Hillenbrand Industries to Split Into Two Independent Companies

Separation creates opportunity for faster growth and enhanced value for shareholders, customers and employees

BATESVILLE, Ind., May 10 /PRNewswire-FirstCall/ -- Hillenbrand Industries, Inc. (NYSE: HB) today announced that its Board of Directors approved in principle a plan to separate into two independent publicly traded companies, each strategically positioned to capitalize on growth opportunities in their respective markets. Under the plan, Hill-Rom, the company's medical technology business, would be spun out of Hillenbrand Industries through a tax free dividend of its shares to Hillenbrand Industries shareholders. Batesville Casket would become the sole operating unit of Hillenbrand Industries and would continue to be publicly traded under the Hillenbrand Industries name. The separation is expected to be completed within nine months.

"Hillenbrand Industries' Board of Directors and senior leadership team carefully weighed a number of alternatives to maximize the Company's long-term value for its shareholders," said Rolf A. Classon, chairman of the Board of Directors. "After a detailed review, we concluded that there is a strong business case to support the separation of the two companies. In addition, the strength of our current and projected performance supports this action. We feel that separation at this time is the best way to unlock value and allow each company to focus on growing at industry leading rates."

Peter H. Soderberg, president and CEO of Hillenbrand Industries, said, "By operating independently, each company can adopt an appropriate capital structure to allow it to better execute its business plans. The separation would also allow each company to utilize its own equity as currency for strategic purposes. As two focused companies, Hill-Rom and Hillenbrand Industries (Batesville Casket) would be better positioned for investors looking for specific industry, valuation, yield, and growth profiles."

Mr. Soderberg continued, "The plan to separate these two companies is consistent with our strategy to create focused, mission-driven enterprises that can each achieve their business objectives and better pursue growth opportunities in their respective markets. As independent and focused companies, each would be better able to compete for, attract and retain talent. For employees, the separation would create opportunities to grow with two industry leaders and more directly impact performance of their corporate parent. The Board, management teams and I look forward to this new and exciting chapter for each company."

Under the plan, the current management team of each company would remain in place. Hill-Rom would be led by Peter H. Soderberg, and Hillenbrand Industries (Batesville Casket) would be led by Kenneth A. Camp.

Immediately after the separation, Hillenbrand Industries shareholders would own shares in both entities. The transaction will be subject to the final approval of the Board of Directors, favorable market conditions, receipt of a tax ruling from the IRS or tax opinions, filing and effectiveness by Hill-Rom of a registration statement with the U.S. Securities and Exchange Commission (SEC), completion of necessary debt refinancings and other customary conditions. Hillenbrand Industries will retain its listing on the New York Stock Exchange and Hill-Rom would intend to apply to list its shares on the New York Stock Exchange.

Upon separation, each company should enjoy sufficient financial strength and flexibility to achieve its objectives. Subject to review by independent rating agencies, it is intended that upon separation, each company's financial policies, credit metrics and balance sheets would be commensurate with investment grade credit ratings. In addition, the total dividends of the two companies would be at least equal to the current dividend paid by Hillenbrand Industries. Until the transaction is completed, Hillenbrand expects to pay its current quarterly dividend of $0.285 per share. In order to preserve the economic status quo of claimants involving uninsured claims against Hillenbrand Industries and either Hill-Rom or Batesville Casket at the time of the spin-off, each of Hill-Rom and Batesville Casket proposes to indemnify Hillenbrand Industries to the extent that Hillenbrand Industries and its co-party are unable to satisfy any such claim.

Hillenbrand's Board of Directors and Hillenbrand's lead financial advisor was Citi, and Goldman, Sachs & Co. was co-advisor.

SECOND QUARTER CONFERENCE CALL/WEBCAST SCHEDULED FOR EARNINGS RESULTS

The company will sponsor a conference call and webcast for the investing public at 8:30 a.m. EDT, 7:30 a.m. CDT, on Thursday, May 10, 2007. During the event, management will discuss the planned separation and the results for the fiscal second quarter ended March 31, 2007, along with expectations for the remainder of fiscal 2007. The webcast is available at http://www.hillenbrand.com or http://ir.hillenbrand.com/eventdetail.cfm?eventid=37600 and will be archived on the company's Web site through May 10, 2008 for those who are unable to listen to the live webcast. Interested parties may access audio of the conference call live by dialing 800-819-9193 (International callers 913-981-4911); both are to use confirmation code 7157451 at the above time. A replay of the call is also available through May 15, 2007 at 888-203-1112 (719-457-0820).
International). Code 7157451 is needed to access the replay.

ABOUT HILLENBRAND INDUSTRIES, INC.

Hillenbrand Industries is organized into two operating companies serving the health care and funeral services industries. Hill-Rom is a leading worldwide manufacturer and provider of medical technologies and related services for the health care industry, including patient support systems, non-invasive therapeutic products for a variety of acute and chronic medical conditions, medical equipment rentals, and information technology solutions. Hill-Rom's comprehensive product and service offerings are used by health care providers across the health care continuum in hospitals, extended care facilities and home care settings to enhance the safety and quality of patient care.

Hill-Rom...enhancing outcomes for patients and their caregivers.

Batesville Casket Company is a leader in the North American death care industry through the sale of funeral services products, including burial caskets, cremation caskets, containers and urns, selection room display fixturing and other personalization and memorialization products.

Batesville Casket Company...helping families honor the lives of those they love.

www.hillenbrand.com

Disclosure Regarding Forward-Looking Statements

Certain statements in this press release contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, regarding the Company's future plans, objectives, beliefs, expectations, representations and projections. The Company has tried, wherever possible, to identify these forward-looking statements using words such as "intend," "anticipate," "believe," "plan," "encourage," "expect," "may," "goal," "become," "pursue," "estimate," "strategy," "will," "projection," "forecast," "continue," "accelerate," "promise," "increase," "higher," "lower," "reduce," "improve," "expand," "progress," "potential" or the negative of those terms or other variations of them or by comparable terminology. The absence of such terms, however, does not mean that the statement is not forward-looking. It is important to note that forward-looking statements are not guarantees of future performance, and the Company's actual results could differ materially from those set forth in any forward-looking statements. Factors that could cause actual results to differ from forward-looking statements include but are not limited to: the Company's dependence on its relationships with several large national providers and group purchasing organizations, changes in death rates, whether the Company's new products are successful in the marketplace, changes in customers' Medicare reimbursements, collections of accounts receivable, the success of the implementation of the Company's enterprise resource planning system, compliance with FDA regulations, antitrust litigation, potential exposure to product liability or other claims, failure of the Company's announced strategic initiatives and restructuring and realignment activities to achieve expected growth, efficiencies or cost reductions, disruptions in the Company's business or other adverse consequences resulting from the planned separation of the Company's two operating companies, failure of the Company to execute its acquisition and business alliance strategy through the consummation and successful integration of acquisitions or entry into joint ventures or other business alliances, competition from nontraditional sources in the funeral services business, volatility of the Company's investment portfolio, increased costs or unavailability of raw materials, labor disruptions, the ability to retain executive officers and other key personnel, and certain tax-related matters. For a more in depth discussion of these and other factors that could cause actual results to differ from those contained in forward-looking statements, see the discussions under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the period ended September 30, 2006. The Company assumes no obligation to update or revise any forward-looking statements.

Contact:
Blair A. (Andy) Rieth, Jr., Vice President, Investor Relations, Communications & Global Brand Development
Company: Hillenbrand Industries, Inc. and Hill-Rom
Phone: 812-931-2199
Email: andy.rieth@hillenbrand.com

Media:
Lauren Green-Caldwell, Director, Communications and Public Relations
Company: Hill-Rom
Phone: 812-934-8692
Email: lauren.green-caldwell@hillenbrand.com