



**Part II Organizational Action (continued)**

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶  
**Internal Revenue Code Sections 354, 356, 358, and 1221.**

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18 Can any resulting loss be recognized? ▶ **No loss can be recognized with respect to the organizational action described herein with the exception of loss, if any, recognized with respect to the receipt of cash in lieu of a fractional share of stock.**

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **The stock basis adjustment and any recognized gain or loss will be taken into account in the tax year of the shareholder during which the organizational action described herein occurred (e.g., calendar year 2014 for a calendar year taxpayer).**

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here** Signature ▶ Steven Nicola Date ▶ 9/12/2014

Print your name ▶ **Steven F. Nicola** Title ▶ **Vice President, Secretary and Treasurer**

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

**Statement 1:**

**Part II, Question 14:**

Matthews International Corporation ("Matthews") and Schawk, Inc. ("Schawk") entered into an Agreement and Plan of Merger and Reorganization dated as of March 16, 2014 (the "Agreement") pursuant to which Matthews acquired Schawk. The Agreement provided for a two-step merger pursuant to which, first, a wholly-owned subsidiary of Matthews merged with and into Schawk, with Schawk surviving (the "Merger") and immediately after the effectiveness of the Merger, Schawk was merged with and into a separate wholly-owned entity of Matthews, with the subsidiary surviving (the "Second Merger"). The Merger and Second Merger were consummated on July 29, 2014.

**Statement 2:**

**Part II, Question 15:**

The acquisition by Matthews of Schawk pursuant to the Merger and Second Merger qualified as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Pursuant to the Merger, each outstanding share of Schawk common stock was converted into the right to receive .20582 of a share of Matthews common stock and \$11.80 in cash. Matthews did not issue fractional shares in the Merger. Instead, Matthews paid cash for fractional shares of common stock based on a value of Matthews common stock equal to the arithmetic average of the average daily high and low sales prices per share of Matthews common stock as reported on the NASDAQ during the ten trading days immediately preceding the date on which the Merger was consummated.

Upon exchanging Schawk common stock for Matthews common stock and cash pursuant to the Merger, a holder of Schawk common stock will recognize gain, but not loss, equal to the lesser of: (1) the amount cash received by the holder in the merger (not including any cash received in lieu of a fractional share of Matthews common stock) and (2) the excess, if any, of (a) the sum of the amount of cash received by the holder in the Merger (not including any cash received in lieu of a fractional share of Matthews common stock) plus the fair market value of Matthews common stock (including the fair market value of any fractional share) received in the Merger, over (b) the holder's tax basis in the Schawk common stock surrendered in the Merger. **If a holder of Schawk common stock acquired different blocks of Schawk common stock at different prices or different times, such holder should consult his or her tax advisor regarding the manner in which gain should be determined.**

The aggregate tax basis in the shares of Matthews common stock received pursuant to the Merger (including any fractional share deemed received and exchanged for cash as described below) will equal the aggregate tax basis in the Schawk common stock surrendered by the holder in the Merger, decreased by the amount of cash received (excluding any cash received in lieu of a fractional share of Matthews common stock), and increased by the amount of gain, if any recognized (excluding any gain recognized with respect to cash received in lieu of a fractional share of Matthews common stock and including any amount of gain treated as a dividend under the provisions of Internal Revenue Code Section 356).

A holder who received cash in lieu of a fractional share of Matthews common stock will be treated as having received the fractional share in the Merger, and then as having sold such fractional share for cash to Matthews. The amount of any gain or loss recognized as a result of such deemed sale will be equal to the difference between the cash received in lieu of the fractional share and the ratable portion of the tax basis of Schawk common stock exchanged in the Merger that is allocated to such fractional share, and will generally constitute long-term capital gain or loss if the shares of Schawk common stock exchanged had been held by the holder for more than one year at the time of the exchange.

**The information contained in this Form 8937 is not tax advice. Former Schawk shareholders are urged to consult their tax advisors to determine the federal, state, local and foreign income tax consequences to them resulting from the Merger and Second Merger based on their particular circumstances. Former Schawk shareholders also are urged to read the discussion entitled "Material U.S. Federal Income Tax Consequences" included in the Proxy Statement/Prospectus included as part of the Registration Statement filed by Matthews International Corporation on June 25, 2014.**

**STATEMENT 3**

**PART II, Question 16 SUPPORTING DATA AND SAMPLE CALCULATION**

The following example illustrates the method by which a former Schawk shareholder would calculate basis in Matthews common stock received in the merger. The example assumes that the shareholder is an individual U.S. citizen or resident who acquired shares of Schawk stock in one block at the same price for cash and holds such shares as capital assets and that the

The fair market value of each Matthews share received in the merger is assumed to be \$43.58, which is the mean of the high and low selling price of such stock on July 29, 2014.

The fair market value of Matthews stock for purposes of determining the fractional share payment is \$42.88, which is determined in accordance with Section 2.3(e) of the Agreement.

**I. Example of Calculation for Holder of Schawk Common Stock**

**A.**

Assumptions:

Number of shares of Schawk common stock held prior to the Merger and exchanged in the Merger	100
Tax Basis in each share of Schawk common stock	\$8.00 Basis per share
Aggregate tax basis in Schawk common stock	\$800.00
Fair market value of each Matthews share received in the Merger	\$43.58 Mean of high and low selling prices on July 29, 2014
Fair market value of Matthews stock for purposes of determining fractional share payment	\$42.88 Determined in accordance with section 2.3(e) of Merger Agreement

**B.**

Sample Calculation Based on Assumptions:

**1. Total Merger Consideration:**

Matthews common stock received (20 shares x \$43.58)	\$871.60
Value of fractional share (.582 x \$42.88)	\$24.95
Cash merger consideration (100 x \$11.80)	\$1,180.00
Total Consideration	<u>\$2,076.55</u>

**2. Realized Gain**

Total Consideration	\$2,076.55
Less: Cost basis of Schawk shares surrendered in Merger	<u>\$800.00</u>
Realized Gain	<u>\$1,276.55</u>

**3. Recognized Gain**

Lesser of Realized Gain and Cash merger consideration	<u>\$1,180.00</u>
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**4. Tax Basis in Matthews Shares Received**

Aggregate basis in Schawk shares surrendered in Merger	\$800.00
Less: Cash merger consideration	-\$1,180.00
Plus: Recognized gain	\$1,180.00
Basis in Matthews shares	<u>\$800.00</u>

**5. Taxable Gain on Fractional Shares:**

Cash paid in lieu of fractional shares (.582 x \$42.88)	\$24.95
Less: basis attributable to fractional share (.582/20.582 x \$800)	\$22.62
Taxable gain	<u>\$2.33</u>

**6. Final Adjusted Tax Basis in Matthews Shares**

Basis in shares received (with fractional share)	\$800.00
Less: basis attributable to fractional share	-\$22.62
Basis in Matthews shares received	<u>\$777.38</u>
Per Share Basis	<u>\$38.87</u>