



A Tradition of Quality Since 1850

FIRST QUARTER REPORT

For the Period Ended
December 31, 2009

To Our Shareholders

Matthews reported net income attributable to the Company of \$12,996,000 for the fiscal 2010 first quarter, compared to \$11,289,000 for the first quarter last year. Earnings per share for the current period were \$0.43 per share, compared to \$0.37 per share a year ago. The prior year results included unusual charges of approximately \$6,600,000 (pre-tax), or \$0.14 per share, which primarily consisted of cost structure initiatives in several of the Company's businesses. In addition, earnings for the first quarter a year ago included the favorable effect of a one-time adjustment of \$0.03 per share to income tax expense.

Sales for the quarter ended December 31, 2009 were \$192,973,000, compared to \$191,286,000 in the same quarter a year ago. The increase in sales was principally attributable to the impact of recent acquisitions and the favorable impact of changes in foreign currency rates. Excluding these factors, sales declined from a year ago, mainly attributable to the continued weakness in the domestic economy. In addition, the estimated casketed death rate was also lower than the same quarter last year. Operating profit for the three months ended December 31, 2009 was \$22,176,000, compared to \$20,079,000 in the same quarter a year ago. Operating profit for the fiscal 2009 first quarter included approximately \$5,800,000 of the unusual charges noted above. In addition, changes in pension expense had an unfavorable impact of \$1,300,000 (\$0.03 per share) on current period results compared to a year ago.

The Company's operating results for the fiscal 2010 first quarter were slightly ahead of internal expectations, but were lower than the first quarter of fiscal 2009 excluding unusual charges and the one-time tax benefit from last year's results. Going forward, we expect these comparables to improve. In addition, the results for the current quarter were achieved despite the increase in pension cost.

I believe the current market conditions will continue to be challenging for most of our businesses, and we will continue to stress the importance of discipline on cost structure relative to revenue run rates. In November 2009, we indicated that, despite the increase in pension expense of \$5.1 million (\$0.11 per share), our earnings for fiscal 2010 were expected to be at a level relatively consistent with fiscal 2009 earnings, excluding unusual items. Based on the results for the fiscal 2010 first quarter and our current projections for the fiscal year, we are maintaining our guidance at this time.

Joseph C. Bartolacci

President and Chief Executive Officer

February 3, 2010

Consolidated Statements of Income (Unaudited)

Dollar amounts in thousands, except per share data

	THREE MONTHS ENDED DECEMBER 31,	
	2009	2008
Sales	\$192,973	\$191,286
Cost of sales	(119,583)	(123,434)
Gross profit	73,390	67,852
Selling and administrative expenses	(51,214)	(47,773)
Operating profit	22,176	20,079
Investment income (loss)	1,195	(388)
Interest expense	(1,939)	(3,264)
Other deductions, net	(98)	(111)
Income before income taxes	21,334	16,316
Income taxes	(7,678)	(5,036)
Net income	13,656	11,280
Less: Net income (loss) attributable to noncontrolling interests	660	(9)
Net income attributable to Matthews' shareholders	\$ 12,996	\$ 11,289
Earnings per share attributable to Matthews' shareholders:		
Basic	\$.43	\$.37
Diluted	\$.43	\$.37
Dividends per share	\$.070	\$.065
Weighted-average number of common shares outstanding:		
Basic	29,974,606	30,482,249
Diluted	30,189,047	30,554,071

Dollar amounts in thousands

December 31, 2009¹

September 30, 2009

ASSETS**Current assets:**

Cash and cash equivalents	\$ 59,828	\$ 57,732
Short-term investments	62	62
Accounts receivable, net	125,778	138,927
Inventories	95,319	94,455
Other current assets	13,350	14,246

Total current assets	294,337	305,422
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Investments	15,350	13,389
Property, plant and equipment, net	137,466	138,060
Deferred income taxes and other assets	57,892	52,562
Goodwill and other intangible assets, net	444,741	440,220

Total assets	\$949,786	\$949,653
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LIABILITIES**Current liabilities:**

Long-term debt, current maturities	\$ 13,582	\$ 14,188
Accounts payable	26,188	28,604
Accrued compensation	31,188	35,592
Accrued income taxes	10,917	8,120
Other current liabilities	45,432	45,836

Total current liabilities	127,307	132,340
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Long-term debt	237,942	237,530
Accrued pension	54,787	53,734
Postretirement benefits	24,753	24,599
Deferred income taxes	13,180	13,464
Environmental reserve	6,352	6,482
Other liabilities and deferred revenue	14,105	15,489

Total liabilities	478,426	483,638
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Arrangement with noncontrolling interest	26,531	27,131
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SHAREHOLDERS' EQUITY**Shareholders' equity – Matthews:**

Common stock	36,334	36,334
Additional paid-in capital	43,605	47,436
Retained earnings	570,655	559,786
Accumulated other comprehensive loss	(32,663)	(29,884)
Treasury stock, at cost	(178,428)	(179,454)

Total shareholders' equity – Matthews	439,503	434,218
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Noncontrolling interests	5,326	4,666
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Total shareholders' equity	444,829	438,884
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Total liabilities and shareholders' equity	\$949,786	\$949,653
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¹Unaudited.

Corporate Information

Matthews International Corporation

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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; 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

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INVESTOR CONTACT

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