery, and customer service. Principal competitive factors in the metalworking industrial fluids industry include price, market coverage, technology, performance, delivery, and customer service.

Our competitors may be positioned to offer more favorable pricing to customers, resulting in reduced volume and profitability. In certain cases, we have lost business to competitors who offered prices lower than ours. Competition may also limit our ability to pass on the effects of increases in our cost structure. In addition, some of our competitors may have greater financial resources and less debt than we do, which may place us at a competitive disadvantage in the future. These competitors may be better able to withstand and respond to changes in conditions within our industry.

Competition in any of these areas may reduce our sales and adversely affect our earnings or cash flow by resulting in decreased sales volumes, reduced prices, and increased costs of manufacturing, distributing and selling our products.

11. We have significant international sales and operations and face risks related to health epidemics which could adversely affect our business and results of operations.

Our business and operations could be materially and adversely affected by the effects of a widespread outbreak of a contagious disease, including the recent outbreak of the respiratory illness caused by a coronavirus strain first identified in Wuhan, Hubei Province, China, or any other outbreak of contagious diseases, and other adverse public health developments. These effects could include disruptions or restrictions on our employees' and other service providers' ability to travel, as well as temporary closures of our facilities or the facilities of our customers, suppliers, or other vendors in our supply chain, potentially including single source suppliers. Any disruption of our supply chain or customers could adversely impact our business and results of operations, including by causing us to cease manufacturing one or more products for a period of time, which could also lead to loss of customers, as well as reputational, competitive, or business harm. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for our end customers' products and likely impact our operating results.

Item 6. EXHIBITS

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

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

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

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Exhibit 3.1	Restated and Amended Articles of Incorporation of Hillenbrand, Inc., effective March 31, 2008 (Incorporated by reference to Exhibit 3.1 to Quarterly Report on Form 10-Q filed August 12, 2008)
Exhibit 3.2	Articles of Correction of the Restated and Amended Articles of Incorporation of Hillenbrand, Inc., effective March 31, 2008 (Incorporated by reference to Exhibit 3.2 to Quarterly Report on Form 10-Q filed August 12, 2008)
Exhibit 3.3	Articles of Amendment of the Restated and Amended Articles of Incorporation of Hillenbrand, Inc., effective February 27, 2015 (Incorporated by reference to Exhibit 3.3 to Quarterly Report on Form 10-Q filed May 11, 2015)
Exhibit 3.4	Amended and Restated Code of By-laws of Hillenbrand, Inc. (Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed February 26, 2015)
Exhibit 10.1*	Form of Hillenbrand, Inc. Stock Incentive Plan Performance Based Unit Award Agreement -Shareholder Value Delivered, by and between Hillenbrand, Inc. and certain employees including executive officers (beginning fiscal year 2020)
Exhibit 10.2*	Form of Hillenbrand, Inc. Stock Incentive Plan Performance Based Unit Award Agreement - Relative Total Shareholder Return, by and between Hillenbrand, Inc. and certain employees (beginning fiscal year 2020)
Exhibit 10.3*	Form of Hillenbrand, Inc. Stock Incentive Plan Restricted Stock Unit Award Agreement, by and between Hillenbrand, Inc. and certain employees (beginning fiscal year 2020)
Exhibit 10.4*	Form of Hillenbrand, Inc. Non-Qualified Stock Option Agreement, by and between Hillenbrand, Inc. and certain employees (beginning fiscal year 2020)
Exhibit 10.5	Amendment No. 1 to Third Amended and Restated Credit Agreement, dated as of October 8, 2019, among Hillenbrand, Inc., as a borrower, the subsidiary borrowers party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed October 11, 2019)
Exhibit 10.6	Amendment No. 3 to Third Amended and Restated Credit Agreement, dated as of January 10, 2020, among Hillenbrand, Inc., as a borrower, the subsidiary borrowers party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed January 10, 2020)
Exhibit 10.7	Amendment No. 6 to Private Shelf Agreement, dated as of January 10, 2020, among Hillenbrand, Inc., PGIM, Inc. (f/k/a Prudential Investment Management, Inc.), the subsidiary guarantors party thereto, and the additional parties thereto (Incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed January 10, 2020)
Exhibit 10.8	Second Amendment Agreement, dated as of January 10, 2020, among Hillenbrand, Inc., certain of its subsidiaries party thereto, the lenders party thereto, and Commerzbank Finance & Covered Bond S.A., acting as agent (Incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K filed January 10, 2020)
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

The following documents are being filed pursuant to Inline XBRL:

Exhibit 101.INS	Instance document
Exhibit 101.SCH	Schema document
Exhibit 101.CAL	Calculation linkbase document
Exhibit 101.LAB	Labels linkbase document
Exhibit 101.PRE	Presentation linkbase document
Exhibit 101.DEF	Definition linkbase document
Exhibit 104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

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 5, 2020

BY: /s/ Kristina A. Cerniglia

Kristina A. Cerniglia

Senior Vice President and Chief Financial Officer

Date: February 5, 2020

/s/ Andrew S. Kitzmiller

Andrew S. Kitzmiller

Vice President, Controller, and Chief Accounting Officer

**HILLENBRAND, INC. STOCK INCENTIVE PLAN
 PERFORMANCE BASED UNIT AWARD AGREEMENT
 Shareholder Value Delivered – Hillenbrand, Inc.**

This Performance Based Unit Award Agreement (this “Agreement”) is effective as of the ___ day of December, 20___, between Hillenbrand, Inc. (the “Company”) and _____ (the “Employee”). The Award evidences the grant by the Company of Restricted Stock Units subject to the attainment of certain performance targets as described herein (hereinafter, “Performance Based Units,” “Units” or “Award”), all in accordance with the provisions of the Hillenbrand, Inc. Stock Incentive Plan, as amended from time-to-time (the “Plan”). The number of Units that will ultimately be earned under this Agreement, as well as the number of shares of Common Stock that will be distributed in settling those earned Units, which will not be determined until the end of the Measurement Period, will depend on the calculated shareholder value of the Company at the end of the Measurement Period, as compared to the expected amount of shareholder value of the Company at the end of the Measurement Period.

The Units are subject to the terms and conditions set forth in the Plan (which is incorporated herein by reference), any rules and regulations adopted by the Board of Directors of the Company (the “Board”) or the committee of the Board which administers the Plan (collectively, the “Committee”), and this Agreement. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the terms, conditions, and provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This grant becomes effective only if Employee affirmatively accepts it and evidences Employee’s understanding of the terms and conditions of the Award, in accordance with applicable procedures established by the Company. Any terms used in this Agreement as capitalized defined terms that are not defined herein shall have the meanings set forth in the Plan. For purposes of this Agreement, “Employer” means the entity (i.e., the Company or the Subsidiary) that employs the Employee.

AWARD INFORMATION

Target Performance Based Unit Award (100% achievement of Shareholder Value Expected)	_____ Units
Measurement Period (three fiscal years)	October 1, 20___ through September 30, 20___
Shareholder Value Expected (at the end of the Measurement Period)	\$ ___M*

* Subject to adjustment as described below.

AWARD DETERMINATION

The number of Units that will be earned at the end of the Measurement Period is a function of the amount of the calculated “Shareholder Value Delivered” (as defined below) at the end of the Measurement Period as a percentage of the Shareholder Value Expected at the end of the Measurement Period. Except as otherwise provided below in the Terms and Conditions, at the end of the Measurement Period, the Units earned will be the number of whole Units (rounded down) equal to the product of (a) the number of Units comprising the Target Performance Based Unit Award, and (b) a multiplier, as provided in the following table, based on the ratio, expressed as a percentage, of the calculated Shareholder Value Delivered at the end of the Measurement Period (as determined below) to the Shareholder Value Expected at the end of the Measurement Period:

Calculated Shareholder Value Delivered as Percentage of Shareholder Value Expected	Multiplier
Less than 70%	zero (no Units earned)
At least 70% but less than 130%	.25 plus an additional .025 for each full percentage point delivered above minimum for range
At least 130%	1.75 (maximum Units earned)

Adjustments

If during the Measurement Period the Company acquires or divests another business or operating unit, and/or integrates an acquired business or operating unit, then the Shareholder Value Expected at the end of the Measurement Period and/or the applicable Hurdle Rate (as hereinafter defined) shall be adjusted to reflect the expected impact, if any, of such acquisition or integration during the Measurement Period, taking into account the projected net operating profit after tax (“NOPAT”) and cash flows of the acquired business or operating unit upon which the Board’s approval of such acquisition was based. The actual financial results of the acquired business or operating unit will be reflected accordingly for purposes of calculating the Shareholder Value Delivered at the end of the Measurement Period.

Calculation of Shareholder Value Delivered

The amount of Shareholder Value Delivered at the end of the Measurement Period is the sum of the respective amount of Shareholder Value Delivered of the Company and each of its business units for which Shareholder Value Delivered is calculated. The amount of the Company’s

and each such business unit's Shareholder Value Delivered is calculated at the end of the Measurement Period by adding two components: the Net Operating Profit After Tax ("NOPAT") Component and the Cash Flows Component.

1. The NOPAT Component of Shareholder Value Delivered is equal to Adjusted NOPAT (as hereinafter defined) for the last fiscal year of the Measurement Period, divided by the Hurdle Rate applicable to the Company or business unit.
2. The Cash Flows Component of Shareholder Value Delivered is equal to the sum of the following:
 - (a) Adjusted Cash Flows (as hereinafter defined) for the third fiscal year in the Measurement Period;
 - (b) Adjusted Cash Flows for the second fiscal year in the Measurement Period, multiplied by the sum of 100 percent and the Hurdle Rate applicable to the Company or business unit; and
 - (c) Adjusted Cash Flows for the first fiscal year in the Measurement Period, multiplied by the square of the sum of 100 percent and the Hurdle Rate applicable to the Company or business unit.

TERMS AND CONDITIONS

Note: If this Award is granted to an Employee who is employed outside of the United States of America, the terms and conditions of the Appendix A (and the addendum attached to Appendix A) are hereby incorporated into and shall become part of the Terms and Conditions of this Agreement.

1. **Grant of Performance Based Units.** Pursuant to and subject to the terms and conditions of the Plan, the Company hereby awards to the Employee, who is an employee of the Company or one of its Subsidiaries, the opportunity to earn the number of Units that will be determined at the end of the Measurement Period under the Award Determination section above, up to but not exceeding the number of Units specified above as the Maximum Performance Based Unit Award. Each Unit represents the conditional right to receive one share of the Company's common stock, without par value ("Common Stock"). Upon settlement at the end of the Measurement Period, the earned Units will be settled by the distribution to the Employee of one share of Common Stock for each Unit being settled, plus that number of Dividend Shares distributable with respect to the earned Units, as provided in Paragraphs 6 and 7 and subject to withholding as provided in Paragraph 11.

2. **Acceptance; Transfer Restrictions.** The Employee hereby accepts the award of Units described in this Agreement and agrees that the Units will be held by the Employee and the Employee's successors subject to (and will not be disposed of except in accordance with) all of the restrictions, terms, and conditions contained in this Agreement and the Plan. Except as otherwise provided in this Agreement or the Plan, the Employee may not sell, assign, transfer, pledge, or otherwise dispose of or encumber any of the Units, any shares of Common Stock underlying the Units, or any interest in the Units or underlying shares of Common Stock, until the Measurement Period expires, at which time the Employee's rights in the Units will be earned and settled to the extent provided in this Agreement. Any purported sale, assignment, transfer, pledge, or other disposition or encumbrance in violation of this Agreement or the Plan will be void and of no effect.

3. **Earning/Measurement Period.** If the Employee remains employed by the Company or a Subsidiary through the end of the Measurement Period, then at the end of the Measurement Period the Units will become fully earned, to the extent determined under the Award Determination section above. If the Employee does not remain employed through the end of the Measurement Period, the provisions of Paragraph 8 below will apply in determining the number of Units, if any, which will become earned at the end of the Measurement Period. All Units not earned at the end of the Measurement Period will be forfeited, and the Employee will have no rights or interest in or to those forfeited Units.

4. **Unfunded Obligations.** The Company will reflect the Employee's interests in the Units and the underlying shares of Common Stock by means of bookkeeping entries on the financial records of the Company, and this Agreement will not create in the Employee or any successors any right to, or claim against any, specific assets of the Company or result in the creation of any trust or escrow account for the Employee or any successors. With respect to their interests under this Agreement, the Employee and any successors will be general creditors of the Company.

5. **Voting Rights.** The Employee will not have any rights of a shareholder to vote the shares of Common Stock underlying the Units until the Units are earned and settled after the end of the Measurement Period. Once the Units are settled by distribution of shares of Common Stock, the Employee will have all shareholder voting rights with respect to those shares of Common Stock.

6. **Dividends and Other Distributions; Dividend Shares.** The Employee will not have any rights of a shareholder to receive dividends or other distributions with respect to the shares of Common Stock underlying the Units until the Units are earned and settled after the end of the Measurement Period. Once the Units are settled by distribution of shares of Common Stock, the Employee will have all shareholder rights to dividends and other distributions with respect to those shares of Common Stock. However, during the Measurement Period, and thereafter until such time as the shares attributable to earned Units are distributed to the Employee, the Company will, on its books and records, credit the Employee with the number of notional shares of the Company's Common Stock ("Dividend Shares") that could have been purchased on each Common Stock dividend payment date, at the then current Fair Market Value, with the dividends that would have been payable on the number of shares underlying the Units and on the Dividend Shares previously credited to the Employee under this Paragraph. At the time settlement is made with respect to the earned Units pursuant to Paragraph 7, the Company will distribute to the Employee (in addition to and in the same manner as the shares attributable to the earned Units) that number of shares of Common Stock (rounded down to the nearest whole share) equal to the credited Dividend Shares multiplied by a fraction, the numerator of which is the number of earned Units and the denominator of which is the number of all Units (being the Maximum Performance Based Unit Award). Any remaining Dividend Shares on the Company's records shall be forfeited and the Employee shall have no right thereto or interest therein.

7. Actions after Earning is Determined. As soon after the end of the Measurement Period as is practicable, and in any event on or before the end of the calendar year during which the Measurement Period ends, the Company will settle the earned Units by distributing to the Employee one share of Common Stock for each Unit earned under this Agreement. To distribute those shares of Common Stock, the Company shall instruct the Company's transfer agent to recognize in book entry form that the Employee is the registered holder of the number of shares of Common Stock attributable to the earned Units as of the end of the Measurement Period, free from any restrictions or other terms and conditions of this Agreement. At that same time, the Company shall take such actions as it shall deem appropriate to cancel the forfeited Units and to cause them to no longer be recognized as outstanding awards under the Plan. In addition, the Company will issue to the Employee that number of shares of Common Stock equal to the Dividend Shares to which the Employee is entitled under Paragraph 6. The Employee (or his or her successors) shall execute and deliver such instruments and take such other actions as the Company shall reasonably request with respect to the actions to be taken pursuant to this Paragraph.

8. Termination of Employment. If the Employee's employment with the Company and/or a Subsidiary terminates during the Measurement Period (a transfer of employment among the Company and its Subsidiaries will not be treated as a termination of employment), then all or some portion of the Units that would otherwise have become earned Units (based on the actual performance for the Measurement Period) had the Employee remained employed throughout the entire Measurement Period, if any (the "Full Period Units"), will be earned or be forfeited as follows:

(a) if the Employee's employment terminates due to death, Disability or Retirement, then at the end of the Measurement Period the number of Units that then become earned Units will be equal to the product (rounded down to the nearest whole Unit) of (i) the number of Full Period Units, and (ii) a fraction, the numerator of which is the number of full weeks in the Measurement Period during which the Employee was employed by the Company or a Subsidiary, and the denominator of which is 156;

(b) if the Employee's employment terminates due to involuntary termination without Cause, then at the end of the Measurement Period the number of Units that then become earned Units will be equal to the product (rounded down to the nearest whole Unit) of (i) the number of Full Period Units, and (ii) a fraction, the numerator of which is the number of full weeks in the Measurement Period during which the Employee was employed by the Company or a Subsidiary, and the denominator of which is 156;

(c) if the Employee, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary that provides for the voluntary termination of employment by the Employee for Good Reason, and if the Employee terminates employment voluntarily for Good Reason, then at the end of the Measurement Period the number of Units that then become earned Units will be the same portion of the Full Period Units as if the Employee's employment had been involuntarily terminated without Cause, as determined under subparagraph (b) of this Paragraph; and

(d) upon termination of the Employee's employment for any reason other than those described in subparagraphs (a), (b), or (c) of this Paragraph, all of the Units will be forfeited immediately upon the termination of the Employee's employment.

9. Change in Control. Except as otherwise required under the terms and conditions of any applicable change in control agreement between the Employee and the Company or a Subsidiary, upon the occurrence of a Change in Control during the Measurement Period, the number of Units that then become earned Units will be equal to the product (rounded down to the nearest whole Unit) of (i) the number of Units equal to the Target Performance Based Unit Award, and (ii) a fraction, the numerator of which is the number of full weeks in the Measurement Period prior to the Change in Control, and the denominator of which is 156, and all other shares will be forfeited.

10. Forfeiture; Potential Repayment Obligation.

(a) The Employee's Units, any Common Stock acquired under the Plan, and any proceeds from the sale of any of the foregoing are required to be forfeited by the Employee, including after vesting or delivery, if the Employee breaches any restrictive covenant contained in any employment, severance, or other agreement with the Company or the Employer or in any applicable Company or Employer policy, and the Company may direct the Stock Plan Provider (as defined below) to deliver to the Company such Units, Common Stock, or proceeds from the sale of any of the foregoing, to the extent held in an account with such Stock Plan Provider.

(b) This Paragraph 10(b) is applicable only if the Employee holds the office of Vice President, or a higher office, with the Company or one of its significant Subsidiaries as of the effective date of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, any Units granted or shares of Common Stock issued in connection with this Agreement, and/or any amount received with respect to any sale of any such shares, shall be subject to potential cancellation, recoupment, rescission, payback, or other action in accordance with the terms of the Company's clawback policy, as it may be amended from time to time (the "Policy"). The Employee agrees and consents to the Company's application, implementation, and enforcement of (a) the Policy or any similar policy established by the Company or its Subsidiaries that may apply to the Employee, and (b) any provision of applicable law relating to cancellation, rescission, payback, or recoupment of compensation, and expressly agrees that the Company may take such actions as are necessary to effectuate the Policy, any similar policy (as applicable to the Employee) or applicable law without further consent or action being required by the Employee. To the extent that the terms of this Agreement and the Policy or any similar policy conflict, the terms of such policy shall prevail.

11. Withholding. At the time of the settlement of Units by distribution of any shares of Common Stock pursuant to Paragraph 7 of this Agreement, the Company has the right and power to deduct or withhold, or require the Employee to remit to the Company, an amount sufficient to satisfy all applicable tax withholding requirements with respect to such distributed shares. The Company may permit or require the Employee to satisfy all or part of the tax withholding obligations in connection with this Agreement by (a) having the Company withhold otherwise distributable shares, or (b) delivering to the Company shares of Company Common Stock already owned for a period of at least six months (or such longer or

shorter period as may be required to avoid a charge to earnings for financial accounting purposes), in each case having a value equal to the amount to be withheld, which shall not exceed the amount determined by the maximum statutory tax withholding rate in the Employee's applicable jurisdictions, including of employment and residence (or such other rate as will not result in a negative accounting impact). For these purposes, the value of the shares of Common Stock to be withheld or delivered will be equal to the Fair Market Value as of the date that the taxes are required to be withheld.

12. Deferral of Distribution: Code Section 409A Compliance. To the extent that the Employee is a U.S. tax resident, the Employee may make a one-time, irrevocable election to defer distribution of shares of Common Stock issued in settlement of earned Units by completing and submitting a written election to the Company on such forms and following such procedures as are required by the Company for effecting such elections. To be effective, the election must be delivered to the Company by the date that is six months before the last day of the Measurement Period and must specify an event or date for distribution of shares of Common Stock from among the following: (a) separation of service, (b) Disability, (c) death, (d) a fixed date, or (e) a Change in Control. The Employee's right to defer, as well as all other provisions of this Agreement, shall be interpreted and applied in a manner consistent with the applicable standards for nonqualified deferred compensation plans established by Code Section 409A and its interpretive regulations and other regulatory guidance. To the extent that any terms of this Agreement would subject the Employee to gross income inclusion, interest, or additional tax pursuant to Code Section 409A, those terms are to that extent superseded by, and shall be adjusted to the minimum extent necessary to satisfy, the applicable Code Section 409A standards.

13. Notices. All notices and other communications required or permitted under this Agreement shall be written and delivered personally or sent by registered or certified first-class mail, postage prepaid and return receipt required, addressed as follows: if to the Company, to the Company's executive offices in Batesville, Indiana, and if to the Employee or his or her successor, to the address last furnished by the Employee to the Company. The Company may, however, authorize notice by any other means it deems desirable or efficient at a given time, such as notice by facsimile or electronic mail.

14. No Employment Rights. Neither the Plan nor this Agreement confers upon the Employee any right to continue in the employ of the Employer or limits in any way the right of the Employer to terminate the Employee's employment at any time. The Employee shall have no rights as a shareholder of the Company with respect to any shares of Common Stock issuable upon the earning of the Units until the date of issuance of such shares of Common Stock in settlement of the award.

15. Plan Controlling. The terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, which are controlling. All determinations and interpretations of the Company or the Committee are binding and conclusive upon the Employee and his or her legal representatives. The Employee agrees to be bound by the terms and provisions of the Plan.

16. Discretionary Nature of Grant; No Vested Rights. The Employee acknowledges and agrees that the Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Units under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of Units or benefits in lieu of Units in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of shares of Common Stock subject to the grant, and the vesting provisions. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Employee's employment with the Employer. Neither the Company nor the Employer shall be liable for any change in value of the Award, the amount realized upon settlement of the Award or the amount realized upon a subsequent sale of any shares of Common Stock acquired upon settlement of the Award resulting from any fluctuation of the United States Dollar/local currency foreign exchange rate.

17. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Units or other awards granted to the Employee under the Plan by electronic means. The Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. Additional Requirements. The Company reserves the right to impose other requirements on the Units, any shares of Common Stock acquired pursuant to the Units, and the Employee's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the administration of the Plan. Such requirements may include (but are not limited to) requiring the Employee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

19. Defined Terms. For purposes of this Agreement, the following terms have the meanings provided in this Paragraph. The terms included in the Award Information section of this Agreement have the values specified in that section.

- (a) "Adjusted NOPAT" is net operating profit after tax adjusted for the following items (net of tax where applicable):
 - (i) Income, losses or impairments from specific financial instruments held by the Company immediately following the spin-off of the Company in 2008 (i.e., auction rate securities, equity limited partnerships, common stock, and Forethought note);
 - (ii) Interest income on corporate investments and interest expense on corporate debt;
 - (iii) All professional fees, due diligence fees, expenses, and integration costs related to a specific acquisition or disposition;
 - (iv) Amortization expense or impairment of intangible long-lived assets where internally generated costs are not

customarily capitalized in the normal course of the business (e.g., customer lists, patents, etc.);

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

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

(vii) Restructuring charges and other items related to a restructuring plan approved by the Company's CEO;

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

(ix) Other items to be included as approved by the Compensation and Management Development Committee of the Board of Directors.

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

(i) Cash receipts or disbursements from financial instruments held by the Company immediately following the spin-off of the Company in 2008 (i.e., equity limited partnerships);

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

(iii) The difference between the cash pension payment for an active defined benefit plan actually made and the pension expense recorded;

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

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

(vi) The cost of consummated acquisitions or dispositions, including the purchase price, all professional fees, due diligence fees, expenses, and integration costs; and

(vii) Other items to be included as approved by the Compensation and Management Development Committee of the Board of Directors.

(c) "Cause" means:

(i) if the Employee is a party to a written employment agreement with the Company or a Subsidiary that defines "cause" or a comparable term, the definition in that employment agreement, and

(ii) if not, the Company's good faith determination that the Employee has:

(1) failed or refused to comply fully and timely with any reasonable instruction or order of the Company or applicable Subsidiary, provided that such noncompliance is not based primarily on the Employee's compliance with applicable legal or ethical standards;

(2) acquiesced or participated in any conduct that is dishonest, fraudulent, illegal (at the felony level), unethical, involves moral turpitude, or is otherwise illegal and involves conduct that has the potential to cause the Company or a Subsidiary or any of their respective officers or directors embarrassment or ridicule;

(3) violated any applicable Company or Subsidiary policy or procedure, including the Company's Code of Ethical Business Conduct; or

(4) engaged in any act that is contrary to the best interests of or would expose the Company, a Subsidiary, their related businesses, or any of their respective officers or directors to probable civil or criminal liability, excluding the Employee's actions in accordance with applicable legal or ethical standards.

(d) "Disability" means:

(i) if the Employee, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary that defines "disability" or a comparable term, the definition in such employment agreement, and

(ii) if not, the Company's good faith determination that the Employee is eligible (except for the waiting period) for permanent disability benefits under Title II of the Federal Social Security Act or, as it relates to Employees residing outside the United States, applicable local law.

(e) “Good Reason” means, if the Employee, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary, the definition given to that term or a comparable term in that agreement, if any.

(f) “Hurdle Rate” means the measure established by the Committee with respect to the Company or a business unit, as applicable, for purposes of calculating an expected rate of return, which reflects an appropriate weighted average cost of capital and targeted capital structure.

(g) “Retirement” means termination of employment, other than upon death or discharge by the Company or any Subsidiary for Cause, after having:

- (i) completed at least five years of service in the aggregate with the Company or any of its Subsidiaries, and
- (ii) reached age fifty-five (55).

20. Data Privacy. The Company is located at One Batesville Boulevard, Batesville, Indiana 47006, United States of America, and grants Units under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company’s grant of the Award under the Plan and its ongoing administration of such award, the Company is providing the following information about its data collection, processing and transfer practices. In accepting the grant of the Award, the Employee expressly and explicitly consents to the personal data activities as described herein.

(a) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about the Employee, specifically, the Employee’s name, home address, email address and telephone number, date of birth, date of hire, social security or insurance number, passport number or other identification numbers, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Employee’s favor (“Data”), for the exclusive purpose of implementing, administering and managing the Plan. The Company’s legal basis for the collection, processing and use of the Employee’s Data is the Employee’s consent. The Employee’s Data also may be disclosed to certain securities or other regulatory authorities where the Company’s securities are listed or traded or regulatory filings are made. The Company’s legal basis for such disclosure of the Employee’s Data is to comply with applicable laws, rules and regulations.

(b) Stock Plan Administration Service Providers. The Company and the Employer transfer the Employee’s Data to Fidelity Stock Plan Services LLC, a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the “Stock Plan Provider”). In the future, the Company may select a different Stock Plan Provider and share the Employee’s Data with another company that serves in a similar manner. The Stock Plan Provider will open an account for the Employee to receive and trade shares of Common Stock acquired under the Plan. The Employee will be asked to agree to separate terms and data processing practices with the Stock Plan Provider, which is a condition of the Employee’s ability to participate in the Plan.

(c) International Data Transfers. The Company and the Stock Plan Provider are based in the United States of America. The Employee should note that the Employee’s country of residence may have enacted data privacy laws that are different from the United States of America. The Company’s legal basis for the transfer of the Employee’s Data to the United States of America is the Employee’s consent.

(d) Voluntariness and Consequences of Consent, Denial or Withdrawal. The Employee’s participation in the Plan and the Employee’s grant of consent hereunder is purely voluntary. The Employee may deny or withdraw his or her consent at any time. If the Employee does not consent, or if the Employee later withdraws his or her consent, the Employee may be unable to participate in the Plan. This would not affect the Employee’s existing employment or salary; instead, the Employee merely may forfeit the opportunities associated with participation in the Plan.

(e) Data Retention. The Employee understands that the Employee’s Data will be held only as long as is necessary to implement, administer and manage the Employee’s Award and participation in the Plan. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company retains the Employee’s Data longer, it would be to satisfy the Company’s legal or regulatory obligations and the Company’s legal basis would be for compliance with applicable laws, rules and regulations.

(f) Data Subject Rights. The Employee understands that the Employee may have the right under applicable law to (i) access or copy the Employee’s Data that the Company possesses, (ii) rectify incorrect Data concerning the Employee, (iii) delete the Employee’s Data, (iv) restrict processing of the Employee’s Data, and (v) lodge complaints with the competent supervisory authorities in the Employee’s country of residence. To receive clarification regarding these rights or to exercise these rights, the Employee understands that the Employee can contact his or her Employer’s human resources representative.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Company and the Employee have executed this Agreement as of the date first above written.

[EMPLOYEE SIGNATURE]

Print Name: __

HILLENBRAND, INC.

By: ___

Print Name: ___

Title: ___

APPENDIX A

HILLENBRAND, INC. PERFORMANCE BASED UNIT AWARD AGREEMENT

Additional Provisions Applicable Outside of the United States of America

To the extent that the Employee is employed outside of the United States of America, the following provisions are considered part of, and modify, as applicable, the Terms and Conditions of the Agreement:

1. The following paragraph is added to the end of Paragraph 7:

Notwithstanding anything in the Agreement to the contrary, the Company may, in its sole discretion, settle the Units (and any Dividend Shares) in the form of a cash payment to the extent settlement in shares of Common Stock is prohibited under local law or would require the Employee, the Company and/or the Employer to obtain the approval of any governmental and/or regulatory body in the Employee's country of residence (and country of employment, if different). Alternatively, the Company may, in its sole discretion, settle the Units (and any Dividend Shares) in the form of shares of Common Stock but require an immediate sale of such shares (in which case, the Employee hereby expressly authorizes the Company to issue sales instructions in relation to such shares of Common Stock on the Employee's behalf).

2. The following subparagraphs (e) and (f) are added to the end of Paragraph 8:

(e) if the Employee is a resident or employed outside of the United States, the Employee's termination date shall mean the earliest of (i) the date on which notice of termination is provided to the Employee, (ii) the last day of the Employee's active service with the Company or one of its Subsidiaries, or (iii) the last day on which the Employee is an "employee" of the Company or one of its Subsidiaries, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws; and

(f) if the Employee is a resident or employed in a country that is a member of the European Union, the grant of the Units and this Agreement is intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

3. Paragraph 11 is deleted in its entirety and replaced with the following:

11. Tax and Social Insurance Contributions Withholding.

(a) Regardless of any action the Company and/or the Employer take with respect to any or all income tax (including U.S. federal, state, and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account, or other tax-related withholding ("Tax-Related Items"), the Employee acknowledges that the ultimate liability for all Tax-Related Items legally due by the Employee is and remains the Employee's responsibility and that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant of the Award, the vesting and settlement of the Award, and the subsequent sale of any shares of Common Stock acquired pursuant to the Award and the receipt of any dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Employee's liability for Tax-Related Items.

(a) Prior to the delivery of shares of Common Stock upon vesting of the Award, if the Employee's country of residence (and/or the Employee's country of employment, if different) requires withholding of Tax-Related Items, the Company shall withhold a sufficient number of whole shares of Common Stock otherwise issuable upon vesting of the Award that have an aggregate Fair Market Value sufficient to pay the Tax-Related Items required to be withheld with respect to the shares of Common Stock. The cash equivalent of the shares of Common Stock withheld will be used to settle the obligation to withhold the Tax-Related Items. In the event that the withholding of shares of Common Stock may trigger adverse consequences to the Company or the Employer, the Company or the Employer may withhold the Tax-Related Items required to be withheld with respect to the shares of Common Stock in cash from the Employee's regular salary and/or wages or other amounts payable to the Employee, or may require the Employee to personally make payment of the Tax-Related Items required to be withheld. In the event the withholding

requirements are not satisfied through the withholding of shares of Common Stock by the Company or through withholding from the Employee's regular salary and/or wages or any other amounts payable to the Employee, no shares of Common Stock will be issued to the Employee (or the Employee's estate) upon vesting of the Award unless and until satisfactory arrangements (as determined by the Committee) have been made by the Employee with respect to the payment of any Tax-Related Items which the Company and the Employer determine, each in its sole discretion, must be withheld or collected with respect to such Award. By accepting the Award, the Employee expressly consents to the withholding of shares of Common Stock and/or cash as provided for hereunder. All other Tax-Related Items related to the Award and any shares of Common Stock delivered in settlement thereof are the Employee's sole responsibility. If the obligation for the Employee's Tax-Related Items is satisfied by withholding a number of shares of Common Stock as described herein, the Employee shall be deemed to have been issued the full number of shares of Common Stock issuable upon vesting, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying the Tax-Related Items due as a result of the vesting or any other aspect of the Award.

(b) To the extent the Company or the Employer pays any Tax-Related Items that are the Employee's responsibility ("Advanced Tax Payments"), the Company or the Employer shall be entitled to recover such Advanced Tax Payments from the Employee in any and all manner that the Company determines appropriate in its sole discretion. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to the Employee by the Company or the Employer (including regular salary/wages, bonuses, incentive payments and shares of Common Stock acquired by the Employee pursuant to any equity compensation plan that are otherwise held by the Company for the Employee's benefit).

(c) If the Employee is subject to taxation in more than one jurisdiction, the Employee acknowledges that the Company or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Employee hereby consents to any action reasonably taken by the Company and the Employer to meet the Employee's obligation for Tax-Related Items. By accepting the Award, the Employee expressly consents to the withholding of shares of Common Stock and/or withholding from the Employee's regular salary and/or wages or other amounts payable to the Employee as provided for hereunder. All other Tax-Related Items related to the Award and any shares of Common Stock delivered in payment thereof are the Employee's sole responsibility.

4. Paragraph 20 is deleted in its entirety and replaced with the following:

20. Data Privacy. The Company is located at One Batesville Boulevard, Batesville, Indiana 47006, United States of America, and grants Units under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company's grant of the Award under the Plan and its ongoing administration of such award, the Company is providing the following information about its data collection, processing and transfer practices. In accepting the grant of the Award, the Employee expressly and explicitly consents to the personal data activities as described herein.

(g) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about the Employee, specifically, the Employee's name, home address, email address and telephone number, date of birth, date of hire, social security or insurance number, passport number or other identification numbers, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested, or outstanding in the Employee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and use of the Employee's Data is the Employee's consent. The Employee's Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for such disclosure of the Employee's Data is to comply with applicable laws, rules and regulations.

(h) Stock Plan Provider. The Company and the Employer transfer the Employee's Data to Fidelity Stock Plan Services LLC, a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the "Stock Plan Provider"). In the future, the Company may select a different Stock Plan Administrator and share the Employee's Data with another company that serves in a similar manner. The Stock Plan Provider will open an account for the Employee to receive and trade shares of Common Stock acquired under the Plan. The Employee will be asked to agree to separate terms and data processing practices with the Stock Plan Provider, which is a condition of the Employee's ability to participate in the Plan.

(i) International Data Transfers. The Company and the Stock Plan Provider are based in the United States of America. The Employee should note that the Employee's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of the Employee's Data to the United States of America is the Employee's consent.

(j) Voluntariness and Consequences of Consent, Denial or Withdrawal. The Employee's participation in the Plan and the Employee's grant of consent hereunder is purely voluntary. The Employee may deny or withdraw his or her consent at any time. If the Employee does not consent, or if the Employee later withdraws his or her consent, the Employee may be unable to participate in the Plan. This would not affect the Employee's existing employment or salary; instead, the Employee merely may forfeit the opportunities associated with participation in the Plan.

(k) Data Retention. The Employee understands that the Employee's Data will be held only as long as is necessary to implement, administer and manage the Employee's Units and participation in the Plan. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company retains the Employee's Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

(l) Data Subject Rights. The Employee understands that the Employee may have the right under applicable law to (i) access or copy the Employee's Data that the Company possesses, (ii) rectify incorrect Data concerning the Employee, (iii) delete

the Employee's Data, (iv) restrict processing of the Employee's Data, (vi) lodge complaints with the competent supervisory authorities in the Employee's country of residence. To receive clarification regarding these rights or to exercise these rights, the Employee understands that the Employee can contact his or her Employer's human resources representative.

5. The following Paragraphs 21 through 24 are added to the end of the Terms and Conditions of the Agreement:

21. Termination Indemnities. The Employee's participation in the Plan is voluntary. The value of the Units and any other awards granted under the Plan is an extraordinary item of compensation outside the scope of the Employee's employment (and the Employee's employment contract, if any). Any grant under the Plan, including the grant of the Units, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or similar payments.

22. No Public Offering of Securities. The grant of the Units is not intended to be a public offering of securities in the Employee's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus, or other filings with the local securities authorities (unless otherwise required under local law).

23. English Language. If the Employee is a resident outside of the United States, the Employee acknowledges and agrees that it is the Employee's express intent that this Agreement, the Plan, and all other documents, notices, and legal proceedings entered into, given, or instituted pursuant to the Units, be drawn up in English. If the Employee has received this Agreement, the Plan, or any other documents related to the Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

24. Addendum. Notwithstanding any provisions of this Agreement to the contrary, the Award shall be subject to any special terms and conditions for the Employee's country of residence (and country of employment, if different), as are set forth in the applicable Addendum to this Agreement. Further, if the Employee transfers the Employee's residence and/or employment to another country reflected in the Addenda to this Agreement, the special terms and conditions for such country will apply to the Employee to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable (or the Company may establish such alternative terms and conditions that may be necessary or advisable to accommodate the Employee's transfer). Any applicable Addendum shall constitute part of this Agreement.

HILLENBRAND, INC.

ADDENDUM TO PERFORMANCE BASED UNIT AWARD AGREEMENT

In addition to the terms of the Plan, the Agreement and Appendix A, the Award is subject to the following additional terms and conditions. All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan, the Agreement, and Appendix A. Pursuant to Paragraph 24 of the Agreement (as reflected in and Appendix A), if the Employee transfers residence and/or employment to another country reflected in an Addendum, the special terms and conditions for such country will apply to the Employee to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules, and regulations, or to facilitate the operation and administration of the Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Employee's transfer).

EUROPEAN UNION ("EU") / EUROPEAN ECONOMIC AREA ("EEA")

1. Data Privacy. If the Employee resides and/or is employed in the EU/EEA, the following provisions replace Paragraph 20 of the Agreement (as reflected in and Appendix A):

Data Privacy. The Company is located at One Batesville Boulevard, Batesville, Indiana 47006, United States of America, and grants Units under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company's grant of the Award under the Plan and its ongoing administration of such award, the Company is providing the following information about its data collection, processing and transfer practices, which the Employee should carefully review.

(a) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about the Employee, specifically, the Employee's name, home address, email address and telephone number, date of birth, date of hire, social security or insurance number, passport number or other identification numbers, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and use of the Employee's Data is the Employee's consent. The Employee's Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for such disclosure of the Employee's Data is to comply with applicable laws, rules and regulations.

(b) Stock Plan Provider. The Company and the Employer transfer the Employee's Data to Fidelity Stock Plan Services LLC, a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the "Stock Plan Provider"). In the future, the Company may select a different Stock Plan Provider and share the Employee's Data with another company that serves in a similar manner. The Stock Plan Provider will open an account for the Employee to receive and trade shares of Common Stock acquired under the Plan. The Employee

will be asked to agree to separate terms and data processing practices with the Stock Plan Provider, which is a condition of the Employee's ability to participate in the Plan.

(c) International Data Transfers. The Company and the Stock Plan Provider are based in the United States of America. The Employee should note that the Employee's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of the Employee's Data to the United States of America is to satisfy its contractual obligations under the terms and conditions of this Agreement.

(d) Data Retention. The Employee understands that the Employee's Data will be held only as long as is necessary to implement, administer and manage the Employee's Award and participation in the Plan. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company retains the Employee's Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

(e) Data Subject Rights. The Employee understands that the Employee may have the right under applicable law to (i) access or copy the Employee's Data that the Company possesses, (ii) rectify incorrect Data concerning the Employee, (iii) delete the Employee's Data, (iv) restrict processing of the Employee's Data, (vi) lodge complaints with the competent supervisory authorities in the Employee's country of residence. To receive clarification regarding these rights or to exercise these rights, the Employee understands that the Employee can contact his or her Employer's human resources representative.

Canada

1. Settlement in Shares. Notwithstanding anything to the contrary in the Agreement or the Plan, the Award shall be settled only in shares of Common Stock (and may not be settled in cash).

2. Data Privacy. The following provision shall supplement Paragraph 20 of the Agreement:

The Employee authorizes the Company and the Company's representative to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Employee's Award granted under the Plan. The Employee further authorizes the Company, the Employer, any broker or any stock plan service provider as may be selected by the Company from time to time to assist with the Plan, to disclose and discuss the Employee's participation in the Plan with their advisors. The Employee also authorizes the Company and the Employer to record such information related to the Employee's participation in the Plan and to keep such information in the Employee's employment file.

3. English Language. If the Employee is a resident of Québec, the Employee acknowledges and agrees that it is the Employee's express intent that the Agreement, the Plan, and all other documents, notices, and legal proceedings entered into, given, or instituted pursuant to the Award, be drawn up in English. If the Employee has received the Agreement, the Plan, or any other documents related to the Award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

Langue Anglaise. Si l'employé est un résident du Québec, il reconnaît et accepte que son intention est expressément que le présent contrat, le plan et tous les autres documents, avis et procédures judiciaires engagés, donnés ou institués en vertu de l'attribution d'UAI, être rédigé en anglais. Si l'employé a reçu la présente convention, le plan ou tout autre document relatif au Award traduit dans une langue autre que l'anglais, et si le sens de la version traduite est différent de celui de la version anglaise, la version anglaise contrôlera.

China

1. Award Conditioned on Satisfaction of Regulatory Obligations. If the Employee is a national of the People's Republic of China ("PRC"), the grant of the Award is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange to permit the operation of the Plan and the participation of PRC nationals employed by the Employer, as determined by the Company in its sole discretion.

2. Sale of Shares. Notwithstanding anything to the contrary in the Plan, upon any termination of employment with the Employer, the Employee may be required to sell all shares of Common Stock acquired under the Plan within such time period as may be established by the PRC State Administration of Foreign Exchange.

3. Exchange Control Restrictions. The Employee understands and agrees that, if the Employee is subject to exchange control laws in China, the Employee will be required to repatriate immediately to China the proceeds from the sale of any shares of Common Stock acquired under the Plan. The Employee further understands that such repatriation of sale proceeds must be effected through a special bank account established by the Company with a financial institution in China and the Employee hereby consents and agrees that proceeds from the sale of shares of Common Stock acquired under the Plan may be transferred to such account by the Company on the Employee's behalf prior to being delivered to the Employee and that no interest shall be paid with respect to funds held in such account. Sale proceeds may be paid to the Employee in U.S. dollars or local currency at the Company's discretion. If the sale proceeds are paid to the Employee in U.S. dollars, the Employee understands that the Employee must establish and maintain a U.S. dollar bank account in China so that the proceeds may be deposited into such account. If the sale proceeds are paid to the Employee in local currency, the Employee acknowledges that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the sale proceeds to local currency due to exchange control restrictions. The Employee agrees to bear any currency fluctuation risk between the time the shares of Common Stock are sold and the net proceeds are converted into local currency and distributed to the Employee. The Employee further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

4. Administration. The Company shall not be liable for any costs, fees, lost interest or dividends or other losses the Employee may incur

or suffer resulting from the enforcement of the terms of this section or otherwise from the Company's operation and enforcement of the terms of the Plan, the Agreement and this Addendum, and the Award in accordance with Chinese law including, without limitation, any applicable rules, regulations, requirements and approvals issued by the State Administration of Foreign Exchange.

Denmark

1. Treatment of Units Upon Termination of Employment. Notwithstanding any provision in the Agreement or the Plan to the contrary, the treatment of the Award upon the Employee's termination of employment shall be governed by the Danish Act on the Usage of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the "Stock Option Act"), as in effect at the time of the Employee's termination of employment (as determined by the Company, in its sole discretion, in consultation with legal counsel). The Employee acknowledges having received an "Employer Statement" in Danish, which is being provided in conjunction with the Award to comply with the Stock Option Act.

France

1. English Language. If the Employee is a resident of France, the Employee acknowledges and agrees that it is the Employee's express intent that the Agreement, the Plan, and all other documents, notices, and legal proceedings entered into, given, or instituted pursuant to the Award, be drawn up in English. If the Employee has received the Agreement, the Plan, or any other documents related to the Award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

Langue Anglaise. Si l'employé est un résident de la France, il reconnaît et accepte que son intention est expressément que le présent contrat, le plan et tous les autres documents, avis et procédures judiciaires engagés, donnés ou institués en vertu de l'attribution d'UAI, être rédigé en anglais. Si l'employé a reçu la présente convention, le plan ou tout autre document relatif au Award traduit dans une langue autre que l'anglais, et si le sens de la version traduite est différent de celui de la version anglaise, la version anglaise contrôlera.

Germany

No country-specific provisions.

Mexico

1. Commercial Relationship. The Employee expressly recognizes that the Employee's participation in the Plan and the Company's grant of the Award does not create an employment relationship between the Employee and the Company. The Company has granted the Employee the Award as a consequence of the commercial relationship between the Company and the Company's Subsidiary in Mexico that employs the Employee (i.e., the Employer), and the Company's Subsidiary in Mexico is the Employee's sole employer. Based on the foregoing, (a) the Employee expressly recognizes the Plan and the benefits the Employee may derive from the Employee's participation in the Plan does not establish any rights between the Employee and the Employer, (b) the Plan and the benefits the Employee may derive from the Employee's participation in the Plan are not part of the employment conditions and/or benefits provided by the Employer, and (c) any modifications or amendments of the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Employee's employment with the Employer.

Singapore

1. Qualifying Person Exemption. The grant of the Award under the Plan is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (the "SFA"). The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore and is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. The Employee should note that, as a result, the Award are subject to section 257 of the SFA and the Employee will be unable to make: (a) any subsequent sale of the shares of Common Stock underlying the Award in Singapore; or (b) any offer of such subsequent sale of the shares of Common Stock subject to the Award in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA.

Sweden

1. Withholding of Tax-Related Items from Cash Payments. The following provision shall supplement Paragraph 11 of the Agreement (as reflected in Appendix A):

Notwithstanding anything in Paragraph 11 of the Agreement to the contrary, if the Employee is a local national of Sweden, any Tax-Related Items shall be withheld only in cash from the Employee's regular salary/wages or other amounts payable to the Employee in cash, or such other withholding methods as may be permitted under the Plan and allowed under local law.

Switzerland

1. Securities Law Notice. The grant of the Award is not intended to be a public offer in or from Switzerland. Because the offer of the

Award is considered a private offering, it is not subject to registration in Switzerland. Neither the Agreement, this Addendum nor any other materials relating to the Award (a) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (b) may be publicly distributed nor otherwise made available in Switzerland, or (c) has been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority).

United Kingdom

1. Income Tax and Social Insurance Contribution Withholding. The following provision shall supplement Paragraph 11 of the Agreement (as reflected in Appendix A):

Without limitation to Paragraph 11 of the Agreement, the Employee hereby agrees that the Employee is liable for all Tax-Related Items and hereby consents to pay all such Tax-Related Items, as and when requested by the Company, the Employer or by HM Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Employee hereby agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold on the Employee’s behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if the Employee is a director or executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that the Employee is a director or executive officer and income tax due is not collected from or paid by the Employee within ninety (90) days after the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to the Employee on which additional income tax and national insurance contributions may be payable. The Employee acknowledges that the Employee ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from the Employee at any time thereafter by any of the means referred to in Paragraph 11 of the Agreement.

2. Exclusion of Claim. The Employee acknowledges and agrees that the Employee will have no entitlement to compensation or damages in consequence of the termination of the Employee’s employment with the Employer for any reason whatsoever and whether or not in breach of contract, insofar as such entitlement arises or may arise from the Employee’s ceasing to have rights under or to be entitled to exercise the Award as a result of such termination, or from the loss or diminution in value of the Award. Upon the grant of the Award, the Employee shall be deemed irrevocably to have waived any such entitlement.

HILLENBRAND, INC. STOCK INCENTIVE PLAN
PERFORMANCE BASED UNIT AWARD AGREEMENT
Relative Total Shareholder Return

This Performance Based Unit Award Agreement (this “Agreement”) is effective as of the ___ day of December, 20 __, between Hillenbrand, Inc. (the “Company”) and _____ (the “Employee”). The Award evidences the grant by the Company of Restricted Stock Units subject to the attainment of certain performance measures as described herein (hereinafter, “Performance Based Units,” “Units” or “Award”), all in accordance with the provisions of the Hillenbrand, Inc. Stock Incentive Plan, as amended from time-to-time (the “Plan”). The number of Units that will ultimately be earned under this Agreement, as well as the number of shares of Common Stock that will be distributed in settling those earned Units, which will not be determined until the end of the Measurement Period, will depend on the Company’s Total Shareholder Return (as defined below) relative to that of the current members of the S&P MidCap 400 Industrials Index (the “Index”).

The Units are subject to the terms and conditions set forth in the Plan (which is incorporated herein by reference), any rules and regulations adopted by the Board of Directors of the Company or the committee of the Board which administers the Plan (collectively, the “Committee”), and this Agreement. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the terms, conditions, and provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This grant becomes effective only if Employee affirmatively accepts it and evidences Employee’s understanding of the terms and conditions of the Award, in accordance with applicable procedures established by the Company. Any terms used in this Agreement as capitalized defined terms that are not defined herein shall have the meanings set forth in the Plan. For purposes of this Agreement, “Employer” means the entity (i.e., the Company or the Subsidiary) that employs the Employee.

AWARD INFORMATION

Target Performance Based Unit Award	_____ Units
Measurement Period (three fiscal years)	October 1, 20__ through September 30, 20__

AWARD DETERMINATION

The number of Units that will be earned at the end of the Measurement Period is a function of the Company’s Total Shareholder Return, compared and ranked against the Total Shareholder Return of the members of the Index as of the date that this award is approved by the Compensation and Management Development Committee of the Board of Directors of the Company. For purposes of this Agreement, the term “Total Shareholder Return” (TSR), as applied to the Company or any member of the Index, shall mean stock price appreciation from the beginning to the end of the Measurement Period, plus dividends and distributions made or declared during the Measurement Period (it shall be assumed that such dividends or distributions are reinvested in the common stock of the Company or the applicable member of the Index), expressed as a percentage return.

Except as otherwise provided below in the Terms and Conditions, at the end of the Measurement Period, the Units earned will be the number of whole Units (rounded down) equal to the product of (a) the number of Units constituting the Target Performance Based Unit Award set forth above, and (b) a multiplier, calculated as the ranking (expressed as a percentage) of the Company’s TSR during the Measurement Period against the TSR of the members of the Index.

Ranking of Company TSR against Index members, expressed as a percentage	Multiplier
Equal to or less than 24.99% of Index	zero (no Units earned)
Equal to 25% of Index	0.25
Equal to 25.01% up to 49.99% of Index	determined via linear interpolation, from 0.2501 through 0.9999
Equal to 50% of Index	1.0 (target number of Units earned)
Equal to 50.01% up to 74.99% of Index	determined via linear interpolation, from 1.01 through 1.7499
Equal to or greater than 75% of Index	1.75 (maximum Units earned)

In the event any member of the Index is not publicly traded at the conclusion of the Measurement Period, it will not be included in the TSR ranking calculated following the Measurement Period; provided, however, that in the event any such company is not publicly traded by reason of bankruptcy, liquidation, or similar proceeding, it shall be included in the TSR ranking with an applicable TSR equal to negative one hundred percent (-100%).

TERMS AND CONDITIONS

Note: If this Award is granted to an Employee who is employed outside of the United States of America, the terms and conditions of the Appendix A (and the addendum attached to Appendix A) are hereby incorporated into and shall become part of the Terms and Conditions of this Agreement.

1. Grant of Performance Based Units. Pursuant to and subject to the terms and conditions of the Plan, the Company hereby awards to the Employee, who is an employee of the Company or one of its Subsidiaries, the opportunity to earn the number of Units that will be determined at the end of the Measurement Period under the Award Determination section above, up to but not exceeding the number of Units specified above as the Maximum Performance Based Unit Award. Each Unit represents the conditional right to receive one share of the Company's common stock, without par value ("Common Stock"). Upon settlement at the end of the Measurement Period, the earned Units will be settled by the distribution to the Employee of one share of Common Stock for each Unit being settled, as provided in Paragraph 7 and subject to withholding as provided in Paragraph 11.

2. Acceptance; Transfer Restrictions. The Employee hereby accepts the award of Units described in this Agreement and agrees that the Units will be held by the Employee and the Employee's successors subject to (and will not be disposed of except in accordance with) all of the restrictions, terms, and conditions contained in this Agreement and the Plan. Except as otherwise provided in this Agreement or the Plan, the Employee may not sell, assign, transfer, pledge, or otherwise dispose of or encumber any of the Units, any shares of Common Stock underlying the Units, or any interest in the Units or underlying shares of Common Stock, until the Measurement Period expires, at which time the Employee's rights in the Units will be earned and settled to the extent provided in this Agreement. Any purported sale, assignment, transfer, pledge, or other disposition or encumbrance in violation of this Agreement or the Plan will be void and of no effect.

3. Earning/Measurement Period. If the Employee remains employed by the Company or a Subsidiary through the end of the Measurement Period, then at the end of the Measurement Period the Units will become fully earned, to the extent determined under the Award Determination section above. If the Employee does not remain employed through the end of the Measurement Period, the provisions of Paragraph 8 below will apply in determining the number of Units, if any, which will become earned at the end of the Measurement Period. All Units not earned at the end of the Measurement Period will be forfeited, and the Employee will have no rights or interest in or to those forfeited Units.

4. Unfunded Obligations. The Company will reflect the Employee's interests in the Units and the underlying shares of Common Stock by means of bookkeeping entries on the financial records of the Company, and this Agreement will not create in the Employee or any successors any right to, or claim against any, specific assets of the Company or result in the creation of any trust or escrow account for the Employee or any successors. With respect to their interests under this Agreement, the Employee and any successors will be general creditors of the Company.

5. Voting Rights. The Employee will not have any rights of a shareholder to vote the shares of Common Stock underlying the Units until the Units are earned and settled after the end of the Measurement Period. Once the Units are settled by distribution of shares of Common Stock, the Employee will have all shareholder voting rights with respect to those shares of Common Stock.

6. Dividends and Other Distributions. During the Measurement Period, the Employee will not have any rights of a shareholder to receive dividends or other distributions with respect to the shares of Common Stock underlying the Units (i.e., the Units will not accrue dividends). Once the Units are settled by distribution of shares of Common Stock, the Employee will have all shareholder rights to dividends and other distributions with respect to those shares of Common Stock.

7. Actions after Earning is Determined. As soon after the end of the Measurement Period as is practicable, and in any event on or before the end of the calendar year during which the Measurement Period ends, the Company will settle the earned Units by distributing to the Employee one share of Common Stock for each Unit earned under this Agreement. To distribute those shares of Common Stock, the Company shall instruct the Company's transfer agent to recognize in book entry form that the Employee is the registered holder of the number of shares of Common Stock attributable to the earned Units as of the end of the Measurement Period, free from any restrictions or other terms and conditions of this Agreement. At that same time, the Company shall take such actions as it shall deem appropriate to cancel the forfeited Units and to cause them to no longer be recognized as outstanding awards under the Plan. The Employee (or his or her successors) shall execute and deliver such instruments and take such other actions as the Company shall reasonably request with respect to the actions to be taken pursuant to this Paragraph.

8. Termination of Employment. If the Employee's employment with the Company and/or a Subsidiary terminates during the Measurement Period (a transfer of employment among the Company and its Subsidiaries will not be treated as a termination of employment), then all or some

portion of the Units that would otherwise have become earned Units (based on the actual performance for the Measurement Period) had the Employee remained employed throughout the entire Measurement Period, if any (the "Full Period Units"), will be earned or be forfeited as follows:

(a) if the Employee's employment terminates due to death, Disability or Retirement, then at the end of the Measurement Period the number of Units that then become earned Units will be equal to the product (rounded down to the nearest whole Unit) of (i) the number of Full Period Units, and (ii) a fraction, the numerator of which is the number of full weeks in the Measurement Period during which the Employee was employed by the Company or a Subsidiary, and the denominator of which is 156;

(b) if the Employee's employment terminates due to involuntary termination without Cause, then at the end of the Measurement Period the number of Units that then become earned Units will be equal to the product (rounded down to the nearest whole Unit) of (i) the number of Full Period Units, and (ii) a fraction, the numerator of which is the number of full weeks in the Measurement Period during which the Employee was employed by the Company or a Subsidiary, and the denominator of which is 156;

(c) if the Employee, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary that provides for the voluntary termination of employment by the Employee for Good Reason, and if the Employee terminates employment voluntarily for Good Reason, then at the end of the Measurement Period the number of Units that then become earned Units will be the same portion of the Full Period Units as if the Employee's employment had been involuntarily terminated without Cause, as determined under subparagraph (b) of this Paragraph; and

(d) upon termination of the Employee's employment for any reason other than those described in subparagraphs (a), (b), or (c) of this Paragraph, all of the Units will be forfeited immediately upon the termination of the Employee's employment.

9. Change in Control. Except as otherwise required under the terms and conditions of any applicable change in control agreement between the Employee and the Company or a Subsidiary, upon the occurrence of a Change in Control during the Measurement Period, the number of Units that then become earned Units will be equal to the product (rounded down to the nearest whole Unit) of (i) the number of Units equal to the Target Performance Based Unit Award, and (ii) a fraction, the numerator of which is the number of full weeks in the Measurement Period prior to the Change in Control, and the denominator of which is 156, and all other shares will be forfeited.

10. Forfeiture; Potential Repayment Obligation.

(a) The Employee's Units, any Common Stock acquired under the Plan, and any proceeds from the sale of any of the foregoing are required to be forfeited by the Employee, including after vesting or delivery, if the Employee breaches any restrictive covenant contained in any employment, severance, or other agreement with the Company or the Employer or in any applicable Company or Employer policy, and the Company may direct the Stock Plan Provider (as defined below) to deliver to the Company such Units, Common Stock, or proceeds from the sale of any of the foregoing, to the extent held in an account with such Stock Plan Provider.

(b) This Paragraph 10(b) is applicable only if the Employee holds the office of Vice President, or a higher office, with the Company or one of its significant Subsidiaries as of the effective date of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, any Units granted or shares of Common Stock issued in connection with this Agreement, and/or any amount received with respect to any sale of any such shares, shall be subject to potential cancellation, recoupment, rescission, payback, or other action in accordance with the terms of the Company's clawback policy, as it may be amended from time to time (the "Policy"). The Employee agrees and consents to the Company's application, implementation, and enforcement of (a) the Policy or any similar policy established by the Company or its Subsidiaries that may apply to the Employee, and (b) any provision of applicable law relating to cancellation, rescission, payback, or recoupment of compensation, and expressly agrees that the Company may take such actions as are necessary to effectuate the Policy, any similar policy (as applicable to the Employee) or applicable law without further consent or action being required by the Employee. To the extent that the terms of this Agreement and the Policy or any similar policy conflict, the terms of such policy shall prevail.

11. Withholding. At the time of the settlement of Units by distribution of any shares of Common Stock pursuant to Paragraph 7 of this Agreement, the Company has the right and power to deduct or withhold, or require the Employee to remit to the Company, an amount sufficient to satisfy all applicable tax withholding requirements with respect to such distributed shares. The Company may permit or require the Employee to satisfy all or part of the tax withholding obligations in connection with this Agreement by (a) having the Company withhold otherwise distributable shares, or (b) delivering to the Company shares of Company Common Stock already owned for a period of at least six months (or such longer or shorter period as may be required to avoid a charge to earnings for financial accounting purposes), in each case having a value equal to the amount to be withheld, which shall not exceed the amount determined by the maximum statutory tax withholding rate in the Employee's applicable jurisdictions, including of employment and residence (or such other rate as will not result in a negative accounting impact). For these purposes, the value of the shares of Common Stock to be withheld or delivered will be equal to the Fair Market Value as of the date that the taxes are required to be withheld.

12. Deferral of Distribution; Code Section 409A Compliance. To the extent that the Employee is a U.S. tax resident, the Employee may make a one-time, irrevocable election to defer distribution of shares of Common Stock issued in settlement of earned Units by completing and submitting a written election to the Company on such forms and following such procedures as are required by the Company for effecting such elections. To be effective, the election must be delivered to the Company by the date that is six months before the last day of the Measurement Period and must specify an event or date for distribution of shares of Common Stock from among the following: (a) separation of service, (b) Disability, (c) death, (d) a fixed date, or (e) a Change in Control. The Employee's right to defer, as well as all other provisions of this Agreement, shall be interpreted and applied in a manner consistent with the applicable standards for nonqualified deferred compensation plans established by Code Section 409A and its interpretive regulations and other regulatory guidance. To the extent that any terms of this Agreement would subject the Employee to gross income inclusion, interest, or additional tax pursuant to Code Section 409A, those terms are to that extent superseded by, and shall be adjusted to the minimum extent necessary to satisfy, the applicable Code Section 409A standards.

13. Notices. All notices and other communications required or permitted under this Agreement shall be written and delivered personally or sent by registered or certified first-class mail, postage prepaid and return receipt required, addressed as follows: if to the Company, to the Company's executive offices in Batesville, Indiana, and if to the Employee or his or her successor, to the address last furnished by the Employee to the Company. The Company may, however, authorize notice by any other means it deems desirable or efficient at a given time, such as notice by facsimile or electronic mail.

14. No Employment Rights. Neither the Plan nor this Agreement confers upon the Employee any right to continue in the employ of the Employer or limits in any way the right of the Employer to terminate the Employee's employment at any time. The Employee shall have no rights as a shareholder of the Company with respect to any shares of Common Stock issuable upon the earning of the Units until the date of issuance of such shares of Common Stock in settlement of the award.

15. Plan Controlling. The terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, which are controlling. All determinations and interpretations of the Company or the Committee are binding and conclusive upon the Employee and his or her legal representatives. The Employee agrees to be bound by the terms and provisions of the Plan.

16. Discretionary Nature of Grant; No Vested Rights. The Employee acknowledges and agrees that the Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Units under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of Units or benefits in lieu of Units in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of shares of Common Stock subject to the grant, and the vesting provisions. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Employee's employment with the Employer. Neither the Company nor the Employer shall be liable for any change in value of the Award, the amount realized upon settlement of the Award or the amount realized upon a subsequent sale of any shares of Common Stock acquired upon settlement of the Award resulting from any fluctuation of the United States Dollar/local currency foreign exchange rate.

17. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Units or other awards granted to the Employee under the Plan by electronic means. The Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. Additional Requirements. The Company reserves the right to impose other requirements on the Units, any shares of Common Stock acquired pursuant to the Units, and the Employee's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the administration of the Plan. Such requirements may include (but are not limited to) requiring the Employee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

19. Defined Terms. For purposes of this Agreement, the following terms have the meanings provided in this Paragraph. The terms included in the Award Information section of this Agreement have the values specified in that section.

(a) "Cause" means:

(i) if the Employee is a party to a written employment agreement with the Company or a Subsidiary that defines "cause" or a comparable term, the definition in that employment agreement, and

(ii) if not, the Company's good faith determination that the Employee has:

(1) failed or refused to comply fully and timely with any reasonable instruction or order of the Company or

applicable Subsidiary, provided that such noncompliance is not based primarily on the Employee's compliance with applicable legal or ethical standards;

(2) acquiesced or participated in any conduct that is dishonest, fraudulent, illegal (at the felony level), unethical, involves moral turpitude, or is otherwise illegal and involves conduct that has the potential to cause the Company or a Subsidiary or any of their respective officers or directors embarrassment or ridicule;

(3) violated any applicable Company or Subsidiary policy or procedure, including the Company's Code of Ethical Business Conduct; or

(4) engaged in any act that is contrary to the best interests of or would expose the Company, a Subsidiary, their related businesses, or any of their respective officers or directors to probable civil or criminal liability, excluding the Employee's actions in accordance with applicable legal or ethical standards.

(b) "Disability" means:

(i) if the Employee, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary that defines "disability" or a comparable term, the definition in such employment agreement, and

(ii) if not, the Company's good faith determination that the Employee is eligible (except for the waiting period) for permanent disability benefits under Title II of the Federal Social Security Act or, as it relates to Employees residing outside the United States, applicable local law.

(c) "Good Reason" means, if the Employee, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary, the definition given to that term or a comparable term in that agreement, if any.

(d) "Retirement" means termination of employment, other than upon death or discharge by the Company or any Subsidiary for Cause, after having:

(i) completed at least five years of service in the aggregate with the Company or any of its Subsidiaries, and

(ii) reached age fifty-five (55).

20. Data Privacy. The Company is located at One Batesville Boulevard, Batesville, Indiana 47006, United States of America, and grants Units under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company's grant of the Award under the Plan and its ongoing administration of such award, the Company is providing the following information about its data collection, processing and transfer practices. In accepting the grant of the Award, the Employee expressly and explicitly consents to the personal data activities as described herein.

(a) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about the Employee, specifically, the Employee's name, home address, email address and telephone number, date of birth, date of hire, social security or insurance number, passport number or other identification numbers, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and use of the Employee's Data is the Employee's consent. The Employee's Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for such disclosure of the Employee's Data is to comply with applicable laws, rules and regulations.

(b) Stock Plan Provider. The Company and the Employer transfer the Employee's Data to Fidelity Stock Plan Services LLC, a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the "Stock Plan Provider"). In the future, the Company may select a different Stock Plan Provider and share the Employee's Data with another company that serves in a similar manner. The Stock Plan Provider will open an account for the Employee to receive and trade shares of Common Stock acquired under the Plan. The Employee will be asked to agree to separate terms and data processing practices with the Stock Plan Provider, which is a condition of the Employee's ability to participate in the Plan.

(c) International Data Transfers. The Company and the Stock Plan Provider are based in the United States of America. The Employee should note that the Employee's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of the Employee's Data to the United States of America is the Employee's consent.

(d) Voluntariness and Consequences of Consent, Denial or Withdrawal. The Employee's participation in the Plan and the Employee's grant of consent hereunder is purely voluntary. The Employee may deny or withdraw his or her consent at any time. If the Employee does not consent, or if the Employee later withdraws his or her consent, the Employee may be unable to participate in the Plan. This would not affect the Employee's existing employment or salary; instead, the Employee merely may forfeit the opportunities associated with participation in the Plan.

(e) Data Retention. The Employee understands that the Employee's Data will be held only as long as is necessary to implement, administer and manage the Employee's Award and participation in the Plan. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company retains the Employee's Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

(f) Data Subject Rights. The Employee understands that the Employee may have the right under applicable law to (i) access or copy the Employee's Data that the Company possesses, (ii) rectify incorrect Data concerning the Employee, (iii) delete the Employee's Data, (iv) restrict processing of the Employee's Data, and (v) lodge complaints with the competent supervisory authorities in the Employee's country of residence. To receive clarification regarding these rights or to exercise these rights, the Employee understands that the Employee can contact his or her Employer's human resources representative.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Company and the Employee have executed this Agreement as of the date first above written.

[EMPLOYEE SIGNATURE]

Print Name: __

HILLENBRAND, INC.

By: __

Print Name: __

Title: __

APPENDIX A

HILLENBRAND, INC. PERFORMANCE BASED UNIT AWARD AGREEMENT

Additional Provisions Applicable Outside of the United States of America

To the extent that the Employee is employed outside of the United States of America, the following provisions are considered part of, and modify, as applicable, the Terms and Conditions of the Agreement:

1. The following paragraph is added to the end of Paragraph 7:

Notwithstanding anything in the Agreement to the contrary, the Company may, in its sole discretion, settle the Units (and any Dividend Shares) in the form of a cash payment to the extent settlement in shares of Common Stock is prohibited under local law or would require the Employee, the Company and/or the Employer to obtain the approval of any governmental and/or regulatory body in the Employee's country of residence (and country of employment, if different). Alternatively, the Company may, in its sole discretion, settle the Units (and any Dividend Shares) in the form of shares of Common Stock but require an immediate sale of such shares (in which case, the Employee hereby expressly authorizes the Company to issue sales instructions in relation to such shares of Common Stock on the Employee's behalf).

2. The following subparagraphs (e) and (f) are added to the end of Paragraph 8:

(e) if the Employee is a resident or employed outside of the United States, the Employee's termination date shall mean the earliest of (i) the date on which notice of termination is provided to the Employee, (ii) the last day of the Employee's active service with the Company or one of its Subsidiaries, or (iii) the last day on which the Employee is an "employee" of the Company or one of its Subsidiaries, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws; and

(f) if the Employee is a resident or employed in a country that is a member of the European Union, the grant of the Units and this Agreement is intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

3. Paragraph 11 is deleted in its entirety and replaced with the following:

11. Tax and Social Insurance Contributions Withholding.

(a) Regardless of any action the Company and/or the Employer take with respect to any or all income tax (including U.S. federal, state, and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account, or other tax-related withholding ("Tax-Related Items"), the Employee acknowledges that the ultimate liability for all Tax-Related Items legally due by the Employee is and remains the Employee's responsibility and that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant of the Award, the vesting and settlement of the Award, and the subsequent sale of any shares of Common Stock acquired pursuant to the Award and the receipt of any dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Employee's liability for Tax-Related Items.

(a) Prior to the delivery of shares of Common Stock upon vesting of the Award, if the Employee's country of residence (and/or the Employee's country of employment, if different) requires withholding of Tax-Related Items, the Company shall withhold a sufficient number of whole shares of Common Stock otherwise issuable upon vesting of the Award that have an aggregate Fair Market Value sufficient to pay the Tax-Related Items required to be withheld with respect to the shares of Common Stock. The cash equivalent of the shares of Common Stock withheld will be used to settle the obligation to withhold the Tax-Related Items. In the event that the withholding of shares of Common Stock may trigger adverse consequences to the Company or the Employer, the Company or the Employer may withhold the Tax-Related Items required to be withheld with respect to the shares of Common Stock in cash from the Employee's regular salary and/or wages, or other amounts payable to the Employee, or may require the Employee to personally make payment of the Tax-Related Items required to be withheld. In the event the withholding requirements are not satisfied through the withholding of shares of Common Stock by the Company or through withholding from the Employee's regular salary and/or wages or any other amounts payable to the Employee, no shares of Common Stock will be issued to the Employee (or the Employee's estate) upon vesting of the Award unless and until satisfactory arrangements (as determined by the Committee) have been made by the Employee with respect to the payment of any Tax-Related Items which the Company and the Employer determine, each in its sole discretion, must be withheld or collected with respect to such Award. By accepting the Award, the Employee expressly consents to the withholding of shares of Common Stock and/or cash as provided for hereunder. All other Tax-Related Items related to the Award and any shares of Common Stock delivered in settlement thereof are the Employee's sole responsibility. If the obligation for the Employee's Tax-Related Items is satisfied by withholding a number of shares of Common Stock as described herein, the Employee shall be deemed to have been issued the full number of shares of Common Stock issuable upon vesting, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying the Tax-Related Items due as a result of the vesting or any other aspect of the Award.

(b) To the extent the Company or the Employer pays any Tax-Related Items that are the Employee's responsibility ("Advanced Tax Payments"), the Company or the Employer shall be entitled to recover such Advanced Tax Payments from the Employee in any and all manner that the Company determines appropriate in its sole discretion. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to the Employee by the Company or the Employer (including regular salary/wages, bonuses, incentive payments and shares of Common Stock acquired by the Employee pursuant to any equity compensation plan that are otherwise held by the Company for the Employee's benefit).

(c) If the Employee is subject to taxation in more than one jurisdiction, the Employee acknowledges that the Company or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Employee hereby consents to any action reasonably taken by the Company and the Employer to meet the Employee's obligation for Tax-Related Items. By accepting the Award, the Employee expressly consents to the withholding of shares of Common Stock and/or withholding from the Employee's regular salary and/or wages or other amounts payable to the Employee as provided for hereunder. All other

Tax-Related Items related to the Award and any shares of Common Stock delivered in payment thereof are the Employee's sole responsibility.

4. Paragraph 20 is deleted in its entirety and replaced with the following:

20. Data Privacy. The Company is located at One Batesville Boulevard, Batesville, Indiana 47006, United States of America, and grants Units under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company's grant of the Award under the Plan and its ongoing administration of such award, the Company is providing the following information about its data collection, processing and transfer practices. In accepting the grant of the Award, the Employee expressly and explicitly consents to the personal data activities as described herein.

(g) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about the Employee, specifically, the Employee's name, home address, email address and telephone number, date of birth, date of hire, social security or insurance number, passport number or other identification numbers, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested, or outstanding in the Employee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and use of the Employee's Data is the Employee's consent. The Employee's Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for such disclosure of the Employee's Data is to comply with applicable laws, rules and regulations.

(h) Stock Plan Administration Service Providers. The Company and the Employer transfer the Employee's Data to Fidelity Stock Plan Services LLC, a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the "Stock Plan Provider"). In the future, the Company may select a different Stock Plan Administrator and share the Employee's Data with another company that serves in a similar manner. The Stock Plan Provider will open an account for the Employee to receive and trade shares of Common Stock acquired under the Plan. The Employee will be asked to agree to separate terms and data processing practices with the Stock Plan Provider, which is a condition of the Employee's ability to participate in the Plan.

(i) International Data Transfers. The Company and the Stock Plan Provider are based in the United States of America. The Employee should note that the Employee's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of the Employee's Data to the United States of America is the Employee's consent.

(j) Voluntariness and Consequences of Consent, Denial or Withdrawal. The Employee's participation in the Plan and the Employee's grant of consent hereunder is purely voluntary. The Employee may deny or withdraw his or her consent at any time. If the Employee does not consent, or if the Employee later withdraws his or her consent, the Employee may be unable to participate in the Plan. This would not affect the Employee's existing employment or salary; instead, the Employee merely may forfeit the opportunities associated with participation in the Plan.

(k) Data Retention. The Employee understands that the Employee's Data will be held only as long as is necessary to implement, administer and manage the Employee's Units and participation in the Plan. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company retains the Employee's Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

(l) Data Subject Rights. The Employee understands that the Employee may have the right under applicable law to (i) access or copy the Employee's Data that the Company possesses, (ii) rectify incorrect Data concerning the Employee, (iii) delete the Employee's Data, (iv) restrict processing of the Employee's Data, (v) lodge complaints with the competent supervisory authorities in the Employee's country of residence. To receive clarification regarding these rights or to exercise these rights, the Employee understands that the Employee can contact his or her Employer's human resources representative.

5. The following Paragraphs 21 through 24 are added to the end of the Terms and Conditions of the Agreement:

21. Termination Indemnities. The Employee's participation in the Plan is voluntary. The value of the Units and any other awards granted under the Plan is an extraordinary item of compensation outside the scope of the Employee's employment (and the Employee's employment contract, if any). Any grant under the Plan, including the grant of the Units, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or similar payments.

22. No Public Offering of Securities. The grant of the Units is not intended to be a public offering of securities in the Employee's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus, or other filings with the local securities authorities (unless otherwise required under local law).

23. English Language. If the Employee is a resident outside of the United States, the Employee acknowledges and agrees that it is the Employee's express intent that this Agreement, the Plan, and all other documents, notices, and legal proceedings entered into, given, or instituted pursuant to the Units, be drawn up in English. If the Employee has received this Agreement, the Plan, or any other documents related to the Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

24. Addendum. Notwithstanding any provisions of this Agreement to the contrary, the Award shall be subject to any

special terms and conditions for the Employee's country of residence (and country of employment, if different), as are set forth in the applicable Addendum to this Agreement. Further, if the Employee transfers the Employee's residence and/or employment to another country reflected in the Addenda to this Agreement, the special terms and conditions for such country will apply to the Employee to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable (or the Company may establish such alternative terms and conditions that may be necessary or advisable to accommodate the Employee's transfer). Any applicable Addendum shall constitute part of this Agreement.

HILLENBRAND, INC.

ADDENDUM TO PERFORMANCE BASED UNIT AWARD AGREEMENT

In addition to the terms of the Plan, the Agreement, and Appendix A, the Award is subject to the following additional terms and conditions. All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan, the Agreement, and Appendix A. Pursuant to Paragraph 24 of the Agreement (as reflected in and Appendix A), if the Employee transfers residence and/or employment to another country reflected in an Addendum, the special terms and conditions for such country will apply to the Employee to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules, and regulations, or to facilitate the operation and administration of the Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Employee's transfer).

EUROPEAN UNION ("EU") / EUROPEAN ECONOMIC AREA ("EEA")

1. Data Privacy. If the Employee resides and/or is employed in the EU/EEA, the following provisions replace Paragraph 20 of the Agreement (as reflected in Appendix A):

Data Privacy. The Company is located at One Batesville Boulevard, Batesville, Indiana 47006, United States of America, and grants Units under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company's grant of the Award under the Plan and its ongoing administration of such award, the Company is providing the following information about its data collection, processing and transfer practices, which the Employee should carefully review.

(a) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about the Employee, specifically, the Employee's name, home address, email address and telephone number, date of birth, date of hire, social security or insurance number, passport number or other identification numbers, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and use of the Employee's Data is the Employee's consent. The Employee's Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for such disclosure of the Employee's Data is to comply with applicable laws, rules and regulations.

(b) Stock Plan Provider. The Company and the Employer transfer the Employee's Data to Fidelity Stock Plan Services LLC, a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the "Stock Plan Provider"). In the future, the Company may select a different Stock Plan Provider and share the Employee's Data with another company that serves in a similar manner. The Stock Plan Provider will open an account for the Employee to receive and trade shares of Common Stock acquired under the Plan. The Employee will be asked to agree to separate terms and data processing practices with the Stock Plan Provider, which is a condition of the Employee's ability to participate in the Plan.

(c) International Data Transfers. The Company and the Stock Plan Provider are based in the United States of America. The Employee should note that the Employee's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of the Employee's Data to the United States of America is to satisfy its contractual obligations under the terms and conditions of this Agreement.

(d) Data Retention. The Employee understands that the Employee's Data will be held only as long as is necessary to implement, administer and manage the Employee's Award and participation in the Plan. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company retains the Employee's Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

(e) Data Subject Rights. The Employee understands that the Employee may have the right under applicable law to (i) access or copy the Employee's Data that the Company possesses, (ii) rectify incorrect Data concerning the Employee, (iii) delete the Employee's Data, (iv) restrict processing of the Employee's Data, (v) lodge complaints with the competent supervisory authorities in the Employee's country of residence. To receive clarification regarding these rights or to exercise these rights, the Employee understands that the Employee can contact his or her Employer's human resources representative.

1. Settlement in Shares. Notwithstanding anything to the contrary in the Agreement or the Plan, the Award shall be settled only in shares of Common Stock (and may not be settled in cash).

2. Data Privacy. The following provision shall supplement Paragraph 20 of the Agreement:

The Employee authorizes the Company and the Company's representative to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Employee's Award granted under the Plan. The Employee further authorizes the Company, the Employer, any broker or any stock plan service provider as may be selected by the Company from time to time to assist with the Plan, to disclose and discuss the Employee's participation in the Plan with their advisors. The Employee also authorizes the Company and the Employer to record such information related to the Employee's participation in the Plan and to keep such information in the Employee's employment file.

3. English Language. If the Employee is a resident of Québec, the Employee acknowledges and agrees that it is the Employee's express intent that the Agreement, the Plan, and all other documents, notices, and legal proceedings entered into, given, or instituted pursuant to the Award, be drawn up in English. If the Employee has received the Agreement, the Plan, or any other documents related to the Award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

Langue Anglaise. Si l'employé est un résident du Québec, il reconnaît et accepte que son intention est expressément que le présent contrat, le plan et tous les autres documents, avis et procédures judiciaires engagés, donnés ou institués en vertu de l'attribution d'UAI, être rédigé en anglais. Si l'employé a reçu la présente convention, le plan ou tout autre document relatif au Award traduit dans une langue autre que l'anglais, et si le sens de la version traduite est différent de celui de la version anglaise, la version anglaise contrôlera.

China

1. Award Conditioned on Satisfaction of Regulatory Obligations. If the Employee is a national of the People's Republic of China ("PRC"), the grant of the Award is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange to permit the operation of the Plan and the participation of PRC nationals employed by the Employer, as determined by the Company in its sole discretion.

2. Sale of Shares. Notwithstanding anything to the contrary in the Plan, upon any termination of employment with the Employer, the Employee may be required to sell all shares of Common Stock acquired under the Plan within such time period as may be established by the PRC State Administration of Foreign Exchange.

3. Exchange Control Restrictions. The Employee understands and agrees that, if the Employee is subject to exchange control laws in China, the Employee will be required to repatriate immediately to China the proceeds from the sale of any shares of Common Stock acquired under the Plan. The Employee further understands that such repatriation of sale proceeds must be effected through a special bank account established by the Company with a financial institution in China and the Employee hereby consents and agrees that proceeds from the sale of shares of Common Stock acquired under the Plan may be transferred to such account by the Company on the Employee's behalf prior to being delivered to the Employee and that no interest shall be paid with respect to funds held in such account. Sale proceeds may be paid to the Employee in U.S. dollars or local currency at the Company's discretion. If the sale proceeds are paid to the Employee in U.S. dollars, the Employee understands that the Employee must establish and maintain a U.S. dollar bank account in China so that the proceeds may be deposited into such account. If the sale proceeds are paid to the Employee in local currency, the Employee acknowledges that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the sale proceeds to local currency due to exchange control restrictions. The Employee agrees to bear any currency fluctuation risk between the time the shares of Common Stock are sold and the net proceeds are converted into local currency and distributed to the Employee. The Employee further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

4. Administration. The Company shall not be liable for any costs, fees, lost interest or dividends or other losses the Employee may incur or suffer resulting from the enforcement of the terms of this section or otherwise from the Company's operation and enforcement of the terms of the Plan, the Agreement and this Addendum, and the Award in accordance with Chinese law including, without limitation, any applicable rules, regulations, requirements and approvals issued by the State Administration of Foreign Exchange.

Denmark

1. Treatment of Units Upon Termination of Employment. Notwithstanding any provision in the Agreement or the Plan to the contrary, the treatment of the Award upon the Employee's termination of employment shall be governed by the Danish Act on the Usage of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the "Stock Option Act"), as in effect at the time of the Employee's termination of employment (as determined by the Company, in its sole discretion, in consultation with legal counsel). The Employee acknowledges having received an "Employer Statement" in Danish, which is being provided in conjunction with the Award to comply with the Stock Option Act.

France

1. English Language. If the Employee is a resident of France, the Employee acknowledges and agrees that it is the Employee's express

intent that the Agreement, the Plan, and all other documents, notices, and legal proceedings entered into, given, or instituted pursuant to the Award, be drawn up in English. If the Employee has received the Agreement, the Plan, or any other documents related to the Award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

Langue Anglaise. Si l'employé est un résident de la France, il reconnaît et accepte que son intention est expressément que le présent contrat, le plan et tous les autres documents, avis et procédures judiciaires engagés, donnés ou institués en vertu de l'attribution d'UAI, être rédigé en anglais. Si l'employé a reçu la présente convention, le plan ou tout autre document relatif au Award traduit dans une langue autre que l'anglais, et si le sens de la version traduite est différent de celui de la version anglaise, la version anglaise contrôlera.

Germany

No country-specific provisions.

Mexico

1. **Commercial Relationship.** The Employee expressly recognizes that the Employee's participation in the Plan and the Company's grant of the Award does not create an employment relationship between the Employee and the Company. The Company has granted the Employee the Award as a consequence of the commercial relationship between the Company and the Company's Subsidiary in Mexico that employs the Employee (i.e., the Employer), and the Company's Subsidiary in Mexico is the Employee's sole employer. Based on the foregoing, (a) the Employee expressly recognizes the Plan and the benefits the Employee may derive from the Employee's participation in the Plan does not establish any rights between the Employee and the Employer, (b) the Plan and the benefits the Employee may derive from the Employee's participation in the Plan are not part of the employment conditions and/or benefits provided by the Employer, and (c) any modifications or amendments of the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Employee's employment with the Employer.

Singapore

1. **Qualifying Person Exemption.** The grant of the Award under the Plan is being made pursuant to the "Qualifying Person" exemption" under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (the "SFA"). The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore and is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. The Employee should note that, as a result, the Award are subject to section 257 of the SFA and the Employee will be unable to make: (a) any subsequent sale of the shares of Common Stock underlying the Award in Singapore; or (b) any offer of such subsequent sale of the shares of Common Stock subject to the Award in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA.

Sweden

1. **Withholding of Tax-Related Items from Cash Payments.** The following provision shall supplement Paragraph 11 of the Agreement (as reflected in Appendix A):

Notwithstanding anything in Paragraph 11 of the Agreement to the contrary, if the Employee is a local national of Sweden, any Tax-Related Items shall be withheld only in cash from the Employee's regular salary/wages or other amounts payable to the Employee in cash, or such other withholding methods as may be permitted under the Plan and allowed under local law.

Switzerland

1. **Securities Law Notice.** The grant of the Award is not intended to be a public offer in or from Switzerland. Because the offer of the Award is considered a private offering, it is not subject to registration in Switzerland. Neither the Agreement, this Addendum nor any other materials relating to the Award (a) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (b) may be publicly distributed nor otherwise made available in Switzerland, or (c) has been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority).

United Kingdom

1. **Income Tax and Social Insurance Contribution Withholding.** The following provision shall supplement Paragraph 11 of the Agreement (as reflected in Appendix A):

Without limitation to Paragraph 11 of the Agreement, the Employee hereby agrees that the Employee is liable for all Tax-Related Items and hereby

consents to pay all such Tax-Related Items, as and when requested by the Company, the Employer or by HM Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Employee hereby agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold on the Employee’s behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if the Employee is a director or executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that the Employee is a director or executive officer and income tax due is not collected from or paid by the Employee within ninety (90) days after the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to the Employee on which additional income tax and national insurance contributions may be payable. The Employee acknowledges that the Employee ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from the Employee at any time thereafter by any of the means referred to in Paragraph 11 of the Agreement.

2. Exclusion of Claim. The Employee acknowledges and agrees that the Employee will have no entitlement to compensation or damages in consequence of the termination of the Employee’s employment with the Employer for any reason whatsoever and whether or not in breach of contract, insofar as such entitlement arises or may arise from the Employee’s ceasing to have rights under or to be entitled to exercise the Award as a result of such termination, or from the loss or diminution in value of the Award. Upon the grant of the Award, the Employee shall be deemed irrevocably to have waived any such entitlement.

**HILLENBRAND, INC. STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT**

This Restricted Stock Unit Award Agreement (this “Agreement”) is effective as of the ___ day of December, 20__ (the “Grant Date”), between Hillenbrand, Inc. (the “Company”) and _____ (the “Employee”) and evidences the grant by the Company of Restricted Stock Units (“RSUs”) in accordance with the provisions of the Hillenbrand, Inc. Stock Incentive Plan, as amended from time-to-time (the “Plan”).

The Restricted Stock Units are subject to the terms and conditions set forth in the Plan (which is incorporated herein by reference), any rules and regulations adopted by the Board of Directors of the Company or the committee of the Board which administers the Plan (collectively, the “Committee”), and this Agreement. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the terms, conditions and provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. By agreeing on this Agreement, the Company and the Employee establish a legal relationship separate from the employment relationship between the Employee and the Employer (as defined below). The Employer is neither a party to nor in any respect liable for the obligations and liabilities of the Company under this Agreement. Notwithstanding the foregoing and as far as required by applicable laws, the Employer may nevertheless be involved in the procurement of payments and withdrawals of wages taxes and social security contributions. This grant shall become effective only if the Employee signs and returns to the Company a copy of this Agreement evidencing the Employee’s understanding of the terms and conditions of the RSUs, including, as applicable, through any medium prescribed by the Stock Plan Provider (as defined below). Any terms used in this Agreement as capitalized defined terms that are not defined herein shall have the meanings set forth in the Plan. For purposes of this Agreement, “Employer” means the Subsidiary that employs the Employee.

1. AWARD AMOUNT: _____ RESTRICTED STOCK UNITS

2. Recording Award; Additions. The Company shall cause an account to be established in the name of the Employee (“RSU Account”) which shall be assumed to be invested in the number of shares of common stock, no par value, of the Company (“Common Stock”) equal to the number of Restricted Stock Units awarded herein to Employee (the “Initial RSU Award”). No actual shares of Common Stock shall be held in the RSU Account, and the number of shares of Common Stock maintained in the RSU Account (“Deferred Stock”) shall be a book entry which states the number of shares of Common Stock the Employee would have a right to receive in accordance with the terms of this Agreement. Any cash dividend paid on Common Stock by the Company while the RSU Account exists will be assumed to be paid on the Deferred Stock in the RSU Account and shall be assumed to be reinvested in Common Stock on the date of such dividend payment at a price equal to the Fair Market Value of the Common Stock on such date (as the term “Fair Market Value” is defined in the Plan), thereby increasing the number of shares of Deferred Stock maintained in the RSU Account. Any stock dividends, stock splits and other similar rights inuring to Common Stock shall also be assumed to inure to the Deferred Stock in the RSU Account, which may result in an increase or decrease to the number of shares of Deferred Stock in the RSU Account pursuant to the applicable provisions hereof. The Initial RSU Award plus any increases or less any decreases due to cash dividends, stock dividends, stock splits and any other similar rights inuring to Common Stock as set forth in the two immediately preceding sentences shall hereinafter be referred to as the “RSU Award.”

3. Vesting and Forfeiture; Potential Repayment Obligation.

(a) Shares of Deferred Stock shall become non-forfeitable shares (“Vested Deferred Stock”) upon the earliest to occur of (i) vesting of such shares pursuant to the vesting schedule set forth in Section 4 below, or (ii) vesting of such shares pursuant to Section 5 below. Any Deferred Stock maintained in the Deferred Stock Account that is not Vested Deferred Stock at the time of, or that does not become Vested Deferred Stock (including pursuant to Section 5) in connection with, the Employee’s termination of employment shall be forfeited by the Employee without the payment of any consideration or further consideration by the Company, and neither the Employee nor any successors, heirs, assigns, or legal representatives of the Employee shall thereafter have any further rights or interest in such forfeited Deferred Stock.

(b) The Employee’s Restricted Stock Units, any Deferred Stock, any Common Stock acquired under the Plan, and any proceeds from the sale of any of the foregoing are required to be forfeited by the Employee, including after vesting or delivery, if the Employee breaches any restrictive covenant contained in any employment, severance, or other agreement with the Company or the Employer or in any applicable Company or Employer policy, and the Company may direct the Stock Plan Provider (as defined below) to deliver to the Company such Restricted Stock Units, Deferred Stock, Common Stock, or proceeds from the sale of any of the foregoing to the extent held in an account with such Stock Plan Provider.

(c) This Paragraph 3(c) is applicable only if the Employee holds the office of Vice President, or a higher office, with the Company or one of its significant Subsidiaries as of the effective date of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, any Restricted Stock Units, any Deferred Stock (including Vested Deferred Stock), or shares of Common Stock issued in connection with this Agreement, and/or any amount received with respect to any sale of any such shares, shall be subject to potential cancellation, recoupment, rescission, payback, or other action in accordance with the terms of the Company’s clawback policy, as it may be amended from time to time (the “Policy”). The Employee agrees and consents to the Company’s application, implementation, and enforcement of (i) the Policy or any similar policy established by the Company or its Subsidiaries that may apply to the Employee, and (ii) any provision of applicable law relating to cancellation, rescission, payback, or recoupment of compensation, and expressly agrees that the Company may take such actions as are necessary to effectuate the Policy, any similar policy (as applicable to the Employee) or applicable law without further consent or action being required by the Employee. To the extent that the terms of this Agreement and the Policy or any similar policy conflict, the terms of such policy shall prevail.

4. Vesting Under Vesting Schedule. The RSUs granted under this Agreement shall become Vested Deferred Stock according the Vesting Schedule set forth in the Appendix. The Employee must remain actively employed (which, for the avoidance of doubt, shall mean being actively involved in the day-to-day operations of the business and shall not include any “garden leave” or similar arrangements) by the Company and/or any one or more of its Subsidiaries (as defined in the Plan) continuously through the Vesting Schedule dates set forth on the Vesting Schedule in order for the corresponding RSUs to become Vested Deferred Stock.

Vesting Schedule (Dates & Quantities)

5. Vesting Outside Vesting Schedule.

(d) All shares of Deferred Stock maintained in the Deferred Stock Account which have not previously become shares of Vested Deferred Stock under the Vesting Schedule, and have not otherwise been forfeited, shall become shares of Vested Deferred Stock upon the earlier to occur of any of the following events:

(i) **Death or Disability:** the termination of the Employee's employment with the Company and/or one of its Subsidiaries by reason of either the disability of the Employee, as determined by the Committee, or the death of the Employee, but only if such termination of employment occurs after the date that is one year and one day after the Grant Date;

(ii) **Change in Control:** the occurrence of a Change in Control of the Company (as defined in the Plan); or

(iii) **Retirement:** termination of employment, other than upon death or discharge by the Company or any Subsidiary for Cause, after having (1) completed at least five years of service in the aggregate with the Company or any of its Subsidiaries, and (2) reached age fifty-five (55).

(e) If the Employee's employment with the Company and/or a Subsidiary terminates due to such Employee's Retirement, then the number of RSUs that then become vested Deferred Stock will be equal to the product of (i) the number of shares of Deferred Stock, and (ii) a fraction, the numerator of which is the number of full weeks in the Vesting Schedule during which the Employee was employed by the Company or a Subsidiary, and the denominator is 156.

(c) If the Employee, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary that provides for the voluntary termination of employment by the Employee for Good Reason (as defined below), and if the Employee terminates employment voluntarily for Good Reason, then the number of RSUs that then become vested Deferred Stock will be equal to the product of (i) the number of shares of Deferred Stock, and (ii) a fraction, the numerator of which is the number of full weeks in the Vesting Schedule during which the Employee was employed by the Company or a Subsidiary, and the denominator is 156. For purposes of this Agreement, "Good Reason" means, if the Employee, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary, the definition given to that term or a comparable term in that agreement, if any.

For the avoidance of doubt, all shares of Deferred Stock maintained in the Deferred Stock Account which have not previously become shares of Vested Deferred Stock shall be forfeited upon termination of employment for any reason (or no reason), other than as expressly set forth above.

For the purposes of this Agreement, any transfer of the Employee's employment to or from the Employer to or from the Company or any of its Subsidiaries shall not constitute a termination of employment, and the Employee's employment will be deemed to be continuous notwithstanding any such transfers. Temporary absences from employment because of illness or vacation shall not be considered terminations of employment. If the Employee is resident or employed outside of the United States, the Employee's termination date shall mean the earliest of (i) the date on which notice of termination is provided to the Employee, (ii) the last day of the Employee's active service (which, for the avoidance of doubt, shall mean being actively involved in the day-to-day operations of the business and shall not include any "garden leave" or similar arrangements) with the Company or one of its Subsidiaries, or (iii) the last day on which the Employee is an "employee" of the Company or one of its Subsidiaries, as determined in each case without including any required advance notice period during which the Employee does not render any active service and irrespective of the status of the termination under local labor or employment laws. For purposes of this Agreement and the Plan, the Committee shall have absolute discretion to determine the date and circumstances of termination of the Employee's employment, and its determination shall be final, conclusive and binding upon the Employee; provided, however, the Committee shall at all times act in a manner that complies with (and avoids adverse income tax consequences under) Section 409A of the Internal Revenue Code ("Section 409A").

If the Employee is resident or employed in a country that is a member of the European Union, the grant of the RSUs and this Agreement is intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

6. Payment of Award. Payment of the RSU Award shall be made to the Employee with respect to shares of Vested Deferred Stock as soon as reasonably practicable after the shares become shares of Vested Deferred Stock; provided, however, that if the Employee is a "specified employee" under Section 409A, payment of the RSU Award will be delayed for a period of six (6) months as and to the extent necessary to comply with (avoid adverse income tax consequences under) the provisions of Section 409A. No payment shall be made with respect to shares that are not shares of Vested Deferred Stock. The form of payment shall be the delivery to the Employee of shares of Common Stock equal to the number of shares of Vested Deferred Stock being paid unless an alternate form of payment is selected by the Committee or the Board of Directors of the Company as provided in the Plan (in which event all references herein to the delivery of shares shall be interpreted as calling for the delivery of the alternate consideration to be paid to the Employee in payment of the RSU Award). Any fractional shares of Vested Deferred Stock to be delivered to the Employee shall be rounded up to the next whole share of Vested Deferred Stock.

7. Settlement in Cash. Notwithstanding anything in the Agreement to the contrary, the Company may, in its sole discretion, settle the RSU Award (and any Dividend Shares) in the form of a cash payment to the extent settlement in shares of Common Stock is prohibited under local law or would require the Employee, the Company and/or the Employer to obtain the approval of any governmental and/or regulatory body in the Employee's country of residence (and country of employment, if different). Alternatively, the Company may, in its sole discretion, settle the RSU

Award (and any Dividend Shares) in the form of shares of Common Stock but require an immediate sale of such shares (in which case, the Employee hereby expressly authorizes the Company to issue sales instructions in relation to such shares of Common Stock on the Employee's behalf).

8. Administration of the Award. The Committee shall administer the RSU Award, and shall have complete and full discretion in the administration and interpretation of the terms thereof, except as may be otherwise expressly provided herein or in the Plan.

9. No Rights as Stockholder. The Employee shall have no rights as a stockholder with respect to any shares of Deferred Stock described herein until shares of Common Stock are delivered to the Employee pursuant to Section 6. Until such time, the Employee shall not be entitled to dividends (other than the adjustment of the RSU Account on account of dividends as provided in Section 2) or to vote at meetings of the stockholders of the Company with respect to shares of Deferred Stock.

10. Tax and Social Insurance Contributions Withholding.

(a) Regardless of any action the Company and/or the Employer take with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Employee acknowledges that the ultimate liability for all Tax-Related Items legally due by the Employee is and remains the Employee's responsibility and that the Company and the Employer (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU Award, including the grant of the RSU Award, the vesting and settlement of the RSU Award, and the subsequent sale of any shares of Common Stock acquired pursuant to the RSU Award and the receipt of any dividends; and (ii) does not commit to structure the terms of the grant or any aspect of the RSU Award to reduce or eliminate the Employee's liability for Tax-Related Items.

(b) Prior to the delivery of shares of Common Stock upon vesting of the RSU Award, if the Employee's country of residence (and/or the Employee's country of employment, if different) requires withholding of Tax-Related Items, the Company shall withhold a sufficient number of whole shares of Common Stock otherwise issuable upon vesting of the RSU Award that have up to an aggregate Fair Market Value sufficient to pay the Tax-Related Items, which shall not exceed the amount determined by the maximum statutory tax withholding rates in the participant's applicable jurisdictions (or such other rate as will not result in a negative accounting impact). The cash equivalent of the shares of Common Stock withheld will be used to settle the obligation to withhold the Tax-Related Items. In the event that the withholding of shares of Common Stock may trigger adverse consequences to the Company or the Employer, the Company or the Employer may withhold the Tax-Related Items required to be withheld with respect to the shares of Common Stock in cash from the Employee's regular salary and/or wages, or other amounts payable to the Employee, or may require the Employee to personally make payment of the Tax-Related Items required to be withheld. In the event the withholding requirements are not satisfied through the withholding of shares of Common Stock by the Company or through withholding from the Employee's regular salary and/or wages or any other amounts payable to the Employee, no shares of Common Stock will be issued to the Employee (or the Employee's estate) upon vesting of the RSU Award unless and until satisfactory arrangements (as determined by the Committee) have been made by the Employee with respect to the payment of any Tax-Related Items which the Company and the Employer determine, each in its sole discretion, must be withheld or collected with respect to such RSU Award. By accepting the RSU Award, the Employee expressly consents to the withholding of shares of Common Stock and/or cash as provided for hereunder. All other Tax-Related Items related to the RSU Award and any shares of Common Stock delivered in settlement thereof are the Employee's sole responsibility. If the obligation for the Employee's Tax-Related Items is satisfied by withholding a number of shares of Common Stock as described herein, the Employee shall be deemed to have been issued the full number of shares of Common Stock issuable upon vesting, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying the Tax-Related Items due as a result of the vesting or any other aspect of the RSU Award.

(c) To the extent the Company or the Employer pays any Tax-Related Items that are the Employee's responsibility ("Advanced Tax Payments"), the Company or the Employer shall be entitled to recover such Advanced Tax Payments from the Employee in any and all manner that the Company determines appropriate in its sole discretion. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to the Employee by the Company or the Employer (including regular salary/wages, bonuses, incentive payments and shares of Common Stock acquired by the Employee pursuant to any equity compensation plan that are otherwise held by the Company for the Employee's benefit).

(d) If the Employee is subject to taxation in more than one jurisdiction, the Employee acknowledges that the Company or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Employee hereby consents to any action reasonably taken by the Company and the Employer to meet the Employee's obligation for Tax-Related Items. By accepting the RSU Award, the Employee expressly consents to the withholding of shares of Common Stock and/or withholding from the Employee's regular salary and/or wages or other amounts payable to the Employee as provided for hereunder. All other Tax-Related Items related to the RSU Award and any shares of Common Stock delivered in payment thereof are the Employee's sole responsibility.

11. Discretionary Nature of Grant; No Vested Rights. The Employee acknowledges and agrees that the Plan is discretionary in nature and may be amended, cancelled or terminated by the Company, in its sole discretion, at any time. The grant of the RSU Award under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of RSU Award or benefits in lieu of a RSU Award in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of shares of Common Stock subject to the grant, and the vesting provisions. Any amendment, modification or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Employee's employment with the Employer. Neither the Company nor the Employer shall be liable for any change in value of the RSU Award, the amount realized upon settlement of the RSU Award or the amount realized upon a subsequent sale of any shares of Common Stock acquired upon settlement of the RSU Award resulting from any fluctuation of the United

States Dollar/local currency foreign exchange rate.

12. Termination Indemnities. The Employee's participation in the Plan is voluntary. The value of the RSU Award and any other awards granted under the Plan is an extraordinary item of compensation outside the scope of the Employee's employment (and the Employee's employment contract, if any). Any grant under the Plan, including the grant of the RSU Award, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

13. Section 409A Compliance. The RSU Award is intended to be exempt from the requirements of Section 409A. The Plan and this Agreement shall be administered and interpreted in a manner consistent with this intent. If the Company determines that this Agreement is subject to Section 409A and that it has failed to comply with the requirements of that Section, the Company may, at the Company's sole discretion and without the Employee's consent, amend this Agreement to cause it to comply with Section 409A or be exempt from Section 409A.

14. Notices. All notices and other communications required or permitted under this Agreement shall be written and delivered personally or sent by registered or certified first-class mail, postage prepaid and return receipt required, addressed as follows: if to the Company, to the Company's executive offices in Batesville, Indiana, and if to the Employee or his or her successor, to the address last furnished by the Employee to the Company. The Company may, however, authorize notice by any other means it deems desirable or efficient at a given time, such as notice by facsimile or electronic mail.

15. No Employment Rights. The grant of the RSU Award shall not confer upon the Employee any right to continue in the employ of the Employer nor limit in any way the right of the Employer to terminate the Employee's employment at any time.

16. Data Privacy. The Company is located at One Batesville Boulevard, Batesville, Indiana 47006, United States of America, and grants RSUs under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company's grant of the RSU Award under the Plan and its ongoing administration of such award, the Company is providing the following information about its data collection, processing and transfer practices. In accepting the grant of the RSU Award, the Employee expressly and explicitly consents to the personal data activities as described herein.

(a) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about the Employee, specifically, the Employee's name, home address, email address and telephone number, date of birth, date of hire, social security or insurance number, passport number or other identification numbers, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and use of the Employee's Data is the Employee's consent. The Employee's Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for such disclosure of the Employee's Data is to comply with applicable laws, rules and regulations.

(b) Stock Plan Administration Service Providers. The Company and the Employer transfer the Employee's Data to Fidelity Stock Plan Services LLC, a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the "Stock Plan Provider"). In the future, the Company may select a different Stock Plan Provider and share the Employee's Data with another company that serves in a similar manner. The Stock Plan Provider will open an account for the Employee to receive and trade shares of Common Stock acquired under the Plan. The Employee will be asked to agree to separate terms and data processing practices with the Stock Plan Provider, which is a condition of the Employee's ability to participate in the Plan.

(c) International Data Transfers. The Company and the Stock Plan Provider are based in the United States of America. The Employee should note that the Employee's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of the Employee's Data to the United States of America is the Employee's consent.

(d) Voluntariness and Consequences of Consent, Denial or Withdrawal. The Employee's participation in the Plan and the Employee's grant of consent hereunder is purely voluntary. The Employee may deny or withdraw his or her consent at any time. If the Employee does not consent, or if the Employee later withdraws his or her consent, the Employee may be unable to participate in the Plan. This would not affect the Employee's existing employment or salary; instead, the Employee merely may forfeit the opportunities associated with participation in the Plan.

(e) Data Retention. The Employee understands that the Employee's Data will be held only as long as is necessary to implement, administer and manage the Employee's RSU Award and participation in the Plan. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company retains the Employee's Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

(f) Data Subject Rights. The Employee understands that the Employee may have the right under applicable law to (i) access or copy the Employee's Data that the Company possesses, (ii) rectify incorrect Data concerning the Employee, (iii) delete the Employee's Data, (iv) restrict processing of the Employee's Data, and (v) lodge complaints with the competent supervisory authorities in the Employee's country of residence. To receive clarification regarding these rights or to exercise these rights, the Employee understands that the Employee can contact his or her Employer's human resources representative.

17. Repatriation/Compliance with Local Law. As a condition to the RSU Award, the Employee hereby agrees to repatriate all payments attributable to the shares and/or cash acquired under the Plan in accordance with local foreign exchange rules and regulations in the Employee's country of residence (and country of employment, if different). In addition, the Employee also agrees to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in the Employee's country of residence (and country of employment, if different). Finally, the Employee agrees to take

any and all actions as may be required to comply with the Employee's personal obligations under local laws, rules and regulations in the Employee's country of residence (and country of employment, if different).

18. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the RSU Award or other awards granted to the Employee under the Plan by electronic means. The Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

19. English Language. If the Employee is a resident outside of the United States, the Employee acknowledges and agrees that it is the Employee's express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the RSU Award, be drawn up in English. If the Employee has received this Agreement, the Plan or any other documents related to the RSU Award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

20. Private Placement. The grant of the Award is not intended to be a public offering of securities in the Employee's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the RSU Award is not subject to the supervision of the local securities authorities.

21. Addendum. Notwithstanding any provisions of this Agreement to the contrary, the RSU Award shall be subject to any special terms and conditions for the Employee's country of residence (and country of employment, if different), as are set forth in an addendum to this Agreement (the "Addendum"). Further, if the Employee transfers the Employee's residence and/or employment to another country reflected in the Addendum to this Agreement, the special terms and conditions for such country shall apply to the Employee to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable (or the Company may establish such alternative terms and conditions that may be necessary or advisable to accommodate the Employee's transfer). The Addendum shall constitute part of this Agreement.

22. Additional Requirements. The Company reserves the right to impose other requirements on the RSU Award, any shares of Common Stock acquired pursuant to the RSU Award, and the Employee's participation in the Plan, to the extent the Company determines in order to comply with local law or to facilitate the operation and administration of the RSU Award and the Plan. Such requirements may include (but are not limited to) requiring the Employee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

23. Designation of Beneficiary. The Employee shall be permitted to provide to the Committee a beneficiary designation for receipt of the RSU Award after death. If the Employee fails to designate a beneficiary, or if the designated beneficiary predeceases the Employee, the RSU Award shall be paid to the deceased Employee's spouse, if living, or if no spouse is living, to the deceased Employee's estate.

24. Non-Transferability.

(a) The Deferred Stock, the Deferred Stock Account and the Vested Deferred Stock may not be sold, assigned, transferred, exchanged, pledged, hypothecated, or otherwise encumbered and no such sale, assignment, transfer, exchange, pledge, hypothecation, or encumbrance, whether made or created by a voluntary act of the Employee or any agent of the Employee or by operation of law, shall be recognized by, or be binding upon, or shall in any manner affect the rights of, the Company, its successors or any agent thereof.

(b) No amounts payable hereunder shall be transferable by the Employee other than by the Employee's designation of a beneficiary pursuant to Section 22. The amounts payable hereunder shall be exempt from the claims of creditors of the Employee and from all orders, decrees, levies and executions and any other legal process to the fullest extent that may be permitted by law.

25. Amendments. Except as otherwise expressly provided herein or in the Plan, this Agreement may be modified only upon the mutual written agreement of the Company and the Employee (or the Employee's beneficiary or legal representatives if applicable).

26. Source of Benefit Payments; Nature of Employee's Rights. Shares of Common Stock distributable to the Employee hereunder may consist of authorized but unissued shares of the Company's Common Stock or shares of Common Stock that have been issued and reacquired by the Company. This Agreement or the RSU Award shall not create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or a Subsidiary and Employee, and Employee shall not acquire any right in any specific property of the Company or any Subsidiary. To the extent Employee acquires a right to receive payments from the Company or any Subsidiary, such right shall not be greater than the right of an unsecured general creditor of the Company or its Subsidiaries.

27. Successors and Assigns.

(a) This Agreement is personal to the Employee and without the prior written consent of the Company shall not be assignable by the Employee except by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Employee's guardian and legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

28. Governing Law; Captions. This Agreement shall be governed by and construed in accordance with the internal laws of the State of

Indiana without regard to any choice of law rules thereof which might apply the laws of any other jurisdiction. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

29. Waiver of Entitlement to Compensation or Damages. In consideration of the grant of the RSU Award under this Agreement, no claim or entitlement to compensation or damages shall arise from termination of the RSU Award or diminution in value of the RSU Award or shares acquired upon vesting of the RSU Award resulting from termination of the Employee's employment by the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and the Employee irrevocably releases the Employer, the Company, and its Subsidiaries from any such claim that may arise. Notwithstanding the foregoing, if any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Agreement, the Employee will be deemed to have irrevocably waived his or her entitlement to pursue such claim.

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

31. No Waiver. The failure of the Employee or the Company to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Employee or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

32. Entire Agreement. The Employee and the Company acknowledge that this Agreement supersedes any prior agreement between the parties with respect to the subject matter hereof.

33. Counterparts. This Agreement may be executed in counterparts, which together shall constitute one and the same original.

[Signatures follow]

IN WITNESS WHEREOF the Company and the Employee have executed this Agreement effective as of the Grant Date.

Employee Signature

Print Name: _____

HILLENBRAND, INC.

By: ____

Print Name: ____

Title: ____

HILLENBRAND, INC.

**ADDENDUM TO
RESTRICTED STOCK UNIT AWARD AGREEMENT**

In addition to the terms of the Plan and the Agreement, the RSU Award is subject to the following additional terms and conditions. All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement. Pursuant to Section 21 of the Agreement, if the Employee transfers residence and/or employment to another country reflected in an Addendum, the special terms and conditions for such country will apply to the Employee to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules, and regulations, or to facilitate the operation and administration of the RSU Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Employee's transfer).

EUROPEAN UNION ("EU") / EUROPEAN ECONOMIC AREA ("EEA")

1. Data Privacy. If the Employee resides and/or is employed in the EU/EEA, the following provisions replace Section 16 of the

Agreement:

Data Privacy. The Company is located at One Batesville Boulevard, Batesville, Indiana 47006, United States of America, and grants RSUs under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company's grant of the RSU Award under the Plan and its ongoing administration of such award, the Company is providing the following information about its data collection, processing and transfer practices, which the Employee should carefully review.

(a) **Data Collection, Processing and Usage.** The Company and the Employer will collect, process and use certain personal information about the Employee, specifically, the Employee's name, home address, email address and telephone number, date of birth, date of hire, social security or insurance number, passport number or other identification numbers, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and use of the Employee's Data is the Employee's consent. The Employee's Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for such disclosure of the Employee's Data is to comply with applicable laws, rules and regulations.

(b) **Stock Plan Provider.** The Company and the Employer transfer the Employee's Data to Fidelity Stock Plan Services LLC, a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the "Stock Plan Provider"). In the future, the Company may select a different Stock Plan Provider and share the Employee's Data with another company that serves in a similar manner. The Stock Plan Provider will open an account for the Employee to receive and trade shares of Common Stock acquired under the Plan. The Employee will be asked to agree to separate terms and data processing practices with the Stock Plan Provider, which is a condition of the Employee's ability to participate in the Plan.

(c) **International Data Transfers.** The Company and the Stock Plan Provider are based in the United States of America. The Employee should note that the Employee's country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of the Employee's Data to the United States of America is to satisfy its contractual obligations under the terms and conditions of this Agreement.

(d) **Data Retention.** The Employee understands that the Employee's Data will be held only as long as is necessary to implement, administer and manage the Employee's RSU Award and participation in the Plan. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company retains the Employee's Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

(e) **Data Subject Rights.** The Employee understands that the Employee may have the right under applicable law to (i) access or copy the Employee's Data that the Company possesses, (ii) rectify incorrect Data concerning the Employee, (iii) delete the Employee's Data, (iv) restrict processing of the Employee's Data, (v) lodge complaints with the competent supervisory authorities in the Employee's country of residence. To receive clarification regarding these rights or to exercise these rights, the Employee understands that the Employee can contact his or her Employer's human resources representative.

Canada

1. **Settlement in Shares.** Notwithstanding anything to the contrary in the Agreement or the Plan, the RSU Award shall be settled only in shares of Common Stock (and may not be settled in cash).

2. **Data Privacy.** The following provision shall supplement Section 16 of the Agreement:

The Employee authorizes the Company and the Company's representative to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Employee's RSU Award granted under the Plan. The Employee further authorizes the Company, the Employer, any broker or any stock plan service provider as may be selected by the Company from time to time to assist with the Plan, to disclose and discuss the Employee's participation in the Plan with their advisors. The Employee also authorizes the Company and the Employer to record such information related to the Employee's participation in the Plan and to keep such information in the Employee's employment file.

3. **English Language.** If the Employee is a resident of Québec, the Employee acknowledges and agrees that it is the Employee's express intent that the Agreement, the Plan, and all other documents, notices, and legal proceedings entered into, given, or instituted pursuant to the RSU Award, be drawn up in English. If the Employee has received the Agreement, the Plan, or any other documents related to the RSU Award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

Langue Anglaise. Si l'employé est un résident du Québec, il reconnaît et accepte que son intention est expressément que le présent contrat, le plan et tous les autres documents, avis et procédures judiciaires engagés, donnés ou institués en vertu de l'attribution d'UAI, être rédigé en anglais. Si l'employé a reçu la présente convention, le plan ou tout autre document relatif au RSU Award traduit dans une langue autre que l'anglais, et si le sens de la version traduite est différent de celui de la version anglaise, la version anglaise contrôlera.

China

1. **RSU Award Conditioned on Satisfaction of Regulatory Obligations.** If the Employee is a national of the People's Republic of China ("PRC"), the grant of the RSU Award is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange to permit the operation of the Plan and the participation of PRC nationals employed by the Employer, as determined by the

Company in its sole discretion.

2. **Sale of Shares.** Notwithstanding anything to the contrary in the Plan, upon any termination of employment with the Employer, the Employee may be required to sell all shares of Common Stock acquired under the Plan within such time period as may be established by the PRC State Administration of Foreign Exchange.

3. **Exchange Control Restrictions.** The Employee understands and agrees that, if the Employee is subject to exchange control laws in China, the Employee will be required to repatriate immediately to China the proceeds from the sale of any shares of Common Stock acquired under the Plan. The Employee further understands that such repatriation of sale proceeds must be effected through a special bank account established by the Company with a financial institution in China and the Employee hereby consents and agrees that proceeds from the sale of shares of Common Stock acquired under the Plan may be transferred to such account by the Company on the Employee's behalf prior to being delivered to the Employee and that no interest shall be paid with respect to funds held in such account. Sale proceeds may be paid to the Employee in U.S. dollars or local currency at the Company's discretion. If the sale proceeds are paid to the Employee in U.S. dollars, the Employee understands that the Employee must establish and maintain a U.S. dollar bank account in China so that the proceeds may be deposited into such account. If the sale proceeds are paid to the Employee in local currency, the Employee acknowledges that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the sale proceeds to local currency due to exchange control restrictions. The Employee agrees to bear any currency fluctuation risk between the time the shares of Common Stock are sold and the net proceeds are converted into local currency and distributed to the Employee. The Employee further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

4. **Administration.** The Company shall not be liable for any costs, fees, lost interest or dividends or other losses the Employee may incur or suffer resulting from the enforcement of the terms of this section or otherwise from the Company's operation and enforcement of the terms of the Plan, the Agreement and this Addendum, and the RSU Award in accordance with Chinese law including, without limitation, any applicable rules, regulations, requirements and approvals issued by the State Administration of Foreign Exchange.

Denmark

1. **Treatment of RSUs Upon Termination of Employment.** Notwithstanding any provision in the Agreement or the Plan to the contrary, the treatment of the RSU Award upon the Employee's termination of employment shall be governed by the Danish Act on the Usage of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the "Stock Option Act"), as in effect at the time of the Employee's termination of employment (as determined by the Company, in its sole discretion, in consultation with legal counsel). The Employee acknowledges having received an "Employer Statement" in Danish, which is being provided in conjunction with the RSU Award to comply with the Stock Option Act.

France

1. **English Language.** If the Employee is a resident of France, the Employee acknowledges and agrees that it is the Employee's express intent that the Agreement, the Plan, and all other documents, notices, and legal proceedings entered into, given, or instituted pursuant to the RSU Award, be drawn up in English. If the Employee has received the Agreement, the Plan, or any other documents related to the RSU Award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

Langue Anglaise. Si l'employé est un résident de la France, il reconnaît et accepte que son intention est expressément que le présent contrat, le plan et tous les autres documents, avis et procédures judiciaires engagés, donnés ou institués en vertu de l'attribution d'UAI, être rédigé en anglais. Si l'employé a reçu la présente convention, le plan ou tout autre document relatif au RSU Award traduit dans une langue autre que l'anglais, et si le sens de la version traduite est différent de celui de la version anglaise, la version anglaise contrôlera.

Germany

No country-specific provisions.

Mexico

1. **Commercial Relationship.** The Employee expressly recognizes that the Employee's participation in the Plan and the Company's grant of the RSU Award does not create an employment relationship between the Employee and the Company. The Company has granted the Employee the RSU Award as a consequence of the commercial relationship between the Company and the Company's Subsidiary in Mexico that employs the Employee (i.e., the Employer), and the Company's Subsidiary in Mexico is the Employee's sole employer. Based on the foregoing, (a) the Employee expressly recognizes the Plan and the benefits the Employee may derive from the Employee's participation in the Plan does not establish any rights between the Employee and the Employer, (b) the Plan and the benefits the Employee may derive from the Employee's participation in the Plan are not part of the employment conditions and/or benefits provided by the Employer, and (c) any modifications or amendments of the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Employee's employment with the Employer.

Singapore

1. Qualifying Person Exemption. The grant of the RSU Award under the Plan is being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (the “SFA”). The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore and is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. The Employee should note that, as a result, the RSU Award are subject to section 257 of the SFA and the Employee will be unable to make: (a) any subsequent sale of the shares of Common Stock underlying the RSU Award in Singapore; or (b) any offer of such subsequent sale of the shares of Common Stock subject to the RSU Award in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA.

Sweden

1. Withholding of Tax-Related Items from Cash Payments. The following provision shall supplement Section 10 of the Agreement:

Notwithstanding anything in Section 10 of the Agreement to the contrary, if the Employee is a local national of Sweden, any Tax-Related Items shall be withheld only in cash from the Employee’s regular salary/wages or other amounts payable to the Employee in cash, or such other withholding methods as may be permitted under the Plan and allowed under local law.

Switzerland

1. Securities Law Notice. The grant of the RSU Award is not intended to be a public offer in or from Switzerland. Because the offer of the RSU Award is considered a private offering, it is not subject to registration in Switzerland. Neither the Agreement, this Addendum nor any other materials relating to the RSU Award (a) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (b) may be publicly distributed nor otherwise made available in Switzerland, or (c) has been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority).

United Kingdom

1. Income Tax and Social Insurance Contribution Withholding. The following provision shall supplement Section 10 of the Agreement:

Without limitation to Section 10 of the Agreement, the Employee hereby agrees that the Employee is liable for all Tax-Related Items and hereby consents to pay all such Tax-Related Items, as and when requested by the Company, the Employer or by HM Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Employee hereby agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold on the Employee’s behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if the Employee is a director or executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that the Employee is a director or executive officer and income tax due is not collected from or paid by the Employee within ninety (90) days after the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to the Employee on which additional income tax and national insurance contributions may be payable. The Employee acknowledges that the Employee ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from the Employee at any time thereafter by any of the means referred to in Section 10 of the Agreement.

2. Exclusion of Claim. The Employee acknowledges and agrees that the Employee will have no entitlement to compensation or damages in consequence of the termination of the Employee’s employment with the Employer for any reason whatsoever and whether or not in breach of contract, insofar as such entitlement arises or may arise from the Employee’s ceasing to have rights under or to be entitled to exercise the RSU Award as a result of such termination, or from the loss or diminution in value of the RSU Award. Upon the grant of the RSU Award, the Employee shall be deemed irrevocably to have waived any such entitlement.

HILLENBRAND, INC.

NON-QUALIFIED STOCK OPTION AGREEMENT

Name of Grantee: _____

No. of Shares: _____

Grant Date: December ___, 20__

Price per Share: \$ _____

This Non-Qualified Stock Option Agreement (this "Agreement") by and between HILLENBRAND, INC. (the "Company") and the Grantee named above (referred to below as "you") evidences the grant by the Company of a Non-Qualified Stock Option to you on the date stated above (the "Grant Date") and your acceptance of such Option in accordance with the provisions of the Hillenbrand, Inc. Stock Incentive Plan, as amended from time-to-time (the "Plan").

Your Option is subject to the terms and conditions set forth in the Plan (which is incorporated herein by reference), any rules and regulations adopted by the Board of Directors of the Company or the committee of the Board which administers the Plan (collectively, the "Committee"), and this Agreement. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the terms, conditions and provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This grant becomes effective only if you affirmatively accept it and evidence your understanding of the terms and conditions of your Option, in accordance with applicable procedures established by the Company. Any terms used in this Agreement as capitalized defined terms that are not defined herein shall have the meanings set forth in the Plan. For purposes of this Agreement, "Employer" means the entity (i.e., the Company or the Subsidiary) that employs you.

Note: If this Option is granted to a Grantee who is employed outside of the United States of America, the terms and conditions of the Appendix A (and the applicable addenda attached to Appendix A) are hereby incorporated into and shall become part of the terms and conditions of this Agreement.

1. **Option Grant.** You have been granted an option (the "Option") to purchase the number of shares of the Company's common stock, without par value ("Common Stock"), set forth above. The Option is a "non-qualified stock option" and is not an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. **Option Price.** The price at which you may purchase the shares of Common Stock covered by the Option is the price per share set forth above.

3. **Term of Option.** Your Option expires in all events on the tenth anniversary of the Grant Date (the "Latest Expiration Date"). Your Option, however, may expire prior to such Latest Expiration Date (in the event of the termination of your employment by the Company or one of its Subsidiaries) as provided in paragraph 7 of this Agreement. Notwithstanding anything else to the contrary contained in this Agreement, in no event can your Option be exercised after the Latest

Expiration Date set forth in this paragraph 3 or after an earlier expiration date provided under paragraph 7.

4. Vesting of Option.

(a) Unless it becomes exercisable on an earlier date as provided in paragraphs 4(b) or 7 below and subject to those paragraphs, your Option will become exercisable with respect to the first 33-1/3 percent of the shares of Common Stock covered by the Option on the first anniversary of the Grant Date and your Option will become exercisable with respect to the second and third 33-1/3 percent of the shares covered by Option on the second and third anniversaries of the Grant Date, respectively, provided that you are and have been continuously employed since the Grant Date as an employee of the Company or one of its Subsidiaries on each such date.

(b) Except as otherwise required under the terms and conditions of any applicable change in control agreement between you and the Company or a Subsidiary, in the event of a Change in Control of the Company (as such term is defined in the Plan), if you are employed by the Company or one of its Subsidiaries at the time such Change in Control occurs, and if you have been continuously employed by the Company or one of its Subsidiaries since the Grant Date, then your Option will become immediately exercisable as to all shares of Common Stock at the time such event occurs.

5. Manner of Exercise. To the extent your Option has become exercisable with respect to certain shares, you may, subject to limitations under applicable law, exercise the Option to purchase all or any part of such shares at any time on or before the date the Option expires, but in no case may fewer than 100 shares be purchased at any one time except to purchase a residue of fewer than 100 shares. You may exercise your Option by giving written notice to the Company on a form acceptable to the Company specifying the number of shares of Common Stock desired to be purchased under this Agreement, including by any means specified by the Company's Plan administrator. The notice must be hand delivered, faxed, or mailed to the Company at its corporate headquarters (currently One Batesville Boulevard, Batesville, Indiana 47006-7756); Attention: General Counsel, or else delivered by the means specified by the Company's Plan administrator. The notice must be accompanied by payment of the aggregate option price for such shares, which payment may be made in the following ways: in cash; by delivery of shares of Common Stock; by broker-assisted cashless exercise; or by a combination of the above, in each case subject to the terms and conditions set forth in paragraphs 6(a), 6(b), and 6(c) below. For purposes of determining whether your Option was timely exercised, your Option will be deemed to be exercised on the date your notice of exercise (with required accompaniments as described in paragraph 6) is received by the General Counsel of the Company at its corporate headquarters during regular business hours. No employee of the Company is permitted to advise you on whether you should purchase shares of Common Stock under the Plan. Investment in shares of Common Stock involves a degree of risk. Before deciding to purchase shares of Common Stock pursuant to the Option, you should carefully consider all risk factors relevant to the acquisition of shares of Common Stock under the Plan and you should carefully review all of the materials related to the Option and the Plan. In addition, you should consult with your personal advisor for professional investment advice.

6. Satisfaction of Option Price.

(a) Payment of Cash. Your Option may be exercised by payment of the option price in cash (including cash equivalents, such as check, bank draft, money order, or wire transfer to the order of the Company).

(b) Payment in Common Stock. Your Option may be exercised by the delivery of unencumbered shares of Common Stock already owned by you for at least six months (either by actual delivery of the shares or by providing an affidavit affirming ownership of the shares in form and manner approved by the Committee). The shares will be valued at their fair market value on the date of exercise as provided in the Plan. The stock certificates for the shares you deliver in payment of the exercise price must be duly endorsed or accompanied by appropriate stock powers. Only stock certificates issued solely in your name or jointly in your and your spouse's name may be delivered. Only whole shares may be delivered. Any portion of the exercise price in excess of the fair market value of a whole number of shares must be paid in cash. If a certificate delivered in exercise of your Option evidences more shares than are needed to pay the exercise price, an appropriate replacement certificate will be issued to you for the excess shares.

(c) Broker-Assisted Cashless Exercise. You may exercise your Option by executing and delivering the documents necessary to irrevocably authorize a broker acceptable to the Company to sell shares of Common Stock (or a sufficient portion of such shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire option price and any withholding tax obligation resulting from such exercise.

7. Effects of Termination of Employment.

(a) General. The provisions of this paragraph apply to your Option in the event of the termination of your employment with the Company or one of its Subsidiaries prior to the Latest Expiration Date. Authorized leaves of absence from the Company or a Subsidiary, or transfers of employment between or among the Company and/or any of its Subsidiaries, shall not constitute a termination of employment for purposes of this Agreement.

(b) Prior to First Anniversary. If your employment with the Company or one of its Subsidiaries terminates for any reason or under any circumstances whatsoever prior to the first annual anniversary of the Grant Date, and if this Option has not previously become exercisable under paragraph 4(b) by reason of a Change in Control that occurred prior to the termination of your employment, then your Option will expire at the time of the termination of your employment and will not be, and will never become, exercisable as to any of the shares of Common Stock.

(c) On or After First Anniversary. If your employment with the Company or one of its Subsidiaries terminates on or after the first annual anniversary of the Grant Date, the following provisions apply to your Option:

(i) Retirement. If your employment terminates for any reason or under any circumstances other than your death or your discharge by the Company or a Subsidiary for Cause (as defined below), and if at the time of such termination of employment you are at least fifty-five (55) years old and have completed not less than five (5) continuous years of employment with the Company or a Subsidiary ending on such date of termination, your termination of employment will be deemed to be a retirement for purposes of this Option (notwithstanding the fact that it might also fall within one of the other subparagraphs set out below), and upon such retirement this Option (A) will become fully vested and exercisable as to all shares of Common Stock upon such termination of employment, and (B) will expire on (and may be exercised at any time on or before but not after) the earlier of (1) the date that is the first (1st) annual anniversary of the date on which your employment terminated; or (2) the Latest Expiration Date (as defined in paragraph 3).

i. Disability or Death. If your employment terminates by reason of your Disability or your death, then upon such termination this (A) Option will become fully vested and exercisable as to all shares of Common Stock upon such termination of employment, and (B) will expire on (and may be exercised at any time on or before but not after) the earlier to occur of (1) the date that is the first (1st) annual anniversary of the date on which your employment terminated; or (2) the Latest Expiration Date (as defined in paragraph 3).

ii. Termination Without Cause or With Good Reason. If your employment is terminated by the Company or a Subsidiary without Cause for terminating your employment, or if you voluntarily terminate your employment with the Company or a Subsidiary but have Good Reason (as defined below) for doing so (this provision relating to a termination of employment by you for “Good Reason” will not be applicable to you if you do not have a written employment agreement defining the term Good Reason, and your Option will not be subject to the provisions of this clause (iii) in such event), then in either of such events this Option (A) will be vested and exercisable only as to that number of shares as to which it has become exercisable on or prior to the date your employment is terminated (and will not become further exercisable thereafter), and (B) will expire on (and may be exercised at any time on or before but not after) the earlier to occur of (1) the date that is the first (1st) annual anniversary of the date on which your employment terminated; or (2) the Latest Expiration Date (as defined in paragraph 3).

iii. Termination Under Other Circumstances. If your employment is terminated under any circumstances not falling within one of the above clauses (i)-(iii) of this subparagraph (c), then upon your termination of employment this Option (A) will be exercisable only as to that number of shares as to which it has become vested and exercisable on or prior to the date your employment is terminated (and will not become further exercisable thereafter), and (B) will expire on (and may be exercised at any time on or before but not after) the earlier to occur of (1) the date

that is ninety (90) days after the date on which your employment terminated; or (2) the Latest Expiration Date (as defined in paragraph 3).

(d) Adjustments by the Committee. The Committee may, in its discretion, exercised before or after your termination of employment, declare all or any portion of your Option immediately exercisable and/or permit all or any part of your Option to remain exercisable for such period designated by it after the time when the Option would have otherwise terminated as provided in the applicable portion of paragraph 7(a), but not beyond the expiration date of your Option as set forth in paragraph 3 above.

(e) Committee Determinations. For purposes of this Agreement and the Plan, the Committee shall have absolute discretion to determine the date and circumstances of termination of your employment, and its determination shall be final, conclusive, and binding upon you.

8. Restrictions on Option Exercise.

(a) Even though your Option is otherwise exercisable, your right to exercise the Option will be suspended if the Committee determines that your exercise of the Option would violate applicable laws or regulations. The suspension will last until the exercise would be lawful. Any such suspension will not extend the term of your Option. The Company has no obligation to register the Common Stock covered by your Option under federal or state securities laws or to compensate you for any loss caused by the implementation of this paragraph 8.

(b) Even though your Option is otherwise exercisable, the Committee may refuse to permit such exercise if it determines, in its discretion, that any of the following circumstances is present:

(i) the shares to be acquired upon such exercise are required to be registered or qualified under any federal or state securities law, or to be listed on any securities exchange or quotation system, and such registration, qualification, or listing has not occurred;

(ii) the consent or approval of any government regulatory body is required or desirable and has not been obtained;

(iii) an agreement by you with respect to the disposition of shares to be acquired upon exercise of your Option is determined by the Committee to be necessary or desirable in order to comply with any legal requirements and you have not executed such agreement; or

(iv) the issuance, sale, or delivery of any shares of Common Stock is or may in the circumstances be unlawful under the laws or regulations of any applicable jurisdiction.

9. Income Tax Withholding. In connection with the exercise of your Option, you will be required to pay, or make other arrangements satisfactory to the Committee, to satisfy any applicable tax withholding liability. You may elect to have the tax withholding obligation satisfied by having the Company retain shares of Common Stock, otherwise deliverable to you upon exercise of your Option, having a value equal to the amount of your withholding obligation. If you fail to satisfy your tax withholding obligation in a time and manner satisfactory to the Committee, the Company shall have the right to withhold the required amount from your salary or other amounts payable to you.

Any election to have shares withheld must be made (in the manner acceptable to the Company) on or before the date you exercise your Option.

The amount of withholding tax paid by you to the Company will be paid to the appropriate federal, state, and local tax authorities in satisfaction of the withholding obligations under the tax laws. The total amount of income you recognize by reason of exercise of the Option will be reported to the appropriate taxing authorities in the year in which you recognize income with respect to the exercise. Whether you owe additional tax will depend on your overall taxable income for the applicable year and the total tax remitted for that year through withholding or by estimated payments.

10. Non-transferability of Option. The Option granted to you by this Agreement may be exercised only by you, and may not be assigned, pledged, or otherwise transferred by you, with the exception that in the event of your death the Option may be exercised (at any time prior to its expiration or termination as provided in paragraphs 3 and 7) by the executor or administrator of your estate or by a person who acquired the right to exercise your Option by bequest or inheritance or by the laws of descent and distribution.

11. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) “Cause” means:

(i) if you are a party to a written employment agreement with the Company or a Subsidiary that defines “cause” or a comparable term, the definition in that employment agreement, and

(ii) if not, the Company’s good faith determination that you have:

(1) failed or refused to comply fully and timely with any reasonable instruction or order of the Company or applicable Subsidiary, provided that such noncompliance is not based primarily on your compliance with applicable legal or ethical standards;

(2) acquiesced or participated in any conduct that is dishonest, fraudulent, illegal (at the felony level), unethical, involves moral turpitude, or is otherwise illegal and involves conduct that has the potential to cause

the Company or a Subsidiary or any of their respective officers or directors embarrassment or ridicule;

(3) violated any applicable Company or Subsidiary policy or procedure, including the Company's Code of Ethical Business Conduct; or

(4) engaged in any act that is contrary to the best interests of or would expose the Company, a Subsidiary, their related businesses, or any of their respective officers or directors to probable civil or criminal liability, excluding your actions in accordance with applicable legal and ethical standards.

(b) "Disability" means:

(i) if you, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary that defines "disability" or a comparable term, the definition in such employment agreement, and

(ii) if not, the Company's good faith determination that you are eligible (except for the waiting period) for permanent disability benefits under Title II of the Federal Social Security Act or, as it relates to Employees residing outside the United States, applicable local law.

(c) "Good Reason" means, if you, at termination of employment, is a party to a written employment agreement with the Company or a Subsidiary, the definition given to that term or a comparable term in that agreement, if any.

12. Adjustment in Certain Events. In the event of any merger, reorganization, consolidation, sale of substantially all assets, recapitalization, stock dividend, stock split, spin-off, split-up, split-off, distribution of assets, or other change in corporate structure occurring after the effective date of this award, the Board shall adjust the number and kind of shares of Common Stock covered by your Option, and the exercise price, to reflect the change and such adjustment shall be conclusive and binding upon you and the Company.

13. Forfeiture: Potential Repayment Obligation.

(a) Your Option and any Common Stock acquired under the Plan and any gain from the sale of any of the foregoing are required to be forfeited by you, including after exercise or vesting, if you material breach any restrictive covenant contained in any employment, severance, or other agreement with the Company or the Employer or in any applicable Company or Employer policy, and the Company may direct the Stock Plan Provider (as defined below) to deliver to the Company such Option, Common Stock, or gain from the sale of any of the foregoing, to the extent held in an account with such Stock Plan Provider.

(b) This paragraph 13(b) is applicable only if you hold the office of Vice President, or a higher office, with the Company or one of its significant Subsidiaries as of the effective date of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, your Option and any shares of Common Stock purchased in connection therewith, and/or any amount received with respect to any sale of any such shares, shall be subject to potential cancellation, recoupment, rescission, payback, or other action in accordance with the terms of the Company's clawback policy, as it may be amended from time to time (the "Policy"). You agree and consent to the Company's application, implementation, and enforcement of (a) the Policy or any similar policy established by the Company or its Subsidiaries that may apply to you, and (b) any provision of applicable law relating to cancellation, rescission, payback, or recoupment of compensation, and expressly agree that the Company may take such actions as are necessary to effectuate the Policy, any similar policy (as applicable to you) or applicable law without further consent or action being required by you. To the extent that the terms of this Agreement and the Policy or any similar policy conflict, the terms of such policy shall prevail.

14. No Guarantee of Employment. The grant of the Option shall not confer upon you any right to continue in the employ of your Employer nor limit in any way the right of your Employer to terminate your employment at any time. You shall have no rights as a shareholder of the Company with respect to any shares of Common Stock issuable upon the exercise of the Option until the date of issuance of such shares of Common Stock.

15. Other Plans. You acknowledge that any income derived from your Option (or the sale of Common Stock underlying your Option) will not affect your participation in, or benefits under, any other benefit plan maintained by the Company.

16. Administration. The Committee has the sole power to interpret the Plan and this Agreement and to act upon all matters relating to Options granted under the Plan. Any decision, determination, interpretation, or other action taken pursuant to the provisions of the Plan by the Committee shall be final, binding, and conclusive.

17. Amendment. The Committee may from time to time amend the terms of this grant in accordance with the terms of the Plan in effect at the time of such amendment, but no amendment which is unfavorable to you can be made without your written consent.

18. Code Section 409A Compliance. The Option is intended to be exempt from the requirements of Code Section 409A. The Plan and the Agreement shall be administered and interpreted in a manner consistent with this intent. If the Company determines that this Agreement is subject to Code Section 409A and that it has failed to comply with the requirements of that Section, the Company may, at the Company's sole discretion, and without your consent, amend this Agreement to cause compliance with Code Section 409A or exemption from Code Section 409A.

19. Discretionary Nature of Grant; No Vested Rights. You acknowledge and agree that the Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Option under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of stock options or benefits in lieu

of stock options in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of shares of Common Stock subject to the grant, the vesting provisions and the exercise price. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of your employment with your Employer. Neither the Company nor the Employer shall be liable for any change in value of the Option, the amount realized upon exercise of the Option or the amount realized upon a subsequent sale of any shares of Common Stock acquired upon exercise of the Option resulting from any fluctuation of the United States Dollar/local currency foreign exchange rate.

20. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Option or other awards granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. Notices. All notices and other communications required or permitted under this Agreement shall be written and delivered personally or sent by registered or certified first-class mail, postage prepaid and return receipt required, addressed as follows: if to the Company, to the Company's executive offices in Batesville, Indiana, and if to you or your successor, to the address you last furnished to the Company. The Company may, however, authorize notice by any other means it deems desirable or efficient at a given time, such as notice by facsimile or electronic mail.

22. Data Privacy. The Company is located at One Batesville Boulevard, Batesville, Indiana 47006, United States of America, and grants Options under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company's grant of the Option under the Plan and its ongoing administration of such award, the Company is providing the following information about its data collection, processing and transfer practices. In accepting the grant of the Option, you expressly and explicitly consent to the personal data activities as described herein.

(a) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about you, specifically, your name, home address, email address and telephone number, date of birth, date of hire, social security or insurance number, passport number or other identification numbers, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Options or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and use of your Data is your consent. Your Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for such disclosure of your Data is to comply with applicable laws, rules and regulations.

(b) Stock Plan Provider. The Company and the Employer transfer your Data to Fidelity Stock Plan Services LLC, a broker firm/third party service provider based in the

United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the “Stock Plan Provider”). In the future, the Company may select a different Stock Plan Provider and share your Data with another company that serves in a similar manner. The Stock Plan Provider will open an account for you to receive and trade shares of Common Stock acquired under the Plan. You will be asked to agree to separate terms and data processing practices with the Stock Plan Provider, which is a condition of your ability to participate in the Plan.

(c) International Data Transfers. The Company and the Stock Plan Provider are based in the United States of America. You should note that your country of residence may have enacted data privacy laws that are different from the United States of America. The Company’s legal basis for the transfer of your Data to the United States of America is your consent.

(d) Voluntariness and Consequences of Consent, Denial or Withdrawal. Your participation in the Plan and your grant of consent hereunder is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you later withdraw your consent, you may be unable to participate in the Plan. This would not affect your existing employment or salary; instead, you merely may forfeit the opportunities associated with participation in the Plan.

(e) Data Retention. You understand that your Data will be held only as long as is necessary to implement, administer and manage your Option and participation in the Plan. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company retains your Data longer, it would be to satisfy the Company’s legal or regulatory obligations and the Company’s legal basis would be for compliance with applicable laws, rules and regulations.

(f) Data Subject Rights. You understand that you may have the right under applicable law to (i) access or copy your Data that the Company possesses, (ii) rectify incorrect Data concerning you, (iii) delete your Data, (iv) restrict processing of your Data, and (v) lodge complaints with the competent supervisory authorities in your country of residence. To receive clarification regarding these rights or to exercise these rights, you understand that you can contact your Employer’s human resources representative.

23. Additional Requirements. The Company reserves the right to impose other requirements on the Option, any shares of Common Stock acquired pursuant to the Option, and your participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the administration of the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Company and you have executed this Agreement effective as of the Grant Date.

ACCEPTED BY GRANTEE: HILLENBRAND, INC.

By: ___ By: ___

Printed: ___ Title: ___

Printed: ___

APPENDIX A

HILLENBRAND, INC.

NON-QUALIFIED STOCK OPTION AGREEMENT

Additional Provisions Applicable Outside of the United States of America

To the extent that you are employed outside of the United States of America, the following provisions are considered part of, and modify, as applicable, the terms and conditions of the Agreement:

1. The following subparagraph (d) is added to the end of paragraph 6, Satisfaction of Option Price, to be and read as follows:

(d) Limitations on Method of Exercise. Notwithstanding anything to the contrary in this Agreement, if you reside in a country where the local foreign exchange rules and regulations either preclude the remittance of currency out of the country for purposes of paying the exercise price, or require the Company, the Employer and/or you to secure any legal or regulatory approvals, complete any legal or regulatory filings, or undertake any additional steps for remitting currency out of the country, the Company may restrict the method of exercise to a form of cashless exercise or such other form(s) of exercise (as it determines in its sole discretion).

2. The following subparagraphs (f) and (g) are added to the end of paragraph 7, Effects of Termination of Employment, to be and read as follows:

(f) Effective Date of Termination of Employment. If you are resident or employed outside of the United States of America, your termination date shall mean the earliest of (i) the date on which notice of termination is provided to you, (ii) the last day of your active service with the Company or one of its Subsidiaries, or (iii) the last day on which you are an “employee” of the Company or one of its Subsidiaries, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

(g) Age Discrimination Rules. If you are resident or employed in a country that is a member of the European Union, the grant of the Option and this Agreement is intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the “Age Discrimination Rules”). To the extent that a court or tribunal of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

3. Paragraph 9, Tax Withholding, is deleted in its entirety and replaced with the following paragraph 9, Tax and Social Insurance Contributions Withholding, to be and read as follows:

9. Tax and Social Insurance Contributions Withholding.

(a) Regardless of any action the Company and/or your Employer take with respect to any or all income tax (including U.S. federal, state, and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account, or other tax-related withholding (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you are and remains your responsibility and that the Company and your Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including the grant of the Option, the vesting of the Option, the exercise of the Option, the subsequent sale of any shares of Common Stock acquired pursuant to the Option and the receipt of any dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the Option to reduce or eliminate your liability for Tax-Related Items.

(b) Prior to the delivery of shares of Common Stock upon exercise of your Option, if your country of residence (and/or your country of employment, if different) requires withholding of Tax-Related Items, the Company shall withhold a sufficient number of whole shares of Common Stock otherwise issuable upon exercise of the Option that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the shares of Common Stock. In cases where the Fair Market Value of the number of whole shares of Common Stock withheld is greater than the minimum Tax-Related Items required to be withheld, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. The cash equivalent of the shares of Common Stock withheld will be used to settle the obligation to withhold the Tax-Related Items. Alternatively, your Employer may withhold the minimum Tax-Related Items required to be withheld with respect to the shares of Common Stock in cash from your regular salary and/or wages, or other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of shares of Common Stock by the Company or through your regular salary and/or wages or any other amounts payable to you by your Employer, no shares of Common Stock will be issued to you (or your estate) upon exercise of the Option unless and until satisfactory arrangements (as determined by the Board of Directors) have been made by you with respect to the payment of any Tax-Related Items which the Company and your Employer determines, in its sole discretion, must be withheld or collected with respect to such Option. By accepting the Option, you expressly consent to the withholding of shares of Common Stock and/or cash as provided for hereunder. All other Tax-Related Items related to the Option and any shares of Common Stock delivered in payment thereof are your sole responsibility.

4. Paragraph 22, Data Privacy, is deleted in its entirety and replaced with the following paragraph 22, Tax and Social Insurance Contributions Withholding, to be and read as follows:

22. Data Privacy. The Company is located at One Batesville Boulevard, Batesville, Indiana 47006, United States of America, and grants Options under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company's grant of the Options under the Plan and its ongoing administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices. In accepting the grant of the Option, you expressly and explicitly consent to the personal data activities as described herein.

(a) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about you, specifically, your name, home address, email address and telephone number, date of birth, date of hire, social security or insurance number, passport number or other identification numbers, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Options or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested, or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering, and managing the Plan. The Company's legal basis for the collection, processing and use of your Data is your consent. Your Data also may be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Company's legal basis for such disclosure of your Data is to comply with applicable laws, rules and regulations.

(b) Stock Plan Administration Service Providers. The Company and the Employer transfer your Data to Fidelity Stock Plan Services LLC, a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation, administration and management of awards granted under the Plan (the "Stock Plan Provider"). In the future, the Company may select a different Stock Plan Provider and share your Data with another company that serves in a similar manner. The Stock Plan Provider will open an account for you to receive and trade shares of Common Stock acquired under the Plan. You will be asked to agree to separate terms and data processing practices with the Stock Plan Provider, which is a condition of your ability to participate in the Plan.

(c) International Data Transfers. The Company and the Stock Plan Provider are based in the United States of America. You should note that your country of residence may have enacted data privacy laws that are different from the United States of America. The Company's legal basis for the transfer of your Data to the United States of America is your consent.

(d) Voluntariness and Consequences of Consent, Denial or Withdrawal. Your participation in the Plan and your grant of consent hereunder is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if

you later withdraw your consent, you may be unable to participate in the Plan. This would not affect your existing employment or salary; instead, you merely may forfeit the opportunities associated with participation in the Plan.

(e) Data Retention. You understand that your Data will be held only as long as is necessary to implement, administer and manage your Option and participation in the Plan. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company retains your Data longer, it would be to satisfy the Company's legal or regulatory obligations and the Company's legal basis would be for compliance with applicable laws, rules and regulations.

(f) Data Subject Rights. You understand that you may have the right under applicable law to (i) access or copy your Data that the Company possesses, (ii) rectify incorrect Data concerning you, (iii) delete your Data, (iv) restrict processing of your Data, (v) lodge complaints with the competent supervisory authorities in your country of residence. To receive clarification regarding these rights or to exercise these rights, you understand that you can contact your Employer's human resources representative.

5. The following paragraphs 24 through 27 are added to the end of the Agreement, to be and read as follows:

24. Termination Indemnities. Your participation in the Plan is voluntary. The value of the Option and any other awards granted under the Plan is an extraordinary item of compensation outside the scope of your employment (and your employment contract, if any). Any grant under the Plan, including the grant of the Option, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.

25. No Public Offering of Securities. The grant of the Option is not intended to be a public offering of securities in your country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus, or other filings with the local securities authorities (unless otherwise required under local law).

26. English Language. If you are resident outside of the United States, you acknowledge and agree that it is your express intent that this Agreement, the Plan and all other documents, notices, and legal proceedings entered into, given, or instituted pursuant to the Option, be drawn up in English. If you have received this Agreement, the Plan, or any other documents related to the Option translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

27. Addendum. Notwithstanding any provisions of this Agreement to the contrary, the Option shall be subject to any special terms and conditions for your country of residence (and country of employment, if different), as are set forth in the applicable

Addendum to this Agreement. Further, if you transfer your residence and/or employment to another country reflected in an Addendum to this Agreement at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the award and the Plan (or the Company may establish such alternative terms and conditions that may be necessary or advisable in light of your transfer). In all circumstances, any applicable Addendum shall constitute part of this Agreement.

HILLENBRAND, INC.

**ADDENDUM TO
NON-QUALIFIED STOCK OPTION AGREEMENT**

In addition to the terms of the Plan, the Agreement, and Appendix A, the Option is subject to the following additional terms and conditions. All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan, the Agreement, and Appendix A. Pursuant to paragraph 26 of the Agreement (as reflected in Appendix A), if you transfer residence and/or employment to another country reflected in an Addendum at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules, and regulations, or to facilitate the operation and administration of the award and the Plan (or the Company may establish such alternative terms and conditions that may be necessary or advisable in light of your transfer).

EUROPEAN UNION (“EU”) / EUROPEAN ECONOMIC AREA (“EEA”)

1. Data Privacy. If you reside and/or is employed in the EU/EEA, the following provisions replace paragraph 23 of the Agreement (as reflected in Appendix A):

Data Privacy. The Company is located at One Batesville Boulevard, Batesville, Indiana 47006, United States of America, and grants Options under the Plan to employees of the Company and its Subsidiaries in its sole discretion. In conjunction with the Company’s grant of the Option under the Plan and its ongoing administration of such award, the Company is providing the following information about its data collection, processing and transfer practices, which you should carefully review.

(a) Data Collection, Processing and Usage. The Company and the Employer will collect, process and use certain personal information about you, specifically, your name, home address, email address and telephone number, date of birth, date of hire, social security or insurance number, passport number or other identification numbers, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Options or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in your favor (“Data”), for the exclusive purpose of implementing, administering and managing the Plan. The Company’s legal basis for the collection, processing and use of your Data is your consent. Your Data also may be disclosed to certain securities or other regulatory authorities where the Company’s securities are listed or traded or regulatory filings are made. The Company’s legal basis for such disclosure of your Data is to comply with applicable laws, rules and regulations.

(b) Stock Plan Provider. The Company and the Employer transfer your Data to Fidelity Stock Plan Services LLC, a broker firm/third party service provider based in the United States of America and engaged by the Company to assist with the implementation,

administration and management of awards granted under the Plan (the “Stock Plan Provider”). In the future, the Company may select a different Stock Plan Provider and share your Data with another company that serves in a similar manner. The Stock Plan Provider will open an account for you to receive and trade shares of Common Stock acquired under the Plan. You will be asked to agree to separate terms and data processing practices with the Stock Plan Provider, which is a condition of your ability to participate in the Plan.

(c) International Data Transfers. The Company and the Stock Plan Provider are based in the United States of America. You should note that your country of residence may have enacted data privacy laws that are different from the United States of America. The Company’s legal basis for the transfer of your Data to the United States of America is to satisfy its contractual obligations under the terms and conditions of this Agreement.

(d) Data Retention. You understand that your Data will be held only as long as is necessary to implement, administer and manage your Option and participation in the Plan. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company retains your Data longer, it would be to satisfy the Company’s legal or regulatory obligations and the Company’s legal basis would be for compliance with applicable laws, rules and regulations.

(e) Data Subject Rights. You understand that you may have the right under applicable law to (i) access or copy your Data that the Company possesses, (ii) rectify incorrect Data concerning you, (iii) delete your Data, (iv) restrict processing of your Data, (vi) lodge complaints with the competent supervisory authorities in your country of residence. To receive clarification regarding these rights or to exercise these rights, you understand that you can contact your Employer’s human resources representative.

Canada

1. No Exercise by Using Previously Owned Shares. Notwithstanding anything in the Plan or the Agreement to the contrary, if you are a resident in Canada, you shall not be permitted to use previously-owned shares of Common Stock to pay the option price of the Option.

2. Data Privacy. The following provision shall supplement paragraph 23 of the Agreement:

You authorize the Company and the Company’s representative to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of your Option granted under the Plan. You further authorize the Company, the Employer, any broker or any stock plan service provider as may be selected by the Company from time to time to assist with the Plan, to disclose and discuss your participation in the Plan with their advisors. You also authorize the Company and the Employer to record such information related to your participation in the Plan and to keep such information in your employment file.

3. English Language. If you are a resident of Québec, you acknowledge and agree that it is your express intent that the Agreement, the Plan, and all other documents, notices, and legal proceedings entered into, given, or instituted pursuant to the Option, be drawn up in English. If you have received the Agreement, the Plan, or any other documents related to the Option translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

Langue Anglaise. Si le bénéficiaire est un résident du Québec, il reconnaît et accepte que le bénéficiaire a expressément l'intention que le présent contrat, le régime et tous les autres documents, avis et procédures judiciaires engagés, donnés ou institués en vertu de l'option, être rédigé en anglais. Si le bénéficiaire a reçu la présente convention, le plan ou tout autre document lié à l'option traduit dans une langue autre que l'anglais, et si le sens de la version traduite est différent de celui de la version anglaise, la version anglaise contrôlera.

China

1. Award Conditioned on Satisfaction of Regulatory Obligations. If you are a national of the People's Republic of China ("PRC"), the grant of the Option is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange to permit the operation of the Plan and the participation of PRC nationals employed by the Employer, as determined by the Company in its sole discretion.

2. Mandatory Full Cashless Exercise. Notwithstanding anything in the Agreement to the contrary, the Option may be exercised only by using the Broker-Assisted Cashless Exercise method as provided in Paragraph 6(c) of the Agreement.

3. Exchange Control Restrictions. You understand and agree that, if you are subject to exchange control laws in China, you will be required to repatriate immediately to China the proceeds from the sale of any shares of Common Stock acquired under the Plan. You further understand that such repatriation of sale proceeds must be effected through a special bank account established by the Company with a financial institution in China and you hereby consent and agree that proceeds from the sale of shares of Common Stock acquired under the Plan may be transferred to such account by the Company on your behalf prior to being delivered to you and that no interest shall be paid with respect to funds held in such account. Sale proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the sale proceeds are paid to you in U.S. dollars, you understand that you must establish and maintain a U.S. dollar bank account in China so that the proceeds may be deposited into such account. If the sale proceeds are paid to you in local currency, you acknowledge that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the sale proceeds to local currency due to exchange control restrictions. You agree to bear any currency fluctuation risk between the time the shares of Common Stock are sold and the net proceeds are converted into local currency and distributed to you. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

4. Administration. The Company shall not be liable for any costs, fees, lost interest or dividends or other losses you may incur or suffer resulting from the enforcement of the terms of this section or otherwise from the Company's operation and enforcement of the terms of the Plan, the Agreement and this Addendum, and the Option in accordance with Chinese law including, without limitation, any applicable rules, regulations, requirements and approvals issued by the State Administration of Foreign Exchange.

Denmark

1. Treatment of Options Upon Termination of Employment. Notwithstanding any provision in the Agreement or the Plan to the contrary, the treatment of the Option upon your termination of employment shall be governed by the Danish Act on the Usage of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the "Stock Option Act"), as in effect at the time of your termination of employment (as determined by the Company, in its sole discretion, in consultation with legal counsel). You acknowledge having received an "Employer Statement" in Danish, which is being provided in conjunction with the Option to comply with the Stock Option Act.

France

1. English Language. If you are a resident of France, you acknowledge and agree that it is your express intent that the Agreement, the Plan, and all other documents, notices, and legal proceedings entered into, given, or instituted pursuant to the Option, be drawn up in English. If you have received the Agreement, the Plan, or any other documents related to the Option translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

Langue Anglaise. Si le bénéficiaire est un résident de la France, le bénéficiaire reconnaît et accepte que le bénéficiaire a expressément l'intention être rédigé en anglais. Si le bénéficiaire a reçu la présente convention, le plan ou tout autre document lié à l'option traduit dans une langue autre que l'anglais, et si le sens de la version traduite est différent de celui de la version anglaise, la version anglaise prévaudra contrôlera.

Italy

1. Mandatory Full Cashless Exercise. Notwithstanding anything in the Agreement to the contrary, if you are a resident of Italy, the Option may be exercised only by using the Broker-Assisted Cashless Exercise method as provided in Paragraph 6(c) of the Agreement.

Germany

No country-specific provisions.

Mexico

1. Commercial Relationship. You expressly recognize that your participation in the Plan and the Company's grant of the Option does not create an employment relationship between you and the Company. The Company has granted you the Option as a consequence of the commercial relationship between the Company and the Company's Subsidiary in Mexico that employs you (i.e., the Employer), and the Company's Subsidiary in Mexico is your sole employer. Based on the foregoing, (a) you expressly recognize the Plan and the benefits you may derive from your participation in the Plan does not establish any rights between you and the Employer, (b) the Plan and the benefits you may derive from your participation in the Plan are not part of the employment conditions and/or benefits provided by the Employer, and (c) any modifications or amendments of the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of your employment with the Employer.

Singapore

1. Qualifying Person Exemption. The grant of the Option under the Plan is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (the "SFA"). The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore and is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should note that, as a result, the Option are subject to section 257 of the SFA and you will be unable to make: (a) any subsequent sale of the shares of Common Stock underlying the Option in Singapore; or (b) any offer of such subsequent sale of the shares of Common Stock subject to the Option in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA.

Sweden

1. Exercise by Cash Payment Only. Notwithstanding anything in the Agreement to the contrary, if you are a local national of Sweden, you may not exercise the Option by tendering existing shares of Common Stock owned by you to pay the option price and instead, you may exercise the Option only by means of a cash payment or such other methods as may be permitted under the Plan and allowed under local law.

2. Withholding of Tax-Related Items from Cash Payments. The following provision shall supplement paragraph 9 of the Agreement (as reflected in Appendix A):

Notwithstanding anything in paragraph 9 of the Agreement to the contrary, if you are a local national of Sweden, any Tax-Related Items shall be withheld only in cash from your regular salary/wages or other amounts payable to you in cash, or such other withholding methods as may be permitted under the Plan and allowed under local law.

Switzerland

1. Securities Law Notice. The grant of the Option is not intended to be a public offer in or from Switzerland. Because the offer of the Option is considered a private offering, it is not subject to registration in Switzerland. Neither the Agreement, this Addendum nor any other materials relating to the Option (a) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (b) may be publicly distributed nor otherwise made available in Switzerland, or (c) has been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority).

United Kingdom

1. No Exercise by Using Previously Owned Shares. Notwithstanding anything in the Plan or the Agreement to the contrary, if you are a resident in the United Kingdom, you shall not be permitted to use previously-owned shares of Common Stock to pay the option price of the Option.

2. Income Tax and Social Insurance Contribution Withholding. The following provision shall supplement paragraph 9 of the Agreement (as reflected in Appendix A):

Without limitation to paragraph 9 of the Agreement, you hereby agree that you are liable for all Tax-Related Items and hereby consent to pay all such Tax-Related Items, as and when requested by the Company, the Employer or by HM Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). You hereby agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold on your behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that you are a director or executive officer and income tax due is not collected from or paid by you within ninety (90) days after the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You acknowledge that you ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from you at any time thereafter by any of the means referred to in paragraph 9 of the Agreement.

3. Exclusion of Claim. You acknowledge and agree that you will have no entitlement to compensation or damages in consequence of the termination of your employment with the Employer for any reason whatsoever and whether or not in breach of contract, insofar as such entitlement arises or may arise from your ceasing to have rights under or to be entitled to exercise the Option as a result of such termination, or from the loss or diminution in value of the Option. Upon the grant of the Option, you shall be deemed irrevocably to have waived any such entitlement.

CERTIFICATIONS

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

I, Joe A. Raver, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hillenbrand, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a.) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b.) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c.) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d.) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent 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 5, 2020

/s/ Joe A. Raver

Joe A. Raver
President and Chief Executive Officer

CERTIFICATIONS

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

I, Kristina A. Cerniglia certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hillenbrand, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a.) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b.) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c.) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d.) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent 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 5, 2020

/s/ Kristina A. Cerniglia

Kristina A. Cerniglia
Senior Vice President and Chief Financial Officer

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

In connection with the Quarterly Report of Hillenbrand, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joe A. Raver, 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/ Joe A. Raver

Joe A. Raver

President and Chief Executive Officer

February 5, 2020

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

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

In connection with the Quarterly Report of Hillenbrand, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kristina A. Cerniglia, 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/ Kristina A. Cerniglia

Kristina A. Cerniglia

Senior Vice President and Chief Financial Officer

February 5, 2020

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.
