

HILLENBRAND INDUSTRIES INC

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Table of Contents

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**UNITED STATES
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SCHEDULE 14A

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

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Hillenbrand Industries, Inc.

(Name of Registrant as Specified In Its Charter)

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

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Table of Contents

HILLENBRAND INDUSTRIES, INC.

NOTICE OF ANNUAL MEETING

To Be Held February 12, 2004

The annual meeting of shareholders of Hillenbrand Industries, Inc., an Indiana corporation, 700 State Route 46 East, Batesville, Indiana 47006-8835, will be held at the offices of Batesville Casket Company, Inc., One Batesville Boulevard, Batesville, Indiana 47006-7798, on Thursday, February 12, 2004, at 10:00 a.m., local time (Eastern Standard Time), for the following purposes:

- (1) To elect four members to the Board of Directors;
- (2) To ratify the appointment of PricewaterhouseCoopers LLP as independent auditors of Hillenbrand Industries, Inc.; and
- (3) To transact such other business as may properly come before the meeting and any adjournment of the meeting.

The Board of Directors has fixed the close of business on December 17, 2003, as the record date for determining which shareholders are entitled to notice of and to vote at the meeting.

By Order of the Board of Directors

Patrick D. de Maynadier
Secretary

December 31, 2003

TABLE OF CONTENTS

VOTING

ELECTION OF DIRECTORS

ABOUT THE BOARD OF DIRECTORS (INCLUDING DIRECTOR COMPENSATION)

EXECUTIVE COMPENSATION

EQUITY COMPENSATION PLAN INFORMATION

COMPENSATION AND MANAGEMENT

DEVELOPMENT COMMITTEE S REPORT

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER

PARTICIPATION

COMPANY STOCK PERFORMANCE

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN

FOR FISCAL YEARS ENDED NOVEMBER 1998 THRU 2001; THE 10

MONTH PERIOD ENDED SEPTEMBER 2002 &

FISCAL YEAR ENDED SEPTEMBER 30, 2003

AMONG HILLENBRAND, S&P 500 INDEX

AND S&P 500 HEALTH CARE EQUIPMENT

BASE = NOVEMBER 1998

AUDIT COMMITTEE S REPORT

RATIFICATION OF APPOINTMENT OF AUDITORS

COST OF SOLICITATION

SHAREHOLDER PROPOSALS

INCORPORATION BY REFERENCE

HILLENBRAND INDUSTRIES, INC. CORPORATE GOVERNANCE STANDARDS FOR BOARD OF DIRECTORS

HILLENBRAND INDUSTRIES, INC. AUDIT COMMITTEE CHARTER

Table of Contents

TABLE OF CONTENTS

	Page
VOTING	1
ELECTION OF DIRECTORS	2
ABOUT THE BOARD OF DIRECTORS (INCLUDING DIRECTOR COMPENSATION)	7
EXECUTIVE COMPENSATION	22
EQUITY COMPENSATION PLAN INFORMATION	29
COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE S REPORT	30
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION	33
COMPANY STOCK PERFORMANCE	34
AUDIT COMMITTEE S REPORT	35
RATIFICATION OF APPOINTMENT OF AUDITORS	36
COST OF SOLICITATION	37
SHAREHOLDER PROPOSALS	37
INCORPORATION BY REFERENCE	38
HILLENBRAND INDUSTRIES, INC. CORPORATE GOVERNANCE STANDARDS FOR BOARD OF DIRECTORS	A-1
HILLENBRAND INDUSTRIES, INC. AUDIT COMMITTEE CHARTER	B-1

Table of Contents

HILLENBRAND INDUSTRIES, INC.

PROXY STATEMENT

This proxy statement relates to the solicitation by the Board of Directors of Hillenbrand Industries, Inc. (the Company), 700 State Route 46 East, Batesville, Indiana 47006-8835, telephone (812) 934-7000, of proxies for use at the annual meeting of the Company's shareholders to be held at the offices of Batesville Casket Company, Inc., One Batesville Boulevard, Batesville, Indiana 47006-7798, on Thursday, February 12, 2004, at 10:00 a.m., local time (Eastern Standard Time), and at any adjournments of the meeting. This proxy statement and the enclosed form of proxy were mailed initially to shareholders on or about December 31, 2003. All shares represented by these proxies will be voted at this meeting in accordance with instructions given by shareholders. Where no instructions are given the shares will be voted (1) in favor of the election of the Board of Directors' nominees for four directors; (2) in favor of the ratification of the appointment of PricewaterhouseCoopers LLP as independent auditors of the Company; and (3) in the discretion of the proxy holder upon such other business as may properly come before the meeting.

The purpose of the annual meeting is to vote upon the matters set forth above. The Board of Directors is not aware of any other business that may come before the meeting.

VOTING

The close of business on December 17, 2003, has been fixed as the record date for determining which shareholders are entitled to notice of and to vote at the annual meeting. On December 17, 2003, there were 61,881,663 shares of the Company's common stock issued and outstanding. Each share of common stock is entitled to one vote with respect to every matter submitted to a vote at the meeting. Votes cast by proxy, whether by proxy card, telephone or the Internet, or in person at the annual meeting will be tabulated by the election inspectors appointed for the meeting. If you submit your proxy by telephone or via the Internet, you should not return your proxy card. Instructions for submitting proxies by telephone or the Internet are set forth on the enclosed proxy card. If you choose to submit your proxy by mail, please sign, date and return the proxy card in the envelope provided. A proxy may be revoked at any time before it is voted at the meeting by submitting written notice of revocation to the Secretary of the Company or by submitting another timely proxy by telephone, Internet or mail. If you hold shares through a broker or other custodian, please check the voting instructions used by that broker or custodian.

Votes Necessary to Adopt Proposals. Directors are elected by a plurality of the votes cast by shareholders entitled to vote at a meeting at which a quorum is present. Ratification of the appointment of the auditors and any other matter that comes before the meeting will be approved if the votes cast favoring the action exceed the votes cast opposing the action.

A majority of the shares issued and outstanding constitutes a quorum. Under Indiana law, once a share is represented for any purpose at a meeting it is deemed present for quorum purposes for the remainder of the meeting. Abstentions, broker non-votes and instructions on a proxy to withhold authority to vote for one or more of the director nominees will result in fewer votes being cast with respect to a particular issue or nominee. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular matter because the broker does not have discretionary voting power for that matter and has not received instructions from the beneficial owner. In the absence of such instructions, brokers have discretionary voting power for matters such as the election of directors and the ratification of auditors but not for certain other matters.

Table of Contents

ELECTION OF DIRECTORS

The Articles of Incorporation and the Code of By-laws of the Company provide that members of the Board of Directors shall be classified with respect to the terms that they shall serve by dividing them into three classes that are as nearly equal in number of members as possible. Directors in each class are elected for a three-year term unless they resign or retire earlier. The Board assigns new directors elected by the Board to a class until the first annual meeting after their election.

Effective December 4, 2003, Daniel A. Hillenbrand resigned from the Board of Directors but retained the honorary title of Chairman Emeritus (see About the Board of Directors Chairman Emeritus of the Board of Directors , below). Also on December 4, 2003, the Board of Directors increased the size of the Board of Directors from nine members to ten members, with the new position being added to Class III. On the same day, the Board of Directors elected Anne Griswold Peirce to fill the vacancy created in Class II by the resignation of Daniel A. Hillenbrand and elected Joanne C. Smith to fill the newly created Class III position until the upcoming annual meeting. As of the date of this proxy statement, therefore, Classes I and II consist of three members each and Class III consists of four members.

At the upcoming annual meeting, the shareholders will elect three members of the Board of Directors in Class II to serve three-year terms expiring at the 2007 annual meeting. Shareholders also will elect one member of the Board of Directors in Class III, representing the Class III position added by the Board of Directors on December 4, 2003, to serve a one-year term expiring at the 2005 annual meeting. The remaining three directors in Class III and the three directors in Class I were each previously elected to serve three-year terms expiring at the 2005 and 2006 annual meetings, respectively.

John C. Hancock, currently a Class III director, has notified the Board of his intention to resign from the Board of Directors on or before March 1, 2004. The Board of Directors does not intend to nominate or elect a director to fill the Class III vacancy created by Mr. Hancock's resignation and will reduce the size of the Board of Directors to nine members to eliminate the Class III position held by Mr. Hancock effective on the date of Mr. Hancock's resignation.

We wish to thank Daniel A. Hillenbrand for his over fifty-six years of outstanding contributions to the Company and John C. Hancock for twenty-four years of loyal and distinguished service to our Board of Directors.

Unless authority is withheld, all shares represented by proxies submitted pursuant to this solicitation will be voted in favor of electing as directors the nominees listed below for the terms indicated. If any of these nominees should be unable to serve, shares represented by proxies may be voted for a substitute nominee selected by the Board of Directors, or the Board of Directors may amend the Code of By-laws of the Company to reduce the number of directors.

The Board of Directors recommends that shareholders vote FOR the election to the Board of Directors of each of the nominees named below.

Table of Contents**NOMINEES:****CLASS II**

Nominees to be elected to serve three-year terms expiring at the 2007 annual meeting:

<u>Name</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Served As A Director Since</u>	<u>Shares⁽¹⁾ Beneficially Owned As Of December 17, 2003</u>	<u>Percent of Total Shares Outstanding</u>
Ray J. Hillenbrand	69	Chairman of the Board of the Company	1970	2,028,582 ⁽²⁾⁽³⁾	3.3%
Anne Griswold Peirce	52	Associate Dean for Academic Affairs and Associate Professor of Clinical Nursing at Columbia University School of Nursing	2003	0	0%
Peter H. Soderberg	57	President and Chief Executive Officer of Welch Allyn, Inc.	2002	8,500	(4)

CLASS III

Nominee to be elected to serve a one-year term expiring at the 2005 annual meeting:

<u>Name</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Served As A Director Since</u>	<u>Shares⁽¹⁾ Beneficially Owned As Of December 17, 2003</u>	<u>Percent of Total Shares Outstanding</u>
Joanne C. Smith	42	Senior Vice President of Strategy and Business Development of the Rehabilitation Institute of Chicago	2003	0	0%

CONTINUING DIRECTORS:**CLASS III**

Serving three-year terms expiring at the 2005 annual meeting:

<u>Name</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Served As A Director Since</u>	<u>Shares⁽¹⁾ Beneficially Owned As Of December 17, 2003</u>	<u>Percent of Total Shares Outstanding</u>
John C. Hancock	74	Consultant	1980	48,326 ⁽⁵⁾⁽⁶⁾	(4)
John A. Hillenbrand II	72	Personal Investments	1981 ⁽⁷⁾	1,079,495 ⁽²⁾⁽⁸⁾	1.7%
Frederick W. Rockwood	56	President and Chief Executive Officer of the Company	1999	315,292 ⁽⁵⁾	(4)

Table of Contents**CLASS I**

Serving three-year terms expiring at the 2006 annual meeting:

Name	Age	Principal Occupation	Served As A Director Since	Shares ⁽¹⁾ Beneficially Owned As Of	Percent of Total Shares Outstanding
				December 17, 2003	
Rolf A. Classon	58	Chairman of Bayer HealthCare AG	2002	9,000	(4)
Charles E. Golden	57	Executive Vice President and Chief Financial Officer of Eli Lilly and Company	2002	8,569 ⁽⁵⁾	(4)
W August Hillenbrand	63	Retired Chief Executive Officer of the Company	1972	3,483,903 ⁽²⁾⁽⁵⁾⁽⁹⁾	5.6%

STOCK OWNERSHIP OF OTHER NAMED EXECUTIVE OFFICERS:

Name	Age	Principal Occupation	Shares ⁽¹⁾ Beneficially Owned As Of	Percent of Total Shares Outstanding
			December 17, 2003	
Scott K. Sorensen	42	Vice President and Chief Financial Officer ⁽¹⁰⁾	75,012	(4)
Patrick D. de Maynadier	43	Vice President, General Counsel and Secretary ⁽¹¹⁾	17,367	(4)
Kenneth A. Camp	58	President and Chief Executive Officer, Batesville Casket Company, Inc. ⁽¹²⁾	82,818 ⁽⁵⁾	(4)
R. Ernest Waaser	47	President and Chief Executive Officer, Hill-Rom Company, Inc. ⁽¹³⁾	40,735 ⁽⁵⁾	(4)
All directors and executive officers of the Company as a group, consisting of 19 persons.			7,354,548 ⁽³⁾⁽⁵⁾⁽⁶⁾⁽⁸⁾⁽⁹⁾	11.7%

(1) The Company's only class of equity securities outstanding is common stock without par value. The Company is not aware of any person, other than members of the Hillenbrand family as indicated herein, beneficially owning more than five percent (5%) of the Company's common stock. These share figures include the following shares that may be purchased pursuant to stock options that are exercisable within 60 days of December 17, 2003: W August Hillenbrand, 222,000 shares; John C. Hancock, 24,000 shares; John A. Hillenbrand II, 24,000 shares; Rolf A. Classon, 8,000 shares; Charles E. Golden, 8,000 shares; Peter H. Soderberg, 8,000 shares; Frederick W. Rockwood, 261,668 shares; Ray J. Hillenbrand, 30,000 shares; Scott K. Sorensen, 71,669 shares; Patrick D. de Maynadier, 16,667 shares; Kenneth A. Camp, 74,334 shares; R. Ernest Waaser, 34,668 shares; and all directors and executive officers as a group, 912,543 shares. Except as otherwise indicated in these footnotes, the persons named have sole voting and investment power with respect to all shares shown as beneficially owned by them.

(2) John A. Hillenbrand II and Ray J. Hillenbrand are brothers, and they are cousins of W August Hillenbrand.

(3) Includes 800,000 shares held of record by a trust, of which Ray J. Hillenbrand is trustee; 68,975 shares held of record by a charitable foundation, of which Mr. Hillenbrand is a trustee; and 1,008,317 shares held of record by family partnerships for the benefit of other members of his immediate family. Mr. Hillenbrand disclaims beneficial ownership of these shares.

(4) Ownership of less than one percent (1%) of the total shares outstanding.

(5)

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These share figures include vested deferred fees and/or compensation in the form of deferred or restricted shares of common stock held on the books and records of the Company in the following amounts: W August Hillenbrand, 168,195 shares; John C. Hancock, 15,926 shares; Charles E. Golden, 569 shares; Frederick W.

Table of Contents

Rockwood, 17,287 shares; Kenneth A. Camp, 1,576 shares; R. Ernest Waaser, 2,873 shares; and all directors and executive officers as a group, 222,944 shares.

- (6) Includes 8,400 shares held by Mr. Hancock as trustee of a trust for which Betty J. Hancock serves as co-trustee, with whom Mr. Hancock shares voting and investment power over these shares.
- (7) John A. Hillenbrand II previously served as a Director of the Company from 1972 to 1979.
- (8) Includes 17,240 shares held of record by John A. Hillenbrand II's wife, Joan L. Hillenbrand; and an aggregate of 586,250 shares held of record by trusts for the benefit of his children and grandchildren, by a family partnership and by a family corporation. Mr. Hillenbrand disclaims beneficial ownership of these shares.
- (9) Includes 275,289 shares owned of record and beneficially by W August Hillenbrand's wife, Nancy K. Hillenbrand; 2,450,410 shares owned of record, or which may be acquired within sixty days, by trusts, of which W August Hillenbrand is trustee or co-trustee; 49,776 shares held of record by a charitable trust, of which Mr. Hillenbrand is a co-trustee; and 302,575 shares held by a limited partnership, of which Mr. Hillenbrand is a limited partner. Mr. Hillenbrand disclaims beneficial ownership of these shares. Mr. Hillenbrand's address is the address of the Company's principal executive offices.
- (10) Mr. Sorensen was elected Vice President and Chief Financial Officer of the Company on March 1, 2001.
- (11) Mr. de Maynadier was elected Vice President, General Counsel and Secretary effective January 28, 2002.
- (12) Mr. Camp was elected President and Chief Executive Officer of Batesville Casket Company, Inc., a subsidiary of the Company, on May 1, 2001. He was also elected as a Vice President of the Company on October 8, 2001. Prior to his election to these positions, Mr. Camp has held various other positions within Hillenbrand Industries, Inc. and its subsidiary Batesville Casket Company, Inc.
- (13) Mr. Waaser was elected President and Chief Executive Officer of Hill-Rom Company, Inc., a subsidiary of the Company, on January 22, 2001. He was also elected as a Vice President of the Company on October 8, 2001.

Ray J. Hillenbrand was first named as Chairman of the Board of the Company on January 17, 2001. He has been engaged in the management of personal and family investments for much of his career. Mr. Hillenbrand was employed by and active in the management of the Company prior to his resignation as an officer in 1977.

Anne Griswold Peirce, R.N., Ph.D. has been the Associate Dean for Academic Affairs and Associate Professor of Clinical Nursing at the Columbia University School of Nursing since September, 2002. From 1996 through June 2002, Dr. Peirce was a Dean and Professor of Nursing and the Director of Nursing Research at the University of Mississippi Medical Center. During her career, Dr. Peirce has held management and academics positions with various medical institutions, colleges and universities, including the Columbia University School of Nursing. Dr. Peirce has also authored numerous journal articles and textbook chapters related to the field of nursing. She also serves on the editorial board of the journal of Nursing Measurement.

Peter H. Soderberg is President and Chief Executive Officer of Welch Allyn, Inc., Skaneateles Falls, N.Y. Welch Allyn, Inc. is a privately held global technology company with units that manufacture innovative medical diagnostic equipment, patient monitoring systems and miniature precision lamps. Appointed to his current position in 2000, Mr. Soderberg was previously group vice president and chief operating officer. His prior experience includes 23 years at Johnson & Johnson where he served in a variety of operations, marketing and management positions in four of its over-the-counter and professional product companies. Most recently, he was president of Johnson & Johnson Health Management, a Johnson & Johnson portfolio company. His career also includes roles as president and chief executive officer of an industrial technology company and the

Table of Contents

founder and president of a venture capital business. He is on the board of directors of Wilson Greatbatch Technologies, Inc., the Advanced Medical Technology Association (AdvaMed) and the Health Industry Distributors Association Foundation and serves as vice chairman of the board of the Syracuse Symphony Orchestra and vice chairman of the Metropolitan Development Authority of Central New York.

Joanne C. Smith, M.D. has been the Senior Vice President, Corporate Strategy and Business Development for the Rehabilitation Institute of Chicago since April 2002. Since 1992 she has been an attending physician at the same institution. From 1997 through April 2002, Dr. Smith was the Senior Vice President and Chief Operating Officer of the Corporate Partnership Division of the Rehabilitation Institute of Chicago and from 1992 to 1997 she held various management positions there. She also serves on the boards of directors of AptarGroup, Inc., a leading supplier of personal care, cosmetics, pharmaceutical, food and beverage dispensing systems, and the AON Memorial Education Fund, a fund dedicated to supporting the educational needs of the children who suffered the loss of a parent in the World Trade Center attack.

Dr. John C. Hancock, who holds a Ph.D. in Electrical Engineering, is a consultant. Until 1988, he was Executive Vice President for Corporate Development and Technology of United Telecommunications, Inc. (Sprint).

John A. Hillenbrand II has managed personal and family investments since 1979. He is also Vice Chairman of Able Body Corporation, a manufacturer of truck bodies, and Nambé Mills, Inc., a producer of handcrafted alloy items for cooking, serving and decorating, and Vice Chairman of Pri-Pak, Inc., a provider of packaging for energy drinks and spirits. Mr. Hillenbrand was employed by and active in the management of the Company prior to his resignation as an officer in 1979.

Frederick W. Rockwood was elected Chief Executive Officer and President of the Company on December 3, 2000 after being President since December 6, 1999. The Company has employed him since 1977. Previous positions held within the Company include President and Chief Executive Officer of Hillenbrand Funeral Services Group, Inc. from 1997 to 1999, President and Chief Executive Officer of Forethought Financial Services, Inc. from 1985 to 1997, and Senior Vice President of Corporate Planning and Director of Corporate Strategy. He has also been a management consultant with Bain and Company and Boston Consulting Group. He is a member of the Board of Directors of AdvaMed.

Rolf A. Classon was named as Vice Chairman of the Board on December 4, 2003. He has been Chairman of Bayer HealthCare AG, a subsidiary of Bayer AG, since October 2002. Previously, he had been president of Bayer's Diagnostic Division and head of Bayer's Worldwide Business Group - Diagnostics since 1995. Bayer is an international research-based company active in life sciences, polymers and chemicals. A native of Sweden, Mr. Classon joined Bayer's Miles Diagnostics business in 1991 as executive vice president, worldwide marketing, sales and service. He also served as senior vice president, sales and service for Diagnostics with Miles Inc. beginning in 1992. During his career, Mr. Classon has held management positions with Pharmacia AB, Sweden; Swedish Match Group; and Asbjorn Habberstad AB. Prior to joining Bayer, he was president and chief operating officer of Pharmacia Biosystems AB. Mr. Classon currently serves on the board of Enzon Pharmaceuticals, Inc. and is a member of the AdvaMed.

Charles E. Golden is Executive Vice President and Chief Financial Officer for Eli Lilly and Company, Indianapolis, Indiana, a global provider of pharmaceutical products and health care information. He joined Eli Lilly in his current position and as a member of its board of directors in 1996. Prior to joining Eli Lilly, Mr. Golden served as a corporate vice president of General Motors and chairman of General Motors vehicle operations in the United Kingdom from 1993 to 1996. He joined General Motors as part of its treasurer's office in 1970 and subsequently held positions in domestic and international operations, ultimately becoming treasurer of GM. He is a member of the National Advisory Board of J.P. Morgan Chase & Co., and The Council of

Table of Contents

Financial Executives of the Conference Board. He also serves on the boards of directors of Clarian Health Partners (as chairman), Crossroads of America Council (Boy Scouts of America) (as President), and the Indiana Chamber of Commerce.

W August Hillenbrand served as Chief Executive Officer of the Company from 1989 until 2000. Mr. Hillenbrand also served as President of the Company from 1981 until 1999. Prior to his retirement in December 2000, Mr. Hillenbrand had been employed by the Company throughout his business career. Mr. Hillenbrand is the Chief Executive Officer of Hillenbrand Capital Partners, an unaffiliated family investment partnership. He is also a director of DPL Inc. of Dayton, Ohio, Minster Machine Company of Minster, Ohio, and Pella Corporation of Pella, Iowa.

Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Securities Exchange Act of 1934, the Company's directors, its executive officers and any person holding more than ten percent of the Company's common stock are required to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock of the Company. The Company is required to report in this proxy statement any failure to file or late filing occurring during the fiscal year ended September 30, 2003. Based solely on a review of filings furnished to the Company and other information from reporting persons, the Company believes that all of these filing requirements were satisfied by its directors, executive officers and ten percent beneficial owners except that each of Kenneth A. Camp, Stephen R. Lang, Patrick D. de Maynadier, Catherine Greany, Gregory N. Miller, David L. Robertson, Frederick W. Rockwood, Scott K. Sorensen and R. Ernest Waaser filed one late report for one transaction (that is, stock option grants) in December 2002, shortly after the adoption of the new Section 16 rules requiring that reports for such grants be filed within two business days after the grant instead of the previously permitted forty-five days after the end of the fiscal year. Stephen R. Lang filed one additional late report for one transaction shortly after the adoption of the new Section 16 rules and two dividends in connection therewith, and John A. Hillenbrand II filed one late report for one transaction.

ABOUT THE BOARD OF DIRECTORS (INCLUDING DIRECTOR COMPENSATION)

The Board of Directors, which is elected by the shareholders, is the ultimate decision-making body of the Company except with respect to those matters reserved to the shareholders. It selects the senior management team, which is charged with the conduct of the Company's business. Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors its performance.

Board's Role in Strategic Planning

The Board of Directors has the legal responsibility for overseeing the affairs of the Company and, thus, an obligation to keep informed about the Company's business and strategies. This involvement enables the Board to provide guidance to management in formulating and developing plans and to exercise independently its decision-making authority on matters of importance to the Company. Acting as a full Board and through the Board's four standing committees, the Board is fully involved in the Company's strategic planning process.

Each year, typically in the spring, summer and fall, senior management sets aside specific periods to develop, discuss and refine the Company's long-range operating plan and overall corporate strategy. Specific operating priorities are developed to effectuate the Company's long-range plan. Some of the priorities are short-term in focus; others are based on longer-term planning horizons. Senior management reviews the insights and

Table of Contents

conclusions reached at its meetings with the Board over the course of several Board meetings and seeks approval of the overall corporate strategy and long-range operating plan at Board meetings that usually occur in the summer and fall. These meetings are focused on corporate strategy and involve both management presentations and input from the Board regarding the assumptions, priorities and objectives that will form the basis for management's strategies and operating plans.

At subsequent Board meetings, the Board continues to substantively review the Company's progress against its strategic plans and to exercise oversight and decision-making authority regarding strategic areas of importance and associated funding authorizations.

In addition, Board meetings held throughout the year target specific strategies (for example, the Company's healthcare acquisition roadmap and new product development) and critical areas (for example, U.S. healthcare reimbursement issues) for extended, focused Board input and discussion.

The role that the Board plays is inextricably linked to the development and review of the Company's strategic plan. Through these processes, the Board, consistent with good corporate governance, encourages the long-term success of the Company by exercising sound and independent business judgment on the strategic issues that are important to the Company's business.

Functioning of the Board

The Chairman of the Board, Chief Executive Officer and Secretary set the agenda for Board meetings with the understanding that certain items pertinent to the advisory and monitoring functions of the Board be brought to it periodically by the Chief Executive Officer for review and/or decision. For example, the Board reviews the annual corporate budget. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the chair of that committee. Any member of the Board may request that an item be included on the agenda. Board materials related to agenda items are provided to Board members sufficiently in advance of Board meetings to allow the Directors to prepare for discussion of the items at the meeting.

At the invitation of the Board, members of senior management invited by the Board attend Board meetings or portions thereof for the purpose of participating in discussions. Generally, presentations of matters to be considered by the Board are made by the manager responsible for that area of the Company's operations. In addition, Board members have free access to all other members of management and employees of the Company and, as necessary and appropriate in their discretion, the Board and its committees may consult with independent legal, financial and accounting advisors to assist in their duties to the Company and its shareholders.

The chairs of the committees of the Board each preside over the portion of the meetings at which the principal items to be considered are within the scope of the authority of his or her committee. The chair of each committee determines the frequency, length and agenda of meetings of that committee. Sufficient time to consider the agenda items is provided. Materials related to agenda items are provided to the committee members sufficiently in advance of the meeting where necessary to allow the members to prepare for discussion of the items at the meeting.

Executive sessions or meetings of outside Directors without management present are held regularly after Board and committee meetings. The Chairman of the Board generally presides at executive sessions of non-management directors, except that the chairs of the committees of the Board preside at executive sessions of non-management directors held following meetings of their committees or at which the principal items to be considered are within the scope or authority of their committees.

Table of Contents

Communications with Directors

In order to provide the Company's security holders and other interested parties with a direct and open line of communication to the Board of Directors, the Board of Directors has adopted the following procedures for communications to Directors, which the Company anticipates will be in place beginning in January 2004.

Security holders of the Company and other interested persons may communicate with the chairmen of the Company's Nominating/Corporate Governance Committee, Audit Committee or Compensation and Management Development Committee or with the non-management directors of the Company as a group by sending an email to investors@hillenbrand.com. The email should specify which of the foregoing is the intended recipient.

All communications received in accordance with these procedures will be reviewed initially by the Company's Investor Relations Department. The Investor Relations Department will relay all such communications to the appropriate director or directors unless the Investor Relations Department determines that the communication:

does not relate to the business or affairs of the Company or the functioning or constitution of the Board of Directors or any of its committees;

relates to routine or insignificant matters that do not warrant the attention of the Board of Directors;

is an advertisement or other commercial solicitation or communication;

is frivolous or offensive; or

is otherwise not appropriate for delivery to directors.

The director or directors who receive any such communication will have discretion to determine whether the subject matter of the communication should be brought to the attention of the full Board of Directors or one or more of its committees and whether any response to the person sending the communication is appropriate. Any such response will be made through the Company's Investor Relations Department and only in accordance with the Company's policies and procedures and applicable law and regulations relating to the disclosure of information.

The Company's Investor Relations Department will retain copies of all communications received pursuant to these procedures for a period of at least one year.

The Nominating/Corporate Governance Committee of the Board of Directors will review the effectiveness of these procedures from time to time and, if appropriate, recommend changes.

The Company has not established a formal policy regarding director attendance at its annual meetings of shareholders, but the Company's directors generally do attend the annual meetings. The Chairman of the Board presides at the annual meeting of shareholders, and the Board of Directors holds one of its regular meetings in conjunction with the annual meeting of shareholders. Accordingly, unless one or more members of the Board are unable to attend, all members of the Board are present for the annual meeting. All members of the Board at the time of the Company's 2003 annual meeting of shareholders attended that meeting.

Table of Contents

Other Corporate Governance Matters

Both the Board of Directors and management of the Company firmly embrace good and accountable corporate governance and believe that an attentive, performing Board is a tangible competitive advantage. With that commitment, the Company began its efforts to improve the operation and processes of its Board of Directors significantly in advance of recent corporate governance developments. Director compensation has always comprised cash and stock based compensation. A non-Chief Executive Officer director has held the position of Chairman of the Board since April 1989. In early 2001, efforts to modify the composition of the Board began, with an emphasis on independence and the mix of characteristics, experiences and diverse perspectives and skills most appropriate for the Company. The Board has established position specifications, including performance criteria, for itself, the Chairman of the Board, the Vice Chairman of the Board and the Chief Executive Officer, and, since May 2002, as part of the planned transition of the membership of our Board, the Company has welcomed to the board five new independent directors who are proven leaders with significant experience in the health care industry. May 2002 marked the first time in Company history that non-Hillenbrand family directors outnumbered family members on the Board. Moreover, since September 2002, the Board of Directors of the Company has taken additional measures to ensure continued high standards for corporate governance. Specifically, the Board has taken the following actions, among others:

The Board approved Corporate Governance Standards for the Board of Directors in September 2002 and has revised these Standards on several occasions, most recently in December 2003, as warranted by changes in New York Stock Exchange governance standards and other developments. Among other matters, these Standards:

confirm that the Board of Directors has established standing committees, each with a charter approved by the Board, to address certain key areas. These committees are the Audit Committee, Finance Committee, Compensation and Management Development Committee and Nominating/Corporate Governance Committee;

provide that, from and after the Company's 2004 annual meeting of shareholders, at least a majority of the directors of the Company shall be independent;

provide for an annual determination by the Board of Directors regarding the independence of each director;

provide that the Audit Committee, Nominating/Corporate Governance Committee and Compensation and Management Development Committee will consist entirely of independent directors;

provide for an annual assessment by the Nominating/Corporate Governance Committee of the Board's effectiveness as a whole as well as the effectiveness of the individual directors and the Board's various committees, including a review of the mix of skills, core competencies and qualifications of members of the Board, which should reflect expertise in one or more of the following areas: accounting and finance, healthcare, international business, mergers and acquisitions, leadership, business and management, strategic planning, government relations, investor relations, executive leadership development and executive compensation; and

provide that the non-management directors regularly shall conduct executive sessions without participation by any employees of the Company.

The full text of the Corporate Governance Standards as approved and revised by the Board of Directors is attached to this proxy statement as Appendix A.

Table of Contents

The Board determined the independence of each of the Company's directors based on the standards set forth in the Corporate Governance Standards described above and elected only independent directors as members of the Audit Committee, Nominating/Corporate Governance Committee and Compensation and Management Development Committee. See Determinations with Respect to Independence of Directors below.

On December 3, 2003 the Nominating/Corporate Governance Committee of the Board completed a formal evaluation of the effectiveness of the Board as a whole as well as the effectiveness of the individual directors and the Board's various Committees, including a review of the mix of skills, core competencies and qualifications of members of the Board and on December 4, 2004 the Nominating/Corporate Governance Committee of the Board reviewed a summary of its findings with the Board and commenced the process of setting Board, Board committee and individual director goals for 2004.

In September 2002, the Board overhauled its committee structure by:

creating the Nominating/Corporate Governance Committee and approving a written charter for this committee;

renaming its Compensation Committee as the Compensation and Management Development Committee and approving a revised written charter for this committee;

approving a revised written charter for the Audit Committee; and

suspending operations of the Executive Committee of the Board of Directors.

The Board has since adopted revised the charters for each of its committees as warranted by changes in NYSE listing standards, SEC rules and other developments.

The Board approved a revised Code of Ethical Business Conduct covering, among other matters, conflicts of interest, corporate opportunities, confidentiality, protection and proper use of the Company's assets, fair dealing, compliance with laws, including insider trading laws, accuracy and reliability of the Company's books and records and reporting of illegal or unethical behavior. This Code applies to all directors, officers and other employees of the Company, including the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The Company's Code of Ethical Business Conduct constitutes a code of ethics within the meaning of Item 406 of the Securities and Exchange Commission's Regulation S-K.

All employees, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, are required to abide by the Code of Ethical Business Conduct to ensure that our business is conducted in a consistently legal and ethical manner. All members of the Board of Directors and all officers of the Company and its subsidiaries have read and certified their compliance with the Code without exception.

Employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code of Ethical Business Conduct. The Sarbanes-Oxley Act of 2002 requires companies to have procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Company currently has such procedures in place.

Table of Contents

Directors may not be given personal loans or extensions of credit by the Company, and all Directors are required to deal at arm's length with the Company and its subsidiaries, and to disclose any circumstance that might be perceived as a conflict of interest.

The Board approved a policy mandating that the Company's outside independent auditors not perform any prohibited non-audit services under the Sarbanes-Oxley Act of 2002 and the related SEC rules. In addition, the Audit Committee approved a policy requiring that all services from the outside independent auditors must be pre-approved by the Audit Committee or its delegate (Chairperson).

The Board adopted stock ownership guidelines for the Company's Directors and executive officers. In general, these standards require that non-employee Directors must hold restricted stock granted to them until six months after they cease to be directors and that executive officers of the Company must achieve and maintain a minimum level of stock ownership. The stock ownership guidelines are included in the Corporate Governance Standards attached as Appendix A.

Consistent with the Company's commitment to corporate governance, the Board and management believe that the foregoing measures and others that have been taken place the Company in compliance with listing requirements of the New York Stock Exchange, the Sarbanes-Oxley Act of 2002 and related rules of the Securities and Exchange Commission. Copies of the Company's Corporate Governance Standards, Code of Ethical Business Conduct and Board committee charters are filed or incorporated by reference as exhibits to the Company's Annual Report on Form 10-K for the year ended September 30, 2003 and are available on the Company's website at www.hillenbrand.com. Also available on the Company's website are position specifications adopted by the Board for the positions of Chief Executive Officer, Chairman of the Board of Directors, Vice Chairman of the Board of Directors, and other members of the Board of Directors.

Determinations with Respect to Independence of Directors

As noted above, the Corporate Governance Standards adopted by the Board of Directors require the Board of Directors to make an annual determination regarding the independence of each of the Company's directors and provide standards for making these determinations which are consistent with the listing standards of the New York Stock Exchange. The Board made these determinations for each member of the Board in December 2003, based on an annual evaluation performed by and recommendations made by the Nominating/Corporate Governance Committee.

As set forth in the Company's Corporate Governance Standards, a director will be independent only if the Board of Directors determines, based on a consideration of all relevant facts and circumstances, that the director has no material relationship with the Company or any of its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company or any of its subsidiaries). In assessing the materiality of a director's relationship with the Company and each director's independence, the Board must consider the issue of materiality not only from the standpoint of the director but also from that of the persons or organizations with which the director has an affiliation. Material relationships can include, among others, commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships. In assessing a director's independence, the Board shall also consider the director's ownership, or affiliation with the owner, of less than a controlling amount of voting securities of the Company. The Board cannot conclude that a director is independent in the following circumstances:

Table of Contents

A director who is or was an employee, or whose immediate family member is or was an executive officer, of the Company may not be considered independent until three years after the end of such employment relationship.

A director who receives or received, or whose immediate family member receives or received, more than \$100,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), may not be considered independent until three years after he or she ceased to receive more than \$100,000 per year in such compensation.

A director who is or was affiliated with or employed by, or whose immediate family member is or was affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Company may not be considered independent until three years after the end of the affiliation or the employment or auditing relationship.

A director who is or was employed, or whose immediate family member is or was employed, as an executive officer of another company where any of the Company's present executives serves or served on that company's compensation committee may not be considered independent until three years after the end of such service or the employment relationship.

A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes or made payments to, or receives or received payments from, the Company for property or services in an amount which, in any single fiscal year, exceeds or exceeded the greater of \$1 million, or 2% of such other company's consolidated gross revenues, may not be considered independent until three years after falling below such threshold.

A director who owns, or is affiliated with the owner of, a controlling amount of voting stock of the Company may not be considered independent.

To assist in the Board's determinations, each director completed materials designed to identify any relationships that could affect the director's independence, and the General Counsel and Secretary of the Company conducted follow up interviews with certain of the directors. On the basis of these materials and the standards described above, the Board determined that each of Rolf A. Classon, Charles E. Golden, Ray J. Hillenbrand, Anne Griswold Peirce, Joanne C. Smith, and Peter H. Soderberg is independent. With respect to each of Messrs. Classon and Soderberg and Ms. Peirce, the Board determined that they were independent because no relationship was identified that would automatically bar them from being characterized as independent, no other relationship between any of them and the Company or any of its subsidiaries, whether or not material, was identified and none of them beneficially owns more than 1% of the Company's outstanding common stock.

With respect to Charles E. Golden, the Board considered the fact that Mr. Golden is the Chairman of the Board of Directors of Clarian Health Partners, which purchased and rented approximately \$3 million, \$5 million and \$4 million of products from the Company in the fiscal years 2001, 2002 and 2003, respectively. In determining that this relationship was not material, the Board considered that Mr. Golden is not an executive officer of Clarian Health Partners and that the amount of products purchased and rented from the Company by Clar