Hillenbrand, Inc.
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January 04, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:
Preliminary Proxy Statement
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Definitive Proxy Statement
Definitive Additional Materials
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Hillenbrand, Inc.
(Name of Registrant as Specified In Its Charter)

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HILLENBRAND, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held February 22, 2017

The Annual Meeting of the shareholders of Hillenbrand, Inc. (the "Company") will be held at the Company's headquarters at One Batesville Boulevard, Batesville, Indiana 47006, on Wednesday, February 22, 2017, at 10:00 a.m. Eastern Standard Time, for the following purposes:

(1) to elect three members to the Board of Directors;

(2) to approve, by a non-binding advisory vote, the compensation paid by the Company to its Named Executive Officers ("Say on Pay Vote");

(3) to approve, by a non-binding advisory vote, the frequency of future Say on Pay Votes;

(4) to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2017; and

(5) to transact such other business as may properly come before the meeting and any postponement or adjournment of the meeting.

By Order of the Board of Directors,

Nicholas R. Farrell
Secretary

Important notice regarding the availability of proxy materials for the Annual Meeting of shareholders to be held on February 22, 2017: This proxy statement, the accompanying proxy card, and our 2016 Annual Report to Shareholders are available on the Internet at *www.hillenbrand.com*.

January 4, 2017

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HILLENBRAND, INC.

PROXY STATEMENT

This proxy statement relates to the solicitation by the Board of Directors of Hillenbrand, Inc. (the "Company" or "Hillenbrand") of proxies for use at the Annual Meeting of the Company's shareholders to be held at the Company's headquarters at One Batesville Boulevard, Batesville, Indiana 47006, telephone (812) 934-7500, on Wednesday, February 22, 2017, at 10:00 a.m. Eastern Standard Time, and at any postponements or adjournments of the meeting. This proxy statement was first mailed to shareholders on or about January 4, 2017.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

The following questions and answers will explain the purpose of this proxy statement and what you need to know to vote your shares. Throughout these questions and answers and the proxy statement, we sometimes refer to Hillenbrand and the Company in terms of "we," "us," or "our."

Q: What is the purpose of this proxy statement?

A: The Board of Directors of Hillenbrand (the "Board") is soliciting your proxy to vote at the 2017 Annual Meeting of the shareholders of Hillenbrand because you were a shareholder at the close of business on December 16, 2016, the record date for the 2017 Annual Meeting, and are entitled to vote at the Annual Meeting. The record date for the 2017 Annual Meeting was established by the Board in accordance with our Amended and Restated Code of By-laws (the "By-laws") and Indiana law.

This proxy statement contains the matters that must be set out in a proxy statement according to the rules of the U.S. Securities and Exchange Commission (the "SEC") and provides the information you need to know to vote at the Annual Meeting. You do not need to attend the Annual Meeting to vote your shares.

Q: What is the difference between holding shares as a "shareholder of record" and as a "beneficial owner"?

A: If your shares are registered directly in your name with Hillenbrand's transfer agent, Computershare Investor Services, LLC, you are the "shareholder of record" with respect to those shares, and you tell us directly how your

shares are to be voted.

If your shares are held in a stock brokerage account or by a bank or other nominee, then your nominee is the shareholder of record for your shares and you are considered the “beneficial owner” of shares held in street name. As the beneficial owner, you have the right to direct your broker, bank, or nominee how to vote your shares.

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Q: What am I being asked to vote on?

A: Election of three directors: Thomas H. Johnson, Neil S. Novich, and Joe A. Raver;

Approval, by a non-binding advisory vote, of the compensation paid to the Company's Named Executive Officers, as disclosed pursuant to SEC compensation disclosure rules in the "Compensation Discussion and Analysis" and "Executive Compensation Tables" sections of this proxy statement and in any related material herein (the "Say on Pay Vote");

Approval, by a non-binding advisory vote, of the frequency – every one year, every two years, or every three years – of future Say on Pay Votes (the "Say on Pay Frequency Vote"); and

Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2017.

The Board recommends a vote **FOR** each of the director nominees; **FOR** approval of the compensation paid to the Named Executive Officers of the Company pursuant to the Say on Pay Vote; **FOR** the selection of every **ONE YEAR** as the frequency of future Say on Pay Votes; and **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2017.

Our Named Executive Officers are those officers specified by Item 402(a)(3) of the SEC's Regulation S-K. See the discussion under the heading "Introduction" in the "Compensation Discussion and Analysis" section of this proxy statement for more information regarding Named Executive Officers.

Q: What are the voting requirements to elect the directors and to approve the other proposals being voted on?

A: The Articles of Incorporation of Hillenbrand provide that the directors are elected by a majority of the votes cast at the Annual Meeting. This means that to be elected, the number of votes cast "for" a director nominee must exceed the number of votes "withheld" against that nominee.

The adoption of each of the proposals (a) to approve, by a non-binding advisory vote, the compensation paid to the Named Executive Officers and (b) to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2017 requires the affirmative vote of a majority of the votes cast for or against approval.

The adoption of the proposal to approve, by a non-binding advisory vote, the frequency of the submission of a Say on Pay Vote to the shareholders will be decided by the frequency period that receives the greatest number of votes cast at the Annual Meeting.

If you are present or represented by proxy at the Annual Meeting and you affirmatively elect to abstain, your abstention, as well as any broker non-votes, will not be counted as votes cast on any matter to which they relate. See “How will my shares be voted?” below for more information about broker non-votes.

Q: How many votes do I have?

A: You are entitled to one vote for each share of Hillenbrand common stock that you held as of the record date.

Q: How do I vote?

A: The different ways that you (if you are a shareholder of record) or your nominee (if you are a beneficial owner) can tell us how to vote your shares depend on how you received your proxy statement this year.

For shareholders of record, many of you were not mailed a paper copy of proxy materials, including this proxy statement, a proxy card, and our 2016 Annual Report to Shareholders. Instead, commencing on or about January 4, 2017, we sent you a Notice of Internet Availability of Proxy Materials ("Notice") telling you that proxy materials are available at the web site indicated in that Notice, *www.proxyvote.com*, and giving you instructions for voting your shares at that web site. We also told you in that Notice (and on the web site) how you can request us to mail proxy materials to you. If you subsequently do receive proxy materials by mail, you can vote in any of the ways described below. If not, you must vote via the Internet (and we encourage you to do so) at *www.proxyvote.com* or in person at the Annual Meeting as explained below.

With respect to shareholders of record who received proxy materials by mail, we commenced mailing on or about January 4, 2017. You can vote using any of the following methods:

Proxy card or voting instruction card. Be sure to complete, sign, and date the card and return it in the prepaid envelope.

By telephone or the Internet. The telephone and Internet voting procedures established by Hillenbrand for shareholders of record are explained in detail on your proxy card and in the Notice many shareholders receive. These procedures are designed to authenticate your identity, to allow you to give your voting instructions, and to confirm that these instructions have been properly recorded.

In person at the Annual Meeting. You may vote in person at the Annual Meeting. You may also be represented by another person at the meeting by executing a proper proxy designating that person. If you are not the record holder of your shares and want to attend the meeting and vote in person, you must obtain a legal proxy from your broker, bank, or nominee and present it to the inspectors of election with your ballot when you vote at the meeting.

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With respect to the beneficial owners of shares held by nominees, the methods by which you can access proxy materials and give voting instructions to your nominee may vary, depending on the nominee. Accordingly, if you are such a beneficial owner, you should follow the instructions provided by your nominee.

Q: I share an address with another shareholder and we received only one Notice of Internet Availability of Proxy Materials or one paper copy of the proxy materials, as applicable. How may I obtain an additional copy?

A: The Company has adopted a procedure approved by the SEC called "householding." Under this procedure, the Company is delivering a single copy of either the Notice of Internet Availability of Proxy Materials or a paper copy of the proxy materials, as applicable, to multiple shareholders who share the same address, unless the Company has received contrary instructions from one or more of the shareholders. This procedure reduces the Company's printing costs, mailing costs, and fees. Shareholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, a separate copy of the Notice of Internet Availability of Proxy Materials or a paper copy of the proxy materials or the annual report, as applicable, will be promptly delivered to any shareholder at a shared address to which the Company delivered a single copy. To receive a separate copy, or a separate copy of future materials, shareholders may write or call the Company's Investor Relations Department at One Batesville Boulevard, Batesville, Indiana 47006, telephone (812) 931-6000 and facsimile (812) 931-5209. Shareholders who hold shares in street name may contact their broker, bank, or other nominee to request information about householding.

Q: How will my shares be voted?

A: For shareholders of record, all shares represented by the proxies mailed to shareholders will be voted at the Annual Meeting in accordance with instructions given by the shareholders. Where proxies are returned without instructions, the shares will be voted: (1) **FOR** the election of each of the three nominees named above as directors of the Company; (2) **FOR** the approval, by a non-binding advisory vote, of the compensation paid to the Named Executive Officers pursuant to the Say on Pay Vote; (3) **FOR** holding future Say-on-Pay Frequency Votes every **ONE YEAR**; (4) **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for fiscal year 2017; and (5) in the discretion of the proxy holders upon such other business as may properly come before the Annual Meeting. Where a proxy is not returned, the shares will not be voted unless you attend the Annual Meeting and vote in person.

For beneficial owners, the brokers, banks, or nominees holding shares for beneficial owners must vote those shares as instructed. If the broker, bank, or nominee has not received instructions from the beneficial owner, the broker, bank, or nominee generally has discretionary voting power only with respect to matters that are considered routine matters. Under applicable New York Stock Exchange rules, Proposal No. 1 relating to the election of directors, Proposal No. 2 relating to an advisory vote to approve Named Executive Officer compensation, and Proposal No. 3 relating to the frequency of a Say on Pay Vote by the shareholders are deemed to be non-routine matters with respect to which brokers and nominees may not exercise their voting discretion without receiving instructions from the beneficial owners of the shares (this is referred to as a "broker non-vote"). Proposal No. 4 relating to the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for fiscal year 2017 is a matter on which brokers holding stock for the accounts of their clients who have not been given specific voting instructions are allowed to vote client shares. To avoid a broker non-vote of your shares on Proposals No. 1, 2, and 3, you must send voting instructions to your bank, broker, or nominee or obtain a legal proxy and vote your shares in person at the Annual Meeting.

Q: What can I do if I change my mind after I vote my shares prior to the Annual Meeting?

A: If you are a shareholder of record, you may revoke your proxy at any time before it is voted at the Annual Meeting by:

sending written notice of revocation to the Secretary of Hillenbrand at One Batesville Boulevard, Batesville, Indiana 47006;

submitting a revised proxy by telephone, Internet, or paper ballot after the date of the revoked proxy; or

attending the Annual Meeting and voting in person.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your broker, bank, or nominee. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described under "How do I vote?" above.

Q: Who will count the votes?

A: Representatives of Broadridge Investor Communication Solutions, Inc. (“Broadridge”) will tabulate the votes and act as inspectors of election.

Q: What constitutes a quorum at the Annual Meeting?

A: As of the record date, 63,640,007 shares of Hillenbrand common stock were outstanding. A majority of the outstanding shares must be present or represented by proxy at the Annual Meeting to constitute a quorum for the purpose of conducting business at the Annual Meeting. Your shares will be considered part of the quorum if you submit a properly executed proxy or attend the Annual Meeting.

Q: Who can attend the Annual Meeting in person?

A: All shareholders as of the record date may attend the Annual Meeting in person but must have an admission ticket. If you are a shareholder of record, the ticket attached to the proxy card or a copy of your Notice (whichever you receive) will admit you and one guest. If you are a beneficial owner, you may request a ticket by writing to the Secretary of Hillenbrand at One Batesville Boulevard, Batesville, Indiana 47006, or by faxing your request to (812) 931-5185 or emailing it to *investors@hillenbrand.com*. You must provide evidence of your ownership of shares with your ticket request, which you can obtain from your broker, bank, or nominee. We encourage you or your broker to fax or email your ticket request and proof of ownership as soon as possible to avoid any mail delays.

Q: When are shareholder proposals due for the 2018 Annual Meeting?

A: For a shareholder proposal to be presented at the Company's 2018 Annual Meeting of shareholders and to be considered for possible inclusion in the Company's proxy statement and form of proxy relating to that meeting, it must be submitted to and received by the Secretary of Hillenbrand at its principal offices at One Batesville Boulevard, Batesville, Indiana 47006, not later than September 6, 2017. Our By-laws describe certain information required to be submitted with such a proposal.

In addition, without regard to whether a proposal is or is not submitted in time for possible inclusion in our proxy statement for the 2018 Annual Meeting, our By-laws provide that for business to be brought before the Annual Meeting by a shareholder, or for director nominations to be made by a shareholder for consideration at the Annual Meeting, written notice thereof must be received by the Secretary of Hillenbrand at its principal offices not later than 100 days prior to the anniversary of the immediately preceding Annual Meeting, or not later than November 14, 2017, for the 2018 Annual Meeting of shareholders. This notice must also provide certain information as set forth in our By-laws. See the section of this proxy statement entitled "Committees of the Board of Directors" under "The Board of Directors and Committees" for additional details regarding shareholder nominees for director.

Q: What happens if a nominee for director is unable to serve as a director?

A: If any of the nominees becomes unavailable for election, which we do not expect to happen, votes will be cast for such substitute nominee or nominees as may be designated by the Board, unless the Board reduces the number of directors.

Q: Can I view the shareholder list? If so, how?

A: A complete list of the shareholders entitled to vote at the Annual Meeting will be available to view during the Annual Meeting. The list will also be available to view at the Company's principal offices during regular business hours during the five business days preceding the Annual Meeting.

Q: Who pays for the proxy solicitation related to the Annual Meeting?

A: The Company pays for the proxy solicitation related to the Annual Meeting. In addition to sending you these materials, some of our directors and officers, as well as management and non-management employees, may contact you by telephone, mail, email, or in person. You may also be solicited by means of press releases issued by Hillenbrand and postings on our web site, *www.hillenbrand.com*. None of our officers or employees will receive any additional compensation for soliciting your proxy. We have retained Broadridge to assist us with proxy solicitation and related services for an estimated fee of $13,000, plus reasonable out of pocket expenses. Such fees will be incurred after the mailing of the proxy materials. Broadridge will ask brokers, banks, and other custodians and nominees whether they hold shares for which other persons are beneficial owners. If so, we will supply them with additional copies of the proxy materials for distribution to the beneficial owners. We will also reimburse banks, nominees, fiduciaries, brokers, and other custodians for their costs of sending proxy materials to the beneficial owners of Hillenbrand common stock.

Q: How can I obtain a copy of the Annual Report on Form 10-K?

A: **A copy of Hillenbrand's 2016 Annual Report on Form 10-K may be obtained free of charge by writing or calling the Investor Relations Department of Hillenbrand at its principal offices at One Batesville Boulevard, Batesville, Indiana 47006, telephone (812) 931-6000 and facsimile (812) 931-5209.** The 2016 Annual Report on Form 10-K, as well as Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, are also available at Hillenbrand's web site, *www.hillenbrand.com*.

Q: How can I obtain the Company's corporate governance information?

A: The documents listed below are available on the Internet at the Company's web site, *www.hillenbrand.com*. You may also go directly to *http://ir.hillenbrand.com/investor-relations/corporate-governance/governance-documents* for those documents. Printed copies are also available to any shareholder who requests them through our Investor Relations Department at One Batesville Boulevard, Batesville, Indiana 47006, telephone (812) 931-6000 and facsimile (812) 931-5209. The available documents are:

Hillenbrand, Inc. Corporate Governance Standards

Hillenbrand, Inc. Committee Charters – Audit Committee, Nominating/Corporate Governance Committee, Compensation and Management Development Committee, and Mergers and Acquisitions Committee

Position Descriptions for Chairperson of the Board, Members of the Board, and Committee Chairpersons

Restated and Amended Articles of Incorporation of Hillenbrand, Inc.

Amended and Restated Code of By-laws of Hillenbrand, Inc.

Hillenbrand, Inc. Code of Ethical Business Conduct

Hillenbrand, Inc. Global Anti-Corruption Policy

Supply Chain Transparency Policy – Hillenbrand, Inc. and its subsidiaries

PROPOSAL NO. 1 – ELECTION OF DIRECTORS

This section of the proxy statement introduces the current members of our Board of Directors, including the three directors in Class III who have been nominated to serve additional three-year terms.

The Restated and Amended Articles of Incorporation (the "Articles of Incorporation") and the By-laws of Hillenbrand provide that members of the Board of Directors are classified with respect to the terms that they serve by dividing them into three equal (or near-equal) classes. Each director is elected to serve a three-year term and until his or her successor is duly elected and qualified, or until his or her earlier death, resignation, lawful removal, or failure to be re-elected in accordance with the Company's By-laws.

The Board of Directors currently consists of eleven members, with four directors in Class I and Class II and three directors in Class III.

The terms of the directors expire as follows:

Class	Term Expires at
Class I	2018 Annual Meeting
Class II	2019 Annual Meeting
Class III	2017 Annual Meeting

The three directors in Class III who are nominated for election to the Board at the 2017 Annual Meeting, each of whom has agreed to serve as a director if elected, are Thomas H. Johnson, Neil S. Novich, and Joe A. Raver.

The Board of Directors recommends that the shareholders vote FOR Proposal No. 1 to elect to the Board of Directors each of the three nominees.

The Articles of Incorporation of Hillenbrand provide that directors are elected by a majority of the votes cast at the Annual Meeting. This means that to be elected, the number of votes cast "for" a director nominee must exceed the

number of votes "withheld" against that nominee. If you own shares through a bank, broker, or other holder of record, you must instruct your bank, broker, or other holder of record how to vote your shares in order for your vote to be counted on this Proposal. At the Annual Meeting, the proxies being solicited will be voted for no more than three nominees as Class III directors.

Set forth below is information about all of our current directors, including the three nominees for election at the 2017 Annual Meeting of shareholders. The biographical information provided for each person includes all directorships held by such person at any time during the past five years and, in some cases, directorships held prior to such five-year lookback.

Class III Nominees for Election as Directors with Terms Expiring in 2020

Thomas H. Johnson Director since 2008
Age 66

Mr. Johnson has served as a director of the Company since March 2008. In 1998, Mr. Johnson founded Johnson Consulting Group, a consulting firm focused on the death care industry. Prior to founding Johnson Consulting, he founded and served as President and Chief Executive Officer of Prime Succession (a funeral home and cemetery operator) from 1992 until 1996. Before Prime Succession, he served in a variety of other capacities in the death care profession, including as an executive of Batesville Casket Company. Mr. Johnson is the sole owner of Johnson Investment Group, LLC, which owns and operates two funeral homes in the Phoenix, Arizona vicinity. Mr. Johnson is also a 25 percent owner, and the managing member, of Fire and Stone Group, LLC, which owns and operates a funeral home in Batesville, Indiana. Mr. Johnson currently serves on the Board of Great Western Life Insurance, where he also serves on the Audit Committee. He previously served on the Board of the Funeral Service Foundation from 2004 until 2010.

The Company's Board of Directors concluded that Mr. Johnson should serve as a director based on his long service in the death care industry and resultant expertise in funeral services, including his prior service on the Board of the Funeral Service Foundation.

Neil S. Novich Director since 2010
Age 62

Mr. Novich has served as a director of the Company since February 2010. He is the former Chairman and President and Chief Executive Officer of Ryerson, Inc., a global metals distributor and fabricator. Mr. Novich joined Ryerson in 1994 as Chief Operating Officer and was named President and CEO in 1995. He served on the Board of Ryerson from 1994 until 2007, adding Chairman to his title in 1999. He remained Chairman and CEO until 2007, when the company was sold. Prior to his time at Ryerson, Mr. Novich spent 13 years with Bain & Company, an international management consulting firm, where he spent several years as a partner. He currently serves on the Boards of Analog Devices, Inc. (a semiconductor company), where he chairs the Compensation Committee; Beacon Roofing Supply (a distributor of residential and non-residential roofing materials), where he chairs the Audit Committee; and W.W. Grainger, Inc. (an industrial supply company), where he is a member of the Audit Committee and Board Affairs and Nominating Committee. Mr. Novich is also a trustee of the Field Museum of National History and life trustee of Children's Home & Aid in Chicago and is a member of the Visiting Committee to the Physical Sciences Division of the University of Chicago.

The Company's Board of Directors concluded that Mr. Novich should serve as a director based on his service as President and CEO of a major public corporation and his several years of experience as a partner with a major consulting firm, together with his continuing service on the boards of several public companies and non-profit organizations.

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Joe A. Raver Director since 2013
Age 50

Mr. Raver has served as a director and as President and Chief Executive Officer of the Company since September 2013. He has served as President of the Company's Process Equipment Group since March 2011. Prior to that, he had been President of Batesville Casket Company beginning in June 2008. He also previously served as Vice President and General Manager of the respiratory care division of Hill-Rom Holdings ("Hill-Rom"), a leading global provider of medical equipment and services and the Company's former parent, as well as Hill-Rom's Vice President of Strategy and Shared Services. Prior to that, Mr. Raver spent 10 years in a variety of leadership positions at Batesville Casket Company and Hill-Rom.

The Company's Board of Directors concluded that Mr. Raver should serve as a director because of his position as President and Chief Executive Officer of the Company and based on his years of experience as an executive of the Company's Process Equipment Group and Batesville Casket Company and his in-depth knowledge of the death care and process equipment industries.

Class II Directors with Terms Expiring in 2019

Gary L. Collar

Director since 2015
Age 60

Mr. Collar has served as a director of the Company since May 2015. Mr. Collar is the Senior Vice President and General Manager of Asia Pacific (APAC) region for AGCO Corporation ("AGCO"), a world leader in the development, manufacture, and marketing of agricultural machinery and solutions. Mr. Collar is responsible for all activities and all brands within the region, which includes China, India, Asia, and Australia - New Zealand. In addition, Mr. Collar leads the development of Business, Distribution Structures and Investments in China for AGCO. He was appointed to his current position in January 2012. Mr. Collar previously served as AGCO's Senior Vice President and General Manager of Europe, Africa, Middle East, Australia, and New Zealand from 2004 to December 2011. Prior to that appointment, Mr. Collar was Vice President of Market Development, Worldwide for the Challenger Division, after joining AGCO in 2002.

Mr. Collar currently serves on the Board of Directors of Tractors and Farm Equipment Limited, an Indian tractor manufacturer and an investment of AGCO Corporation, and serves on the Global Board of Directors of AGCO Finance, Incorporated, a joint venture between AGCO Corporation and De Lage Landen Financial Services, which provides retail and

wholesale financing services to AGCO customers globally.

Mr. Collar previously held various senior management positions within several divisions at ZF Friedrichshaven A.G. between 1994 and 2002. These assignments included President and CEO of the company's Joint Venture producing steering systems for the North American automotive market, and Vice President, Business Development for the automotive group. Prior to this, he was employed by Caterpillar Incorporated.

The Company's Board of Directors concluded that Mr. Collar should serve as a director based on his deep international experience, particularly in East Asia, as an executive of several multinational companies.

Mark C. DeLuzio Director since 2008
Age 60

Mr. DeLuzio has served as a director of the Company since March 2008. He is President and Chief Executive Officer of Lean Horizons Consulting, LLC, a global management consulting business, which he founded in 2001. Prior to founding Lean Horizons, he served as Vice President, Danaher Business Systems for Danaher Corporation, a diversified industrial company.

The Company's Board of Directors concluded that Mr. DeLuzio should serve as a director based on his years of service as Vice President, Danaher

Business Systems for Danaher Corporation and his leadership of Lean Horizons Consulting, LLC, where he continues to provide expertise in lean business concepts.

Joy M. Greenway Director since 2013
Age 56

Ms. Greenway has served as a director of the Company since February 2013. She currently serves as Chief Financial Officer of the Global Purchasing and Supply Chain of General Motors, having served in that position since June 2014. Prior to that, she served as Senior Vice President for Visteon Corporation (a Tier 1 automotive systems supplier) from 2000 until 2013. Visteon filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code in May 2009 and exited in October 2010. Prior to joining Visteon, Ms. Greenway was employed as the Director, Manufacturing for United Technologies Corporation, a diversified aerospace and building company. Before United Technologies Corporation, Ms. Greenway was employed by GE Industrial Power Systems as a Materials Manager and served in various management positions at GE Aerospace/Martin Marietta.

The Company's Board of Directors concluded that Ms. Greenway should serve as a director based on her deep operations and global leadership experience, particularly in the manufacturing industry, and her tenure as a senior executive of a Fortune 500 public company.

F. Joseph Loughrey Director since 2009
Age 67

Mr. Loughrey has served as a director of the Company since February 2009, and has been Chairperson of the Board since

February 2013. In April 2009, he retired from Cummins Inc. (engines and related technology) after serving in a variety of roles for 35 years, most recently as Vice Chair of the Board of Directors and as the company's President and Chief Operating Officer. Mr. Loughrey served on the Board of Directors of Cummins from July 2005 until May 2009. Mr. Loughrey currently serves on a number of boards, including: Oxfam America (an international relief and development organization), where he serves as Chair of the Board; the Lumina Foundation for Education, where he serves as Chair of the Board; AB SKF (a Swedish bearing company); Hyster-Yale Materials Handling, Inc. (heavy equipment), where he serves as Chair of the Audit Committee and as a member of the Nominating and Corporate Governance and Executive Committees; Vanguard Group (an investment management company), where he serves on the Audit Committee, the Nominating Committee, and the Compensation Committee; and the V Foundation for Cancer Research. He is past Chairman and a current member of the Advisory Council to the College of Arts & Letters at The University of Notre Dame, where he also serves as Chair of the Advisory Board to the Kellogg Institute for International Studies.

The Company's Board of Directors concluded that Mr. Loughrey should serve as a director based on his service as President and Chief Operating Officer of a major public corporation and his continuing service on several public company and educational boards of directors.

Class I Directors with Terms Expiring in 2018

Edward B. Cloues, II Director since 2010
Age 69

Mr. Cloues has served as a director of the Company since April 2010. He is a director and non-executive Chairman of the Board of AMREP Corporation (a real estate and media services company), where he is a member of the Audit Committee, Compensation and Human Resources Committee, and Nominating and Corporate Governance Committee. He previously was a director (from 2001) and Chairman of the Board (from May 2011) of Penn Virginia Corporation (an oil and gas exploration and development company) and served as the interim Chief Executive Officer (from October 2015 to September 2016), during the reorganization of that company, including a filing for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code in May 2016 and the emergence from Chapter 11 in September 2016 pursuant to a confirmed plan of reorganization. He previously served as a director (from January 2003) and as the non-executive Chairman of the Board (from July 2011) of PVR GP, LLC, which was the general partner of PVR Partners, L.P. (a pipeline and natural resources master limited partnership), until its sale in March 2014. He also previously served as Chairman of the Board and Chief Executive Officer of K-Tron International, Inc. (“K-Tron”) from January 1998 until the Company acquired K-Tron in April 2010. Prior to joining K-Tron, Mr. Cloues was a senior partner of Morgan, Lewis & Bockius LLP, which is one of the world’s largest law firms. He has been a member of and chaired audit, compensation, and nominating committees and has substantial experience with corporate governance issues. He also serves on the Board of Trustees of Virtua Health,

Inc. (a non-profit hospital and healthcare system), where he is a Board officer, chairs the Audit Committee, and serves on the Compensation Committee and the Finance and Investment Committee.

The Company's Board of Directors concluded that Mr. Cloues should serve as a director based on his past extensive legal experience as a law firm partner specializing in business law matters, particularly in the area of mergers and acquisitions, and his experience as Chairman and CEO of K-Tron International, Inc. prior to its acquisition by the Company in 2010.

Helen W. Cornell Director since 2011
Age 58

Ms. Cornell has served as a director of the Company since August 2011. In November 2010, Ms. Cornell retired as Executive Vice President and Chief Financial Officer of Gardner Denver, Inc., a leading global manufacturer of compressors, blowers, pumps, loading arms, and fuel systems for various industrial, medical, environmental, transportation, and process applications. During her 22-year tenure with Gardner Denver, Inc., Ms. Cornell served in various operating and financial roles, including Vice President and General Manager of the Fluid Transfer Division and Vice President of Strategic Planning. She is currently President and CEO (since December 2015) of the privately-owned Owensboro Grain Company (grain and soybean products), where she also serves as Chairman of the Board and Chairman of the Executive Committee. She is also a director of the privately-owned Dot Foods, Inc. (a food distributor), where she is a member of the Compensation Committee and Chairman of the Audit Committee. Until December 2016, Ms. Cornell served on the Board of

Directors of Alamo Group, Inc. (agriculture and other equipment), where she was Chairperson of the Audit Committee and a member of the Compensation Committee. Ms. Cornell is a Certified Public Accountant.

The Company's Board of Directors concluded that Ms. Cornell should serve as a director based on her long tenure in operations and finance, including as Chief Financial Officer of a major public company and most recently as President and Chief Executive Officer of Owensboro Grain Company, and her experience as a member of the board of both a public and private company.

Eduardo R. Menascé Director since 2008
Age 71

Mr. Menascé has served as a director of the Company since February 2008. Mr. Menascé also is a director and a member of the Audit Committee of Hill-Rom Holdings, Inc. (formerly Hillenbrand Industries, Inc.), a leading global provider of medical equipment and services and the former parent corporation of the Company, having served on that Board since 2004. He is a member of the New York Chapter of the NACD (National Association of Corporate Directors). He is the retired President of the Enterprise Solutions Group for Verizon Communications, Inc. (2000-2005). Prior to the merger of Bell Atlantic and GTE Corporation, which created Verizon Communications, he was the Chairman and President and Chief Executive Officer of CTI MOVIL S.A. (Argentina), a business unit of GTE Corporation (1996-2000). Mr. Menascé has also held senior positions at CANTV (a telecommunications provider in Venezuela), Wagner Lockheed (braking systems), and Alcatel (a telecommunications provider) in Brazil. From 1981 to 1992 he served as Chairman of the Board and Chief Executive Officer of GTE Lighting in France. Mr. Menascé currently serves on the Board of Directors and is the Chairman of the Executive Compensation Committee of Pitney Bowes Inc., a global provider of integrated mail and document management solutions. Mr. Menascé is a Co-Chairman of The Taylor Companies, a privately held global investment bank which specializes exclusively in mergers, acquisitions, and divestitures. He is also a member of the Board of Directors of Daybreak, a non-profit charitable organization focused on funding research for rare genetic diseases.

The Company's Board of Directors concluded that Mr. Menascé should serve as a director based on his service as a director of Hillenbrand Industries, Inc. and his broad experience as a corporate executive of a major public corporation and experience as a member of several boards of directors, including service on the audit committees of several of those boards.

Stuart A. Taylor, II Director since 2008
Age 56

Mr. Taylor has served as a director of the Company since September 2008. Since 2001, Mr. Taylor has been the Chief Executive Officer of The Taylor Group LLC, a private equity firm focused on creating and acquiring businesses. He has previously held positions as Senior Managing Director at Bear, Stearns & Co. and Managing Director of CIBC World Markets and head of its Global Automotive Group and Capital Goods Group. He also served as Managing Director of the Automotive Industry Group at Bankers Trust following a ten-year position in corporate finance at Morgan Stanley & Co. Mr. Taylor has been a member of the Board of Directors of Ball Corporation (a diversified manufacturer) since 1999, where he currently serves as Chairman of the Human Resources Committee and is a member of the Audit Committee. He has also been a member of the Board of Directors of Essendant Inc. (formerly known as United Stationers Inc.) (a wholesale distributor of business products) since 2011, where he currently serves as Chairman of the Finance Committee.

The Company's Board of Directors concluded that Mr. Taylor should serve as

a director based on his experience with several leading investment firms, his ongoing experience as a member of another public company board, and his broad merger and acquisition experience.

THE BOARD OF DIRECTORS AND COMMITTEES

The Company's business is managed under the direction of its Board of Directors. In this section of the proxy statement, we describe the general and certain specific responsibilities of the Board of Directors and its committees, our corporate governance, and how you can communicate with the Board or with individual directors.

Board's Responsibilities

The Board of Directors is the ultimate decision-making body of the Company, except with respect to those matters reserved to the shareholders. The Board acts as an advisor and counselor to senior management and oversees and monitors management's performance. The Board also oversees the Company's management of risk involved or potentially involved in the Company's business.

Board Leadership Structure and Role in Risk Oversight

The Corporate Governance Standards for our Board of Directors provide that the Company's Chief Executive Officer (CEO) cannot also serve as the Chairperson of the Board. At all times since the Company's formation, the positions of CEO and Chairperson of the Board have been held by separate individuals. Our Board believes that the separation of these two positions is the most appropriate leadership structure for the Company because it enables us to benefit from the expertise, experience, and strengths of both of the individuals holding those key leadership positions in the Company. Our CEO, Joe A. Raver, has served as a director and as President and CEO of the Company since September 6, 2013. He has served as President of the Company's Process Equipment Group since March 2011. Prior to that, he was President of Batesville Casket Company for several years and also held a variety of leadership positions at the Company's former parent company. The Chairperson of the Board, F. Joseph Loughrey, has extensive executive management and board of director experience, as further described in his biographical information set forth under the heading "Proposal No. 1 – Election of Directors" above.

The Board of Directors has direct responsibility for overseeing the Company's exposure to risk. As a part of its responsibility, the Board ensures that the risk management processes implemented by management are aligned with the Company's overall strategy and are functioning as directed, and that an appropriate culture of risk-adjusted decision-making exists throughout the organization. At each meeting of the Board of Directors, the Board evaluates any new material risks to the Company in discussions with management. No less than once each year, management makes a formal presentation to the entire Board of Directors that describes all significant risks of the Company to ensure that the Board is apprised of the overall risk profile of the Company and that such risks are being properly mitigated and managed.

In addition, the Compensation and Management Development Committee (the "Compensation Committee") analyzes and manages risks related to our compensation policies and practices, and the Audit Committee performs the same role with respect to financial-related risks facing the Company. The Compensation Committee's risk management efforts are discussed under Part V of the "Executive Compensation" section of this proxy statement. The Audit Committee, in accordance with its Charter, fulfills its risk management oversight responsibilities by discussing with senior management "the Company's guidelines and policies that govern the process by which the Company assesses and manages the Company's exposure to risks… and the steps management has taken to monitor and control such exposure." Additional details on the Audit Committee's risk management duties can be found in its Charter, available on the Company's web site at *www.hillenbrand.com* or in print to any shareholder who requests copies through the Company's Investor Relations Department.

Meetings of the Board and Committees

A proposed agenda for each regularly scheduled Board meeting is developed by the Chairperson of the Board and the Company's CEO, together with the members of management that the Chairperson or CEO may select. The proposed agenda is circulated to each member of the Board for review and comment before it is finalized. Proposed agenda items that fall within the scope of responsibilities of a Board committee are initially developed by the chairperson of that committee with management assistance, as appropriate. Each committee's chairperson also develops, with the assistance of management, a proposed agenda for each regularly scheduled meeting of that committee. Board and committee materials related to agenda items are provided to Board and committee members sufficiently in advance of meetings (typically one week) to allow the directors to prepare for discussion of the items at the meetings.

At the invitation of the Board and its committees, members of senior management attend Board and committee meetings or portions thereof for the purpose of reporting on specific agenda items and participating in discussions. Generally, discussions of matters to be considered by the Board and its committees are facilitated by the manager responsible for that function or area of the Company's operations. In addition, Board members have free access to all other members of management and employees of the Company. As necessary and appropriate in their discretion, the Board and its committees consult with independent legal, financial, human resource, compensation, and accounting advisors to assist in their duties to the Company and its shareholders.

The chairpersons of the committees of the Board preside over the portions of Board meetings in which the principal items to be considered are within the scope of the authority of their respective committees.

Executive sessions, which are meetings of non-employee directors without management present, are held after each Board meeting, and after each committee meeting as scheduled by the chairpersons of the respective committees. The Chairperson of the Board generally presides at executive sessions of the Board, while the chairpersons of the committees preside at executive sessions of their committees or at Board executive sessions in which the principal items to be considered are within the scope of the authority of their respective committees.

Other Corporate Governance Matters

Both the Board of Directors and management of the Company are firmly committed to good and accountable corporate governance and believe that an attentive, performing Board is a tangible competitive advantage. Our Board has been constructed with an emphasis on independence and the mix of characteristics, experiences, and diverse perspectives and skills most appropriate for the Company. The Board has established position specifications, including performance criteria, for its members, the Chairperson of the Board, and the chairpersons of the standing Board committees discussed below. These position specifications are available on the Company's web site at

www.hillenbrand.com.

The Board of Directors has also taken other measures to ensure continued high standards for corporate governance. Specifically, the Board has adopted Corporate Governance Standards for the Board of Directors and a Code of Ethical Business Conduct that is applicable to all employees of the Company and its subsidiaries, including the Company's Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer. No waivers of the requirements of our Code of Ethical Business Conduct were granted during fiscal year 2016. The Company plans to disclose amendments or waivers, if any, of the Code of Ethical Business Conduct on its web site: *www.hillenbrand.com*.

The Board regularly discusses and reviews the Corporate Governance Standards and also general principles of corporate governance to evaluate whether it can improve upon the practices and procedures of the Company. Among other important directives, the Corporate Governance Standards require independent directors to constitute at least 80 percent of the Board and each non-employee director to hold shares of the Company's common stock in an amount equal to five times the director's annual cash compensation by the fifth anniversary of his or her election to the Board.

The Company's Insider Trading and Disclosure Policy, which applies to all employees and directors, also promotes sound corporate citizenship and includes, among other provisions, an anti-hedging provision with respect to the Company's stock.

The Company's Corporate Governance Standards and Code of Ethical Business Conduct are available on the Company's web site at *www.hillenbrand.com* or in print to any shareholder who requests copies through the Company's Investor Relations Department.

Determinations with Respect to Independence of Directors

The Corporate Governance Standards adopted by the Board of Directors, in accordance with New York Stock Exchange listing standards, require the Board to make an annual determination regarding the independence of each of the Company's directors and provide standards for making those determinations. The Board made those determinations for each member of the Board in December 2016 based on an annual evaluation performed by, and recommendations made by, the Nominating/Corporate Governance Committee of the Board.

To assist in the Board's determinations, each director completed materials designed to identify any relationships that could affect the director's independence under the applicable New York Stock Exchange and SEC rules. On the basis of these materials and the standards described above, the Board determined that each of Edward B. Cloues, II, Gary L. Collar, Helen W. Cornell, Mark C. DeLuzio, Joy M. Greenway, Thomas H. Johnson, F. Joseph Loughrey, Eduardo R. Menascé, Neil S. Novich, and Stuart A. Taylor, II is independent. The Board determined that Joe A. Raver does not meet the director independence standards because of his current service as President and CEO of the Company. Accordingly, Mr. Raver does not serve on the Audit, Compensation, or Nominating/Corporate Governance

Committees of the Board of Directors.

Committees of the Board of Directors

It is the general policy of the Company that significant decisions be considered by the Board as a whole. As a consequence, the standing committee structure of the Board is limited to those committees considered to be basic to, or required for, the operation of a publicly held company. Currently those committees are the Audit Committee, Compensation Committee, Nominating/Corporate Governance Committee, and Mergers and Acquisitions Committee, each of which has a written charter adopted by the Board of Directors. The Nominating/Corporate Governance Committee recommends the members and chairpersons of those committees to the Board. The Audit Committee, Compensation Committee, and Nominating/Corporate Governance Committee are made up of only independent directors. Membership on these committees as of December 2016, is shown in the following chart:

Audit	Compensation and Management Development	Mergers and Acquisitions	Nominating/Corporate Governance
			Edward B. Cloues, II
Edward B. Cloues, II			
			Gary L. Collar
Joy M. Greenway			
	Gary L. Collar		Helen W. Cornell
Thomas H. Johnson			
	Helen W. Cornell		Mark C. DeLuzio
Eduardo R. Menascé		Helen W. Cornell	
	Mark C. DeLuzio		Joy M. Greenway
Stuart A. Taylor, II		Neil S. Novich	
	F. Joseph Loughrey		Thomas H. Johnson
		Stuart A. Taylor, II	
	Neil S. Novich		F. Joseph Loughrey
			Eduardo R. Menascé
			Neil S. Novich
			Stuart A. Taylor, II
Committee Chair			

The current charter for each of the Board's standing committees is available on the Company's web site at *www.hillenbrand.com* and is available in print to any shareholder who requests it through the Company's Investor Relations Department.

In furtherance of its policy of having significant decisions made by the Board as a whole, the Company has an orientation and continuing education process for Board members that includes the furnishing of educational and industry-specific materials, meetings with key management, and attendance at Company and industry events. The Board attempts to hold at least one meeting per year at a Company facility outside of its headquarters in Batesville, Indiana. The directors' education includes, among other things, regular dedicated sessions regarding the Company's businesses and operations, Audit Committee-sponsored financial literacy and legal and regulatory compliance training, and regular corporate and management governance presentations at Nominating/Corporate Governance and Compensation Committee meetings. Throughout their terms, directors are expected to continue to deepen their experience in the industries and markets served by the Company and to remain generally apprised of trends and developments in corporate governance.

Audit Committee. The Audit Committee has general oversight responsibilities with respect to the Company's financial reporting and financial controls, as well as all financial-related risks facing the Company. The Audit Committee annually reviews the Company's financial reporting process, its system of internal controls regarding accounting, legal, and regulatory compliance and ethics that management or the Board has established, and the internal and external audit processes of the Company. Each current member of the Audit Committee is independent under SEC Rule 10A-3 and New York Stock Exchange listing standards.

Each member of the Audit Committee meets the financial literacy guidelines established by the Board in the Audit Committee Charter. The Board interprets "financial literacy" to mean the ability to read and understand audited and unaudited consolidated financial statements (including the related notes) and monthly operating statements of the sort released or prepared by the Company, as the case may be, in the normal course of its business. The Board of Directors has determined that each current member of the Audit Committee is an "audit committee financial expert" as that term is defined in Item 407(d) of SEC Regulation S-K.

Compensation and Management Development Committee. The Compensation Committee assists the Board in ensuring that the officers and key management of the Company are effectively compensated in terms of salaries, incentive compensation, and other benefits that are internally equitable and externally competitive. As described in more detail in the "Compensation Discussion and Analysis" section, the Compensation Committee is guided by its compensation philosophy – that executives should be fairly compensated for creating appropriate long-term returns for shareholders. As noted above, the Compensation Committee also analyzes and determines the risks, if any, created by our compensation policies and practices. In addition, the Compensation Committee is responsible for reviewing and assessing the talent development and succession management actions concerning the officers and key employees of the Company. Each current member of the Compensation Committee is independent as defined by New York Stock Exchange listing standards and SEC rules.

Nominating/Corporate Governance Committee. The Charter for the Nominating/ Corporate Governance Committee provides that the primary functions of this Committee are to assist the Board of Directors in (i) ensuring that the Company is operated in accordance with prudent and practical corporate governance standards; (ii) ensuring that the Board consists of an appropriate number of independent directors, sufficient to satisfy the threshold requirements established by the Company's Corporate Governance Standards, New York Stock Exchange listing standards and other regulations; and (iii) identifying candidates for the Board. This Committee also assists the Audit Committee with oversight of the Company's non-financial ethical, legal, and regulatory compliance. Each current member of the Nominating/Corporate Governance Committee is independent as defined by New York Stock Exchange listing standards and SEC rules.

The Board has adopted position specifications applicable to members of the Board, and nominees for the Board recommended by the Nominating/Corporate Governance Committee must meet the qualifications set forth in those position specifications. The specifications provide that a candidate for director should not ever have (i) been the subject of an SEC enforcement action in which he or she consented to the entry of injunctive relief, a cease and desist order, or a suspension or other limitation on the ability to serve as a corporate officer or supervisor; (ii) had any license suspended or revoked due to misconduct of any type; or (iii) violated any fiduciary duty to the Company or any provision of its Code of Ethical Business Conduct. Additionally, each candidate for director should exhibit the following characteristics:

Have a reputation for industry, integrity, honesty, candor, fairness, and discretion;

Be an acknowledged expert in his or her chosen field(s) of endeavor, which area of expertise should have some relevance to the Company's businesses or operations;

Be knowledgeable, or willing and able to quickly become knowledgeable, in the critical aspects of the Company's businesses and operations;

Be experienced and skillful in serving as a competent overseer of, and trusted advisor to, senior management of a substantial publicly held corporation; and

For new non-employee directors, meet the New York Stock Exchange independence standards then in effect.

While the Company does not have a formal policy regarding diversity among our directors, the Board values diversity in thought, skills, experience, and perspectives, and believes that diversity in the broadest sense provides a tangible competitive advantage. In identifying director nominees, the Nominating/Corporate Governance Committee seeks talented people with diverse backgrounds who can work together to lead the Company to long-term success.

The Nominating/Corporate Governance Committee reviews incumbent directors against the position specifications applicable to members of the Board of Directors and independence standards set forth in New York Stock Exchange listing standards and SEC rules. The Nominating/Corporate Governance Committee oversees a formal evaluation of the whole Board and its various committees on an annual basis, and it assesses the effectiveness of the individual directors at such intervals as it deems appropriate. The Board typically engages and pays fees to a third-party consultant to assist in performing the annual Board evaluation and also in identifying and evaluating potential director nominees.

The Nominating/Corporate Governance Committee's policy with respect to the consideration of director candidates recommended by shareholders is that it will consider such candidates. Any such recommendations should be communicated to the Chairperson of the Nominating/Corporate Governance Committee in the manner described below under the heading "How You Can Communicate with Directors" and should be accompanied by the information required under the Company's By-laws for shareholder nominees.

The Company's By-laws provide that nominations of persons for election to the Board of Directors may be made for any meeting of shareholders at which directors are to be elected by or at the direction of the Board or by any shareholder entitled to vote for the election of members of the Board at the meeting. For nominations to be made by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Company, and any nominee must satisfy the qualifications established by the Board from time to time as contained in the Company's proxy statement for the immediately preceding Annual Meeting of shareholders or posted on the Company's web site at *www.hillenbrand.com*.

To be timely, a shareholder's nomination must be delivered to or mailed and received by the Secretary at the Company's principal offices not later than (i) in the case of the Annual Meeting, 100 days prior to the anniversary of the date of the immediately preceding Annual Meeting that was specified in the initial formal notice of such meeting (but if the date of the forthcoming Annual Meeting is more than 30 days after such anniversary date, such written notice will also be timely if received by the Secretary by the later of (a) 100 days prior to the forthcoming meeting date, or (b) the close of business on the tenth day following the date on which the Company first makes public disclosure of the meeting date); and (ii) in the case of a special meeting, the close of business on the tenth day following the date on which the Company first makes public disclosure of the meeting date. The notice given by a shareholder must set forth: (i) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the shareholder is a holder of record, setting forth the

shares so held, and intends to appear in person or by proxy as a holder of record at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between such shareholder and each nominee proposed by the shareholder and any other person or persons (identifying such person or persons) pursuant to which the nomination or nominations are to be made by the shareholders; (iv) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC; (v) the consent in writing of each nominee to serve as a director of the Company if so elected; and (vi) a description of the qualifications of such nominee to serve as a director of the Company.

Mergers and Acquisitions Committee. The Mergers and Acquisitions Committee (the "M&A Committee") provides advice and counsel to management and the Board with respect to the Company's various strategic alternatives, the composition of the Company's business portfolio, and the alignment of the portfolio with the Company's strategy. The M&A Committee also advises management with respect to the development and execution of the Company's general acquisition and divestiture criteria, as well as its internal transactional processes and metrics. While this Committee reviews significant transactions with management, the authority to approve such transactions rests with the Board as a whole.

Certain Relationships and Related Person Transactions

The Corporate Governance Standards for the Board require that all transactions between the Company or its subsidiaries and any "related person" (as such term is defined in applicable securities regulation) must be reviewed and pre-approved pursuant to the terms of the Company's Related Person Transaction Policy. The Related Person Transaction Policy requires approval of such transaction by the Nominating/Corporate Governance Committee, in the case of material or disclosable transactions, or by the Chairperson of that Committee, in the case of immaterial and non-disclosable transactions. The Related Person Transaction Policy requires that the Nominating/Corporate Governance Committee or its Chairperson, as applicable, consider all relevant facts and circumstances of the transaction, including the commercial reasonableness of the terms, the benefit and perceived benefit to the Company, the availability of alternative transactions, the materiality and character of the related person's interest, and the actual or apparent conflict of interest of the related person. If the related person is an independent director (or an immediate family member of an independent director), then the impact on the director's independence shall also be considered.

Thomas H. Johnson, a director of the Company, through various companies directly or indirectly owned by him, in whole or in part, owns (i) 100 percent of the Menke Funeral Home in Sun City, Arizona, and the Whitney & Murphy Funeral Home in Scottsdale, Arizona; and (ii) a 25 percent interest in the Weigel Funeral Home in Batesville, Indiana. Those funeral homes purchase products from the Company's Batesville subsidiary at market prices. In fiscal year 2016, the total amount of purchases made from Batesville by those three funeral homes was $477,842, and purchases during fiscal 2017 are expected to remain generally consistent with prior years.

How You Can Communicate with Directors

Shareholders of the Company and other interested persons may communicate with the Chairperson of the Board, the chairpersons of the Board's committees, or the non-management directors of the Company as a group, by sending an email to our Investor Relations Department at *investors@hillenbrand.com*. The email should specify which of the foregoing is the intended recipient so that it can be forwarded accordingly.

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Attendance at Meetings

The upcoming Annual Meeting will be the ninth Annual Meeting of the Company's shareholders. Board members are expected to attend each Annual Meeting. The Chairperson of the Board generally presides at the Annual Meetings of shareholders, and the Board holds one of its regular meetings in conjunction with each such Annual Meeting. Ten out of the eleven directors attended the Company's 2016 Annual Meeting.

The Board held a total of six meetings during the fiscal year ended September 30, 2016. During that fiscal year, the Compensation Committee held five meetings, the Nominating/ Corporate Governance Committee held four meetings, the Audit Committee met seven times, and the M&A Committee met two times. No member of the Board of Directors attended fewer than 75 percent of the aggregate of the number of meetings of the full Board of Directors and the number of meetings of the committees on which he or she served during fiscal year 2016.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee had no interlocks or insider participation during fiscal year 2016. Specifically, during fiscal year 2016, directors Collar, Cornell, DeLuzio, Loughrey, and Novich served on the Compensation Committee of the Company, and none of them:

Is or has at any time been an officer or employee of the Company or any of its subsidiaries; or

Has or has had at any time any direct or indirect interest in an existing or proposed transaction involving more than $120,000 in which the Company is, was, or was proposed to be a participant, or that is otherwise required to be disclosed by us under the proxy disclosure rules.

Also in that regard, during fiscal year 2016, none of our executive officers served as a member of the board of directors or on the compensation committee of any other company that had an executive officer who served on our Board of Directors or our Compensation Committee.

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

In furtherance of our stated goal of creating shareholder value over the long term, we believe it is important for our directors and executive officers to own stock in the Company. In that regard, each non-employee director is required, within five years after becoming a director, to own and maintain ownership of a minimum number of shares of our common stock equal in value to five times his or her annual cash compensation. Such ownership includes shares of restricted stock and restricted stock units but not shares that underlie unexercised stock options. In addition, non-employee directors are required to hold any vested shares of stock awarded as part of their annual equity compensation until the occurrence of one of the following: a change in control of the Company, the director's death or permanent and total disability, or one day after the date the director ceases to be a director of the Company. Ownership requirements for our Named Executive Officers and other executive officers are detailed in the "Compensation Discussion and Analysis" section of this proxy statement.

The table below shows shares beneficially owned by all directors and executive officers as of December 16, 2016.

Security Ownership of Directors:

Name	Shares (1) Beneficially Owned As Of December 16, 2016		Percent Of Total Shares Outstanding
F. Joseph Loughrey – Chairperson	64,577	(2)	*
Edward B. Cloues, II	27,013	(3)	*
Gary L. Collar	5,287	(4)	*
Helen W. Cornell	21,743	(5)	*
Mark C. DeLuzio	59,809	(6)	*
Joy M. Greenway	12,770	(7)	*
Thomas H. Johnson	42,421	(8)	*
Eduardo R. Menascé	46,097	(9)	*

Neil S. Novich	30,846	(10)	*
Joe A. Raver	314,325	(11)	*
Stuart A. Taylor, II	47,061	(12)	*

Security Ownership of Named Executive Officers:

Name	Shares (1) Beneficially Owned As Of December 16, 2016	Percent Of Total Shares Outstanding
Kristina A. Cerniglia	43,043 (13)	*
Kimberly K. Ryan	124,430 (14)	*
Christopher H. Trainor	31,982 (15)	*
Scott P. George	133,536 (16)	*
All directors and executive officers of the Company as a group, consisting of 19 persons	1,127,189 (17)	1.74%

*Ownership is less than one percent of the total shares outstanding.

(1) The Company's only class of equity securities outstanding is common stock without par value. Except as otherwise indicated in these footnotes, the persons named have sole voting and investment power with respect to all shares shown as beneficially owned by them. None of the shares beneficially owned by directors or executive officers is pledged as security. Information regarding shares beneficially owned by Mr. Raver, our President and CEO, is included in the "Security Ownership of Directors" table above.

(2) Includes 44,577 restricted stock units held on the books and records of the Company.

(3) Includes 27,013 restricted stock units held on the books and records of the Company.

(4) Includes 5,287 restricted stock units held on the books and records of the Company.

(5) Includes 1,500 shares held by trust of which Ms. Cornell is trustee, and 20,243 restricted stock units held on the books and records of the Company.

(6)

Includes 37,421 restricted stock units held on the books and records of the Company and 22,388 shares acquired with deferred director fees and held on the books and records of the Company under the Board deferred compensation plan.

(7) Includes 12,770 restricted stock units held on the books and records of the Company.

(8) Includes 37,421 restricted stock units held on the books and records of the Company.

(9) Includes 46,097 restricted stock units held on the books and records of the Company.

(10) Includes 27,868 restricted stock units held on the books and records of the Company and 2,978 shares acquired with deferred director fees and held on the books and records of the Company under the Board deferred compensation plan.

(11) Includes 237,027 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 16, 2016.

(12) Includes 36,237 restricted stock units held on the books and records of the Company and 10,824 shares acquired with deferred director fees and held on the books and records of the Company under the Board deferred compensation plan.

(13) Includes 20,471 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 16, 2016.

(14) Includes 74,873 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 16, 2016.

(15) Includes 14,235 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 16, 2016.

(16) Includes 114,895 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 16, 2016.

(17) Includes 541,099 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 16, 2016, 301,067 restricted stock units held on the books and records of the Company, 1,500 shares held by trust, and 36,190 shares acquired with deferred director fees and held on the books and records of the Company under the Board deferred compensation plan.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under Section 16(a) of the Securities Exchange Act of 1934, the Company's directors, certain of its officers, and any person holding more than 10 percent of the Company's common stock are required to file with the SEC initial reports of ownership and reports of changes in ownership of common stock of the Company. The Company is required to report in this proxy statement any failure to file or late filing occurring during the fiscal year ended September 30, 2016. Based solely on a review of filings furnished to the Company and other information from reporting persons, the Company believes that all these filing requirements were satisfied by its directors, officers, and 10 percent beneficial owners, except that William A. Canady, an executive officer of the Company, filed a late report with respect to his acquisition of shares in one dividend reinvestment transaction during 2016.

SECURITY OWNERSHIP OF BENEFICIAL OWNERS OF MORE THAN 5 PERCENT OF THE COMPANY'S COMMON STOCK

The following table provides information regarding all persons or entities known to us that, as of the date indicated, were beneficial owners of more than 5 percent of the Company's common stock.

Name	Shares Beneficially Owned As Of December 16, 2016	Percent Of Total Shares Outstanding
BlackRock Fund Advisors		
400 Howard Street	6,415,027 (1)	10.08%
San Francisco, CA 94105		
Vanguard Group, Inc.		
P.O. Box 2600, V26	4,910,646 (2)	7.72%
Valley Forge, PA 19482		
Franklin Resources, Inc.		
One Franklin Parkway	3,723,214 (3)	5.85%
San Mateo, CA 94403		
Fidelity Management and Research Company		
245 Summer Street	3,649,623 (4)	5.73%
Boston, MA 02210		

(1) This information is based on a Form 13G/A filed by BlackRock, Inc. with the Securities and Exchange Commission on November 9, 2016; reflects sole investment discretion with respect to all shares, and sole voting power with respect to 6,284,558 shares.

(2) This information is based on a Form 13F-HR filed by Vanguard Group, Inc. with the Securities and Exchange Commission on November 14, 2016; reflects sole investment discretion with respect to 4,778,075 shares, and shared investment discretion with respect to 132,571 shares; reflects sole voting power with respect to 128,845 shares, shared voting power with respect to 6,863 shares, and no voting power with respect to 4,774,938 shares.

(3) This information in based on a Form 13F-HR filed by Franklin Resources, Inc. with the Securities and Exchange Commission on November 14, 2016; reflects shared investment discretion with respect to all shares; reflects sole voting power with respect to 3,661,314 shares, and no voting power with respect to 61,900 shares.

(4) This information is based on a Form 13F filed by Fidelity Management and Research Company with the Securities and Exchange Commission on November 14, 2016; reflects shared investment discretion with respect to all shares; reflects sole voting power with respect to 53,123 shares, and no voting power with respect to 3,596,500 shares.

EXECUTIVE COMPENSATION

Introduction

Part I of this “Executive Compensation” section provides detailed information about our executive compensation philosophy, policies, actions, decisions (and the bases for such decisions), and procedures as they relate to our executive officers who are included in the compensation disclosures in this proxy statement pursuant to SEC rules – persons who are identified as our Named Executive Officers. This section is organized as follows:

Our Executive Compensation Philosophy

Process for Determining Compensation

Compensation of Our Named Executive Officers for Fiscal Year 2016

Retirement and Savings Plans

Employment Agreements and Termination Benefits

Other Personal Benefits

Compensation-Related Policies

Part II of this “Executive Compensation” section is a report from the Compensation Committee of our Board of Directors. Following that report, in Part III, we present numerous tables that report in detail the compensation of, and the potential amounts payable by the Company under certain contractual agreements with, the Named Executive Officers. Part IV provides information regarding the engagement of Ernst & Young LLP, the independent compensation consultant engaged by the Compensation Committee. Part V provides information relating to the compensation-related risk assessment and management strategies employed by the Company.

We have attempted to enhance the accessibility of the information presented by the use of tables and charts as much as possible. We encourage you to keep two basic thoughts in mind as you read:

First, the compensation of our Named Executive Officers is set by our Compensation Committee, which is a committee of independent directors.

Second, a significant portion of each Named Executive Officer's compensation is variable based on individual performance and the performance of the Company or its applicable business unit. This structure is designed to align compensation with the interests of the shareholders of the Company.

PART I: COMPENSATION DISCUSSION AND ANALYSIS

Our Executive Compensation Philosophy

Our Compensation Committee has adopted the following Executive Compensation Philosophy, which describes the objectives and principles of our executive compensation program and which is used as the guide to our program design and compensation decisions.

Hillenbrand's executives should be fairly compensated for creating appropriate long-term returns for shareholders.

The executive compensation program is designed to ensure officers and key management personnel are effectively compensated in terms of base salary, incentive compensation, and other benefits that advance the long-term interest of Hillenbrand's shareholders.

The compensation program is based on the following principles:

Reinforcing the absolute requirement for ethical behavior in all practices;

Aligning management's interests with those of shareholders;

Motivating management to achieve superior results by paying for sustainable performance;

Ensuring competitive compensation in order to attract and retain superior talent;

Maintaining a significant portion of at-risk compensation (superior performance is rewarded with commensurate incentives, while little to no incentive is paid for underperformance);

Delineating clear accountabilities; and

Providing clarity and transparency in compensation structure.

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Our Named Executive Officers. Per SEC rules, our Named Executive Officers for 2016 are:

Joe A. Raver	President and Chief Executive Officer
Kristina A. Cerniglia	Senior Vice President and Chief Financial Officer
Kimberly K. Ryan	Senior Vice President and President of Coperion
Christopher H. Trainor	Senior Vice President and President of Batesville
Scott P. George	Senior Vice President, Corporate Development

Compensation Program Features and Best Practices. Our compensation philosophy and the objectives and principles described above serve as the foundation for our executive compensation program. Building on this foundation, our Compensation Committee and the full Board continually seek improvement and alignment with best practices – both in our compensation program itself and in our corporate governance practices that support it – by soliciting feedback from shareholders and consulting the Company's independent compensation consultant and other advisors. The result is a compensation program characterized by certain distinct features highlighted below that strengthen the performance orientation of our executive compensation program and reflect our ongoing commitment to align executive pay with long-term shareholder value.

We Do

Pay for performance

Benchmark Named Executive Officer target compensation to the 50th percentile of peer group compensation

Maintain stock ownership guidelines: for directors, five times annual cash compensation; for CEO, five times base salary; for Senior Vice Presidents, two times base salary

Ensure that at least 75 percent of CEO's target core compensation is at risk

Require an independent Chairperson of the Board and at least 80 percent of directors be independent

Require that directors received at least a majority of the votes cast in an uncontested election to be elected

Require that the Compensation Committee be composed entirely of outside, independent directors

Engage an independent compensation consultant, hired by and reporting directly to the Compensation Committee

Operate with multiple performance metrics that drive our incentive compensation plans, including a relative metric that measures our performance against our compensation peer group

Maintain clawback provisions in incentive compensation plans that apply in the event of restatement of financials

Structure our incentive compensation and other arrangements to qualify for deduction under Section 162(m) of the Internal Revenue Code

We Do Not

Permit re-pricing, exchanging, or cashing out of "underwater" stock options without shareholder approval

Permit spring-loading, back-dating, or similar practices that "time" the grant of our equity awards

Grant stock options below fair market value

Permit "recycling" (into the equity plan pool) of Company shares that are (i) used to pay an award exercise price or withholding taxes, or (ii) repurchased on the open market with the proceeds of a stock option exercise price

Allow transferability of stock options for consideration

Have single-trigger change in control agreements for executives

Have change in control tax gross-ups for executives

Have liberal change in control definition in equity plan

Permit short sales or hedging of Company securities by executives

Key Point: Our Focus on Performance-Based Compensation. The central theme of the compensation philosophy of Hillenbrand and our Compensation Committee is that a significant portion of each Named Executive Officer's compensation will be "performance-based" and, therefore, at risk. This theme is highlighted in the table below, which summarizes the components of our executive compensation program. A more detailed discussion of each of these components and the plans under which they are provided appears later in this "Compensation Discussion and Analysis" section.

Component	Description And Purpose
Base Salary	Fixed compensation intended to provide a base level of income and aid in the attraction and retention of talent in a competitive market.
Short-Term Incentive Compensation (“STIC”)	Variable annual cash bonus designed to motivate and reward executives based on achieving both company (Hillenbrand or its business units, as applicable) and individual performance goals for a given fiscal year. Also aids in the attraction and retention of talent in a competitive market.
Long-Term Incentive Compensation (“LTIC”)	Variable annual equity grant with three-year vesting period designed to reward executives for creating long-term shareholder value and for their individual contributions to the Company’s performance, as well as to motivate future contributions and decisions aimed at increasing shareholder value. Also aids in the attraction and retention of talent in a competitive market.
Retirement and Other Benefits	Fixed component of compensation intended to protect against catastrophic expenses (healthcare, disability, and life insurance) and provide opportunity to save for retirement (pension and 401(k)).
Post-Termination Compensation (Severance and Change in Control)	Severance program designed to allow executives to focus on acting in the best interests of shareholders regardless of the impact on their own employment.

The first three compensation components shown in the above table (base salary, STIC, and LTIC) constitute what is generally referred to as an employee’s “core compensation.” While the core compensation of our Named Executive Officers consists of both fixed and variable components, a significant portion is variable, or performance-based. Each of the Named Executive Officers receives a base salary regardless of the performance of the Company in any individual year. Any particular officer’s salary can be and is modified from year-to-year based on changes in the market and such officer’s individual performance and changes in responsibilities, as determined by the CEO and our Compensation Committee, as applicable. Beyond base salary, each of our Named Executive Officers is eligible to receive STIC and LTIC, but those components of compensation are variable and at risk, dependent upon the performance of the relevant business(es) and the individual performance of the executive. STIC payouts vary based on the annual performance of the Company or its applicable business unit and the individual officer, while LTIC payouts vary based on the performance of the Company or, in certain cases, a business unit over a three-year measurement period.

Our commitment to performance-based compensation is illustrated by the following chart, which shows the fixed (base salary) and variable (STIC and LTIC) core compensation at target levels for our President and CEO for fiscal year 2016:

This chart shows that 79 percent of the target core compensation of the Company's President and CEO for the year was performance-based, and at risk, while 21 percent was fixed. The Compensation Committee believes that this approach to compensating our President and CEO, and the similar approach taken with the other Named Executive Officers, aligns executive compensation appropriately with the interests of shareholders of the Company and creates incentives for executives to act in the best interests of the shareholders.

Target Core Compensation Mix. The Compensation Committee's approach to creating annual target STIC and LTIC awards for Named Executive Officers, and the principles driving that approach, are discussed in more detail below. This approach generally produces a core compensation mix of approximately 20 percent base salary, 20 percent STIC, and 60 percent LTIC for our President and CEO, as reflected in the chart above. A moderately similar mix is produced with respect to our other Named Executive Officers, although the other executives have a higher percentage of base salary, and a correspondingly lower percentage of STIC and LTIC, than our President and CEO. Given the role of the CEO in ultimately driving results throughout the organization, the Compensation Committee believes it to be appropriate and in the best interests of shareholders for a higher percentage of the CEO's compensation to be performance-based and at risk.

Process for Determining Compensation

Each year, prior to or shortly after the start of the new fiscal year, the Compensation Committee takes the following actions:

It sets the base salaries of the Named Executive Officers for the coming calendar year.

It adjusts, if deemed appropriate, the STIC target award formula for each Named Executive Officer and establishes the performance objectives that are to be used in the award formula for the new fiscal year. See the discussion below under the heading "Annual Cash Incentive Awards" for more details regarding performance objectives and the STIC award formula.

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With support from the Company's internal audit team, it certifies performance and confirms the computation of the actual STIC awards to be paid to the Named Executive Officers with respect to the fiscal year ended on the preceding September 30.

It makes LTIC grants to the Named Executive Officers and determines the performance objectives that are to be used in the award formula. See the discussion below under the heading "Long-Term Incentive Compensation (LTIC)" for more details regarding performance objectives and the LTIC award formula.

With support from the Company's internal audit team, it certifies performance and confirms the computation of the actual award amounts to be paid to the Named Executive Officers with respect to performance-based LTIC awards whose three-year performance measurement period ended on the preceding September 30.

Factors Considered in Setting Compensation

General. In establishing and adjusting the elements of our executive compensation program and the compensation packages for the Named Executive Officers, the Compensation Committee considers and analyzes a number of factors. No single factor determines the outcome of the Compensation Committee's work. The Compensation Committee strives to establish compensation packages for the Named Executive Officers that enable the Company to attract, retain, and motivate the executive talent needed to operate the Company in a manner that is in the best interests of the shareholders.

Factors the Compensation Committee considers are discussed below. They are not discussed in any order of priority, and no one factor standing alone is necessarily more important than the others.

Peer Group Data. The Compensation Committee compares the components and levels of our compensation program to those of a selected peer group of companies. Our Compensation Committee believes that we have to remain competitive in order to attract, retain, and motivate our executive talent and believes that when the Company exceeds expected performance targets, our Named Executive Officers should be rewarded accordingly.

Our Compensation Committee benchmarks the target compensation of our Named Executive Officers to the 50th percentile of the compensation paid by our peer group, although actual compensation paid in any given year may be above or below the benchmark, as a result of the performance-based nature of our executive compensation program and a variety of other factors that the Compensation Committee considers in setting compensation.

The Compensation Committee reviews the composition of the Company's peer group on a quarterly basis and, as appropriate, updates the group to reflect changes among peer companies, industry consolidation, and the Company's own evolution as a global diversified industrial company. In considering our peer group, our Compensation Committee, aided by its independent compensation consultant, reviews various business attributes and financial metrics to assess whether additions or deletions to the current peer group are appropriate. Qualitative factors considered in developing the peer group include the complexity of a company's product line, extent of its global operations, and cyclicality of its business. Quantitative factors include revenues, free cash flow, operating income, return on invested capital, and number of employees, among others. In addition, various members of management provide input to the Compensation Committee relative to understanding the Company's key financial metrics, key competitors for talent, key competitors in the markets we serve, the Company's business plan, and other factors. Notwithstanding the above, decisions regarding the composition of the peer group ultimately rest with the Compensation Committee.

The Compensation Committee conducted a detailed peer group review in fiscal 2016 but did not make any changes from the prior year; consequently, the peer group for fiscal year 2016 consisted of the following 16 companies:

Acuity Brands, Inc.	Itron, Inc.
Bruker Corporation	John Bean Technologies Corporation
CLARCOR, Inc.	Matthews International Corporation
EnPro Industries, Inc.	Rexnord Corporation
Graco Inc.	Steelcase Inc.
Herman Miller, Inc.	Tempur Sealy International Inc.
HNI Corporation	The Middleby Corporation
IDEX Corporation	Waters Corporation

Independent Compensation Consultant Expertise. The Compensation Committee engages an independent compensation consultant to provide various items of relevant information and to perform various services for the Committee in connection with the establishment of the elements of our executive compensation program. Ernst & Young LLP ("EY") has been the Committee's independent compensation consultant since 2008. The Compensation Committee seeks and considers the expert advice and recommendations of the independent compensation consultant in connection with the administration of our compensation program and the establishment of appropriate compensation components and levels with respect to our Named Executive Officers.

The independent compensation consultant advises the Compensation Committee on an ongoing basis with regard to the general competitive landscape and trends in compensation matters, including (i) incentive plan design, (ii) peer group selection and competitive market analyses, (iii) compensation risk management, and (iv) developments in emerging trends and practices. The consultant attends meetings of the Compensation Committee and at the request of the Chairperson participates in the Committee's executive sessions.

See "Compensation Consultant Matters" in Part IV below for additional information regarding the Compensation Committee's engagement of EY as its compensation consultant, as well as amounts paid to EY and its affiliates during fiscal year 2016 for executive compensation consulting and other services.

Survey Data. In addition to peer group data, the Compensation Committee considers published compensation survey data provided by its independent compensation consultant, focusing on compensation data for companies in the

manufacturing industry with revenues within a comparable range of the Company's revenue. The survey data provides additional compensation data targeted to the specific job responsibilities of our Named Executive Officers.

External Market Conditions. When establishing the total compensation of each Named Executive Officer the Compensation Committee also considers external market conditions, which include competitive pressures for the executive's particular position within the industry, economic developments, and the condition of the labor markets.

Individual Factors. Individual factors are also considered by the Compensation Committee in establishing the compensation packages of our Named Executive Officers. These factors include the level and breadth of experience and responsibility of the officer, the complexity of the position, individual performance and growth potential, and the difficulty of replacement. Individual performance of our Named Executive Officers is evaluated in large part based upon the achievement of group and personal goals that are established by management and approved by the Compensation Committee each year. These goals for fiscal year 2016 are described below. The Company's Chief Executive Officer discusses with the Compensation Committee his review and analysis of the performance of the other Named Executive Officers and makes recommendations to the Committee regarding their respective compensation packages.

2016 Individual Performance Goals. Management identified and the Compensation Committee approved five common objectives for all of our Named Executive Officers for fiscal year 2016. They were as follows:

Ensure successful operating company performance – provide oversight and resources needed to generate profitable organic and acquisition growth, strong cash flows, and improved cash return on investments. This will be accomplished through the establishment of clear goals and objectives, appropriate oversight to ensure goal achievement, a transparent resource allocation process, and a commitment to the Hillenbrand Operating Model.

Actively pursue acquisitions and integrate with success – identify prudent opportunities that provide attractive long-term returns for shareholders, generate profitable revenue and earnings per share growth, meet our strategic criteria, and leverage our operating model. Ensure acquisition success by planning, preparing for, and executing due diligence and integration with excellence, focusing on the critical few key areas of greatest value generation.

Implement and expand the Hillenbrand Operating Model (HOM) – drive the foundation of the operating model across the enterprise, leveraging the framework to produce sustainable and predictable results. Enhance and teach the organization the fundamentals and management practices at the core of the model. Expand the model to include additional practices and tools aimed at expanding enterprise value. Implement HOM in newly acquired companies.

Evolve our corporate capabilities to support the strategy and projected growth – make certain that resources, processes, procedures, and controls are aligned with the Company's transformation (where it is today) and strategy (where it's going). This will be enhanced through the application of the Hillenbrand Operating Model.

Maintain a strong, deep, and diverse talent pool – ensure the experiences and skill sets necessary to achieve the corporate strategy are present in the organization. This will be accomplished by creating an environment so

compelling that we can attract, further develop, and retain top talent individuals.

The following unique personal objectives were identified for each of the Named Executive Officers for fiscal year 2016:

For Mr. Raver – develop and execute the Company's strategy and business plan and achieve the Company's financial and operational objectives; allocate capital to create shareholder value; lead the Company's growth initiatives; oversee the Company's acquisition activities; oversee efforts designed to strengthen the talent pool, capabilities, and competencies of the Company; and ensure that the Company engages in appropriate, meaningful, and transparent conversations with key stakeholders.

For Ms. Cerniglia – provide financial leadership with excellence to the Company; ensure appropriate processes and procedures for the operation of the corporate financial function are in place; employ lean practices throughout the finance function to increase efficiency and effectiveness; manage financial due diligence efforts and subsequent integration with respect to the Company's acquisition activities; provide financial support where necessary to the Company's subsidiaries; and ensure there is a high performing corporate finance team with the appropriate experiences and skill sets.

For Ms. Ryan – develop and execute the strategic and resulting operating plan of Coperion; grow revenue, income before taxes, and cash flow organically by penetrating growing end markets, accelerating geographic expansion, and driving improved operational performance; use the Hillenbrand Operating Model to realize the full value of the Coperion organization and to deliver sustainable and predictable results; and identify, execute, and integrate future strategic acquisitions in line with the Coperion strategy.

For Mr. Trainor – develop and execute the strategic and resulting operating plan of Batesville; use the Hillenbrand Operating Model to deliver sustainable and predictable results; maintain the strong cash flow generation capabilities of Batesville; ensure the organization is sized appropriately to demand; continue to gain efficiencies and maintain margin through lean practices; and provide talent to the rest of the organization.

For Mr. George – provide corporate development leadership with excellence to the Company; provide support to the Company's operating subsidiaries and their staffs with respect to their corporate development activities; supervise and coordinate the work of multi-disciplinary teams involved in the Company's acquisition and divestiture efforts, particularly as it relates to opportunity identification and analysis, due diligence, and integration; and ensure there is a high performing corporate development team with the appropriate experiences and skill sets.

Aggregate Compensation. The Compensation Committee considers the aggregate value of the Named Executive Officers' core compensation components of base salary, STIC at target level, and LTIC at target level. The Compensation Committee compares the aggregate amount of these elements for our Named Executive Officers to the aggregate amount of the same elements of executive officer compensation at other companies using peer group and survey data.

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Our Compensation Committee benchmarks the target compensation of our Named Executive Officers to the 50th percentile of the compensation paid by our peer group, although actual compensation paid in any given year may be above or below the benchmark, due to the performance-based nature of our executive compensation program and a variety of other factors that the Committee considers in setting compensation.

Additionally, the Compensation Committee reviews “tally sheets” reflecting all compensation paid to our Named Executive Officers, including retirement and other benefits, perquisites, and amounts potentially payable to them upon a “change in control” of the Company. The Compensation Committee also considers projections as to the potential future value of long-term equity awards made to the Named Executive Officers.

Shareholder Say on Pay Vote. At each Annual Meeting of the Company’s shareholders since 2011, the Company has held a “Say on Pay Vote,” which is a non-binding advisory resolution stating that shareholders approve the compensation paid to the Company’s Named Executive Officers. The Compensation Committee carefully considers the results of this vote each year. Company shareholders have approved the Say on Pay Vote with over 96 percent support each year for the past three years. The Compensation Committee believes that the historical level of support for these votes reflects favorably on the Company’s executive compensation system as a whole.

Compensation of Our Named Executive Officers for Fiscal Year 2016

In considering fiscal year 2016 compensation, the Compensation Committee received from and reviewed in detail with the Committee’s independent compensation consultant an Executive Compensation Analysis reporting, among other things, the median compensation paid by members of our peer group to their highest-paid executive officers, as well as the 25th percentile and 75th percentile compensation levels of similar executive officers as determined from various published compensation surveys.

Mr. Raver provided to and discussed with the Compensation Committee his review and analysis of the performance of the other Named Executive Officers. Mr. Raver also recommended to the Committee proposed compensation packages for the other Named Executive Officers for the year, which, at the request of the Committee, he had developed after reviewing the Executive Compensation Analysis provided to the Committee. After discussing the recommendations, reviewing individual performance, and considering Company performance data and competitive benchmark information, the Committee approved the compensation for the Named Executive Officers.

The Chair of the Compensation Committee and the Chairperson of the Board solicited feedback from each director regarding the CEO’s performance during the prior year. Each director’s comments were based on his or her own independent evaluation, as well as a self-review provided by the CEO. Both the Committee and the Board in executive session without the CEO present reviewed the feedback, and weighed it along with all other relevant factors, including

the recommendations of the Committee's independent compensation consultant, to determine the CEO's performance-based compensation for the prior year. A summary of these discussions was provided to the CEO and was also used to set the CEO's compensation and leadership goals for the following year.

The individual components of our Named Executive Officers' 2016 compensation packages are described in detail below.

Base Salaries. Our Named Executive Officers were paid the following base salaries[1] during the fiscal year ended September 30, 2016:

Name	Base Salary
Joe A. Raver	$716,154
Kristina A. Cerniglia	$512,442
Kimberly K. Ryan	$476,654
Christopher H. Trainor	$423,077
Scott P. George	$445,737

The Compensation Committee believes these salaries are not only appropriate in light of available comparative data and the total mix of compensation for each of these officers, but also necessary in order to provide a guaranteed level of income and aid in the attraction and retention of talent in a competitive market.

Annual Cash Incentive Awards

Overview. The payment of annual cash short-term incentive compensation ("STIC") to our Named Executive Officers for fiscal year 2016 was formula-based and was governed by our Short-Term Incentive Compensation Plan for Key Executives ("STIC Plan").

The STIC Plan is designed to motivate our Named Executive Officers to perform and to meet both company and individual objectives. It is consistent with our philosophy that employees should share in the Company's success when value is created for our shareholders. The potential to be paid short-term cash incentive awards plays an important role in the attraction and retention of our Named Executive Officers.

STIC awards are calculated primarily using a formula (described in detail below) based on achievement of pre-established financial performance targets set by the Compensation Committee, with limited flexibility for the Committee to make adjustments on an officer-by-officer basis to reflect individual performance. The process by which an officer's STIC award is determined is as follows:

At the beginning of each fiscal year, the Compensation Committee approves a formula for calculating each officer's STIC award and sets financial performance targets for the Company or its applicable business unit that underlie this formula.

Following the end of the fiscal year, the Committee certifies the level of achievement of these performance targets, which achievement levels are then entered into the STIC formula for each officer. More detail regarding achievement of performance targets is provided below under the headings "STIC Award Formula" and "Company Performance Factors."

[1] The salary amounts shown in this table vary slightly from those shown in the "Summary Compensation Table" in Part III below because this table reflects salary actually *paid* during the fiscal year, while the "Summary Compensation Table" is presented based on salary *earned* during the fiscal year.

After achievement levels are entered into the formula, the Committee then applies a Maximum Award Factor to determine the maximum, or "capped," award that each officer is entitled to receive. More detail regarding the determination of a maximum amount is provided below under the heading "STIC Award Formula."

Finally, the Committee evaluates the individual performance of the officer for the prior fiscal year and approves his or her actual award amount. In approving the final award, the Committee has the authority to reduce, on an individual (*i.e.*, not an aggregate) basis, that officer's STIC award below the maximum, or "capped," amount, if and to the extent deemed appropriate based on his or her individual performance. The Committee determines whether or not such an adjustment is appropriate for our Named Executive Officers after considering individual performance reviews relating to the achievement of established goals, which are described above under the heading "Factors Considered in Setting Compensation."

STIC Award Formula. Our formula for calculating the maximum STIC awards potentially payable to our Named Executive Officers each year is as follows:

The formula components are described and quantified as follows:

Base Salary: the amount of salary paid to the Named Executive Officer during the applicable fiscal year.

Individual Factor: a pre-established percentage of base salary that varies among the Named Executive Officers. Mr. Raver's Individual Factor for fiscal year 2016 was 100 percent. The Individual Factor for Ms. Cerniglia and Ms. Ryan was 75 percent. The Individual Factor for each of Mr. Trainor and Mr. George was 50 percent. The Compensation Committee may adjust those percentages from year to year if deemed appropriate based upon factors including peer group metrics.

Company Performance Factor: a percentage reflecting the Company's or, as applicable, its business unit's actual achievement level with respect to the pre-established financial performance targets set by the Compensation Committee for each fiscal year. These financial performance targets are designated amounts of "Net Revenue," "Core IBT," "Core Cash Flow," and "Order Intake," each of which is further described below:

Net Revenue: this is a calculation of revenue, ignoring the effects of the following items:

- acquisitions made during the fiscal year (plan targets are adjusted accordingly);
- divestitures made during the fiscal year (plan targets are adjusted accordingly);
- changes in accounting pronouncements in accounting principles generally accepted in the United States ("GAAP") or applicable international standards that cause an inconsistency in computation as originally designed; and
- the foreign exchange translation of income statements at exchange rates that differ from those assumed in the STIC Plan.

Core IBT: this is income before taxes, adjusted to eliminate the following selected unusual and infrequent items (adjustment items are determined in advance by the Compensation Committee each fiscal year):

- all professional fees, due diligence fees, expenses, and integration costs related to a specific acquisition;
- all professional fees, due diligence fees, expenses, and integration costs related to a specific divestiture;
- income, losses, or impairments from specific financial instruments transferred to the Company as part of our spin-off in 2008 (*i.e.,* auction rate securities, equity limited partnerships, common stock, and promissory notes);
- stock compensation expense;
- extraordinary external legal costs;
- restructuring charges and other items related to a restructuring plan approved by the Company's CEO;
- changes in accounting pronouncements in GAAP or applicable international standards that cause an inconsistency in computation as originally designed; and
- realized and unrealized transaction gains and losses caused by foreign exchange, gains and losses caused by foreign exchange translation of balance sheet accounts, and any effects of the foreign exchange translation of income statements at exchange rates that differ from those assumed in the STIC Plan.

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Core Cash Flow: this is a calculation of cash flow, adjusted to eliminate the effects of certain selected extraordinary and non-recurring items, including the following (adjustment items are determined in advance by the Compensation Committee each fiscal year):

- purchase price and all professional fees, due diligence fees, expenses, and integration costs related to a specific acquisition (general costs associated with acquisition readiness and that are not a part of a specific acquisition will be included in the calculation);
- all professional fees, due diligence fees, expenses, and integration costs related to a specific divestiture;
- stock compensation expense;
- extraordinary external legal costs;
- restructuring charges and other items related to a restructuring plan approved by the Company's CEO;
- Company directives or initiatives that influence cash flow position (*e.g.,* directives to hold cash);
- interest income and expense related to intercompany loans;
- changes in accounting pronouncements in GAAP or applicable international standards that cause an inconsistency in computation as originally designed;
- extraordinary actions that increase cash but are unrelated to ongoing operations (*e.g.,* factoring of accounts receivable, sale-leaseback transactions, etc.); and
- realized and unrealized transaction gains and losses caused by foreign exchange, and gains and losses caused by foreign exchange translation of balance sheet accounts.

Order Intake: this is a reflection of the value of firm orders received from customers (net of all cancellations), adjusted to eliminate the effects of the following selected extraordinary and non-recurring items (adjustment items are determined in advance by the Compensation Committee during the first quarter of each fiscal year):

- acquisitions made during the fiscal year (plan targets are adjusted accordingly);

divestitures made during the fiscal year (plan targets are adjusted accordingly);

- foreign exchange translation at exchange rates that differ from those assumed in the STIC Plan; and

changes in accounting pronouncements in United States GAAP or applicable international standards that cause an inconsistency in computation as originally designed.

For a Named Executive Officer who has direct responsibility to a business unit other than Hillenbrand, Inc., the applicable performance targets track the performance of the relevant business unit (e.g., Ms. Ryan's entire award is based on the performance of Coperion and Mr. Trainor's entire award is based on the performance of Batesville). For all other Named Executive Officers, these targets track the performance of Hillenbrand, Inc. on a consolidated basis. In calculating the Company Performance Factor for each of our relevant business units, the performance targets described above were weighted as follows in fiscal year 2016:

For Hillenbrand, the achievement level with respect to target Core IBT was weighted at 50 percent of the Company Performance Factor, the achievement level with respect to target Net Revenue was weighted at 25 percent, and the achievement level with respect to target Core Cash Flow was weighted at 25 percent.

For Batesville, the achievement level with respect to target Core IBT was weighted at 40 percent of the Company Performance Factor, the achievement level with respect to target Net Revenue was weighted at 20 percent, and the achievement level with respect to target Core Cash Flow was weighted at 40 percent.

For Coperion, the achievement level with respect to target Core IBT was weighted at 50 percent of the Company Performance Factor, the achievement level with respect to target Order Intake was weighted at 25 percent, and the achievement level with respect to target Core Cash Flow was weighted at 25 percent.

For Hillenbrand and Coperion, the Company Performance Factor can range from zero (producing a zero formula amount for maximum potential STIC) to 200 percent. The Company Performance Factor may not exceed 200 percent, even if Hillenbrand or Coperion achieves greater than 200 percent of the targets. The maximum Company Performance Factor for Batesville may not exceed 175 percent. The Company Performance Factor will be zero if Hillenbrand or its relevant business unit does not achieve at least a threshold achievement level of any of the applicable performance targets. The Committee establishes this threshold achievement level, which for fiscal year 2016 was 80 percent of each target.

Maximum Award Factor: a multiplier established by the Compensation Committee in order to provide a "cap" on the maximum STIC award payout amount. The maximum factor was 1.2 for fiscal year 2016. Including this factor within the STIC formula enables the Committee to reward exceptional individual performance and motivate executives by providing the opportunity to exceed targeted goals.

The Committee considers this capped amount on an individual (*i.e.*, not an aggregate) basis, in determining whether to reduce an individual officer's maximum potential STIC award in any given year based on his or her performance. Any such individual adjustment by the Committee does not by definition indicate substandard performance; instead, it reflects the Committee's assessment of an individual against the high standard it sets for a maximum possible level of

performance.

For example:

It is expected that the STIC award for an officer who achieves his or her performance goals at target level in a particular year will be reduced from the maximum award amount (reflecting a 1.2 multiplier) to an amount at or near the target award amount (reflecting a 1.0 multiplier).

It is expected that the STIC award for an officer who shows exceptional individual performance in exceeding all of his or her performance goals for the year will be an amount at or close to (but not in excess of) the maximum award amount.

Calculation of Company Performance Factor – 2016. The financial performance objectives and threshold achievement percentages (as described above) that determine the applicable Company Performance Factor within our STIC formula are established annually by the Compensation Committee at levels that reflect strong financial performance under then-existing conditions. The target objectives are intended to represent stretch goals based on the business plan of the Company or its applicable business unit, so that management must be diligent, focused, and effective in order to reach these goals. The objectives are set with the intention that the relative level of difficulty in achieving the targets is consistent from year to year.

The following table sets forth the targeted financial performance objectives, the percentage of actual achievement, and the resulting Company Performance Factor for Hillenbrand and its relevant business units for fiscal year 2016:

	2016 Financial Criteria		
	(dollar amounts in millions)		
	Hillenbrand	**Batesville**	**Coperion**
Net Revenue Targeted Objective Amount	$1,699.7	$ 597.5	N/A
Net Revenue Achievement Percentage	92.4%	96.4%	N/A
Core IBT Targeted Objective Amount	$217.7	$ 137.8	$96.1
Core IBT Achievement Percentage	86.6%	94.8%	95.8%
Core Cash Flow Targeted Objective Amount	$185.2	$ 91.1	$84.9
Core Cash Flow Achievement Percentage	116.5%	94.4%	149.1%
Order Intake Targeted Objective Amount	N/A	N/A	$818.4
Order Intake Achievement Percentage	N/A	N/A	95.8%
Company Performance Factor	103.5%	87.3%	117.2%

2016 STIC Awards. For fiscal year 2016, the maximum, or "capped," potential STIC awards payable, and the actual STIC awards paid, to our Named Executive Officers were as follows:

Named Executive Officer	Fiscal Year Base Salary[2]	x	Individual Factor	x	Company Performance Factor	x	Maximum Award Factor	=	Maximum ("Capped") Potential STIC Award	Actual STIC Award Paid[3]
Joe A. Raver	$ 716,154		100%		103.5%		1.2		$ 889,463	$ 741,219
Kristina A. Cerniglia	$ 512,442		75%		103.5%		1.2		$ 477,340	$ 409,700
Kimberly K. Ryan	$ 476,654		75%		117.2%		1.2		$ 502,775	$ 427,400
Christopher H. Trainor	$ 423,077		50%		87.3%		1.2		$ 221,608	$ 184,700
Scott P. George	$ 445,737		50%		103.5%		1.2		$ 276,803	$ 219,100

Long-Term Incentive Compensation (LTIC)

Overview. We currently provide Long-Term Incentive Compensation to our Named Executive Officers and other employees by awarding them a combination of stock options and restricted stock units (RSUs). Our Stock Incentive Plan (the "Stock Plan") enables us to grant these and other equity-based awards.

The Compensation Committee makes and administers all awards to our Named Executive Officers under the Stock Plan. During fiscal year 2014, our shareholders approved the amendment and restatement of our Stock Plan, which increased the number of shares available for equity awards in order to allow the Company to continue granting such awards to Named Executive Officers and other employees, consistent with our compensation philosophy. As explained in further detail below, the majority of shares granted under our equity awards are performance-based and are eligible to ultimately vest, or pay out, within a range of zero to 175 percent of the target amount of the award, depending upon the level of achievement of certain established targets over a three-year measurement period.

Historically, actual achievement levels have dictated actual payout amounts for our performance-based equity awards in a range between no payout (zero percent) and approximately 125 percent of the targeted amount, meaning that we have in fact issued a number of shares that is significantly lower than the 175 percent maximum. However, in order to ensure that we have sufficient shares available in the event of a maximum payout, and for certain administrative purposes, during the measurement period we reserve within the Stock Plan a number of shares equal to the maximum 175 percent potential payout. Consequently, at any given time we maintain under our Stock Plan a number of shares that is significantly higher than the number that is likely to be issued with respect to then-outstanding awards. Once the measurement period for a particular award ends and the award vests, the shares representing the excess of the

amount reserved at 175 percent over the amount actually issued are returned to the Stock Plan to be again available for issuance.

[2] The salary amounts shown in this column vary slightly from those shown in the “Summary Compensation Table” in Part III below because that table is presented based on salary *earned* during the fiscal year, while STIC awards are calculated based on salary actually *paid* during the fiscal year.

[3] Actual STIC Award Paid based upon how each Named Executive Officer performed in relation to his/her personal objectives set forth in the section, “2016 Individual Performance Goals.”

As of the end of fiscal year 2016, a total of 4,621,166 shares of our common stock were available for equity awards under the Stock Plan. The Stock Plan imposes annual limits on the number of shares represented by stock options or RSUs that can be granted to any one employee.

Although the Company does not have a written policy regarding the timing or practices related to granting equity awards, neither the Company nor the Compensation Committee engages in spring-loading, back-dating, or other practices which "time" the grant of equity awards. Furthermore, our Stock Plan expressly prohibits the direct re-pricing, exchanging, or cashing out of "underwater" stock options without shareholder approval. Stock options and RSUs are generally granted at a regularly scheduled meeting of the Compensation Committee, acting as the administrative committee under the Stock Plan (referred to below as the "Administrator"), in the first quarter of each fiscal year (usually in December) after the Company publicly announces its financial results for the prior fiscal year. Equity awards may also be made to new hires at the time of employment.

Available Awards. Our Stock Plan enables us to grant several types of equity awards: stock options, RSUs (both performance-based RSUs and time-based RSUs), restricted stock, stock appreciation rights, and bonus stock. However, only stock options and RSUs were granted and outstanding under the Stock Plan during fiscal year 2016; these awards are described below:

Stock Options. Incentive (tax-qualified) and non-qualified stock options may be granted to such employees and (with respect to non-qualified options) directors and for such number of shares of our common stock as the Administrator determines, subject to applicable limits as set forth in the Stock Plan. A stock option will be exercisable and vest at such times, over such term, and subject to such terms and conditions as the Administrator determines, at an exercise price which may not be less than the fair market value of our common stock on the date the option is granted. The Company has historically issued non-qualified stock option awards with a term of ten years, which vest (and become exercisable), subject to certain terms and conditions, at the rate of 33-1/3 percent of the shares covered by the option on each of the first three anniversaries of the grant date. The Stock Plan prescribes a maximum ten-year term and a three-year vesting cycle, except as the Administrator may otherwise provide on an individual basis.

Restricted Stock Units (RSUs). An award of restricted stock units represents our agreement to deliver shares of common stock (or their cash equivalent) to the award recipient at a specified future time or upon a specified future event. The Company generally favors granting RSU awards that are performance-based, meaning that the vesting and/or delivery of award shares is conditioned upon the attainment of specific performance goals or other criteria as established by the Administrator. However, from time to time – typically with the goal of attracting or retaining a specific employee – the Administrator may approve the granting of an RSU award that is time-based, meaning that vesting and/or delivery of shares is conditioned upon the completion of a specified period of service. The Stock Plan also allows the Administrator to grant RSU awards that provide for the unconditional delivery of shares (or their cash equivalent) on a specified date, but the Company historically has not granted such awards. RSUs carry no voting rights until such time as the underlying shares of common stock are actually issued. The Administrator has the right to determine whether and when dividend equivalents will be paid with respect to a restricted stock unit award. Additional detail regarding whether and when dividend equivalents are paid on such awards is provided below in this section.

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Performance-Based Equity Awards. The Administrator may designate and structure any awards under the Stock Plan as performance-based awards. As a general rule, all annual LTIC awards are performance-based awards. The Company from time to time also issues time-based equity awards in certain circumstances.

When an equity award is performance-based, either the granting or vesting (or both) of the award is made subject to the achievement of performance objectives specified by the Administrator. The performance objectives specified for a particular award may be based on one or more of the following criteria, which the Administrator may apply to the Company as a whole and/or to one or more business units, and which the Administrator may use as an absolute measure, as a measure of improvement relative to prior performance, or as a measure of comparable performance relative to a peer group of companies: sales, operating profits, operating profits before taxes, operating profits before interest expense and taxes, net earnings, earnings per share, return on equity, return on assets, return on invested capital, total shareholder return, cash flow, debt to equity ratio, market share, stock price, and shareholder, economic or market value added.

Award Amounts. In setting the amount of each annual LTIC award granted to our Named Executive Officers, the Compensation Committee bases its decision on comparative data from the Company's peer group, benchmarked at the 50th percentile. The Compensation Committee set the distribution of annual awards to our Named Executive Officers as follows: approximately 33 percent of the award value in stock options and approximately 67 percent in performance-based restricted stock units. Compared to an average of our peer group's mix of long-term incentive compensation awards, our annual LTIC grants to Named Executive Officers reflect a heavy emphasis on performance-based awards, as shown in the charts below.

Peer Group Average* Hillenbrand, Inc.

* Source: Proxy filings

Valuation of Awards. Considering commonly used valuation models and advice from its independent compensation consultant, the Compensation Committee values stock option and RSU awards on the date of grant as follows, for purposes of assembling a total annual LTIC award to Named Executive Officers:

Stock Options. The Committee values stock options using the binomial option-pricing model. The binomial model is driven by a variety of inputs and assumptions, including the Company's stock price at grant date, the term of grant, vesting term, exercise price of the option, expected volatility of the stock price, dividend yield, risk-free interest rate, and early exercise and termination rates, plus an assumption factor based on a stock price at which early exercise will occur. Additional details regarding these inputs and assumptions are set forth in Note 9 to our audited financial statements included in our Annual Report on Form 10-K, which was filed with the SEC on November 16, 2016.

Performance-Based RSUs. The Committee values performance-based RSUs at the target share level, which is the number of shares that would ultimately be earned by a Named Executive Officer at the end of the performance measurement period if the targeted performance metrics were achieved at the 100 percent level. These performance metrics are established by the Committee and applied within the applicable award formula as described in detail below. Under each applicable award formula, the maximum number of shares that can potentially be earned at the end of the performance measurement period is 175 percent of the targeted number, and the minimum number is zero. The number of shares to be awarded at the target level depends on the measurement formula being used for the performance-based RSUs. We use two formulas: the "shareholder value formula" and the relative "total shareholder return formula":

For the performance-based RSUs issued based on the shareholder value formula, the number of shares to be awarded at the target level is determined by dividing the portion of the total LTIC award dollar value attributable to those RSUs by the market price per share for our stock on the grant date of the award.

For the performance-based RSUs issued based on relative total shareholder return (TSR), the number of shares to be awarded at the target level is determined by using a Monte Carlo simulation approach. The simulation incorporates risk-free interest rates, historical stock prices and dividends, as well as volatilities and correlation of returns for the Company and peer group companies. The per share value of performance-based RSUs as determined by the Monte Carlo simulation is then divided by the portion of the total LTIC award dollar value attributable to those RSUs to determine the number of shares to be awarded.

2016 LTIC Awards. Consistent with our compensation philosophy and historical practices, the Compensation Committee again awarded stock options and performance-based restricted stock units as equity awards to our Named Executive Officers for fiscal year 2016. These awards consisted of approximately one-third of the target award value in stock options and approximately two-thirds in performance-based RSUs. For fiscal year 2016, these performance-based RSUs were issued based on two different measurement formulas: approximately one-half of these performance-based RSUs were issued based on our shareholder value formula; and approximately one-half were issued based on our relative total shareholder return (TSR) formula. Each such formula is described in detail below.

Each year the Compensation Committee evaluates the Company's compensation program, refining it if necessary or appropriate to align with changing compensation trends and market and industry conditions. In 2016, we made certain modifications to our LTIC program (a) in order to align the interests of our executives even more closely with the interest of our shareholders by enhancing the effect shareholder returns have on the overall award (on a percentage basis), (b) to facilitate executive movement throughout the global business, and (c) for capital allocation purposes. Specifically, in 2016 we awarded performance-based restricted stock units (RSUs) based on only one shareholder value formula, which is tied to the performance of Hillenbrand, Inc. at the consolidated enterprise level. In fiscal years 2014 and 2015, those executives with direct responsibility to one of the Company's business units were awarded shareholder value RSUs based on the performance of that business unit rather than Hillenbrand, Inc. consolidated.

In addition, we adjusted the mix of our annual LTIC awards to executives: in 2016 those awards consisted of approximately one-third of the award value in stock options, one-third in RSUs based on relative total shareholder return (TSR), and one-third in RSUs based on shareholder value. In the past, those awards had consisted of approximately one-quarter of the award value in stock options, one-quarter in RSUs based on TSR, and one-half in RSUs based on shareholder value.

The form and underlying details of the LTIC awards made to our Named Executive Officers dictate that the amount of compensation ultimately received by our executives will be tied to and conditioned on performance objectives for our Company. Consistent with our Executive Compensation Philosophy as stated above, the Company's management team is charged with increasing the long-term economic value of the Company in excess of the rate investors expect, which is accomplished primarily by growing the amount of cash generated by the Company over time through execution of the Company's strategy and the initiatives that flow from that strategy. We expect that such growth will favorably impact the value of the Company's stock and the return earned by its shareholders.

The performance-based LTIC awards granted to our Named Executive Officers during fiscal year 2016 consisted of stock options and RSUs as follows:[4]

Name	Option Shares	Aggregate Performance-Based RSU Award	
		Target	Maximum
Joe A. Raver	81,154	38,501	67,376
Kristina A. Cerniglia	25,627	12,157	21,274
Kimberly K. Ryan	26,396	12,522	21,912
Christopher H. Trainor	12,813	6,078	10,636
Scott P. George	25,627	12,157	21,274

The stock options become exercisable ratably on the first, second, and third anniversaries of the grant date (1/3 on each grant date anniversary).

[4] The number of RSUs shown in the table – both at the target and maximum levels – reflect the aggregate number of performance-based RSUs granted (*i.e.*, those granted based on both the relative TSR formula and the shareholder value formula). See the pages that follow for a detailed breakdown of these aggregate awards into their component parts.

The performance-based restricted stock units – both those issued pursuant to the shareholder value formula and those issued pursuant to the relative TSR formula – measure performance over three consecutive fiscal years beginning on October 1, 2015. Under each formula, the number of units that vests at the end of the three-year measurement period is a function of the level of achievement of the applicable established performance targets during that period. We believe that by linking the pay of our Named Executive Officers to the achievement of targets over three years, our LTIC program shapes investment strategies that improve the Company's value over the long term.

Details of the Shareholder Value Performance-Based RSU Awards. For fiscal year 2016, RSUs representing approximately one-half of the value of the aggregate performance-based RSU award made to each Named Executive Officer were awarded based on a shareholder value formula (the "Shareholder Value RSUs"), which is a discounted cash flow model that is designed to reflect the true economic return to investors. The key inputs into the model are the Company's net operating profit after tax ("NOPAT"), free cash flow, and the established "hurdle rate," which is a reflection of the Company's weighted average cost of capital and targeted capital structure (the "Hurdle Rate"). It is contemplated that the Hurdle Rate will typically equal or exceed the Company's weighted average cost of capital. In 2016, the awards made to all of our executives utilized the same shareholder value formula, which is tied to the performance of Hillenbrand, Inc. and its various business units on a consolidated enterprise level. In fiscal years 2014 and 2015, certain executives were subject to a different shareholder value formula: specifically, awards made to those executives with direct responsibility to one of the Company's business units were based on the shareholder value created at the business unit rather than at Hillenbrand, Inc. consolidated. Because value for our shareholders is created at the enterprise level, we believe that moving to a consolidated shareholder value formula for all executives more closely aligns the interests of all our executives with the interests of our shareholders. However, we continue to monitor the performance of the Company's individual business units. The executives responsible for those business units remain accountable for their performance and are compensated in accordance with that performance in a variety of ways, including through our STIC program.

For the Shareholder Value RSUs, the performance award earned by a Named Executive Officer at the end of the three-year measurement period will be based upon the actual shareholder value created during the period (referred to as "Shareholder Value Delivered") above or below what was expected (referred to as "Shareholder Value Expected"). In general, the Shareholder Value RSUs are designed to pay on the basis of the growth in value to an investor over three years, and the Company must earn a return that meets the applicable Hurdle Rate in order for a Named Executive Officer to earn the targeted award. The return must exceed the Hurdle Rate to exceed the targeted award. By linking the pay of our Named Executive Officers with the growth in the economic value of the Company, the Shareholder Value RSU award aligns the interests of the executive management team with those of the Company's investors.

The table below sets forth the targeted and maximum amounts of the Shareholder Value RSU awards granted to our Named Executive Officers in fiscal year 2016:

Name	Shareholder Value RSU Award	
	Target	Maximum
Joe A. Raver	20,357	35,624
Kristina A. Cerniglia	6,428	11,249
Kimberly K. Ryan	6,621	11,586
Christopher H. Trainor	3,214	5,624
Scott P. George	6,428	11,249

The applicable award calculation formulas and performance objectives for these Shareholder Value RSU awards were as follows:

Award Formula. The number of shares represented by restricted stock units (including dividends accrued thereon) that will vest and be earned is a function of the amount of Shareholder Value Delivered at the end of the measurement period as compared to the Shareholder Value Expected at the end of the measurement period.

Subject to applicable adjustments set forth in the award agreements, at the end of the measurement period, all restrictions will lapse and the appropriate number of shares will become fully vested and earned as determined by the following formula: the number of whole shares to be awarded is (rounded down) equal to the product of (i) the number of shares representing the target RSU award, times (ii) a multiplier, as provided in the following table, based on the ratio, expressed as a percentage, of Shareholder Value Delivered to Shareholder Value Expected:

Shareholder Value Delivered As Percentage Of Shareholder Value Expected	**Multiplier**
Less than 70%	zero (no units earned)
At least 70% but less than 130%	0.25 plus an additional 0.025 for each full percentage point achieved above minimum for range
At least 130%	1.75 (maximum number of units earned)

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The achievement levels and corresponding multipliers set forth above are expressed in further detail in the payout curve set forth below:

Dividend equivalent amounts are accrued on Shareholder Value RSUs during the measurement period as dividends are declared on the Company's common stock. These equivalent amounts are deemed to be reinvested in additional shares of Company common stock and then ultimately paid in the form of additional shares on the distribution date of the underlying award, in proportion to the number of shares that vest and are distributed in accordance with the payout curve set forth above.

Calculation of Shareholder Value Expected. The amount of Shareholder Value Expected as of the end of a measurement period is calculated as (i) the Company's Adjusted NOPAT (defined below) for the prior fiscal year, (ii) divided by the Hurdle Rate, and (iii) multiplied by the cube of (1 + Hurdle Rate):

If during the Measurement Period the Company acquires or integrates a business or operating unit, then the Shareholder Value Expected at the end of the Measurement Period and the Hurdle Rate shall be adjusted to reflect the expected impact, if any, of such acquisition or integration during the Measurement Period, taking into account the projected 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.

For the award granted in 2016, the amount of Shareholder Value Expected as of the end of the three-year measurement period was $2,652.2 million, reflecting the targeted amount of growth in value over the three years ending on September 30, 2018, as adjusted for acquisitions.

Calculation of Shareholder Value Delivered. The amount of Shareholder Value Delivered as of the end of a measurement period is calculated by adding two components: the NOPAT Component and the Cash Flow Component.

The NOPAT Component of Shareholder Value Delivered is the Company's Adjusted NOPAT (as defined below) for the last fiscal year of the measurement period, divided by the Hurdle Rate.

The Cash Flow Component of Shareholder Value Delivered is the sum of the following:

Adjusted Cash Flow (as defined below) for the third fiscal year in the measurement period;

Adjusted Cash Flow for the second fiscal year in the measurement period, multiplied by (1 + Hurdle Rate); and

Adjusted Cash Flow for the first fiscal year in the measurement period, multiplied by the square of (1 + Hurdle Rate).

Definitions.

"Adjusted NOPAT" means net operating profit after tax, as adjusted (net of tax where applicable) to exclude the effects of the following items:

income, losses, or impairments from specific financial instruments transferred to the Company as part of our spin-off in 2008;

interest income on corporate investments and interest expense on corporate debt;

all professional fees, due diligence fees, expenses, and integration costs related to a specific acquisition;

amortization expense 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.);

all adjustments made to net income related to changes in the fair value of contingent earn-out awards;

extraordinary external, non-recurring, and material legal costs;

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

changes in accounting pronouncements in GAAP or applicable international standards that cause an inconsistency in computation as originally designed.

"Adjusted Cash Flow" means net cash provided by operating activities (whether positive or negative) during a fiscal year, less capital expenditures net of proceeds on the disposal of property, all as shown on audited financial statements for that fiscal year, as adjusted (net of tax where applicable) to exclude the effects of the following items:

cash receipts or disbursements from financial instruments transferred to the Company as part of our spin-off in 2008;

interest income on corporate investments and interest expense on corporate debt;

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

extraordinary external, non-recurring, and material legal disbursements;

changes in accounting pronouncements in GAAP or applicable international standards that cause an inconsistency in computation as originally designed; and

the cost of consummated acquisitions, including the purchase price, all professional fees, due diligence fees, expenses, and integration costs.

Details of the Relative Total Shareholder Return (TSR) Performance-Based RSU Awards. RSUs representing approximately one-half of the value of the aggregate performance-based RSU award made to each Named Executive Officer were awarded based on a relative total shareholder return (TSR) formula (the "Relative TSR RSUs").

The relative TSR formula measures performance using the same three-year measurement period used with respect to our Shareholder Value RSUs. The performance award earned by a Named Executive Officer at the end of the three years will be based on the change in the market price of the Company's common stock, compared to the change in market price of the stock of the members of the Company's compensation peer group[5] (referred to herein as the "Peer Group Companies"), taking dividends into account as further described below.

[5] The members of the Company's compensation peer group are identified above under the heading "Factors Considered in Setting Compensation."

The table below sets forth the targeted and maximum amounts of the Relative TSR RSU awards granted to our Named Executive Officers in fiscal year 2016:

Name	Relative Total Shareholder Return RSU Award	
	Target	Maximum
Joe A. Raver	18,144	31,752
Kristina A. Cerniglia	5,729	10,025
Kimberly K. Ryan	5,901	10,326
Christopher H. Trainor	2,864	5,012
Scott P. George	5,729	10,025

In general, the target award is earned if the Company's stock performs as well as or better than approximately 50 percent of the Peer Group Companies during the measurement period, and the award pays out proportionately higher or lower if the stock performs above or below that mark, as illustrated in more detail below. By linking the pay of our Named Executive Officers with the return earned by our shareholders relative to the return earned by investors in our peers, the Relative TSR RSU award aligns the interests of our executive management team with those of our shareholders.

The key inputs and award calculation formula for these Relative TSR RSU awards were as follows:

Key Inputs. The key inputs into the award formula, as defined below, are the Beginning Average Price of the stock of the Company and the Peer Group Companies; the Ending Average Price of the stock of the Company and the Peer Group Companies; the Dividend Reinvestment Multiplier applicable to each such company; and the Total Shareholder Return (TSR) of each such company during the measurement period.

The Beginning Average Price of stock with respect to the Company and each of its Peer Group Companies is the average closing price of that company's stock over the 20 trading days immediately preceding (but not including) the first day of the measurement period, adjusted for dividends by applying that company's Dividend Reinvestment Multiplier.

The Ending Average Price of stock with respect to the Company and each of its Peer Group Companies is the average closing price of that company's stock over the 20 trading days immediately preceding (and including) the last day of the measurement period, adjusted for dividends by applying that company's Dividend Reinvestment Multiplier.

The Dividend Reinvestment Multiplier applicable to the Company and each of its Peer Group Companies is a calculation of the value of dividends paid out by that company, assuming reinvestment of those dividends in that company's stock, calculated by dividing each dividend paid out by that company over the applicable period by its closing share price on the ex-dividend date.

The Total Shareholder Return (TSR) of the Company and each of its Peer Group Companies during the measurement period is calculated by subtracting one from the quotient of (i) the Ending Average Price for that company, divided by (ii) the Beginning Average Price for that company:

Award Formula. The number of shares represented by RSUs that will vest and be earned at the end of the measurement period is a function of the relative percentile ranking of the TSR achieved by the Company during the measurement period, as compared to the TSR achieved by the Peer Group Companies during the measurement period. Subject to applicable adjustment in the event of termination of employment prior to September 30, 2018, at the end of the measurement period all restrictions will lapse, and the shares will become fully vested and earned, with respect to the number of whole shares (rounded down) equal to the product of (i) the number of shares representing the target RSU award, times (ii) a multiplier, as provided in the following table, based on the ranking, expressed as a percentile, of the Company's TSR within the TSRs achieved by the Company and the Peer Group Companies as a group:

Relative Percentile Rank Of Company TSR	**Multiplier**
Less than 24.99%	zero (no RSUs earned)
At least 25% but less than 29.99%	0.40
At least 30% but less than 34.99%	0.55
At least 35% but less than 39.99%	0.70
At least 40% but less than 44.99%	0.85
At least 45% but less than 54.99%	1.00
At least 55% but less than 59.99%	1.15
At least 60% but less than 64.99%	1.30
At least 65% but less than 69.99%	1.45
At least 70% but less than 74.99%	1.60
At least 75%	1.75

For purposes of illustration only, if the TSR achieved by the Company for the measurement period were higher than the TSR achieved by ten of the Peer Group Companies, the Company's raw ranking within the group would be 11 out of 17 (the percentile calculation includes the 16 Peer Group Companies plus the Company itself).[6] Its percentile ranking would then be calculated by dividing 11 by 17, to arrive at a percentile figure of 64.7 percent and, therefore, a multiplier of 1.3 times the target award, per the table above.

[6] In the event that a company included as a Peer Group Company when an award is granted 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 such company is not publicly traded by reason of bankruptcy, liquidation, or similar proceeding, it will be included in the TSR ranking with an applicable TSR equal to

negative 100 percent (-100%).

Whereas dividends accrue during the measurement period with respect to shares underlying the Shareholder Value RSUs as described above, dividends do not accrue during the measurement period with respect to shares underlying Relative TSR RSUs, due to the manner in which the Relative TSR RSUs are valued on their grant date.

Vesting of Fiscal Year 2014 LTIC Awards. On September 30, 2016, the three-year measurement period for the Company's LTIC awards that were granted in fiscal year 2014 closed. Those awards vested in accordance with our two LTIC award formulas described above. During the three-year measurement period (fiscal years 2014-2016), the Company achieved an actual shareholder value increase equal to 77.0 percent of the target for that measurement period, resulting in a vested award amount equal to 42.5 percent of the targeted number of shares (*i.e.*, the number of shares that would be earned upon achievement in full of the target shareholder value increase). At the time of granting the awards, executives with direct responsibilities to one of the Company's business units were granted shareholder value RSUs based on the performance of that business unit rather than Hillenbrand, Inc. consolidated. Batesville achieved an actual shareholder value increase equal to 89.3 percent of the target for the measurement period, resulting in a vested award amount equal to 73.1 percent of the targeted number of shares.

Under the relative TSR formula, the Company ranked 11 out of the 17 Peer Group Companies (as described above, the percentile calculation includes the 16 Peer Group Companies plus the Company), resulting in a percentile figure of 37.5 percent, and, therefore, a multiplier of 0.70 times the target award.

Additional details regarding the LTIC awards granted in fiscal year 2014 are set forth under the heading "Long-Term Incentive Compensation" in the "Compensation Discussion and Analysis" section of our proxy statement for our 2015 Annual Meeting of shareholders, which was filed with the SEC on January 7, 2015. See the "Option Exercises and Stock Vested for Fiscal Year Ended September 30, 2016" table in Part III below for additional detail regarding the vesting of the LTIC awards granted in fiscal 2014.

Retirement and Savings Plans

Savings Plan. We maintain a tax-qualified defined contribution savings plan (the "Savings Plan") in which substantially all our U.S.-domiciled employees, including all of the Named Executive Officers, are eligible to participate. Employees may contribute up to 40 percent of their compensation on a pre-tax basis to the Savings Plan, subject to applicable limits. The Company matches contributions in an amount equal to 50¢ for every dollar contributed by the employee until the employee contributions reach six percent of his or her compensation. Additionally, whether or not employees contribute to the Savings Plan, the Company provides an automatic contribution per pay period to the Savings Plan for all eligible employees in an amount equal to four percent of compensation. All contributions by employees and the automatic Company contribution are fully vested immediately. The Company matching contributions do not vest until after three years of credited service; at which point Company matching contributions vest immediately when made.

For information regarding compensation paid to our Named Executive Officers under the Savings Plan, see footnote 5 to the “Summary Compensation Table” in Part III below.

Supplemental Retirement Plan. We maintain a Supplemental Retirement Plan administered by Fidelity Management Trust Company (the "SRP") that provides a defined contribution benefit to plan participants. All of the Named Executive Officers participate in the SRP. The SRP is designed to supplement the amount of retirement benefits that participants are entitled to receive from our Savings Plan.

The Internal Revenue Code establishes certain limits with respect to tax-qualified retirement plans like our Savings Plan, including a limit on the maximum amount of compensation that can be counted as earnings of the participant for purposes of calculating benefits. The application of these tax law limits can reduce the amount that would otherwise be payable to a participant under the terms of a tax-qualified retirement plan. Additionally, our Savings Plan excludes any cash bonus amounts from the definition of compensation for plan purposes, focusing the contribution formula only on base salary.

In general, the SRP is designed to "make whole" a participant by paying benefits otherwise lost under the Savings Plan due to the application of tax law limits and the exclusion of the annual cash bonus from the plan's contribution formula. The SRP annually accrues future benefits for the participants equal to the difference between (i) the benefit amount that is actually contributed for a participant under the Savings Plan, and (ii) the amount that would have been contributed if (a) the tax law limits were not applied, and (b) the participant's targeted annual cash bonus amount were included as compensation (in addition to base salary) in the contribution formula under the plan.

Once benefits under the SRP have vested, they are generally payable following retirement or termination of employment. However, if a participant's employment is terminated for "cause" (as such term is defined in the SRP), contributions under the SRP may be forfeited.

Under the SRP, participants are permitted to direct the investment of their accrued accounts (on a hypothetical basis because this is non-cash "shadow" deferred compensation) into various Fidelity mutual funds and/or Company common stock. The Company then actually makes those designated investments for the Company's own account with funds contributed by the Company under a "Rabbi Trust" arrangement so that the Company can actually fund the earnings or losses experienced by each participant in his or her hypothetical investments when distributions are made. The SRP also permits a participant to elect to defer all or a portion of his or her annual cash bonus for payment at a later time and to invest the deferred amounts in Fidelity mutual funds and/or Company common stock on a hypothetical basis.

For information concerning benefits payable to our Named Executive Officers under the SRP, see the table entitled "Nonqualified Deferred Compensation for Fiscal Year Ended September 30, 2016" in Part III below.

None of our Named Executive Officers participates in or has account balances in any non-qualified defined benefit plan sponsored by us.

Employment Agreements and Termination Benefits

***Employment Agreements*.** We have entered into employment agreements with each of the Named Executive Officers. We believe that it is appropriate for our senior executives to have employment agreements because they provide the Company certain contractual protections that we might not otherwise have, including provisions relating to not competing with us, not soliciting our employees, and maintaining the confidentiality of our proprietary information. The employment agreements we have with our Named Executive Officers contain non-competition and non-solicitation agreements that generally continue in effect for a period of one to two years after the termination of the Named Executive Officer's employment. Additionally, we believe that employment agreements are a useful tool in the recruiting and retention of senior-level executives.

Termination Benefits Under Employment Agreements. The employment agreements with our Named Executive Officers provide for employment "at will." They are terminable by either party without "cause" on 60 days' written notice and are also terminable by the Company at any time (subject to certain cure rights) for "cause," as such term is defined in each employment agreement. The Named Executive Officers are also entitled to terminate their employment agreements for "good reason," as such term is defined in their agreements. If we terminate the employment of a Named Executive Officer without "cause," or if his or her employment is terminated with "good reason," then we are obligated to provide severance compensation in connection with such termination. No severance compensation is payable under our employment agreements with the Named Executive Officers if we terminate with "cause," if the executive terminates without "good reason," or if the employment relationship is terminated on account of death or disability.

If the employment of a Named Executive Officer is terminated by us without cause or is terminated by the executive officer upon the occurrence, without the executive officer's consent, of a good reason event, we are required under the officer's employment agreement to provide severance compensation to such Named Executive Officer as follows:

- continuation of the officer's base salary for 12 months (24 months for Mr. Raver), subject to required withholdings, which payments may need to be delayed for six months under certain provisions of the Internal Revenue Code;
- bearing the cost of continued health coverage and, in some cases, group life insurance, until the continuation of base salary period described above is complete; and
- limited out-placement counseling.

Post-Termination Payments of STIC and LTIC. A Named Executive Officer whose employment terminates may or may not be entitled to the post-termination payment of a portion of the STIC or LTIC award that would have been payable to the Named Executive Officer if his or her employment had continued through the end of the applicable measurement period. The amount payable, if any, depends on the performance of the Company or its applicable business unit throughout the measurement period in question and the circumstances under which employment terminates.

STIC. Post-termination STIC is payable to a Named Executive Officer after the performance period in question has ended and only if it is determined under the applicable performance formula that an amount would have been payable to the former officer had his or her employment continued through the end of the performance period. The amount, if any, that is payable depends upon the circumstances of the termination.

If employment terminates due to death, disability, retirement (after age 55 and five years of service), involuntary termination without "cause," or voluntary termination for "good reason," then the former officer is entitled to a pro-rata payment of his or her STIC award based on the portion of the fiscal year during which he or she remained employed, subject to a reduction of up to one-third of that amount at the discretion of the Compensation Committee. No pro-rata STIC is payable to officers upon an involuntary termination with cause or a voluntary termination without good reason.

LTIC. Following termination, the RSU portion of an LTIC award is payable to a Named Executive Officer only after the measurement period in question has ended and only if it is determined under the applicable performance formula that an amount would have been payable to the former officer had his or her employment continued through the end of the measurement period. Once the amount that would have been paid had employment continued (the "Full Period Award") is determined, there are three possible outcomes to determine the portion of the Full Period Award, if any, that is payable to the former Named Executive Officer:

- if employment terminates due to death, disability, or retirement (after age 55 and five years of service), the Named Executive Officer is entitled to a pro-rata amount of the Full Period Award based on the portion of the measurement period during which he or she remained employed, plus 52 weeks (up to a maximum of the Full Period Award amount);
- if employment is terminated by the Company without "cause," or by the executive for "good reason," the Named Executive Officer is entitled to a pro-rata amount of the Full Period Award based solely on the portion of the measurement period during which he or she remained employed; and
- in any other circumstances, all outstanding RSUs are forfeited upon termination of employment.

With respect to stock options, all unvested options become fully vested upon a termination of employment due to death, disability, or retirement occurring more than one year after the grant date. Unless otherwise expressly approved by the Compensation Committee, all unvested options are forfeited upon a termination of employment due to any other circumstance.

For more information regarding the severance benefits payable to our Named Executive Officers under their employment agreements and our STIC and LTIC compensation programs, see the tables under the heading "Potential Payments Upon Termination" in Part III below.

Change in Control Agreements. We believe it is important that management be in a position to provide assessment and advice to the Company's Board of Directors regarding any proposed business transaction without being unduly distracted by the uncertainties and risks that a proposed change in control of the Company creates with respect to

management. Accordingly, we have entered into change in control agreements with each of our Named Executive Officers and other key executives that provide compensation to the executive if his or her employment is terminated in connection with a change in the control of the Company. Compensation paid upon an executive's termination under a change in control agreement is in lieu of severance compensation provided under that executive's employment agreement.

These change in control agreements provide for the following:

Vesting of benefits only upon a “double-trigger,” requiring not only a change in control but also a qualified termination of employment in order for benefits to be realized. Qualified terminations are any termination in anticipation of or within two years after the occurrence of a change in control, including terminations without cause or for “good reason,” but excluding terminations on account of death, disability, retirement, or for “cause.” These change in control agreements expressly supersede the Company’s Stock Plan, which provides for single-trigger vesting of equity awards as a default position.

Vesting of benefits without any tax gross-up payments relating to the excise tax on excess “parachute payments” imposed by Section 4999 of the Internal Revenue Code. If an executive is entitled to receive payments upon a change in control that may be subject to the excise tax, he or she will either be paid the full amount (and remain personally liable for the excise tax), or be paid a reduced amount that does not give rise to the excise tax, whichever is greater on an after-tax basis.

The benefits to be provided upon a qualified termination include:

a lump sum payment in cash equal to two times the executive’s annual base salary (three times for Mr. Raver);

bearing the cost of continued health insurance for the executive and his or her dependents for 24 months (36 months for Mr. Raver) and continued life insurance coverage for 24 months, with the right to purchase continued medical insurance (at COBRA rates) from the end of this period until the executive reaches Social Security retirement age;

a lump sum payment equal to two times (three times for Mr. Raver) the amount of the additional amounts, if any, accrued during the last 12 months in the executive’s defined contribution accounts under the Company’s Supplemental Retirement Plan;

a lump sum payment equal to his or her respective current year STIC award, assuming 100 percent achievement in that year of the relevant performance targets under the STIC Plan; and

immediate vesting of all outstanding stock options and equity awards, assuming (where applicable) 100 percent achievement of the relevant performance targets.

Under the change in control agreements, a “change in control” is defined generally as: (i) the acquisition of beneficial ownership of 35 percent or more of the voting power of all of the Company’s voting securities by a person or group; (ii) the consummation of certain mergers or consolidations; (iii) a change in the composition of a majority of the members of our Board of Directors; (iv) the consummation of a sale of substantially all of the Company’s assets; or (v)

the approval by our shareholders of a plan of complete liquidation of the Company.

The amounts potentially payable to our Named Executive Officers in connection with a change in control are set forth in the tables under the headings “Potential Payments Upon Termination” and “Change in Control Benefits” in Part III below.

Other Personal Benefits

In addition to the compensation components discussed above, we also provide our Named Executive Officers, as well as certain other employees and officers, with other benefits as described below. We generally disfavor providing extensive perquisites but do provide modest benefits to enhance the highly variable, performance-oriented compensation components we utilize. We also provide these benefits in order to remain competitive with the market and believe that these benefits help us to attract and retain qualified executives.

Executive Financial Planning, Estate Planning, and Tax Preparation Service Program. Our Named Executive Officers and certain other officers are eligible for limited reimbursement of (i) financial and estate planning services and (ii) income tax preparation services. Reimbursement is approved for up to $5,000 per calendar year.

Executive Physical. We provide the Named Executive Officers and certain other officers with annual physicals. We cover 100 percent of the cost of this program. This program was developed to promote the physical well-being and health of our senior-level managers. We believe that this program is in the best long-term interests of our shareholders.

Other Benefits. Our Named Executive Officers also participate in other benefit plans that we fully or partially subsidize. Their participation is on the same terms as other employees. Some of the more significant of these benefits include medical, dental, life, disability, and vision insurance, as well as relocation reimbursement, tuition reimbursement, and holiday and vacation benefits. Many employees, including all of our Named Executive Officers, participate in our group term life insurance program, which provides death benefit coverage of up to two times base salary or $500,000, whichever is less. In addition, our Named Executive Officers and certain other employees are eligible to participate in our optional supplemental group term life insurance program, in which participants may purchase additional term life insurance at their own expense in amounts up to the lesser of five times base annual salary or $600,000. Furthermore, in certain cases, our Named Executive Officers may receive supplemental long-term disability premiums paid by the Company.

Compensation-Related Policies

In connection with the Company’s compensation program, we have established certain policies that relate to executive compensation. The most significant of these policies are described below.

Stock Ownership Requirement. All of our Named Executive Officers, as well as certain other officers, are required to own a significant number of shares of Company common stock. Specifically, the officers identified below, from and after the fifth anniversary of the date on which such individual first became such an officer, are required to hold shares of our common stock or equivalents (as further described below) with a minimum aggregate value at the following levels ("Required Ownership Level"):

Position	Required Ownership Level
Chief Executive Officer of the Company	5 x Base Annual Salary
Senior Vice Presidents of the Company	2 x Base Annual Salary
Certain senior officers of the Company and its subsidiaries as designated by the Company Chief Executive Officer	1 x Base Annual Salary

Shares owned outright and shares represented by RSUs or restricted stock awards, whether vested or unvested, including performance-based shares at the target award level, count as share equivalents toward the Required Ownership Level. Unexercised stock options do not count toward the Required Ownership Level. Failure to achieve or maintain the Required Ownership Level may result in (i) the applicable individual being required to hold all after-tax vested stock award shares and after-tax shares acquired upon exercise of stock options, or (ii) suspension of future equity awards, until the Required Ownership Level is achieved. The Compensation Committee (or its designee) may make exceptions, in its sole discretion, in the event of disability or great financial hardship.

Clawback. For STIC and LTIC awards, the Company has adopted a “clawback” policy applicable to executive officers. Specifically, if the Company is required, because of fraud or negligence, to restate financial results for any period (the “Restatement Period”) in a manner that would have adversely affected the amount of the payout of any STIC or LTIC awards, the Compensation Committee has the right during the three-year period following the Restatement Period to review the matter and determine what, if any, repayment executives will be required to submit.

Tax Deduction Management. Under Section 162(m) of the Internal Revenue Code, the Company is not able to deduct for federal income tax purposes annual compensation in excess of $1.0 million paid to certain employees – generally its Named Executive Officers. However, compensation that is “performance-based” is not subject to that deduction limitation. In general, the Compensation Committee intends to structure and administer executive compensation plans and arrangements, including our STIC and LTIC awards, so that they will not be subject to the deduction limit. However, the Compensation Committee may from time to time approve payments that cannot be deducted in order to maintain flexibility in structuring appropriate compensation programs in the interest of shareholders.

PART II: COMPENSATION COMMITTEE REPORT

Each member of the Compensation Committee of the Board of Directors of Hillenbrand, Inc. is "independent," as that term is defined under (i) the New York Stock Exchange listing standards, (ii) the non-employee director standards of Rule 16b-3 of the Securities Exchange Act of 1934, as amended, (iii) the outside director requirements of Section 162(m) of the Internal Revenue Code, and (iv) the Company's Corporate Governance Standards. The Compensation Committee currently consists of Gary L. Collar, Helen W. Cornell, Mark C. DeLuzio, F. Joseph Loughrey, and Neil S. Novich.

As a committee, our primary function is to ensure Hillenbrand's executive compensation program is performance-based, in order to align management interests with the short-term and long-term interests of shareholders, and is competitive, in order to enable the Company to attract and retain superior executive personnel. We engage an independent executive compensation consulting firm to assist us in our review of the Company's executive and director compensation programs to ensure these programs are competitive and consistent with our stated objectives. The executive compensation consultant is retained by and directly accountable to us, and we generally approve all related fees paid to the executive compensation consultant. We have no interlocks or insider participation, and we engage in annual self-evaluations to determine our effectiveness as a committee. We have adopted a Charter, which may be found on Hillenbrand's web site at *www.hillenbrand.com*.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management and, based upon this review and discussion, recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2016.

Respectfully submitted,

Neil S. Novich (Chairperson)
Gary L. Collar
Helen W. Cornell
Mark C. DeLuzio
F. Joseph Loughrey

PART III: EXECUTIVE COMPENSATION TABLES

Tabular Compensation Information

In the following pages we present numerous tables that set out various elements of compensation for our Named Executive Officers. No one table alone presents the “total picture”; instead, you should review all the information carefully to understand the amounts and manner in which our Named Executive Officers have been paid. To understand all the numbers in the tables below, you need to read the footnotes carefully, which explain various assumptions and calculations that give rise to the dollar amounts in the tables.

Compensation of Named Executive Officers

Summary Compensation Table

The following table summarizes the total compensation paid to or earned by each of the Named Executive Officers for the fiscal years ended September 30, 2016, 2015, and 2014, except where otherwise noted. We have entered into employment agreements with each of the Named Executive Officers, which are described in detail in the “Employment Agreements and Termination Benefits” section of Part I above.

(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**	**(i)**	**(j)**
Name And Principal Position (As Of September 30, 2016)	**Year**	**Salary $ (1)**	**Bonus $**	**Stock Awards $ (2)**	**Option Awards $ (3)**	**Non-Equity Incentive Plan Compensation $ (4)**	**Change in Pension Value And Nonqualified Deferred Compensation Earnings $**		