GLOBAL POWER EQUIPMENT GROUP INC.
Form 8-K/A
May 04, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

Amendment No. 1

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 11, 2017

Global Power Equipment Group Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	001-16501	73-1541378

(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

400 E. Las Colinas Boulevard, Suite 400

Irving, Texas 75039

(Address of Principal Executive Offices, Zip Code)

Registrant’s telephone number, including area code: 214-574-2700

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01Completion of Acquisition or Disposition of Assets.

Explanatory Note

For the reasons set forth below, this Amendment No. 1 (as defined below) is being filed solely to comply with the pro forma financial statement filing requirements of Form 8-K and should not be relied on by investors. Instead, investors should refer to the Form 10-K (as defined below) for the most recent financial information.

Global Power Equipment Group Inc. (“we,” “us,” the “Company,” or “Global Power”) is filing this Amendment No. 1 on Form 8-K/A (the “Amendment No. 1”) to its Current Report on Form 8-K (the “Original Report”), filed with the U.S. Securities and Exchange Commission (the “SEC”) on October 12, 2017, solely to provide the unaudited pro forma condensed financial information required by Item 2.01 and 9.01 of Form 8-K with respect to the sale of the Company’s Braden U.S., Braden Europe and Consolidated Fabricators businesses to affiliates of Innova Global Limited Partnership, a portfolio company of TriWest Capital Partners V (2015) Inc. which occurred in October 2017.

In addition, the Company’s Quarterly Report on Form 10-Q for the third quarter of 2017 (the “Third Quarter Report”), filed with the SEC on January 31, 2018, reflected the accrual of $4.4 million as of December 31, 2015, for a potential liability for liquidated damages related to a project entered into by the Company with a partner. The Company’s estimate regarding this matter remained unchanged until October 16, 2017, when the Company received a Notice of Substantial Completion, which stated that the joint venture met the contractual performance criteria. Therefore, the Company concluded that no performance liquidated damages would be incurred and, accordingly, $4.4 million was recognized and included in revenue in its 2017 consolidated statement of operations contained in the Annual Report on Form 10-K for the year ended December 31, 2017 filed on April 16, 2018 (the “Form 10-K”). This $4.4 million revenue recognition should have also been reflected in the Third Quarter Report, and we therefore chose to reflect it in the pro forma financial information included in Item 9.01 of this Amendment No. 1. In addition, certain amounts have been reclassified in the unaudited pro forma condensed consolidated statement of operations for all periods presented in order to conform with the presentation in the Form 10-K.

Except as stated in this Explanatory Note, no other information contained in any Item of the Original Report is being amended, updated or otherwise revised. In particular, investors should note that, in the fourth quarter of 2017 (after the filing of the Original Report), the Company made the decision to exit and sell its Electrical Solutions segment. The Company further determined that the Electrical Solutions segment — in addition to the Mechanical Solutions segment — met the definition of a discontinued operation. As a result, both the Mechanical Solutions and Electrical Solutions segments are presented as discontinued operations in the Form 10-K. Unless otherwise specified, the financial information and discussion in the Form 10-K are as of December 31, 2017 and are based on Global Power’s continuing operations; they exclude any results of the Company’s discontinued operations. Please refer to “Note 4—Changes in Business” to the consolidated financial statements included in the Form 10-K for additional information. Although the classification of Electrical Solutions as a discontinued operation occurred prior to the filing of this Amendment No. 1, since it did not occur prior to the required filing date of the pro forma financial information of this Amendment No. 1, it is not reflected in this Amendment No. 1.

Accordingly, investors should not rely on the information in this Amendment No. 1, which is being filed solely to comply with the pro forma financial statement filing requirements of Form 8-K, and should instead refer to the Form 10-K for the most recent financial information.

Cautionary Note

All of the pro forma financial information included in Item 9.01 of this Amendment No. 1, other than historical information or statements of historical fact, are “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, all of the pro forma financial information and the notes related thereto with respect to the transaction described herein. Because of events subsequent to the filing of the Original Report (described above), actual results will differ materially from the forward-looking statements made herein. The pro forma financial information contained in Item 9.01 does not reflect the classification of the Company’s Electrical Solutions segment as a discontinued operation. Additional risks and uncertainties include the risk factors disclosed in the Form 10-K, which the Company filed with the SEC on April 16, 2018. The Company does not undertake to revise these statements to reflect subsequent developments, except as required under the federal securities laws. Investors are cautioned not to rely on any of these forward-looking statements. Investors should not rely on the financial information contained herein and should instead refer to the Form 10-K for updated financial information.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

Unaudited Pro Forma Condensed Consolidated Financial Information is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Please also refer to “Explanatory Note” and “Cautionary Note” contained in Item 2.01 above. The information set forth under Item 2.01 of this Amendment No. 1 is incorporated herein by reference.

(d) Exhibits.

The following exhibit is filed as part of this report:

Exhibit Number	Description
99.1	Unaudited pro forma condensed consolidated financial information.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Unaudited pro forma condensed consolidated financial information.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 4, 2018

Global Power Equipment
Group Inc.

By: /s/ Charles E. Wheelock
Charles E. Wheelock
Vice President,
Administration, General
Counsel, & Secretary

-SPACE: nowrap; VERTICAL-ALIGN: bottom">
Target

Maximum

Weight

Achieved

Achievement
STIC Revenue*

$2,423

$2,692

$2,961

25%

$2,665

25%
STIC Adjusted EPS**

$2.64

$3.10

$3.57

50%

$3.17

51%
STIC Operating Cash Flow***

$247

$290

$334

25%

$302

26%
Percentage Payout

50%

100%

150%

STIC Plan Funding Percentage

102%
* Revenue as reported to investors was $2,655 million versus a STIC revenue of $2,665. The difference between the reported numbers and the numbers used to calculate STIC relates to the impact of fluctuations in foreign exchange rates.
** Adjusted EPS as reported to investors was $3.38 versus a STIC Adjusted EPS of $3.17. Adjusted EPS as reported to investors excludes the impact of strategic developments, acquisition and integration costs, special charges or other unusual events. The difference between the reported adjusted EPS and STIC Adjusted EPS relates to the exclusion for STIC Adjusted EPS of the benefit realized for the reinstatement of the Research and Development tax credit and the suspension of the Medical Device Tax in the US.
*** Operating Cash Flow as reported to investors was $281 million versus STIC Operating Cash Flow of $302 million. The differences between the reported numbers and the numbers used to calculate STIC relates to the cash flow impact of a significant contribution to our pension plan and debt refinancing as well as the benefit realized for the reinstatement of the Research and Development tax credit and suspension of the Medical Device Tax in the US.

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The objectives are set with the intention that the relative level of difficulty in achieving the targets is consistent from year to year. In addition, in order to encourage management to take actions in the best interests of Hill-Rom, the Compensation and Management Development Committee has the discretion to exclude nonrecurring special charges and amounts from the calculation of these targets. Following the completion of fiscal year 2016, the Compensation and Management Development Committee reviewed the adjusted financial performance of Hill-Rom against the predetermined financial targets and determined that based on our performance in fiscal year 2016, the aggregate STIC Funding Percentage was 102.1%, demonstrating significant pay for performance alignment.

For fiscal year 2016, the Compensation and Management Development Committee revised the STIC Plan target metrics to include Operating Cash Flow, along with Revenue and Adjusted EPS, both of which were used in fiscal year 2015. The Compensation and Management Development Committee made this change to increase management's focus on cash flow generation, which it deemed particularly important as a driver of shareholder value, especially in light of the change in Hill-Rom's capital structure following the Welch Allyn acquisition in September of 2015.

STIC Target Opportunity and Fiscal Year 2016 Payouts. The following chart shows the fiscal year 2016 STIC Plan Target Opportunity and fiscal year 2016 STIC Plan Payout for each NEO. The payouts reflect the Company performance of 102.1% of target plus the application of any Individual Performance Modifiers awarded.

Name	Fiscal Year 2016 Base Salary	Fiscal Year 2016 STIC Plan Target Opportunity as a % of Base Salary	Fiscal Year 2016 STIC Plan Target Opportunity	Fiscal Year 2016 STIC Plan Payout***
John J. Greisch	$ 1,030,000	110%	$ 1,133,000	$ 1,156,793
Steven J. Strobel	$ 489,000	75%	$ 366,750	$ 449,342
Deborah M. Rasin*	$ 337,500	60%	$ 202,500	$ 217,090
Alton E. Shader	$ 464,000	70%	$ 324,800	$ 464,269
Carlyn D. Solomon**	$ 630,000	80%	$ 504,000	$ 428,648

*Ms. Rasin joined the Company on January 1, 2016 and her base salary is prorated to her hire date for purposes of the STIC Plan payout.
**Mr. Solomon left the Company in November 2016.
*** The Individual Performance Modifiers applied by the Compensation and Management Development Committee were 100% for Mr. Greisch, 120% for Mr. Strobel, 105% for Ms. Rasin, 140% for Mr. Shader and 83% for Mr. Solomon.

Fiscal Year 2017 Changes to STIC Plan Target Opportunity. The Compensation and Management Development Committee confirmed that the Fiscal Year 2016 STIC Plan Target Opportunities remain appropriate for all NEOs for Fiscal Year 2017.

<u>Long-Term Equity Based Incentive (LTI) Awards</u>

Overview: Hill-Rom's Stock Incentive Plan provides for the opportunity to grant stock options, Restricted Stock Units (RSUs), Performance Share Units (PSUs) and other equity-based incentive awards to officers, other key employees and non-employee directors to help align those individuals' interests with those of shareholders, to help motivate executives to make sound strategic long-term decisions, and to better enable Hill-Rom to attract and retain capable directors and executive personnel.

Hill-Rom's LTI program provides a portfolio approach to long-term incentives by providing:

· Awards targeted to align with competitive market levels;

· Payouts that correlate high performance with increased payouts and low performance with reduced payouts;

- A mix of awards representative of typical market practice; and

- Awards that support internal equity among Hill-Rom's executives.

In addition, the Compensation and Management Development Committee considers the Stock Incentive Plan share usage rate, compensation expense, number of plan participants and potential aggregate target awards for participants when determining target award levels and the mix of long-term incentive awards.

Target LTI Opportunity and Fiscal Year 2016 Awards. The following chart shows the fiscal year 2016 Target LTI Opportunity and Awards for each NEO.

Name	Fiscal Year 2016 Base Salary	Fiscal Year 2016 Target LTI Opportunity (as a % of Base Salary)	Fiscal Year 2016 Target LTI Award
John J. Greisch	$1,030,000	475%	$4,892,500
Steven J. Strobel	$489,000	225%	$1,100,250
Deborah M. Rasin*	$337,500	175%	N/A
Alton E. Shader	$464,000	175%	$812,000
Carlyn D. Solomon**	$630,000	300%	$1,890,000

*Ms. Rasin joined the Company on January 1, 2016 and her base salary is prorated to her hire date for purposes of the Target LTI Opportunity.
**Mr. Solomon left the Company in November of 2016.

Stock Options. In fiscal year 2016, a stock option grant was made to each of the NEOs equal to 25% of the target long-term equity award opportunity. Stock options vest in four equal annual installments.

RSUs. In fiscal year 2016, an RSU grant was made to each of the NEOs equal to 25% of the target long-term equity award opportunity. RSUs vest on a three-year cliff basis.

PSUs. In fiscal year 2016, a PSU grant was made to each of the NEOs equal to 50% of the target long-term equity award opportunity. These awards provide the opportunity to earn a predefined number of shares based on achievement of performance objectives during a three-year performance period. The number of units earned can vary from no payout for below threshold performance to 225% of target for maximum performance.

Calculation of shares. The dollar value of an LTI award at grant is converted to RSUs and PSUs based on the average closing price of Hill-Rom stock over a period of the 20 business days prior to the grant date. A binomial stock option valuation model is used to calculate the number of stock options awarded.

For the PSU awards granted in fiscal year 2014, vesting was based on a one-year Adjusted Free Cash Flow measure modified by relative TSR over a three-year period, in each case, subject to a minimum percentage payout of 0% of target for below threshold performance, and a maximum percentage payout of 150% of target for maximum performance (or a total of 225% of target for maximum performance of both Adjusted Free Cash Flow and relative TSR).

- From October 1, 2013 to September 30, 2014, Adjusted Free Cash Flow achieved $174 million compared to a target performance of $180 million. Accordingly, the fiscal year 2014 Free Cash Flow measure resulted in a 96.5% achievement of target units against the plan.

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From October 1, 2013 to September 30, 2016, holders of Hill-Rom's common stock achieved a TSR at the 64th percentile of the TSR Peer Group, compared to a target performance of the 50th percentile. Accordingly, the TSR modifier resulted in achievement of 127.6% of the performance target.

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- The Adjusted Free Cash Flow performance of 96.5% was modified by the TSR performance of 127.6% resulting in an overall payout of 123.1% of the target award amount. Accordingly, fiscal year 2014 PSU grants vested on September 30, 2016 at a level of 123.1% of the target award amount, again demonstrating pay for performance alignment in our compensation program.

Performance Period	Date Performance Measured	Measure	Threshold (% to Target Payout)	Target (% to Target Payout)	Maximum (% to Target Payout)	Achieved	% of Measure Target	% of Target Payout
FY 2014 – FY 2016	Sept 30 2014	Free Cash Flow*	$153M (50%)	$180M (100%)	$207M (150%)	$174M	96.5%	123.1%
	Sept 30 2016	Relative TSR	0 - 25% (50%)	50% (100%)	75% (150%)	63.8%	127.6%	

* Free Cash Flow as reported to investors was $148 million versus PSU Free Cash Flow of $174 million. The differences between the reported numbers and the numbers used to calculate the PSU Free Cash Flow relates to the impact of acquisition and integration costs, special charges, legislative changes and other unusual events.

Under the fiscal year 2014 – fiscal year 2016 PSU program, Mr. Greisch earned 57,190 shares of stock and Mr. Shader earned 12,000 shares of stock. Ms. Rasin and Messrs. Solomon and Strobel were not employed by the Company at the time the fiscal year 2014 PSU award was granted.

The PSUs granted in fiscal year 2015 and fiscal year 2016 also vest based on a one-year Free Cash Flow measure modified by TSR over a three-year period. Beginning with the fiscal year 2017 PSU award, the one-year Free Cash Flow measure will be replaced by a three-year Free Cash Flow measure. This change means that payouts are subject to reduction to zero for the full three-year performance period.

The TSR Peer Group used for the PSUs granted in each of fiscal year 2015 and fiscal year 2016 includes the companies in the Compensation Peer Group as well as the companies that comprised the former Morgan Stanley Healthcare Products Index (HCPI) at the time it was delisted in 2015.

Fiscal Year 2017 Changes to LTI Target Opportunity: The Compensation and Management Development Committee confirmed that the fiscal year 2016 LTI Target Opportunities remain appropriate for all NEOs in fiscal year 2017 except for Mr. Strobel, whose target opportunity was increased to 250% of base salary and Mr. Greisch, whose target opportunity was increased to 500% of base salary, based on the results of compensation benchmarking performed by the Compensation and Management Development Committee's consultant.

Share Ownership Guidelines. In order to align the interests of executives to the long-term performance of the Company, executive officers are required to own a certain amount of Hill-Rom stock within five years of joining the Company. The ownership requirements are as follows:

Stock Ownership Guidelines	
Executive Officer	Multiple of Annual Salary
CEO	6x
COO	4x
CFO	3x
Senior Vice President	2x
Vice President who (1) reports to the CEO, or (2) is a Section 16 reporting officer	1x

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Shares owned outright and RSUs count toward the required ownership level. This requirement, like the Executive Compensation Recoupment Policy discussed below, helps ensure long-term focus and appropriate levels of risk-taking by executive officers. Four of our five NEOs (including Mr. Greisch) have achieved their required ownership levels, and the fifth NEO (who is on track to meet the required ownership level) has not been with the Company for more than five years, and therefore is not required to meet these guidelines until such NEO's five-year anniversary with the Company.

Hill-Rom's Executive Compensation Recoupment Policy. Under our Executive Compensation Recoupment Policy, the Compensation and Management Development Committee can recoup from executive officers all performance-based compensation and any trading profits on trades in Hill-Rom securities received during the prior 24 months in the event there is a material restatement of financial results due to misconduct of the executive officer from whom recoupment is sought. The Executive Compensation Recoupment Policy gives the Compensation and Management Development Committee discretion to determine whether and to what extent to seek recoupment based on specific facts and circumstances.

Timing of Equity Grants. We generally make all equity grants to our executives on an annual basis (except in the case of a new hire or promotion), and these grants have historically been made at our November Board meeting, which is held approximately two weeks after the release of our fiscal year-end financial results.

Anti-Hedging/Anti-Pledging Policy. Hill-Rom has adopted an insider trading policy which incorporates anti-hedging and anti-pledging provisions. Consequently, no officer or director may enter into a hedge or pledge of Hill-Rom stock.

Re-pricing and Buybacks. With respect to each of our NEOs, Hill-Rom does not re-price options, nor does it buy back shares (other than shares acquired by the Company at fair market value to cover tax withholding and option exercise).

Retirement and Change in Control Agreements

Overview. Hill-Rom believes that it is in the best interests of it and its shareholders to have the unbiased dedication of its executives, without the distraction of personal uncertainties such as retirement or a change in control. Hill-Rom has designed its senior management retirement and other post-employment benefit programs to reduce such distraction. We also believe that these benefits are at market levels and competitive with those of other comparable companies. In addition to our Company-wide retirement programs (including our 401(k) and our pension plan, which has stopped taking new entrants), we have several other post-employment benefit programs in place.

Normal Retirement Guidelines. Executives who are at least 55 years of age and with 5 years' length of service are eligible to receive certain benefits under Hill-Rom's Stock Incentive Plan. These guidelines are incorporated into each individual equity award agreement and have been approved by the Compensation and Management Development Committee. The following is allowed upon retirement:

- accelerated vesting of outstanding time-based RSUs and stock options which have been held for at least one year prior to retirement;
- partial vesting of outstanding PSUs which have been held for at least one year prior to retirement, based on achievement of performance objectives during the full performance period; and
- an extension of up to three years of the time to exercise eligible outstanding stock options.

Changes to Retirement Guidelines: With respect to executives hired on or after August 1, 2016, the Compensation and Management Development Committee changed the definition of retirement to the attainment of age 55 and the completion of 10 years of service. Furthermore, for equity awards granted beginning with fiscal year 2017, the Compensation and Management Development Committee changed the provision providing for vesting of equity awards upon retirement so that all equity awards granted within one year of retirement will now vest on a pro-rated basis.

Supplemental Executive Retirement Plan. The Supplemental Executive Retirement Plan (the "SERP") provides additional retirement benefits to certain employees selected by the Compensation and Management Development Committee whose retirement benefits under our pension plan or 401(k) plan are reduced, curtailed or otherwise limited as a result of certain limitations under the Internal Revenue Code of 1986.

Change in Control Agreements. Hill-Rom has a change in control agreement in place with each NEO. These change in control agreements are of the form commonly referred to as “double-trigger” agreements, in that they are triggered only in the event that an executive is terminated in connection with a change in control, not merely if a change in control occurs. Moreover, they do not contain any 280G gross-up provisions. They are intended to encourage continued employment by Hill-Rom of its key management personnel and to allow such personnel to be in a position to provide assessment and advice to the Board regarding any proposed change in control without concern that such personnel might be unduly distracted by the uncertainties and risks created by the proposed transaction. For information on the potential payments to executives on a change in control, see “Potential Payments Upon Termination or Change in Control” on page 45.

Other Personal Benefits

In addition to the elements of compensation discussed above, we also provide senior level management with various other benefits in order to remain competitive with the market, in attracting and retaining qualified executives. Hill-Rom believes that these benefits are in-line with the market, are reasonable in nature, are not excessive and are in the best interest of Hill-Rom and its shareholders. None of our NEOs receive any excise tax or perquisite tax gross-ups, other than for reasonable relocation costs and housing allowance, as applicable.

Employment Agreements

We have entered into an employment agreement with each of our NEOs. We believe that it is appropriate for our senior executives to have employment agreements because they provide certain contractual protections to us that we might not otherwise have, including provisions relating to non-competition with us, non-solicitation of our employees and confidentiality of our proprietary information. Additionally, we believe that employment agreements are a useful tool in recruiting and retention of senior level employees. The current employment agreements set forth the basic duties of the executive officers and provide that each executive officer is entitled to receive, in addition to base salary, incentive compensation payable in our discretion and such additional compensation, benefits and perquisites as we may deem appropriate. The employment agreements are terminable by either us or the executive officer “without cause” on sixty (60) days’ written notice, or if terminated by us, pay in lieu of notice, and are terminable at any time by us for cause, as defined in each employment agreement. See “Potential Payments Upon Termination or Change in Control” on page 45 for further information regarding payments due upon termination. The employment agreements also contain non-competition and non-solicitation agreements of the executive officers, which continue generally for a period of eighteen to twenty-four months after the termination of the executive officer’s employment.

Risk Assessment of Compensation Policies and Practices

Assisted by its compensation consultant, the Compensation and Management Development Committee reviewed our material compensation policies and practices applicable to our employees and executive officers. It concluded that these policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. Key features of the compensation program supporting this conclusion include:

- appropriate pay philosophy, peer group and market positioning,
- effective balance in cash and equity mix, short and long term focus, corporate, business unit and individual performance focus and financial and non-financial performance measurement and discretion,
- compensation programs designed to avoid excessive risk-taking, and
- meaningful risk mitigants, such as the stock ownership guidelines and executive compensation recoupment policies.

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Compensation of Named Executive Officers

The following tables and notes set forth compensation information for the fiscal years ended September 30, 2016, 2015, and 2014 for our NEOs.

Name and Principal Position	Year	Salary	Bonus	Stock Awards (1)	Option Awards (2)	Non-Equity Incentive Plan Comp. (3)	All Other Comp. (4)	Total
JOHN J. GREISCH	2016	$1,065,000	None	$3,550,162	$1,197,776	$1,156,793	$228,353	$7,198,084
President and Chief Executive Officer,	2015	$994,615	None	$5,778,430	$1,148,314	$1,123,100	$207,236	$9,251,695
Member of the Board of Directors	2014	$961,923	None	$5,187,933	$963,908	$774,895	$197,226	$8,085,885
STEVEN J. STROBEL (5)	2016	$505,654	None	$718,584	$242,435	$449,342	$80,337	$1,966,352
Senior Vice President and Chief Financial Officer	2015	$420,192	None	$853,493	$272,725	$263,880	$75,912	$1,886,202
DEBORAH M. RASIN (6)(7)	2016	$337,500	$750,000	$1,367,532	$196,885	$217,090	$142,995	$3,012,002
Senior Vice President, Chief Legal Officer and Secretary								
ALTON E. SHADER	2016	$479,692	None	$648,199	$218,671	$464,269	$229,088	$2,039,920
Senior Vice President and	2015	$431,191	None	$1,203,848	$220,832	$402,019	$84,276	$2,342,166
President, Front Line Care	2014	$418,357	None	$1,068,911	$202,249	$204,006	$51,247	$1,944,770
CARLYN D. SOLOMON (8)	2016	$649,615	$0	$1,577,127	$532,112	$428,648	$101,884	$3,289,386
Chief Operating Officer	2015	$507,692	$806,250	$3,937,368	$459,328	$532,039	$152,353	$6,395,030

(1) The amounts in this column represent the grant date fair value of time-based RSUs granted during the applicable fiscal year, excluding a reduction for risk of forfeiture. Also included is the grant date fair value of PSUs granted during fiscal 2016, 2015 and 2014 to certain officers based upon the target achievement of the performance conditions as of the grant date as more fully described in the footnotes to the Grants of Plan-Based Awards Table. These grant date fair values were based on the methodology set forth in Notes 1 and 7 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended September 30, 2016. The table below provides further information regarding the components of the stock awards granted during fiscal 2016.

(2) The amounts in this column represent the grant date fair value of time-based stock options granted during the applicable fiscal years, excluding the reduction for risk of forfeiture. These grant date fair values were based on the methodology set forth in Notes 1 and 7 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016.

(3) The amounts in this column represent cash awards earned for the applicable fiscal year and paid in the subsequent fiscal year, under our 162(m) Incentive Plan.

(4) Please refer to the “All Other Compensation” table below for further information.

(5) Mr. Strobel was elected Senior Vice President and Chief Financial Officer effective December 1, 2014.

(6) In 2016, Ms. Rasin received a one-time sign-on award comprised of cash and RSUs upon commencement of her employment to compensate her for the bonus and unvested equity opportunities foregone at her previous employer upon joining Hill-Rom. Starting in January of 2016, amounts shown are on a pro rata basis.

(7) Ms. Rasin was elected Senior Vice President, Chief Legal Officer and Corporate Secretary effective January 1, 2016.

(8) Mr. Solomon was elected Chief Operating Officer on November 17, 2014 and left the Company in November of 2016.

All Other Compensation for Fiscal Year 2016

	Company Contributions					
Name	401(k) (a)	Supplemental 401(k) (a)	Relocation and Housing Costs (b)	Gross-up on Relocation and Housing (b)	Health & Welfare Benefits	Total All Other Compensation
Mr. Greisch	$18,550	$191,102	$0	$0	$18,701	$228,353
Mr. Strobel	$18,550	$40,927	$0	$0	$20,860	$80,337
Ms. Rasin	$17,350	$23,889	$52,905	$32,111	$16,741	$142,995
Mr. Shader	$18,550	$35,656	$95,000	$55,895	$23,987	$229,088
Mr. Solomon (c)	$18,550	$59,887	$0	$0	$23,447	$101,884

(a) Amounts represent Company matching contributions to the NEO’s accounts in the applicable plans: 401(k) Savings Plan and 401(k) Savings Plan portion of the SERP, excluding the reduction for forfeiture of non-vested contributions.

(b) Represents amounts Ms. Rasin was reimbursed by the Company for her relocation to Chicago during fiscal year 2016 and amounts Mr. Shader was reimbursed by the Company for his housing during fiscal year 2016 related to his relocation to Skaneateles, NY to serve as President of Front Line Care after the Welch Allyn acquisition.

(c) Mr. Solomon left the Company in November of 2016.

Grants of Plan-Based Awards for Fiscal Year Ended September 30, 2016

The following table summarizes the grants of plan-based awards to each of the NEOs for the fiscal year ended September 30, 2016. All equity awards granted during fiscal year 2016 were granted under our Stock Incentive Plan.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)				Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares or Stock Units (3)	Exercise or Base Price of Option Awards (4)	Grant Date Fair Value of Stock and Option Awards (5)
		Actual Amount 2016	Min	Target	Max.	Min.	Target	Max.			
John J. Greisch	n.a.	$1,156,793	-	$1,133,000	$2,549,250						
	11/16/2015					-	46,605	104,861			$2,354,019
	11/16/2015								23,303		$1,196,143
	11/16/2015								84,529	$51.33	$1,197,776
Steven J. Strobel	n.a.	$449,342	-	$366,750	$825,188						
	11/16/2015					-	9,433	21,224			$476,461
	11/16/2015								4,717		$242,124
	11/16/2015					-			17,109	$51.33	$242,435
Deborah M. Rasin	n.a.	$217,090	-	$202,500	$455,625						
	01/04/2016					-	8,327	18,736			$420,597
	01/04/2016								15,860		$750,019
	01/04/2016					-			4,164		$196,916
	01/04/2016								15,180	$47.29	$196,885
Alton E. Shader	n.a.	$464,269	-	$324,800	$730,800						
	11/16/2015					-	8,509	19,145			$429,790
	11/16/2015								4,255		$218,409
	11/16/2015					-			15,432	$51.33	$218,671
Carlyn D. Solomon*	n.a.	$428,648	-	$504,000	$1,134,000						
	11/16/2015					-	20,704	46,584			$1,045,759
	11/16/2015								10,352		$531,368
	11/16/2015					-			37,552	$51.33	$532,112

* Mr. Solomon left the Company in November of 2016.

1) Amounts represent actual and the potential cash awards that could be paid under our Section 162(m) Incentive Plan, assuming that the Compensation and Management Development Committee exercises its negative discretion by reference to our STIC Plan.

2) The amounts under the “Target” column reflect the number of PSUs granted to the NEOs on November 16, 2015. They represent the amount of shares the NEOs will receive if the target performance goals are met during the three-year performance period. Achievement of performance in excess of target goals will result in additional shares being received by the NEOs, up to the amounts in the “Maximum” column. Refer to the “Long-Term Equity Awards” section of the CD&A for further details.

3) Amounts under this column represent stock options and RSU’s granted to our NEOs during fiscal year 2016. The exercise price for these stock options is the fair market value of our common stock on the grant date, as described in Footnote 4 below.

4) The average of the high and low selling prices of our common stock on the NYSE on the grant date.

5) The grant date fair values of stock and option awards granted to our NEOs are based on the methodology set forth in Notes 1 and 7 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016.

Outstanding Equity Awards at September 30, 2016

The following table summarizes the number and terms of stock options, deferred stock shares and PSUs outstanding for each of the NEOs as of September 30, 2016.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options Unexercisable	Option Grant Date (1)	Option Exercise Price	Option Expiration Date	Grant Date	Number of Shares or Units of Stock That Have Not Vested (2)	Market Value of Shares or Units of Stock That Have Not Vested (3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (3)
John J. Greisch	207,987	0	1/8/2010	$23.92	1/8/2020					
	147,679	0	11/16/2010	$38.81	11/16/2020					
	189,162	0	11/29/2011	$30.63	11/29/2021					
	90,287	30,096	11/13/2012	$26.94	11/13/2022					
	40,398	40,399	11/18/2013	$41.53	11/18/2023	11/18/2013	24,160	$1,497,424		
						12/12/2013	52,073	$3,227,494		
	22,410	67,232	11/17/2014	$44.93	11/17/2024	11/17/2014	26,223	$1,625,308	77,684	$4,814,881
	0	84,529	11/16/2015	$51.33	11/16/2025	11/16/2015	23,606	$1,463,112	104,861	$6,499,300
Steven J. Strobel	5,322	15,968	11/17/2014	$44.93	11/17/2024	11/17/2014	6,229	$386,061	18,451	$1,143,611
	0	17,109	11/16/2015	$51.33	11/16/2025	11/16/2015	4,778	$296,164	21,224	$1,315,479
Deborah M. Rasin	0	15,180	1/4/2016	$47.29	1/4/2026	1/4/2016	20,217	$1,253,064	18,736	$1,161,242
Alton E. Shader	3,988	0	7/11/2011	$45.91	7/11/2021					
	5,085	0	11/29/2011	$30.63	11/29/2021					
	17,054	5,685	11/13/2012	$26.94	11/13/2022					
	8,476	8,477	11/18/2013	$41.53	11/18/2023	11/18/2013	15,095	$935,616		
	4,309	12,930	11/17/2014	$44.93	11/17/2024	11/17/2014	5,043	$312,562	14,940	$925,964
						9/1/2015	1,977	$122,558		
	0	15,432	11/16/2015	$51.33	11/16/2025	11/16/2015	4,310	$267,156	19,145	$1,186,623
	8,964	26,893	11/17/2014	$44.93	11/17/2024	11/17/2014	48,163	$2,985,121	31,074	$1,925,953

Carlyn D. Solomon*										
	0	37,552	11/16/2015	$51.33	11/16/2025	11/16/2015	10,487	$649,965	46,584	$2,887,276

* Mr. Solomon left the Company in November of 2016.

1) Unvested stock options based solely on continued employment will become exercisable in four equal annual installments beginning on the first anniversary of the date of grant.

2) Unvested RSUs based solely on continued employment will vest in accordance with the following vesting schedules. The amounts include reinvested dividends.

Grant Date	Remaining Vesting Schedules (as of 9/30/2016)
1/4/2016	16,013 shares vest on 1/5/2018 and 4,204 shares vest on 1/5/2019
11/16/2015	Fully vest on 11/17/2018
9/1/2015	Fully vest on 9/2/2018
11/17/2014	Fully vest on 11/18/2017, except for Mr. Solomon, whose 18,837 shares vest on 11/18/2016 and 29,326 shares vest 11/18/2017.
12/12/2013	26,037 shares vest on 12/13/2016 and 26,037 shares vest on 12/13/2018
11/18/2013	Fully vest on 11/19/2016

3) Market value is determined by multiplying the number of unvested RSUs and/or PSUs by $61.98, the closing price per share of our common stock on September 30, 2016.

4) PSUs pursuant to the fiscal year 2015 – fiscal year 2017 and fiscal year 2016 – fiscal year 2018 programs. Number of shares shown for fiscal year 2015 – fiscal year 2017 program is based on actual performance of free cash flow measure of 101% of target for fiscal year 2015 and maximum TSR modifier of 150% (total of 152% of target). Number of shares shown for fiscal year 2016 – fiscal year 2018 program is based on maximum performance of free cash flow measure of 150% of target for fiscal year 2016 and maximum TSR modifier of 150% (total of 225% of target).

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Option Exercises and Stock Vested In Fiscal Year Ended September 30, 2016

The following table summarizes the number of stock option awards exercised and the value realized upon exercise during the fiscal year ended September 30, 2016 for the NEOs, as well as the number of stock awards vested and the value realized upon vesting.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting (1)	Value Realized on Vesting
John J. Greisch	-	-	92,222	$5,398,683
Steven J. Strobel	-	-	-	-
Deborah M. Rasin	-	-	-	-
Alton E. Shader	-	-	18,617	$1,093,445
Carlyn D. Solomon (2)	-	-	18,918	$988,310

(1) Stock awards vested pursuant to restricted stock units and performance share units granted in November 2012 (fiscal year 2013) and November 2013 (fiscal year 2014), respectively. Amounts include dividends accrued and paid on the date of vesting.

(2) Mr. Solomon left the Company in November of 2016.

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Nonqualified Deferred Compensation for Fiscal Year Ended September 30, 2016

Name	Plan (1)	Executive Contributions in Last Fiscal Year	Registrant Contributions in Last Fiscal Year	Aggregate Earnings in Last Fiscal Year (2)	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year End (3)
John J. Greisch	SERP	-	$191,102	$101,627	None	$1,385,738
Steven J. Strobel	SERP	-	$40,927	$4,490	None	$78,954
Deborah M. Rasin	SERP	-	$23,889	$784	None	$24,673
Alton E. Shader	SERP	-	$35,656	$12,372	None	$158,511
Carlyn D. Solomon (4)	SERP	-	$59,887	$6,652	None	$112,228

1) We maintain a 401(k) Savings Plan portion of the SERP to provide additional retirement benefits to certain employees whose retirement benefits under the 401(k) Savings Plan are limited under the Internal Revenue Code of 1986. The additional retirement benefits provided by the SERP are for certain participants chosen by the Compensation and Management Development Committee, and they may annually receive an additional benefit of a certain percentage of their Compensation for such year. "Compensation" under the SERP means the corresponding definition of compensation under the 401(k) Savings Plan plus a percentage of a participant's eligible compensation as determined under our STIC Program. A lump sum cash payment is available to the participant beginning on the six-month anniversary of the date of the NEO's termination of employment (except for termination for cause, where the entire SERP is forfeited).

2) Amounts represent earnings on the Registrant's SERP balances for the fiscal year. The SERP Plan's investment approach provides for investments mirroring the employee's investment allocation under the 401(k).

3) Of the amounts shown in this column related to the SERP, all of the following amounts represent Company contributions reported in the Summary Compensation Table of this proxy statement and previous proxy statements:

Name	Plan	Aggregate Contributions Reported in the Summary Compensation Table
John J. Greisch	SERP	$972,552
Steven J. Strobel	SERP	$75,538
Deborah M. Rasin	SERP	$23,889
Alton E. Shader	SERP	$92,297
Carlyn D. Solomon	SERP	$107,370

4) Mr. Solomon left the Company in November of 2016.

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Potential Payments Upon Termination or Change in Control

Benefits Payable Upon Termination Under Employment Agreements

The following tables set forth estimates of the amounts payable to each of our NEOs upon specified termination events, based upon a hypothetical termination date of September 30, 2016.

Event	Salary & Other Cash Payments	Accelerated Vesting of Stock Option and RSU Awards(2)	Continuance of Health & Welfare Benefits(3)	Limited Outplacement Assistance	Total
John Greisch					
Permanent Disability(1)	$2,471,987	17,797,907	22,862		$20,292,756
Death	$1,739,985	17,797,907	22,862		$19,560,754
Termination Without Cause	$3,299,985	12,587,177	22,862	10,000	$15,920,024
Resignation With Good Reason	$3,299,985	12,587,177	22,862	10,000	$15,920,024
Termination for Cause	$83,192	12,587,177	-		$12,670,369
Resignation Without Good Reason	$1,239,985	12,587,177	-		$13,827,162
Retirement	$1,239,985	12,587,177	-		$13,827,162

Event	Salary & Other Cash Payments	Accelerated Vesting of Stock Option and RSU Awards(2)	Continuance of Health & Welfare Benefits(3)	Limited Outplacement Assistance	Total
Steven Strobel					
Permanent Disability(1)	$1,871,392	2,473,970	19,296		$4,364,659
Death	$998,242	2,473,970	19,296		$3,491,509
Termination Without Cause	$987,242	-	19,296	10,000	$1,016,538
Resignation With Good Reason	$987,242	-	19,296	10,000	$1,016,538
Termination for Cause	$48,900	-	-		$48,900
Resignation Without Good Reason	$498,242	-	-		$498,242
Retirement	$498,242	-	-		$498,242

Event	Salary & Other Cash Payments	Accelerated Vesting of Stock Option and RSU Awards(2)	Continuance of Health & Welfare Benefits(3)	Limited Outplacement Assistance	Total
Deborah Rasin					
Permanent Disability(1)	$2,693,452	1,992,165	14,952		$4,700,570
Death	$753,436	1,992,165	14,952		$2,760,554
Termination Without Cause	$590,936	-	14,952	10,000	$615,888
Resignation With Good Reason	$590,936	-	14,952	10,000	$615,888
Termination for Cause	$36,346	-	-		$36,346
Resignation Without Good Reason	$253,436	-	-		$253,436

Retirement	$253,436	-	-	$253,436

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Event	Salary & Other Cash Payments	Accelerated Vesting of Stock Option and RSU Awards(2)	Continuance of Health & Welfare Benefits(3)	Limited Outplacement Assistance	Total
Alton Shader					
Permanent Disability(1)	$3,558,396	3,532,032	21,246		$7,111,674
Death	$1,010,669	3,532,032	21,246		$4,563,947
Termination Without Cause	$974,669	-	21,246	10,000	$1,005,916
Resignation With Good Reason	$974,669	-	21,246	10,000	$1,005,916
Termination for Cause	$46,400	-	-		$46,400
Resignation Without Good Reason	$510,669	-	-		$510,669
Retirement	$510,669	-	-		$510,669

Event	Salary & Other Cash Payments	Accelerated Vesting of Stock Option and RSU Awards(2)	Continuance of Health & Welfare Benefits(3)	Limited Outplacement Assistance	Total
Carlyn Solomon(4)					
Permanent Disability(1)	$2,579,090	7,044,266	21,246		$9,644,602
Death	$991,648	7,044,266	21,246		$8,057,160
Termination Without Cause	$1,121,648	-	21,246	10,000	$1,152,895
Resignation With Good Reason	$1,121,648	-	21,246	10,000	$1,152,895
Termination for Cause	$63,000	-	-		$63,000
Resignation Without Good Reason	$491,648	-	-		$491,648
Retirement	$491,648	-	-		$491,648

(1) Benefits provided under our disability plans are based on various circumstances including the NEO meeting certain eligibility requirements. Our disability plans are fully insured; therefore, claim payments are reviewed and processed by our third party insurance carrier. The following assumptions were used to determine the salary and other cash payment amount for permanent disability: normal retirement age is based on the Social Security Normal Retirement Age Table, short-term disability benefits are based on salary continuation for 26 weeks; long-term disability benefits are based on the lesser of 60% of the NEO's monthly earnings or $15,000 per month; and a 3.7% discount rate.

(2) The amounts indicated represent the intrinsic value of all unvested non-qualified stock options that would have become immediately vested and exercisable upon permanent disability or death or the market value of all unvested RSUs and PSUs that would have vested immediately and been distributed upon permanent disability or death. The amounts were calculated based on the closing stock price of $61.98 on September 30, 2016.

(3) Amounts represent the dollar value of the incremental cost to Hill-Rom by providing continuing health and life insurance coverage based on the individual's selected coverage in effect immediately before the hypothetical termination.

(4) Mr. Solomon left the Company in November of 2016.

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Termination Due to Death or Permanent Disability

In the event an NEO dies or suffers a permanent disability during the term of employment, the NEO will be immediately vested in the SERP.

Termination Without Cause or Resignation with Good Reason

Upon a termination by the Company without cause or a resignation for good reason, each NEO other than the CEO is eligible to receive severance pay of then-current base salary for twelve months, and the CEO is eligible to receive severance pay of then-current base salary for twenty-four months. Each NEO will be immediately vested in the SERP. Health and similar welfare benefits will continue on substantially the same terms and conditions as at the time of the termination until the earlier of (i) the end of twelve months or (ii) such time as the NEO is eligible to be covered by comparable benefits of a subsequent employer.

Termination For Cause or Resignation Without Good Reason

Upon a termination by the Company for cause or a resignation without good reason, an NEO will not receive a severance payment.

Retirement

Current NEOs who are at least 55 years old and with five years' length of service are eligible for certain retirement benefits, including the accelerated vesting of outstanding time-based RSUs and stock options which have been held for at least one year, partial vesting of outstanding PSUs which have been held for at least one year, and for which performance objectives have been achieved, and the extension of the time period for exercising stock options for a period of up to three years.

Benefits Payable Under Change in Control Agreements

Based upon a hypothetical change in control date of September 30, 2016, the change in control benefits with and without a termination of employment would be as follows:

								Acceleration of Stock Based Awards			
	Salary	Incentive Comp.	Continuation of Health and Welfare Benefits	Vacation Benefits	Retirement Savings Plan Benefits	Limited Outplacement Assistance	Continuation of Term Life Insurance Coverage	Stock Options (1)	RSUs (2)	Performance Based Awards (3)	Total
n											
ation t ation*	$3,090,000	$1,133,000	$24,225	$83,192	$1,959,044	$10,000	$11,880	$3,927,264	$7,813,338	$6,057,306	$24,10
J.											
	$571,419	$214,282	$16,747	$48,900	$78,954	$5,843	$3,046	$423,016	$627,168	$779,307	$2,768

ation t ation*											
h											
ation t ation*	$900,000	$202,500	$28,372	$36,346	$24,673	$10,000	$2,760	$222,994	$1,253,050	$516,107	$3,196
Shader											
ation t ation*	$928,000	$324,800	$27,066	$46,400	$158,511	$10,000	$1,200	$980,867	$1,637,892	$1,136,775	$5,251
D. on (4)											
ation t ation*	$1,260,000	$504,000	$25,266	$63,000	$112,228	$10,000	$5,160	$858,455	$3,635,127	$2,550,725	$9,023

* The Company does not have any single-trigger change in control agreements.

1) The amounts indicated represent the intrinsic value of all unvested non-qualified stock options that would become immediately vested and exercisable upon a termination in connection with a change in control. The amounts were calculated based on the closing stock price of $61.98 on September 30, 2016, adjusted, as applicable, for Section 280G limitations, and assume that the options granted were cashed out on the hypothetical change in control date.

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2) The amounts indicated represent the intrinsic value of all unvested RSUs that would become immediately vested and exercisable upon a termination in connection with a change in control. The amounts were calculated based on the closing stock price of $61.98 on September 30, 2016 and adjusted, as applicable, for Section 280G limitations.

3) The amounts indicated represent the intrinsic value of all unvested PSUs that would become immediately vested and exercisable upon a termination in connection with a change in control. The amounts were calculated based on the closing stock price of $61.98 on September 30, 2016 and adjusted, as applicable, for Section 280G limitations.

4) Mr. Solomon left the Company in November of 2016.

Change in Control

In the event that a NEO other than the CEO is terminated in connection with a change in control, the NEO will receive a cash payment of two times the then-current annual base salary plus a sum equal to the amount of all accrued and unpaid vacation and business expenses; the CEO will receive a cash payment of three times the then-current annual base salary. Health and similar welfare benefits for NEOs other than the CEO will continue on substantially the same terms and conditions for twenty-four months (thirty-six months for the CEO). Life insurance benefits for NEOs other than the CEO will continue for a period of two years following the termination (three years for the CEO).

The NEO will receive a cash payment equal to the amount of short term incentive compensation which would be payable if the Company had achieved performance targets (at 100%) in effect for the year in which the termination occurred, and the NEO will receive accelerated vesting of certain equity awards. In addition to the benefits listed above, the CEO will also receive a cash payment for amounts accrued as of the date of the termination under the SERP and an additional amount equal to three times the amounts accrued for the twelve months immediately prior to the termination under the SERP.

Director Compensation

In setting non-employee director compensation, the Board considers the significant amount of time that directors expend in fulfilling their duties to Hill-Rom as well as the skill-level required for members of the Board. Our director pay package is designed to attract and retain highly-qualified, independent professionals to monitor the effectiveness of policy and decision-making both at the Board and management level, with a view to enhancing shareholder value over the long term. Our Nominating/Corporate Governance Committee generally reviews our non-employee director compensation program on an annual basis, with the assistance of the compensation consulting firm used by the Compensation and Management Development Committee. Directors who are also employees of Hill-Rom receive no additional remuneration for services as a director.

Non-Employee Director Compensation for Fiscal Year 2016

For fiscal year 2016, our non-employee directors (other than the Chair of the Board) received a quarterly cash retainer of $16,250; the Chair of the Board's quarterly retainer was $33,750. Committee members of the Audit, Compensation and Management and Development and Nominating/Corporate Governance Committees received a quarterly retainer in the amount of $3,125, $1,875 and $1,250, respectively. Chairs of the Audit, Compensation and Management and Development and Nominating/Corporate Governance Committees received a quarterly retainer in the amount of $6,250, $5,000 and $3,750, respectively. Committee members received a fee in the amount of $1,500 for each other committee meeting attended, in person or by telephone. In addition, each non-employee director is, on the first trading day following the close of each annual meeting of the Company's shareholders, awarded vested deferred RSUs valued at $160,000 ($200,000 in the case of the Chair of the Board). Delivery of shares of common stock underlying these RSUs occurs on the later of one year and one day from the date of the grant or the six-month anniversary of the date that the applicable director ceases to be a member of the Board. In fiscal year 2016 the annual grant consisted of 4,245 vested deferred RSUs for the Chair of the Board and 3,387 for each other non-employee director. A new director may receive a pro-rata portion of the annual award representing time served during the fiscal year of during which the new director joined the Board.

Non-Employee Director Compensation for Fiscal Year 2017

Effective April 2017, upon consultation, analysis and recommendation of the Company's independent compensation consultant, Exequity LLP, the Nominating/Corporate Governance Committee has recommended, and the Board has approved, an increase to the annual cash retainer for each of our non-employee directors and Chair by $10,000, and an increase to the annual equity retainer by $20,000 for each of our non-employee directors and Chair, with such increases to be effective as of April 1, 2017. These increases are to ensure the Board is able to continue to attract and retain appropriately qualified candidates. Exequity LLP provides the Nominating/Corporate Governance Committee with benchmarking to the Company's peer groups.

Director Compensation Table For Fiscal Year Ended September 30, 2016

Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	Option Awards	All Other Compensation (3)	Total
Rolf A. Classon	$ 153,000	$ 200,059	-	$ 216	$ 353,275
William G. Dempsey	$ 72,500	$ 160,068	-	$ 216	$ 232,784
Stacy Enxing Seng	$ 72,500	$ 160,068	-	$ 216	$ 232,784
James R. Giertz	$ 72,500	$ 160,068	-	$ 216	$ 232,784
Charles E. Golden	$ 68,000	$ 160,068	-	$ 216	$ 228,284
William H. Kucheman	$ 80,500	$ 160,068	-	$ 216	$ 240,784
Ronald A. Malone	$ 93,000	$ 160,068	-	$ 216	$ 253,284
Eduardo R. Menascé	$ 77,500	$ 160,068	-	$ 216	$ 237,784

1) The amounts in this column include the annual retainer and the amounts earned by each non-employee director for attending Board and/or committee meetings in person and/or by teleconference that were not held in conjunction with a meeting of our full Board. For the Chair of each of our Audit Committee, Compensation and Management Development Committee, and Nominating/Corporate Governance Committee, the additional annual retainer is also included. For Mr. Golden, amounts include $30,000 of cash fees deferred into our RSUs.

2) The amounts indicated represent the grant date fair value of RSUs granted to our non-employee directors during fiscal year 2016, and do not include any common stock equivalent dividends accrued on the RSUs since the grant date. The determination of this value was based on the methodology set forth in Notes 1 and 7 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended September 30, 2016.

As of September 30, 2016, our non-employee directors owned aggregate stock awards in the following amounts (in shares): Rolf A. Classon 74,871; William G. Dempsey 10,680; Stacy Enxing Seng 6,602; James R. Giertz 25,875; Charles E. Golden 53,338; William H. Kucheman 15,050; Ronald A. Malone 34,408; and Eduardo R. Menascé 38,142.

3) Amounts in this column represent the dollar value of the voluntary director life and accidental death and dismemberment insurance premiums paid by us during fiscal year 2016 on behalf of each director.

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Equity Compensation Plan Information

The following table sets forth information concerning Hill-Rom's equity compensation plans as of September 30, 2016:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted Average exercise price of outstanding options, warrants and rights (1) (b)	Number of Securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)	
Equity compensation plans approved by security holders	3,274,166	$37.31	3,918,513	
Equity compensation not approved by security holders(2)(3)	7,634			
Total	3,281,800	$37.31	3,918,513	(4)

1) RSUs and PSUs are excluded when determining the weighted-average exercise price of outstanding stock options.

2) Under the Hill-Rom Holdings Stock Award Program, which has not been approved by security holders, shares of common stock have been granted to certain key employees. All shares granted under this program are contingent upon continued employment over specified terms. Dividends, payable in stock equivalents, accrue on the grants and are subject to the same specified terms as the original grants. Under this program, a total of 2,910 deferred shares will be issuable at a future date.

3) Members of the Board may elect to defer fees earned and invest them in Hill-Rom common stock under the Hill-Rom Holdings Directors' Deferred Compensation Plan, which has not been approved by shareholders. Under this program, a total of 4,724 deferred shares will be issuable at a future date.

4) Amount consists of 3,585,389 shares available for issuance under our Stock Incentive Plan and 333,124 shares available for purchase under our Employee Stock Purchase Plan.

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Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Securities Exchange Act of 1934, our directors, our executive officers and any person holding more than ten percent of our common stock are required to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. We are required to report in this proxy statement any failure to file or late filing occurring during the fiscal year ended September 30, 2016. Based solely on a review of filings furnished to us and other information from reporting persons, we believe that all of these filing requirements were satisfied by our directors, executive officers and ten percent beneficial owners, except that due to administrative errors by the Company, each of the following reporting persons failed to timely file one transaction report (for a total of six (6) total transaction reports): (i) Andreas Frank, (ii) John Greisch, (iii) Richard Keller, (iv) Susan Lichtenstein, (v) Carlyn Solomon and (vi) Alton Shader. Each of the aforementioned reporting persons did report their respective transaction in their respective year-end report on Form 5, which were all timely filed.

HILL-ROM HOLDINGS, INC.
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If you would like to reduce the costs incurred by our company 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, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:
KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY
THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

	For All	Withhold All	For All Except	To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.
The Board of Directors recommends you vote FOR the following:	o	o	o	

1. Election of Directors
Nominees

01 Rolf A. Classon
02 William G. Dempsey
03 Mary Garrett

04 James R.

Giertz
05 Charles E. Golden
06 John J. Greisch
07 William H. Kucheman
08 Ronald A. Malone
09 Nancy M. Schlichting
10 Stacy Enxing Seng

The Board of Directors recommends you vote FOR proposals 2 and 3.	For	Against	Abstain
2 To approve, by non-binding advisory vote, compensation of Hill-Rom Holdings, Inc.'s named excecutive officers.	o	o	o
3 Ratify the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm of Hill-Rom Holdings, Inc. for fiscal year 2017.	o	o	o

NOTE: Such other items of business as may properly be brought before the meeting and any postponement or adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature Date Signature (Joint Owners) Date
[PLEASE
SIGN
WITHIN
BOX]

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders: The Combined Document is/are available at www.proxyvote.com

PROXY

This proxy is solicited by the Board of Directors

The undersigned hereby appoints Rolf A. Classon and John J. Greisch, and each of them, with power to act without the other and with power of substitution, as proxies and attorneys-in-fact and hereby authorizes them to represent and vote, as provided on the other side, all the shares of Hill-Rom Holdings, Inc. Common Stock which the undersigned is entitled to vote and, in their discretion, to vote upon such other business as may properly come before the Annual Meeting of Shareholders of Hill-Rom Holdings, Inc. to be held on March 14, 2017, and any postponement or adjournment thereof, with all powers which the undersigned would possess if present at the Annual Meeting of Shareholders.

THIS PROXY CARD, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED. IF NO SUCH DIRECTION IS MADE BUT THE CARD IS SIGNED, THIS PROXY CARD WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES UNDER PROPOSAL 1, AND FOR PROPOSALS 2 AND 3, AND IN THE DISCRETION OF THE PROXIES WITH RESPECT TO SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING OF SHAREHOLDERS AND ANY POSTPONEMENT OR ADJOURNMENT THEREOF.

Continued and to be signed on reverse side

*** Exercise Your Right to Vote ***
Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on March 14, 2017

	Meeting Information
HILL-ROM HOLDINGS, INC.	Meeting Type: Annual Meeting For holders as of: January 09, 2017 Date: March 14, 2017 Time: 10:00AM CDT Location: Two Prudential Plaza 180 North Stetson Avenue, Suite 1630 Chicago, IL 60601

HILL-ROM HOLDINGS, INC. Two Prudential Plaza 180 North Stetson Avenue, Suite 4100 Chicago, IL 60601	You are receiving this communication because you hold shares in the above named company. This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at www.proxyvote.com or easily request a paper copy (see reverse side). We encourage you to access and review all of the important information contained in the proxy materials before voting. See the reverse side of this notice to obtain proxy materials and voting instructions.

— Before You Vote —
How to Access the Proxy Materials

Proxy Materials Available to VIEW or RECEIVE:

1 . Combined Document

How to View Online:

Have the information that is printed in the box marked by the arrow XXXX XXXX XXXX XXXX (located on the following page) and visit: www.proxyvote.com.

How to Request and Receive a PAPER or E-MAIL Copy:

If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

1) BY INTERNET: www.proxyvote.com
2) BY TELEPHONE: 1-800-579-1639
3) BY E-MAIL*: sendmaterial@proxyvote.com

* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow XXXX XXXX XXXX XXXX (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before February 28, 2017 to facilitate timely delivery.

— How To Vote —
Please Choose One of the Following Voting Methods

Vote In Person: Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares.

Vote By Internet: To vote now by Internet, go to www.proxyvote.com. Have the information that is printed in the box marked by the arrow XXXX XXXX XXXX XXXX available and follow the instructions.

Vote By Mail: You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

Voting items
The Board of Directors recommends you vote FOR the following:

1. Election of Directors

Nominees

01 Rolf A. Classon	02 William G. Dempsey	03 Mary Garrett	04 James R. Giertz	05 Charles E. Golden
06 John J. Greisch	07 William H. Kucheman	08 Ronald A. Malone	09 Nancy M. Schlichting	10 Stacy Enxing Seng

The Board of Directors recommends you vote FOR proposals 2 and 3.

2 To approve, by non-binding advisory vote, compensation of Hill-Rom Holdings, Inc.'s named excecutive officers.

3 Ratify the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm of Hill-Rom Holdings, Inc. for fiscal year 2017.

NOTE: Such other items of business as may properly be brought before the meeting and any postponement or adjournment thereof.