



Third Quarter Report

For the Period Ended
June 30, 2008

Matthews
INTERNATIONAL

A Tradition of Quality Since 1850

Net income for the fiscal 2008 third quarter was \$21,378,000 versus \$12,029,000 for the same quarter last year. Earnings per share for the fiscal 2008 third quarter were \$0.69 compared to \$0.38 a year ago. The third quarter a year ago included one-time charges of \$0.21 per share, principally related to the resolution of employment agreements from the acquisition of Milso Industries (acquired in July 2005) and cost structure initiatives in several of the Company's segments. Sales in the fiscal 2008 third quarter were \$219,270,000 versus \$185,477,000 in the fiscal 2007 third quarter. A portion of the consolidated sales increase for the current quarter reflected the Company's acquisition of a 78% interest in Saueressig GmbH & Co. KG in May 2008.

Net income for the nine months ended June 30, 2008 was \$59,092,000 versus \$44,501,000 for the nine months ended June 30, 2007. Earnings per share for the first nine months of fiscal 2008 were \$1.90, compared to \$1.40 for the first nine months a year ago. Year-to-date fiscal 2008 earnings included the favorable effect of a one-time adjustment (recorded in the fiscal 2008 first quarter) of \$0.06 per share to income tax expense. The results for the first nine months last year included one-time charges of \$0.25 per share, principally related to the aforementioned employment agreements resolution and cost structure initiatives. Sales for the first nine months of fiscal 2008 were \$599,445,000 versus \$563,880,000 for the first nine months of fiscal 2007.

Each of our Memorialization businesses performed well despite increased commodity costs, reflecting the benefit of higher sales. Higher volume and higher average selling prices favorably impacted sales in the Casket segment. Bronze segment sales also improved for the quarter reflecting an increase in selling prices compared to a year ago. Improved operating results in the Cremation segment were principally due to higher sales of cremation equipment and related services. In the Brand Solutions businesses, the Graphics Imaging and Merchandising Solutions segments reported improved operating results compared to the third quarter a year ago. Our German Graphics Imaging businesses performed well, particularly in our existing German businesses, and the U.S. and U.K. operations continued to improve, reflecting the benefit of last year's cost structure initiatives. We continue to be encouraged by the recent improvements in the Merchandising Solutions profitability as their current year operating profit as a percent of sales was 9.0% on a year-to-date basis compared to 7.4% a year ago. The Marking Products segment also reported an increase in sales for the 2008 third quarter compared to a year ago, principally as a result of its Chinese acquisition in June last year. The segment's operating profit declined, however, reflecting the continued weakness in the U.S. economy.

Joseph C. Bartolacci

President and Chief Executive Officer

August 6, 2008

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Dollar amounts in thousands, except per share data

	THREE MONTHS ENDED JUNE 30,		NINE MONTHS ENDED JUNE 30,	
	2008	2007	2008	2007
Sales	\$219,270	\$185,477	\$599,445	\$563,880
Cost of sales	(132,351)	(116,059)	(360,304)	(355,321)
Gross profit	86,919	69,418	239,141	208,559
Selling and administrative expenses	(50,185)	(48,289)	(141,237)	(131,601)
Operating profit	36,734	21,129	97,904	76,958
Investment income	392	880	1,395	1,730
Interest expense	(2,648)	(2,089)	(6,682)	(5,838)
Other income (deductions), net	(122)	88	246	298
Minority interest	(785)	(722)	(2,052)	(1,833)
Income before income taxes	33,571	19,277	90,811	71,315
Income taxes	(12,193)	(7,248)	(31,719)	(26,814)
Net income	\$ 21,378	\$ 12,029	\$ 59,092	\$ 44,501
Earnings per share:				
Basic	\$.69	\$.38	\$ 1.91	\$ 1.40
Diluted	\$.69	\$.38	\$ 1.90	\$ 1.40
Dividends per share				
	\$.06	\$.055	\$.18	\$.165
Weighted-average number of common shares outstanding:				
Basic	30,917,136	31,649,972	30,956,850	31,690,309
Diluted	31,041,113	31,715,590	31,085,134	31,853,637

Dollar amounts in thousands

	June 30, 2008 ¹	September 30, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 50,855	\$ 44,002
Short-term investments	63	105
Accounts receivable, net	145,354	120,882
Inventories	100,974	93,834
Other current assets	12,186	7,691
Total current assets	309,432	266,514
Investments	10,149	12,044
Property, plant and equipment, net	163,774	88,926
Deferred income taxes and other assets	41,971	33,981
Goodwill and other intangible assets, net	427,385	369,604
Total assets	\$952,711	\$771,069
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Long-term debt, current maturities	\$ 48,374	\$ 27,057
Accounts payable	28,245	22,859
Accrued compensation	39,941	31,205
Accrued income taxes	19,190	5,792
Other current liabilities	48,800	36,543
Total current liabilities	184,550	123,456
Long-term debt	218,768	142,273
Accrued pension	20,484	23,629
Postretirement benefits	21,398	20,743
Deferred income taxes	10,583	11,799
Environmental reserve	7,537	7,841
Other liabilities and deferred revenue	10,355	9,227
Minority interest and minority interest arrangement	33,837	5,323
Shareholders' equity:		
Common stock	36,334	36,334
Additional paid-in capital	43,326	41,570
Retained earnings	492,748	467,846
Accumulated other comprehensive income	23,799	13,390
Treasury stock, at cost	(151,008)	(132,362)
Total shareholders' equity	445,199	426,778
Total liabilities and shareholders' equity	\$952,711	\$771,069

¹Unaudited.

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Matthews International Corporation, headquartered in Pittsburgh, Pennsylvania, is a designer, manufacturer and marketer principally of memorialization products and brand solutions. Memorialization products consist primarily of bronze memorials and other memorialization products, caskets and cremation equipment for the cemetery and funeral home industries. Brand solutions include graphics imaging products and services, marking products, and merchandising solutions. The Company's products and services include cast bronze memorials and other memorialization products; caskets; cast and etched architectural products; cremation equipment and cremation-related products; mausoleums; brand management, printing plates, gravure cylinders, pre-press services and imaging services for the primary packaging and corrugated industries; marking and coding equipment and consumables, and industrial automation products for identifying, tracking and conveying various consumer and industrial products, components and packaging containers; and merchandising display systems and marketing and design services.

COMMON STOCK

Matthews International Corporation common stock is traded on NASDAQ under the symbol "MATW."

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