



A Tradition of Quality Since 1850

SECOND QUARTER REPORT

For the Period Ended
March 31, 2010

To Our Shareholders

Matthews reported net income for the fiscal 2010 second quarter of \$15,931,000, or \$0.53 per share, compared to \$12,742,000, or \$0.42 per share, for the second fiscal quarter a year ago. The fiscal 2009 second quarter results included unusual charges of \$0.11 per share, which consisted principally of cost structure initiatives in many of the Company's businesses. Sales for the quarter ended March 31, 2010 were \$200,866,000, compared to \$197,362,000 in the same quarter a year ago. The increase in sales for the current quarter was principally due to the impact of recent acquisitions and favorable changes in foreign currency exchange rates, partially offset by the effect on Memorialization unit volume of a decline in casketed death rates. Operating profit for the three months ended March 31, 2010 was \$27,118,000, compared to \$23,439,000 for the second quarter last year. Operating profit for the fiscal 2009 second quarter included approximately \$4,900,000 (pre-tax) of the unusual charges noted above.

Net income for the six months ended March 31, 2010 was \$28,927,000, or \$0.96 per share, compared to \$24,031,000, or \$0.79 per share, for the same period last year. The year-to-date fiscal 2009 results included unusual charges of \$0.25 per share. In addition, fiscal 2009 earnings included the favorable effect of a one-time adjustment of \$0.03 per share to income tax expense. Sales for the six months ended March 31, 2010 were \$393,839,000, compared to \$388,648,000 in the same period last year. Operating profit for the six months ended March 31, 2010 was \$49,294,000, compared to \$43,518,000 a year ago. Fiscal 2009 operating profit included approximately \$10,700,000 (pre-tax) of the unusual charges noted above.

Our results for the fiscal 2010 second quarter reflected a continuation of challenging market conditions in all of our segments. However, these results were in line with our internal projections and demonstrated progress toward stabilization in many of our operations. We have been encouraged by signs of recovery in several of our Brand Solutions businesses. Our current year's results also reflected the benefit of the cost structure initiatives of fiscal 2009. In addition, the results for the current year were achieved despite an increase in pension expense (non-cash) of approximately \$0.03 per share for the quarter and \$0.06 year-to-date over the comparable periods last year.

As our year-to-date results were generally in line with our internal expectations, we are re-affirming our earnings guidance for fiscal 2010. We currently expect to achieve earnings per share at least equivalent to fiscal 2009, excluding unusual items. We continue to remain cautious given the continued decline in casketed death rates, uncertain economic conditions and rising commodity costs.

Joseph C. Bartolacci

President and Chief Executive Officer

May 5, 2010

Consolidated Statements of Income (Unaudited)

Dollar amounts in thousands, except per share data

	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2010	2009	2010	2009
Sales	\$200,866	\$197,362	\$393,839	\$388,648
Cost of sales	(123,085)	(124,245)	(242,668)	(247,679)
Gross profit	77,781	73,117	151,171	140,969
Selling and administrative expenses	(50,663)	(49,678)	(101,877)	(97,451)
Operating profit	27,118	23,439	49,294	43,518
Investment income (loss)	809	(307)	2,004	(695)
Interest expense	(1,812)	(3,030)	(3,751)	(6,294)
Other income (deductions), net	(633)	114	(731)	3
Income before income taxes	25,482	20,216	46,816	36,532
Income taxes	(9,187)	(7,388)	(16,865)	(12,424)
Net income	16,295	12,828	29,951	24,108
Less: Net income attributable to noncontrolling interests	(364)	(86)	(1,024)	(77)
Net income attributable to Matthews' shareholders:	\$ 15,931	\$ 12,742	\$ 28,927	\$ 24,031
Earnings per share attributable to Matthews' shareholders:				
Basic	\$.53	\$.42	\$.97	\$.79
Diluted	\$.53	\$.42	\$.96	\$.79
Dividends per share	\$.07	\$.065	\$.14	\$.13
Weighted-average number of common shares outstanding:				
Basic	29,841,709	30,314,212	29,910,728	30,403,150
Diluted	30,024,373	30,437,140	30,131,130	30,584,191

Dollar amounts in thousands

	March 31, 2010 ¹	September 30, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 60,934	\$ 57,732
Short-term investments	1,392	62
Accounts receivable, net	129,520	138,927
Inventories	95,339	94,455
Other current assets	16,909	14,246
Total current assets	304,094	305,422
Investments	13,619	13,389
Property, plant and equipment, net	131,655	138,060
Deferred income taxes and other assets	57,828	52,562
Goodwill and other intangible assets, net	439,299	440,220
Total assets	\$946,495	\$949,653
LIABILITIES		
Current liabilities:		
Long-term debt, current maturities	\$ 13,921	\$ 14,188
Accounts payable	32,826	28,604
Accrued compensation	34,055	35,592
Accrued income taxes	13,383	8,120
Other current liabilities	43,285	45,836
Total current liabilities	137,470	132,340
Long-term debt	218,981	237,530
Accrued pension	55,826	53,734
Postretirement benefits	25,090	24,599
Deferred income taxes	12,429	13,464
Environmental reserve	6,186	6,482
Other liabilities and deferred revenue	18,708	15,489
Total liabilities	474,690	483,638
Arrangement with noncontrolling interest	25,036	27,121
SHAREHOLDERS' EQUITY		
Shareholders' equity – Matthews:		
Common stock	36,334	36,334
Additional paid-in capital	44,886	47,436
Retained earnings	584,469	559,786
Accumulated other comprehensive loss	(42,292)	(29,884)
Treasury stock, at cost	(182,207)	(179,454)
Total shareholders' equity – Matthews	441,190	434,218
Noncontrolling interests	5,579	4,676
Total shareholders' equity	446,769	438,894
Total liabilities and shareholders' equity	\$946,495	\$949,653

¹Unaudited.

Corporate Information

Matthews International Corporation

Corporate Office
Two NorthShore Center
Pittsburgh, PA 15212-5851

Phone: (412) 442-8200 ■ Fax: (412) 442-8290

Internet: www.matw.com

E-mail: investorrelations@matw.com

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; granite memorials; cremation equipment and cremation-related products; mausoleums; brand management, printing plates and 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 the NASDAQ Global Select Market System under the symbol "MATW."

TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSEMENT AGENT

Computershare Investor Services LLC
P.O. Box 2388
Chicago, IL 60690-2388
Phone: (888) 294-8217 ■ Fax: (312) 601-4332
Internet: www.computershare.com

INVESTOR CONTACT

Steven F. Nicola
Chief Financial Officer, Secretary and Treasurer

PRESORTED
FIRST-CLASS MAIL
U.S. POSTAGE PAID
Fox Valley, IL
Permit #777

Matthews
INTERNATIONAL

Two NorthShore Center
Pittsburgh, PA 15212-5851