

HILLENBRAND, INC.
(THE “COMPANY”)

**COMPENSATION AND MANAGEMENT DEVELOPMENT
COMMITTEE OF THE BOARD OF DIRECTORS**

CHARTER

(As approved by the Board of Directors on May 24, 2011)

I. Philosophy

The Compensation and Management Development Committee has, as its central guiding principle, to act in the best interests of the shareholders of the Company in all that it does.

II. Purpose

The purpose of the Compensation and Management Development Committee is to assist the Board of Directors of the Company in fulfilling its responsibility relating to:

1. the compensation of the Company’s executive officers (consisting, generally, of those officers who report directly to the Company’s CEO),
2. the adoption of policies that govern the Company’s compensation and benefit programs, including determining whether compensation arrangements for executives and other employees incent appropriate and thoughtful risk taking to enhance shareholder value and do not incent unnecessary and excessive risk taking,
3. plans for executive office development and succession,
4. disclosures regarding executive compensation, and
5. the Company’s human development programs (e.g., recruitment, retention, development, and diversity).

III. Composition

The Committee is composed of at least three members of the Board. At all times during their tenure on the Committee, each member must (a) meet the independence criteria set forth in the Company’s Corporate Governance Standards for the Board of Directors and as may be otherwise required by applicable law or regulations, (b) qualify as a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, and (c) be an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code.

The Board appoints members of the Committee annually after considering a recommendation by the Nominating/Corporate Governance Committee. The Board may remove a member from the Committee at any time with or without cause. Unless the Board elects a

Chairperson, the members of the Committee may designate a Chairperson by majority vote of the Committee membership.

IV. Meetings and Operations

The Committee meets at least four times annually and additional meetings may occur as circumstances dictate. The Committee will meet periodically in executive session without Company management present. Further, the Committee will meet at least annually with the Company's Chief Executive Officer and separately with its independent compensation consultants.

The Committee will keep adequate minutes of its proceedings, and the Committee's Chairperson will periodically report the Committee's findings and conclusions to the Board. Committee members will be provided copies of the minutes of each meeting and any action taken by unanimous consent. The Committee is governed by the same rules regarding meetings, action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized to adopt its own rules of procedure not inconsistent with any provision of this Charter, any provision of the Company's Code of By-Laws or the laws of the State of Indiana.

The Committee has the resources and authority necessary to fulfill its responsibilities. Specifically, the Committee has sole authority to retain and terminate outside counsel, compensation consultants, or other experts as it deems appropriate, including the sole authority and adequate funding from the Company to approve and pay the fees and scope of work for these persons. The Committee is assisted by the Company's Senior Vice President, Human Resources, and the Company's Secretary or any Assistant Secretary will serve as executive secretary of the Committee.

V. Responsibilities and Duties

The principal responsibilities of the Compensation and Management Development Committee are:

1. Executive Officer Compensation.
 - a. Establish an executive compensation philosophy and review the structure and competitiveness of the Company's executive officer compensation programs considering the following factors:
 - i. The alignment of the interests of the executive officers with the interests of shareholders.
 - ii. The support of the Company's overall strategy and objectives, and an unequivocal demand of ethical business practices,
 - iii. The attraction and retention of executive officers,
 - iv. The motivation of executive officers to achieve the company's business objectives with a clear eye on the appropriateness of the risks,

- v. Competitive total compensation opportunities at a reasonable cost, while enhancing the ability to fulfill the Company's objectives, and
 - vi. Consideration of tax, accounting, legal, and regulatory requirements.
 - b. Chief Executive Officer Compensation.
 - i. Assist the Board in establishing CEO annual goals and objectives.
 - ii. Evaluate the performance of the Company's Chief Executive Officer in the light of pre-established goals and objectives and provide development feedback.
 - iii. Recommend CEO compensation, encompassing base salary, short-term incentive and long-term incentive, to the other independent members of the Board for approval. The recommendation will encourage appropriate and thoughtful risk taking and guard against the potential for incenting unnecessary and excessive risk taking.
 - c. Other Executive Officer Compensation.
 - i. Oversee the evaluation of the performance of the Company's executive officers.
 - ii. Act on the recommendations by the CEO of compensation arrangements, encompassing base salary, short-term incentive and long-term incentive for the executive officers. The recommendation will encourage appropriate and thoughtful risk taking and guard against the potential for incenting unnecessary and excessive risk taking.
- 2. General Compensation Oversight.
 - a. Monitor and evaluate matters relating to the compensation and benefits structure of the Company as the Committee deems appropriate, including:
 - i. Providing guidance to management on significant issues affecting compensation philosophy or policy, and
 - ii. Providing input to management on whether non-executive short-term and long-term compensation arrangements are appropriate and thoughtful risk-taking.
- 3. Equity and Other Benefit Plan Oversight.
 - a. The Committee must pre-approve all transactions in the Company's securities between the Company and any director and executive officer of the Company, for which exempt treatment from Section 16(b) of the Exchange Act is sought.
 - b. Appoint and remove plan administrators for the Company retirement plans for the Company employees and perform other duties the Board may have

with respect to retirement plans. Also serve as the committee to administer the Company's stock incentive and other equity plans to the extent appointed by the Board to do so.

4. Development and Succession Planning.
 - a. Review and discuss with the CEO, and report to the Board at least twice a year, plans for executive officer development and corporate succession plans for the CEO and other executive officers.
 - b. Review management's actions to mitigate vacancy risk, readiness risk, transition risk, and portfolio risk, as these pertain to key executives within the Company.
 - c. Review the company's organizational structure to assure support of the company's business strategies, the company's values and culture, and how it defines responsibility, authorities and boundaries.
5. Disclosure.
 - a. Oversee the preparation of the Compensation Committee report and Compensation Discussion and Analysis for inclusion in the Company's proxy statement.
 - b. Oversee the recommendations of the say-on-pay, golden parachute say-on-pay (in the case of a transaction), and frequency vote for inclusion in the Company's proxy statement and make the final determination with regard to the frequency vote.
6. Other responsibilities.
 - a. Perform any additional functions and have additional powers the Board may expressly delegate to the Committee, including those described in applicable portions of the Corporate Governance Standards of the Board as in effect from time to time.
 - b. Regularly review and make recommendations to the Board about changes to the Committee's charter.
 - c. Perform an annual evaluation of the Committee's performance and make appropriate recommendations based on that evaluation to the Board.