

Hill-Rom Holdings, Inc.
Form DEF 14A
January 15, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Hill-Rom Holdings, 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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- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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**HILL-ROM HOLDINGS, INC.
NOTICE OF ANNUAL MEETING
To Be Held March 4, 2010**

The annual meeting of shareholders of Hill-Rom Holdings, Inc., an Indiana corporation, will be held at the offices of Hill-Rom Holdings, Inc., 1069 State Route 46 East, Batesville, Indiana 47006, on Thursday, March 4, 2010, at 10:00 a.m., Eastern Standard Time, for the following purposes:

- (1) To elect five members to the Board of Directors nominated by the Board of Directors;
- (2) To consider and vote on a proposal recommended by the Board of Directors to amend the Amended Articles of Incorporation of Hill-Rom Holdings, Inc. to provide for the annual election of the entire Board of Directors;
- (3) To consider and vote on a proposal recommended by the Board of Directors to amend the Amended Articles of Incorporation of Hill-Rom Holdings, Inc. to eliminate all supermajority voting provisions;
- (4) To consider and vote on a proposal recommended by the Board of Directors to approve a policy providing for an annual non-binding advisory shareholder vote on executive compensation; and
- (5) To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of Hill-Rom Holdings, Inc.

The Board of Directors has fixed the close of business on December 28, 2009, 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

January 15, 2010

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***HILL-ROM HOLDINGS, INC.
PROXY STATEMENT***

This proxy statement relates to the solicitation by the Board of Directors of Hill-Rom Holdings, Inc. (Hill-Rom , we , us or our), 1069 State Route 46 East, Batesville, Indiana 47006, telephone (812) 934-7777, of proxies for use at the annual meeting of Hill-Rom s shareholders to be held at Hill-Rom s offices (at the address shown above), on Thursday, March 4, 2010, at 10:00 a.m., 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 January 15, 2010.

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to Be Held on March 4, 2010.

The proxy statement and annual report to shareholders are available at www.proxyvote.com.

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GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

1. Who may vote?

Shareholders holding shares of Hill-Rom common stock as of the close of business on December 28, 2009, the record date, are entitled to vote at the annual meeting. You have one vote for each share of common stock held as of the record date, which may be voted on each proposal presented at the annual meeting.

2. What is the record date and what does it mean?

The record date for the annual meeting is December 28, 2009. The record date was established by the Board of Directors as required by our Amended and Restated Code of By-Laws and Indiana law. Owners of record of our common stock at the close of business on the record date are entitled to:

Receive notice of the annual meeting;

Attend the annual meeting in person if they so desire; and

Vote their shares of common stock on the proposals presented at the annual meeting.

3. How many shares of Hill-Rom common stock were outstanding on the record date?

At the close of business on the record date, there were 62,756,886 shares of common stock outstanding and entitled to vote at the annual meeting. Common stock is the only class of stock entitled to vote.

4. Why did I receive a notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials?

This year, pursuant to rules of the U.S. Securities and Exchange Commission (SEC) that allow companies to furnish their proxy materials over the Internet, we have sent to many of our shareholders an important Notice Regarding the Availability of Proxy Materials instead of a paper copy of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found in that Notice. In addition, shareholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis. A shareholder's election to receive proxy materials by mail or e-mail will remain in effect until the shareholder terminates the election.

5. Why didn't I receive a Notice Regarding the Availability of Proxy Materials in the mail regarding the Internet availability of proxy materials?

We are providing shareholders who have previously requested to receive paper copies of the proxy materials and certain other shareholders with paper copies of the proxy materials instead of a Notice Regarding the Availability of Proxy Materials. If you would like to reduce the costs incurred by us in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, follow the instructions provided with your proxy materials and on your proxy card or voting instruction card to vote using the Internet or go to www.enroll.icsdelivery.com/hrc. When prompted, indicate that you agree to receive or access shareholder communications electronically in the future.

6. Can I vote my shares by filling out and returning the Notice Regarding the Availability of Proxy Materials?

No. The Notice will, however, provide instructions on how to vote by telephone, by Internet, by requesting and returning a paper proxy card, or by submitting a ballot in person at the annual meeting.

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7. How can I access the proxy materials over the Internet?

You can view the proxy materials for the annual meeting on the Internet at www.proxyvote.com. Please have your 12 digit control number available. Your 12 digit control number can be found on your Notice Regarding the Availability of Proxy Materials. If you received a paper copy of your proxy materials, your 12 digit control number can be found on your proxy card or voting instruction form.

Our proxy materials are also available on our website at www.hill-rom.com.

8. What am I voting on?

You are voting on the matters identified in the Notice of Annual Meeting on the front cover of this proxy statement.

9. How does the Board recommend that I vote?

The Board recommends that you vote **FOR** each of the nominees for director and **FOR** each of the other proposals.

10. Why should I vote?

Your vote is very important regardless of the number of shares you hold. The Board strongly encourages you to exercise your right to vote as a Hill-Rom shareholder.

11. How do I vote?

You may vote by any of the following methods:

By Telephone or Internet If you have telephone or Internet access, you may submit your proxy vote by following the instructions provided in the Notice Regarding the Availability of Proxy Materials, or if you received a printed version of the proxy materials by mail, by following the instructions provided with your proxy materials and on your proxy card or voting instruction form.

By Mail You may submit your proxy vote by mail by signing a proxy card if your shares are registered or, for shares held beneficially in street name, by following the voting instructions included by your broker, trustee or nominee, and mailing it in the enclosed envelope. If you provide specific voting instructions, your shares will be voted as you have instructed. In order to vote by mail, you need either download a copy of the proxy card from the Internet, or request a hard copy of the proxy statement and proxy card, as described in the Notice Regarding the Availability of Proxy Materials.

In Person at the Annual Meeting

Shareholders of record. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares, the shareholder of record. As the shareholder of record, you have the right to vote in person at the annual meeting.

Street name shareholders. If your shares are held in a brokerage account or by another nominee or trustee, you are considered the beneficial owner of shares held in street name. As the beneficial owner, you are also invited to attend the annual meeting. Since a beneficial owner is not the shareholder of record, you may not vote these shares in person at the meeting unless you obtain a legal proxy from your broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. See question 18, Who can attend the annual meeting? below for additional information.

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12. If I vote by telephone or Internet and received a proxy card in the mail, do I need to return my proxy card?

No.

13. Can I change my vote?

If you are a shareholder of record, you may revoke your proxy at any time before the voting polls are closed at the annual meeting, by the following methods:

voting at a later time by telephone or Internet;

writing our Corporate Secretary, Patrick D. de Maynadier, Hill-Rom Holdings, Inc., 1069 State Route 46 East, Batesville, Indiana 47006; or

giving notice of revocation to the Inspector of Election at the annual meeting.

If you are a street name shareholder and you vote by proxy, you may later revoke your proxy by informing the holder of record in accordance with that entity's procedures.

14. What happens if I do not specify a choice for a proposal when returning a proxy?

You should specify your choice for each proposal on your proxy card or voting instruction form. Shares represented by proxies will be voted in accordance with the instructions given by the shareholders. If you are a shareholder of record and your proxy card is signed and returned without voting instructions, it will be voted according to the recommendation of the Board of Directors.

If you are a beneficial/street name shareholder and fail to provide voting instructions, your broker, bank or other holder of record is permitted to vote your shares on the proposal to amend our Amended Articles of Incorporation to provide for the annual election of the entire Board of Directors, the proposal to provide for an annual non-binding advisory shareholder vote on executive compensation and the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm. However, the record holder may not vote on the election of directors or the proposal to amend our Amended Articles of Incorporation to eliminate all supermajority voting provisions absent instructions from you. Without your voting instructions on these proposals, a broker non-vote will occur. If you are a beneficial/street name shareholder and your proxy card is signed and returned without voting instructions, it will be voted according to the recommendation of the Board.

15. What happens if other matters come up at the annual meeting?

The matters described in the notice of annual meeting are the only matters we know of that will be voted on at the annual meeting. If other matters are properly presented at the annual meeting, the persons named in the enclosed proxy card or voting instruction form will vote your shares according to their best judgment.

16. Who will count the votes?

A representative of Broadridge Financial Solutions, Inc., an independent tabulator appointed by the Board of Directors, will count the votes and act as the Inspector of Election. The Inspector of Election will have the authority to receive, inspect, electronically tally and determine the validity of the proxies received.

17. What is a quorum ?

A quorum is a majority of the outstanding shares of common stock and is required to hold the annual meeting. A quorum is determined by counting shares of common stock present in person at the annual meeting or represented by proxy. If you submit a properly executed proxy, you will be considered part of the quorum even if you abstain from voting. Broker non-votes are treated as present for the purpose of determining a quorum.

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18. Who can attend the annual meeting?

Admission to the annual meeting is limited to shareholders of Hill-Rom, persons holding validly executed proxies from shareholders who held Hill-Rom common stock on December 28, 2009, and invited guests of Hill-Rom.

If you are a shareholder of Hill-Rom, you must bring certain documents with you in order to be admitted to the annual meeting. The purpose of this requirement is to help us verify that you are actually a shareholder of Hill-Rom. Please read the following rules carefully because they specify the documents that you must bring with you to the annual meeting in order to be admitted. The items that you must bring with you differ depending upon whether you are a record holder or hold your stock in street name.

Proof of ownership of Hill-Rom stock must be shown at the door. Failure to provide adequate proof that you were a shareholder on the record date may prevent you from being admitted to the annual meeting.

If you were a record holder of Hill-Rom common stock on December 28, 2009, then you must bring a valid government-issued personal identification (such as a driver's license or passport).

If a broker, bank, trustee or other nominee was the record holder of your shares of Hill-Rom common stock on December 28, 2009, then you must bring:

- Valid government-issued personal identification (such as a driver's license or passport), and
- Proof that you owned shares of Hill-Rom common stock on December 28, 2009.

Examples of proof of ownership include the following: (1) a letter from your bank or broker stating that you owned Hill-Rom common stock on December 28, 2009; (2) a brokerage account statement indicating that you owned Hill-Rom common stock on December 28, 2009; or (3) the voting instruction form provided by your broker indicating that you owned Hill-Rom common stock on December 28, 2009.

If you are a proxy holder for a shareholder of Hill-Rom, then you must bring:

- The validly executed proxy naming you as the proxy holder, signed by a shareholder of Hill-Rom who owned shares of Hill-Rom common stock on December 28, 2009, and
- Valid government-issued personal identification (such as a driver's license or passport), and
- If the shareholder whose proxy you hold was not a record holder of Hill-Rom common stock on December 28, 2009, proof of the shareholder's ownership of shares of Hill-Rom common stock on December 28, 2009, in the form of a letter or statement from a bank, broker or other nominee indicating that the shareholder owned Hill-Rom common stock on December 28, 2009.

You may not use cameras, recording equipment or other electronic devices during the annual meeting.

19. How many votes must each proposal receive to be adopted?

Directors are elected by a plurality of the votes cast by shareholders entitled to vote, which means that nominees who receive the greatest number of votes will be elected even if less than a majority of the votes cast. However, our Corporate Governance Standards provide that, in an uncontested election, any nominee for director who receives a greater number of votes withheld from his or her election than votes for such election shall promptly tender his or her resignation. The Board is required to accept the resignation unless the Board determines, in the exercise of its fiduciary duties, that accepting such resignation would not be in the best interests of Hill-Rom and its shareholders. Hill-Rom will promptly disclose, in a Form 8-K, the Board's decision regarding whether to accept the director's resignation offer and, if applicable, the reason(s) for rejecting the resignation offer.

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Under our Amended Articles of Incorporation, approval of each of the two proposals to amend our Amended Articles of Incorporation requires the affirmative vote of at least two-thirds of the outstanding shares of our common stock. The proposal to provide for an annual non-binding advisory shareholder vote on executive compensation and ratification of the appointment of the independent registered public accounting firm will be approved if the votes cast favoring the action exceed the votes cast opposing the action.

20. How are votes, including broker non-votes and abstentions, counted?

Votes are counted in accordance with our Amended and Restated Code of By-Laws and Indiana law. A broker non-vote or abstention will be counted towards a quorum and as represented at the meeting. A broker non-vote or abstention will not be counted in the election of directors or the votes on the proposal to provide for an annual non-binding advisory shareholder vote on executive compensation and ratification of the appointment of the independent registered public accounting firm. With respect to the two proposals to amend our Amended Articles of Incorporation, broker non-votes and abstentions will have the same effect as a vote against such proposals. Shares will not be voted at the annual meeting if a properly executed proxy card covering those shares has not been returned and the holder does not cast votes in respect of those shares in person at the annual meeting.

21. How can I view the shareholder list?

A complete list of the registered shareholders entitled to vote at the annual meeting will be available to view during the annual meeting. You may access this list at Hill-Rom's offices at 1069 State Route 46 East, Batesville, Indiana 47006 during ordinary business hours during the five business days immediately before the annual meeting.

22. Who pays for the proxy solicitation related to the annual meeting?

We do. In addition to sending you or making available to you these materials, some of our directors and officers as well as management and non-management employees may contact you by telephone, mail, e-mail or in person. You may also be solicited by means of press releases issued by Hill-Rom, postings on our website, www.hill-rom.com, and advertisements in periodicals. None of our officers or employees will receive any extra compensation for soliciting you. We have retained Innisfree M&A Incorporated (Innisfree) to assist us in soliciting your proxy for an estimated fee of \$6,500, plus reasonable out-of-pocket expenses. Innisfree will ask brokers and other custodians and nominees whether other persons are beneficial owners of Hill-Rom common stock. If so, we will supply them with the Notice Regarding the Availability of Proxy Materials or proxy materials for distribution to the beneficial owners. We will also reimburse banks, nominees, fiduciaries, brokers and other custodians for their costs of sending the Notice Regarding the Availability of Proxy Materials or proxy materials to the beneficial owners of Hill-Rom common stock.

23. If I want to submit a shareholder proposal for the 2011 annual meeting, when is it due and how do I submit it?

In order for shareholder proposals submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 to be presented at our 2011 annual meeting of shareholders and included in our proxy statement and form of proxy relating to that meeting, such proposals must be submitted to the Secretary of Hill-Rom at our principal offices in Batesville, Indiana not later than September 17, 2010.

In addition, our Amended and Restated Code of By-laws provides that for business to be brought before a shareholders' meeting by a shareholder or for nominations to the Board of Directors to be made by a shareholder for consideration at a shareholders' meeting, notice thereof must be received by the Secretary of Hill-Rom at our principal offices not later than 100 days prior to the anniversary of the immediately preceding annual meeting, or not later than November 24, 2010 for the 2011 annual meeting of shareholders. The notice must also provide certain information set forth in the Amended and Restated Code of By-laws.

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

You may receive a hardcopy of proxy materials, including the Annual Report on Form 10-K, by following the directions set forth on the Notice Regarding the Availability of Proxy Materials. The Annual Report on Form 10-K is also available at on our website at www.hill-rom.com.

25. Where can I find the voting results of the annual meeting?

We will announce preliminary voting results at the conclusion of the annual meeting and publish the final voting results in a Form 8-K to be filed with the SEC within four business days after the conclusion of the annual meeting.

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Hill-Rom's Articles of Incorporation and Code of By-laws 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. Generally, directors in each class are elected for a three-year term unless they resign or retire earlier. These provisions are proposed to be amended as described below under Proposal No. 2 Amendment of Articles of Incorporation to Provide for Annual Election of Directors, but the Articles of Incorporation and Code of By-Laws currently in effect will govern the election of directors at the upcoming annual meeting regardless of whether Proposal No. 2 is approved by the shareholders at the annual meeting. If Proposal No. 2 is approved by the shareholders, the amendments to the Articles of Incorporation contemplated thereby will be effective for the election of directors commencing with the 2011 annual meeting of shareholders.

Hill-Rom's Amended Articles of Incorporation provide that the Board of Directors shall consist of not less than nine members as may be specified in Hill-Rom's Code of By-Laws. Hill-Rom's Code of By-Laws provides that the Board of Directors shall consist of nine to eleven members, as fixed from time to time by the Board of Directors. The Board of Directors currently consists of nine members, with three directors in each Class. The terms of the three directors in Class II, Ronald A Malone, Eduardo R. Menascé and John J. Greisch, expire at the upcoming annual meeting. Mr. Greisch was elected to replace Peter H. Soderberg as President and Chief Executive Officer of Hill-Rom effective January 8, 2010 and concurrently was elected to replace Mr. Soderberg as a Class II director. Additionally, because Hill-Rom's Code of By-Laws provides that any director elected by the Board of Directors to fill a vacancy will be elected for a term expiring at the next annual meeting of shareholders, the terms of Katherine S. Napier and James R. Giertz, each a Class I director elected by the Board in July and December 2009, respectively, expire at the upcoming annual meeting. Accordingly, at the upcoming annual meeting, the shareholders will elect two members of the Board of Directors in Class I to serve two-year terms expiring at the 2012 annual meeting of shareholders and three members of the Board of Directors in Class II to serve three-year terms expiring at the 2013 annual meeting of shareholders. The other directors in Class I and Class III were each previously elected to serve terms expiring at the 2012 and 2011 annual meetings, respectively.

At the annual meeting, proxies may not be voted for a greater number of persons than the number of nominees named in this proxy statement. 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 position may become vacant.

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

NOMINEES:**CLASS I**

Nominees to be elected to serve two-year terms expiring at the 2012 annual meeting:

Name	Age	Principal Occupation	Served As A Director Since
James R. Giertz	52	Senior Vice President and Chief Financial Officer of H.B. Fuller Company	2009
Katherine S. Napier	54	Chief Executive Officer of Arbonne International, LLC	2009

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Nominees to be elected to serve three-year terms expiring at the 2013 annual meeting:

Name	Age	Principal Occupation	Served As A Director Since
Ronald A. Malone	55	Executive Chairman of Gentiva Health Services, Inc.	2007
Eduardo R. Menascé	64	Retired President, Enterprise Solutions Group, Verizon Communications	2004
John J. Greisch	54	President and Chief Executive Officer of Hill-Rom	2010

CONTINUING DIRECTORS:**CLASS I**

Serving a term expiring at the 2012 annual meeting:

Name	Age	Principal Occupation	Served As A Director Since
Rolf A. Classon	64	Chairman of the Board of Hill-Rom	2002

CLASS III

Serving terms expiring at the 2011 annual meeting:

Name	Age	Principal Occupation	Served As A Director Since
Charles E. Golden	63	Retired Executive Vice President and Chief Financial Officer of Eli Lilly and Company	2002
W August Hillenbrand	69	Retired Chief Executive Officer of Hill-Rom	1972
Joanne C. Smith	49	President and Chief Executive Officer of the Rehabilitation Institute of Chicago	2003

Rolf A. Classon became Chairman of the Board of Hill-Rom on March 20, 2006. He served as Interim President and Chief Executive Officer of Hill-Rom from May 11, 2005 until March 20, 2006 and as Vice Chairman of the Board from December 4, 2003 until his election as Interim President and Chief Executive Officer. He was Chairman of the Executive Committee of Bayer HealthCare, a sub group of Bayer AG, from October 2002 to July 2004, and was President of Bayer Health Care L.L.C., a subsidiary of Bayer AG, from October 2002 to July 2004. 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

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Executive Vice President, worldwide marketing, sales and service. 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 Boards of Directors of Enzon Pharmaceuticals, Inc., a company focused on oncology and antiviral pharmaceuticals, Millipore Corporation, a bioscience company that provides technologies, tools and services for the discovery, development and production of therapeutic drugs and for other purposes, Auxilium Pharmaceuticals, Inc., a specialty pharmaceutical company in the fields of urology and men's health, and Eurand N.V., a specialty pharmaceutical company. He also was a director of PharmaNet Development Group, Inc., an international drug development services company, until its acquisition by another company in March 2009.

James R. Giertz has served as a director of Hill-Rom since December 2009. He has been Senior Vice President and Chief Financial Officer of H.B. Fuller Company, St. Paul, Minnesota, since March 2008. Formerly, he was the Senior Managing Director and Chief Financial Officer of GMAC ResCap from September, 2006 to April, 2007, Senior Vice President, Commercial and Industrial Products of Donaldson Company, Inc. from 2000 to September, 2006 and the Senior Vice President and Chief Financial Officer thereof from 1994 to 2000. Prior thereto Mr. Giertz held various executive positions with General Motors Corporation. Mr. Giertz serves on the Board of Directors of Normandale Community College Foundation and Junior Achievement of the Upper Midwest.

Charles E. Golden has served as director of Hill-Rom since 2002. He retired as Executive Vice President and Chief Financial Officer for, and as a member of the Board of Directors of, Eli Lilly and Company, Indianapolis, Indiana, a global provider of pharmaceutical products and health care information, in April 2006. He joined Eli Lilly in those capacities 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 serves on the Boards of Directors of Unilever N.V., Unilever PLC, Eaton Corporation, Clarian Health Partners, Lilly Endowment and Crossroads of America Council (Boy Scouts of America) (as past President), and on the Finance Committee of the Indianapolis Museum of Art, and as a Board member and Secretary/Treasurer of the Indiana Stadium and Convention Building Authority.

John J. Greisch was elected as President and Chief Executive Officer of Hill-Rom on January 8, 2010. Previously, he held various executive positions with Baxter International, Inc., which develops, manufactures and distributes healthcare products, systems and services, since 2002, including President, International Operations, since 2006; Chief Financial Officer from 2004 to 2006; and President, Bioscience Division, from 2003 to 2004. Prior to his time at Baxter, Mr. Greisch was President and Chief Executive Officer of Fleetpride Corporation, a private distribution company serving the transportation industry. Mr. Greisch serves on the Board of Directors of TomoTherapy, Inc. and Children's Memorial Hospital Foundation and on the Board of Trustees of the John G. Shedd Aquarium.

W August Hillenbrand has served as a director of Hill-Rom since 1972 and served as Chief Executive Officer of Hill-Rom from 1989 until 2000. Mr. Hillenbrand also served as President of Hill-Rom from 1981 until 1999. Prior to his retirement in December 2000, Hill-Rom had employed Mr. Hillenbrand throughout his business career. Mr. Hillenbrand is the Chief Executive Officer of Hillenbrand Capital Partners, an unaffiliated family investment partnership. He is on the Board of Directors of Hillenbrand, Inc., which Hill-Rom spun-off during 2008. Mr. Hillenbrand retired from the Boards of Directors of DPL Inc. of Dayton, Ohio and Pella Corporation of Pella, Iowa during 2008.

Ronald A. Malone has served as a director of Hill-Rom since July 2007. He has been Executive Chairman of the Board of Directors of Gentiva Health Services, Inc. since January 2009, having served as Chairman and Chief Executive Officer of Gentiva from June 2002 to December 2008. He served as Executive Vice President of Gentiva from March 2000 to June 2002 and as President of Gentiva's home health services division from January 2001 to June 2002. Prior to joining Gentiva, he served in various positions with Olsten Corporation including Executive Vice President of Olsten Corporation and President, Olsten Staffing Services, United States and Canada, from January 1999 to March 2000. From 1994 to December 1998, he served successively as Olsten's Senior Vice President, Southeast Division; Senior Vice President, Operations; and Executive Vice President, Operations.

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Eduardo R. Menascé has served as a director of Hill-Rom since 2004. He is the retired President of the Enterprise Solutions Group for Verizon Communications, Inc., New York City, New York. Prior to the merger of Bell Atlantic and GTE Corporation, which created Verizon Communications, he was the President and Chief Executive Officer of CTI MOVIL S.A. (Argentina), a business unit of GTE Corporation, from 1996 to 2000. Mr. Menascé has also held senior positions at CANTV in Venezuela and Wagner Lockheed and Alcatel in Brazil and from 1981 to 1992 served as Chairman of the Board and Chief Executive Officer of GTE Lighting in France. He earned a Bachelor's degree in Industrial Engineering from Universidad Pontificia Catolica de Rio de Janeiro and a Master's degree in Business Administration from Columbia University. Mr. Menascé currently serves on the Boards of Directors of Pitney Bowes Inc., a global provider of integrated mail and document management solutions, John Wiley & Sons, Inc., a developer, publisher and seller of products in print and electronic media for educational, professional, scientific, technical, medical, and consumer markets, KeyCorp, one of the nation's leading bank-based financial service companies, and Hillenbrand, Inc.

Katherine S. Napier has served as a director of Hill-Rom since July 2009. She has been Chief Executive Officer of Arbonne International, LLC since August 2009. From March 2006 to becoming Arbonne's CEO, Ms. Napier served on various public company and non profit Boards of directors, including Alberto Culver Company, Exact Sciences Corporation, Mentor Corporation, Third Wave Technologies, and Catholic Health Care Partners. Formerly, she was the Senior Vice President of Marketing at McDonald's Corporation from July 2005 to March 2006, prior to which she held various executive level marketing roles at McDonalds since 2002. Ms. Napier also held various senior executive roles at The Procter & Gamble Company from 1979 to 2002, including her most recent role as Vice President, North American Pharmaceuticals & Corporate Women's Health & Vitality. Ms. Napier now serves on the Board of Directors of EXACT Sciences Corporation and Xavier University. She also served on the Board of Alberto Culver Company until August 2009.

Joanne C. Smith, M.D. has served as a director of Hill-Rom since 2003 and as Vice Chairperson of the Board of Directors of Hill-Rom since 2005. She was elected as President and Chief Executive Officer of the Rehabilitation Institute of Chicago in October 2006. She had been the President of the National Division of the Rehabilitation Institute of Chicago since November 2005. Prior to that, Dr. Smith had 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.

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Proposal No. 2 Amendment of Articles of Incorporation to Provide for Annual Election of Directors

Hill-Rom's Amended Articles of Incorporation currently provide that the Board of Directors is divided into three classes, with each class elected every three years. On the recommendation of the Nominating/Corporate Governance Committee, the Board has approved, and recommends to the shareholders for approval, amendments to the Amended Articles of Incorporation providing for the annual election of the entire Board of Directors commencing in 2013.

If the amendments are approved by the shareholders, beginning at the 2011 annual meeting of shareholders, classes of directors whose terms expire at the annual meeting will be elected for one-year terms. This will result in the entire Board being elected annually for one-year terms beginning at the 2013 annual meeting of shareholders. If the amendments are approved by shareholders, conforming changes will be made to Hill-Rom's Amended and Restated Code of By-Laws.

Section 7.1 of Hill-Rom's Amended Articles of Incorporation contains the provisions that will be affected if this proposal is adopted. Appendix A to this proxy statement shows the proposed changes to Section 7.1, with deletions indicated by strike-outs and additions indicated by double underlining.

This proposal is a result of ongoing review of corporate governance matters by the Board. The Board, assisted by the Nominating/Corporate Governance Committee, considered the advantages and disadvantages of maintaining the classified board structure. The Board considered the view of some shareholders who believe that classified boards have the effect of reducing the accountability of directors to shareholders because classified boards limit the ability of shareholders to evaluate and elect all directors on an annual basis. The election of directors is the primary means for shareholders to influence corporate governance policies. The Board also considered benefits of retaining the classified board structure, which has a long history in corporate law. Proponents of a classified structure believe it provides continuity and stability in the management of the business and affairs of a company because a majority of directors always have prior experience as directors of the company. Proponents also assert that classified boards may enhance shareholder value by forcing an entity seeking control of a target company to initiate arms-length discussions with the board of that company, because the entity cannot replace the entire board in a single election. While the Board recognizes those potential benefits, it also notes that even without a classified board, Hill-Rom has other means to compel a takeover bidder to negotiate with the Board, including certain provisions of Indiana law.

On the recommendation of the Nominating/Corporate Governance Committee, the Board approved the amendments, and now recommends that the shareholders approve them. The Board supports this change and believes that by taking this action, it can provide shareholders further assurance that the directors are accountable to shareholders while maintaining appropriate defenses to respond to inadequate takeover bids.

The affirmative vote of at least two-thirds of the outstanding shares of common stock is required to approve this proposal.

The Board of Directors recommends that you vote FOR the proposal to amend Hill-Rom's Amended Articles of Incorporation to provide for the annual election of the entire Board of Directors.

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Proposal No. 3 Amendment of Articles of Incorporation to Eliminate Supermajority Voting Provisions

Hill-Rom's Amended Articles of Incorporation currently provide that directors can be removed only for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of all of the shares of Hill-Rom entitled to vote generally in the election of directors, voting together as a single class. Additionally, the Amended Articles of Incorporation currently provide that Article 7 of the Amended Articles of Incorporation, which addresses various matters related to the Board of Directors, including number, term of office, vacancies, removal and quorum, may be altered, amended or repealed only by the affirmative vote of the holders of at least two-thirds of the voting power of all of the shares of Hill-Rom entitled to vote generally in the election of directors, voting together as a single class. On the recommendation of the Nominating/Corporate Governance Committee, the Board has approved, and recommends to the shareholders for approval, amendments to the Amended Articles of Incorporation to eliminate these supermajority voting provisions.

If the amendments are approved by the shareholders, directors may be removed for cause with the affirmative vote of a majority of the voting power of all of the shares of Hill-Rom entitled to vote generally in the election of directors, voting together as a single class. Additionally, the provision dealing with the alteration, amendment or repeal of Article 7 would be deleted in its entirety, with the result that such Article may be altered, amended or repealed in the same manner as any other provision of the Amended Articles of Incorporation in accordance with the Indiana Business Corporation Act, which generally would require approval of a majority of the shares entitled to vote, subject to any special voting rights of any class or series of stock. If the amendments are approved by shareholders, conforming changes will be made to Hill-Rom's Amended and Restated Code of By-Laws.

Sections 7.3 and 7.5 of Hill-Rom's Amended Articles of Incorporation contain the provisions that will be affected if this proposal is adopted. Appendix B to this proxy statement shows the proposed changes to Sections 7.3 and 7.5, with deletions indicated by strike-outs and additions indicated by double underlining.

This proposal is a result of ongoing review of corporate governance matters by the Board. The Board, assisted by the Nominating/Corporate Governance Committee, considered the advantages and disadvantages of maintaining these supermajority voting provisions. The Board considered the view of some shareholders that the supermajority voting provisions may make it more difficult for one or a few large shareholders to replace important corporate governance rules of the company to further a special interest, or to take control of the company, and help ensure that important corporate governance rules are not changed without the clear consensus of a substantial majority of shareholders that such change is prudent and in the best interests of the company. While the Board recognizes those potential benefits, the Board also recognizes that supermajority voting provisions are disfavored by many shareholders and shareholder groups for the same reasons—that is, that they make it more difficult for shareholders to change important rules relating to the election of directors or other governance matters. In view of the Board's proposal to be presented at the annual meeting to declassify the Board and provide for the annual election of the entire Board, the Board believes that maintaining the supermajority provisions could provide only marginal benefit, if any. Accordingly, on the recommendation of the Nominating/Corporate Governance Committee, the Board approved the amendments, and now recommends that the shareholders approve them.

The affirmative vote of at least two-thirds of the outstanding shares of common stock is required to approve this proposal.

The Board of Directors recommends that you vote FOR the proposal to amend Hill-Rom's Amended Articles of Incorporation to eliminate the supermajority voting provisions.

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Proposal No. 4 Annual Non-Binding Vote on Executive Compensation

As described below under Executive Compensation Compensation Discussion and Analysis, Hill-Rom is committed to maintaining an executive compensation program that fosters performance and the creation of long-term shareholder value. Our Compensation and Management Development Committee has designed our executive compensation program based on principles and objectives that reflect that commitment. We also value the input of our shareholders regarding our compensation philosophy, policies, procedures and decisions, and our Board of Directors therefore has approved the submission to our shareholders of a policy that, if approved by shareholders, would give our shareholders an annual non-binding advisory vote on certain aspects of our executive compensation.

Specifically, if this proposal is approved by shareholders, then commencing with our 2011 annual meeting of shareholders, we will provide shareholders an annual non-binding advisory vote as to (1) our overall executive compensation philosophy, policies and procedures, as described in the Compensation Discussion and Analysis (CD&A) included in our proxy statement and (2) the compensation decisions made by the Compensation and Management Development Committee with regard to Named Executive Officer performance, as described in the CD&A. The vote will be non-binding and will not affect any compensation paid or awarded to our executive officers, including the Named Executive Officers, nor will it obligate our Board or Compensation and Management Development Committee to make any changes to our executive compensation program.

We recognize that recent legislative and regulatory proposals have proposed mandating a say on pay shareholder vote similar to the one we are proposing. If a similar shareholder vote is required by law or regulation, we will comply with that law or regulation instead of the policy we are asking you to vote on at the upcoming annual meeting.

This proposal will be approved if the votes cast in favor of the proposal exceed the votes cast opposing the proposal.

The Board of Directors recommends that you vote FOR the policy providing for an annual non-binding advisory shareholder vote on executive compensation.

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Subject to shareholder ratification, the Audit Committee of our Board of Directors has appointed the firm of PricewaterhouseCoopers LLP (PwC), certified public accountants, as the independent registered public accounting firm to make an examination of the consolidated financial statements of Hill-Rom for its fiscal year ending September 30, 2010. PwC served as Hill-Rom's independent registered public accounting firm for the year ended September 30, 2009. A representative from PwC will be present at the annual meeting with an opportunity to make a statement, if he or she so desires, and will be available to respond to appropriate questions.

The Audit Committee has adopted a policy requiring that all services from the outside independent registered public accounting firm must be pre-approved by the Audit Committee or its delegate (Chairperson) and has adopted guidelines that non-audit related services, including tax consulting, tax compliance and tax preparation fees, should not exceed the total of audit and audit related fees. During fiscal 2009, PwC's fees for non-audit related services fell within these guidelines.

The following table presents fees for professional services rendered by PwC for the audit of our annual consolidated financial statements for the years ended September 30, 2009 and 2008, and fees billed for other services rendered by PwC during those periods.

	2009	2008
Audit Fees (1)	\$ 1,282,000	\$ 2,205,985
Audit-Related Fees (2)	866,000	1,277,450
Tax Fees (3)	40,728	25,000
All Other Fees (4)	1,500	1,500
Total	\$ 2,190,228	\$ 3,509,935

(1) Audit Fees were billed by PwC for professional services rendered for the integrated audit of our consolidated financial statements and our internal control over financial reporting, along with the review and audit of the application of new accounting pronouncements, SEC releases and accounting for unusual transactions, including the audit of our

interim intangible asset impairment analysis. The fiscal 2008 amount includes billings for services rendered in connection with our adoption of accounting guidance related to uncertain income tax positions and incremental services in connection with the spin-off of our former funeral services business.

- (2) Audit-Related Fees were billed by PwC for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and that are not disclosed under Audit Fees above. These audit-related services in fiscal 2009 included fees related to acquisition accounting and other transaction related fees. The fiscal 2008 amount included additional audit fees incurred as a

result of the spin-off of our former funeral services business.

Both years included the statutory audits of European and other foreign entities.

(3) Tax Fees were billed by PwC for professional services rendered for tax compliance, tax advice and tax planning.

(4) All Other Fees were billed by PwC for all other products and services provided to us. These fees were for software and a subscription to PwC's online accounting research tool.

The Board of Directors recommends that the shareholders vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP as Hill-Rom's independent registered public accounting firm.

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CORPORATE GOVERNANCE

Both the Board of Directors and management of Hill-Rom firmly embrace good and accountable corporate governance and believe that an attentive, performing Board is a tangible competitive advantage. Director compensation has always been comprised of 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 Hill-Rom. Since May 2002, Hill-Rom has welcomed to the Board eight of Hill-Rom's current directors, all of whom are proven leaders, seven of whom are independent and seven of whom have significant experience in the health care or related industries. The Board has had a majority of independent directors since December 4, 2003. The Board has established position specifications, including performance criteria, for itself, the Chairman of the Board, the Vice Chairperson of the Board and the Chief Executive Officer.

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

Board's Role in Strategic Planning

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

Each year, typically in the spring, summer and fall, senior management sets aside specific periods to develop, discuss and refine Hill-Rom's long-range operating plan and overall corporate strategy. Specific operating priorities are developed to effectuate Hill-Rom'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 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, including a two to three day offsite retreat in July dedicated to strategic planning. 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. To the extent necessary to support strategy, the Board, with assistance from outside advisors, also from time to time evaluates other matters such as Hill-Rom's corporate and capital structure.

At most Board meetings, the Board substantively reviews Hill-Rom's progress against its strategic plans and exercises 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 and critical areas for extended, focused Board input and discussion.

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

Functioning of the Board

The Board and Board committees agenda setting process generally involves all directors. The Chairman of the Board, Chief Executive Officer and Secretary initially develop a proposed agenda for Board meetings with the

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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. Proposed agenda items that fall within the scope of responsibilities of a Board committee are initially developed by the chair of that committee with the Secretary. After initial agendas are developed, the Chairman of the Board, Chief Executive Officer and Secretary discuss coordination of the agendas and make further modifications, as appropriate. Board and committee agendas and materials related to agenda items are provided to Board members sufficiently, typically at least one week, in advance of regular meetings to allow the directors to review and provide feedback on the agendas and related materials and to prepare for discussion of the items at the meetings. More recently the Board has added an executive session at the beginning of each of its regular meetings to allow directors, after they have reviewed the materials provided to them in advance of the meeting, to provide additional guidance on the structure and areas of focus and emphasis of each meeting.

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

The chairs of the committees of the Board each preside over the portion of the Board meetings at which the principal items to be considered are within the scope of the authority of their respective committees. 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, typically at least one week, in advance of regular meetings 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 at the beginning and end of Board meetings, and, depending on directors' desire, from time to time during 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.

Communications with Directors; Director Attendance at Annual Meeting

In order to provide Hill-Rom'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 and implemented the following procedures for communications to directors.

Security holders of Hill-Rom and other interested persons may communicate with the Chairman of the Board, the chairs of Hill-Rom's Nominating/Corporate Governance Committee, Audit Committee or Compensation and Management Development Committee or the non-management directors of Hill-Rom as a group by sending an email to investors@hill-rom.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 Hill-Rom's Investor Relations Department and General Counsel. The Investor Relations Department will relay all such communications to the appropriate director or directors unless the Investor Relations Department and General Counsel determine that the communication:

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

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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 Hill-Rom's Investor Relations Department and only in accordance with Hill-Rom's policies and procedures and applicable law and regulations relating to the disclosure of information.

Hill-Rom'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.

Hill-Rom has not established a formal policy regarding director attendance at its annual meetings of shareholders, but all of Hill-Rom'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 Hill-Rom's 2009 annual meeting of shareholders attended that meeting.

Corporate Governance Standards

The Board has adopted Corporate Governance Standards for the Board of Directors that provide the framework for the effective functioning of the Board of Directors. 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, Compensation and Management Development Committee and Nominating/Corporate Governance Committee;
provide that at least a majority of the directors of Hill-Rom 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;

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provide that in an uncontested election, any nominee for director who receives a greater number of votes withheld from his or her election than votes for such election shall promptly tender his or her resignation, with the Board being required to accept the resignation unless the Board determines, in the exercise of its fiduciary duties, that accepting such resignation would not be in the best interests of Hill-Rom and its shareholders;

provide that the non-management directors shall conduct executive sessions without participation by any employees of Hill-Rom at each regularly scheduled meeting of the Board;

limit the number of public company boards on which a director may sit to four without Board approval;

provide that no Board member may be nominated or re-nominated to serve on the Board if he/she has reached his/her 72nd birthday prior to the term for which he or she is being considered, with an opportunity for the Board (based on a recommendation of the Nominating/Corporate Governance Committee) to waive the age limit on a case-by-case basis;

provide that, because it is the desire of the Board to have its composition include a healthy slate of actively employed directors, the Board has an objective that it be composed of a minimum of 50% employed members;

provide that all proposed related party transactions between Hill-Rom or any of its subsidiaries and any director or executive officer of Hill-Rom must be reviewed and approved by the Nominating/Corporate Governance Committee in advance.

Stock Ownership Guidelines for Directors and Executive Officers

Hill-Rom's Corporate Governance Standards include stock ownership guidelines for Hill-Rom's directors and executive officers. In general, these standards require non-employee directors to hold deferred stock shares (otherwise known as restricted stock units) granted to them until six months after they cease to be directors and that executive officers of Hill-Rom must achieve and maintain a minimum level of stock ownership as discussed further under Executive Compensation Compensation Discussion and Analysis.

Code of Ethical Business Conduct and Related Matters

The Board of Directors has adopted a Code of Ethical Business Conduct covering, among other matters, conflicts of interest, corporate opportunities, confidentiality, protection and proper use of Hill-Rom's assets, fair dealing, compliance with laws, including insider trading laws, accuracy and reliability of Hill-Rom's books and records and reporting of illegal or unethical behavior. This Code applies to all directors, officers and other employees of Hill-Rom, including Hill-Rom's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The Board reviews, from time to time, and makes changes to the Code based on recommendations made by the Audit Committee of the Board. Hill-Rom's Code of Ethical Business Conduct constitutes a code of ethics within the meaning of Item 406 of the SEC's Regulation S-K.

All employees, including Hill-Rom's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, are required to participate in ethics training and abide by the Code of Ethical Business Conduct to ensure that Hill-Rom's business is conducted in a consistently legal and ethical manner. All members of the Board of Directors and all officers of Hill-Rom and its subsidiaries are required annually to certify their compliance with the Code and disclose any exceptions to compliance.

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

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questionable accounting or auditing matters. Hill-Rom currently has such procedures in place and has effectively and independently addressed concerns raised by employees and others.

Hill-Rom has adopted a stand alone Code of Conduct that is consistent with the Advanced Medical Technology Association's (AdvaMed) Code of Ethics on Interactions with Health Care Professionals. AdvaMed is a medical technology association, representing members that produce nearly 90 percent of the health care technology purchased annually in the United States and more than 50 percent purchased annually around the world. The AdvaMed Code is a voluntary code of ethics to facilitate members' ethical interactions with those individuals or entities that purchase, lease, recommend, use, arrange for the purchase or lease of, or prescribe members' medical technology products in the United States. Hill-Rom is a member of AdvaMed. The AdvaMed Code can be accessed at www.advamed.org/MemberPortal/About/code/codeofethics.htm.

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

Pursuant to the Foreign Corrupt Practices Act and the Sarbanes-Oxley Act of 2002, Hill-Rom monitors and enforces policies, and implements a system of internal controls, designed to detect and prevent money laundering, corruption and bribery. Supporting processes include ethics training and certification regarding, among other compliance matters, compliance with the Foreign Corrupt Practices Act, documentation, training and testing, new hire criminal background checks and internal audit procedures.

Director Education

Hill-Rom has an orientation and continuing education process for Board members that includes extensive materials, meetings with key management, visits to company facilities and Hill-Rom and industry events. Moreover, as part of directors' education, which includes, among other things, regular dedicated sessions regarding Hill-Rom's businesses and operations, Audit Committee sponsored financial literacy and legal and regulatory compliance training, and participation in Hill-Rom and industry trade events, the Board requires each director to attend an outside governance or director related seminar at least once every three years.

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 Hill-Rom'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 on December 3, 2009, based on an annual evaluation performed by and recommendations made by the Nominating/Corporate Governance Committee, consistent with past practices.

As set forth in Hill-Rom'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 Hill-Rom or any of its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with Hill-Rom or any of its subsidiaries). In assessing the materiality of a director's relationship with Hill-Rom 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 must also consider the director's ownership, or affiliation with the owner, of less than a controlling amount of voting securities of Hill-Rom. The Board cannot conclude that a director is independent in the following circumstances:

The director is, or has been within the last three years, an employee of Hill-Rom or any of its subsidiaries, or an immediate family member of the director is, or has been within the last three

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years, an executive officer of Hill-Rom (but employment as an interim executive officer will not disqualify a director from being considered independent following that employment).

The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 per year in direct compensation from Hill-Rom or its subsidiaries, 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).

(A) The director is a current partner or employee of a firm that is the internal or external auditor of Hill-Rom or any of its subsidiaries; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on Hill-Rom's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the audit of Hill-Rom or any of its subsidiaries within that time.

The director or an immediate family member of the director is, or has been within the last three years, employed as an executive officer of another company where any of Hill-Rom's present executives at the same time serves or served on that company's compensation committee.

The director is a current employee, or an immediate family member of the director is a current executive officer, of a company that has made payments to, or received payments from, Hill-Rom for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

The director owns, or is affiliated with the owner of, a controlling amount of voting stock of Hill-Rom.

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 Hill-Rom conducted follow up interviews with certain directors. On the basis of these materials and the standards described above, the Board determined that each of Rolf A. Classon, James R. Giertz, Charles E. Golden, Ronald A. Malone, Eduardo R. Menascé, Katherine S. Napier and Joanne C. Smith is independent.

The Board considered that Charles E. Golden is a member of the Board of Directors of Clarian Health Partners, which purchased approximately \$3.5 million, \$3.2 million and \$4.9 million of products and services from Hill-Rom in the fiscal years 2007, 2008 and 2009, 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 and services purchased from Hill-Rom by Clarian Health Partners in the last three years has been substantially below 2% of the consolidated gross revenues of Clarian Health Partners in those years.

With respect to Eduardo R. Menascé, the Board considered Hill-Rom's payment to or receipt from entities of which Mr. Menascé serves as a director of de minimis amounts for goods and services in the ordinary course of business. In addition, the Board considered that Hill-Rom has had ordinary course of business banking and financial services relationships that do not constitute advisory services with Key Corp., for which Mr. Menascé serves as a director. In determining that these relationships were not material, the Board considered that Mr. Menascé was not an executive officer of any of the entities to or from which Hill-Rom made or received payments and that the payments have not exceeded \$1,000,000 in any of the last three years.

With respect to Joanne C. Smith, the Board considered the fact that the Rehabilitation Institute of Chicago, of which Dr. Smith has served as President and Chief Executive Officer since October 2006, has purchased approximately \$57,000, \$419,000 and \$290,000 of products and services from Hill-Rom in fiscal years 2007, 2008 and 2009, respectively. In evaluating this relationship, the Board considered that the amount of purchases by the Rehabilitation Institute of Chicago in the last three years constituted significantly less than 2% of the gross revenues

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of the Rehabilitation Institute of Chicago in those years and that Dr. Smith had no direct authority for purchasing decisions. On the basis of these factors, the Board determined that this relationship was not material.

The Board concluded that, based on all of the relevant facts and circumstances, none of these relationships constituted a material relationship with Hill-Rom that represents a potential conflict of interest or otherwise interferes with the exercise by any of these directors of his or her independent judgment from management and Hill-Rom.

Also on the basis of the standards described above and the materials submitted by the directors, the Board determined that W August Hillenbrand does not meet the standards for independence. John J. Greisch also does not meet the independence standards because of his current service as President and Chief Executive Officer of Hill-Rom. Accordingly, neither of these non-independent directors serves on the Audit, Compensation and Management Development or Nominating/Corporate Governance Committees of the Board of Directors.

Transactions with Related Persons

The Corporate Governance Standards for the Board require that all new proposed related party transactions involving executive officers or directors must be reviewed and approved by the Nominating/Corporate Governance Committee in advance. The Corporate Governance Standards do not specify the standards to be applied by the Nominating/Corporate Governance Committee in reviewing transactions with related persons. However, we expect that in general the Nominating/Corporate Governance Committee will consider all of the relevant facts and circumstances, including, if applicable, but not limited to: the benefits to us; the impact on a director's independence in the event the related person is a director, an immediately family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available for similar transactions with unrelated third parties.

During fiscal 2009, there were no related person transactions that are required to be disclosed in this proxy statement.

Board of Directors Role in Chief Executive Officer (CEO) and Executive Succession Planning

Our Board of Directors is accountable for the development, implementation and continual review of a succession plan for the CEO and other executive officers. Board members are expected to have a thorough understanding of the characteristics necessary for a CEO to execute on a long-term strategy that optimizes operating performance, profitability and shareowner value creation. As part of its responsibilities under its Charter, the Compensation and Management Development Committee of the Board oversees the succession planning process for the CEO, each of his direct reports and each of their direct reports and other key employees. The Compensation and Management Development Committee's succession management process focuses on the top eighty executives. The process ensures that critical business capabilities are safeguarded, executive development is accelerated, and strategic talent is leveraged to focus on current and new business imperatives. The ongoing succession process is designed to reduce vacancy, readiness and transition risks and develop strong leadership quality and executive bench strength. The succession and development plans for each of the CEO's direct reports, including internal CEO succession candidates, all of whom with which the Board has ongoing exposure, is reviewed annually with the Board by the CEO and the Senior Vice President of Human Resources. The Board also reviews the foregoing in executive session.

In September 2009, the Board announced plans to facilitate the orderly succession and retirement of Peter H. Soderberg, President and CEO. The process culminated with the election of John J. Greisch as President and CEO effective January 8, 2010. Consistent with his wishes conveyed at the time of his arrival in 2006 and endorsed by the Board at that time, Mr. Soderberg will formally retire as an employee of the company at the end of April 2011 (at age 65). The Board formed a search committee to identify a new CEO and retained Spencer Stuart, a leading executive recruiting firm, to advise the Board. The search process, included a review of both internal and external candidates. Mr. Soderberg is now the Chief Innovation Officer reporting to Mr. Greisch. In that role, it is anticipated that Mr. Soderberg will continue to advise and help shape the company's business and product innovation initiatives on a part-time basis.

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To make sure that Mr. Soderberg's talents were available and maximized for Hill-Rom's and the new CEO's benefit during the succession process and subsequent transitional period, and ensure Mr. Soderberg remained flexible as to his retirement date so as to ensure a suitable successor could be found without undue time pressure on the Board and without penalizing Mr. Soderberg in the event the successor was found prior to Mr. Soderberg's retirement at age 65, the Compensation and Management Development Committee, after consultation with its outside consultant and the Board, modified Mr. Soderberg's compensation and benefits. The arrangement provided the flexibility to ensure an orderly and planned transition regardless of when the new CEO would have been elected. Mr. Soderberg's revised compensation and benefits arrangements are described below under Executive Compensation Compensation Discussion and Analysis Employment Agreements. Mr. Greisch's compensation and benefits arrangements also are described below under Executive Compensation Compensation Discussion and Analysis Retirement, Change in Control and Severance and Employment Agreements. Mr. Greisch's arrangements reflect changes from the arrangements with prior CEOs, including a double trigger Change in Control Agreement that does not contain excise tax gross-up provisions and no allowance for personal use of Hill-Rom aircraft.

Meetings and Committees of the Board of Directors

It is the general policy of Hill-Rom that all significant decisions be considered by the Board as a whole. As a consequence, the committee structure of the Board is limited to those committees considered to be basic to, or required for, the operation of a publicly owned company. Currently these committees are the Audit Committee, Compensation and Management Development Committee and Nominating/Corporate Governance Committee, each of which has a written charter adopted by the Board of Directors. The Nominating/Corporate Governance Committee recommends the members and chairs of these committees to the Board. The Audit Committee, Compensation and Management Development Committee and Nominating/Corporate Governance Committee are made up of only independent directors.

During the fiscal year ended September 30, 2009, the Board of Directors of Hill-Rom held seven meetings. During this period, no member of the Board of Directors attended fewer than 75% of the aggregate of the number of meetings of the full Board of Directors and the number of meetings of the committees on which he or she served.

The following table shows the composition of the committees of the Board of Directors.

Director	Audit Committee	Nominating/ Corporate Governance Committee	Compensation and Management Development Committee
Rolf A. Classon (Board Chairman) (I)		VC	ü
James R. Giertz (I)	ü		
Charles E. Golden (I)	C	ü	
John J. Greisch			
W August Hillenbrand			
Ronald A. Malone (I)			C
Eduardo R. Menascé (I)	VC	ü	
Katherine S. Napier (I)	ü		
Joanne C. Smith, M.D. (Board Vice Chairperson) (I)		C	VC

I = Independent
Director

C = Committee
Chair

VC = Committee

Vice Chair

The **Audit Committee** has general oversight responsibilities with respect to Hill-Rom's financial reporting and financial controls. It regularly reviews Hill-Rom's financial reporting process, its system of internal controls

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regarding accounting, legal and regulatory compliance and ethics that management or the Board has established and the internal and external audit processes of Hill-Rom. The Audit Committee consists of Charles E. Golden (Chairman), Eduardo R. Menascé (Vice Chairman), James R. Giertz and Katherine S. Napier. Rolf A. Classon also served on the Audit Committee until the election of Ms. Napier to the Board and the Audit Committee on July 16, 2009. During the fiscal year ended September 30, 2009, the Audit Committee held ten meetings. Each member of the Audit Committee is independent under Rule 10A-3 of the SEC and NYSE listing standards and meets the financial literacy guidelines established by the Board in the Audit Committee Charter. The Board interprets financial literacy to mean the ability to read and understand audited and unaudited consolidated financial statements (including the related notes) and monthly operating statements of the sort released or prepared by Hill-Rom, as the case may be, in the normal course of its business. The Board of Directors has determined that each of Messrs. Golden, Menascé and Giertz is an audit committee financial expert as that term is defined in Item 407(d) of Regulation S-K of the SEC.

The **Compensation and Management Development Committee** assists the Board in ensuring that the officers and key management of Hill-Rom are effectively compensated in terms of salaries, supplemental compensation and other benefits that are internally equitable and externally competitive. The Committee is also responsible for reviewing and assessing the talent development and succession management actions concerning the officers and key employees of Hill-Rom. The Compensation and Management Development Committee consists of Ronald A. Malone (Chairman), Joanne C. Smith (Vice Chair) and, since July 16, 2009, Rolf A. Classon. Patrick T. Ryan also served as a member of the Committee until his resignation on July 16, 2009. During the fiscal year ended September 30, 2009, the Compensation and Management Development Committee held five meetings. Each member of the Compensation and Management Development Committee is independent as defined by the New York Stock Exchange listing standards.

The **Nominating/Corporate Governance Committee** consists of Joanne C. Smith (Chairperson), Rolf A. Classon (Vice Chairman), Charles E. Golden, and Eduardo R. Menascé. The Nominating/Corporate Governance Committee held six meetings during the fiscal year ended September 30, 2009. Each member of the Nominating/Corporate Governance Committee is independent as defined by the New York Stock Exchange listing standards.

The primary function of the Nominating/Corporate Governance Committee is to assist the Board of Directors in ensuring that Hill-Rom is operated in accordance with prudent and practical corporate governance standards, ensuring that the Board achieves its objective of having a majority of its members be independent in accordance with New York Stock Exchange and other regulations and identifying candidates for the Board of Directors.

The Board of Directors has adopted position specifications applicable to members of the Board of Directors, and nominees for the Board of Directors recommended by the Nominating/Corporate Governance Committee must meet the qualifications set forth in these position specifications. The specifications provide that a candidate for director should not ever (i) have been the subject of an SEC enforcement action in which he or she consented to the entry of injunctive relief, a cease and desist order, or a suspension or other limitation on the ability to serve as a corporate officer or supervisor, (ii) had any license suspended or revoked due to misconduct of any type or (iii) violated any fiduciary duty to Hill-Rom or its Code of Ethical Business Conduct, and should exhibit the following characteristics:

Have a reputation for industry, integrity, honesty, candor, fairness and discretion;

Be an acknowledged expert in his or her chosen field of endeavor, which area of expertise should have some relevance to Hill-Rom's businesses or operations;

Be knowledgeable, or willing and able to become so quickly, in the critical aspects of Hill-Rom's businesses and operations; and

Be experienced and skillful in serving as a competent overseer of, and trusted advisor to, senior management of a substantial publicly held corporation.

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In addition, as specified in the charter for the Nominating/Corporate Governance Committee, nominees for the Board of Directors recommended by the Nominating/Corporate Governance Committee should contribute to the mix of skills, core competencies and qualifications of the Board through expertise in one or more of the following areas: accounting and finance, product and technology development, healthcare, manufacturing, services businesses, sales and market development, international operations, international governance, mergers and acquisitions related business development, strategic oversight, government relations, investor relations, executive leadership development, public company governance, and executive compensation design and processes.

The Nominating/Corporate Governance Committee reviews incumbent directors against the position specifications applicable to members of the Board of Directors and independence standards set forth in the New York Stock Exchange listing standards. Additionally, the Board as a whole, the Board committees and the individual incumbent directors who are being nominated for election at the next annual meeting of shareholders are formally evaluated annually by the Nominating/Corporate Governance Committee, whose findings are reviewed with the Board. The Nominating/Corporate Governance Committee retains a nationally recognized consulting firm to assist it with the evaluation process and retains a nationally recognized executive search firm to assist it with the identification and evaluation of new directors.

The Nominating/Corporate Governance Committee's policy with respect to the consideration of director candidates recommended by shareholders is that it will consider such candidates. Any such recommendations should be communicated to the Chairman of the Nominating/Corporate Governance Committee in the manner described above in Communications with Directors and should be accompanied by substantially the same types of information as are required under Hill-Rom's Code of By-laws for shareholder nominees.

Hill-Rom's Code of By-Laws provides that nominations of persons for election to the Board of Directors of Hill-Rom may be made at any meeting of shareholders by or at the direction of the Board of Directors or by any shareholder entitled to vote for the election of members of the Board of Directors at the meeting. For nominations to be made by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of Hill-Rom and any nominee must satisfy the qualifications established by the Board of Directors of Hill-Rom from time to time as contained in the proxy statement of Hill-Rom for the immediately preceding annual meeting or posted on the Website of Hill-Rom at www.hill-rom.com. To be timely, a shareholder's nomination must be delivered to or mailed and received by the Secretary not later than (i) in the case of the annual meeting, 100 days prior to the anniversary of the date of the immediately preceding annual meeting which was specified in the initial formal notice of such meeting (but if the date of the forthcoming annual meeting is more than 30 days after such anniversary date, such written notice will also be timely if received by the Secretary by the later of 100 days prior to the forthcoming meeting date and the close of business 10 days following the date on which Hill-Rom first makes public disclosure of the meeting date) and (ii) in the case of a special meeting, the close of business on the tenth day following the date on which Hill-Rom first makes public disclosure of the meeting date. The notice given by a shareholder must set forth: (i) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the shareholder is a holder of record, setting forth the shares so held, and intends to appear in person or by proxy as a holder of record at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between such shareholder and each nominee proposed by the shareholder and any other person or persons (identifying such person or persons) pursuant to which the nomination or nominations are to be made by the shareholders; (iv) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC; (v) the consent in writing of each nominee to serve as a director of Hill-Rom if so elected, and (vi) a description of the qualifications of such nominee to serve as a director of Hill-Rom.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended September 30, 2009, the following directors served on the Compensation and Management Development Committee: Joanne C. Smith, Rolf A. Classon, Ronald A. Malone and Patrick T. Ryan. The Compensation and Management Development Committee had no interlocks or insider participation.

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Availability of Governance Documents

Copies of Hill-Rom's Corporate Governance Standards, Code of Ethical Business Conduct and Board committee charters are available on Hill-Rom's website at www.hill-rom.com or in print to any shareholder who requests copies through Hill-Rom's Investor Relations office. Also available on Hill-Rom's website are position specifications adopted by the Board for the positions of Chief Executive Officer, Chairman of the Board of Directors, Vice Chairperson of the Board of Directors, Vice Chairperson of each of the committees of the Board of Directors and other members of the Board of Directors.

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AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors (the Committee) is composed solely of directors, who are independent under SEC Rule 10A-3 and the NYSE's listing standards. The Committee operates under a written charter adopted by the Board of Directors.

Management is responsible for Hill-Rom's internal controls, financial reporting process and compliance with laws and regulations and ethical business standards. The independent registered public accounting firm is responsible for performing an integrated audit of Hill-Rom's consolidated financial statements and its internal control over financial reporting in accordance with standards of the Public Company Accounting Oversight Board (PCAOB) and the issuance of a report thereon. The Committee's responsibility is to monitor and oversee these processes.

In this regard, the Committee meets separately at most regular committee meetings with management, the Vice President of Internal Audit and Hill-Rom's outside independent registered public accounting firm. The Committee has the authority to conduct or authorize investigations into any matters within the scope of its responsibilities and the authority to retain such outside counsel, experts, and other advisors as it determines appropriate to assist it in the conduct of any such investigation. In addition, the Committee approves, subject to shareholder ratification, the appointment of Hill-Rom's outside independent registered public accounting firm, PricewaterhouseCoopers LLP (PwC), and pre-approves all audit and non-audit services to be performed by the firm.

In this context, the Committee has reviewed and discussed the consolidated financial statements with management and PwC. Management represented to the Committee that Hill-Rom's consolidated financial statements were prepared in accordance with generally accepted accounting principles. PwC discussed with the Committee matters required to be discussed by Statement on Auditing Standards No. 114 (The Auditor's Communication With Those Charged With Governance). Management and the independent registered public accounting firm also made presentations to the committee throughout the year on specific topics of interest, including: (i) current developments and best practices for audit committees; (ii) updates on the substantive requirements of the Sarbanes-Oxley Act of 2002, including management's responsibility for assessing the effectiveness of internal control over financial reporting; (iii) key elements of anti-fraud programs and controls; (iv) transparency of corporate financial reporting; (v) Hill-Rom's critical accounting policies; (vi) the applicability of several new and proposed accounting releases; and (vii) numerous SEC accounting developments.

PwC also provided to the Committee the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent accountant's communications with the audit committee regarding independence. PwC informed the Audit Committee that it was independent with respect to Hill-Rom within the meaning of the securities acts administered by the SEC and the requirements of the PCAOB, and PwC discussed with the Committee that firm's independence with respect to Hill-Rom. In addition, the Committee considered whether non-audit consulting services provided by the auditors' firm could impair the auditors' independence and concluded that such services have not impaired the auditors' independence.

Based upon the Committee's discussions with management and PwC and the Committee's review of the representations of management and the report of PwC to the Committee, the Committee recommended to the Board of Directors that the audited consolidated financial statements be included in Hill-Rom's Annual Report on Form 10-K for the year ended September 30, 2009.

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In addition, the Committee has discussed with the Chief Executive Officer and the Chief Financial Officer of Hill-Rom the certifications required to be given by such officers in connection with Hill-Rom's Annual Report on Form 10-K pursuant to the Sarbanes-Oxley Act of 2002 and SEC rules adopted thereunder, including the subject matter of such certifications and the procedures followed by such officers and other management in connection with the giving of such certifications.

Submitted by the Audit Committee*

Charles E. Golden (Chairman)

Eduardo R. Menascé (Vice Chairman)

Katherine S. Napier

(Each of whom the Board of Directors has determined is an independent director under applicable standards)

* James R. Giertz was elected to the Audit Committee after the approval of the Audit Committee Report, and his name therefore does not appear under the Report.

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The following table sets forth information with respect to the beneficial ownership of our outstanding common stock as of December 28, 2009 by:

- each of our directors and our Named Executive Officers;
- all of our directors and executive officers as a group; and
- each person or entity who is known by us to be the beneficial owner of more than five percent of our common stock.

Our common stock is our only class of equity securities outstanding. Except as otherwise noted in the footnotes below, the individual director or executive officer or their family members had sole voting and investment power with respect to such securities. None of the shares beneficially owned by our directors and executive officers are pledged as security. The number of shares beneficially owned includes, as applicable, directly and/or indirectly owned shares of common stock, common stock shares underlying stock options that are currently exercisable or will become exercisable within 60 days from December 28, 2009, and deferred stock share awards (otherwise known as restricted stock units or RSUs) that are vested or will vest within 60 days from December 28, 2009. Except as specified below, the business address of the persons listed is our headquarters, 1069 State Route 46 East, Batesville, Indiana 47006.

Name of Beneficial Owner	Shares		Shares Underlying Stock Options Exercisable within 60 Days	Shares Underlying RSUs That are Vested or Will Vest within 60 Days	Total Number of Shares Beneficially Owned	Percent of Class
	Owned Directly	Owned Indirectly				
<i>Directors and Executive Officers:</i>						
Rolf A. Classon	15,806		14,800	33,598	64,204	*
Peter H. Soderberg ⁽¹⁾	63,150	25,125	392,001	6,620	486,896	*
John J. Greisch						0.0%
James R. Giertz				833	833	*
Charles E. Golden	3,853		14,800	22,600	41,253	*
W August Hillenbrand	74,277	1,078,937	72,000	12,720	1,237,934	2.0%
Ronald A. Malone				7,749	7,749	*
Eduardo R. Menascé				11,138	11,138	*
Katherine S. Napier				836	836	*
Joanne C. Smith	2,000			20,641	22,641	*
Gregory N. Miller	24,622		129,321		153,943	*
Patrick D. de Maynadier	16,362		184,595		200,957	*
C. Jeffrey Kao	7,947		44,611		52,558	*
John H. Dickey	11,364		113,802	1,129	126,295	*
All directors and executive officers as a group (19 individuals)	196,925	1,079,379	1,008,723	111,244	2,396,271	3.8%
<i>Other 5% Beneficial Owners:</i>						
HealthCor Management, L.P. 152 West 57th Street, 47th Floor New York, NY 10019					4,000,000 ⁽²⁾	6.4%

Keeley Asset Management Corp.
401 South LaSalle Street
Chicago, IL 60605

3,251,070₍₃₎ 5.2%

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* Less than 1% of the total shares outstanding.

(1) Mr. Soderberg resigned as President and Chief Executive Officer of Hill-Rom effective January 8, 2010. He continues to serve as a part-time employee of Hill-Rom in the non-executive officer capacity of Chief Innovation Officer.

(2) This information is based solely on Amendment No. 1 to Schedule 13G filed by HealthCor Management, L.P. with the SEC on February 17, 2009. The Schedule 13G also was filed with respect to all or a portion of such shares by HealthCor Associates, LLC, HealthCor Offshore, Ltd., HealthCor Offshore Master

Fund, L.P.,
HealthCor
Offshore GP,
LLC, HealthCor
Hybrid
Offshore, Ltd.,
HealthCor
Hybrid Offshore
Master Fund,
L.P., HealthCor
Hybrid Offshore
GP. LLC,
HealthCor
Group LLC,
HealthCor
Capital, L.P.,
HealthCor, L.P.
and Joseph
Healey, each
with the same
address as
HealthCor
Management,
L.P., and by
Arthur Cohen,
12 South Main
Street, #203,
Norwalk, CT
06854.

- (3) This information is based solely on Schedule 13G filed by Keeley Asset Management Corp. with the SEC on February 13, 2009.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Background

Our Named Executive Officers for fiscal year 2009 are Peter H. Soderberg, former President and Chief Executive Officer; Gregory N. Miller, Senior Vice President, Chief Financial Officer and Treasurer; Patrick D. de Maynadier, Senior Vice President, General Counsel and Secretary; C. Jeffrey Kao, President, North America Acute Care; and John H. Dickey, Senior Vice President, Human Resources. Mr. Soderberg resigned as President and Chief Executive Officer effective January 8, 2010 and continues to serve as a part-time employee of Hill-Rom in the capacity of Chief Innovation Officer.

The elements and amounts of the compensation of the Named Executive Officers have been designed and determined by the Compensation and Management Development Committee of our Board of Directors (the Compensation Committee) in collaboration with management and approved by Hill-Rom's Board of Directors.

Objectives and Principles of Hill-Rom's Executive Compensation Program

The objectives of Hill-Rom's executive compensation program are to ensure officers and key management personnel are effectively compensated in terms of base salary, variable compensation and other benefits that are internally equitable and externally competitive and advance the long term interests of Hill-Rom's shareholders. Hill-Rom's compensation program is designed to reward business performance at enterprise and business unit levels, shareholder value creation and individual performance relative to predefined duties and responsibilities.

Hill-Rom's compensation program is based on the following guiding principles, which support Hill-Rom's commitment to maintain a compensation program that fosters performance and the creation of long-term shareholder value:

- Aligning management's interests with those of shareholders;
- Motivating and providing incentive for employees to achieve superior results;
- Assuring clear accountabilities and providing rewards for producing results;
- Ensuring competitive compensation in order to attract and retain superior talent; and
- Ensuring simplicity and transparency in compensation structure.

Hill-Rom's executives' fixed compensation (which primarily includes base salaries, benefits and limited perquisites), as well as executives' short-term and long-term performance based compensation at target levels of performance, have generally been designed to fall at approximately the 50th percentile of compensation paid by companies with which Hill-Rom competes for executive talent. Total compensation is paid above or below the 50th percentile of the applicable market when pre-established business and/or personal criteria targets are exceeded or are not achieved. Our executives' short-term and long-term performance based compensation are each expressed as a percentage of their base salaries. Total direct compensation is targeted at the 50th percentile of the applicable market.

Process for Determining Compensation

The Compensation Committee is charged with ensuring that Hill-Rom's compensation programs meet the objectives outlined above. In that role, the Compensation Committee makes all executive compensation decisions, administers Hill-Rom's compensation plans and keeps the Board of Directors informed regarding executive compensation matters. The Compensation Committee, in consultation with Hill-Rom's compensation consultant and the full Board, determines the compensation of the Chief Executive Officer. The Chief Executive Officer makes

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recommendations to the Compensation Committee regarding the compensation of his direct reports, including Hill-Rom's other Named Executive Officers. From time to time, Hill-Rom management also provides recommendations to the Compensation Committee regarding modifications to the elements and structure of Hill-Rom's compensation program. The process and methodology for determining compensation for the Named Executive Officers is generally consistent for each Named Executive Officer, including the Chief Executive Officer, unless otherwise noted.

The Compensation Committee engages nationally recognized outside compensation and benefits consulting firms (1) to evaluate independently and objectively the effectiveness of and assist with implementation of Hill-Rom's compensation and benefit programs and (2) to provide the Compensation Committee with additional expertise in the evaluation of Hill-Rom's compensation practices and of the recommendations developed by management and firms engaged by Hill-Rom. The consultants also provide information and insights relative to current and emerging compensation and benefits practices. From fiscal year 2005 to fiscal year 2008, Ernst & Young served as the Compensation Committee's compensation consultant. For fiscal year 2009, the Compensation Committee has retained Mercer (US) Inc. (Mercer) as its compensation and benefits consulting firm. The Compensation Committee periodically changes its consultant in order to obtain a fresh perspective on executive compensation and benefits. Mercer was selected after interviewing several nationally recognized firms. Criteria for selection included:

- Technical expertise
- Experience within the medical technology sector
- Previous experience of Principal Consultant serving as consultant to a committee of the Board of Directors
- Key project costs and annual fees
- Availability and responsiveness
- Objectivity

Mercer provides other consulting services to Hill-Rom, most of which are in the areas of Health & Welfare. The Compensation Committee regularly reviews and approves these services as part of the Committee's ongoing vigilance as to Mercer's objectivity.

Among the factors considered by the Compensation Committee in determining the elements and amounts of total compensation are peer group data, survey data, internal pay equity, external market conditions, individual factors, and aggregate compensation.

Peer Group and Survey Data. As one of several factors in considering approval of elements of Hill-Rom's compensation programs, the Compensation Committee has compared Hill-Rom's compensation programs and performance against an approved peer group of companies. The compensation peer group, which is periodically reviewed and updated by the Compensation Committee, consists of companies that are similar in size and in similar industries as Hill-Rom and with whom Hill-Rom may compete for executive talent. In May 2009, Mercer conducted a review of Hill-Rom's peer group. After evaluating many potential peer companies against various criteria, including, among others, participation in similar market segments, revenue size, number of employees, total equity value, and comparable published operating and financial metrics, the Board of Directors of the company elected to add additional peer companies for purposes of evaluating the Company's performance. A key objective in selecting peers was to align Hill-Rom's planned fiscal year 2009 revenue with the median revenue of its peer companies. Hill-Rom focused on companies whose revenue's were one-half to two times Hill-Rom's planned revenue. The 2009 peer group median revenue was \$1.8 billion and Hill-Rom's planned revenue was \$1.6 billion. Seven additional companies were added (as shown below). Hill-Rom's 2008 fiscal year Peer Group and 2009 Peer Group are provided in the table below:

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2008 Fiscal Year

Apria Healthcare Group, Inc.
 C. R. Bard, Inc.
 Beckman Coulter, Inc.
 Becton Dickinson & Co.
 Conmed Corporation
 Dentsply International, Inc.
 Hospira, Inc.,
 Invacare Corporation
 Kinetic Concepts, Inc.
 Mettler-Toldeo International, Inc.
 Steris Corporation

2009 Fiscal Year

Removed From Peer Group¹
 C. R. Bard, Inc
 Beckman Coulter, Inc.
 Removed From Peer Group²
 Conmed Corporation
 Dentsply International, Inc
 Hospira, Inc.,
 Invacare Corporation
 Kinetic Concepts, Inc.
 Mettler-Toldeo International, Inc
 Steris Corporation
 Varian Medical Systems, Inc.
 PerkinElmer, Inc.
 Inverness Medical Innovations, Inc.
 The Cooper Companies, Inc.
 ResMed Inc.
 Integra Lifesciences Holdings Corporation
 Edwards Lifesciences Corporation

Additional Peers —————→

¹ Apria Healthcare Group, Inc. was acquired by another company during 2008 and therefore has been removed from the peer group.

² Becton Dickinson & Co. was removed from the peer group this year as its revenues were no longer comparable.

In addition to peer group data, the Compensation Committee considers survey data that include a broad sample of Fortune 1000 companies, focusing on data regarding companies with revenues within a range of one-half to two times Hill-Rom's revenue or its business units, companies in the manufacturing industry and companies with a comparable number of full time equivalent employees. The Compensation Committee uses data compiled from various compensation surveys (i.e., consolidated data averaged from at least three surveys) from human resource benefit firms such as Watson & Wyatt, Mercer and others as appropriate. The purpose of the survey data is to provide an additional source of market data to validate the findings under the proxy analysis. In particular, the survey data provide

additional data based on the specific job responsibilities of the Named Executive Officers compared to the appropriate market.

Internal Pay Equity. From time to time, the Compensation Committee has examined the relationship between the compensation paid to executives within each pay grade and within Hill-Rom as a whole to avoid any unjustified differences in compensation. In May 2009, the Compensation Committee compared the pay of Hill-Rom's Chief Executive Officer to the next highest executive and to the average of its four other Named Executive Officers as part of its analysis and approval of the compensation program for fiscal year 2009. In light of this information (coupled with other information reviewed as described in more detail below), the Compensation Committee did not identify issues within this analysis that would warrant any changes in compensation strategy. The Compensation Committee intends to review internal pay equity again in the fall of 2010 as part of a total compensation review for Hill-Rom's Named Executive Officers.

External Market Conditions and Individual Factors. The Compensation Committee is aware that it cannot establish total executive compensation levels solely on the basis of the median range of competitive benchmark

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