UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

For the year ended September 30, 2014

Commission File No. 001-33794

HILLENBRAND, INC.

(Exact name of registrant as specified in its charter)

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

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

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

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, without par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes o No x

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o	Smaller Reporting Company o

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

The aggregate market value of voting stock (consisting solely of shares of common stock) held by non-affiliates of the registrant as of March 31, 2014 was $2,030,482,643. As of November 12, 2014, 62,759,134 shares of common stock were outstanding.

Documents Incorporated by Reference

Portions of our definitive proxy statement for the 2015 Annual Meeting of Shareholders are incorporated by reference into Part III of this report. These will be filed no later than January 13, 2015.

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(monetary amounts in millions, except per share data)

PART I

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

For a discussion of factors that could cause actual results to differ from those contained in forward-looking statements, see the discussions under the heading Risk Factors in Item 1A of this Form 10-K. We assume no obligation to update or revise any forward-looking statements.

Item 1. Business

In this section of the Form 10-K, we provide you a basic understanding of our Company, our reportable segments, the products we manufacture and sell, how we distribute our products, with whom we compete, and the key inputs to production. We also provide you background on industry trends, regulatory matters, key patents and trademarks important to our business, and an explanation of our business strategies. Finally, we provide you a brief background on our executive officers so that you can understand their experience and qualifications.

Further quantitative information about the business is set forth in Note 14 to our financial statements included in Part II, Item 8, of this Form 10-K.

GENERAL

Hillenbrand, Inc. is a global diversified industrial company that makes and sells premium business-to-business products and services for a wide variety of industries. We pursue profitable growth and meaningful dividends for our shareholders by leveraging our leading brands and robust cash generation capabilities. We have begun to implement a set of management practices to be applied consistently across the enterprise. These practices, which together are known as the Hillenbrand Business System (HBS), include Lean, Talent Development, and Strategy Management. In the future, we will introduce additional management practices as a part of HBS. Our management team is leveraging HBS to deliver performance improvement in our portfolio.

Hillenbrand has two segments: the Process Equipment Group and Batesville®. The Process Equipment Group has multiple market-leading brands of process and material handling equipment and systems serving a wide variety of industries across the globe. Batesville is a recognized leader in the North American death care industry. Hillenbrand was incorporated on November 1, 2007, in the state of Indiana and began trading on the New York Stock Exchange under the symbol HI on April 1, 2008. Hillenbrand, the Company, we, us, our, and similar words refer Hillenbrand, Inc. and its subsidiaries unless context otherwise requires.

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Although Hillenbrand has been a public company for more than six years, the businesses owned by Hillenbrand have been in operation for decades.

Since 2010, Hillenbrand has completed three major acquisitions of companies that now make up our Process Equipment Group: K-Tron International, Inc. (K-Tron) in April 2010, Rotex Global, LLC (Rotex) in August 2011, and Coperion Capital GmbH (Coperion) in December 2012. Each of these companies has a long history and we believe each has multiple pathways for revenue and earnings growth. See Note 3 to our financial statements included in Part II, Item 8 of this Form 10-K for more information on our acquisitions.

Batesville performs several critical roles within the portfolio. It has a long history of providing strong annual operating cash flows. As the source of HBS practices including Lean, Strategy Management, and Talent Development, it provides talent to embed HBS in acquired companies. Batesville s performance has allowed management to invest in acquisitions that provide diversification, with a focus on companies with growth opportunities and an ability to benefit from HBS.

Hillenbrand s strong, steady cash flow since becoming a public company in 2008 provides the foundation not only for completing acquisitions, but also for paying a meaningful dividend to shareholders. The annual dividend has increased each year, growing from $0.73 per share in 2008 to $0.79 per share in 2014.

We believe we can most effectively continue to increase shareholder value by leveraging our strong financial position and HBS to continue to build a global diversified industrial company with strong positions in multiple growth-oriented industries. Our long-term value creation strategy consists of:

- ***Growing revenue and income within our existing platforms through organic growth and targeted acquisitions:*** All of our businesses have specific organic growth strategies and targets. They may also grow by executing select add-on acquisitions to supplement their organic growth strategies. In addition, they are committed to achieving superior operational performance by employing HBS:

- **Lean:** continuously improving quality and customer satisfaction, increasing effectiveness and operational efficiency, driving costs down, and developing leaders in lean expertise;
- **Talent Development:** successfully recruiting and intentionally developing, retaining, and deploying talent in the organization for improved execution and results; and
- **Strategy Management:** overseeing the development, execution, and continuous assessment of strategic direction, serving as the basis for annual and long-term business planning.

- ***Using our strong cash flow and debt capacity to selectively invest in additional strategic acquisitions:*** We will continue to focus on companies in the industrial sector that we believe will benefit from HBS and that meet our financial, cultural, and business model criteria.

PROCESS EQUIPMENT GROUP

The Process Equipment Group designs, engineers, manufactures, markets, and services differentiated process and material handling equipment and systems for a wide variety of industries, including plastics, processed food, chemicals, fertilizers, industrial minerals, mining, energy, and forest products. The Process Equipment Group uses its strong applications and process engineering expertise to solve the needs of customers. Its highly engineered capital equipment and systems offerings require after-market service and/or parts replacement, providing an opportunity for ongoing revenue at attractive margins.

Process Equipment Group: Products and Services

The Process Equipment Group product portfolio has grown through a series of acquisitions over the past four years and now includes products and services for compounding, extrusion, and material handling; crushing and sizing; and screening and separating. Each business within the Process Equipment Group is supported by replacement parts and services that represent approximately 30% of the group s total revenue. Products are offered under brand names that are recognized among the leaders in their respective categories.

- ***Compounding, Extrusion, and Material Handling Equipment***

- Compounding equipment can range from twin screw compounders for laboratory machines to high performance, high throughput large scale systems. Customers use compounding machines for engineering plastics, masterbatch, and special applications for the plastics, food, chemical, and pharmaceutical industries. These products are sold under the Coperion® brand.

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- Extrusion systems are based on high-performance extruders for the polyolefin industry. The extrusion products are sold under the Coperion® brand.

- Material handling equipment includes pneumatic conveying equipment for difficult-to-move materials; high-precision feeders that can operate at both very high and very low fill rates; blenders for pellets and powders; and rotary valves, diverters, and slide-gate valves used for feeding, dosing, discharge, and distribution during pneumatic conveying. The proprietary equipment is highly engineered and designed to solve the needs of customers. The Process Equipment Group serves a variety of industries, including plastics, processed food, chemicals, and industrial minerals. These products are sold under the Coperion® and Coperion K-TronTM brands.

- Compounding, extrusion, and material handling equipment is frequently sold as a complete system, where strong application and process engineering expertise is used to create a broad system solution for customers. Systems can range from a single manufacturing line to large scale plants and turnkey systems. Larger system sales are generally fulfilled over 12 to 18 months. A certain amount of revenue for large system sales comes from third-party-sourced products that carry only a small up-charge. As a result, margin percentages are lower on these large system sales when compared to the rest of the business. Hillenbrand believes that selling these complete systems provides a significant competitive advantage and increases margin dollars.

- ***Crushers and Sizing Equipment***

- Crushing and sizing equipment is used to reduce the size of various materials. Pennsylvania Crusher and Gundlach® products are used to crush materials in industries including power generation, mining, quarrying, glass making, salt processing, and fertilizer manufacturing. Jeffrey Rader® products are used in industries including forest products, pulp and paper, biomass power and energy generation, and plastics/base resin manufacturing. Jeffrey Rader also designs and provides complete material handling and pneumatic or mechanical conveying systems to meet product specifications, including boiler feed, resource recovery, rail and truck loading/unloading, and recycling systems.

- ***Screening and Separating Equipment***

- Screening and separating equipment sorts dry, granular products based on the size of the particles being processed. This equipment is sold under the Rotex® brand to customers in a variety of industries including proppants, fertilizer, chemical, agricultural, plastics, and food processing. The equipment uses a unique patented technology based on a specific gyratory motion that allows an optimal material distribution on the screens.

- ***Replacement Parts and Service***

- Replacement parts and service are a major component of the Process Equipment Group business. Service engineers and technicians are located around the globe to look after customers machines and systems. The parts and service division offers customers service consulting, training, maintenance and repairs, wear and spare parts, and modernization. These services are a key component of each business within the Process Equipment Group: compounding, extrusion, and material handling equipment; crushers and sizing equipment; and screening and separation equipment.

Process Equipment Group: Sales, Distribution, and Operations

The Process Equipment Group sells equipment and systems throughout the world to a wide variety of industrial and engineering customers using a combination of direct sales and a global network of independent sales representatives and distributors. A part of the Process Equipment Group s sales, especially in North America, is made through independent sales representatives who are compensated by commission. In situations where a representative purchases equipment and resells it as a distributor, the product is sold at a price net of commission, depending on the type of product sold.

Due to the nature of the Process Equipment Group s business, equipment and systems orders are often for unique, engineered-to-order items. Therefore, the Process Equipment Group does not typically maintain significant amounts of raw material and component stock inventory on hand at any one time, except to cover replacement part orders. Products are either assembled and tested at Process Equipment Group facilities and then shipped to a customer or they are assembled at the customer s desired location.

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

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Process Equipment Group: Customers

The Process Equipment Group has customers in multiple industries, including plastics, processed food, chemicals, fertilizer, industrial minerals, power generation, and coal mining. These customers range from large, Fortune 500 global companies to regional and local businesses. No one customer accounted for more than 10% of Hillenbrand s consolidated revenue during 2014. For large or customized orders, customers generally pay a deposit and make progress payments in advance of delivery. Often, long-term relationships are established with these customers.

The Process Equipment Group is diversified by end market, and further diversification of these end markets is an important element of its strategy. Currently, projects in the plastics industry represent about half of the Process Equipment Group s sales; however, this ratio is expected to gradually decrease due to initiatives to grow in target end markets such as processed food and fertilizer. Revenue in the Process Equipment Group is fairly balanced between the Americas, Europe, the Middle East, Africa (EMEA), and Asia.

We believe that long-term growth for this segment is driven by megatrends such as a rapidly growing middle class in China and India and a growing global population, resulting in rising demand for products sold by many of the end markets the Process Equipment Group serves. While overall demand for these products is expected to increase over the long run, we expect short-term periodic fluctuations in demand to shift from time to time.

Process Equipment Group: Competition

We believe the Process Equipment Group holds leading positions in key industries because of brand name recognition, design and quality of products, extensive application and process engineering expertise, product support services, and commitment to serving the needs of customers.

The Process Equipment Group brands face strong competition in the markets where they compete. Competitors range in size from small, privately-held companies serving narrow market segments or geographical areas to larger, well-known global companies serving national and international markets with multiple product lines. We believe its diversification into several industries, its base of replacement parts business, and its strong worldwide network of suppliers and dealers will allow the Process Equipment Group to maintain leading market positions even during economic downturns.

Process Equipment Group: Raw and Component Materials

The manufacturing of the Process Equipment Group s products involves the machining and welding of raw materials (primarily sheet metals and steel) and castings that are assembled with other component parts that generally require particular specifications or qualifications purchased from third-party suppliers. Although most of these raw materials and components are generally available from several sources, some of these items are currently purchased from sole sources. In instances where third-party suppliers are depended upon for outsourced products or components, there is risk of customer dissatisfaction with the quality or performance of the products sold due to supplier failure. In addition, difficulties experienced by third-party suppliers can interrupt the ability to obtain the outsourced product and ultimately to supply products to customers. Regardless, we believe the Process Equipment Group will generally be able to continue to obtain adequate supplies of key products or appropriate substitutes at reasonable costs.

Process Equipment Group: Strategy

Leadership of the Process Equipment Group is focused on three strategic initiatives to drive growth:

- ***Profitably grow top-line revenue***

- Penetrate growing end markets such as processed food, fertilizers, and minerals by developing new products and leveraging application and systems expertise.

- Establish scope and scale to accelerate global growth by improving access to underpenetrated geographies such as in Brazil, Russia, India, and China; leverage Coperion s global footprint to enable easier access to emerging markets.

- Continue to leverage the Coperion acquisition by (1) integrating other Process Equipment Group equipment in Coperion systems, (2) expanding Coperion s component sales in North America through the Coperion K-Tron distribution network, (3) enhancing systems capabilities, and (4) leveraging end-market expertise to access new customers and markets.

- ***Continued growth through acquisitions***

- The material handling equipment manufacturing industry tends to be fragmented both in terms of product offering and geographic reach, whereas many of the industry s most significant customers operate on a global basis. In pursuit of the goal of becoming the local supplier of choice for its largest national and regional customers, the

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Process Equipment Group will continue to search for strategic add-on acquisitions that will allow it to profitably grow the business, primarily by either adding complementary products to its offerings, or accelerating its expansion into attractive high-growth end markets and geographies.

- ***Utilize Lean principles to grow revenue and increase profit***

- The Process Equipment Group continues to implement Lean principles and techniques in sales, order management, engineering, procurement, and manufacturing to reduce lead times, improve quality and on-time delivery, and drive down costs.

BATESVILLE

Batesville® is a recognized leader in the North American death care industry, where it has been designing, manufacturing, distributing, and selling funeral service products and solutions to licensed funeral directors operating licensed funeral homes for more than 100 years. Batesville-branded products include: burial caskets; cremation caskets, containers, urns, and cremation vaults; selection room display fixturing for funeral homes; personalization and memorialization products and services; and web-based applications that include funeral planning, website products, and back office software for licensed funeral homes. Batesville also develops and markets comprehensive operational management software solutions for cemeteries under the HMIS® brand.

Batesville: Products and Services

As the needs of funeral professionals and consumers have evolved, Batesville has expanded its offerings with new products, value-added services, and leading partnerships. Today, Batesville offers its products and services to customers under four primary solutions platforms: Burial Solutions, Cremation Options®, Memorial Solutions, and Technology Solutions. These are underpinned by expert profitability solutions designed to help funeral homes optimize their business. While the Burial Solutions platform accounts for the majority of Batesville s revenue, each platform is underpinned by expert profitability solutions designed to help funeral homes optimize their business.

- ***Burial Solutions***

- The leading casket manufacturer in North America, Batesville is recognized for innovation in materials, design, and proprietary features. Batesville has been on the forefront of casket innovation over the past 60 years from the first mass-produced gasketed casket to the introduction of Dimensions® oversized caskets. Batesville brand metal caskets are welded and utilize rubber gaskets and a locking bar mechanism. Batesville s gasketed caskets are made of carbon steel, stainless steel, copper, and bronze. Batesville premium steel caskets also employ an anode bar to help protect the casket cathodically from rust and corrosion, a feature found only on Batesville-produced caskets. Batesville also produces and markets an expanding selection of non-gasketed steel products.

Batesville solid and veneer hardwood caskets are made from a variety of woods, which are offered in more than nine different species. Batesville veneer caskets are manufactured using a proprietary process for veneering that allows for rounded corners and a furniture-grade finished appearance. Batesville also manufactures Marsellus® premium solid wood caskets, as well as cloth-covered and all-wood construction caskets, which are also suitable for green burials.

- ***Cremation Options®***

- The Cremation Options® business is focused on helping funeral professionals capitalize on the growing consumer trend to select cremation. In addition to a broad line of cremation caskets, containers, and urns, Options offers training, merchandising, packaging support, and a complete line of marketing support materials to educate funeral directors and consumers on product and service options. Cremation caskets and containers are manufactured primarily of hardwoods and fiberboard. Batesville s memorial urns are made from a variety of materials including bronze, acrylic, wood, cloisonné, brass, and marble. Batesville also offers a broad selection of biodegradable and scattering urns.

- ***Memorial Solutions***

- Batesville s commitment to *helping families honor the lives of those they love*® is reflected in its growing collection of Memorial Solutions products that are designed to enhance the funeral experience and deliver value to families long after the service is over. This collection includes both Memorial Products, which are items that families keep after the service to help them heal and remember, and Product Personalization offerings, which are features that enable families to customize select products to tell the unique story of their loved one during the service. Many of these solutions are proprietary to Batesville and include durable goods such as remembrance jewelry, LifeSymbols®

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corners, LifeStories® display medallions and tribute panels, product engraving, and cremation keepsakes, in addition to soft lines such as memorial stationery, FTD® flowers, and video tributes.

- ***Technology Solutions***

- The technology solutions business is a trusted provider of technology in the death care industry and is the leading partner to well over 5,000 funeral homes and cemeteries across North America. Batesville offers a suite of integrated, easy-to-use technology products and services, including Weblink® websites (both standard sites and customizable sites), business management software, and funeral arrangement planning software solutions. All of these technology products are designed to support customers by: (1) creating marketing and revenue opportunities, (2) making processes easier and more efficient, and (3) enhancing relationships between customers and the families they serve.

Batesville has exclusive agreements with leading brands such as: (1) Legacy.com®, an online obituary network provider; (2) FTD®, a national provider of sympathy flowers and gifts that can be ordered directly from the funeral home s website; and (3) Hallmark®, which designs and supplies Batesville s memorial stationery and sympathy card product lines. Customers benefit from these brands through increased web consumer traffic through the Legacy network, having trusted providers of sympathy products right on their websites, and having access to the creativity and quality of Hallmark®.

Batesville: Sales, Distribution, and Operations

Batesville offers several marketing and merchandising programs to funeral professionals. Batesville-branded caskets are marketed by a direct sales force only to licensed funeral professionals operating licensed funeral establishments throughout the U.S., Puerto Rico, Canada, Mexico, the United Kingdom, and Australia. In states that do not have specific licensing requirements, Batesville markets to full-service funeral establishments offering funeral products in conformance with state law.

Batesville has sales contracts in place with certain national death care service providers. Batesville also serves more than 12,000 independent, privately owned funeral homes across North America. None of Batesville s customers accounted for more than 10% of Hillenbrand s consolidated revenue during 2014.

Batesville: Customer Preferences and Demographics

The death of a family member causes most people to seek the services of a state-licensed funeral director. Most consumers have limited familiarity with funeral-related products and expect funeral directors to provide information on product and service alternatives. Although caskets and urns can be purchased from a variety of sources, including internet sellers and casket stores, the overwhelming majority of consumers who arrange a funeral purchase these products directly from a funeral home.

Demand for the products and services Batesville produces is partially impacted by a few key external factors: primarily U.S. and Canadian population demographics, the number of deaths, and the rate at which consumers opt for cremation. While these factors have recently exhibited a stable, flat-to-slightly-declining burial trend, periodic fluctuations can impact industry demand and revenue. Batesville anticipates this trend will remain relatively consistent until the number of deaths is influenced by the post-World War II baby boom era and the rate at which consumers shift their preference towards cremation. As a percentage of total deaths, the cremation rate is approximately 45% in the U.S. and 65% in Canada. One final factor impacting death care industry revenue is gradual change in consumer preferences to lower price caskets.

Batesville: Competition

Batesville is a recognized leader in the sale of death care products in North America. Competition in this industry is based on product quality, design features, personalization, price, delivery, and service. Batesville competes with several national and regional casket manufacturers and distributors, as well as more than 100 independent casket distributors, most of whom serve fairly narrow geographic segments. Some non-traditional death care providers, such as large discount retail stores, casket stores, and internet casket retailers, also sell caskets directly to consumers. The industry has also seen a few foreign manufacturers, mostly from China, import caskets into the U.S. and Canada. However, for the past three years, sales from these non-traditional and Chinese providers have remained relatively stable and collectively represent less than 5% of total casket sales in North America.

The effect of declining casket demand continues to put added economic pressures on casket manufacturers and distributors as they seek to maintain volume. Existing domestic over-capacity and commodity price increases further impact these pressures, resulting in higher per unit costs.

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Batesville: Raw Materials

Batesville uses carbon and stainless steel, copper and bronze sheets, wood, fabrics, finishing materials, rubber gaskets, and zinc in the manufacture of its caskets. Although most of these raw materials are generally available from several sources, some are currently procured from a single source.

Volatility in the prices Batesville pays for raw materials used in its products, including steel, fuel, petroleum-based products, and fuel-related delivery costs, has a direct effect on profitability. Batesville generally does not engage in hedging transactions for these purchases but does enter into fixed-price supply contracts at times. Batesville regularly takes steps to mitigate the impact of volatility in raw material and fuel prices, including executing Lean initiatives and various sourcing actions.

Most of Batesville s sales are made pursuant to supply agreements with its customers, and historically it has instituted annual price adjustments to help offset some, but not necessarily all, raw material cost increases.

Batesville: Strategy

While we believe there are opportunities to generate additional revenue within a wider range of death care products and services, sustaining volume in the burial casket space continues to be a top priority. Batesville s leadership team is focusing on two categories of strategic initiatives to sustain burial volume and achieve non-burial growth:

- ***Grow our leadership position in the death care industry***

- Focus on building and delivering value propositions that align with the needs of key customer segments to continue *helping families honor the lives of those they love®*

- ***Utilize Lean principles to maintain an optimal cost structure to support share growth***

- Continually improve processes that are more consistent, efficient, and clearly yield industry leading quality products and services that our customers value

Hillenbrand Patents and Trademarks

We own a number of patents on our products and manufacturing processes that are of importance, but we do not believe any single patent or related group of patents is of material significance to our business as a whole. We also own a number of trademarks and service marks relating to products and services which are of importance. We believe the marks Coperion®, Coperion K-TronTM, TerraSource Global®, Pennsylvania Crusher®, Gundlach®, Jeffrey Rader®, K-Tron®, and Rotex® are of material significance to the Process Equipment Group. We believe the trademark Batesville® is of material significance to our Batesville segment.

Our ability to compete effectively depends, to an extent, on our ability to maintain the proprietary nature of our intellectual property. In the past, certain of our products have been copied and sold by others. Hillenbrand vigorously seeks to enforce its intellectual property rights. However, we may not be sufficiently protected by our various patents, trademarks, and service marks, and they may be challenged, invalidated, cancelled, narrowed, or circumvented. Beyond that, we may not receive the pending or contemplated patents, trademarks, or service marks for which we have applied or filed.

Hillenbrand Regulatory Matters

Both the Process Equipment Group and Batesville are subject to a variety of federal, state, local, and foreign laws and regulations relating to environmental, health, and safety concerns, including the handling, storage, discharge, and disposal of hazardous materials used in or derived from our manufacturing processes. We are committed to operating all our businesses in a manner that protects the environment and makes us good corporate citizens in the communities in which we operate. In the past, we have voluntarily entered into remediation agreements with various environmental authorities to address onsite and offsite environmental impacts. From time to time we provide for reserves in our financial statements for environmental matters. We believe we have appropriately satisfied the financial responsibilities for all currently known offsite issues. Based on the nature and volume of materials involved regarding onsite impacts, we do not expect the cost for the onsite remediation activities in which we are currently involved to have a material adverse effect on our capital expenditures, earnings, or competitive position. Future events or changes in existing laws and regulations or their interpretation may require us to make additional expenditures in the future. The cost or need for any such additional expenditure is not known.

Hillenbrand Foreign Operations and Export Sales

Quantitative information about foreign operations is set forth in tables relating to geographic information in Note 14 to our financial statements included in Part II, Item 8, of this Form 10-K. For a discussion of risks related to our non-US operations and foreign currency exchange, refer to Part I, Item 1A. Risk Factors, of this Form 10-K.

Hillenbrand Employees

At September 30, 2014, we had approximately 5,900 employees worldwide. Approximately 3,300 employees were located within the U.S. and 2,600 employees were located outside of the U.S., primarily throughout Europe and China. Approximately 2,300 employees

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in North America and Europe work under collective bargaining agreements. Hillenbrand strives to maintain satisfactory relationships with all its employees, including the unions representing those employees. As a result, we have not experienced a significant work stoppage due to labor relations in more than 20 years.

Executive Officers of the Registrant

Our Board of Directors is responsible for electing the Company s executive officers annually and from time to time as necessary. Executive officers serve in the ensuing year and until their respective successors are elected and qualified. There are no family relationships between any of our executive officers or between any of them and any members of the Board of Directors. The following is a list of our executive officers as of November 12, 2014.

Joe A. Raver, 48, has served as a director and as President and Chief Executive Officer of the Company since September 2013. He also has served as President of the Company s Process Equipment Group since March 2011. Prior to that, he was President of Batesville Casket Company beginning in June 2008. He also previously served as Vice President and General Manager of the respiratory care division of Hill-Rom Holdings, 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.

Kristina A. Cerniglia, 48, was elected Senior Vice President, Chief Financial Officer effective August 2014. Ms. Cerniglia has more than 25 years of industrial experience. Before assuming the role as Hillenbrand s Chief Financial Officer, she spent 17 years serving in a variety of leadership roles, most recently as Vice President and Corporate Controller (2010-2014), at Stanley Black & Decker, a global provider of power and hand tools, mechanical access solutions, and electronic monitoring systems. Prior to that, she spent nine years of her career at United Technologies Corporation in various financial roles.

Diane R. Bohman, 44, was elected Senior Vice President, Chief Administrative Officer effective July 2014. Ms. Bohman previously served as the Company s Senior Vice President, Integration, since December 2012, and prior to that was the Company s Vice President, Corporate Strategy from June 2011. From November 2013 to April 2014, Ms. Bohman served as the interim Chief Financial Officer for Coperion GmbH. From 2005 to 2011, Ms. Bohman served various roles at Batesville, including Vice President, Logistics; Vice President and Chief Financial Officer; and Vice President, Strategy. Prior to joining Batesville, Ms. Bohman worked for seven years in a broad array of positions in the finance organization at Hill-Rom Company, Inc., a leading global provider of medical equipment and services and the Company s former parent. She began her career in the business assurance practice of Coopers & Lybrand, LLC. Ms. Bohman is a Certified Public Accountant.

William A. Canady, 48, was elected Senior Vice President, Corporate Strategy and Industrial Products effective November 2013. Prior to joining Hillenbrand, Mr. Canady worked at IDEX Corporation, a global fluidics leader serving high growth specialized market from 2007 until 2013. Most recently, he served as the Vice President, Strategy and Aftermarket for the IDEX Fluid and Metering Technologies Group. Prior to that, he held senior leadership roles within the global diversified industrial companies of Crane Co, Generac Power Systems and Invensys Plc.

Scott P. George, 60, was elected Senior Vice President, Corporate Development effective January 2012. Mr. George has more than 30 years of investment banking experience advising on more than 250 transactions. Prior to joining Hillenbrand, he served as managing director and head of the Illinois practice for investment bank P&M Corporate Finance, LLC in Chicago from 2008 until 2012. Prior to that, he held a similar position at Morgan Joseph & Co. Mr. George s experience also includes merger and acquisition advisory roles at Ernst & Young Corporate Finance, Salomon Brothers Inc., Morgan Stanley & Co. and Bankers Trust Co.

Thomas Kehl, 54, was elected Senior Vice President of Hillenbrand effective September 2013. He also has served as President of Coperion since July 2013. Mr. Kehl joined Coperion in 2008 and has been a member of the Coperion Executive Board since February 2008. Prior to assuming the role of President, Mr. Kehl was responsible for Coperion s Compounding and Service Competence Centers. Previously, he was the Managing Director of Rieter Automatik (a world leader in pelletizing and cleaning technology), Senior Vice President of Rieter AG (textile machinery and components) in Switzerland, and CEO of Freudenberg (diversified industrial).

Kimberly K. Ryan, 47, was elected President of Batesville, and Senior Vice President of Hillenbrand effective April 2011. Prior to joining Hillenbrand from 2006 until 2011, Ms. Ryan served as Senior Vice President, North America, Post-Acute Care of Hill-Rom Holdings, Inc., a leading global provider of medical equipment and services and the Company s former parent. Prior to that, she held various senior and leadership roles at Hill-Rom and its subsidiaries, including leading its Turnaround Program, Shared Services, and Information Technology from 2005-2007, and from 2000 to 2005 serving in roles including Vice President, Shared Services; Vice President, Batesville Business Information Systems; and Director, Enterprise Systems. Ms. Ryan began her career with Batesville in 1989, holding positions of increasing responsibility within Batesville and the Company s former parent in finance, planning, operations, logistics, and information technology.

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Jan M. Santerre, 53, was elected Senior Vice President of Lean Business effective December 2012. She previously served as Vice President of Lean Business effective December 2008. Prior to joining Hillenbrand, Ms. Santerre worked at Parker Hannifin Corporation, the world s largest manufacturer of motion and control products. Most recently she was Vice President of Operations in the Hydraulics Group, where she had responsibility for half of the North American divisions. Prior to that, she served as Vice President of Lean Enterprise and Quality, developing the Parker Lean System and deploying it globally. Ms. Santerre developed her lean knowledge through managerial roles during her 18 years with Delphi Automotive Systems and General Motors.

John R. Zerkle, 60, was elected Senior Vice President, General Counsel, and Secretary of Hillenbrand effective February 2008. Prior to that, Mr. Zerkle served as Vice President and General Counsel of Batesville beginning in March 2004. From 2002 to 2004, Mr. Zerkle served as Vice President and General Counsel of Forethought Financial Services, Inc., then a subsidiary of the Company s former parent. He also served as Compliance Officer for Forethought Investment Management, Inc. Prior to joining Forethought, Mr. Zerkle was in private practice for 20 years.

Elizabeth E. Dreyer, 52, was elected Vice President, Controller, and Chief Accounting Officer effective December 2010, after joining Hillenbrand in October 2010. From April 2014 until August 2014, Ms. Dreyer also served as the Company s Interim Chief Financial Officer. Prior to joining Hillenbrand, from 2008 until 2010 Ms. Dreyer served as the Vice President of Finance at Zimmer, Inc., a leading orthopedic medical device designer and manufacturer. Prior to joining Zimmer, she was the Chief Financial Officer for Createc Corporation, a manufacturer of custom molded foam products. Ms. Dreyer has also held management roles in finance, organizational effectiveness, and audit at ADESA, Inc. (a vehicle auction operator), Guidant Corporation (a designer and manufacturer of cardiovascular medical products), and Deloitte. Ms. Dreyer is a Certified Public Accountant.

Availability of Reports and Other Information

Our website is www.hillenbrand.com. We make available on this website, free of charge, access to press releases, conference calls, our annual and quarterly reports, and other documents filed with or furnished to the Securities and Exchange Commission (SEC) as soon as these reports are filed or furnished. We also make available through this website position specifications for the Chairperson and each of the members of the Board of Directors; our Code of Ethical Business Conduct and Global Anti-Corruption Policy; the Corporate Governance Standards of our Board of Directors, as well as position specifications for committee chairpersons; and the charters of each of the standing committees of the Board of Directors. All these documents are also available to shareholders in print upon request.

All reports and documents filed with the SEC are also available via the SEC website, www.sec.gov, or may be read and copied at the SEC Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

Item 1A. Risk Factors

In this section of the Form 10-K, we describe the risks we believe are most important for you to think about when you consider investing in, selling, or owning our stock or debt. This information should be assessed along with the other information we provide you in this Form 10-K. Like most companies, our business involves risks. The risks described below are not the only risks we face, but these are the ones we currently think have the potential to significantly affect stakeholders in our Company if they were to develop adversely (due to size, volatility, or both).

We exclude risks that we believe are inherent in all businesses broadly as a function of simply being in business. Additional risks not currently known or considered immaterial by us at this time and thus not listed below could also result in adverse effects on our business. We have assigned the risks into categories to help you understand where they emanate from (e.g. the overall Company or a specific segment).

Risk Related to Hillenbrand

1. A key component of our growth strategy is making significant acquisitions, some of which may be outside the industries in which we currently operate. We may not be able to achieve some or all of the benefits that we expect to achieve from these acquisitions. If an acquisition were to perform unfavorably, it could have an adverse impact on our value.

All acquisitions involve inherent uncertainties, which may include, among other things, our ability to:

- successfully identify targets for acquisition;
- negotiate reasonable terms;
- properly perform due diligence and determine all the significant risks associated with a particular acquisition;
- successfully transition the acquired company into our business and achieve the desired performance;
- where applicable, implement restructuring activities without an adverse impact to business operations.

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We may acquire businesses with unknown liabilities, contingent liabilities, internal control deficiencies, or other risks. We have plans and procedures to review potential acquisition candidates for a variety of due diligence matters, including compliance with applicable regulations and laws prior to acquisition. Despite these efforts, realization of any of these liabilities or deficiencies may increase our expenses, adversely affect our financial position, or cause us to fail to meet our public financial reporting obligations.

We generally seek indemnification from sellers covering these matters; however, the liability of the sellers is often limited, and certain former owners may be unable to meet their indemnification responsibilities. We cannot assure you that these indemnification provisions will fully protect us, and as a result we may face unexpected liabilities that adversely affect our profitability and financial position.

We may not achieve the intended benefits of the acquisition and our business could be materially impacted. Under such circumstances, management could be required to spend significant amounts of time and resources in the transition of the acquired business. In addition, any benefits we anticipate from application of HBS may not be fully realized.

If we acquire a company that operates in an industry that is different from the ones in which we currently operate, our lack of experience with that company s industry could have a material adverse impact on our ability to manage that business and realize the benefits of that acquisition.

2. Global market and economic conditions, including those related to the financial markets, could have a material adverse effect on our operating results, financial condition, and liquidity.

Our business is sensitive to changes in general economic conditions, both inside and outside the U.S. Although we have seen stability or growth in some geographies since the global economic turmoil that began in 2008, we cannot assure you that these improvements will be sustainable or predict when the next recession will occur. In addition, continuing uncertainties in the euro zone may depress demand in the area and create additional risk to our financial results.

Instability in the global economy and financial markets can adversely affect our business in several ways, including limiting our customers ability to obtain sufficient credit or pay for our products within the terms of sale. Competition could further intensify among the manufacturers and distributors with whom we compete for volume and market share, resulting in lower net revenue due to steeper discounts and product mix-down. In addition, if certain key or sole suppliers were to become capacity constrained or insolvent, it could result in a reduction or interruption in supplies or a significant increase in the price of supplies.

Substantial losses in the equity markets could have an adverse effect on the assets of the Company s pension plans. Volatility of interest rates and negative equity returns could require greater contributions to the defined benefit plans in the future.

3. International economic, political, legal, and business factors could negatively affect our operating results, cash flows, financial condition, and growth.

We derived approximately 48%, 43%, and 17% of our revenue from our operations outside the U.S. for the years ended September 30, 2014, 2013, and 2012. This revenue is primarily generated in Europe, the Middle East, Asia, South America, and Canada. In addition, we have manufacturing operations, suppliers, and employees located outside the U.S. Since our growth strategy depends in part on our ability to further penetrate markets outside the U.S., we expect to continue to increase our sales and presence outside the U.S., including in emerging markets.

Our international business is subject to risks that are often encountered in non-U.S. operations, including:

- interruption in the transportation of materials to us and finished goods to our customers;
- differences in terms of sale, including payment terms;
- local product preferences and product requirements;
- changes in a country s or region s political or economic condition, including with respect to safety and health issues;
- trade protection measures and import or export licensing requirements;
- unexpected changes in laws or regulatory requirements, including negative changes in tax laws;
- limitations on ownership and on repatriation of earnings and cash;
- difficulty in staffing and managing widespread operations;
- differing labor regulations;
- difficulties in enforcing contract and property rights under local law;
- difficulties in implementing restructuring actions on a timely or comprehensive basis; and
- differing protection of intellectual property.

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Such risks may be more likely in emerging markets, where our operations may be subject to greater uncertainty due to increased volatility associated with the developing nature of their economic, legal, and governmental systems.

If we are unable to successfully manage the risks associated with expanding our global business, or to adequately manage operational fluctuations, it could adversely affect our business, financial condition, or results of operations.

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

We cannot provide assurance that our internal controls and compliance systems will always protect us from acts committed by our employees, agents, or business partners that would violate U.S. and/or non-U.S. laws, including the laws governing payments to government officials, bribery, fraud, anti-kickback and false claims, competition, export and import compliance, money laundering, and data privacy. In particular, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, and we operate in many parts of the world that have experienced governmental corruption to some degree. Any such improper actions could subject us to civil or criminal investigations in the U.S. and in other jurisdictions; could lead to substantial civil and criminal, monetary and non-monetary penalties, and related shareholder lawsuits; could cause us to incur significant legal fees; and could damage our reputation.

5. We are subject to risks arising from currency exchange rate fluctuations, which may adversely affect our results of operations and financial condition.

We are subject to currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. In addition, since our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our results of operations. Although we address currency risk management through regular operating and financing activities, and through the use of derivative financial instruments, those actions may not prove to be fully effective.

6. Increased prices for, or unavailability of, raw materials used in our products could adversely affect profitability.

Our profitability is affected by the prices of the raw materials used in the manufacture of our products. These prices fluctuate based on a number of factors beyond our control, including changes in supply and demand, general economic conditions, labor costs, fuel-related delivery costs, competition, import duties, tariffs, currency exchange rates, and, in some cases, government regulation. Significant increases in the prices of raw materials that cannot be recovered through increases in the price of our products could adversely affect our results of operations and cash flows.

We cannot guarantee that the prices we are paying for commodities today will continue in the future or that the marketplace will continue to support current prices for our products or that such prices can be adjusted to fully offset commodity price increases in the future. Any increases in prices resulting from a tightening supply of these or other commodities could adversely affect our profitability. We do not engage in hedging transactions for raw material purchases, but we do enter into some fixed-price supply contracts.

Our dependency upon regular deliveries of supplies from particular suppliers means that interruptions or stoppages in such deliveries could adversely affect our operations until arrangements with alternate suppliers could be made. Several of the raw materials used in the manufacture of our products currently are procured from a single source. If any of these sole-source suppliers were unable to deliver these materials for an extended period of time as a result of financial difficulties, catastrophic events affecting their facilities, or other factors, or if we were unable to negotiate acceptable terms for the supply of materials with these sole-source suppliers, our business could be adversely affected. We may not be able to find acceptable alternatives, and any such alternatives could result in increased costs. Extended unavailability of a necessary raw material could cause us to cease manufacturing one or more products for a period of time.

7. The Company could face labor disruptions that would interfere with operations.

As of September 30, 2014, approximately 40% of Hillenbrand s employees work under collective bargaining agreements. Although we have not experienced any significant work stoppages in the past 20 years as a result of labor disagreements, we cannot ensure that

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such a stoppage will not occur in the future. Inability to negotiate satisfactory new agreements or a labor disturbance at one or more of our facilities could have a material adverse effect on our operations.

8. Volatility in our investment portfolio could adversely impact our operating results and financial condition.

Hillenbrand has certain investments that were transferred to us by our former parent company with an aggregate carrying value of $12.1 as of September 30, 2014. Volatility in our investment portfolio impacts earnings. These investments could be adversely affected by general economic conditions, changes in interest rates, equity market volatility, and other factors, resulting in an adverse impact on our operating results and financial condition.

9. We are involved on an ongoing basis in claims, lawsuits, and governmental proceedings relating to our operations, including environmental, antitrust, patent infringement, business practices, commercial transactions, and other matters. The ultimate outcome of these claims, lawsuits, and governmental proceedings cannot be predicted with certainty, but could have a material adverse effect on our financial condition, results of operations, and cash flows.

We are also subject to other potential claims, including product and general liability, workers compensation, auto liability, and employment-related matters. While we maintain insurance for certain of these exposures, the policies in place are high-deductible policies. For a more detailed discussion of asserted claims, see Note 11 to our financial statements included in Part II, Item 8, of this Form 10-K.

10. Upon the closing of our acquisition of Coperion, we increased our debt obligations significantly. This increase could adversely affect the Company and limit our ability to respond to changes in our businesses. We expect to continue to make acquisitions as a key component of our growth strategy.

As of September 30, 2014, our outstanding debt was $558.5. This level of debt and additional debt we may incur in the future could have important consequences to our businesses. For example:

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

- We may be more vulnerable to credit rating downgrades which could have an impact on our ability to secure future financing at attractive interest rates.

11. Provisions in our Articles of Incorporation and By-laws and facets of Indiana law may prevent or delay an acquisition of the Company, which could decrease the trading price of our common stock.

Our Articles of Incorporation and By-laws, as well as Indiana law, contain provisions that could delay or prevent changes in control if our Board of Directors determines that such changes in control are not in the best interests of our shareholders. While these provisions have the effect of encouraging persons seeking to acquire control of our Company to negotiate with our Board of Directors, they could enable our Board of Directors to hinder or frustrate a transaction that the Board of Directors believes is not in the best interests of shareholders, but which some, or a majority, of our shareholders might believe to be in their best interests.

These provisions include, among others:

- the division of our Board of Directors into three classes with staggered terms;
- the inability of our shareholders to act by less than unanimous written consent;
- rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings;
- the right of our Board of Directors to issue preferred stock without shareholder approval; and
- limitations on the right of shareholders to remove directors.

Indiana law also imposes some restrictions on mergers and other business combinations between us and any holder of 10% or more of our outstanding common stock.

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We believe these provisions are important for a public company and protect our shareholders from coercive or otherwise potentially unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with appropriate time to assess any acquisition proposal. These provisions are not intended to make our Company immune from takeovers; however, they may apply if the Board of Directors determines that a takeover offer is not in the best interests of our shareholders, even if some shareholders believe the offer to be beneficial.

Risk Related to the Process Equipment Group

1. A significant portion of our investments in the Process Equipment Group includes goodwill and intangible assets that are subject to periodic impairment evaluations. An impairment loss on these assets could have a material adverse impact on our financial condition and results of operations.

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

2. The Process Equipment Group operates in cyclical industries.

As an industrial capital goods supplier, the Process Equipment Group serves industries that are cyclical. During periods of economic expansion, when capital spending normally increases, the Process Equipment Group generally benefits from greater demand for its products. During periods of economic contraction, when capital spending normally decreases, the Process Equipment Group generally is adversely affected by declining demand for new equipment orders, and it may be subject to uncollectible receivables from customers who become insolvent. There can be no assurance that economic expansion or increased demand will be sustainable.

3. The Process Equipment Group derives significant revenues from the plastics industry. Any decrease in demand for plastics could have a material adverse effect on our business, financial condition, and results of operations.

The Process Equipment Group sells extruders and compounding systems to the plastics industry. Its sales are tied to the consumption of plastic products. The demand for plastics is dependent upon the consumer s choice. As a result, any downturn in or disruption to the plastics industry or decrease in the demand for plastics, could have a material adverse effect on our business, financial condition, and results of operations.

4. The Process Equipment Group derives significant revenues from the energy industry. Any decrease in demand for electricity, natural gas, or coal, or an increase in regulation of the energy industry could have a material adverse effect on our business, financial condition, and results of operations.

The Process Equipment Group sells dry material separation and size reduction equipment to the electric generating, natural gas, and coal mining industries. A significant portion of its sales are tied to the consumption of natural gas and coal as a means of generating electricity. The demand for natural gas and coal is dependent upon the availability and cost of alternative sources of energy, such as oil or nuclear power. Additionally, the cost of compliance with federal, state, and local laws and regulations on the energy industry may impact the demand for our products. As a result, any downturn in or disruption to the natural gas or coal industries or decrease in the demand for electricity, could have a material adverse effect on our business, financial condition, and results of operations.

Risk Related to Batesville

1. Continued fluctuations in mortality rates and increased cremations may adversely affect, as they have in recent years, the sales volume of our burial caskets.

The life expectancy of U.S. citizens has increased steadily since the 1950s and is expected to continue to do so for the foreseeable future. However, we do anticipate a modest increase in deaths every year driven by the aging U.S. population.

Cremations as a percentage of total U.S. deaths have increased steadily since the 1960s and are expected to continue to increase for the foreseeable future. The increase in the number of cremations in the U.S. has resulted in a contraction in the demand for burial caskets. This has been a contributing factor to lower burial casket sales volumes for Batesville in each of the last five years. We expect these trends will continue in the foreseeable future and will likely continue to negatively impact burial casket volumes.

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Finally, the number of deaths can vary over short periods of time and among different geographical areas, due to a variety of factors, including the timing and severity of seasonal outbreaks of illnesses such as pneumonia and influenza. Such variations could cause the sale of burial caskets to fluctuate from quarter to quarter and year to year.

2. Batesville s business is dependent on several major contracts with large national funeral providers. The relationships with these customers pose several risks.

Batesville has contracts with a number of national funeral home customers that constitute a sizeable portion of its overall sales volume. Any decision by national funeral home customers to discontinue purchases from Batesville could have a material adverse effect on our financial condition, results of operations, and cash flows. Also, while contracts with national funeral service providers give Batesville important access to purchasers of death care products, they may obligate Batesville to sell products at contracted prices for extended periods of time, therefore limiting Batesville s ability, in the short term, to raise prices in response to significant increases in raw material prices or other factors.

3. Batesville is facing competition from a number of non-traditional sources and from caskets manufactured abroad and imported into North America.

Non-traditional death care product providers, such as large discount retail stores, casket stores, and internet casket retailers could present more of a competitive threat to Batesville and its sales channel than is currently anticipated. In addition, a few foreign manufacturers, mostly from China, import caskets into the U.S. and Canada. For the past three years, sales from these non-traditional and Chinese providers have remained relatively stable and represent a small percentage of total casket sales in North America, collectively less than 5%. It is not possible to quantify the financial impact that these competitors will have on Batesville in the future. These competitors and any new entrants into the funeral products business may drive pricing and other competitive actions in an industry that already has nearly twice the necessary domestic production capacity. Such competitive developments could have a negative impact on our results of operations and cash flows.

Item 1B. UNRESOLVED STAFF COMMENTS

We have not received any comments from the staff of the SEC regarding our periodic or current reports that remain unresolved.

Item 2. PROPERTIES

Our corporate headquarters is located in Batesville, Indiana, in a facility that we own. At September 30, 2014, the Process Equipment Group operated 17 significant manufacturing facilities located in the U.S. (New Jersey, Kansas, Ohio, Illinois, and Virginia), Germany, Switzerland, China, India, and the United Kingdom. Seven of these facilities are owned and 10 are leased. The Process Equipment Group also leases or owns a number of other sales offices in Europe, Asia, Canada, and South America.

At September 30, 2014, Batesville operated five significant manufacturing facilities located in Indiana, Tennessee, Mississippi, and Mexico. Four of these facilities are owned and one is leased. Batesville also leases or owns a number of other warehouse distribution centers, service centers, and sales offices in the U.S., United Kingdom, Mexico, Canada, and Australia.

Facilities often serve multiple purposes, such as administration, sales, manufacturing, testing, warehousing, and distribution. We believe our current facilities will provide adequate capacity to meet expected demand for the next several years.

Item 3. LEGAL PROCEEDINGS

We are involved on an ongoing basis in claims, lawsuits, and government proceedings relating to our operations, including environmental, antitrust, patent infringement, business practices, commercial transactions, and other matters. We are also subject to other claims and potential claims, including those relating to product and general liability, workers compensation, auto liability, and employment-related matters. The ultimate outcome of claims, lawsuits, and proceedings cannot be predicted with certainty. We carry various forms of commercial, property and casualty, product liability, and other forms of insurance; however, such insurance may not be applicable or adequate to cover the costs associated with a judgment against us. It is difficult to measure the actual loss that might be incurred related to litigation, and the ultimate outcome of these claims, lawsuits, and proceedings could have a material adverse effect on our financial condition, results of operations, and cash flows.

For more information on various legal proceedings, see Note 11 to our financial statements included in Part II, Item 8, of this Form 10-K. That information is incorporated into this Item by reference.

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Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Hillenbrand common stock is traded on the New York Stock Exchange under the ticker symbol HI. The following table reflects the quarterly range of high and low closing sales prices of our common stock for 2014 and 2013.

	2014		2013	
	High	Low	High	Low
First quarter	$ 29.47	$ 27.04	$ 22.76	$ 18.22
Second quarter	$ 32.43	$ 26.13	$ 25.28	$ 23.07
Third quarter	$ 32.72	$ 29.15	$ 25.41	$ 22.88
Fourth quarter	$ 33.68	$ 29.43	$ 27.86	$ 23.80

On November 12, 2014, we had approximately 2,300 shareholders of record.

On July 24, 2008, our Board of Directors approved the repurchase of $100.0 of our common stock. The program has no expiration date, but may be terminated by the Board of Directors at any time. As of September 30, 2014, we had repurchased approximately 1,700,000 shares for $39.0, which were classified as treasury stock. We repurchased approximately 527,000 shares of our common stock during 2014, for a total cost of $16.5. At September 30, 2014, we had $61.0 remaining for share repurchases under the existing Board authorization.

Dividends

Although we have paid cash dividends since our inception on April 1, 2008, the declaration and payment of cash dividends is at the sole discretion of our Board of Directors and depends upon many factors, including our financial condition, earnings potential, capital requirements, alternative uses of cash, covenants associated with debt obligations, legal requirements, and other factors deemed relevant by the Board of Directors. We currently expect that comparable quarterly cash dividends will continue to be paid in the future. The following table provides detail on the quarterly dividends paid to shareholders for the past three years.

		2014		2013		2012
First quarter	$	0.1975	$	0.1950	$	0.1925
Second quarter	$	0.1975	$	0.1950	$	0.1925
Third quarter	$	0.1975	$	0.1950	$	0.1925
Fourth quarter	$	0.1975	$	0.1950	$	0.1925

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Item 6. SELECTED FINANCIAL DATA

(in millions, except per share data):

	2014	2013	2012	2011	2010
Net revenue	$ 1,667.2	$ 1,553.4	$ 983.2	$ 883.4	$ 749.2
Gross profit	$ 589.2	$ 518.7	$ 388.9	$ 369.9	$ 313.3
Operating profit	$ 174.5	$ 118.1	$ 148.8	$ 158.6	$ 137.9
Net income(1)	$ 109.7	$ 63.4	$ 104.8	$ 106.1	$ 92.3
Earnings per share - basic	$ 1.74	$ 1.01	$ 1.68	$ 1.71	$ 1.49
Earnings per share - diluted	$ 1.72	$ 1.01	$ 1.68	$ 1.71	$ 1.49
Cash dividends per share	$ 0.79	$ 0.78	$ 0.77	$ 0.76	$ 0.75
Total assets	$ 1,918.5	$ 2,003.2	$ 1,087.5	$ 1,180.7	$ 1,048.9
Long-term obligations	$ 833.6	$ 961.4	$ 429.4	$ 601.4	$ 559.0
Cash flows provided by operating activities	$ 179.6	$ 127.2	$ 138.2	$ 189.5	$ 118.2
Cash flows used in investing activities	$ (8.3)	$ (441.0)	$ (22.5)	$ (154.5)	$ (348.7)
Cash flows provided by (used in) financing activities	$ (155.5)	$ 336.5	$ (211.1)	$ (22.0)	$ 289.8
Capital expenditures	$ 23.6	$ 29.9	$ 20.9	$ 21.9	$ 16.3
Depreciation and amortization	$ 58.4	$ 89.4	$ 40.4	$ 36.1	$ 28.2

(1) Net income attributable to Hillenbrand

Item 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(dollar amounts in millions throughout Management s Discussion and Analysis)

The following discussion compares our results for the year ended September 30, 2014, to the year ended September 30, 2013, and also compares our results for the year ended September 30, 2013, to the year ended September 30, 2012. Unless otherwise stated, references to years relate to fiscal years. We begin the discussion at a consolidated level and then provide separate detail about the Process Equipment Group, Batesville, and Corporate. These financial results are prepared in accordance with accounting principles generally accepted in the U.S. (GAAP).

We also provide certain non-GAAP operating performance measures. These non-GAAP measures are referred to as adjusted and exclude expenses associated with backlog amortization, inventory step-up, business acquisition and integration, restructuring, and litigation. The measures also exclude the tax benefit of the international integration in 2012 and expenses associated with long-term incentive compensation related to the international integration. The related income tax for all of these items is also excluded. This non-GAAP information is provided as a supplement, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP.

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

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

Another important non-GAAP operational measure used is backlog. Backlog is not a term recognized under GAAP; however it is a common measurement used in the Process Equipment Group s industry. Order backlog represents the amount of consolidated revenue that we expect to realize in the future on contracts awarded to the Process Equipment Group. Backlog includes expected revenue from large systems, equipment, and to a lesser extent, replacement parts, components, and service. The length of time that projects remain in backlog can span from days for replacement parts and service to approximately 18 months for larger system sales. Backlog includes expected revenue from the remaining portion of firm orders not yet completed, as well as revenue from change orders to the extent that it is reasonably expected to be realized. For purposes of calculating backlog, 100% of

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estimated revenue attributable to consolidated subsidiaries is included, an insignificant portion of which are not wholly-owned by Hillenbrand.

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

Net revenue is analyzed on a constant currency basis to better measure the comparability of results between periods. We calculate constant currency by translating current year revenue at prior year foreign exchange rates. This information is provided because exchange rates can distort the underlying change in sales, either positively or negatively.

See page 28 for reconciliations of our non-GAAP measures to the most directly comparable GAAP measures. There is no GAAP financial measure comparable to backlog; therefore, a quantitative reconciliation of backlog is not provided.

CRITICAL ACCOUNTING ESTIMATES

Our financial results are affected by the selection and application of accounting policies and methods. Significant accounting policies which require management s judgment are discussed below. A detailed description of our accounting policies is included in the notes to our financial statements included in Part II, Item 8, of this Form 10-K.

Revenue Recognition Net revenue includes gross revenue less sales discounts, customer rebates, sales incentives, and product returns, all of which require us to make estimates for the portion of these allowances that have yet to be credited or paid to our customers. We estimate these allowances based upon historical rates and projections of customer purchases toward contractual rebate thresholds.

Following the acquisition of Coperion, a portion of Hillenbrand s revenue is derived from long-term manufacturing contracts. The majority of this revenue is recognized based on the percentage-of-completion method. Under this method, revenue is recognized based upon the costs incurred to date as compared to the total estimated project costs. Approximately 25% of Hillenbrand s revenue was attributable to these long-term manufacturing contracts for 2014.

Accounting for these contracts involves management judgment in estimating total contract revenue and cost. Contract revenues are largely determined by negotiated contract prices and quantities, modified by our assumptions regarding contract options, change orders, and incentive and award provisions associated with technical performance clauses. Contract costs are incurred over longer periods of time and, accordingly, the estimation of these costs requires management judgment. Cost estimates are largely based on negotiated or estimated purchase contract terms, historical performance trends, and other economic projections. Significant factors that influence these estimates include inflationary trends, technical and schedule risk, internal and subcontractor performance trends, business volume assumptions, asset utilization, and anticipated labor agreements. Revenue and cost estimates are regularly monitored and revised based on changes in circumstances. Anticipated losses on long-term contracts are recognized immediately when such losses become evident. We maintain financial controls over the customer qualification, contract pricing, and estimation processes to reduce the risk of contract losses.

Revenue for components, replacement parts, and service is recognized on a completed contract basis when title and risk of loss passes to the customer.

Performance-Based Stock Compensation The vesting of a portion our performance-based stock awards is contingent upon the creation of shareholder value as measured by the cumulative cash returns and final period net operating profit after tax compared to the established hurdle rate over a three-year period. The hurdle rate is a reflection of the weighted-average cost of capital and targeted capital structure. Based on the extent to which the performance criteria are achieved, it is possible for none of the awards to vest or for a range up to the maximum to vest, which is reflected in the performance-based stock award table in Note 9 to our financial statements included in Part II, Item 8, of this Form 10-K. We record expense associated with the awards on a straight-line basis over the vesting period based upon an estimate of projected performance. The actual performance of the Company is evaluated quarterly, and the expense is adjusted according to the new projection if it has changed significantly. As a result, depending on the degree to which performance criteria are achieved or our projections change, our expenses related to the performance-based stock awards may become more volatile as we approach the final performance measurement date at the end of the three years. This increase in volatility stems from the requirement to increase or reduce compensation expense as the projection of performance changes. Thus, any one period s financial results could be significantly affected by the cumulative effect of the adjustment. Preparing the projection of performance requires us to exercise significant judgment as to the expected outcome of final performance up to three years in the

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future. In making the projection, we consider both actual results and probable business plans for the future. At September 30, 2014, we have recorded cumulative compensation expense associated with unvested performance-based stock awards of approximately $4.3, which continues to be subject to periodic adjustments as the related awards approach their final performance measurement dates.

Retirement and Postretirement Plans We sponsor retirement and postretirement benefit plans covering the majority of our employees. Expense recognized for the plans is based upon actuarial valuations. Inherent in those valuations are key assumptions including discount rates, expected returns on assets, and projected future salary rates. The actuarial assumptions we use may differ significantly from actual results due to changing economic conditions, participant life span, and withdrawal rates. These differences may result in a material impact to the amount of net periodic pension expense to be recorded in our financial statements in the future. The discount rates used in the valuation of our defined benefit pension and postretirement benefit plans are evaluated annually based on current market conditions. In setting the discount rate, we use a yield curve approach to discount each expected cash flow of the liability stream at an interest rate applicable to the timing of each cash flow based on corporate bond rates. These present values are then converted into an equivalent weighted-average discount rate. Our overall expected long-term rate of return on pension assets is based on historical and expected future returns, which are inflation-adjusted and weighted for the expected return for each component of the investment portfolio. Our rate of assumed compensation increase for pension benefits is also based on our specific historical trends of past wage adjustments in recent years and expectations for the future.

Changes in retirement and postretirement benefit expense and the recognized obligations may occur in the future as a result of a number of factors, including changes to key assumptions such as the weighted-average expected rate of return on pension assets and the weighted-average discount rate. Our weighted-average expected rate of return on pension assets was 6.3%, 6.3%, and 6.4% at the end of 2014, 2013, and 2012, and the weighted-average discount rate at the end of 2014 was 3.2% for the pension plan and 3.7% for the postretirement healthcare plan. A 50 basis-point change in the expected rate of return on domestic pension assets would change annual pension expense by $1.1. A 50 basis-point change in the discount rate would change the annual pension expense by $2.1 and the annual postretirement healthcare plan expense by less than $0.1. Impacts from assumption changes could be positive or negative depending on the direction of the change in rates. Based upon rates and assumptions at September 30, 2014, we expect the aggregate expense associated with our defined benefit plans to decrease to $14.6 in 2015. See Note 5 to our financial statements included in Part II, Item 8, of this Form 10-K, for key assumptions and other information regarding our retirement and postretirement benefit plans.

Uncertain Income Tax Positions In assessing the need for reserves for uncertain tax positions, we make judgments regarding the technical merit of a tax position and, when necessary, an estimate of the settlement amount based upon the probability of the outcome. At September 30, 2014, we had reserves of $8.4 established for uncertain tax positions based upon our estimates. Our ability to make and update these estimates is limited to the information we have at any given point in time. This information can include how taxing authorities have treated the position in the past, how similar cases have settled, or where we are in discussions or negotiations with taxing authorities on a particular issue, among others. As information available to us evolves, we update our reserves quarterly. These updates can result in volatility to our income tax rate (particularly in a given quarter) if new information or developments result in a significant change in our estimate.

Business Combinations Estimating fair value for acquired assets and liabilities as part of a business combination typically requires us to exercise judgment, particularly for those assets and liabilities that may be unique or not easily determined by reference to market data. Often estimates for these types of acquired assets and liabilities will be developed using valuation models that require both historical and forecasted inputs, as well as market participant expectations. Thus, the valuation is directly affected by the inputs we judge as best under the given circumstances. When material, we expect to seek assistance of competent valuation professionals when the underlying valuation is more complex or unique.

We anticipate that in most cases, we will exercise significant judgment in estimating the fair value of intangible assets, contingent liabilities, and contingent consideration. This list is not exhaustive, but is designed to give you a better understanding of where we think a larger degree of judgment will be required due to the nature of the item and the way it is typically valued.

<u>Asset Impairment Determinations</u> Goodwill and other intangible assets with indefinite lives, primarily trade names, are not amortized; rather, they are tested for impairment at least annually and upon the occurrence of certain triggering events or substantive changes in circumstances that indicate that the fair value may be impaired.

Impairment of goodwill is tested at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment. For the purpose of the goodwill impairment test, the Company can elect to perform a qualitative analysis to determine if it is more likely than not that the fair values of its reporting units are less than the respective carrying values of those reporting units. Such factors we consider in a qualitative analysis include, but are not limited to, macroeconomic conditions, industry and market considerations, cost factors, entity-specific events, events affecting the reporting unit, and the overall financial performance of the reporting unit.

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If we elect to perform or are required to perform a quantitative analysis, the first step is to compare the carrying amount of the reporting unit s net assets, including goodwill, to the fair value of the reporting unit. If the fair value exceeds the carrying value, no further evaluation is required and no impairment loss is recognized. If the carrying amount exceeds the fair value, then a second step must be completed, which involves allocating the fair value of the reporting unit to each asset and liability, with the excess being implied goodwill. An impairment loss occurs if the amount of the recorded goodwill exceeds the implied goodwill.

In determining the estimated fair value of the reporting units when performing a quantitative analysis, we consider both the market approach and the income approach. Weighting is equally attributed to both the market and income approaches in arriving at the fair value of the reporting units.

Under the market approach, we utilize the guideline company method, which involves calculating valuation multiples based on operating data from comparable publicly traded companies. Multiples derived from these companies provide an indication of how much a knowledgeable investor in the marketplace would be willing to pay for a company. These multiples are then applied to the operating data for our reporting units to arrive at an indication of value.

Under the income approach, the fair value of the reporting unit is based on the present value of estimated future cash flows utilizing a market-based weighted-average cost of capital determined separately for each reporting unit.

To determine the reasonableness of the calculated fair values of our reporting units, the Company reviews the assumptions described below to ensure that neither the market approach nor the income approach yield significantly different valuations. We selected these valuation approaches because we believe the combination of these approaches, along with our best judgment regarding underlying assumptions and estimates, provides us with the best estimate of fair value of our reporting units. We believe these valuation approaches are appropriate for the industry and widely accepted by investors.

Determining the fair value of a reporting unit requires us to make significant judgments, estimates, and assumptions. While we believe that the estimates and assumptions underlying our valuation methodology are reasonable, these estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and also the magnitude of any such charge. The results of an impairment analysis are as of a point in time. There is no assurance that actual future earnings or cash flows of our reporting units will not decline significantly from our projections. We will monitor any changes to our assumptions and will evaluate goodwill as deemed warranted during future periods.

The key assumptions for the market and income approaches we use to determine fair value of our reporting units are updated at least annually. Those assumptions and estimates include market data and market multiples (9-11 times adjusted EBITDA), discount rates (10-13%), and terminal growth rates (1-3.5%) as well as future levels of revenue growth, operating margins, depreciation, amortization, and working capital requirements, which are based upon the Company s strategic plan. Hillenbrand s strategic plan is updated as part of its annual planning process and is reviewed and approved by management and the Board of Directors. The discount rate assumption is based on the overall after-tax rate of return required by a market participant whose weighted-average cost of capital includes both equity and debt, including a risk premium.

Although there are always changes in assumptions to reflect changing business and market conditions, our overall valuation methodology and the types of assumptions we used have remained unchanged. While we use the best available information to prepare the cash flow and discount rate assumptions, actual future cash flows or market conditions could differ significantly resulting in future impairment charges related to recorded goodwill balances.

We performed our required impairment tests in 2014 and determined that the goodwill allocated to our reporting units was not impaired. Further, we determined that the estimated fair value substantially exceeded the carrying value for each of the reporting units for which we performed a quantitative analysis.

Similar to goodwill, the Company can elect to perform the impairment test for indefinite-lived intangibles other than goodwill (primarily trade names) using a qualitative analysis, considering similar factors as outlined in the goodwill discussion, to determine if it is more likely than not that the fair values of the trade names are less than the respective carrying values. If we elect to perform or are required to perform a quantitative analysis, the test consists of a comparison of the fair value of the indefinite-lived intangible asset to the carrying value of the asset as of the impairment testing date. We estimate the fair value of indefinite-lived intangibles using the relief-from-royalty method. We believe the relief-from-royalty method is a widely used valuation technique for such assets. The fair value derived from the relief-from-royalty method is measured as the discounted cash flow savings realized from owning such trade names and not being required to pay a royalty for their use.

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We performed our annual indefinite-lived intangible impairment testing in 2014, and determined our indefinite-lived intangible assets were not impaired. The estimated fair value of each of our trade names exceeds the carrying value by at least 15%. There can be no assurance that goodwill or indefinite-lived intangibles impairment will not occur in the future.

EXECUTIVE OVERVIEW

Hillenbrand is a global diversified industrial company that makes and sells premium business-to-business products and services for a wide variety of industries. We pursue profitable growth and meaningful dividends for our shareholders by leveraging our leading brands, robust cash generation capabilities, and HBS. Hillenbrand has two segments: the Process Equipment Group and Batesville®. The Process Equipment Group has multiple market-leading brands of process and material handling equipment and systems serving a wide variety of industries across the globe. Batesville is a recognized leader in the North American death care industry. Batesville performs several critical roles within the portfolio. It has a long history of providing strong annual operating cash flows. As the source of HBS practices, including Lean, Strategy Management, and Talent Development, it provides talent to embed these management practices in acquired companies.

Batesville s performance has allowed management to invest in acquisitions that provide diversification, with a focus on companies with growth opportunities and an ability to benefit from HBS. We believe we can most effectively continue to increase shareholder value by leveraging our strong financial position and HBS to continue to build a global diversified industrial company with strong positions in multiple growth-oriented industries.

OPERATIONS REVIEW CONSOLIDATED

	Year Ended September 30		
Hillenbrand	**2014**	**2013 (a)**	**2012**
Net revenue	$ 1,667.2	$ 1,553.4	$ 983.2
Gross profit	589.2	518.7	388.9
Operating expenses	414.7	400.6	240.1
Operating profit	174.5	118.1	148.8
Interest expense	23.3	24.0	12.4
Other income (expense), net	8.7	(0.4)	(1.5)
Income tax expense	48.7	28.3	30.1
Net income(1)	109.7	63.4	104.8

(1) Net income attributable to Hillenbrand

(a) Included ten months of operations related to Coperion following its acquisition on December 1, 2012

Year Ended September 30, 2014, Compared to Year Ended September 30, 2013

Revenue grew $113.8 (7.3%), or $101.5 (6.5%) on a constant currency basis.

- The Process Equipment Group s revenue increased $142.3 (15%), or $127.3 (14%) on a constant currency basis. The revenue increase was primarily due to two additional months of Coperion revenue compared to 2013. The revenue increase was also partially attributable to an increase in sales of replacement parts and services.

- Batesville s revenue was $592.2, a decrease of $28.5 (5%), or $25.8 (4%) on a constant currency basis. The decrease was driven primarily by a decrease in volume ($21.3) and the average selling price ($7.2).

Gross profit grew $70.5 (14%) to $589.2 primarily due to two additional months of Coperion operations in 2014, partially offset by a decrease at Batesville. Consolidated gross profit margin was 35.3%, an increase of 190 basis points. On an adjusted basis, which excluded acquisition-related charges and restructuring, gross profit grew $45.4 (8%) to $589.3 and adjusted gross profit margin grew 30 basis points to 35.3%.

- The Process Equipment Group s gross profit grew $81.2 (29%) to $356.5 and was driven primarily by two additional months of Coperion operations and to a lesser extent, increased profitability across the organization. Gross profit margin increased 370 basis points to 33.2% in 2014.

Gross profit included Coperion acquisition-related charges ($22.0 in 2013) and restructuring ($0.3 in 2014 and $0.3 in 2013). Excluding these items, adjusted gross profit grew $59.2 (20%) to $356.8. Adjusted gross profit margin increased 130 basis points to 33.2% in 2014.

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• Batesville s gross profit decreased $10.7 (4%) to $232.7 and gross profit margin increased 10 basis points to 39.3% in 2014. The decrease in gross profit was due to lower volume, offset in part by supply chain cost reduction initiatives.

Gross profit included restructuring charges ($0.2 reduction to cost of goods sold in 2014 and $2.9 of expense in 2013). Excluding these charges, adjusted gross profit decreased $13.8 (6%) to $232.5 in 2014. Adjusted gross profit margin decreased 40 basis points in 2014 to 39.3%.

Operating expenses increased $14.1 to $414.7 in 2014, primarily due to two additional months of Coperion operating expenses compared to 2013, a litigation settlement in 2014, increased restructuring charges, and higher compensation and benefits, partially offset by the backlog amortization related to Coperion in 2013 and a decrease in business acquisition costs. See Note 11 to our financial statements included in Part II, Item 8, of this Form 10-K for more detailed information on the settlement. Our operating expense to revenue ratio improved by 90 basis points to 24.9% in 2014. Operating expenses included the following items:

	Year Ended September 30,	
	2014	2013
Backlog amortization	$	$ 34.5
Business acquisition costs	8.4	16.8
Restructuring charges	5.5	0.9
Litigation expenses	20.8	0.2

On an adjusted basis, which excluded backlog amortization, business acquisition costs, restructuring charges, and litigation expenses, operating expenses increased $31.9 to $380.0, primarily driven by two additional months of Coperion operations and higher compensation and benefits. Our adjusted operating expense-to-revenue ratio increased by 40 basis points to 22.8% in 2014.

Interest expense decreased $0.7 primarily due to lower weighted-average outstanding borrowings and average interest rates in 2014 compared to 2013.

Other income (expense), net was $8.7 of income in 2014 compared to $0.4 of expense in 2013. This increase was driven primarily by a $5.2 gain on the exercise of warrants to purchase common stock of Forethought, a $2.8 gain on limited partnership investments, and a $2.5 gain related to the cancellation of a service agreement at Batesville. See Note 12 to our financial statements included in Part II, Item 8, of this Form 10-K for more detailed information.

The income tax rate was 30.5% in 2014 compared to 30.2% in 2013. The year-over-year change in the effective tax rate was largely due to net increases in our liability for uncertain tax positions as well as an increase in the net deferred tax liability associated with a higher effective state tax rate. The increases in the effective tax rate are slightly offset by favorable tax rate benefit for increased income from foreign jurisdictions. (For more information, see Note 7 to our financial statements included in Part II, Item 8, of this Form 10-K.) Excluding the tax effect of all adjustments discussed above, our adjusted effective income tax rate was 31.6% in 2014 compared to 29.9% in 2013.

Year Ended September 30, 2013, Compared to Year Ended September 30, 2012

Revenue grew $570.2 (58%). Changes in foreign currency exchange rates did not have a significant impact on revenue year over year.

- The Process Equipment Group s revenue increased $556.3 (148%) due to the acquisition of Coperion ($590.9) in December 2012. Revenue for the rest of the Process Equipment Group decreased 9% primarily due to the expected sharp reduction ($24.3) in demand for equipment that processes proppants. Demand for this type of equipment spiked dramatically in the second quarter of 2012 and continued at relatively high levels before dropping off dramatically at the end of the fourth quarter of 2012. To a lesser degree, lower demand for equipment that is used in the potash industry also impacted revenue ($7.6).

- Batesville s revenue was $620.7, an increase of $13.9 (2%). The increase was due to an increase in the average selling price ($10.1) along with an increase in volume ($3.8).

Gross profit grew $129.8 (33%) to $518.7 due to growth in both segments. Consolidated gross profit margin was 33.4%, a decrease of 620 basis points. On an adjusted basis, which excluded the items described below, gross profit grew $150.8 (38%) to $543.9 and adjusted gross profit margin was 35.0%, a decrease of 500 basis points.

- The Process Equipment Group s gross profit grew $113.8 (70%) to $275.3 and was driven by the Coperion acquisition. This increase was offset in part by a $15.9 decrease for the rest of the Process Equipment Group due to lower revenue. Gross profit margin was 29.5% in 2013 compared to 42.9% in 2012. The decrease in gross profit margin was a reflection of the Coperion acquisition, which includes large systems sales. A certain amount of revenue for large system sales comes from

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third-party-sourced products that carry only a small up-charge. As a result, margins are lower on these large system sales when compared to the rest of the business.

Gross profit included Coperion acquisition-related charges ($22.0 in 2013) and restructuring charges ($0.3 in 2013 and $0.9 in 2012). Excluding these items, adjusted gross profit grew $135.2 (83%) to $297.6. Adjusted gross profit margin decreased from 43.1% in 2012 to 31.9% in 2013.

- Batesville s gross profit grew $16.0 (7%) to $243.4. Gross profit margin grew 170 basis points to 39.2% in 2013. This growth was primarily driven by an increase in the average selling price in 2013 ($10.1), higher volumes ($2.1), and savings from structural changes implemented in 2012 that benefited 2013 ($3.2). The increase was offset in part by savings in 2012 related to changes in employee benefits and other estimates ($2.3).

Included in gross profit are restructuring charges ($2.9 in 2013 and $3.3 in 2012). Excluding these charges, adjusted gross profit grew $15.6 (7%) to $246.3 in 2013. Adjusted gross profit margin was 39.7%, a 170 basis-point improvement over 2012.

Operating expenses increased $160.5 to $400.6 in 2013, primarily due to the acquisition of Coperion. Operating expenses as a percentage of revenue increased 140 basis points to 25.8% in 2013. This includes $10.4 of ongoing amortization expense for the 10 months since Coperion was acquired and the following items:

	Year Ended September 30,	
	2013	2012
Backlog amortization	$ 34.5	$ 2.5
Business acquisition costs	16.8	4.2
Restructuring charges	0.9	4.3
Litigation expenses	0.2	5.5
Long-term incentive compensation expense related to theInternational integration		2.2

The vesting of our long-term performance-based stock awards is contingent upon the creation of shareholder value as measured by the cumulative cash returns and final period net operating profit after tax compared to the established hurdle rate over a three-year period. As such, the tax benefit from the international integration in 2012 resulted in additional compensation expense related to performance-based stock awards.

On an adjusted basis, which excluded backlog amortization, business acquisition costs, restructuring charges, litigation expenses, and long-term incentive compensation expense related to the international integration, operating expenses increased $126.8 to $348.1. Our adjusted operating expense-to-revenue ratio decreased by 10 basis points to 22.4% in 2013.

Interest expense increased $11.6 due primarily to borrowings in connection with the Coperion acquisition, which led to higher weighted-average principal borrowings and higher interest rates on the revolving credit facility as well as interest expense incurred on the new term loan.

Other income (expense), net was $0.4 of expense in 2013 compared to $1.5 of expense in 2012. See Note 12 to our financial statements included in Part II, Item 8, of this Form 10-K for more detailed information.

The income tax rate was 30.2% in 2013 compared to 22.3% in 2012. The year-over-year change in the effective tax rate was largely due to a $10.4 reduction of income tax expense in 2012, attributable to the permanent reinvestment of historical earnings of certain Swiss operations. (For more information, see Note 7 to our financial statements included in Part II, Item 8, of this Form 10-K.) The effective income tax rate was favorably impacted in 2013 by the acquisition of Coperion, which produced a larger percentage of income from foreign sources in lower tax rate jurisdictions in 2013. Excluding the $10.4 tax benefit as well as the tax effect of all other adjustments discussed above, our adjusted effective income tax rate was 29.9% in 2013 compared to 30.5% in 2012.

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OPERATIONS REVIEW — PROCESS EQUIPMENT GROUP

	Year Ended September 30,					
	2014		2013 (a)		2012	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenue	$ 1,075.0	100.0	$ 932.7	100.0	$ 376.4	100.0
Gross profit	356.5	33.2	275.3	29.5	161.5	42.9
Operating expenses	255.1	23.7	257.3	27.6	107.4	28.5
Operating profit	101.4	9.4	18.0	1.9	54.1	14.4
Depreciation and amortization	41.9	3.9	71.1	7.6	23.3	6.2

(a) Included 10 months of operations related to Coperion following its acquisition on December 1, 2012

Year Ended September 30, 2014, Compared to Year Ended September 30, 2013

Revenue increased $142.3 (15%) or $127.3 (14%) on a constant currency basis. The revenue increase was primarily due to two additional months of Coperion revenue compared to 2013. The revenue increase was also partially attributable to an increase in sales of replacement parts and services.

We expect future revenue for the Process Equipment Group to continue to be influenced by order backlog because of the lead time involved in fulfilling engineered-to-order equipment for customers. Though backlog can be an indicator of future revenue, it does not include projects and parts orders that are booked and shipped within the same quarter. The timing of order placement, size of orders, extent of order customization, and customer delivery dates can create fluctuations in backlog and revenue. Revenue attributable to backlog is also affected by foreign exchange rate fluctuations for orders denominated in currencies other than U.S. dollars. Based upon new orders accepted, less orders completed and shipped, backlog decreased from $604.3 on September 30, 2013, to $580.4 on September 30, 2014. On a constant currency basis, backlog at September 30, 2014 would have been $605.8; therefore the decrease in backlog is related to changes in foreign currency rates.

Gross profit grew $81.2 (29%) to $356.5 due to increased revenue, improved efficiency and pricing across the Process Equipment Group and lower acquisition-related charges in 2014. Gross profit margin increased 370 basis points to 33.2%.

Gross profit included inventory step-up charges related to the Coperion acquisition ($21.8 in 2013), restructuring costs ($0.3 in 2014 and $0.3 in 2013), and business acquisition costs ($0.2 in 2013). Step-ups in inventory value were recorded at the time of the Coperion acquisition and were subsequently expensed when the inventory was sold. Excluding these items, adjusted gross profit increased $59.2 (20%) to $356.8 and adjusted gross profit margin increased 130 basis points to 33.2%.

Operating expenses decreased $2.2 to $255.1 and the operating expense-to-revenue ratio improved by 390 basis points to 23.7%. The decrease is primarily due to backlog amortization related to Coperion in 2013 and a decrease in business acquisition costs, partially offset by two additional months of Coperion operating expenses compared to 2013 and increased restructuring charges.

Operating expenses included backlog amortization ($34.5 in 2013), business acquisition costs ($2.1 in 2014 and $3.1 in 2013), and restructuring costs ($4.0 in 2014 and $0.2 in 2013). Excluding these charges, adjusted operating expenses increased $29.5 to $249.0 driven by two additional months of Coperion operations and the adjusted operating expense-to-revenue ratio improved 30 basis points to 23.2%.

Year Ended September 30, 2013, Compared to Year Ended September 30, 2012

Revenue increased $556.3 (148%) driven by the acquisition of Coperion ($590.9) in December 2012. Changes in foreign currency exchange rates did not have a significant impact on revenue year over year. For the rest of the Process Equipment Group, revenue decreased 9% primarily due to the expected sharp reduction ($24.3) in demand for equipment that processes proppants. Demand for this type of equipment spiked dramatically in the second quarter of 2012 and continued at relatively high levels before dropping off dramatically at the end of the fourth quarter of 2012. To a lesser degree, lower demand for equipment used in the potash industry also impacted revenue ($7.6).

Based upon new orders accepted, including those related to the Coperion acquisition, less orders completed and shipped, backlog increased from $120.5 on September 30, 2012, to $604.3 on September 30, 2013. Backlog increased primarily due to the acquisition of Coperion.

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Gross profit grew $113.8 (70%) to $275.3 primarily due to the Coperion acquisition, offset in part by a $15.9 decrease for the rest of the Process Equipment Group due to lower revenue. Gross profit margin decreased from 42.9% to 29.5%.

The decrease in gross profit margin in 2013 was a reflection of the Coperion acquisition, which includes large system sales. A certain amount of revenue for large system sales comes from third-party-sourced products that carry only a small up-charge. As a result, margins are lower on these large system sales when compared to the rest of the business.

Gross profit included inventory step-up charges related to the Coperion acquisition ($21.8 in 2013), restructuring costs ($0.3 in 2013 and $0.9 in 2012), and business acquisition costs ($0.2 in 2013). Step-ups in inventory value were recorded at the time of the Coperion acquisition and were subsequently expensed when the inventory was sold. Excluding these items, adjusted gross profit increased $135.2 (83%) to $297.6 and adjusted gross profit margin decreased from 43.1% to 31.9%.

Operating expenses increased $149.9 to $257.3 and our operating expense-to-revenue ratio decreased to 27.6%. Operating expenses included 10 months of Coperion operations and ongoing amortization expense ($10.4) related to intangible assets acquired in the Coperion acquisition.

Operating expenses also included backlog amortization ($34.5 in 2013 and $2.5 in 2012), business acquisition costs ($3.1 in 2013), restructuring costs ($0.2 in 2013 and $2.8 in 2012), and long-term incentive compensation related to the international integration ($0.2 in 2012). Excluding these charges, adjusted operating expenses increased $117.6 to $219.5 and the adjusted operating expense-to-revenue ratio was 23.5% compared to 27.1% in 2012.

OPERATIONS REVIEW   BATESVILLE

	Year Ended September 30,					
	2014		2013		2012	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenue	$ 592.2	100.0	$ 620.7	100.0	$ 606.8	100.0
Gross profit	232.7	39.3	243.4	39.2	227.4	37.5
Operating expenses	117.5	19.8	100.1	16.1	99.0	16.3
Operating profit	115.2	19.5	143.3	23.1	128.4	21.2
Depreciation and amortization	15.5	2.6	17.9	2.9	16.6	2.7

Year Ended September 30, 2014, Compared to Year Ended September 30, 2013

Revenue decreased $28.5 (5%) or $25.8 (4%) on a constant currency basis in 2014 to $592.2, driven primarily by a decrease in volume ($21.3) and the average selling price ($7.2). The volume decrease was a result of the decline in burial product demand driven by fewer deaths year-over-year coupled with an increased rate at which families are choosing cremation.

Gross profit decreased 4% to $232.7 in 2014 and gross profit margin improved 10 basis points to 39.3%. The decrease in gross profit was due to lower volume, offset in part by supply chain cost reduction initiatives.

Gross profit included restructuring charges ($0.2 reduction to cost of goods sold in 2014 and $2.9 of expense in 2013). Excluding these charges, adjusted gross profit decreased $13.8 (6%) to $232.5 in 2014. Adjusted gross profit margin decreased 40 basis points in 2014 to 39.3%.

Operating expenses increased $17.4 (17%) to $117.5 in 2014 primarily due to a litigation settlement, partially offset by decreased variable compensation expense. See Note 11 to our financial statements included in Part II, Item 8, of this Form 10-K for more detailed information on the settlement. The operating expense-to-revenue ratio increased 370 basis points to 19.8%.

Operating expenses included restructuring charges ($0.5 in 2013) and a litigation settlement ($20.8 in 2014 and $0.2 in 2013). Excluding these charges, adjusted operating expenses decreased 3% to $96.7, and the adjusted operating expense-to-revenue ratio increased by 30 basis points to 16.3%.

Year Ended September 30, 2013, Compared to Year Ended September 30, 2012

Revenue increased $13.9 (2%) to $620.7 in 2013 and was driven primarily by an increase in the average selling price ($10.1) and volume ($3.8). Changes in foreign currency exchange rates did not have a significant impact on revenue year over year. Based on preliminary U.S. and Canadian mortality information, the death care industry experienced a year-over-year increase in deaths that was

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slightly higher than the estimated increase of families choosing cremation. This increase resulted in flat to slightly increasing burial product demand versus 2012.

Gross profit increased 7% to $243.4 in 2013 and gross profit margin improved 170 basis points to 39.2%. The increase in gross profit was primarily driven by an increase in the average selling price in 2013 ($10.1), savings from structural changes implemented in 2012 that benefitted 2013 ($3.2), and higher volumes ($2.1), offset in part by savings in 2012 related to changes in employee benefits and other estimates ($2.3).

Gross profit also included restructuring charges ($2.9 in 2013 and $3.3 in 2012). Excluding restructuring charges, adjusted gross profit grew $15.6 (7%) to $246.3 and adjusted gross profit margin was 39.7%, a 170-basis-point improvement over 2012.

Operating expenses increased $1.1 (1%) to $100.1 in 2013 and the operating expense-to-revenue ratio was relatively flat at 16.1% compared to 16.3% in 2012. Operating expenses increased in 2013 due to strategic initiatives spending, particularly in technology offerings ($4.4), and incentive compensation expense ($3.0). Changes in employee benefits and other estimates reduced expense by $4.4 in 2012.

Operating expenses included restructuring charges ($0.5 in 2013 and $0.6 in 2012), litigation expense ($0.2 in 2013 and $5.5 in 2012), and long-term incentive compensation related to the international integration ($0.8 in 2012). Excluding these charges, adjusted operating expenses increased 8% to $99.3, and the adjusted operating expense-to-revenue ratio increased by 80 basis points to 16.0%.

REVIEW OF CORPORATE EXPENSES

	Year Ended September 30,					
	2014		2013		2012	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Core operating expenses	$ 34.3	2.1	$ 29.3	1.9	$ 27.4	2.8
Business acquisition costs	6.3	0.3	13.7	0.9	4.2	0.4
Long-term incentive compensation related to the international integration					1.2	0.1
Restructuring costs	1.5	0.1	0.2		0.9	0.1
Operating expenses	$ 42.1	2.5	$ 43.2	2.8	$ 33.7	3.4
Depreciation and amortization	1.0		0.4		0.5	

Year Ended September 30, 2014, Compared to Year Ended September 30, 2013

Core operating expenses increased $5.0 (17.1%) in 2014 primarily due to higher compensation and benefits. These expenses as a percentage of revenue were 2.1%, an increase of 20 basis points compared to 1.9% in 2013. Restructuring charges ($1.5) represent expenses associated with the realignment of our executive management team.

Business acquisition costs include legal, tax, accounting and other advisory fees and due diligence costs associated with investigating opportunities. It is a consequence of our acquisition strategy that from time to time we incur costs to investigate opportunities that ultimately do not result in a consummated transaction. The depth of these efforts and the significance of the associated costs fluctuate from time to time.

Year Ended September 30, 2013, Compared to Year Ended September 30, 2012

Core operating expenses increased $1.9 (7%) in 2013. The year-over-year increase was driven by increased incentive compensation ($1.5). These expenses as a percentage of revenue were 1.9%, an improvement of 90 basis points compared to 2.8% in 2012.

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NON-GAAP OPERATING PERFORMANCE MEASURES

The following are reconciliations from GAAP operating performance measures to the relevant non-GAAP (adjusted) performance measures.

	Year Ended September 30,								
	2014			2013			2012		
	GAAP	Adjustments	Adjusted	GAAP	Adjustments	Adjusted	GAAP	Adjustments	Adjusted
Cost of goods sold	$ 1,078.0	$ (0.1)(a)	$ 1,077.9	$ 1,034.7	$ (25.2)(d)	$ 1,009.5	$ 594.3	$ (4.2)(h)	$ 590.1
Operating expenses	414.7	(34.7)(b)	380.0	400.6	(52.5)(e)	348.1	240.1	(18.8)(i)	221.3
Interest expense	23.3		23.3	24.0	(1.2)(f)	22.8	12.4		12.4
Other income (expense), net	8.7		8.7	(0.4)	(1.1)(g)	(1.5)	(1.5)		(1.5)
Income tax expense	48.7	12.9(c)	61.6	28.3	22.9(c)	51.2	30.1	18.1(j)	48.2
Net income(1)	109.7	21.9	131.6	63.4	54.9	118.3	104.8	4.9	109.7
Diluted EPS	1.72	0.34	2.06	1.01	0.87	1.88	1.68	0.08	1.76
Ratios:									
Gross margin	35.3%	0.0%	35.3%	33.4%	1.6%	35.0%	39.6%	0.4%	40.0%
Operating expenses as a % of revenue	24.9%	(2.1)%	22.8%	25.8%	(3.4)%	22.4%	24.4%	(1.9)%	22.5%

(1) Net income attributable to Hillenbrand

P = Process Equipment Group; B = Batesville; C = Corporate

(a) Restructuring ($0.3P, $0.2 credit B)
(b) Business acquisition costs ($2.1P, $6.3C), restructuring ($4.0P, $1.5C), litigation ($20.8B)
(c) Tax effect of adjustments
(d) Inventory step-up ($21.8P), restructuring ($0.3P, $2.9B), business acquisition costs ($0.2P)
(e) Backlog amortization ($34.5P), business acquisition costs ($3.1P, $13.7C), restructuring ($0.2P, $0.5B, $0.2C), litigation ($0.2B), other ($0.1B)
(f) Business acquisition costs ($1.2C)
(g) Acquisition-related foreign currency transactions ($0.8C), business acquisition costs ($0.2C), other ($0.1B)
(h) Restructuring ($0.9P, $3.3B)
(i) Litigation ($5.5B), restructuring ($2.8P, $0.6B, $0.9C), business acquisition costs ($4.2C), backlog amortization ($2.5P), long term incentive compensation related to the international integration ($0.2P, $0.8B, $1.2C), other ($0.1B)
(j) Tax benefit of the international integration ($10.4), tax effect of adjustments ($7.7)

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	Year Ended September 30,		
	2014	2013	2012
Net income of consolidated and affiliated subsidiaries	$ 111.2	$ 65.4	$ 104.8
Interest income	(0.8)	(0.6)	(0.5)
Interest expense	23.3	24.0	12.4
Income tax expense	48.7	28.3	30.1
Depreciation and amortization	58.4	89.4	40.4
EBITDA	$ 240.8	$ 206.5	$ 187.2
Litigation	20.8	0.2	5.5
Long-term incentive compensation related to the international integration			2.2
Restructuring	5.5	2.8	8.3
Inventory step-up		21.8	
Business acquisition costs	8.4	16.0	4.2
Other		0.2	
EBITDA - Adjusted	$ 275.5	$ 247.5	$ 207.4

Adjusted EBITDA for 2014 compared to 2013 increased $28.0 (11%), primarily due to two additional months of Coperion operations compared to 2013, a $5.2 gain from the exercise of warrants to purchase common stock of Forethought, a $2.8 gain on limited partnership investments, and a $2.5 gain related to the cancellation of a service agreement. The growth in the Process Equipment Group and the gains noted above more than offset the impact of lower volume and average selling price in the Batesville segment. Adjusted EBITDA for 2013 compared to 2012 increased $40.1 (19.3%), due primarily to the acquisition of Coperion and increased volume at Batesville.

LIQUIDITY AND CAPITAL RESOURCES

We believe our ability to generate cash from operating activities is one of our fundamental financial strengths. In this section, we discuss our ability to generate and access cash to meet business needs. We describe actual results in generating and utilizing cash by comparing 2014 to 2013. We discuss how we see cash flow being affected for the next 12 months. While it is not a certainty, we explain where we think the cash will come from and how we intend to use it. Finally, we identify other significant matters that could affect liquidity on an ongoing basis.

We believe the 12-month outlook for our business remains strong. As a result of our expected cash flows from operations, we have significant flexibility to meet our financial commitments including working capital needs, capital expenditures, and financing obligations. Our debt financing includes long-term notes, a term loan, and a revolving credit facility as part of our overall financing strategy. We believe we continue to have ready access to capital markets and regularly review the optimal mix of fixed-rate and variable-rate debt. In addition to cash balances and our ability to access long-term financing, we had $455.9 of maximum borrowing capacity available under the revolving credit facility as of September 30, 2014. $380.6 of borrowing capacity is immediately available based on our leverage covenant at September 30, 2014, with additional amounts available in the event of a qualifying acquisition. The available borrowing capacity reflects a reduction of $14.5 for outstanding letters of credit issued under the facility. The Company has the ability to increase the total borrowing capacity under the revolving credit facility by an additional $300.0 subject to approval of the lenders.

In the normal course of business, the Process Equipment Group provides to certain customers bank guarantees and other credit arrangements in support of performance, warranty, advance payment, and other contractual obligations. This form of trade finance is customary in the industry and, as a result, we are required to maintain adequate capacity to provide the guarantees. As of September 30, 2014, we had credit arrangements totaling $246.1, under which $188.1 was utilized for this purpose. These arrangements include a 150.0 Syndicated Letter of Guarantee Facility (LG Facility) entered into in June 2013, under which unsecured letters of credit, bank guarantees, or other surety bonds may be issued. The LG Facility matures in June 2018, or earlier, should we elect to discontinue or fail to replace our primary credit facility, which expires in July 2017.

The Company has the ability to increase the total capacity under the LG facility by an additional 70.0 subject to approval of the lenders. There were no direct cash borrowings under these credit arrangements as of September 30, 2014.

We have significant operations outside the U.S. The majority of foreign earnings is considered to be indefinitely reinvested in foreign jurisdictions where the Company has made, and intends to continue to make, substantial investments to support the ongoing development and growth of our international operations. Accordingly, no U.S. federal and state income taxes have been accrued on the portion of our foreign earnings that is considered to be indefinitely reinvested in foreign jurisdictions. The cash at our international subsidiaries totaled $46.8 at September 30, 2014. We do not intend, nor do we foresee a need, to repatriate these funds;

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however, repatriation of these funds under current regulatory and tax law for use in domestic operations would expose us to additional taxes.

Our anticipated contribution to our pension plans in 2015 is $16.0. We will continue to monitor plan funding levels, performance of the assets within the plans, and overall economic activity, and may make additional discretionary funding decisions based on the net impact of the above factors.

We currently expect to pay quarterly cash dividends in the future comparable to those we paid in 2014, which will require approximately $12.4 each quarter based on our outstanding common stock at September 30, 2014. We are currently authorized by our Board of Directors to purchase additional shares of our common stock, and may elect to do so, depending on market conditions and other needs for cash consistent with our growth strategy. We repurchased approximately 527,000 shares of our common stock in 2014, for a total cost of $16.5.

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

	Year Ended September 30,		
(in millions)	**2014**	**2013**	**2012**
Cash flows provided by (used in)			
Operating activities	$ 179.6	$ 127.2	$ 138.2
Investing activities	(8.3)	(441.0)	(22.5)
Financing activities	(155.5)	336.5	(211.1)
Effect of exchange rate changes on cash and cash equivalents	(0.5)	(0.2)	0.1
Increase (decrease) in cash and cash equivalents	$ 15.3	$ 22.5	$ (95.3)

Operating Activities

Cash provided by operating activities in 2014 compared to 2013 increased $52.4 (41%) primarily due to two additional months of Coperion operations, improvement in working capital requirements at Coperion, and lower acquisition and integration spending. These increases were partially offset by the timing of federal income tax payments ($55.8).

Cash provided by operating activities in 2013 compared to 2012 decreased $11.0 (8%) primarily due to increased working capital requirements at Coperion, where we made investments to finance Coperion customer projects in process.

Working capital requirements for Coperion may fluctuate due to the mix and geography of customer projects in process at any point in time. Working capital needs are lower when advance payments from customers are more heavily weighted toward the beginning of the project. Conversely, working capital needs are higher when a larger portion of the cash is to be received in later stages of manufacturing.

Investing Activities

Cash used in investing activities in 2014 compared to 2013 was largely impacted by decreased acquisition activity ($0 paid in 2014, compared to $415.7 paid in 2013, primarily related to Coperion), and decreased capital expenditures in 2014 ($6.3).

Cash used in investing activities in 2013 compared to 2012 was largely impacted by increased acquisition activity ($415.7 paid in 2013, primarily related to Coperion, compared to $4.4 paid in 2012), and increased capital expenditures in 2013 ($9.0).

Financing Activities

Cash provided by (used in) financing activities was largely impacted by our acquisition activity. Our general practice is to utilize our cash to pay down debt unless it is needed for an acquisition. Cash used in financing activities in 2014 was $155.5 compared to cash provided by financing activities in 2013 of $336.5. We had net repayments of $104.1 in 2014 compared to net borrowings of $385.6 in 2013. This change was due primarily to the acquisition of Coperion in 2013.

Cash provided by financing activities in 2013 was $336.5 compared to cash used by financing activities in 2012 of $211.1. Net borrowings of $385.6 in 2013 were due primarily to the acquisition of Coperion, including net borrowings on the term loan ($190.0) and the revolving credit facility ($195.6). During 2012, we made $162.3 of net repayments on our revolving credit facility.

We returned over $49.7 to shareholders in 2014 in the form of quarterly dividends. We increased our quarterly dividend in 2014 to $0.1975 per common share from $0.1950 paid during 2013 and $0.1925 paid in 2012. We repurchased approximately 527,000 shares of our common stock during 2014, for a total cost of $16.5.

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Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements.

Inflation

The effect of broad-based inflation on the Company s revenues and net earnings was not significant in 2014, 2013, or 2012.

Contractual Obligations and Contingent Liabilities and Commitments

The following table summarizes our future obligations as of September 30, 2014. This will help give you an understanding of the significance of cash outlays that are fixed beyond the normal accounts payable we have already incurred and have recorded in the financial statements.

		Payment Due by Period			
(in millions)	**Total**	**Less Than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
10 year, 5.5% fixed rate senior unsecured notes	$ 150.0	$	$	$	$ 150.0
Revolving credit facility (1)	229.6		229.6		
Term loan	180.0	15.0	165.0		
Interest on financing agreements (2)	62.6	13.9	25.7	16.5	6.5
Operating lease obligations (noncancellable)	107.8	20.1	26.7	14.9	46.1
Purchase obligations (3)	162.4	149.0	13.4		
Defined benefit plan funding (4)	216.9	16.8	21.3	28.1	150.7
Other long-term liabilities (5)	21.5	4.1	5.6	2.9	8.9
Capital call arrangements (6)	1.6	1.6			
Total contractual obligations	$ 1,132.4	$ 220.5	$ 487.3	$ 62.4	$ 362.2

(1) Our revolving credit facility expires in July 2017. Although we may make earlier principal payments, we have reflected the principal balance due at expiration.

(2) Cash obligations for interest requirements relate to our fixed-rate debt obligation at its contractual rate and borrowings under the variable-rate revolving credit facility and term loan at their current rate at September 30, 2014.

(3) Agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

(4) Includes both projected contributions to achieve minimum funding objectives and additional discretionary contributions, where currently planned.

(5) Included the estimated liquidation of liabilities related to our casket pricing obligation, self-insurance reserves, and long-term severance payments.

(6) We could be called upon by our private equity limited partnership investments to provide a maximum of $1.6 in additional funds.
(7) We have excluded our $8.4 liability related to uncertain tax positions from the table as the current portion is not significant and we are not able to reasonably estimate the timing of the long-term portion.

Recently Issued and Adopted Accounting Standards

For a summary of recently issued and adopted accounting standards applicable to us, see Note 2 to our financial statements included in Part II, Item 8, of this Form 10-K.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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We are exposed to various market risks. We have established policies, procedures, and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks. Our primary exposures are to: fluctuations in market prices for purchases of certain commodities; volatility in interest rates associated with our revolving credit facility and term loan; volatility in the fair value of our investments; and variability in exchange rates in foreign locations.

We are subject to market risk from fluctuating market prices of certain purchased commodity raw materials including steel, wood, red metals, and fuel. While these materials are typically available from multiple suppliers, commodity raw materials are subject to market price fluctuations. We generally buy these commodities based upon market prices that are established with the supplier as part of the purchasing process. We generally attempt to obtain firm pricing from our larger suppliers for volumes consistent with planned production. To the extent that commodity prices increase and we do not have firm pricing from our suppliers, or if our suppliers are not able to honor such prices, we may experience a decline in our gross margins to the extent we are not able to increase selling prices of our products or obtain supply chain efficiencies to offset increases in commodity costs.

At September 30, 2014, we had $229.6 outstanding under our $700.0 revolving credit facility and $180.0 outstanding under a related term loan. We are subject to interest rate risk associated with our revolving credit facility and related term loan, which bear a variable rate of interest that is based upon the lender s base rate or the LIBOR rate. The interest we pay on our borrowings is dependent on interest rate conditions and the timing of our financing needs. Assuming these borrowings remain at $409.6 for 12 months, a one percentage point change in the related interest rates would increase or decrease our annual interest expense by approximately $4.1; a $1.1 decrease in interest rate exposure over 2013.

We are subject to volatility in our investment portfolio. The investment portfolio included interests in private equity limited partnerships with a carrying value of $12.1 at September 30, 2014. These investments could be adversely affected by general economic conditions, changes in interest rates, default on debt instruments, and other factors. The changes in the fair value of the limited partnerships underlying investment portfolios can impact us significantly because we record our share of the change in our income statement under the equity method of accounting.

We are subject to variability in foreign currency exchange rates in our international operations. Exposure to this variability is periodically managed through the use of natural hedges and also by entering into currency exchange agreements. As of September 30, 2014, a 10% change in the foreign exchange rates affecting unhedged balance sheet exposures would have impacted pre-tax earnings by less than 3%.

The translation of the financial statements of our non-U.S. operations from local currencies into U.S. dollars is also sensitive to changes in foreign exchange rates. These translation gains or losses are recorded as cumulative translation adjustments (CTA) within accumulated other comprehensive loss on our balance sheet. The hypothetical change in CTA is calculated by multiplying the net assets of our non-U.S. operations by a 10% change in the applicable foreign exchange rates. The result of the appreciation/depreciation of all applicable currencies versus the U.S. dollar would be to change shareholders equity by approximately $74 as of September 30, 2014.

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Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. In order to evaluate the effectiveness of internal control over financial reporting, management has conducted an assessment, including testing, using the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 1992. The Company s internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934 (Exchange Act), is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our assessment under the criteria established in *Internal Control Integrated Framework,* issued by the COSO, management has concluded that the Company maintained effective internal control over financial reporting as of September 30, 2014.

Management s assessment of the effectiveness of the Company s internal control over financial reporting as of September 30, 2014, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included herein.

By: /s/ Elizabeth E. Dreyer
Elizabeth E. Dreyer
Vice President, Controller and Chief Accounting Officer

By: /s/ Kristina A. Cerniglia
Kristina A. Cerniglia
Senior Vice President and Chief Financial Officer

By: /s/ Joe A. Raver
Joe A. Raver
President and Chief Executive Officer

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Hillenbrand, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Hillenbrand, Inc. and its subsidiaries at September 30, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2014, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2014, based on criteria established in Internal Control Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP
Indianapolis, Indiana
November 19, 2014

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HILLENBRAND, INC.

CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)

	Year Ended September 30, 2014	2013	2012
Net revenue	$ 1,667.2	$ 1,553.4	$ 983.2
Cost of goods sold	1,078.0	1,034.7	594.3
Gross profit	589.2	518.7	388.9
Operating expenses	414.7	400.6	240.1
Operating profit	174.5	118.1	148.8
Interest expense	23.3	24.0	12.4
Other income (expense), net	8.7	(0.4)	(1.5)
Income before income taxes	159.9	93.7	134.9
Income tax expense	48.7	28.3	30.1
Consolidated net income	111.2	65.4	104.8
Less: Net income attributable to noncontrolling interests	1.5	2.0	
Net income(1)	$ 109.7	$ 63.4	$ 104.8
Net income(1) per share of common stock			
Basic earnings per share	$ 1.74	$ 1.01	$ 1.68
Diluted earnings per share	$ 1.72	$ 1.01	$ 1.68
Weighted-average shares outstanding basic	63.2	62.7	62.2
Weighted-average shares outstanding diluted	63.8	63.0	62.4
Cash dividends per share	$ 0.79	$ 0.78	$ 0.77

(1) Net income attributable to Hillenbrand

See Notes to Consolidated Financial Statements

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HILLENBRAND, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

	Year Ended September 30, 2014	2013	2012
Consolidated net income	$ 111.2	$ 65.4	$ 104.8
Other comprehensive (loss) income, net of tax			
Currency translation	(36.4)	14.7	(4.2)
Pension and postretirement (net of tax of $6.5, $15.2, and $2.0)	(13.0)	25.5	2.0
Net unrealized (loss) gain on derivative instruments (net of tax of $0.1, $0.2, and $0.2)	(1.5)	0.5	(0.5)
Net unrealized gain (loss) on available-for-sale securities (net of tax of $, $0.1, and $0.1)		(0.2)	(0.2)
Total other comprehensive (loss) income, net of tax	(50.9)	40.5	(2.9)
Consolidated comprehensive income	60.3	105.9	101.9
Less: Comprehensive income attributable to noncontrolling interests	1.4	1.5	
Comprehensive income(2)	$ 58.9	$ 104.4	$ 101.9

(2) Comprehensive income attributable to Hillenbrand

See Notes to Consolidated Financial Statements

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HILLENBRAND, INC.

CONSOLIDATED BALANCE SHEETS

(in millions)

	September 30, 2014	September 30, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 58.0	$ 42.7
Trade receivables, net	191.0	213.4
Unbilled receivables from long-term manufacturing contracts	149.3	142.1
Inventories	168.5	177.5
Deferred income taxes	30.5	22.3
Prepaid expenses	19.0	20.4
Other current assets	21.5	21.0
Total current assets	637.8	639.4
Property, plant, and equipment, net	159.5	171.9
Intangible assets, net	510.5	558.6
Goodwill	570.7	585.8
Other assets	40.0	47.5
Total Assets	$ 1,918.5	$ 2,003.2
LIABILITIES		
Current Liabilities		
Trade accounts payable	$ 192.6	$ 183.2
Liabilities from long-term manufacturing contracts and advances	76.1	80.9
Current portion of long-term debt	15.0	10.0
Accrued compensation	69.6	59.6
Deferred income taxes	20.7	12.1
Other current liabilities	117.1	119.7
Total current liabilities	491.1	465.5
Long-term debt	543.5	654.3
Accrued pension and postretirement healthcare	200.9	190.3
Deferred income taxes	55.4	75.4
Other long-term liabilities	33.8	41.4
Total Liabilities	1,324.7	1,426.9
Commitments and contingencies		
SHAREHOLDERS EQUITY		
Common stock, no par value (63.5 and 63.1 shares issued, 62.9 and 62.9 shares outstanding)		
Additional paid-in capital	342.1	321.7
Retained earnings	311.7	252.2
Treasury stock (0.6 and 0.2 shares)	(18.3)	(4.2)
Accumulated other comprehensive loss	(52.2)	(1.4)
Hillenbrand Shareholders Equity	583.3	568.3
Noncontrolling interests	10.5	8.0
Total Shareholders Equity	593.8	576.3
Total Liabilities and Equity	$ 1,918.5	$ 2,003.2

See Notes to Consolidated Financial Statements

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HILLENBRAND, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	Year Ended September 30, 2014	2013	2012
Operating Activities			
Consolidated net income	$ 111.2	$ 65.4	$ 104.8
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	58.4	89.4	40.4
Deferred income taxes	(8.2)	(23.6)	(5.0)
Net (gain) loss on disposal or impairment of property	(1.1)	1.4	3.3
Net gain on investments	(5.2)	(0.3)	(0.2)
Equity in net (income) loss from affiliates	(2.8)	1.3	(1.6)
Share-based compensation	7.5	6.4	8.7
Trade accounts receivable and receivables on long-term manufacturing contracts	1.0	(38.9)	(18.5)
Inventories	3.3	26.5	(6.2)
Prepaid expenses and other current assets	(0.6)	(4.5)	(7.7)
Trade accounts payable	18.3	0.1	4.9
Accrued expenses and other current liabilities	29.1	(24.8)	8.6
Income taxes payable	(23.3)	27.9	(0.1)
Defined benefit plan funding	(20.1)	(20.8)	(4.0)
Defined benefit plan expense	14.5	17.7	12.5
Other, net	(2.4)	4.0	(1.7)
Net cash provided by operating activities	179.6	127.2	138.2
Investing Activities			
Capital expenditures	(23.6)	(29.9)	(20.9)
Proceeds from sales of property, plant, and equipment	7.5	1.6	
Acquisitions of businesses, net of cash acquired		(415.7)	(4.4)
Proceeds from investments	5.8	1.7	0.8
Return of investment capital from affiliates	2.0	1.3	2.0
Net cash used in investing activities	(8.3)	(441.0)	(22.5)
Financing Activities			
Proceeds from term loan		200.0	
Repayments on term loan	(10.0)	(10.0)	
Proceeds from revolving credit facilities, net of financing costs	316.6	710.3	545.7
Repayments on revolving credit facilities	(410.7)	(514.7)	(708.0)
Payment of dividends on common stock	(49.7)	(48.7)	(47.6)
Repurchases of common stock	(16.5)		
Net proceeds (payments) on stock plans	14.6	(0.4)	(1.2)
Other, net	0.2		
Net cash (used in) provided by financing activities	(155.5)	336.5	(211.1)
Effect of exchange rate changes on cash and cash equivalents	(0.5)	(0.2)	0.1
Net cash flows	15.3	22.5	(95.3)
Cash and cash equivalents:			

At beginning of period		42.7		20.2		115.5
At end of period	$	58.0	$	42.7	$	20.2
Cash paid for interest	$	21.0	$	21.7	$	11.3
Cash paid for income taxes	$	80.2	$	24.4	$	35.3

See Notes to Consolidated Financial Statements

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HILLENBRAND, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

(in millions)

	Shareholders of Hillenbrand, Inc.							
	Common Stock Shares	**Additional Paid-in Capital**	**Retained Earnings**	**Treasury Stock Shares**	**Treasury Stock Amount**	**Accumulated Other Comprehensive Income (Loss)**	**Noncontrolling Interests**	**Total**
Balance at September 30, 2011	**63.4**	**$ 317.0**	**$ 182.7**	**0.9**	**$ (17.1)**	**$ (39.5)**	**$**	**$ 443.1**
Total other comprehensive income (loss), net of tax						(2.9)		(2.9)
Net income			104.8					104.8
Issuance/retirement of stock for stock awards/options	(0.2)	(6.7)		(0.3)	5.6			(1.1)
Share-based compensation		8.7						8.7
Dividends		1.2	(48.8)					(47.6)
Other		1.7	(0.4)					1.3
Balance at September 30, 2012	**63.2**	**321.9**	**238.3**	**0.6**	**(11.5)**	**(42.4)**		**506.3**
Acquisition of noncontrolling interests							6.5	6.5
Total other comprehensive income (loss), net of tax						41.0	(0.5)	40.5
Net income			63.4				2.0	65.4
Issuance/retirement of stock for stock awards/options	(0.1)	(7.8)		(0.4)	7.3			(0.5)
Share-based compensation		6.4						6.4
Dividends		0.8	(49.5)					(48.7)
Other		0.4						0.4
Balance at September 30, 2013	**63.1**	**321.7**	**252.2**	**0.2**	**(4.2)**	**(1.4)**	**8.0**	**576.3**
Total other comprehensive income (loss), net of tax						(50.8)	(0.1)	(50.9)
Net income			109.7				1.5	111.2
Issuance/retirement of stock for stock awards/options	0.4	12.2		(0.1)	2.4			14.6
Share-based compensation		7.5						7.5
Purchases of common stock				0.5	(16.5)			(16.5)
Dividends		1.0	(50.5)				(0.2)	(49.7)
Other		(0.3)	0.3				1.3	1.3
Balance at September 30, 2014	**63.5**	**$ 342.1**	**$ 311.7**	**0.6**	**$ (18.3)**	**$ (52.2)**	**$ 10.5**	**$ 593.8**

See Notes to Consolidated Financial Statements

HILLENBRAND, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions, except share and per share data)

1. Background and Basis of Presentation

Hillenbrand, Inc. (Hillenbrand) is a global diversified industrial company that makes and sells premium business-to-business products and services for a wide variety of industries. We pursue profitable growth and meaningful dividends for our shareholders by leveraging our leading brands, robust cash generation capabilities, and strong core competencies. Hillenbrand has two segments: the Process Equipment Group and Batesville®. The Process Equipment Group has multiple market-leading brands of process and material handling equipment and systems serving a wide variety of industries across the globe. Batesville is a recognized leader in the North American death care industry. Hillenbrand was incorporated on November 1, 2007, in the state of Indiana and began trading on the New York Stock Exchange under the symbol HI on April 1, 2008. Hillenbrand, the Company, we, us, our, and similar words refer to Hillenbrand and its subsidiaries.

Correction of Errors

During the first quarter of 2014, we recorded an adjustment to operating expenses to correct errors related to the accounting for sales commissions at Coperion in 2013. The adjustment reduced operating expenses in the first quarter of 2014 by $2.0, which should have been recorded in 2013. In connection with this same issue, we identified a classification error of $8.5 between operating expenses and cost of goods sold in 2013. These corrections decreased operating expenses and increased cost of goods sold by $8.5 for the year ended September 30, 2013. We believe the impact of these income statement classification errors and the $2.0 adjustment to correct a prior period error was immaterial to our consolidated financial statements for the current and prior periods.

2. Summary of Significant Accounting Policies

Basis of presentation The consolidated financial statements include the accounts of Hillenbrand and its subsidiaries, including Coperion Capital GmbH (Coperion), which was acquired in December 2012. The acquisition of Coperion included a few small subsidiaries where Coperion s ownership percentage was less than 100%.The portion of the business that is not owned by the Company is presented as noncontrolling interests within equity in the balance sheets. Income attributable to the noncontrolling interests is separately reported within the statements of income. All significant intercompany accounts and transactions have been eliminated. Certain prior period amounts have been reclassified to conform to the 2014 presentation.

Use of estimates We prepared the consolidated financial statements in conformity with accounting principles generally accepted in the U.S. (GAAP). GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign currency translation The financial statements of our foreign subsidiaries are translated into U.S. dollars using period-end exchange rates for assets and liabilities and average exchange rates for operating results. Unrealized translation gains and losses are included in accumulated other comprehensive loss in shareholders equity. When a transaction is denominated in a currency other than the subsidiary s functional currency, we recognize a transaction gain or loss in other income (expense), net when the transaction is settled.

Cash and cash equivalents include short-term investments with original maturities of three months or less. The carrying amounts reported in the balance sheet for cash and cash equivalents are valued at cost, which approximates their fair value.

Trade receivables are recorded at the invoiced amount and generally do not bear interest, unless they become past due. The allowance for doubtful accounts is a best estimate of the amount of probable credit losses and collection risk in the existing accounts receivable portfolio. The allowance for cash discounts and sales returns reserve are based upon historical experience and trends. Account balances are charged against the allowance when we believe it is probable the receivable will not be recovered. We generally hold trade accounts receivable until they are collected. At September 30, 2014 and 2013, we had reserves against trade receivables of $19.2 and $19.3.

Inventories are valued at the lower of cost or market. Inventory costs are determined by the last-in, first-out (LIFO) method for approximately 26% and 25% of inventories at September 30, 2014 and 2013. Costs of remaining inventories have been determined principally by the first-in, first-out (FIFO) and average cost methods. If the FIFO method of inventory accounting, which approximates current cost, had been used for inventory accounted for using the LIFO method, they would have been approximately $14.4 and $13.7 higher than reported at September 30, 2014 and 2013.

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	September 30, 2014		September 30, 2013	
Raw materials and components	$	53.2	$	58.3
Work in process		73.3		