UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Form 10-Q

☒ Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For The Quarterly Period Ended March 31, 2014

Commission File No. 0-9115

MATTHEWS INTERNATIONAL CORPORATION
(Exact Name of registrant as specified in its charter)

PENNSYLVANIA (State or other jurisdiction of Incorporation or organization)	25-0644320 (I.R.S. Employer Identification No.)
TWO NORTHSHORE CENTER, PITTSBURGH, PA (Address of principal executive offices)	15212-5851 (Zip Code)
Registrant's telephone number, including area code	(412) 442-8200

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer” and “large accelerated filer” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of April 30, 2014, shares of common stock outstanding were:

Class A Common Stock 27,345,111 shares

PART I - FINANCIAL INFORMATION
MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(Dollar amounts in thousands)

	March 31, 2014		September 30, 2013	
ASSETS				
Current assets:				
Cash and cash equivalents		$ 61,590		$ 58,959
Accounts receivable, net		185,274		188,405
Inventories		143,005		130,768
Deferred income taxes		9,805		9,826
Other current assets		21,780		18,997
Total current assets		421,454		406,955
Investments		23,122		22,288
Property, plant and equipment: Cost	$ 423,414		$ 414,522	
Less accumulated depreciation	(247,008)		(233,791)	
		176,406		180,731
Deferred income taxes		1,588		1,871
Other assets		15,275		14,402
Goodwill		527,282		524,551
Other intangible assets, net		62,934		65,102
Total assets		$ 1,228,061		$ 1,215,900
LIABILITIES				
Current liabilities:				
Long-term debt, current maturities		$ 23,472		$ 23,587
Accounts payable		45,936		45,232
Accrued compensation		34,496		41,916
Accrued income taxes		4,010		5,910
Customer prepayments		14,840		13,531
Contingent consideration		-		3,726
Other current liabilities		46,754		51,077
Total current liabilities		169,508		184,979
Long-term debt		354,167		351,068
Accrued pension		63,959		61,642
Postretirement benefits		18,270		17,956
Deferred income taxes		20,640		20,332
Other liabilities		30,296		26,993
Total liabilities		656,840		662,970
SHAREHOLDERS' EQUITY				
Shareholders' equity-Matthews:				
Common stock	$ 36,334		$ 36,334	
Additional paid-in capital	46,911		47,315	
Retained earnings	788,966		775,762	
Accumulated other comprehensive loss	(22,287)		(26,940)	
Treasury stock, at cost	(281,859)		(283,006)	
Total shareholders' equity-Matthews		568,065		549,465
Noncontrolling interests		3,156		3,465
Total shareholders' equity		571,221		552,930
Total liabilities and shareholders' equity		$ 1,228,061		$ 1,215,900

The accompanying notes are an integral part of these consolidated financial statements.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Dollar amounts in thousands, except per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2014	**2013**	**2014**	**2013**
Sales	$ 246,837	$ 256,390	$ 476,782	$ 481,999
Cost of sales	(156,657)	(161,524)	(305,226)	(307,159)
Gross profit	90,180	94,866	171,556	174,840
Selling and administrative expenses	(69,288)	(69,796)	(135,668)	(133,271)
Operating profit	20,892	25,070	35,888	41,569
Investment income	353	607	1,227	840
Interest expense	(2,554)	(3,051)	(5,455)	(6,298)
Other income (deductions), net	(790)	(1,067)	(1,772)	(2,172)
Income before income taxes	17,901	21,559	29,888	33,939
Income taxes	(6,650)	(7,504)	(10,731)	(11,881)
Net income	11,251	14,055	19,157	22,058
Net (income) loss attributable to noncontrolling interests	82	137	90	389
Net income attributable to Matthews shareholders	$ 11,333	$ 14,192	$ 19,247	$ 22,447
Earnings per share attributable to Matthews shareholders:				
Basic	$0.41	$0.51	$0.71	$0.81
Diluted	$0.41	$0.51	$0.70	$0.81

The accompanying notes are an integral part of these consolidated financial statements.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(Dollar amounts in thousands)

	Three Months Ended March 31,					
	Matthews		Noncontrolling Interest		Total	
	2014	2013	2014	2013	2014	2013
Net income (loss):	$ 11,333	$ 14,192	$ (82)	$ (137)	$ 11,251	$ 14,055
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustment	223	(13,543)	(197)	356	26	(13,187)
Pension plans and other postretirement benefits	529	1,074	-	-	529	1,074
Unrecognized gain (loss) on derivatives:						
Net change from periodic revaluation	(1,049)	486	-	-	(1,049)	486
Net amount reclassified to earnings	643	626	-	-	643	626
Net change in unrecognized gain (loss) on derivatives	(406)	1,112	-	-	(406)	1,112
Other comprehensive income (loss), net of tax	346	(11,357)	(197)	356	149	(11,001)
Comprehensive income (loss)	$ 11,679	$ 2,835	$ (279)	$ 219	$ 11,400	$ 3,054

	Six Months Ended March 31,					
	Matthews		Noncontrolling Interest		Total	
	2014	2013	2014	2013	2014	2013
Net income (loss):	$ 19,247	$ 22,447	$ (90)	$ (389)	$ 19,157	$ 22,058
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustment	2,769	(5,934)	(54)	55	2,715	(5,879)
Pension plans and other postretirement benefits	1,057	2,147	-	-	1,057	2,147
Unrecognized gain (loss) on derivatives:						
Net change from periodic revaluation	(472)	497	-	-	(472)	497
Net amount reclassified to earnings	1,299	1,238	-	-	1,299	1,238
Net change in unrecognized gain (loss) on derivatives	827	1,735		-	827	1,735
Other comprehensive income (loss), net of tax	4,653	(2,052)	(54)	55	4,599	(1,997)
Comprehensive income (loss)	$ 23,900	$ 20,395	$ (144)	$ (334)	$ 23,756	$ 20,061

The accompanying notes are an integral part of these consolidated financial statements.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
for the six months ended March 31, 2014 and 2013 (Unaudited)
(Dollar amounts in thousands, except per share data)

	Shareholders' Equity						
	Common Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Treasury Stock**	**Non-controlling interests**	**Total**
Balance, September 30, 2012	$ 36,334	$ 47,893	$ 727,176	$ (65,083)	$ (268,499)	$ 2,613	$ 480,434
Net income	-	-	22,447	-	-	(389)	22,058
Minimum pension liability	-	-	-	2,147	-	-	2,147
Translation adjustment	-	-	-	(5,934)	-	55	(5,879)
Fair value of derivatives	-	-	-	1,735	-	-	1,735
Total comprehensive income							20,061
Stock-based compensation	-	2,757	-	-	-	-	2,757
Purchase of 354,040 shares of treasury stock	-	-	-	-	(7,259)	-	(7,259)
Issuance of 279,745 shares of treasury stock	-	(8,102)	-	-	8,626	-	524
Cancellations of 42,956 shares of treasury stock	-	1,843	-	-	(1,843)	-	-
Dividends, $.20 per share	-	-	(5,563)	-	-	-	(5,563)
Arrangement with noncontrolling interests			4,980			1,653	6,633
Distributions to noncontrolling interests	-	-	-	-	-	(273)	(273)
Balance, March 31, 2013	$ 36,334	$ 44,391	$ 749,040	$ (67,135)	$ (268,975)	$ 3,659	$ 497,314

	Shareholders' Equity						
	Common Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Treasury Stock**	**Non-controlling interests**	**Total**
Balance, September 30, 2013	$ 36,334	$ 47,315	$ 775,762	$ (26,940)	$ (283,006)	$ 3,465	$ 552,930
Net income	-	-	19,247	-	-	(90)	19,157
Minimum pension liability	-	-	-	1,057	-	-	1,057
Translation adjustment	-	-	-	2,769	-	(54)	2,715
Fair value of derivatives	-	-	-	827	-	-	827
Total comprehensive income							23,756
Stock-based compensation	-	3,239	-	-		-	3,239
Purchase of 108,605 shares of treasury stock	-	-	-	-	(4,467)	-	(4,467)
Issuance of 281,231 shares of treasury							

stock	-	(6,799)	-	-	8,770	-	1,971
Cancellations of 77,417 shares of treasury stock		3,156			(3,156)		
Dividends, $.22 per share	-	-	(6,043)	-	-	-	(6,043)
Distributions to noncontrolling interests	-	-				(165)	(165)
Balance, March 31, 2014	$ 36,334	$ 46,911	$ 788,966	$ (22,287)	$ (281,859)	$ 3,156	$ 571,221

The accompanying notes are an integral part of these consolidated financial statements.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Dollar amounts in thousands, except per share data)

	Six Months Ended March 31, 2014	Six Months Ended March 31, 2013
Cash flows from operating activities:		
Net income	$ 19,157	$ 22,058
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,921	17,314
Stock-based compensation expense	3,239	2,757
Change in deferred taxes	(651)	(787)
Gain on sale of assets	(632)	(660)
Unrealized gain on investments	(875)	(450)
Changes in working capital items	(23,233)	(10,554)
Increase in other assets	(805)	(95)
Increase (decrease) in other liabilities	4,282	(2,785)
Increase in pension and postretirement benefits	4,369	6,642
Other, net	(164)	(3,293)
Net cash provided by operating activities	23,608	30,147
Cash flows from investing activities:		
Capital expenditures	(9,859)	(10,947)
Proceeds from sale of assets	29	221
Acquisitions, net of cash acquired	-	(63,769)
Net cash used in investing activities	(9,830)	(74,495)
Cash flows from financing activities:		
Proceeds from long-term debt	15,335	117,636
Payments on long-term debt	(14,484)	(54,055)
Payments of contingent consideration	(3,703)	(9,542)
Proceeds from the sale of treasury stock	1,828	524
Purchases of treasury stock	(4,267)	(7,259)
Dividends	(6,043)	(5,563)
Distributions to noncontrolling interests	(165)	(273)
Net cash (used in) provided by financing activities	(11,499)	41,468
Effect of exchange rate changes on cash	352	216
Net change in cash and cash equivalents	$ 2,631	$ (2,664)
Non-cash investing and financing activities:		
Acquisition of equipment under capital lease	$ 949	$ -

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Nature of Operations

Matthews International Corporation ("Matthews" or the "Company"), founded in 1850 and incorporated in Pennsylvania in 1902, is a designer, manufacturer and marketer principally of memorialization products and brand solutions. Memorialization products consist primarily of bronze and granite 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 and fulfillment systems and merchandising solutions. The Company's products and operations are comprised of six business segments: Cemetery Products, Funeral Home Products, Cremation, Graphics Imaging, Marking and Fulfillment Systems and Merchandising Solutions. The Cemetery Products segment is a leading manufacturer of cast bronze and granite memorials and other memorialization products, cast and etched architectural products and is a leading builder of mausoleums in the United States. The Funeral Home Products segment is a leading casket manufacturer and distributor in North America and produces a wide variety of wood, metal and cremation caskets. The Cremation segment is a leading designer and manufacturer of cremation equipment in North America and Europe. The Graphics Imaging segment manufactures and provides brand management, printing plates, gravure cylinders, pre-press services and imaging services for the primary packaging and corrugated industries. The Marking and Fulfillment Systems segment designs, manufactures and distributes a wide range of marking and coding equipment and consumables, industrial automation products and order fulfillment systems for identifying, tracking, picking and conveying consumer and industrial products. The Merchandising Solutions segment designs and manufactures merchandising displays and systems and provides creative merchandising and marketing solutions services.

The Company has manufacturing and marketing facilities in the United States, Mexico, Canada, Europe, Australia and Asia.

Note 2. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information for commercial and industrial companies and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the six months ended March 31, 2014 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2014. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2013. The consolidated financial statements include all domestic and foreign subsidiaries in which the Company maintains an ownership interest and has operating control. All intercompany accounts and transactions have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Dollar amounts in thousands, except per share data)

Note 2. Basis of Presentation (continued)

Reclassifications and Revision:

Certain reclassifications have been made in these financial statements to adjust the effect of exchange rate changes on cash in the Consolidated Statement of Cash Flows for the six-month period ended March 31, 2013. Additionally, reclassifications have been made in these financial statements to adjust for bank overdrafts in the Consolidated Statement of Cash Flows for the six months ended March 31, 2013 and on the Consolidated Balance Sheet for the fiscal year ended September 30, 2013.

Note 3. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three level fair value hierarchy is used to prioritize the inputs used in valuations, as defined below:

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The fair values of the Company's assets and liabilities measured on a recurring basis are categorized as follows:

	March 31, 2014				September 30, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Derivatives (1)	$ -	$ 3,850	-	$ 3,850	$ -	$ 3,736	-	$ 3,736
Trading securities	$ 18,879	-	-	$ 18,879	$ 17,929	-	-	$ 17,929
Total assets at fair value	$ 18,879	$ 3,850	-	$ 22,729	$ 17,929	$ 3,736	-	$ 21,665
Liabilities:								
Derivatives (1)	-	$ 3,403	-	$ 3,403	-	$ 4,644	-	$ 4,644
Total liabilities at fair value	-	$ 3,403	-	$ 3,403	-	$ 4,644	-	$ 4,644

(1) Interest rate swaps are valued based on observable market swap rates.

(Dollar amounts in thousands, except per share data)

Note 4. Inventories

Inventories consisted of the following:

	March 31, 2014	September 30, 2013
Raw Materials	$ 44,507	$ 40,931
Work in process	30,930	25,293
Finished goods	67,568	64,544
	$ 143,005	$ 130,768

Note 5. Debt

The Company has a domestic Revolving Credit Facility with a syndicate of financial institutions. The maximum amount of borrowings available under the facility is $500,000 and borrowings under the facility bear interest at LIBOR plus a factor ranging from .75% to 1.25% based on the Company's leverage ratio. The facility's maturity is July 2018. The leverage ratio is defined as net indebtedness divided by EBITDA (earnings before interest, taxes, depreciation and amortization). The Company is required to pay an annual commitment fee ranging from .15% to .25% (based on the Company's leverage ratio) of the unused portion of the facility.

The Revolving Credit Facility requires the Company to maintain certain leverage and interest coverage ratios. A portion of the facility (not to exceed $30,000) is available for the issuance of trade and standby letters of credit. Outstanding borrowings on the Revolving Credit Facility at March 31, 2014 and September 30, 2013 were $310,000 and $305,000, respectively. The weighted-average interest rate on outstanding borrowings on this facility at March 31, 2014 and 2013 was 2.53% and 2.98%, respectively.

In connection with the pending acquisition of Schawk, Inc. ("SGK") (see Note 12.) the Company entered into a commitment letter with RBS Citizens in March 2014 to amend and increase the maximum amount of borrowings available under the facility to $850,000. The amendment is conditional upon the closing of the SGK acquisition.

The Company has entered into the following interest rate swaps:

Effective Date	Amount	Fixed Interest Rate	Interest Rate Spread at March 31, 2014	Maturity Date
May 2011	$25,000	1.37%	1.00%	May 2014
October 2011	25,000	1.67%	1.00%	October 2015
November 2011	25,000	2.13%	1.00%	November 2014
March 2012	25,000	2.44%	1.00%	March 2015
June 2012	40,000	1.88%	1.00%	June 2022
August 2012	35,000	1.74%	1.00%	June 2022
September 2012	25,000	3.03%	1.00%	December 2015
September 2012	25,000	1.24%	1.00%	March 2017
November 2012	25,000	1.33%	1.00%	November 2015
May 2014	25,000	1.35%	1.00%	May 2018

The Company enters into interest rate swaps in order to achieve a mix of fixed and variable rate debt that it deems appropriate. The interest rate swaps have been designated as cash flow hedges of the future variable interest payments under the Revolving Credit Facility, which are considered probable of occurring. Based on the Company's assessment, all of the critical terms of each of the hedges matched the underlying terms of the hedged debt and related forecasted interest payments, and as such, these hedges were considered highly effective.

(Dollar amounts in thousands, except per share data)

Note 5. Debt (continued)

The fair value of the interest rate swaps reflected an unrealized gain, net of unrealized losses, of $447 ($273 after tax) at March 31, 2014 and an unrealized loss, net of unrealized gains, of $908 ($554 after tax) at September 30, 2013. The net unrealized gain and loss are included in shareholders' equity as part of accumulated other comprehensive income (loss) ("AOCI"). Assuming market rates remain consistent with the rates at March 31, 2014, approximately $1,131 net unrealized loss included in AOCI is expected to be recognized in earnings as an adjustment to interest expense over the next twelve months.

At March 31, 2014 and September 30, 2013, the interest rate swap contracts were reflected in the consolidated balance sheets as follows:

Balance Sheet Location:	March 31, 2014	September 30, 2013
Current assets		
Other current assets	$ 473	$ 427
Long-term assets		
Other assets	3,378	3,309
Current liabilities:		
Other current liabilities	(2,327)	(2,590)
Long-term liabilities:		
Other liabilities	(1,077)	(2,054)
Total derivatives	$ 447	$ (908)

The loss recognized on derivatives was as follows:

Derivatives in Cash Flow Hedging Relationships	Location of Loss Recognized in Income on Derivative	Amount of Loss Recognized in Income on Derivatives		Amount of Loss Recognized in Income on Derivatives	
		Three Months ended March 31,		Six Months ended March 31,	
		2014	2013	2014	2013
Interest rate swaps	Interest expense	$(1,054)	$(1,026)	$(2,130)	$(2,029)

(Dollar amounts in thousands, except per share data)

Note 5. Debt (continued)

The Company recognized the following losses in AOCI:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in AOCL on Derivatives		Location of Gain or (Loss) Reclassified From AOCI into Income (Effective Portion*)	Amount of Loss Reclassified from AOCL into Income (Effective Portion*)	
	March 31, 2014	**March 31, 2013**		**March 31, 2014**	**March 31, 2013**
Interest rate swaps	$(472)	$497	Interest expense	$(1,299)	$(1,238)

*There is no ineffective portion or amount excluded from effectiveness testing.

The Company, through certain of its European subsidiaries has a credit facility with a European bank. The maximum amount of borrowing available under this facility was 25.0 million Euros ($34,425). Outstanding borrowings under the credit facility totaled 21.9 million Euros ($30,144) and 22.5 million Euros ($30,454) at March 31, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding borrowings under this facility at March 31, 2014 and 2013 was 1.48% and 1.37%, respectively.

The Company, through its German subsidiary, Saueressig GmbH & Co. KG ("Saueressig"), has several loans with various European banks. Outstanding borrowings under these loans totaled 1.5 million Euros ($2,001) and 1.7 million Euros ($2,310) at March 31, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding borrowings of Saueressig at March 31, 2014 and 2013 was 4.04% and 3.89%, respectively.

The Company, through its German subsidiary, Wetzel GmbH ("Wetzel"), has several loans with various European banks. Outstanding borrowings under these loans totaled 6.5 million Euros ($8,932) and 7.4 million Euros ($10,000) at March 31, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding borrowings of Wetzel at March 31, 2014 and 2013 was 7.75% and 7.17%, respectively.

The Company, through its wholly-owned subsidiary, Matthews International S.p.A., has several loans with various Italian banks. Outstanding borrowings on these loans totaled 7.1 million Euros ($9,766) and 5.1 million Euros ($6,871) at March 31, 2014 and September 30, 2013, respectively. Matthews International S.p.A. also has three lines of credit totaling 11.3 million Euros ($15,601) with the same Italian banks. Outstanding borrowings on these lines were 4.3 million Euros ($5,932) and 5.6 million Euros ($7,639) at March 31, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding Matthews International S.p.A. borrowings at March 31, 2014 and 2013 was 3.12% and 3.16%, respectively.

Note 6. Share-Based Payments

The Company maintains an equity incentive plan (the "2012 Equity Incentive Plan") that provides for grants of stock options, restricted shares, stock-based performance units and certain other types of stock-based awards. The Company also maintains an equity incentive plan (the "2007 Equity Incentive Plan") and a stock incentive plan (the "1992 Incentive Stock Plan") that previously provided for grants of stock options, restricted shares and certain other types of stock-based awards. Under the 2012 Equity Incentive Plan, which has a ten-year term, the maximum number of shares available for grants or awards is an aggregate of 2,500,000. There will be no further grants under the 2007 Equity Incentive Plan or the 1992 Incentive Stock Plan. At March 31, 2014, there were 2,097,550 shares reserved for future issuance under the 2012 Equity Incentive Plan. All plans are administered by the Compensation Committee of the Board of Directors.

The option price for each stock option granted under either plan may not be less than the fair market value of the Company's common stock on the date of grant. Outstanding stock options generally vest in one-third increments upon the attainment of pre-defined levels of appreciation in the market value of the Company's Class A Common Stock. In addition, options generally vest in one-third increments after three, four and five years, respectively, from the grant date (but, in any event, not until the attainment of the market value thresholds). The options expire on the earlier of ten years from the date of grant, upon employment termination, or within specified time limits following voluntary employment termination (with the consent of the Company), retirement or death. The Company generally settles employee stock option exercises with treasury shares. With respect to outstanding restricted share grants, for grants made prior to fiscal 2013, generally one-half of the shares vest on the third anniversary of the grant, with the remaining one-half of the shares vesting in one-third increments upon attainment of pre-defined levels of appreciation in the market value of the Company's Class A Common Stock. For grants made in fiscal 2013 and forward, generally one-half of the shares vest on the third anniversary of the grant, one-quarter of the shares vest in one-third increments upon the attainment of pre-defined levels of adjusted earnings per share, and the remaining one-quarter of the shares vest in one-third increments upon attainment of pre-defined levels of appreciation in the market value of the Company's Class A Common Stock. Additionally, restricted shares cannot vest until the first anniversary of the grant date. Unvested restricted shares generally expire on the earlier of five years from the date of grant, upon employment termination, or within specified time limits following voluntary employment termination (with the consent of the Company), retirement or death. The Company issues restricted shares from treasury shares.

For the three-month periods ended March 31, 2014 and 2013, total stock-based compensation cost totaled $1,665 and $1,378, respectively. For the six-month periods ended March 31, 2014 and 2013, total stock-based compensation cost totaled $3,239 and $2,757, respectively. The associated future income tax benefit recognized was $649 and $537 for the three-month periods ended March 31, 2014 and 2013, respectively, and $1,263 and $1,075 for the six-month periods ended March 31, 2014 and 2013, respectively.

For the three-month periods ended March 31, 2014 and 2013, the amount of cash received from the exercise of stock options was $173 and $48, respectively. For the six-month periods ended March 31, 2014 and 2013, the amount of cash received from the exercise of stock options was $1,828 and $523, respectively. In connection with these exercises, the tax benefits realized by the Company were $8 and $3 for the three-month periods ended March 31, 2014 and 2013, respectively, and $185 and $66 for the six-month periods ended March 31, 2014 and 2013, respectively.

(Dollar amounts in thousands, except per share data)

Note 6. Share-Based Payments (continued)

The transactions for restricted stock for the six months ended March 31, 2014 were as follows:

	Shares	Weighted-average grant-date fair value
Non-vested at September 30, 2013	641,399	$29.46
Granted	201,225	35.71
Vested	(225,503)	29.44
Expired or forfeited	(77,417)	30.84
Non-vested at March 31, 2014	539,704	31.60

As of March 31, 2014, the total unrecognized compensation cost related to unvested restricted stock was $7,898 and is expected to be recognized over a weighted average period of 1.8 years.

The transactions for shares under options for the six months ended March 31, 2014 were as follows:

	Shares	Weighted-average exercise price	Weighted-average remaining contractual term	Aggregate intrinsic value
Outstanding, September 30, 2013	744,824	$37.76		
Granted	-	-		
Exercised	(62,653)	32.37		
Expired or forfeited	(20,214)	39.12		
Outstanding, March 31, 2014	661,957	38.23	1.8	$1,710
Exercisable, March 31, 2014	349,183	37.77	1.6	$1,063

No options vested during the three-month and six-month periods ended March 31, 2014 and 2013, respectively. The intrinsic value of options (which is the amount by which the stock price exceeded the exercise price of the options on the date of exercise) exercised during the six-month periods ended March 31, 2014 and 2013 was $509 and $190, respectively.

The transactions for non-vested options for the six months ended March 31, 2014 were as follows:

Non-vested shares	Shares	Weighted-average grant-date fair value
Non-vested at September 30, 2013	331,755	$11.29
Granted	-	-
Vested	-	-
Expired or forfeited	(18,981)	12.23
Non-vested at March 31, 2014	312,774	11.23

(Dollar amounts in thousands, except per share data)

Note 6. Share-Based Payments (continued)

The fair value of each restricted stock grant is estimated on the date of grant using a binomial lattice valuation model. The following table indicates the assumptions used in estimating fair value of restricted stock for the periods ended March 31, 2014 and 2013.

	Six Months Ended March 31,	
	2014	**2013**
Expected volatility	26.6%	29.5%
Dividend yield	1.1%	1.2%
Average risk free interest rate	1.4%	0.6%
Average expected term (years)	2.0	2.0

The risk free interest rate is based on United States Treasury yields at the date of grant. The dividend yield is based on the most recent dividend payment and average stock price over the 12 months prior to the grant date. Expected volatilities are based on the historical volatility of the Company's stock price. The expected term represents an estimate of the average period of time for restricted shares to vest. The characteristics for each grant are considered separately for valuation purposes.

Under the Company's 1994 Director Fee Plan, directors (except for the Chairman of the Board) who are not also officers of the Company each receive, as an annual retainer fee, either cash or shares of the Company's Class A Common Stock equivalent to $60. The equivalent amount paid to a non-employee Chairman of the Board is $130. Where the annual retainer fee is provided in shares, each director may elect to be paid these shares on a current basis or have such shares credited to a deferred stock account as phantom stock, with such shares to be paid to the director subsequent to leaving the Board. The value of deferred shares is recorded in other liabilities. A total of 17,005 shares had been deferred under the 1994 Director Fee Plan at March 31, 2014. Additionally, directors who are not also officers of the Company each receive an annual stock-based grant (non-statutory stock options, stock appreciation rights and/or restricted shares) with a value of $100. A total of 22,300 stock options have been granted under the plan. At March 31, 2014, 11,800 options were outstanding and vested. Additionally, 120,500 shares of restricted stock have been granted under the plan, 37,457 of which were unvested at March 31, 2014. A total of 300,000 shares have been authorized to be issued under the 1994 Director Fee Plan.

Note 7. Earnings Per Share Attributable to Matthews' Shareholders

The information used to compute earnings per share attributable to Matthews' common shareholders was as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2014	2013	2014	2013
Net income attributable to Matthews shareholders	$ 11,333	$ 14,192	$ 19,247	$ 22,447
Less: dividends and undistributed earnings allocated to participating securities	23	145	74	251
Net income available to Matthews shareholders	$ 11,310	$ 14,047	$ 19,173	$ 22,196
Weighted-average shares outstanding (in thousands):				
Basic shares	27,276	27,369	27,193	27,312
Effect of dilutive securities	194	143	231	99
Diluted shares	27,470	27,512	27,424	27,411

There were no anti-dilutive securities for the three and six months ended March 31, 2014. Options to purchase 730,642 and 749,667 shares of common stock were not included in the computation of diluted earnings per share for the three months and six months ended March 31, 2013, respectively, because the inclusion of these options would be anti-dilutive.

Note 8. Pension and Other Postretirement Benefit Plans

The Company provides defined benefit pension and other postretirement plans to certain employees. Net periodic pension and other postretirement benefit cost for the plans included the following:

	Three months ended March 31,			
	Pension		Other Postretirement	
	2014	2013	2014	2013
Service cost	$ 1,582	$ 1,685	$ 109	$ 199
Interest cost	2,213	1,913	230	282
Expected return on plan assets	(2,396)	(2,243)	-	-
Amortization:				
Prior service cost	(52)	(52)	(21)	(68)
Net actuarial loss (gain)	991	1,806	(49)	110
Net benefit cost	$ 2,338	$ 3,109	$ 269	$ 523

(Dollar amounts in thousands, except per share data)

Note 8. Pension and Other Postretirement Benefit Plans (continued)

	Six months ended March 31,			
	Pension		Other Postretirement	
	2014	2013	2014	2013
Service cost	$ 3,164	$ 3,370	$ 218	$ 398
Interest cost	4,426	3,826	460	564
Expected return on plan assets	(4,792)	(4,486)	-	-
Amortization:				
Prior service cost	(104)	(104)	(43)	(136)
Net actuarial loss	1,982	3,612	(98)	220
Net benefit cost	$ 4,676	$ 6,218	$ 537	$ 1,046

Benefit payments under the Company's principal retirement plan are made from plan assets, while benefit payments under the postretirement benefit plan are made from the Company's operating funds. Under IRS regulations, the Company is not required to make any significant contributions to its principal retirement plan in fiscal year 2014.

Contributions made and anticipated for fiscal year 2014 are as follows:

Contributions	Pension	Other Postretirement
Contributions during the six months ended March 31, 2014:		
Supplemental retirement plan	$ 362	$ -
Other postretirement plan	-	464
Additional contributions expected in fiscal 2014:		
Supplemental retirement plan	359	-
Other postretirement plan	-	462

(Dollar amounts in thousands, except per share data)

Note 9. Accumulated Other Comprehensive Income

The changes in AOCI by component, net of tax, for the three month period ended March 31, 2014 were as follows:

		Post-retirement benefit plans		Currency translation adjustment		Derivatives	Total
Attributable to Matthews:							
Balance, December 31, 2013		$ (29,572)		$ 6,260		$ 679	$ (22,633)
OCI before reclassification		-		223		(1,049)	(826)
Amounts reclassified from AOCI	(a)	529		-	(b)	643	1,172
Net current-period OCI		529		223		(406)	346
Balance, March 31, 2014		$ (29,043)		$ 6,483		$ 273	$ (22,287)
Attributable to noncontrolling interest:							
Balance, December 31, 2013		-		$ 544		-	$ 544
OCI before reclassification		-		(197)		-	(197)
Net current-period OCI		-		(197)		-	(197)
Balance, March 31, 2014		-		$ 347		-	$ 347

The changes in AOCI by component, net of tax, for the six month period ended March 31, 2014 were as follows:

		Post-retirement benefit plans		Currency translation adjustment		Derivatives	Total
Attributable to Matthews:							
Balance, September 30, 2013		$ (30,100)		$ 3,714		$ (554)	$ (26,940)
OCI before reclassification		-		2,769		(472)	2,297
Amounts reclassified from AOCI	(a)	1,057		-	(b)	1,299	2,356
Net current-period OCI		1,057		2,769		827	4,653
Balance, March 31, 2014		$ (29,043)		$ 6,483		$ 273	$ (22,287)
Attributable to noncontrolling interest:							
Balance, September 30, 2013		-		$ 401		-	$ 401
OCI before reclassification		-		(54)		-	(54)
Net current-period OCI		-		(54)		-	(54)
Balance, March 31, 2014		-		$ 347		-	$ 347

(a) Amounts were included in net periodic benefit cost for pension and other postretirement benefit plans (see note 8).
(b) Amounts were included in interest expense in the periods the hedged item affected earnings (see note 5).

(Dollar amounts in thousands, except per share data)

Note 9. Accumulated Other Comprehensive Income (continued)

Reclassifications out of AOCI for the three and six month periods ended March 31, 2014 were as follows:

	Amount reclassified from AOCI			
Details about AOCI Components	Three months ended March 31, 2014		Six months ended March 31, 2014	Affected line item in the Statement of income
Postretirement benefit plans				
Prior service (cost) credit	73	(a)	147	
Actuarial losses	(942)	(a)	(1,884)	
	(869)	(b)	(1,737)	Total before tax
	(340)		(680)	Tax provision (benefit)
	$ (529)		$ (1,057)	Net of tax
Derivatives				
Interest rate swap contracts	(1,054)		(2,130)	Interest expense
	(1,054)	(b)	(2,130)	Total before tax
	(411)		(831)	Tax provision (benefit)
	(643)		(1,299)	Net of tax

(a) Amounts are included in the computation of pension and other postretirement benefit expense, which is reported in both cost of goods sold and selling and administrative expenses. For additional information, see Note 8.
(b) For pre-tax items, positive amounts represent income and negative amounts represent expense.

Note 10. Income Taxes

Income tax provisions for the Company's interim periods are based on the effective income tax rate expected to be applicable for the full year. The Company's effective tax rate for the six months ended March 31, 2014 was 35.9%, compared to 35.0% for the first half of fiscal 2013. The difference between the Company's effective tax rate and the Federal statutory rate of 35.0% primarily reflected the impact of state taxes and estimated non-deductible transaction costs related to the pending acquisition of Schawk, Inc. ("SGK") (see Note 12), offset by lower foreign income taxes.

The Company had unrecognized tax benefits (excluding penalties and interest) of $4,386 and $4,516 on March 31, 2014 and September 30, 2013, respectively, all of which, if recorded, would impact the 2014 annual effective tax rate.

The Company classifies interest and penalties on tax uncertainties as a component of the provision for income taxes. The Company included $178 in interest and penalties in the provision for income taxes for the first six months of fiscal 2014. Total penalties and interest accrued were $2,579 and $2,401 at March 31, 2014 and September 30, 2013, respectively. These accruals may potentially be applicable in the event of an unfavorable outcome of uncertain tax positions.

The Company is currently under examination in several tax jurisdictions and remains subject to examination until the statute of limitations expires for those tax jurisdictions. As of March 31, 2014, the tax years that remain subject to examination by major jurisdiction generally are:

United States – Federal	2010 and forward
United States – State	2009 and forward
Canada	2008 and forward
Europe	2008 and forward
United Kingdom	2012 and forward
Australia	2009 and forward
Asia	2008 and forward

(Dollar amounts in thousands, except per share data)

Note 11. Segment Information

The Company's products and operations consist of two principal businesses that are comprised of three operating segments each, as described under Nature of Operations (Note 1): Memorialization (Cemetery Products, Funeral Home Products, Cremation) and Brand Solutions (Graphics Imaging, Marking and Fulfillment Systems, Merchandising Solutions). Management evaluates segment performance based on operating profit (before income taxes) and does not allocate non-operating items such as investment income, interest expense, other income (deductions), net and minority interests.

Information about the Company's segments follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2014	2013	2014	2013
Sales to external customers:				
Memorialization:				
Cemetery Products	$ 52,858	$ 55,690	$ 102,685	$ 108,514
Funeral Home Products	63,069	67,996	121,737	128,753
Cremation	9,724	12,320	18,589	23,422
	125,651	136,006	243,011	260,689
Brand Solutions:				
Graphics Imaging	80,296	78,519	152,950	140,954
Marking and Fulfillment Systems	22,845	22,350	44,368	40,265
Merchandising Solutions	18,045	19,515	36,453	40,091
	121,186	120,384	233,771	221,310
	$ 246,837	$ 256,390	$ 476,782	$ 481,999

	Three Months Ended March 31,		Six Months Ended March 31,	
	2014	2013	2014	2013
Operating profit:				
Memorialization:				
Cemetery Products	$ 8,069	$ 5,851	$ 14,188	$ 12,223
Funeral Home Products	9,141	9,751	15,962	17,444
Cremation	565	997	163	1,472
	17,775	16,599	30,313	31,139
Brand Solutions:				
Graphics Imaging	1,310	5,510	2,351	5,802
Marking and Fulfillment Systems	1,830	2,407	2,970	2,783
Merchandising Solutions	(23)	554	254	1,845
	3,117	8,471	5,575	10,430
	$ 20,892	$ 25,070	$ 35,888	$ 41,569

Note 12. Acquisitions

In March 2014, the Company signed a definitive agreement to acquire SGK (NYSE: SGK). SGK is a leading global brand development, activation and brand deployment company. Under the terms of the transaction, SGK shareholders will receive $11.80 cash and 0.20582 shares of Matthews' common stock for each SGK share held. Based on the closing price of Matthews' stock at the time the agreement was signed, the transaction represents an implied price of $20.00 per share and a total enterprise value of approximately $577 million. The transaction is expected to close in the quarter ending September 30, 2014, subject to approval by the shareholders of SGK and other customary closing conditions. Members of the Schawk family and various Schawk family trusts, who collectively own approximately 61% of the common stock of Schawk, have agreed to vote in favor of the merger.

In March 2013, the Company completed the purchase of the remaining 38.5% interest in Kroma Pre-Press Preparation Systems Industry & Trade, Inc. ("Kroma"), completing the option arrangement in connection with the July 2011 acquisition of a 61.5% interest in Kroma.

In March 2013, the Company completed the purchase of the remaining 20% interest in Furnace Construction Cremators Limited ("FCC"). The Company had acquired an 80% interest in FCC in March 2010.

In December 2012, the Company acquired Pyramid Controls, Inc. and its affiliate, Pyramid Control Systems (collectively, "Pyramid"). Pyramid is a provider of warehouse control systems and conveyor control solutions for distribution centers. The acquisition is designed to expand Matthews' fulfillment products and services in the warehouse management market. The initial purchase price for the transaction was $24,532, plus potential additional consideration up to $3,700 based on future operating results.

In November 2012, the Company completed the acquisition of Wetzel Holding AG, Wetzel GmbH and certain related affiliates (collectively "Wetzel"). Wetzel is a leading European provider of pre-press services and gravure printing forms, with manufacturing operations in Germany and Poland. Wetzel's products and services are sold primary within Europe, and the acquisition is designed to expand Matthews' products and services in the global graphics imaging market. The purchase price for Wetzel was 42.6 million Euros ($54,748) on a cash-free, debt-free basis.

Note 13. Goodwill and Other Intangible Assets

Goodwill related to business combinations is not amortized, but is subject to annual review for impairment. In general, when the carrying value of a reporting unit exceeds its implied fair value, an impairment loss may need to be recognized. For purposes of testing for impairment, the Company uses a discounted cash flow technique. A number of assumptions and estimates are involved in the application of the discounted cash flow model to forecast operating cash flows, including sales volumes and pricing, costs to produce, tax rates, capital spending, working capital changes, and discount rate. The Company estimates future cash flows using volume and pricing assumptions based largely on existing customer relationships and contracts, and operating cost assumptions management believes are reasonable based on historical performance and projected future performance as reflected in its most recent operating plans and projections. The discount rate used in the discounted cash flow analysis was developed with the assistance of valuation experts and management believes it appropriately reflects the risks associated with the Company's operating cash flows. In order to further validate the reasonableness of the estimated fair values of the reporting units as of the valuation date, a reconciliation of the aggregate fair values of all reporting units to market capitalization was performed using a reasonable control premium.

(Dollar amounts in thousands, except per share data)

Note 13. Goodwill and Other Intangible Assets (continued)

The Company performed its annual impairment review in the second quarter of fiscal 2014 and determined that for all reporting units, except Graphics Imaging, the estimated fair value significantly exceeded carrying value so no adjustments to the carrying value of goodwill were necessary at March 31, 2014. As discussed in the Company's Annual Report on Form 10-K for the year ended September 30, 2013, recent economic conditions in Europe have unfavorably impacted the operating results of the Graphics Imaging business. For the Graphics Imaging reporting unit, the estimated fair value exceeded its carrying value by less than 10%, resulting in no goodwill impairment for the unit. While the Graphics Imaging reporting unit passed the first step of the impairment test, if its operating profits or another significant assumption were to deteriorate in the future, it could adversely affect the estimated fair value of the reporting unit. Factors that could have a negative impact on the estimated fair value of the Graphics Imaging reporting unit include a further delay in the recovery of the European market, continued pricing pressure, declines in expected volumes, and an increase in discount rates. If the Company is unsuccessful in its plans to recover the profitability of this business, the estimated fair value could decline and lead to a potential goodwill impairment in the future.

Trade names with indefinite lives are tested for impairment annually in the second quarter. Matthews performed a quantitative impairment evaluation of its trade names for 2014, and the test indicated the trade names were not impaired.

A summary of the carrying amount of goodwill attributable to each segment as well as the changes in such amounts are as follows:

	Cemetery Products	Funeral Home Products	Cremation	Graphics Imaging	Marking and Fulfillment Systems	Merchandising Solutions	Consolidated
Goodwill	$ 99,707	$ 163,208	$ 17,823	$ 193,281	$ 50,646	$ 9,138	$ 533,803
Accumulated impairment losses	(412)	-	(5,000)	(3,840)	-	-	(9,252)
Balance at September 30, 2013	99,295	163,208	12,823	189,441	50,646	9,138	524,551
Additions during period	-	-	-	-	-	-	-
Translation and other adjustments	427	-	165	2,208	(69)	-	2,731
Goodwill	100,134	163,208	17,988	195,489	50,577	9,138	536,534
Accumulated impairment losses	(412)	-	(5,000)	(3,840)	-	-	(9,252)
Balance at March 31, 2014	$ 99,722	$ 163,208	$ 12,988	$ 191,649	$ 50,577	$ 9,138	$ 527,282

(Dollar amounts in thousands, except per share data)

Note 13. Goodwill and Other Intangible Assets (continued)

The following tables summarize the carrying amounts and related accumulated amortization for intangible assets as of March 31, 2014 and September 30, 2013, respectively.

	Carrying Amount	Accumulated Amortization	Net
March 31, 2014:			
Trade names	$ 23,014	$ -*	$ 23,014
Trade names	3,050	(2,150)	900
Customer relationships	59,191	(21,176)	38,015
Copyrights/patents/other	10,196	(9,191)	1,005
	$ 95,451	$ (32,517)	$ 62,934
September 30, 2013:			
Trade names	$ 22,878	$ -*	$ 22,878
Trade names	3,034	(2,142)	892
Customer relationships	59,061	(19,099)	39,962
Copyrights/patents/other	10,116	(8,746)	1,370
	$ 95,089	$ (29,987)	$ 65,102

* Not subject to amortization

The carrying amount of indefinite-lived trade names as of September 30, 2013 included an impairment loss of approximately $1.6 million in the Graphics Imaging segment that was recorded in the second quarter of fiscal 2013. The net change in intangible assets during the six months ended March 31, 2014 included foreign currency fluctuations during the period, and additional amortization.

Amortization expense on intangible assets was $1,165 and $943 for the three-month periods ended March 31, 2014 and 2013, respectively. For the six-month periods ended March 31, 2014 and 2013, amortization expense was $2,340 and $1,886, respectively. Amortization expense is estimated to be $1,947 for the remainder of 2014, $3,662 in 2015, $3,374 in 2016, $3,181 in 2017 and $3,163 in 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement:

The following discussion should be read in conjunction with the consolidated financial statements of Matthews International Corporation ("Matthews" or the "Company") and related notes thereto included in this Quarterly Report on Form 10-Q and the Company's Annual Report on Form 10-K for the year ended September 30, 2013. Any forward-looking statements contained herein are included pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results in future periods to be materially different from management's expectations. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Factors that could cause the Company's results to differ materially from the results discussed in such forward-looking statements principally include changes in domestic or international economic conditions, changes in foreign currency exchange rates, changes in the cost of materials used in the manufacture of the Company's products, changes in death rates, changes in product demand or pricing as a result of consolidation in the industries in which the Company operates, changes in product demand or pricing as a result of domestic or international competitive pressures, unknown risks in connection with the Company's acquisitions, including the risks associated with the Company's pending acquisition of Schawk, Inc. ("SGK"), and technological factors beyond the Company's control. In addition, although the Company does not have any customers that would be considered individually significant to consolidated sales, changes in the distribution of the Company's products or the potential loss of one or more of the Company's larger customers are also considered risk factors.

Results of Operations:

The following table sets forth the sales and operating profit for the Company's Memorialization and Brand Solutions businesses for the three and six-month periods ended March 31, 2014 and 2013.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2014	**2013**	**2014**	**2013**
Sales:				
Memorialization	$ 125,651	$ 136,006	$ 243,011	$ 260,689
Brand Solutions	121,186	120,384	233,771	221,310
	$ 246,837	$ 256,390	$ 476,782	$ 481,999
Operating Profit:				
Memorialization	$ 17,775	$ 16,599	$ 30,313	$ 31,139
Brand Solutions	3,117	8,471	5,575	10,430
	$ 20,892	$ 25,070	$ 35,888	$ 41,569

Sales for the six months ended March 31, 2014 were $476.8 million, compared to $482.0 million for the six months ended March 31, 2013. The decrease in sales primarily reflected lower sales in the Memorialization businesses and Merchandising Solutions segment, partially offset by higher sales volume in the Marking and Fulfillment Systems segment and the impact of acquisitions. Consolidated sales for the current period also reflected the benefit of favorable changes in foreign currencies against the U.S. dollar of approximately $4.0 million.

In the Company's Memorialization business, Cemetery Products segment sales for the first six months of fiscal 2014 were $102.7 million, compared to $108.5 million for the first six months of fiscal 2013. The decrease primarily reflected lower unit volume of memorial products. Sales for the Funeral Home Products segment were $121.7 million for the six months ended March 31, 2014, compared to $128.8 million a year ago. The decrease resulted principally from lower unit volume. Based on published CDC data, the Company estimated that the number of casketed, in-ground burial deaths in the U.S. declined in the first six months of fiscal 2014, compared to a year ago, contributing to the decrease in unit volume in both the Cemetery Products and Funeral Home Products segments in fiscal 2014. Sales for the Cremation segment were $18.6 million for the first six months of fiscal 2014, compared to $23.4 million for the same period a year ago. The decrease principally reflected lower sales volume of cremation equipment, primarily in the U.K. and Europe. However, based on current backlog, including a significant incinerator project, the segment expects to recover the first half decline during the remaining six months of fiscal 2014. In the Brand Solutions business, sales for the Graphics Imaging segment were $153.0 million in the first six months of fiscal 2014, compared to $141.0 million for the same period a year ago. The acquisition of Wetzel Holding AG, Wetzel GmbH and related affiliates (collectively "Wetzel") in November 2012 contributed $7.7 million to the segment's sales increase in the first six months of fiscal 2014. In addition, changes in foreign currency values against the U.S. dollar favorably impacted the segment's fiscal 2014 sales by $3.8 million, compared to fiscal 2013. Marking and Fulfillment Systems segment sales were $44.4 million for the first six months of fiscal 2014, compared to $40.3 million for the first six months of fiscal 2013. The increase resulted principally from higher unit volume of equipment in North America and the acquisition of Pyramid Controls, Inc. ("Pyramid") in December 2012. Pyramid contributed $1.8 million to the fiscal 2014 sales increase over fiscal 2013. Sales for the Merchandising Solutions segment were $36.5 million for the first six months of fiscal 2014, compared to $40.1 million for the same period a year ago. The decrease principally reflected lower sales to several large, national accounts. However, based upon current backlog, the Company expects the segment to recover the current decline by the end of fiscal 2014.

Gross profit for the six months ended March 31, 2014 was $171.6 million, compared to $174.8 million for the same period a year ago. Consolidated gross profit as a percent of sales was 36.0% and 36.3% for the first six months of fiscal 2014 and fiscal 2013, respectively. The decrease in consolidated gross profit primarily reflected the impact of lower sales in the Memorialization businesses and the Merchandising Solutions segment.

Selling and administrative expenses for the six months ended March 31, 2014 were $135.7 million, compared to $133.3 million for the first six months of fiscal 2013. Consolidated selling and administrative expenses as a percent of sales were 28.5% for the six months ended March 31, 2014, compared to 27.6% for the same period last year. Selling and administrative expenses in the first six months of fiscal 2014 included expenses related to acquisition activities, primarily the SGK acquisition, of $3.6 million, the Company's strategic cost structure initiatives of $3.3 million and litigation expenses of $1.1 million related to a legal dispute in the Funeral Home Products segment. Selling and administrative expenses in the first six months of fiscal 2013 included expenses related to acquisition activities of $2.3 million, strategic cost structure initiatives of $3.6 million, expenses of $1.2 million related to implementation of an ERP system and an impairment charge of approximately $1.6 million related to the carrying value of an intangible asset. These expenses were partially offset by a gain of $3.3 million on the settlement of the purchase of the remaining ownership interest in one of the Company's subsidiaries.

Operating profit for the six months ended March 31, 2014 was $35.9 million, compared to $41.6 million for the six months ended March 31, 2013. Cemetery Products segment operating profit for the first six months of fiscal 2014 was $14.2 million, compared to $12.2 million for the first six months of fiscal 2013. Fiscal 2014 operating profit included expenses of $570,000 related to strategic cost-structure initiatives. Fiscal 2013 operating profit included expenses related to strategic cost-structure initiatives of $1.7 million and ERP implementation costs of $1.2 million. Excluding these expenses from both periods, the Cemetery Products segment operating profit in the first six months of fiscal 2014 was approximately the same as in the prior year. The impact on operating profit of lower sales was offset by the benefit of the Company's recent cost structure initiatives. Operating profit for the Funeral Home Products segment was $16.0 million for the six months ended March 31, 2014, compared to $17.4 million for the first six months of fiscal 2013. The Funeral Home Products segment operating profit included expenses related to the Company's strategic cost-structure initiatives of $1.7 million and $762,000 for the first six months of fiscal 2014 and 2013, respectively. In addition, the fiscal 2014 period includes litigation expenses of $1.1 million related to a legal dispute with one of the Company's competitors. Excluding the aforementioned expenses from both periods, the Funeral Home Products segment operating profit increased $614,000 despite lower sales, reflecting the benefit of the Company's recent cost structure initiatives. The Cremation segment reported an operating profit of $163,000 for the first six months of fiscal 2014, compared to $1.5 million for the same period in fiscal 2013. The decrease principally reflected the impact of lower sales. Graphics Imaging segment operating profit for the six months ended March 31, 2014 was $2.4 million, compared to $5.8 million for the six months ended March 31, 2013. The Graphics Imaging segment's fiscal 2014 operating profit included acquisition-related expenses of $3.5 million and expenses related to strategic cost structure initiatives of $585,000. Operating profit for the segment in fiscal 2013 included acquisition-related expenses of $2.1 million, expenses related to strategic cost structure initiatives of approximately $850,000 and an impairment charge of $1.6 million related to the carrying value of an intangible asset. These fiscal 2013 expenses were partially offset by a gain of $3.3 million on the settlement of the purchase of the remaining ownership interest in one of the Company's subsidiaries. Excluding these items from both fiscal periods, the Graphics Imaging segment operating profit declined approximately $600,000, primarily reflecting an unfavorable change in product mix, partially offset by the impact of the Wetzel acquisition of approximately $500,000. Operating profit for the Marking and Fulfillment Systems segment for the first six months of fiscal 2014 was $3.0 million, compared to $2.8 million for the same period a year ago. The increase primarily resulted from the favorable impact of higher sales. Merchandising Solutions segment operating profit was $254,000 for the first six months of fiscal 2014, compared to $1.8 million for the same period in fiscal 2013, primarily reflecting lower sales and an increase in expenses related to strategic cost structure initiatives of approximately $600,000.

Investment income was $1.2 million for the six months ended March 31, 2014, compared to $840,000 for the six months ended March 31, 2013. The increase reflected higher rates of return on investments held in trust for certain of the Company's benefit plans. Interest expense for the first six months of fiscal 2014 was $5.5 million, compared to $6.3 million for the same period last year. The decrease in interest expense primarily reflected lower interest rates. Other deductions, net, for the six months ended March 31, 2014 represented a decrease in pre-tax income of $1.8 million, compared to a decrease in pre-tax income of $2.2 million for the same period last year. Other income and deductions generally include banking related fees and the impact of currency gains and losses on certain intercompany debt.

The Company's effective tax rate for the six months ended March 31, 2014 was 35.9%, compared to 35.0% for the first six months of fiscal 2013 and 32.7% for the fiscal 2013 full year. The fiscal 2013 full year effective tax rate included the benefit of a European tax loss carryback. The increase in the effective tax rate for the first six months of fiscal 2014 primarily reflected the impact of estimated non-deductible transaction costs related to the pending acquisition of SGK. The difference between the Company's effective tax rate and the Federal statutory rate of 35.0% primarily reflected the impact of state taxes and estimated non-deductible acquisition costs, offset by lower foreign income taxes.

Net earnings attributable to noncontrolling interests was a loss of $90,000 in the six months ended March 31, 2014, compared to a loss of $389,000 for the same period a year ago. The decrease related principally to the Company's acquisition of the remaining ownership interest in its Turkish subsidiary in March 2013.

Goodwill and Other Intangible Assets:

Goodwill related to business combinations is not amortized, but is subject to annual review for impairment. In general, when the carrying value of a reporting unit exceeds its implied fair value, an impairment loss may need to be recognized. For purposes of testing for impairment, the Company uses a discounted cash flow technique. A number of assumptions and estimates are involved in the application of the discounted cash flow model to forecast operating cash flows, including sales volumes and pricing, costs to produce, tax rates, capital spending, working capital changes, and discount rate. The Company estimates future cash flows using volume and pricing assumptions based largely on existing customer relationships and contracts, and operating cost assumptions management believes are reasonable based on historical performance and projected future performance as reflected in its most recent operating plans and projections. The discount rate used in the discounted cash flow analysis was developed with the assistance of valuation experts and management believes it appropriately reflects the risks associated with the Company's operating cash flows. In order to further validate the reasonableness of the estimated fair values of the reporting units as of the valuation date, a reconciliation of the aggregate fair values of all reporting units to market capitalization was performed using a reasonable control premium.

The Company performed its annual impairment review in the second quarter of fiscal 2014 and determined that for all reporting units, except Graphics Imaging, the estimated fair value significantly exceeded carrying value so no adjustments to the carrying value of goodwill were necessary at March 31, 2014. As discussed in the Company's Annual Report on Form 10-K for the year ended September 30, 2013, recent economic conditions in Europe have unfavorably impacted the operating results of the Graphics Imaging business. For the Graphics Imaging reporting unit, which had $191.6 million of goodwill at March 31, 2014, the estimated fair value exceeded its carrying value by less than 10%, resulting in no goodwill impairment for the unit. While the Graphics Imaging reporting unit passed the first step of the impairment test, if its operating profits or another significant assumption were to deteriorate in the future, it could adversely affect the estimated fair value of the reporting unit. Factors that could have a negative impact on the estimated fair value of the Graphics Imaging reporting unit include a further delay in the recovery of the European market, continued pricing pressure, declines in expected volumes, and an increase in discount rates. If the Company is unsuccessful in its plans to recover the profitability of this business, the estimated fair value could decline and lead to a potential goodwill impairment in the future.

The carrying amount of trade names with indefinite lives as of March 31, 2014 and September 30, 2013 totaled $23.0 million and $22.9 million, respectively. These trade names are tested for impairment annually in the second quarter. Matthews performed a quantitative impairment evaluation of its trade names for 2014, and the test indicated the trade names were not impaired.

Liquidity and Capital Resources:

Net cash provided by operating activities was $23.6 million for the first six months of fiscal 2014, compared to $30.1 million for the first six months of fiscal 2013. Operating cash flow for both periods reflected net income adjusted for depreciation, amortization, stock-based compensation expense and non-cash pension expense. Net changes in working capital items, which principally related to increases in inventory and fiscal year-end compensation-related payments, resulted in a use of working capital of approximately $23.2 million in fiscal 2014, compared to $10.6 million a year ago.

Cash used in investing activities was $9.8 million for the six months ended March 31, 2014, compared to $74.5 million for the six months ended March 31, 2013. Investing activities for the first six months of fiscal 2014 primarily reflected capital expenditures. Investing activities for the first six months of fiscal 2013 primarily reflected acquisitions, net of cash acquired, of $63.8 million and capital expenditures of $10.9 million.

Capital expenditures reflected reinvestment in the Company's business segments and were made primarily for the purchase of new manufacturing machinery, equipment and facilities designed to improve product quality, increase manufacturing efficiency, lower production costs and meet regulatory requirements. Capital expenditures for the last three fiscal years were primarily financed through operating cash. Capital spending for property, plant and equipment has averaged $26.9 million for the last three fiscal years. Capital spending for fiscal 2014 is currently expected to be approximately $30.0 million. The Company expects to generate sufficient cash from operations to fund all anticipated capital spending projects.

Cash used in financing activities for the six months ended March 31, 2014 was $11.5 million, primarily reflecting long-term debt proceeds, net of repayments, of $851,000, proceeds from the sale of treasury stock (stock option exercises) of $1.8 million, treasury stock purchases of $4.3 million, payment of contingent consideration of $3.7 million and dividends of $6.0 million to the Company's shareholders. Cash provided by financing activities for the six months ended March 31, 2013 was $41.5 million, primarily reflecting long-term debt proceeds, net of repayments, of $63.6 million, payment of contingent consideration of $9.5 million, treasury stock purchases of $7.3 million and dividends of $5.6 million to the Company's shareholders.

The Company has a domestic Revolving Credit Facility with a syndicate of financial institutions. The maximum amount of borrowings available under the facility is $500.0 million and borrowings under the facility bear interest at LIBOR plus a factor ranging from .75% to 1.25% based on the Company's leverage ratio. The facility's maturity is July 2018. The leverage ratio is defined as net indebtedness divided by EBITDA (earnings before interest, taxes, depreciation and amortization). The Company is required to pay an annual commitment fee ranging from .15% to .25% (based on the Company's leverage ratio) of the unused portion of the facility. The Revolving Credit Facility requires the Company to maintain certain leverage and interest coverage ratios. A portion of the facility (not to exceed $30.0 million) is available for the issuance of commercial and standby letters of credit. Outstanding borrowings on the Revolving Credit Facility as of March 31, 2014 and September 30, 2013 were $310.0 million and $305.0 million, respectively. The weighted-average interest rate on outstanding borrowings under the credit facilities was 2.53% and 2.98% at March 31, 2014 and 2013, respectively.

In connection with the pending acquisition of SGK (see "Acquisitions"), the Company entered into a commitment letter with RBS Citizens, N.A. in March 2014 to amend and increase the maximum amount of borrowings available under the facility to $850.0 million. The amendment is conditional upon the closing of the SGK acquisition.

The Company has entered into the following interest rate swaps:

Effective Date	Amount	Fixed Interest Rate	Interest Rate Spread at March 31, 2014	Maturity Date
May 2011	$25,000	1.37%	1.00%	May 2014
October 2011	25,000	1.67%	1.00%	October 2015
November 2011	25,000	2.13%	1.00%	November 2014
March 2012	25,000	2.44%	1.00%	March 2015
June 2012	40,000	1.88%	1.00%	June 2022
August 2012	35,000	1.74%	1.00%	June 2022
September 2012	25,000	3.03%	1.00%	December 2015
September 2012	25,000	1.24%	1.00%	March 2017
November 2012	25,000	1.33%	1.00%	November 2015
May 2014	25,000	1.35%	1.00%	May 2018

The interest rate swaps have been designated as cash flow hedges of the future variable interest payments under the Revolving Credit Facility which are considered probable of occurring. Based on the Company's assessment, all the critical terms of each of the hedges matched the underlying terms of the hedged debt and related forecasted interest payments, and as such, these hedges were considered highly effective.

The fair value of the interest rate swaps reflected an unrealized gain, net of unrealized losses, of $447,000 ($273,000 after tax) at March 31, 2014 that is included in shareholders' equity as part of accumulated other comprehensive income. Assuming market rates remain constant with the rates at March 31, 2014, an approximately $1.1 million net unrealized loss included in accumulated other comprehensive income is expected to be recognized in earnings as interest expense over the next twelve months.

The Company, through certain of its European subsidiaries, has a credit facility with a bank. The maximum amount of borrowings available under this facility is 25.0 million Euros ($34.4 million). Outstanding borrowings under the credit facility totaled 21.9 million Euros ($30.1 million) and 22.5 million Euros ($30.4 million) at March 31, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding borrowings under the facility at March 31, 2014 and 2013 was 1.48% and 1.37%, respectively.

The Company, through its German subsidiary, Saueressig GmbH & Co. KG ("Saueressig"), has several loans with various European banks. Outstanding borrowings under these loans totaled 1.5 million Euros ($2.0 million) and 1.7 million Euros ($2.3 million) at March 31, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding borrowings of Saueressig at March 31, 2014 and 2013 was 4.04% and 3.89%, respectively.

The Company, through its German subsidiary, Wetzel GmbH ("Wetzel"), has several loans with various European banks. Outstanding borrowings under these loans totaled 6.5 million Euros ($8.9 million) and 7.4 million Euros ($10.0 million) at March 31, 2014 and September 30, 2013. The weighted-average interest rate on outstanding borrowings of Wetzel at March 31, 2014 and 2013 was 7.75% and 7.17%, respectively.

The Company, through its wholly-owned subsidiary, Matthews International S.p.A., has several loans with various Italian banks. Outstanding borrowings on these loans totaled 7.1 million Euros ($9.8 million) and 5.1 million Euros ($6.9 million) at March 31, 2014 and September 30, 2013, respectively. Matthews International S.p.A. also has three lines of credit totaling 11.3 million Euros ($15.6 million) with the same Italian banks. Outstanding borrowings on these lines were 4.3 million Euros ($5.9 million) and 5.6 million Euros ($7.6 million) at March 31, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding Matthews International S.p.A. borrowings at March 31, 2014 and 2013 was 3.12% and 3.16%, respectively.

The Company has a stock repurchase program. Under the current authorization, the Company's Board of Directors has authorized the repurchase of a total of 2,500,000 shares of Matthews' common stock under the program, of which 1,086,065 shares remain available for repurchase as of March 31, 2014. The buy-back program is designed to increase shareholder value, enlarge the Company's holdings of its common stock, and add to earnings per share. Repurchased shares may be retained in treasury, utilized for acquisitions, or reissued to employees or other purchasers, subject to the restrictions of the Company's Restated Articles of Incorporation.

Consolidated working capital of the Company was $251.9 million at March 31, 2014, compared to $222.0 million at September 30, 2013. Cash and cash equivalents were $61.6 million at March 31, 2014, compared to $59.0 million at September 30, 2013. The Company's current ratio was 2.5 and 2.2 at March 31, 2014 and September 30, 2013, respectively.

ENVIRONMENTAL MATTERS:

The Company's operations are subject to various federal, state and local laws and regulations relating to the protection of the environment. These laws and regulations impose limitations on the discharge of materials into the environment and require the Company to obtain and operate in compliance with conditions of permits and other government authorizations. As such, the Company has developed environmental, health, and safety policies and procedures that include the proper handling, storage and disposal of hazardous materials.

The Company is party to various environmental matters. These include obligations to investigate and mitigate the effects on the environment of the disposal of certain materials at various operating and non-operating sites. The Company is currently performing environmental assessments and remediation at these sites, as appropriate. In addition, prior to its acquisition, The York Group, Inc. ("York") was identified, along with others, by the Environmental Protection Agency as a potentially responsible party for remediation of a landfill site in York, Pennsylvania. At this time, the Company has not been joined in any lawsuit or administrative order related to the site or its clean-up.

At March 31, 2014, an accrual of approximately $5.2 million had been recorded for environmental remediation (of which $1.4 million was classified in other current liabilities), representing management's best estimate of the probable and reasonably estimable costs of the Company's known remediation obligations. The accrual, which reflects previously established reserves assumed with the acquisition of York and additional reserves recorded as a purchase accounting adjustment, does not consider the effects of inflation and anticipated expenditures are not discounted to their present value. Changes in the accrued environmental remediation obligation from the prior fiscal year reflect payments charged against the accrual.

While final resolution of these contingencies could result in costs different than current accruals, management believes the ultimate outcome will not have a significant effect on the Company's consolidated results of operations or financial position.

ACQUISITIONS:

In March 2014, the Company signed a definitive agreement to acquire Schawk, Inc. ("SGK") (NYSE: SGK). SGK is a leading global brand development, activation and brand deployment company. Under the terms of the transaction, SGK shareholders will receive $11.80 cash and 0.20582 shares of Matthews' common stock for each SGK share held. Based on the closing price of Matthews' stock at the time the agreement was signed, the transaction represents an implied price of $20.00 per share and a total enterprise value of approximately $577 million. The transaction is expected to close in the quarter ending September 30, 2014, subject to approval by the shareholders of SGK and other customary closing conditions. Members of the Schawk family and various Schawk family trusts, who collectively own approximately 61% of the common stock of Schawk, have agreed to vote in favor of the merger.

In March 2013, the Company completed the purchase of the remaining 38.5% interest in Kroma Pre-Press Preparation Systems Industry & Trade, Inc. ("Kroma"), completing the option arrangement in connection with the July 2011 acquisition of a 61.5% interest in Kroma.

In March 2013, the Company completed the purchase of the remaining 20% interest in Furnace Construction Cremators Limited ("FCC"). The Company had acquired an 80% interest in FCC in March 2010.

In December 2012, the Company acquired Pyramid Controls, Inc. and its affiliate, Pyramid Control Systems (collectively, "Pyramid"). Pyramid is a provider of warehouse control systems and conveyor control solutions for distribution centers. The acquisition is designed to expand Matthews' fulfillment products and services in the warehouse management market. The initial purchase price for the transaction was approximately $24.5 million, plus potential additional consideration up to $3.7 million based on future operating results.

In November 2012, the Company completed the acquisition of Wetzel Holding AG, Wetzel GmbH and certain related affiliates (collectively "Wetzel"). Wetzel is a leading European provider of pre-press services and gravure printing forms, with manufacturing operations in Germany and Poland. Wetzel's products and services are sold primarily within Europe, and the acquisition is designed to expand Matthews' products and services in the global graphics imaging market. The purchase price for Wetzel was approximately 42.6 million Euros ($54.7 million) on a cash-free, debt-free basis, plus potential additional consideration up to 2.2 million Euros ($2.8 million) based upon operating results.

Forward-Looking Information:

Matthews has a three-pronged strategy to attain annual growth in earnings per share. This strategy consists of the following: internal growth (which includes organic growth, cost structure and productivity improvements, new product development and the expansion into new markets with existing products), acquisitions and share repurchases under the Company's stock repurchase program (see "Liquidity and Capital Resources").

In developing the Company's outlook for the remainder of fiscal 2014, some of the more significant factors considered include:

- The Company will continue to incur costs in connection with the pending acquisition of SGK. These costs are expected to be significant and they will be identified and disclosed as they are incurred.

- Strategic cost structure initiatives, particularly with respect to lean and sourcing, will continue. The Company has started to realize some of the benefits of these initiatives and, as these projects progress, the costs associated with these actions will also continue.

- Based on published CDC data, the Company estimated that the number of casketed, in-ground burial deaths in the United States in the most recent quarter and six-month periods decreased from a year ago. This indicates that the death rate trends have moderated from fiscal 2013. As such, this may project to a decline in casketed, in-ground burial deaths for the remainder of fiscal 2014.

- The challenges stemming from the European economic weakness are expected to continue. While some growth is forecasted, the economic climate is expected to be difficult in the near term and remains a risk to the Company's European businesses.

- The current year declines in sales in the Cremation and Merchandising Solutions businesses are currently projected to be recovered based on the backlog of both segments.

Based on our year-to-date results and current forecasts, the Company is projecting growth in fiscal 2014 earnings per share over fiscal 2013, on a non-GAAP basis.

Critical Accounting Policies:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Therefore, the determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience, economic conditions, and in some cases, actuarial techniques. Actual results may differ from those estimates. A discussion of market risks affecting the Company can be found in "Quantitative and Qualitative Disclosures about Market Risk" in this Quarterly Report on Form 10-Q.

A summary of the Company's significant accounting policies are included in the Notes to Consolidated Financial Statements and in the critical accounting policies in Management's Discussion and Analysis included in the Company's Annual Report on Form 10-K for the year ended September 30, 2013. Management believes that the application of these policies on a consistent basis enables the Company to provide useful and reliable financial information about the company's operating results and financial condition.

LONG-TERM CONTRACTUAL OBLIGATIONS AND COMMITMENTS:

The following table summarizes the Company's contractual obligations at March 31, 2014, and the effect such obligations are expected to have on its liquidity and cash flows in future periods.

	Payments due in fiscal year:				
	Total	2014 Remainder	2015 to 2016	2017 to 2018	After 2019
Contractual Cash Obligations:	(Dollar amounts in thousands)				
Revolving credit facilities	$ 340,144	$ -	$ 30,144	$ 310,000	$ -
Notes payable to banks	22,033	13,230	6,649	2,154	-
Short-term borrowings	6,556	6,556	-	-	-
Capital lease obligations	10,713	1,255	3,351	1,918	4,189
Non-cancelable operating leases	27,271	5,472	10,860	8,970	1,969
Total contractual cash obligations	$ 406,717	$ 26,513	$ 51,004	$ 323,042	$ 6,158

A significant portion of the loans included in the table above bear interest at variable rates. At March 31, 2014, the weighted-average interest rate was 2.53% on the Company's domestic Revolving Credit Facility, 1.48% on the credit facility through the Company's European subsidiaries, 4.04% on bank loans to its wholly-owned subsidiary, Saueressig, 7.75% on bank loans to its wholly-owned subsidiary, Wetzel and 3.12% on bank loans to the Company's wholly-owned subsidiary, Matthews International S.p.A.

Benefit payments under the Company's principal retirement plan are made from plan assets, while benefit payments under the supplemental retirement plan and postretirement benefit plan are funded from the Company's operating cash. The Company is not required to make any significant contributions to its principal retirement plan in fiscal 2014. During the six months ended March 31, 2014, contributions of $362,000 and $464,000 were made under the supplemental retirement plan and postretirement plan, respectively. The Company currently anticipates contributing an additional $359,000 and $462,000 under the supplemental retirement plan and postretirement plan, respectively, for the remainder of fiscal 2014.

Unrecognized tax benefits are positions taken, or expected to be taken, on an income tax return that may result in additional payments to tax authorities. If a tax authority agrees with the tax position taken, or expected to be taken, or the applicable statute of limitations expires, then additional payments will not be necessary. As of March 31, 2014, the Company had unrecognized tax benefits, excluding penalties and interest, of approximately $4.4 million. The timing of potential future payments related to the unrecognized tax benefits is not presently determinable. The Company believes that its current liquidity sources, combined with its operating cash flow and borrowing capacity, will be sufficient to meet its capital needs for the foreseeable future.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The following discussion about the Company's market risk involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The Company has market risk related to changes in interest rates, commodity prices and foreign currency exchange rates. The Company does not generally use derivative financial instruments in connection with these market risks, except as noted below.

Interest Rates - The Company’s most significant long-term debt instrument is the domestic Revolving Credit Facility which bears interest at variable rates based on LIBOR.

The Company has entered into interest rate swaps as listed under “Liquidity and Capital Resources”.

The interest rate swaps have been designated as cash flow hedges of the future variable interest payments under the Revolving Credit Facility which are considered probable of occurring. Based on the Company’s assessment, all the critical terms of each of the hedges matched the underlying terms of the hedged debt and related forecasted interest payments, and as such, these hedges were considered highly effective.

The fair value of the interest rate swaps reflected a net unrealized gain of $447,000 ($273,000 after tax) at March 31, 2014 that is included in equity as part of accumulated other comprehensive income. A decrease of 10% in market interest rates (e.g. a decrease from 5.0% to 4.5%) would result in a decrease of approximately $790,000 in the net fair value asset of the interest rate swaps.

Commodity Price Risks - In the normal course of business, the Company is exposed to commodity price fluctuations related to the purchases of certain materials and supplies (such as bronze ingot, steel, fuel and wood) used in its manufacturing operations. The Company obtains competitive prices for materials and supplies when available. In addition, based on competitive market conditions and to the extent that the Company has established pricing terms with customers through contracts or similar arrangements, the Company’s ability to immediately increase the price of its products to offset the increased costs may be limited.

Foreign Currency Exchange Rates - The Company is subject to changes in various foreign currency exchange rates, including the Euro, British Pound, Canadian Dollar, Australian Dollar, Swedish Krona, Chinese Yuan, Hong Kong Dollar, Polish Zloty, Turkish Lira and Vietnamese Dong in the conversion from local currencies to the U.S. dollar of the reported financial position and operating results of its non-U.S. based subsidiaries. A strengthening of the U. S. dollar of 10% would have resulted in a decrease in reported sales of $17.4 million and a decrease in reported operating income of $1.3 million for the six months ended March 31, 2014.

Actuarial Assumptions – The most significant actuarial assumptions affecting pension expense and pension obligations include the valuation of retirement plan assets, the discount rate and the estimated return on plan assets. The estimated return on plan assets is currently based upon projections provided by the Company’s independent investment advisor, considering the investment policy of the plan and the plan’s asset allocation. The fair value of plan assets and discount rate are “point-in-time” measures, and the recent volatility of the debt and equity markets makes estimating future changes in fair value of plan assets and discount rates more challenging. The following table summarizes the impact on the September 30, 2013 actuarial valuations of changes in the primary assumptions affecting the Company’s principal retirement plan and supplemental retirement plan.

	Impact of Changes in Actuarial Assumptions					
	Change in Discount Rate		Change in Expected Return		Change in Market Value of Assets	
	+1%	-1%	+1%	-1%	+5%	-5%
			(Dollar amounts in thousands)			
Increase (decrease) in net benefit cost	$ (2,394)	$ 3,163	$(1,204)	$1,204	$ (1,097)	$ 1,097
Increase (decrease) in projected benefit obligation	(23,348)	30,054	-	-	-	-
Increase (decrease) in funded status	23,348	(30,054)	-	-	6,219	(6,219)

Item 4. Controls and Procedures:

The Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) are designed to provide reasonable assurance that information required to be disclosed in our reports filed under that Act (the "Exchange Act"), such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the rules of the Securities and Exchange Commission. These disclosure controls and procedures also are designed to provide reasonable assurance that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

Management, under the supervision and with the participation of our Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures in effect as of March 31, 2014. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2014, the Company's disclosure controls and procedures were effective to provide reasonable assurance that material information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, and that such information is recorded, summarized and properly reported within the appropriate time period, relating to the Company and its consolidated subsidiaries, required to be included in the Exchange Act reports, including this Quarterly Report on Form 10-Q.

There have been no changes in the Company's internal controls over financial reporting that occurred during the fiscal quarter ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Matthews is subject to various legal proceedings and claims arising in the ordinary course of business. Management does not expect that the results of any of these legal proceedings will have a material adverse effect on Matthews' financial condition, results of operations or cash flows.

Item 1A. Risk Factors

The following risk factor relating to the Company's agreement to acquire Schawk, Inc. (the "Acquisition") updates the risk factors in the Company's Annual Report on Form 10-K for the year ended September 30, 2013.

Certain risks related to the Acquisition.

In March 2014, the Company signed a definitive agreement to acquire Schawk, Inc. ("SGK"), a leading global brand development, activation and brand deployment company. Due to the acquisition, additional risks and uncertainties could affect the Company's financial performance and actual results. Specifically, the acquisition could cause actual results for fiscal 2014 and beyond to differ materially from those expressed or implied in any forward-looking statements included in this report or otherwise made by the Company's management. The risks associated with the acquisition include risks related to combining businesses and achieving expected savings and synergies, assimilating acquired companies and the fact that merger integration costs related to the acquisition are difficult to predict with a level of certainty, and may be greater than expected. Furthermore, completion of the acquisition remains subject to approval by SGK's stockholders and other customary closing conditions; thus, the acquisition may not be completed timely, or at all.

Item 2. Changes in Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Stock Repurchase Plan

The Company has a stock repurchase program. The buy-back program is designed to increase shareholder value, enlarge the Company's holdings of its common stock, and add to earnings per share. Repurchased shares may be retained in treasury, utilized for acquisitions, or reissued to employees or other purchasers, subject to the restrictions of the Company's Restated Articles of Incorporation. Under the current authorization, the Company's Board of Directors had authorized the repurchase of a total of 2,500,000 shares of Matthews' common stock under the program, of which 1,086,065 shares remain available for repurchase as of March 31, 2014.

The following table shows the monthly fiscal 2014 stock repurchase activity:

Period	Total number of shares purchased	Weighted-average price paid per share	Total number of shares purchased as part of a publicly announced plan	Maximum number of shares that may yet be purchased under the plan
October 2013	509	$40.83	509	1,194,161
November 2013	86,287	40.95	86,287	1,107,874
December 2013	15,381	41.67	15,381	1,092,493
January 2014	6,428	42.39	6,428	1,086,065
February 2014	-	-	-	1,086,065
March 2014	-	-	-	1,086,065
Total	108,605	$41.13	108,605	

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Not Applicable.

(a) Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger and Reorganization, dated as of March 16, 2014, by and among Matthews International Corporation, Moonlight Merger Sub Corp., Moonlight Merger Sub LLC and Schawk, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed on March 19, 2014)
10.1	Voting and Support Agreement. Dated as of March 16, 2014, by and among Matthews International Corporation and the Stockholder of Schawk, Inc. (incorporated by reference to exhibit 10.1 to the Company's Form 8-K filed on March 19, 2014)
10.2	Shareholders' Agreement, dated March 16, 2014, by and among Matthews International Corporation, the Stockholders named therein and David A. Schawk (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on March 19, 2014)
10.3	Commitment Letter, dated March 14, 2014, among RBS Citizens, N.A., Citizens Bank of Pennsylvania and Matthews International Corporation*
10.4	2014 Director Fee Plan (incorporated by reference to the Company's definitive proxy statement on Schedule 14A filed on January 21, 2014
31.1	Certification of Principal Executive Officer for Joseph C. Bartolacci*
31.2	Certification of Principal Financial Officer for Steven F. Nicola *
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Joseph C. Bartolacci*
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Steven F. Nicola*

* Filed herewith

SIGNATURES

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

MATTHEWS INTERNATIONAL CORPORATION
(Registrant)

Date: May 1, 2014

/s/ Joseph C. Bartolacci
Joseph C. Bartolacci, President
and Chief Executive Officer

Date: May 1, 2014

/s/ Steven F. Nicola
Steven F. Nicola, Chief Financial Officer,
Secretary and Treasurer

RBS CITIZENS, NA.
525 William Penn Place
PW-2625
Pittsburgh, Pennsylvania 15219-1729

Exhibit 10.3

CONFIDENTIAL

March 14, 2014

Matthews International Corporation
2 North Shore Center
Pittsburgh, PA 15212

Attention: Steven Nicola, Chief Financial Officer

Re: ***$850,000,000 Senior Credit Facility***

Ladies and Gentlemen:

We refer to that certain First Amended and Restated Loan Agreement, dated July 18, 2013, by and among Matthews International Corporation (the "Borrower" or "you"), the Banks (as defined therein), Citizens Bank of Pennsylvania ("Citizens"), in its capacity as administrative agent for the Banks, RBS Citizens, N.A. ("RBS Citizens" or "us"), in its capacity as joint lead arranger and joint bookrunner for the Banks, PNC Capital Markets LLC, in its capacity as joint lead arranger, joint bookrunner for the Banks, and PNC Bank, National Association ("PNC"), in its capacity as syndication agent for the Banks (as amended, modified or supplemented from time to time, the "Existing Loan Agreement"), and (b) the other Loan Documents (as defined in the Existing Loan Agreement) (the credit facility provided pursuant to the Loan Documents is hereinafter referred to as the "Senior Credit Facility"). Unless otherwise defined herein, terms defined in the Existing Loan Agreement are used herein with the same meanings.

You have advised RBS Citizens, N.A. ("RBS Citizens" or "us") that Matthews International Corporation, a Pennsylvania corporation (the "Borrower" or "you") seeks financing to (a) fund a portion of the purchase price for the proposed acquisition (the "Acquisition") of all or substantially all of the equity interests of Schawk, Inc. (the "Acquired Company") pursuant to that certain Agreement and Plan of Merger and Reorganization (the "Acquisition Agreement"), (b) repay certain existing debt of the Acquired Company and their subsidiaries (the "Refinancing"), (c) pay any costs fees and expenses in connection with the Transactions (as defined below) and (d) provide for working capital and other general corporate requirements of the Borrower and its subsidiaries (including, without limitation, permitted acquisitions) all as more fully described in the Summary of Proposed Terms and Conditions attached hereto as Annex A (the "Term Sheet"). This Commitment Letter (as defined below) describes the general terms and conditions for an amendment to the Senior Credit Facility to, among other things, (i) provide for an increase to the Revolving Credit Facility Commitment available under the Senior Credit Facility by $350 Million to $850 million by increasing the aggregate amount of Additional Increases (as defined in the Existing Loan Agreement) available under Section 2.21 of the Existing Loan Agreement by $450 million to $650 million and committing to the Accordion Increase (as defined below) and (ii) make certain other amendments as set forth more fully in the Term Sheet (the "Senior Credit Facility Amendment"). As used herein, "Borrower and its subsidiaries" will include the Acquired Company and its subsidiaries after giving effect to the Acquisition. The Senior Credit Facility Amendment, the Accordion Increase, the Acquisition, the Refinancing and the other transactions described herein are hereinafter referred to collectively as the "Transactions". The date on which the Senior Credit Facility Amendment is closed is referred to as the "Closing Date".

COMMITMENT

Based upon and subject to the foregoing and to the terms and conditions set forth in this Commitment Letter (the "Commitment Letter") and in the Term Sheet, RBS Citizens (individually or together with one or more of its affiliates including, without limitation, Citizens) is pleased to confirm its commitment (the "Commitment"): (i) to take such steps as are necessary or advisable to ensure that at least a Majority Banks (as defined in the Existing Loan Agreement) level of approval is given by the Banks with respect to the Senior Credit Facility Amendment as described in the Term Sheet (including an amendment to Section 2.21 of the Existing Loan Agreement to increase the aggregate Additional Increase amount permitted thereunder by $450 million to $650 million); and (ii) on and after the Closing Date, to provide up to $350 million of the first (1st) Additional Increase requested by the Borrower pursuant to Section 2.21 of the Existing Loan Agreement (the "Accordion Increase"). Without limiting the foregoing, in the event that Majority Banks refuse to consent to the amendment to Section 2.21 to permit the Accordion Increase, RBS Citizens commits either (x) to purchase commitments from existing Banks so that Majority Banks consent to the Accordion Increase or (y) to fund a replacement facility with an aggregate principal amount of not less than the $850 million which replacement facility would contain terms and conditions substantially the same as described in the Term Sheet. RBS Citizens shall use its commercially reasonable efforts to secure commitments from the Banks and additional banks, financial institutions and other entities for the Senior Credit Facility Amendment and Accordion Increase (such additional banks, financial institutions and other entities committing to the Accordion Increase, including RBS Citizens, the "Lenders"). The Commitment of RBS Citizens hereunder to provide the entire Accordion Increase will be reduced on a dollar-for-dollar basis by the amount of any corresponding commitments received from the Banks or otherwise through syndication from the other Lenders; provided that, the commitment of RBS Citizens to provide the entire principal amount of the Accordion Increase on the terms and conditions set forth in this Commitment Letter, the Term Sheet and the Existing Loan Agreement, as amended on the Closing Date (the "Amended Loan Agreement") will be reduced only to the extent such Banks and other Lenders fund their commitments to the Accordion Increase on the effective date of the Accordion Increase.

Effective upon your agreement to and acceptance of this Commitment Letter and continuing until the earlier of (a) the end of the Successful Syndication Period (as defined in the Fee Letter) and (b) the Expiration Date or earlier termination of this Commitment Letter, the Borrower will not (other than as permitted under the terms and provisions of Section 2.21 of the Existing Loan Agreement) solicit, initiate, entertain or permit, or enter into any discussions with any other bank, investment bank, financial institution, person or entity in respect of any structuring, arranging, underwriting, offering, placing, or syndicating of all or any portion of the Senior Credit Facility, any other senior credit financing similar to, or as a replacement of, all or any portion of the Senior Credit Facility or any other financing for the Acquisition.

CONDITIONS TO COMMITMENT

RBS Citizens' Commitment hereunder is subject to the following: (a) your written acceptance, and compliance with the terms and conditions, of a letter from RBS Citizens to you (the "Fee Letter") pursuant to which you agree to pay, or cause to be paid, to RBS Citizens, for its account and for the account of the Banks and/or Lenders, as the case may be, certain fees and expenses and to fulfill certain other obligations in connection with the Senior Credit Facility Amendment as more particularly set forth therein, (b) compliance of this Commitment Letter and the Transactions with all applicable federal banking laws, rules and regulations, (c) prior to and during the primary syndication of the Accordion Increase, there shall have been no competing issuance of debt, securities or commercial bank or other credit facilities being offered, placed or arranged for purposes of consummating the Acquisition or any of the other Transactions, without the prior written consent of RBS Citizens, (d) there shall not have occurred, since December 31, 2013, a "Company Material Adverse Effect" (as defined in the Merger Agreement) and (e) the conditions set forth under the caption "Conditions Precedent to Initial Borrowing" in the Term Sheet. It is hereby agreed that RBS Citizens and the Borrower shall use commercially reasonable efforts to (i) schedule the date of the primary bank meeting for prospective Lenders and (ii) complete and deliver the final confidential information memorandum (in form and substance reasonably satisfactory to the Lead Arranger) as soon as reasonably practicable after the date hereof in order to afford RBS Citizens at least forty-five (45) consecutive days prior to the Closing Date in which to conduct the syndication.

Notwithstanding anything in this Commitment Letter, the Fee Letter, the Financing Documentation (as defined in the Term Sheet) or any other letter agreement or other undertaking between you and us concerning the financing of the Acquisition to the contrary, (i) the only representations the accuracy of which will be a condition to the availability of the Senior Credit Facility and the Accordion Increase on the Closing Date will be (a) the representations made by or with respect to the Acquired Company in the Acquisition Agreement (but only to the extent that the breach of such representations and warranties would permit Borrower (or its applicable affiliate) not to close the Acquisition as a result of a failure of such representation and warranty in the Acquisition Agreement or be true and correct) and (b) the Specified Representations (as defined below) and (ii) the terms of the Financing Documentation will be in a form such that it does not impair the availability of the Senior Credit Facility and the Accordion Increase on the Closing Date if all conditions expressly set forth in this Commitment Letter are satisfied; provided, however, that nothing in the preceding clause (i) shall be construed to limit the individual conditions expressly set forth in the Term Sheet. For purposes hereof, "Specified Representations" means the representations and warranties referred to in the Term Sheet relating to organization; requisite power and authority (as they relate to due authorization, execution, delivery and performance of the Financing Documentation); qualifications; due authorization, execution and delivery and enforceability of the Financing Documentation; no conflicts of the Financing Documentation with organizational documents or applicable law; binding obligation; Investment Company Act; Federal Reserve margin stock regulations; solvency as of the Closing Date (after giving effect to the Acquisition) of the Borrower and its subsidiaries on a consolidated basis; senior indebtedness; Patriot Act, OFAC and other similar money laundering or anti-terrorism laws.

SYNDICATION

It is agreed that RBS Citizens or Citizens will act as the administrative agent (in such capacity, the "Administrative Agent") for the Banks and/or the Lenders, as the case may be, and as sole lead arranger and sole book runner (in such capacity, the "Lead Arranger") of the syndication effort for the Accordion Increase. In connection with such syndication effort, RBS Citizens, in consultation with you, will manage all aspects of the syndication, including, without limitation, making decisions as to the selection and number of institutions to be approached and when such institutions will be approached, when commitments will be accepted, which institutions will participate, the allocations of commitments among syndicate Banks or Lenders, as the case may be (subject to the terms of the Fee Letter), and the amount and distribution of fees payable to syndicate Banks or Lenders; provided that, other than as set forth in the Fee Letter, no additional fees will be payable by Borrower or its subsidiaries. The Lead Arranger shall have the right, in consultation with you, to award titles to other co-agents or arrangers who are Lenders that provide (or whose affiliates provide) commitments in respect of the Accordion Increase; provided, that no other agent, co-agent or arranger other than the Lead Arranger will have rights in respect of the management of the syndication of the Senior Credit Facility (including, without limitation, in respect of "flex" rights under the Fee Letter, over which the Lead Arranger will have sole control).

RBS Citizens reserves the right, prior to or after the execution of definitive documentation with respect to the Senior Credit Facility and as part of any syndication thereof or otherwise, to arrange for the assignment of all or a portion of the Commitment to one or more financial institutions that will become Lenders and be party to such definitive documentation: provided that, the Commitment of RBS Citizens to provide the entire principal amount of the Accordion Increase on the terms and conditions set forth in this Commitment Letter, the Term Sheet and the Amended Loan Agreement will be reduced only to the extent any Banks or any such Lenders fund their commitments on the effective date of the Accordion Increase, and Successful Syndication is not a condition to the availability of the Accordion Increase on the Closing Date. In addition, in connection with any such syndication, you acknowledge that RBS Citizens may allocate a portion of the fees payable under the Fee Letter to such other Banks and/or Lenders. It is agreed, however, that no Bank or Lender, as the case may be, will receive compensation from or on behalf of you or the Acquired Company outside the terms contained herein and in the Fee Letter in order to provide its commitment to participate in the Senior Credit Facility and/or the Accordion Increase.

You understand that RBS Citizens intends to commence the syndication efforts immediately, and RBS Citizens reserves the right to conduct syndication both before and after the Closing Date. Until the earlier of (a) the end of the Successful Syndication Period and (b) the Expiration Date or earlier termination of this Commitment Letter, you agree to (and agree to use commercially reasonable efforts to cause appropriate members of management of the Acquired Company to) actively assist RBS Citizens in completing a timely and orderly syndication of the Accordion Increase that is mutually satisfactory to RBS Citizens and you. Such assistance shall include, but not be limited to, (a) direct contact during the syndication between senior management, representatives and advisors of the Borrower and, to the extent not in violation of applicable law, the Acquired Company, on the one hand, and the Banks and/or prospective Lenders, on the other hand, (b) assistance in the preparation of Confidential Information Memoranda for the Senior Credit Facility and/or the Accordion Increase, as applicable, and other marketing materials to be used in connection with the syndication, (c) the hosting, with RBS Citizens, of one or more meetings of Banks and/or prospective Lenders in all such cases at times mutually and reasonably agreed upon, and (d) using commercially reasonable efforts to ensure that the syndication efforts benefit materially from the existing lending relationships of the Borrower and the Acquired Company. RBS Citizens reserves the right to engage the services of its affiliates in furnishing the services to be performed by RBS Citizens as contemplated herein and to allocate (in whole or in part) to any such affiliates any fees payable to them in such manner as they and their affiliates may agree in their sole discretion. You agree that RBS Citizens may share with its affiliates and advisors any information related to the Borrower, the Acquired Company, or any of their respective subsidiaries or affiliates and the Senior Credit Facility or any other matter contemplated hereby, subject to the confidentiality requirements set forth in Section 9.18 of the Existing Loan Agreement.

OTHER SERVICES

Subject to the confidentiality requirements set forth in Section 9.18 of the Existing Loan Agreement, nothing contained herein shall limit or preclude RBS Citizens or any of its affiliates from carrying on any business with, providing banking or other financial services to, or from participating in any capacity, including as an equity investor, in any party whatsoever, including, without limitation, any competitor, supplier or customer of the Borrower or any of its affiliates, or any other party that may have interests different than or adverse to such parties.

You acknowledge that RBS Citizens and its affiliates (the "RBS Citizens Parties") may be providing debt financing, equity capital or other services (including financial advisory services) to other companies with which you the Acquired Company or your or their affiliates may have interests that conflict regarding the Transactions and otherwise, that the RBS Citizens Parties may act, without violating their contractual obligations to you, as they deem appropriate with respect to such other companies, and that the RBS Citizens Parties have no obligation in connection with the Transactions to use, or to furnish to the Borrower or its subsidiaries, confidential information obtained from other companies or entities. In addition, you acknowledge that the RBS Citizens Parties reserve the right to arrange or to provide a committed form of acquisition financing to other potential purchasers of the Acquired Company and that, in such capacity, the RBS Citizens Parties may acquire information about the Acquired Company, the sale thereof, and such other potential purchasers and their strategies and proposals, but the RBS Citizens Parties shall have no obligation to disclose to you the substance of such information or the fact that the RBS Citizens Parties are in possession thereof. You further acknowledge and agree that in connection with all aspects of the Transactions and this Commitment Letter, you and your affiliates, on the one hand, and RBS Citizens, on the other hand, have an arm's length business relationship and that RBS Citizens has no fiduciary obligation to you and RBS Citizens is not to act as your agent or on your behalf. The provisions of this paragraph shall survive closing of the Senior Credit Facility Amendment and any termination of this Commitment Letter.

INFORMATION

You hereby represent and warrant that (a) all information, other than the Projections (as defined below), which has been or is hereafter made available to RBS Citizens or the Banks and/or Lenders by you, your subsidiaries or affiliates or any of your or their respective representatives in connection with the Transactions ("Information"), when taken as a whole, is and will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading and (b) all financial projections concerning you and your subsidiaries and the Acquired Company and its subsidiaries that have been or are hereafter made available to RBS Citizens, or the Banks and/or Lenders by you, your subsidiaries or affiliates or any of your or their respective representatives (the "Projections") have been or will be prepared in good faith based upon assumptions deemed reasonable by you at the time prepared; it being understood that the Projections are as to future events and are not to be viewed as facts, the Projections are subject to significant uncertainties and contingencies, many of which are beyond your control, that no assurance can be given that any particular Projections will be realized and that actual results during the period or periods covered by any such Projections may differ significantly from the projected results and such differences may be material. You agree to furnish RBS Citizens with such Information and Projections as RBS Citizens may reasonably request and to supplement the Information and the Projections from time to time until the effective date of the Accordion Increase so that the representation and warranty in the preceding sentence is correct on such date (including, without limitation, updating the Projections to the extent you become aware that such Projections have become materially inaccurate or have been prepared based upon assumptions that you believe are no longer reasonable). In arranging the Senior Credit Facility Amendment and syndicating the Accordion Increase, RBS Citizens will be using and relying on the Information and the Projections without independent verification thereof.

Until the end of the Successful Syndication Period, upon RBS Citizens' request, you will (a) provide, and cause your affiliates and advisors to provide (and use commercially reasonable efforts to cause the Seller and the Acquired Company to provide), all information reasonably requested to assist RBS Citizens and each Bank and/or Lender in their evaluation of the Transactions, (b) provide to RBS Citizens and cause its affiliates and advisors to, and use commercially reasonable efforts to cause the Seller and the Acquired Company to, provide Information, Projections, and marketing materials and presentations (collectively, the "Informational Materials") and assist in the preparation of materials to be used in connection with marketing and presentation of the Senior Credit Facility Amendment and/or the Accordion Increase, as applicable and (c) use commercially reasonable efforts to designate Informational Materials (i) that are either available to the public or not material with respect to you the Acquired Company and their respective subsidiaries or any of their respective securities for purposes of United States federal and state securities laws as "Public Information" and (ii) that are not Public Information as "Private Information," and you acknowledge that RBS Citizens and each Bank and/or Lender will be entitled to rely on such designations.

RBS Citizens will make available the Informational Materials, marketing materials and presentations to the Banks and any other potential Lenders by posting on Intralinks, SyndTrak Online or by other comparable electronic means (collectively, the "Electronic Means"). Potential Lenders, who identify themselves as "public lenders" for the purpose of compliance with securities laws, may choose not to receive Private Information and potential Lenders who determine that they are permitted for purpose of compliance with securities laws to receive Private Information, and who have identified themselves as such, may access Private Information.

EXPENSES

You agree to (a) pay or reimburse RBS Citizens and its affiliates, from time to time on demand, for all of their reasonable fees and out-of-pocket expenses (including, without limitation, communication costs and all CUSIP fees for registration with the Standard & Poor's CUSIP Service Bureau (the "CUSIP Bureau")) incurred in connection with the Transactions, and (b) pay the reasonable fees and expenses of counsel to RBS Citizens in connection with the Transactions, in each case whether or not the Senior Credit Facility Amendment is closed or any credit is extended thereunder, other than by reason of a breach by RBS Citizens of its obligations hereunder. The provisions of this paragraph shall survive closing of the Senior Credit Facility Amendment and the Accordion Increase, and any termination of this Commitment Letter.

INDEMNIFICATION

You agree to indemnify and hold harmless RBS Citizens and its affiliates, directors, officers, employees and agents (collectively, the "Indemnified Parties") from and against any and all actions, suits, losses, claims, damages and liabilities of any kind or nature, joint or several, to which such Indemnified Parties may become subject, related to or arising out of any matter contemplated by this Commitment Letter or any of the Transactions, including, without limitation, the execution of definitive credit documentation, the syndication and closing of the Senior Credit Facility Amendment, the Accordion Increase, or the use or contemplated use of proceeds of the Senior Credit Facility, and will reimburse the Indemnified Parties for all reasonable out-of-pocket expenses (including reasonable attorneys' fees and expenses) on demand as they are incurred in connection with the investigation of, preparation for, or defense of any pending or threatened claim related to any matter subject to this indemnification or any action or proceeding arising therefrom; provided, however, that no Indemnified Party shall have any right to indemnification for any of the foregoing to the extent determined by a final and nonappealable judgment of a court of competent jurisdiction to have resulted from its own gross negligence or willful misconduct or from the breach by an Indemnified Party of its obligations hereunder. You shall not, without the prior written consent of each Indemnified Party affected thereby (which consent will not be unreasonably withheld), settle any threatened or pending claim or action that would give rise to the right of any Indemnified Party to claim indemnification hereunder unless such settlement (a) includes a full and unconditional release of all liabilities arising out of such claim or action against such Indemnified Party and (b) does not include any statement as to or an admission of fault, culpability or failure to act by or on behalf of any Indemnified Party. The provisions of this paragraph shall survive closing of the Senior Credit Facility Amendment, the Accordion Increase and any termination of this Commitment Letter.

This Commitment Letter is addressed solely to you, and neither RBS Citizens, on the one hand, nor you, on the other hand, shall be liable to the other or any other person for any consequential or punitive damages that may be alleged as a result of this Commitment Letter or any of the Transactions. This Commitment Letter is not intended to confer any obligations to or benefits upon any third party. The provisions of this paragraph shall survive closing of the Senior Credit Facility Amendment, the Accordion Increase and any termination of this Commitment Letter.

CONFIDENTIALITY

Except as required by law or legal process, neither you nor any of your affiliates is authorized to show or circulate this Commitment Letter, the Fee Letter or the Term Sheet, or disclose the contents hereof or thereof, to any other person or entity (other than (i) to its affiliates, directors, officers, legal counsel and financial advisors, whether in connection with the Senior Credit Facility or otherwise and (ii) with respect to this Commitment Letter and the Term Sheet only (and not the Fee Letter), the Acquired Company and its directors, officers, legal counsel, and financial advisors; provided that (a) each of such persons shall agree to be bound by the confidentiality provisions hereof and (b) you shall be liable for any breach of such confidentiality provisions by any such person), except as may be required by law or applicable judicial process. The provisions of this paragraph shall survive closing of the Senior Credit Facility Amendment, the Accordion Increase and any termination of this Commitment Letter.

RBS Citizens and its affiliates will use all confidential information provided to them or such affiliates by or on behalf of you hereunder or in connection with the Transactions solely for the purpose of providing the services which are the subject of this Commitment Letter and shall treat confidentially all such information in accordance with the provisions of Section 9.18 of the Existing Loan Agreement. Notwithstanding the foregoing, you acknowledge and agree that RBS Citizens may disclose any information relating to (a) the Senior Credit Facility, the other Transactions and you and your subsidiaries and affiliates and the Acquired Company and its subsidiaries to potential Lenders and their respective affiliates subject to ordinary and customary confidentiality requirements to be set forth in the Confidential Information Memoranda to be prepared and distributed as contemplated herein, (b) the Senior Credit Facility to Gold Sheets and other similar bank trade publications, with such information to consist of deal terms and other information customarily found in such publications and (c) the Senior Credit Facility in connection with obtaining a published CUSIP from the CUSIP Bureau. Subject to your prior review and approval (such approval to not be unreasonably withheld, conditioned or delayed) of such contemplated advertising materials, you also consent to the publication by RBS Citizens of customary advertising material using the name or logo of you or any of your subsidiaries.

Prior to the Closing Date, RBS Citizens shall have the right to review and approve (with such approval not to be unreasonably withheld or delayed and subject to disclosure requirements binding upon you under applicable law, rules or regulations, including stock exchange rules) any public announcement or public filing made by you or your representatives after the date hereof relating to the Senior Credit Facility or to RBS Citizens in connection therewith, before any such announcement or filing is made.

RBS Citizens hereby notifies you that, pursuant to the requirements of the USA Patriot Act, Title III of Pub. L 107-56 (signed into law on October 26, 2001) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name, address, tax identification number and other information regarding the Borrower that will allow RBS Citizens and the other Banks and/or Lenders to identify the Borrower in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective as to RBS Citizens and each Bank and/or Lender.

GOVERNING LAW AND MISCELLANEOUS PROVISION

This Commitment Letter (and the Term Sheet attached hereto) (a) shall be governed by and construed in accordance with the internal laws of the Commonwealth of Pennsylvania, (b) together with the Fee Letter constitutes the entire agreement between the parties relating to the subject matter hereof and thereof and supersedes any previous agreement, written or oral, between the parties with respect to the subject matter hereof and thereof, (c) shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties hereto, but shall not be assigned in whole or in part by you without the prior written consent of RBS Citizens, or by RBS Citizens without your prior written consent, (d) may not be amended, assigned or any provision hereof waived or modified except by an instrument in writing signed by each of the parties hereto, (e) is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits on, or create any rights in favor of, any other person or entity and (f) may be executed and delivered (i) in any number of counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement and (ii) by facsimile or electronic mail, which shall be deemed for all purposes to be an original signature. The provisions of this paragraph shall survive closing of the Senior Credit Facility Amendment, the Accordion Increase, and any termination of this Commitment Letter.

ACCEPTANCE AND EXPIRATION OF COMMITMENT

This Commitment Letter shall terminate at 5:00 p.m. (Eastern Time) on March 17, 2014, unless this Commitment Letter and Fee Letter are accepted by you in writing prior to such time and, if accepted prior to such time, shall expire at the earliest of (a) 5:00 p.m. (Eastern Time) on September 30, 2014, if the Closing Date shall not have occurred by such time (the "Expiration Date"): provided, the Expiration Date shall be automatically extended to October 31, 2014 in the event that the Acquisition shall not have been consummated by September 30, 2014 as a result of the failure to obtain required regulatory approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (b) a material breach by you under this Commitment Letter or the Fee Letter or (c) termination of the Acquisition Agreement or consummation of the Acquisition without use of the Senior Credit Facility.

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If you are in agreement with the foregoing, please sign this Commitment Letter and return it to RBS Citizens, together with an executed copy of the Fee Letter.

Sincerely,

RBS CITIZENS, N.A.

By: /s/ Jeffrey Kung
Name: Jeffrey Kung
Title: Director

CITIZENS BANK OF PENNSYLVANIA

By: Philip R. Medsger
Name: Philip R. Medsger
Title: Senior Vice President

Agreed to and accepted as of
the date first above written

MATTHEWS INTERNATIONAL CORPORATION

By: Steven F. Nicola
Name: Steven F. Nicola
Title: Chief Financial Officer

$850,000,000
SENIOR CREDIT FACILITY
SUMMARY OF PROPOSED TERMS AND CONDITIONS

Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Commitment Letter to which this Summary of Proposed Terms and Conditions is attached.

Borrower:	Matthews International Corporation, a Pennsylvania corporation (the "Borrower").
Guarantees:	All obligations of the Borrower under the Senior Credit Facility and any interest rate protection agreements, other permitted hedging agreements and any treasury management agreements entered into with any Bank or Lender (or any affiliate of any Bank or Lender) (each a "Bank Product") will be, to the extent permitted by applicable law, irrevocably and unconditionally guaranteed on a joint and several basis by each existing and subsequently acquired or organized, material, direct or indirect, domestic subsidiary of the Borrower (including, without limitation, the Acquired Company) (each of the foregoing, individually, a "Guarantor" and, collectively, the "Guarantors") in a manner consistent with the terms and provisions of the Existing Loan Agreement. The Borrower and the Guarantors are herein referred to as the "Loan Parties" and, individually, as a "Loan Party."
Lead Arranger and Book Runner:	RBS Citizens, N.A. ("RBS Citizens" or, in such capacity, the "Lead Arranger").
Administrative Agent:	RBS Citizens or one of its affiliates (including, without limitation, Citizens) (the foregoing, as applicable, in such capacity, the "Administrative Agent").
Banks/Lenders:	The Banks, RBS Citizens, Citizens and a syndicate of other financial institutions (the "Lenders") acceptable to the Administrative Agent after consultation with the Borrower.
Senior Credit Facility Amendment:	An amendment to the Senior Credit Facility to, among other things, increase the Revolving Credit Facility Commitment available under the Senior Credit Facility by $350 million to $850 million by amending Section 2.21 of the Existing Loan Agreement to increase the aggregate Additional Increase amount permitted thereunder by $450 million to $650 million (such amendment, together with the exercise of the Accordion Increase as contemplated herein, to result in an aggregate Commitment of $850 million) and aggregate available Additional Increases (after giving effect to the Accordion Increase) under Section 2.21 of the Existing Loan Agreement of $300 million. The Senior Credit Facility will contain a sublimit for the issuance of letters of credit in an amount consistent with the terms and provisions of the Existing Loan Agreement, to be made available by RBS Citizens and/or Citizens (the foregoing, as applicable, the "Issuing Lender"). Letters of credit may be issued in a manner consistent with the terms and provisions of the Existing Loan Agreement. The Senior Credit Facility will also contain a sublimit in an amount consistent with the terms and provisions of the Existing Loan Agreement for swingline loans ("Swingline Loans") to be made available by RBS Citizens. Each Bank and/or Lender will purchase an irrevocable and unconditional participation in each Letter of Credit and Swingline Loan in a manner consistent with the terms and provisions of the Existing Loan Agreement.
Closing Date:	The closing date of the Senior Credit Facility Amendment (the " Closing Date"), which is anticipated to occur on or before September 30, 2014.
Use of Proceeds:	The Senior Credit Facility will be used to provide a portion of the financing for the Acquisition and the Refinancing and to provide for the working capital and general corporate requirements of the Borrower and its subsidiaries (including, without limitations, permitted acquisitions and permitted capital expenditures).
Availability:	Loans under the Senior Credit Facility will be available at any time prior to the Senior Credit Facility Maturity Date (defined below), subject to reduction by the aggregate amount of outstanding or unreimbursed Letters of Credit and the aggregate amount of outstanding Swingline Loans.
Accordion Facility:	The Borrower will be entitled at any time and from time to time prior to the final maturity date of the Senior Credit Facility to incur increases in the Senior Credit Facility (each, a "Senior Credit Facility Increase"), in an aggregate principal amount for all such Senior Credit Facility increases of up to $650 million (such accordion facility to be $300 million after the contemplated $350 Million Accordion Increase) in accordance with the terms and provisions of the Amended Loan Agreement and consistent with the terms and provisions of the Existing Loan Agreement. Senior Credit Facility Increases will have the same Guarantees from the Guarantors.
Final Maturity:	The borrowings under the Senior Credit Facility will mature on the date set forth in the Existing Loan Agreement (July 18, 2018) (the "Senior Credit Facility Maturity Date").
Collateral:	The Senior Credit Facility is unsecured.
Mandatory Prepayments:	The Borrower shall make mandatory prepayments as required and in a manner consistent with the terms and provisions of the Existing Loan Agreement.
Voluntary Prepayments/ Commitment Reductions:	The Borrower may prepay amounts outstanding under the Senior Credit Facility in a manner consistent with the terms and provisions of the Existing Loan Agreement.
Interest Rate Options:	Loans under the Senior Credit Facility shall bear interest in a manner consistent with the terms and provisions of the Existing Loan Agreement as the same is contemplated to be amended as set forth below with respect to the Applicable Margin.
Applicable Margin:	The Applicable Margin shall initially be set based upon the financial statements for the four-quarter period most recently ended prior to the Closing Date (expected to be 1.75% for LIBOR Rate Loans and 0.75% for Base Rate Loans); provided that after the date on which the Borrower shall have delivered financial statements for the first fiscal quarter end after the Closing Date, the Applicable Margin with respect to the Senior Credit Facility shall be determined in accordance with the applicable Pricing Grid set forth below.
Commitment Fee:	The Commitment Fee for the Senior Credit Facility shall initially be 0.25% and shall be payable quarterly in arrears to the Administrative Agent for the ratable benefit of the applicable Banks and/or Lenders and shall be calculated on an actual/360-day basis, on the aggregate unutilized portion of the Senior Credit Facility from the Closing Date until termination of the commitments under the Senior Credit Facility. After the date on which the Borrower shall have delivered financial statements for the first full fiscal quarter after the Closing Date, the Commitment Fee with respect to the Senior Credit

Facility shall be determined in accordance with the applicable Pricing Grid set forth below. Swingline Loans will, for purposes of the Commitment Fee calculations only, be deemed to be a utilization of the Commitment of Citizens only.

Pricing Grid: The Applicable Margin and the Applicable Commitment Fee Percentage shall be based on the Leverage Ratio pursuant to the following grid (the "Pricing Grid"):

Level	Leverage Ratio	Applicable LIBOR Margin	Applicable Base Rate Margin	Applicable Commitment Fee Percentage
I	Less than 1.00 to 1.00	.75%	0.00%	0.15%
II	Greater than or equal to 1.00 to 1.00 but less than 2.00 to 1.00	1.00%	0.00%	0.20%
III	Greater than or equal to 2.00 to 1.00 but less than 2.50 to 1.00	1.25%	0.25%	0.25%
IV	Greater than or equal to 2.50 to 1.00 to 1.00 but less than 3.00 to 1.00	1.50%	0.50%	0.25%
V	Greater than or equal to 3.00 to 1.00 but less than 3.50 to 1.00	1.75%	0.75%	0.25%
VI	Greater than or equal to 3.50 to 1.00	2.00%	1.00%	0.25%

Letter of Credit Fee:

The Letter of Credit Fee shall be a per annum rate equal to the Applicable LIBOR Margin in effect from time to time for the Senior Credit Facility on the average daily stated amount of all Letters of Credit, payable and calculated in a manner consistent with the terms and provisions of the Existing Loan Agreement. In addition, the Borrower will pay a facing fee with respect to each Letter of Credit in an amount and payable and calculated in a manner consistent with the terms and provisions of the Existing Loan Agreement.

Conditions Precedent to Closing:

The closing of the Senior Credit Facility Amendment will be subject to each of the following:

1.Financing Documentation. The preparation, execution and delivery of the Amended Loan Agreement with respect to the Senior Credit Facility Amendment (the "Financing Documentation"), incorporating substantially the terms and conditions as outlined in the Commitment Letter and this Term Sheet, and such other necessary and customary documents and agreements in connection with the Senior Credit Facility Amendment and/or the Accordion Increase, as applicable, as are reasonably requested by the Administrative Agent and reasonably satisfactory in form and substance to the Administrative Agent, it being understood and agreed that the Borrower, RBS Citizens and/or Citizens will negotiate in good faith to finalize the Financing Documentation consistent with the terms and provisions outlined in the Commitment Letter and this Term Sheet or, otherwise consistent with the terms and provisions of the Existing Loan Agreement.

2.Consents and Approvals. All consents and approvals of the boards of directors (including, without limitation, the board of directors of the Acquired Company), shareholders (of either the Borrower and/or the Acquired Company, as the case may be), and governmental authorities necessary in connection with the Acquisition and the Senior Credit Facility Amendment shall have been obtained.

3.Acquisition. All documentation related to the Acquisition shall be in full force and effect, after giving effect to any modifications, amendments, consents or waivers by the Borrower thereto, other than those modifications, amendments or waivers that would be materially adverse to the interests of the Administrative Agent and/or any Bank or Lender under the Senior Credit Facility, as determined by the Administrative Agent in its reasonable discretion, which have not been consented to in writing by the Administrative Agent (such consent to not be unreasonably withheld, conditioned or delayed). No law or regulation will be applicable, or event will have occurred, nor will any litigation or investigation by any governmental authority be pending, nor any restraining order, preliminary or permanent injunction or other judgment, order or decree be issued by any court of competent jurisdiction or other legal restraint or prohibition shall be in effect, that prohibits or makes illegal the consummation of the Acquisition.

4.Litigation. There shall be no (i) bankruptcy or insolvency proceeding, injunction, order or claim with respect to the Borrower, the Acquired Company or any of their respective subsidiaries, or (ii) any pending litigation, injunction or order which, if adversely determined would be reasonably likely to result in a Material Adverse Effect.

5.Existing Indebtedness. All existing indebtedness for borrowed money (excluding certain permitted indebtedness to be agreed upon or as otherwise permitted under the Existing Loan Agreement) the Acquired Company and any of its subsidiaries, shall be repaid in full and all liens (excluding certain permitted liens to be agreed upon) relating thereto extinguished on or prior to the effective date of the Accordion Increase.

6.Financial Information. (i) Pro forma consolidated financial statements for the Borrower and its subsidiaries for the four-quarter period most recently ended prior to the Closing Date for which financial statements are available giving pro forma effect to the Transactions and a pro forma balance sheet of the Borrower and its subsidiaries as of the Closing Date giving pro forma effect to the Transactions and (ii) projections prepared by management of balance sheets, income statements and cashflow statements of the Borrower and its subsidiaries, which will be quarterly for the first year after the Closing Date and annually thereafter for the term of the Senior Credit Facility) requested by the Administrative Agent shall have been delivered to the Administrative Agent and be in form and substance reasonably satisfactory thereto (it being understood that such information shall be deemed to be satisfactory if the Administrative Agent has not notified the Borrower to the contrary within thirty (30) days after delivery of such information).

7.Patriot Act Information. The Administrative Agent shall have received, at least five business days prior to the Closing Date, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act.

8.[Reserved].

9.[Reserved].

10.Legal Opinions. The Borrower shall deliver opinions of counsel (including any opinion, if any, delivered in connection with the Acquisition (upon which the Banks and/or the Lenders shall be entitled to rely)), in form and substance reasonably acceptable to the Administrative Agent, which shall include, without limitation, a "no conflicts" opinion between the definitive credit documentation and all organizational documents and material agreements (to include the Acquisition Agreement and all other material documentation related to the Acquisition and such other agreements as the parties shall reasonably agree) of the Loan Parties.

11.Events of Default. No Event of Default under Sections 7.01(a), 7.01(b) and/or 7.01(c) of the Existing Loan Agreement shall have occurred and be continuing.

	12.[Reserved]. 13.Fees and Expenses. The Administrative Agent and the Banks and/or Lenders shall have received from the Borrower the aggregate amount of fees and expenses payable in connection with the consummation of the Transactions as provided in the Commitment Letter and Fee Letter, as applicable.
Conditions Precedent to Initial Borrowing:	The obligation of RBS Citizens to fund the Accordion Increase on the Closing Date will be subject only to (i) the conditions set forth or referred to in the Commitment Section of the Commitment Letter, (ii) items 1, 2, 3, 4, 5, 6, 7, 10, 11 and 13 of Conditions Precedent to Closing, (iii) the accuracy of representations and warranties in all material respects, and (iv) the absence of any default or event of default subject, in the case of clauses (iii) and (iv), to the limitations set forth in the Conditions to Commitment Section of the Commitment Letter.
Conditions to Additional Extensions of Credit:	Subject to the Funds Certain Provisions, each extension of credit under the Senior Credit Facility (other than funding of the Accordion Increase on the Closing Date) will be subject to satisfaction of conditions precedent consistent with those found in the Existing Loan Agreement.
Representations and Warranties:	Subject to the Funds Certain Provisions, the definitive credit documentation will contain representations and warranties consistent with those found in the Existing Loan Agreement.
Affirmative Covenants:	The definitive credit documentation will contain affirmative covenants consistent with those found in the Existing Loan Agreement.
Negative Covenants:	The definitive credit documentation will contain negative covenants consistent with those found in the Existing Loan Agreement as amended to provide for: (i) unlimited permitted acquisitions by the Borrower so long as no Event of Default has occurred and is continuing and Borrower provides evidence, in form and substance reasonably satisfactory to the Administrative Agent, of a pro forma Leverage Ratio not to exceed a ratio of at least .25x less than the ratio required by the applicable Leverage Ratio covenant as of the date of determination; and (ii) unlimited distributions by the Borrower so long as no Event of Default under Sections 7.01(a), 7.01(b), 7.01(c) and/or, to the extent arising as a result of a breach of the financial covenants set forth in Section 5.14 of the Existing Loan Agreement, 7.01(e) of the Existing Loan Agreement has occurred and has continued uncured (such cure to be in form and substance reasonably agreed upon) for a period of time to be reasonably agreed upon.
Financial Covenants:	The definitive credit documentation will contain the following financial covenants: **1. Maximum Leverage Ratio.** **2. Minimum Interest Coverage Ratio.** The financial covenants will apply to the Borrower and its subsidiaries on a consolidated basis, with: (a) definitions and calculations consistent with the terms of the Existing Loan Agreement; provided that part (vi) of the definition of EBIT shall be amended to provide for an add-back of "other extraordinary charges, non-recurring losses and/or non-recurring expenses (including, without limitation, the costs incurred to achieve synergies)"; (b) an opening Maximum Leverage Ratio level of 4.00x on the Closing Date with a step-down to 3.50x on a schedule TBD; and (c) an opening Minimum Interest Coverage Ratio level of 4.00x on the Closing Date.
Events of Default:	The definitive credit documentation will contain events of default consistent with those found in the Existing Loan Agreement.
Assignments and Participations:	Each Bank and/or Lender will be permitted to make assignments to other financial institutions in respect of the Senior Credit Facility in a manner consistent with the terms and provisions of the Existing Loan Agreement. Each Bank and/or Lender will be permitted to sell participations in a manner consistent with the terms and provisions of the Existing Loan Agreement.
Required Lenders:	To be defined in a manner consistent with the terms and provisions of the Existing Loan Agreement.
Defaulting Lenders:	The Senior Credit Facility will contain provisions related to defaulting lenders consistent with the terms and provisions of the Existing Loan Agreement.
Amendments and Waivers:	Amendments and waivers of the provisions of the definitive credit documentation will be made in a manner consistent with the terms and provisions of the Existing Loan Agreement.
Expenses and Indemnification:	The Loan Parties will pay (a) all reasonable out-of-pocket costs and expenses of the Administrative Agent and the Lead Arranger (including the reasonable fees and disbursements of one outside counsel) in connection with the preparation, execution, delivery and ongoing servicing of the definitive credit documentation for the Senior Credit Facility Amendment (including, without limitation, any amendment or waiver with respect thereto and the syndication of the Accordion Increase), and (b) all reasonable out-of-pocket costs and expenses of the Administrative Agent and the Banks and/or the Lenders (including the reasonable fees and disbursements of counsel) in connection with the enforcement of the Senior Credit Facility. The Loan Parties will indemnify the Lead Arranger, the Administrative Agent and the Lenders and hold them harmless against all claims, losses, liabilities and expenses (including reasonable fees and disbursements of counsel) arising from or relating to the Senior Credit Facility and the other Transactions, except to the extent resulting from such indemnified party's gross negligence or willful misconduct.
Governing Law:	Pennsylvania.
Counsel to the Administrative Agent:	Clark Hill Thorp Reed, LLP.

This Summary of Terms and Conditions is intended as a summary only and does not reference all of the terms, conditions, representations, warranties, covenants and other provisions that will be contained in the definitive credit documentation for the Senior Credit Facility Amendment and the other Transactions.

Exhibit 31.1

CERTIFICATION
PRINCIPAL EXECUTIVE OFFICER

I, Joseph C. Bartolacci, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matthews International Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2014

/s/Joseph C. Bartolacci

Joseph C. Bartolacci
President and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION
PRINCIPAL FINANCIAL OFFICER

I, Steven F. Nicola, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matthews International Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2014

/s/Steven F. Nicola

Steven F. Nicola
Chief Financial Officer,
Secretary and Treasurer

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350,

As Adopted Pursuant to

Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Matthews International Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joseph C. Bartolacci, Chief Executive Officer, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Joseph C. Bartolacci

Joseph C. Bartolacci,
President and Chief Executive Officer

Date: May 1, 2014

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Matthews International Corporation and will be retained by Matthews International Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification Pursuant to 18 U.S.C. Section 1350,

As Adopted Pursuant to

Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Matthews International Corporation (the "Company") on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven F. Nicola, Chief Financial Officer, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Steven F. Nicola

Steven F. Nicola,
Chief Financial Officer

Date: May 1, 2014

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Matthews International Corporation and will be retained by Matthews International Corporation and furnished to the Securities and Exchange Commission or its staff upon request.