

Hillenbrand, Inc.  
Form DEF 14A  
January 02, 2018

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

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**Hillenbrand, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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HILLENBRAND, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held February 15, 2018

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 Thursday, February 15, 2018, at 10:00 a.m. Eastern Standard Time, for the following purposes:

- (1) to elect four 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 ratify the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for fiscal year 2018; and
- (4) 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 15, 2018: This proxy statement, the accompanying proxy card, and our 2017 Annual Report to Shareholders are available on the Internet at [www.hillenbrand.com](http://www.hillenbrand.com).

January 2, 2018

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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 Thursday, February 15, 2018, 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 2, 2018.

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?

The Board of Directors of Hillenbrand (the “Board”) is soliciting your proxy to vote at the 2018 Annual Meeting of the shareholders of Hillenbrand because you were a shareholder at the close of business on December 15, 2017, the A: record date for the 2018 Annual Meeting, and are entitled to vote at the Annual Meeting. The record date for the 2018 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 the New York Stock Exchange 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.

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

If your shares are registered directly in your name with Hillenbrand’s transfer agent, Computershare Investor A: 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 four directors: Edward B. Cloues, II, Helen W. Cornell, Eduardo R. Menascé, and Stuart A. Taylor, II;

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"); and

Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2018.

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; and FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2018.

Our Named Executive Officers are those officers specified by Item 402(a)(3) of 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.

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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 2018 requires the affirmative vote of a majority of the votes cast for or against approval.

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.

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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 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 2017 Annual Report to Shareholders. Instead, commencing on or about January 2, 2018, 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](http://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](http://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 2, 2018. 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.

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.

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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.

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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 four 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 the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for fiscal year 2018; and (4) 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, and Proposal No. 2 relating to an advisory vote to approve Named Executive Officer compensation 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. 3 relating to the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for fiscal year 2018 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 and 2, 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.

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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.

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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.

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Q: What constitutes a quorum at the Annual Meeting?

A: As of the record date, 63,216,159 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.

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Q: Who can attend the Annual Meeting in person?

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.

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Q: When are shareholder proposals due for the 2019 Annual Meeting?

For a shareholder proposal to be presented at the Company's 2019 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 4, 2018. 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 2019 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 7, 2018, for the 2019 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.

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

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.

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

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.

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

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](http://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.

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

A copy of Hillenbrand's 2017 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 2017 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](http://www.hillenbrand.com).

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

The documents listed below are available on the Internet at the Company's web site, [www.hillenbrand.com](http://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 four directors in Class I 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:

<u>Class</u>	<u>Term Expires at</u>
Class I	2018 Annual Meeting
Class II	2019 Annual Meeting
Class III	2020 Annual Meeting

The four directors in Class I who are nominated for election to the Board at the 2018 Annual Meeting, each of whom has agreed to serve as a director if elected, are Edward B. Cloues, II, Helen W. Cornell, Eduardo R. Menascé, and Stuart A. Taylor, II.

The Board of Directors recommends that the shareholders vote FOR Proposal No. 1 to elect to the Board of Directors each of the four 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 four nominees as Class I directors.

Set forth below is information about all of our current directors, including the four nominees for election at the 2018 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 I Nominees for Election as Directors with Terms Expiring in 2021

Edward B. Cloues, II  
Director since 2010  
Age 70

Mr. Cloues has served as a director of the Company since April 2010. He currently serves as Vice Chairman of the Board of Trustees of Virtua Health, Inc. (a non-profit hospital and healthcare system), where he chairs the Finance and Investment Committee and is a member of the Audit Committee and Compensation Committee. He also serves as a director and as the non-executive Chairman of the Board of AMREP Corporation (a land development and media services company), where he is a member and Chairman of the Audit Committee, and a member of the 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 board-led 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.

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 59

Ms. Cornell has served as a director of the Company since August 2011. 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. 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. 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.

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 72

Mr. Menascé has served as a director of the Company since February 2008. Mr. Menascé 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.

Pursuant to the Company's Board retirement policy, Mr. Menascé will resign as a member of the Board as of a date not later than the 2019 annual meeting of shareholders. For more information on the Company's Board retirement policy, please see the Company's Corporate Governance Standards available on the Company's web site at [www.hillenbrand.com](http://www.hillenbrand.com).

The Company's Board of Directors concluded that Mr. Menascé should serve as a director based on his prior service as a director of the Company's former parent, 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 57

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 as 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.



Class II Directors with Terms Expiring in 2019

Gary L. Collar  
Director since 2015  
Age 61

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 and Africa (APA) 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, Africa, 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 with AGCO 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 Asia, as an executive of several multinational companies.

Mark C. DeLuzio  
Director since 2008  
Age 61

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 57

Ms. Greenway has served as a director of the Company since February 2013. She currently serves as Executive Director, Transformation, Global Business Services of General Motors, having served in that position since May 2017. Ms. Greenway previously served as Chief Financial Officer of the Global Purchasing and Supply Chain of General Motors from June 2014 until May 2017. 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 68

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; 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 III Directors with Terms Expiring in 2020

Thomas H. Johnson  
Director since 2008  
Age 67

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 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 63

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 Compensation 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 Dean's Council 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.

Joe A. Raver  
Director since 2013  
Age 51

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. Mr. Raver was elected as a director of Applied Industrial Technologies, Inc. ("AIT," a leading industrial distributor serving MRO and OEM customers in virtually every industry) in August 2017. In October 2017, Mr. Raver was appointed to both the Audit and the Corporate Governance Committees of AIT. He previously served as President of Batesville Casket Company from 2008 – 2011. 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.

## 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 at this time 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, 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](http://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 and outside advisors 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. The members of our Board have been selected 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](http://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 Chief Accounting Officer. No waivers of the requirements of our Code of Ethical Business Conduct were granted during fiscal year 2017. The Company plans to disclose amendments or waivers, if any, of the Code of Ethical Business Conduct on its web site: [www.hillenbrand.com](http://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](http://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 2017 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 2017, is shown in the following chart:

Audit	Compensation and Management Development	Mergers and Acquisitions	Nominating/Corporate Governance
Edward B. Cloues, II Joy M. Greenway Thomas H. Johnson Eduardo R. Menascé Stuart A. Taylor, II	Gary L. Collar Helen W. Cornell Mark C. DeLuzio F. Joseph Loughrey Neil S. Novich	Edward B. Cloues, II <sup>1</sup> Helen W. Cornell Neil S. Novich Stuart A. Taylor, II	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 Stuart A. Taylor, II
Committee Chairperson			

The current charter for each of the Board’s standing committees is available on the Company’s web site at [www.hillenbrand.com](http://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 management and corporate 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.

<sup>1</sup> Edward B. Cloues, II joined the Mergers and Acquisitions Committee in August 2017.

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 strategies concerning the non-CEO 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 potential candidates for the Board. Each current member of the Nominating/Corporate Governance Committee is independent as defined by New York Stock Exchange listing standards and SEC rules.

Our Board views succession planning to be instrumental to the Company’s long-term success. Consequently, the Nominating/Corporate Governance Committee, on which all of our independent directors serve, is responsible for ensuring there is an effective succession plan for the Company’s CEO. Our succession plan addresses both a short-term or unexpected loss of our CEO, as well as long-term succession.

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 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.

Although Hillenbrand has been a public company only since 2008, the Board considers refreshment and succession planning to be at the core of its ability to reach sound decisions that drive shareholder value. Since the Company's inception, the Board has replaced some directors and expanded the number of its members, consistently valuing diversity and global diversified industrial experience in selecting candidates. Company directors vary in age and tenure, with an average age of 62 and average tenure of 7 years. The Board believes that the varying tenures of its members provides a constructive blend of institutional knowledge and fresh external viewpoints. In order to encourage refreshment, the Board has implemented a policy requiring each director to resign no later than the first Annual Meeting of shareholders following the date on which such director turns 73 years of age. As the Company matures, the Board will continue to focus on composition, refreshment, and succession planning as key aspects of its overall strategy and will continue to look for ways to improve its processes. For additional details on the Board's refreshment strategy, you may refer to the Nominating/Corporate Governance Committee Charter and our Corporate Governance Standards, both of which are posted on the Company's web site at [www.hillenbrand.com](http://www.hillenbrand.com).

The Nominating/Corporate Governance Committee oversees the annual evaluation of the Board, which, depending on the focus of the evaluation in a particular year, can include a formal evaluation of the whole Board, its various committees, or individual directors. The Board may engage and pay fees to a third-party consultant to assist in performing the Board evaluation and also in identifying and evaluating potential director nominees. The Board has developed a skills matrix that the Nominating/Corporate Governance Committee utilizes as a guide when evaluating the effectiveness of the Board and when considering director nominees. The Nominating/Corporate Governance Committee also 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'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](http://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 the shareholder must set forth: (s) the name and address of the shareholder who intends to make the nomination and of the person or the persons to be nominated; (t) 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; (u) a description of any agreement, arrangement or understanding (including, without limitation, any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the shareholder's notice by, or on behalf of, the shareholder or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of the shareholder or any of its affiliates or associates with respect to common stock of the Company; (v) 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; (w) 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 Securities and Exchange Commission; (x) the consent in writing of each nominee to serve as a director of the Company if so elected; (y) a description of the qualifications of such nominee to serve as a director of the Company, and (z) an undertaking by the shareholder to notify the Company in writing of any change in the information called for by clauses (t), (u), and (v) as of the record date for such meeting, by notice received by the Secretary not later than the 10th day following such record date, and thereafter by notice so given and received within two business days of any change in such information, and, in any event, as of the close of business of the day preceding the meeting date.

Mergers and Acquisitions Committee. Given the importance of mergers and acquisitions in the Company's overall strategy, a designated committee of the Board has been formed to focus solely on this area. The Mergers and Acquisitions Committee (the "M&A Committee") (a) reviews with management and the Board the role of mergers and acquisitions within the Company's overall growth strategy, (b) provides advice and counsel to management regarding the Company's various strategic alternatives, with a primary focus on the composition and growth of the Company's portfolio of businesses, and (c) reviews material mergers, acquisitions, dispositions or other potential transactions, and provides guidance to management as it prepares to present its conclusions and recommendations to the Board as appropriate. While the M&A 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.

In fiscal year 2017, there were no related person transactions required to be reported.

#### 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](mailto:investors@hillenbrand.com). The email should specify which of the foregoing is the intended recipient so that it can be forwarded accordingly.

#### Attendance at Meetings

The upcoming Annual Meeting will be the tenth 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 2017 Annual Meeting.

The Board held a total of five meetings during the fiscal year ended September 30, 2017. 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 three 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 2017.

### Compensation Committee Interlocks and Insider Participation

The Compensation Committee had no interlocks or insider participation during fiscal year 2017. Specifically, during fiscal year 2017, 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 2017, 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 after the director ceases to serve on the Board<sup>2</sup>, or upon a change in control of the Company or the director's death or permanent and total disability. 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 15, 2017.

## Security Ownership of Directors:

Name	Shares (1) Beneficially Owned As Of December 15, 2017		Percent Of Total Shares Outstanding
F. Joseph Loughrey – Chairperson	69,811	(2)	*
Edward B. Cloues, II	30,343	(3)	*
Gary L. Collar	8,154	(4)	*
Helen W. Cornell	24,929	(5)	*
Mark C. DeLuzio	63,737	(6)	*
Joy M. Greenway	15,795	(7)	*
Thomas H. Johnson	45,971	(8)	*
Eduardo R. Menascé	49,828	(9)	*
Neil S. Novich	34,240	(10)	*
Joe A. Raver	371,241	(11)	*
Stuart A. Taylor, II	50,774	(12)	*

<sup>2</sup> For awards granted prior to May 2014, directors must hold the underlying shares of common stock of the Company for six months after they cease serving as a director; for awards granted in May 2014 or later, directors must hold the underlying shares of common stock of the Company for one day after the director ceases serving.

Security Ownership of Named Executive Officers:

Name	Shares (1) Beneficially Owned As Of December 15, 2017	Percent Of Total Shares Outstanding
Kristina A. Cerniglia	73,455	(13) *
Kimberly K. Ryan	153,921	(14) *
Christopher H. Trainor	48,533	(15) *
William A. Canady	4,209	*
All directors and executive officers of the Company as a group, consisting of 20 persons	1,157,842	(16) 1.81%

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

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 (1) 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 49,811 restricted stock units held on the books and records of the Company.

(3) Includes 30,343 restricted stock units held on the books and records of the Company.

(4) Includes 8,154 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 23,429 restricted stock units held on the books and records of the Company.

(6) Includes 40,971 restricted stock units held on the books and records of the Company and 22,766 shares acquired with deferred director fees and held on the books and records of the Company under the Board's deferred compensation plan.

(7) Includes 15,795 restricted stock units held on the books and records of the Company.

(8) Includes 40,971 restricted stock units held on the books and records of the Company.

(9) Includes 49,828 restricted stock units held on the books and records of the Company.

(10) Includes 31,215 restricted stock units held on the books and records of the Company and 3,025 shares acquired with deferred director fees and held on the books and records of the Company under the Board's deferred compensation plan.

(11)



Includes 276,772 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 15, 2017.

(12) Includes 39,764 restricted stock units held on the books and records of the Company and 11,010 shares acquired with deferred director fees and held on the books and records of the Company under the Board's deferred compensation plan.

(13) Includes 44,267 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 15, 2017.

(14) Includes 98,016 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 15, 2017.

(15) Includes 27,958 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 15, 2017.

(16) Includes 522,196 shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 15, 2017, 333,016 restricted stock units held on the books and records of the Company, 1,500 shares held by trust, and 36,801 shares acquired with deferred director fees and held on the books and records of the Company under the Board's 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, 2017. 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 Joe A. Raver filed a late report with respect to his acquisition of shares in 12 dividend reinvestment transactions, all resulting from a single arrangement in which he participated, and one fractional share liquidation associated with changing brokerage accounts.

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 15, 2017	Percent Of Total Shares Outstanding
BlackRock Inc. 55 East 52nd Street New York, NY 10055	8,056,461 (1)	12.74%
Vanguard Group, Inc. P.O. Box 2600, V26 Valley Forge, PA 19482	5,553,450 (2)	8.78%

This information is based on a Form 13F filed by BlackRock Inc. with the Securities and Exchange Commission (1) on November 14, 2017; reflects sole investment discretion with respect to all shares, sole voting power with respect to 7,929,136 shares, and no voting power with respect to 127,325 shares.

This information is based on a Form 13F filed by Vanguard Group, Inc. with the Securities and Exchange Commission on November 14, 2017; reflects sole investment discretion with respect to 5,426,096 shares, and (2) shared investment discretion with respect to 127,354 shares; reflects sole voting power with respect to 124,464 shares, shared voting power with respect to 8,027 shares, and no voting power with respect to 5,420,959 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 2017
- 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 (superior performance is rewarded with commensurate incentives, while less incentive is paid for underperformance and no incentive for substantial underperformance);

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

Maintaining a significant portion of at-risk compensation (with increased emphasis on at-risk compensation based on greater responsibility in the Company);

- Delineating clear accountabilities;
- Discouraging unnecessary and excessive risk taking; and
- Providing clarity and transparency in compensation structure.

Our Named Executive Officers. Per SEC rules, our Named Executive Officers for 2017 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

William A. Canady<sup>3</sup> Senior Vice President and President of Industrial Products

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.

<sup>3</sup> Mr. Canady’s employment terminated on September 30, 2017.

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 receive 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 cash and equity incentive compensation plans that apply in the event of restatement of financials

Structure our incentive compensation and other arrangements to qualify for the performance-based compensation exception under the Internal Revenue Code

We Do Not

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

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

T Permit granting of stock options below fair market value

T 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

T Permit transferability of stock options for consideration

T Permit single-trigger change in control agreements for executives

T Permit change in control tax gross-ups for executives

T Permit a liberal change in control definition in our equity plan

T 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 Compensation Committee, as applicable. Beyond base salary, each Named Executive Officer 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 2017:

This chart shows that 81 percent of the target core compensation of the Company's President and CEO for the year was performance-based, and at risk, while 19 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 sets, 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.

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 grants LTIC awards 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 cyclicity 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 year 2017 and made one change. CLARCOR was removed from the peer group due to its acquisition by Parker Hannifin. Consequently, the peer group for fiscal year 2017 consisted of the following 15 companies:

Acuity Brands, Inc.	John Bean Technologies Corporation
Bruker Corporation	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
Itron, Inc.	

Effective beginning in fiscal year 2018, the Compensation Committee has added two new members to the peer group – Actuant Corporation and Barnes Group Inc. – bringing the total number of peer group companies to 17. Outstanding awards issued during or prior to fiscal year 2017 will be reflective of our peer group corresponding to their respective grant year without CLARCOR, Inc. Awards granted beginning in fiscal year 2018 will be reflective of the new 17 member peer group.

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 2017 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, the difficulty of replacement, and the individual's tenure in his/her role. 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 2017 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.

2017 Individual Performance Goals. Management identified and the Compensation Committee approved five common objectives for all of our Named Executive Officers for fiscal year 2017. 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 (HOM).<sup>4</sup>

Actively pursue acquisitions and integrate with success – identify prudent opportunities that meet our strategic criteria, provide attractive long-term returns for shareholders, generate profitable revenue and earnings per share growth, and leverage the HOM. 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.

<sup>4</sup> The HOM is a consistent and repeatable framework designed to produce sustainable and predictable results. The HOM describes the Company's mission, vision, and values and mindset as leaders; applies our management practices in Strategy Management, Segmentation, Lean, Talent Development, and Acquisitions; and prescribes three steps (Understand, Focus, and Grow) designed to make our businesses both bigger and better. Our goal is to continue developing Hillenbrand as a world-class global diversified industrial company through the deployment of the HOM.

Implement and expand the 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.

Develop world class corporate capabilities to support the strategy and projected growth – make certain that resources, processes, procedures, technology, and controls are aligned with the Company’s transformation strategy. This will be enhanced through the application of the HOM.

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 2017:

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 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 HOM 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 HOM 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; and provide talent to the rest of the organization.

For Mr. Canady – oversee the operations of ABEL, Red Valve, Rotex and TerraSource, including identifying, executing and integrating future acquisitions in line with their strategies; and oversee the development, implementation and training of the HOM across the Company.

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.

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, including: level and breadth of experience and responsibility of the officer; the complexity of the position; individual performance and growth potential; the difficulty of replacement; and the individual's tenure in his/her role. In the case of new hires or promotions, the Compensation Committee may target total direct compensation levels below the median, particularly for those who are relatively new to a role, depending on prior experience. For example, when Mr. Raver first became CEO of Hillenbrand, the Compensation Committee set his targeted total direct compensation level in the fourth quartile of the peer group, recognizing this target could be gradually increased to a level closer to the median over time as he gained more experience as a chief executive officer, with potential further increases as warranted, based on changes in the marketplace, his performance as CEO or the Company's overall performance.

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 2017

In considering fiscal year 2017 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.

To determine CEO performance and compensation, the Chairperson 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' 2017 compensation packages are described in detail below.

Base Salaries. Our Named Executive Officers were paid the following base salaries<sup>5</sup> during the fiscal year ended September 30, 2017:

Name	Base Salary
Joe A. Raver	\$746,154
Kristina A. Cerniglia	\$506,908
Kimberly K. Ryan	\$471,308
Christopher H. Trainor	\$421,538
William A. Canady	\$406,154

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 2017 was formula-based and was governed by our Short-Term Incentive Compensation Plan for Key Executives ("STIC Plan").

<sup>5</sup> 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.



The STIC Plan is designed to motivate our Named Executive Officers to perform and to meet both company and individual annual 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 annual 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, of 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."

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 2017 was 110 percent. The Individual Factor for Ms. Cerniglia and Ms. Ryan was 75 percent. The Individual Factor for Mr. Trainor was 60 percent. The Individual Factor for Mr. Canady 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," "Free Cash Flow," and "Order Intake," each of which is further described below. These performance metrics translate to operational and financial performance, efficiency, and sustainable improvement.

Net Revenue: this is a calculation of revenue, ignoring the effects of the following items (adjustment items are determined in advance by the Compensation Committee 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);

-changes in accounting pronouncements in 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):

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

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

- 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;
- 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 United States 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.

Free 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):

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

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

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 United States 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.

Beginning in fiscal year 2018, the Compensation Committee approved the replacement of the free cash flow metric with a cash conversion cycle metric. The cash conversion cycle metric is designed to reflect how quickly it takes the Company to pay for and generate cash for the sale of its inventory.

For a Named Executive Officer who has direct responsibility to a business unit other than Hillenbrand, Inc., 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, Mr. Trainor's entire award is based on the performance of Batesville, and Mr. Canady's award is based on the performances of Hillenbrand consolidated and our Industrial Products Group businesses, two-thirds and one-third respectively). 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 2017:

For Hillenbrand and the Industrial Products Group businesses, 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 Free Cash Flow was weighted at 25 percent.<sup>6</sup>

<sup>6</sup> The calculation of Net Revenue for Hillenbrand on a consolidated basis replaces Net Revenue for Coperion with Order Intake.

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 Free 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 Free Cash Flow was weighted at 25 percent.

For Hillenbrand, Coperion, and the Industrial Products Group businesses, 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 the relevant business unit 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 2017 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 2017. 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.

oFor 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 – 2017. 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 2017:

2017 Financial Criteria  
(dollar amounts in millions)  
Hillenbrand   Batesville   Coperion   Industrial Products

Net Revenue Targeted		
Objective Amount	\$ 1,638.5	\$ 570.9