

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, 2004

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 NORTHSORE CENTER, PITTSBURGH, PA 15212-5851
(Address of principal executive offices) (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 is an accelerated filer (as
defined in Rule 12b-2 of the Exchange Act).

Yes No

As of April 30, 2004, shares of common stock outstanding were:

Class A Common Stock 32,192,289 shares

PART I - FINANCIAL INFORMATION
MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

(Dollar amounts in thousands, except per share data)

<TABLE>
<CAPTION>

| | March 31, 2004 | | September 30, 2003 | |
|---------------------------|----------------|----------|--------------------|----------|
| | ----- | | ----- | |
| <S> | <C> | <C> | <C> | <C> |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | | \$82,146 | | \$66,954 |

| | | |
|---|-----------|-----------|
| Short-term investments | 4,601 | 4,588 |
| Accounts receivable, net | 65,794 | 62,883 |
| Inventories: Materials and finished goods | \$26,939 | \$25,576 |
| Labor and overhead in process | 2,432 | 1,489 |
| | ----- | ----- |
| | 29,371 | 27,065 |
| Other current assets | 3,915 | 4,564 |
| | ----- | ----- |
| Total current assets | 185,827 | 166,054 |
| Investments | 4,673 | 4,561 |
| Property, plant and equipment: Cost | 146,688 | 140,487 |
| Less accumulated depreciation | (81,471) | (70,854) |
| | ----- | ----- |
| | 65,217 | 69,633 |
| Deferred income taxes and other assets | 28,962 | 32,182 |
| Goodwill | 157,458 | 154,690 |
| Other intangible assets, net | 12,888 | 13,062 |
| | ----- | ----- |
| Total assets | \$455,025 | \$440,182 |
| | ===== | ===== |

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

| | | |
|------------------------------------|-----------|----------|
| Long-term debt, current maturities | \$ 30,969 | \$ 6,029 |
| Accounts payable | 18,741 | 19,805 |
| Accrued compensation | 23,367 | 24,745 |
| Accrued income taxes | 13,519 | 1,274 |
| Customer prepayments | 1,866 | 2,488 |
| Other current liabilities | 20,088 | 21,982 |
| | ----- | ----- |
| Total current liabilities | 108,550 | 76,323 |

| | | |
|--|--------|--------|
| Long-term debt | 12,209 | 57,023 |
| Estimated finishing costs | 4,840 | 4,863 |
| Postretirement benefits | 17,700 | 17,644 |
| Environmental reserve | 11,028 | 11,154 |
| Deferred income taxes | 2,297 | 3,441 |
| Other liabilities and deferred revenue | 13,436 | 13,506 |

Shareholders' equity:

| | | |
|--|----------|----------|
| Common stock | 36,334 | 36,334 |
| Additional paid in capital | 9,668 | 6,476 |
| Retained earnings | 280,165 | 257,559 |
| Accumulated other comprehensive income | 11,017 | 6,643 |
| Treasury stock, at cost | (52,219) | (50,784) |
| | ----- | ----- |
| | 284,965 | 256,228 |

| | | |
|--|-----------|-----------|
| Total liabilities and shareholders' equity | \$455,025 | \$440,182 |
| | ===== | ===== |

</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENT OF INCOME (UNAUDITED) (Dollar amounts in thousands, except per share data)

<TABLE>

<CAPTION>

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|-------------------------------------|---------------------------------|-----------|-------------------------------|-----------|
| | 2004 | 2003 | 2004 | 2003 |
| | ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> | <C> |
| Sales | \$124,987 | \$115,581 | \$241,889 | \$224,654 |
| Cost of sales | (77,355) | (72,190) | (151,634) | (143,061) |
| | ----- | ----- | ----- | ----- |
| Gross profit | 47,632 | 43,391 | 90,255 | 81,593 |
| Selling and administrative expenses | (23,466) | (22,913) | (46,236) | (44,281) |
| | ----- | ----- | ----- | ----- |
| Operating profit | 24,166 | 20,478 | 44,019 | 37,312 |

| | | | | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| Investment income | 311 | 356 | 662 | 631 |
| Interest expense | (429) | (703) | (880) | (1,672) |
| Other income(deductions), net | 1 | (28) | (85) | (45) |
| Minority interest | (1,499) | (1,131) | (2,566) | (2,101) |
| | ----- | ----- | ----- | ----- |
| Income before income taxes | 22,550 | 18,972 | 41,150 | 34,125 |
| | ----- | ----- | ----- | ----- |
| Income taxes | (8,749) | (7,360) | (15,966) | (13,240) |
| | ----- | ----- | ----- | ----- |
| Net income | <u>\$13,801</u> | <u>\$11,612</u> | <u>\$25,184</u> | <u>\$20,885</u> |

| | | | | |
|----------------------|---------------|-----------------|---------------|----------------|
| Earnings per share: | | | | |
| Basic | <u>\$.43</u> | <u>\$.37</u> | <u>\$.78</u> | <u>\$.67</u> |
| | ----- | ----- | ----- | ----- |
| Diluted | <u>\$.42</u> | <u>\$.36</u> | <u>\$.77</u> | <u>\$.65</u> |
| | ----- | ----- | ----- | ----- |
| Dividends per share: | <u>\$.04</u> | <u>\$.0275</u> | <u>\$.08</u> | <u>\$.055</u> |
| | ----- | ----- | ----- | ----- |

</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(Dollar amounts in thousands, except per share data)

<TABLE>

<CAPTION>

| | Six Months Ended March 31, | |
|--|-------------------------------|------------------|
| | 2004 | 2003 |
| | ---- | ---- |
| | <C> | <C> |
| <S> | | |
| Cash flows from operating activities: | | |
| Net income | \$25,184 | \$20,885 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 7,508 | 7,323 |
| Change in deferred taxes | 172 | 188 |
| Changes in working capital items | 1,799 | (11,791) |
| Decrease in other assets | 3,653 | 1,001 |
| Decrease in estimated finishing costs | (23) | (1,093) |
| Increase (decrease) in other liabilities | (81) | 2,062 |
| Decrease in postretirement benefits | (190) | (225) |
| Tax benefit of exercised stock options | 2,385 | 2,100 |
| Net (gain) loss on sales of assets | 1 | (348) |
| | ----- | ----- |
| Net cash provided by operating activities | 40,408 | 20,102 |
| | ----- | ----- |
| Cash flows from investing activities: | | |
| Capital expenditures | (3,156) | (4,200) |
| Proceeds from sales of assets | 133 | 1,256 |
| Purchases of investment securities | (143) | (103) |
| Proceeds from disposition of investment securities | 12 | 11 |
| | ----- | ----- |
| Net cash used in investing activities | (3,154) | (3,036) |
| | ----- | ----- |
| Cash flows from financing activities: | | |
| Payments on long-term debt | (20,825) | (21,224) |
| Proceeds from the sale of treasury stock | 5,623 | 3,612 |
| Purchases of treasury stock | (6,251) | (2,110) |
| Dividends | (2,578) | (1,729) |
| | ----- | ----- |
| Net cash used in financing activities | (24,031) | (21,451) |
| | ----- | ----- |
| Effect of exchange rate changes on cash | 1,969 | 2,555 |
| | ----- | ----- |
| Net increase (decrease) in cash and cash equivalents | <u>\$15,192</u> | <u>\$(1,830)</u> |
| | ===== | ===== |

</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2004

(Dollar amounts in thousands, except per share data)

Note 1. Nature of Operations

Matthews International Corporation ("Matthews"), founded in 1850 and incorporated in Pennsylvania in 1902, is a designer, manufacturer and marketer principally of memorialization products, caskets and cremation equipment for the cemetery and funeral home industries and custom-made products which are used to identify people, places, products and events. The Company's products and operations are comprised of five business segments: Bronze, York Casket, Cremation, Graphics Imaging, and Marking Products. The Bronze segment is a leading manufacturer of cast bronze memorials and other memorialization products, cast and etched architectural products and is a leading builder of mausoleums in the United States. The York Casket segment is a leading casket manufacturer in the United States and produces a wide variety of wood and metal caskets. The Cremation segment is a leading designer and manufacturer of cremation equipment and cremation caskets primarily in North America. The Graphics Imaging segment manufactures and provides printing plates, pre-press services and imaging services for the corrugated and flexible packaging industries. The Marking Products segment designs, manufactures and distributes a wide range of marking equipment and consumables for identifying various consumer and industrial products, components and packaging containers.

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

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. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the three months and six months ended March 31, 2004 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2004. 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, 2003.

The consolidated financial statements include all majority-owned foreign and domestic subsidiaries. The consolidated financial statements also include the accounts of the Company's 50%-owned affiliate, S+T GmbH & Co. KG. All intercompany accounts and transactions have been eliminated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
(Dollar amounts in thousands, except per share data)

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.

Certain reclassifications have been made in the prior period financial statements to conform to the current period presentation.

Note 3. Stock-Based Compensation

The Company has accounted for its stock-based compensation plans in accordance with the intrinsic value provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, the Company did not record any compensation expense in the consolidated financial statements for its stock-based compensation plans. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure", the following table illustrates the effect on net income and earnings per share had compensation expense been recognized consistent with the fair value provisions of SFAS No. 123, "Accounting for Stock-Based Compensation."

<TABLE>

<CAPTION>

| | Three Months Ended March 31, | | Six Months Ended March 31, | | |
|---|---------------------------------|----------|-------------------------------|----------|----------|
| | 2004 | 2003 | 2004 | 2003 | |
| <S> | <C> | <C> | <C> | <C> | |
| Net income, as reported | | \$13,801 | \$11,612 | \$25,184 | \$20,885 |
| Net income, pro forma | | 13,359 | 11,242 | 24,420 | 20,256 |
| Basic earnings per share, as reported | | .43 | .37 | .78 | .67 |
| Diluted earnings per share, as reported | | .42 | .36 | .77 | .65 |
| Basic earnings per share, pro forma | | .41 | .36 | .76 | .65 |
| Diluted earnings per share, pro forma | | .41 | .35 | .75 | .64 |

</TABLE>

Note 4. 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 difference between the estimated effective tax rate for fiscal 2004 of 38.8% and the Federal statutory rate of 35% primarily reflects the impact of state and foreign income taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
(Dollar amounts in thousands, except per share data)

Note 5. Earnings Per Share

<TABLE>

<CAPTION>

| | Three Months Ended March 31, | | Six Months Ended March 31, | | |
|---|---------------------------------|------------|-------------------------------|------------|--|
| | 2004 | 2003 | 2004 | 2003 | |
| <S> | <C> | <C> | <C> | <C> | |
| Net income | \$13,801 | \$11,612 | \$25,184 | \$20,885 | |
| Weighted-average common shares outstanding | 32,212,133 | 31,438,751 | 32,155,592 | 31,336,961 | |
| Dilutive securities, primarily stock options | 488,572 | 708,751 | 496,653 | 749,496 | |

Diluted weighted-average
common shares outstanding 32,700,705 32,147,502 32,652,245 32,086,457

Basic earnings per share \$.43 \$.37 \$.78 \$.67

Diluted earnings per share \$.42 \$.36 \$.77 \$.65

</TABLE>

Note 6. Segment Information

The Company is organized into five business segments based on products and services. The segments, which are Bronze, York Casket, Cremation, Graphics Imaging and Marking Products, are described under Nature of Operations (Note 1). 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 interest.

Information about the Company's segments follows:

<TABLE>

<CAPTION>

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|------------------------------|---------------------------------|-----------|-------------------------------|-----------|
| | 2004 | 2003 | 2004 | 2003 |
| <S> | <C> | <C> | <C> | <C> |
| Sales to external customers: | | | | |
| Bronze | \$47,171 | \$44,820 | \$92,605 | \$87,721 |
| York Casket | 33,967 | 33,617 | 64,142 | 63,776 |
| Cremation | 5,527 | 5,499 | 11,389 | 10,677 |
| Graphics Imaging | 28,743 | 23,745 | 54,925 | 46,987 |
| Marking Products | 9,579 | 7,900 | 18,828 | 15,493 |
| | \$124,987 | \$115,581 | \$241,889 | \$224,654 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
(Dollar amounts in thousands, except per share data)

<CAPTION>

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|-------------------|---------------------------------|----------|-------------------------------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| <S> | <C> | <C> | <C> | <C> |
| Operating profit: | | | | |
| Bronze | \$10,654 | \$11,810 | \$20,390 | \$21,183 |
| York Casket | 5,664 | 3,755 | 9,627 | 7,150 |
| Cremation | 511 | 255 | 957 | 712 |
| Graphics Imaging | 5,747 | 3,700 | 9,675 | 6,328 |
| Marking Products | 1,590 | 958 | 3,370 | 1,939 |
| | \$24,166 | \$20,478 | \$44,019 | \$37,312 |

</TABLE>

Note 7. Comprehensive Income

Comprehensive income consists of net income adjusted for changes, net of tax, in cumulative foreign currency translation, unrealized investment gains and losses and minimum pension liability. For the three months ended March 31, 2004 and 2003, comprehensive income was \$11,489 and \$16,834, respectively.

For the six months ended March 31, 2004 and 2003, comprehensive income was \$29,558 and \$26,750, respectively.

Note 8. Goodwill and Other Intangible Assets

Under Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," goodwill is no longer 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 must be recognized. For purposes of testing for impairment the Company uses a combination of valuation techniques, including discounted cash flows. Intangible assets are amortized over their estimated useful lives unless such lives are considered to be indefinite. The Company performs its annual impairment review in its second fiscal quarter.

Changes to goodwill, net of accumulated amortization, for the six months ended March 31, 2004, are as follows.

<TABLE>

<CAPTION>

| | York Bronze | Casket | Graphics Cremation | Marking Imaging | Products | Consolidated | |
|-----------------------------------|----------------|-----------|-----------------------|--------------------|----------|--------------|--|
| | <C> | <C> | <C> | <C> | <C> | <C> | |
| Balance at September 30, 2003 | \$ 72,122 | \$ 40,706 | \$ 6,536 | \$ 35,161 | \$ 165 | \$154,690 | |
| Additions during period | - | - | - | - | - | - | |
| Translation and other adjustments | 1,341 | - | - | 1,427 | - | 2,768 | |
| Balance at March 31, 2004 | \$ 73,463 | \$ 40,706 | \$ 6,536 | \$ 36,588 | \$ 165 | \$157,458 | |

</TABLE>

The following tables summarize the carrying amounts and related accumulated amortization for intangible assets as of March 31, 2004 and September 30, 2003, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
(Dollar amounts in thousands, except per share data)

| | York Casket Segment | | Cremation Segment | |
|--------------------------|---------------------|--------------------------|-------------------|--------------------------|
| | Carrying Amount | Accumulated Amortization | Carrying Amount | Accumulated Amortization |
| March 31, 2004: | | | | |
| Trade names | \$ 8,000 | \$ - * | \$ - | \$ - |
| Customer relationships | 4,100 | (563) | - | - |
| Copyrights/patents/other | 1,300 | (202) | 300 | (47) |
| | \$13,400 | \$(765) | \$ 300 | \$(47) |
| September 30, 2003: | | | | |
| Trade names | \$ 8,000 | \$ - * | \$ - | \$ - |
| Customer relationships | 4,100 | (442) | - | - |
| Copyrights/patents/other | 1,300 | (159) | 300 | (37) |
| | \$13,400 | \$(601) | \$ 300 | \$(37) |

* Not subject to amortization

Intangible assets established for customer relationships and copyrights, patents and other are amortized over their estimated useful lives of 17 years and 15 years, respectively. For the three-month period ended March 31, 2004, amortization expense on intangible assets was \$82 for the York Casket segment and \$5 for the Cremation segment. For the six-month period ended March 31, 2004, amortization expense was \$164 for the York Casket segment and \$10 for the Cremation segment. Amortization expense on intangible assets is expected to approximate \$350 each year between 2004 and 2008.

Note 9. Pension and Other Postretirement Benefit Plans

The Company provides defined benefit pension and other postretirement plans to certain employees. The following represents the net periodic pension and other postretirement benefit cost (income) for the plans in accordance with the revised version of SFAS No. 132, "Employer's Disclosures about Pensions and Other Postretirement Benefits," as described in Note 11:

<TABLE>

<CAPTION>

| | Pension | | Other Postretirement | | |
|--------------------------------|-----------|---------|----------------------|-------|------|
| | March 31, | 2004 | 2003 | 2004 | |
| Three months ended | | | | | 2003 |
| <S> | <C> | <C> | <C> | <C> | |
| Service cost | \$906 | \$759 | \$99 | \$72 | |
| Interest cost | 1,266 | 1,208 | 262 | 265 | |
| Expected return on plan assets | (1,484) | (1,154) | - | - | |
| Amortization: | | | | | |
| Prior service cost | 28 | 28 | (322) | (322) | |
| Net actuarial loss | 293 | 313 | 112 | 124 | |
| Net benefit cost | \$1,009 | \$1,154 | \$151 | \$139 | |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
(Dollar amounts in thousands, except per share data)

<CAPTION>

| | Pension | | Other Postretirement | | |
|--------------------------------|-----------|---------|----------------------|-------|------|
| | March 31, | 2004 | 2003 | 2004 | |
| Six months ended | | | | | 2003 |
| <S> | <C> | <C> | <C> | <C> | |
| Service cost | \$1,813 | \$1,518 | \$198 | \$144 | |
| Interest cost | 2,531 | 2,416 | 524 | 530 | |
| Expected return on plan assets | (2,968) | (2,308) | - | - | |
| Amortization: | | | | | |
| Prior service cost | 56 | 56 | (644) | (644) | |
| Net actuarial loss | 586 | 626 | 224 | 248 | |
| Net benefit cost | \$2,018 | \$2,308 | \$302 | \$278 | |

</TABLE>

Benefit payments under the Company's principal retirement plan are made from plan assets, while benefit payments under the supplemental retirement plan, postretirement benefit plan and 401(k) plan are made from the Company's operating funds. Due to the full funding limitations, the Company is not required to make any contributions to its principal retirement plan in fiscal year 2004. As of March 31, 2004, contributions of \$161 and \$381 have been made to the supplemental retirement plan and postretirement plans, respectively. The Company currently anticipates contributing an additional \$193 and \$545 to fund the supplemental retirement plan and postretirement plan, respectively, for the remainder of fiscal 2004. Contributions to the Company's 401(k) plan approximate \$680 per year.

Note 10. Acquisitions

In August 2003, Matthews acquired Reproservice Eurodigital GmbH Munchen ("Reproservice Munich"), a German graphics and flexographic printing plate manufacturer in Munich, Germany. The transaction was structured as a stock purchase, at an acquisition price of 4.1 million Euros (U.S.\$4,800). Products and services of Reproservice Munich include pre-press packaging, digital and analog flexographic printing plates, design, art work, lithography and color separation. The combination of Matthews and Reproservice Munich is an important part of the Matthews strategy to increase its European presence in the graphics industry.

In May 1998, Matthews acquired a 50% interest in O.N.E. Color Communications ("O.N.E."), a digital graphics service company located in Oakland, California. The purchase price consisted of \$2,000 cash upon closing plus an additional \$2,750 in 2001, which was based upon the attainment of certain operating performance levels of O.N.E. The purchase agreement also required Matthews to acquire the remaining 50% interest no later than May 2004, with the purchase price contingent on the attainment of certain operating performance levels of O.N.E., but not less than \$4,500. The accounts of O.N.E. have been included in the consolidated financial statements of Matthews since May 1998 and a liability was recorded for the future minimum payout. Effective July 31, 2003, Matthews completed the purchase of the remaining 50% interest in O.N.E. for \$5,700.

(Dollar amounts in thousands, except per share data)

Note 11. Accounting Pronouncements

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). This interpretation addresses consolidation by business enterprises of variable interest entities with certain characteristics. FIN 46 is effective immediately for all variable interest entities created after January 31, 2003. In October 2003, the FASB agreed to defer the effective date of FIN 46 for variable interest entities held by public companies that were acquired before February 1, 2003. The deferral will require that public companies adopt the provisions of FIN 46 for periods ending after December 15, 2003. The adoption of FIN 46 did not have a material impact on the Company's consolidated financial position and results of operations.

In July 2003, the EITF issued Issue No. 00-21 "Revenue Arrangements with Multiple Deliverables." Issue No. 00-21 addresses certain aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue generating activities. The provisions of Issue No. 00-21 were effective July 1, 2003, and have been applied prospectively by the Company to the finishing and storage elements of its pre-need sales. Issue No. 00-21 did not have a material impact on the Company's results of operations or financial position.

In December 2003, the FASB issued a revised version of SFAS No. 132 "Employer's Disclosures about Pensions and Other Postretirement Benefits." This statement requires additional disclosures about assets, obligations, cash flows and net periodic benefit costs of defined benefit plans and other defined benefit postretirement plans. The disclosure requirements are effective for annual financial statements with fiscal years ending after December 15, 2003 and for interim periods beginning after December 15, 2003. The disclosure requirements of the revised version of SFAS No. 132 have been adopted by the Company and are included in this quarterly report on Form 10-Q.

In January 2004, the FASB issued FASB Staff Position No. 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP 106-1"). FSP 106-1 permits the sponsor of a postretirement health care plan that provides prescription drug benefits to make a one time election to defer accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act"). FSP 106-1 also requires certain other disclosures, whether the deferral is elected or not. In accordance with FSP 106-1, the Company has elected to defer accounting for the Act since the effects of the Act on the Company's postretirement benefit plan have not been calculated. The FASB is expected to issue specific guidance on the accounting for certain elements of the Act which, when adopted by the Company, could require a change to previously reported information regarding the Company's postretirement benefit plan. However, FSP 106-1 is not expected to have a material impact on the Company's consolidated financial position or results of operations.

Note 12. Subsequent Event

On April 21, 2004, the Company signed an amendment to its Revolving Credit Facility, extending its maturity to April 30, 2009 and modifying certain other terms and covenants. Effective April 30, 2004, the Company increased its outstanding borrowings under the facility to \$50,000 and simultaneously entered into an interest rate swap that fixed the interest rate on such

borrowings at 3.16% for a five-year period. The interest rate swap has been designated as a cash flow hedge of the future variable interest payments under the revolving credit facility.

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 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, 2003. 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 raw material prices, 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 foreign competitive pressures, unknown risks in connection with the Company's acquisitions, and technological factors beyond the Company's control.

Results Of Operations:

The following table sets forth certain income statement data of the Company expressed as a percentage of sales for the periods indicated.

| | Six months ended | | Years ended | | |
|-------------------------|------------------|--------|---------------|--------|---------|
| | March 31, | | September 30, | | |
| | 2004 | 2003 | 2003(1) | 2002 | 2001(2) |
| Sales | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Gross profit | 37.3 | 36.3 | 37.1 | 37.5 | 42.2 |
| Operating profit | 18.2 | 16.6 | 17.5 | 15.9 | 18.8 |
| Income before taxes (3) | 17.0 | 15.2 | 16.0 | 14.6 | 18.2 |
| Net income (3) | 10.4 | 9.3 | 9.8 | 8.9 | 11.2 |

(1) The fourth quarter of fiscal 2003 included a net pre-tax charge of approximately \$1.0 million from special items which consisted of a pre-tax gain of \$2.6 million on the sale of a facility and a goodwill impairment charge of \$3.6 million.

(2) Fiscal 2001 included pre-tax income of \$500,000 from special items, which consisted of a pre-tax gain of \$7.1 million on the sale of a subsidiary and asset impairments, restructuring costs and other special pre-tax charges totaling \$6.6 million.

(3) Before cumulative effect of change in accounting. Fiscal 2002 reflected a pre-tax charge of \$5.3 million (\$.10 per share after-tax) for transitional goodwill impairment.

Sales for the six months ended March 31, 2004 were \$241.9 million and were \$17.2 million, or 7.7%, higher than sales of \$224.7 million for the six months ended March 31, 2003. Bronze segment sales for the first six months of fiscal

Results of operations, continued:

2004 were \$92.6 million compared to \$87.7 million for the first six months of fiscal 2003. The increase of 5.6% in Bronze sales reflected an increase in the values of foreign currencies against the U.S. dollar and higher sales of memorialization products. The increase was partially offset by a decline in

mausoleum sales during the first six months of fiscal 2004 compared to the same period in fiscal 2003. Sales for the York Casket Segment were \$64.2 million for the first six months of fiscal 2004 compared to \$63.8 million for the comparable period of fiscal 2003. The increase reflected higher casket sales, partially offset by the impact of the segment's divestiture of a small manufacturing facility and several distribution operations in fiscal 2003. Sales for the Cremation segment were \$11.4 million for the first half of fiscal 2004 compared to \$10.7 million for the same period a year ago. The increase reflected higher sales of cremation equipment and cremation caskets compared to the same period last year. Sales for the Graphics Imaging segment in the first half of fiscal 2004 were \$54.9 million, compared to \$47.0 million for the same period a year ago. The increase primarily reflected an increase in the value of the Euro against the U.S. dollar, the acquisition of Reproservice Eurodigital GmbH Munchen ("Reproservice Munich") in August 2003 and higher sales in the segment's other European operations. Marking Products segment sales for the six months ended March 31, 2004 were \$18.8 million, compared to \$15.5 million for the first six months of fiscal 2003. The increase of \$3.3 million, or 21.5%, was principally due to an increase in demand for the segment's products, reflecting a continued improvement in the U.S. economy and new product introductions. In addition, the segment's sales were positively affected by an increase in the value of the Swedish Krona against the U.S. dollar. For the first six months of fiscal 2004, higher foreign currency values against the U.S. dollar had a favorable impact of approximately \$8.9 million on the Company's consolidated sales compared to the first six months of fiscal 2003.

Gross profit for the six months ended March 31, 2004 was \$90.3 million, compared to \$81.6 million for the six months ended March 31, 2003. Consolidated gross profit as a percent of sales increased from 36.3% for the first half of fiscal 2003 to 37.3% for the first six months of fiscal 2004. The increase in consolidated gross profit and gross profit percentage primarily resulted from higher sales and improved operating efficiencies in the York Casket and Marking Products segments. The Bronze segment's gross margin for the first six months of fiscal 2004 included a charge for the cost of early retirement and other severance costs incurred during March 2004 and the impact of higher raw ingot prices during fiscal 2004 compared to fiscal 2003. Gross profit for the Bronze segment for the first six months of fiscal 2003 included the benefit of a reduction in the segment's pre-need finishing cost liability due to manufacturing efficiencies.

Selling and administrative expenses for the six months ended March 31, 2004 were \$46.2 million, compared to \$44.3 million for the first half of fiscal 2003. The increase of \$1.9 million, or 4.4%, primarily resulted from higher sales, the acquisition of Reproservice Munich in August 2003 and the impact of the increase in values of foreign currencies against the U.S. dollar. Consolidated selling and administrative expenses, as a percent of sales were 19.1% for the six months ended March 31, 2004, compared to 19.7% for the same period last year.

Operating profit for the six months ended March 31, 2004 was \$44.0 million, representing an increase of \$6.7 million, or 18.0%, over operating profit of \$37.3 million for the six months ended March 31, 2003. Bronze segment operating profit for the first six months of fiscal 2004 was \$20.4 million, compared to \$21.2 million for the first half of fiscal 2003. The decrease of

Results of operations, continued:

3.7% reflected the absence of a one-time favorable adjustment recorded in fiscal 2003 related to the segment's pre-need memorial finishing cost liability. In addition, current period results were negatively affected by early retirement and severance costs as well as increased bronze ingot costs. Operating profit for the York Casket segment for the first six months of fiscal 2004 was \$9.6 million, an increase of \$2.5 million, or 34.6%, over the same period a year ago. The increase reflected the favorable impact of the divestiture of unprofitable manufacturing and distribution operations during fiscal 2003, operating efficiencies realized in connection with productivity and quality initiatives at several of the segment's manufacturing facilities and a reduction in administrative expenses. Operating profit for the Cremation segment for the first six months of fiscal 2004 was \$957,000 compared to \$712,000 for the same period in fiscal 2003. The 34.4% increase reflected higher sales for the period and the benefit of operating and administrative efficiencies realized during fiscal 2004. Graphics Imaging operating profit for the six months ended March 31, 2004 was \$9.7 million

compared to \$6.3 million for the six months ended March 31, 2003. The segment's operating profit was favorably impacted by the acquisition of Reproservice Munich in August 2003, sales growth in the Company's other European operations and an increase in the value of the Euro against the U.S. dollar. Additionally, operating profit for the segment's domestic operations increased as a result of the closure of unprofitable operations in fiscal 2003 and recent cost structure improvements. Operating profit for the Marking Products segment for the first half of fiscal 2004 was \$3.4 million, representing an increase of \$1.4 million over the same period a year ago. The increase of 73.8% reflected the impact of higher sales and an increase in the value of the Swedish Krona against the U.S. dollar. Higher foreign currency values against the U.S. dollar had a favorable impact of approximately \$2.0 million on the Company's consolidated operating profit for the six months ended March 31, 2004 compared to the six months ended March 31, 2003.

Investment income for the six months ended March 31, 2004 was \$662,000, compared to \$631,000 for the six months ended March 31, 2003. Interest expense for the first half of fiscal 2004 was \$880,000, compared to \$1.7 million for the same period last year. The decline in interest expense reflected a lower level of debt during the fiscal 2004 six-month period combined with a reduction in the average borrowing rate.

Other income (deductions), net, for the six months ended March 31, 2004 represented a reduction in pre-tax income of \$85,000, compared to a reduction in pre-tax income of \$45,000 for same period last year. Minority interest deduction for the first half of fiscal 2004 was \$2.6 million, compared to \$2.1 million for the first half of fiscal 2003. The higher minority interest deduction for fiscal 2004 resulted from operating income growth in the Company's four European Graphics Imaging businesses that are not wholly owned.

The Company's effective tax rate for the six months ended March 31, 2004 was 38.8%, which remained unchanged from the effective rate of 38.8% for the fiscal year ended September 30, 2003. The difference between the Company's effective tax rate and the Federal statutory rate of 35% primarily reflected the impact of state and foreign income taxes.

Goodwill:

Under Statement of Financial Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", goodwill related to business combinations is no longer amortized, but is subject to periodic review for impairment. In general, when the carrying value of a reporting unit exceeds its implied fair value, an impairment loss must be recognized. For purposes of testing for impairment, Goodwill, continued:

the Company uses a combination of valuation techniques, including discounted cash flows. The Company performed its annual impairment review in the second quarter of fiscal 2004 and determined that no additional adjustments to the carrying values of goodwill were necessary at this time.

Liquidity and Capital Resources:

Net cash provided by operating activities was \$40.4 million for the six months ended March 31, 2004, compared to \$20.1 million for the first six months of fiscal 2003. Operating cash flow for the first half of fiscal 2004 primarily reflected net income adjusted for depreciation and amortization (non-cash charges) and a tax benefit of \$2.4 million from exercised stock options. For the six months ended March 31, 2003, operating cash flow primarily reflected net income adjusted for depreciation and amortization and payments to customers in the second quarter of fiscal 2003 under the York Casket segment's rebate programs. Operating cash flow for first six months of fiscal 2003 also included a tax benefit of \$2.1 million from exercised stock options.

Cash used in investing activities was \$3.2 million for the six months ended March 31, 2004, compared to \$3.0 million for the six months ended March 31, 2003. Investing activities for the first six months of fiscal 2004 primarily included capital expenditures of \$3.2 million. Investing activities for the first six months of fiscal 2003 primarily included capital expenditures of \$4.2 million, which was partially offset by proceeds of \$1.4 million from the sale of assets.

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 \$8.9 million for the last three fiscal years. The capital budget for fiscal 2004 is \$13.9 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, 2004 was \$24.0 million, reflecting payments on long-term debt of \$20.8 million, purchases of treasury stock of \$6.2 million, and dividends of \$2.6 million to the Company's shareholders, partially offset by proceeds of \$5.6 million from the sale of treasury stock (stock option exercises). Cash used in financing activities for the six months ended March 31, 2003 was \$21.4 million, reflecting payments on long-term debt of \$21.2 million, purchases of treasury stock of \$2.1 million, and dividends of \$1.7 million to the Company's shareholders, partially offset by proceeds of \$3.6 million from the sale of treasury stock (stock option exercises).

On December 3, 2001, the Company entered into a Revolving Credit Facility for \$125.0 million with a syndicate of financial institutions. The facility was scheduled to mature on November 30, 2004. On April 21, 2004, the Company signed an amendment to the facility which extends its maturity to April 30, 2009. Borrowings under the amended facility bear interest at LIBOR plus a factor ranging from .50% to 1.00% based on the Company's leverage ratio. 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 .20% to .30% (based on the Company's leverage ratio) of the unused portion of the facility. The

Liquidity and Capital Resources, continued:

Revolving Credit Facility, as amended, requires the Company to maintain certain leverage and interest coverage ratios. A portion of the facility (not to exceed \$10.0 million) is available for the issuance of trade and standby letters of credit.

The Company borrowed \$124.5 million under the original Revolving Credit Facility on December 3, 2001 in connection with the acquisition of York Casket, and for the repayment of all amounts outstanding under its previous credit facility. The outstanding balance on the Revolving Credit Facility was \$24.5 million at March 31, 2004. The weighted-average interest rate on outstanding borrowings under this facility at March 31, 2004 was 2.1%.

Effective April 30, 2004, the Company increased its outstanding borrowings under the facility to \$50.0 million and simultaneously entered into an interest rate swap that fixed the interest rate on such borrowings at 3.16% for a five-year period. The interest rate swap has been designated as a cash flow hedge of the future variable interest payments under the revolving credit facility.

Caggiati S.p.A. has four lines of credit totaling approximately U.S.\$13.3 million with various Italian banks. Outstanding borrowings on these lines approximated U.S.\$4.2 million at March 31, 2004.

The Company has a stock repurchase program, which was initiated in 1996. Under the program, the Company's Board of Directors authorized the repurchase of a total of 8,000,000 shares (adjusted for stock splits) of Matthews common stock, of which 7,563,311 shares have been repurchased as of March 31, 2004. On April 23, 2004, the Company announced that its Board of Directors authorized the continuance of the repurchase program and increased the total authorization for stock repurchases to 10,000,000 shares. The repurchase 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 \$77.3 million at March 31,

2004, compared to \$89.7 million at September 30, 2003. Cash and cash equivalents were \$82.1 million at March 31, 2004, compared to \$67.0 million at September 30, 2003. The Company's current ratio was 1.7 at March 31, 2004 and 2.2 at September 30, 2003. A significant factor in the reductions in working capital and current ratio is the classification of outstanding borrowings under the Revolving Credit Facility as a current liability, since the maturity of the facility (before the amendment on April 21, 2004) was November 30, 2004.

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 policies and procedures with respect to environmental, safety and health, including the proper handling, storage and disposal of hazardous materials.

Environmental Matters, continued:

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, York Casket was identified, along with others, by the Environmental Protection Agency as a potentially responsible party for remediation of a landfill site in York, PA. 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, 2004, an accrual of \$11.6 million was recorded for environmental remediation (of which \$610,000 has been 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 Casket 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. 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 August 2003, Matthews acquired Reproservice Eurodigital GmbH Munchen ("Reproservice Munich"), a German graphics and flexographic printing plate manufacturer in Munich, Germany. The transaction was structured as a stock purchase, at an acquisition price of 4.1 million Euros (U.S.\$4.8 million). The combination of Matthews and Reproservice Munich is an important part of the Matthews strategy to increase its European presence in the graphics industry. Reproservice Munich, a family-owned business with annual sales of approximately U.S.\$6.0 million, was established in 1983. Products and services of Reproservice Munich include pre-press packaging, digital and analog flexographic printing plates, design, art work, lithography and color separation.

In May 1998, Matthews acquired a 50% interest in O.N.E. Color Communications ("O.N.E."), a digital graphics service company located in Oakland, California. The purchase price consisted of \$2.0 million cash upon closing plus an additional \$2.75 million in 2001, which was based upon the attainment of certain operating performance levels of O.N.E. The purchase agreement also required Matthews to acquire the remaining 50% interest no later than May 2004, with the purchase price contingent on the attainment of certain operating performance levels of O.N.E., but not less than \$4.5 million. The accounts of O.N.E. have been included in the consolidated financial statements of Matthews since May 1998 and a liability was recorded for the future minimum payout. Effective July 31, 2003, Matthews completed the purchase of the

remaining 50% interest in O.N.E. for \$5.7 million.

Forward-Looking Information:

The Company's objective with respect to operating performance is to increase annual earnings per share in the range of 12% to 15% annually. For the past eight fiscal years, the Company has achieved an average annual increase in earnings per share of 15.2%. Matthews has a three-pronged strategy to attain

Forward-Looking Information, continued:

the annual growth rate objective, which has remained unchanged from the prior year. This strategy consists of the following: internal growth (which includes 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.

For the first six months of fiscal 2004, the Company's earnings of \$0.77 per share were in line with management's expectations and represented an increase of 18.5% over earnings per share of \$0.65 for the same period last year. Based on the expected impact of the Company's recent acquisitions, anticipated internal growth and also considering recent significant increases in bronze ingot and steel costs, the Company expects diluted earnings per share to be in the range of \$1.55 to \$1.58 for the fiscal year ended September 30, 2004.

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 included in the Company's Annual Report on Form 10-K for the year ended September 30, 2003. 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. The following accounting policies involve significant estimates, which are considered critical to the preparation of the Company's consolidated financial statements.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is based on an evaluation of specific customer accounts in which available facts and circumstances indicate collectibility may be a problem. In addition, the allowance includes a general reserve for all customers based on historical collection experience.

Long-Lived Assets

Property, plant and equipment, goodwill and other intangible assets are carried at cost. Depreciation on property, plant and equipment is computed primarily on the straight-line method over the estimated useful lives of the assets. Goodwill is no longer amortized, but is subject to periodic review for impairment. Intangible assets are amortized over their estimated useful lives, unless such lives are considered to be indefinite. A significant decline in cash flows generated from these assets may result in a write-down of the carrying values of the related assets.

Pension Costs

Pension assets and liabilities are determined on an actuarial basis and are affected by the market value of plan assets, estimates of the expected return on plan assets and the discount rate used to determine the present value of

Pension Costs, continued:

benefit obligations. Actual changes in the fair market value of plan assets and differences between the actual return on plan assets, the expected return on plan assets and changes in the selected discount rate will affect the amount of pension cost.

Environmental Reserve

Environmental liabilities are recorded when the Company's obligation is probable and reasonably estimable. Accruals for losses from environmental remediation obligations do not consider the effects of inflation, and anticipated expenditures are not discounted to their present value.

Revenue Recognition

Revenues are generally recognized when title and risk of loss pass to the customer, which is typically at the time of product shipment. For pre-need sales of memorials and vases, revenue is recognized when the memorial has been manufactured to the customer's specifications (e.g., name and birth date), title has been transferred to the customer and the memorial and vase are placed in storage for future delivery. A liability has been recorded in Estimated Finishing Costs for the estimated costs of finishing pre-need bronze memorials and vases that have been manufactured and placed in storage prior to July 1, 2003 for future delivery.

In July 2003, the Emerging Issues Task Force ("EITF") issued Issue No. 00-21 "Revenue Arrangements with Multiple Deliverables." Issue No. 00-21 addresses certain aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue generating activities. The provisions of Issue No. 00-21 were effective July 1, 2003 and have been applied prospectively by the Company to the finishing and storage elements of its pre-need sales. Beginning July 1, 2003, revenue is deferred by the Company on the portion of pre-need sales attributable to the final finishing and storage of the pre-need merchandise. Deferred revenue for final finishing is recognized at the time the pre-need merchandise is finished and shipped to the customer. Deferred revenue related to storage is recognized on a straight-line basis over the estimated average time that pre-need merchandise is held in storage. Issue No. 00-21 did not have a material impact on the Company's results of operations or financial position.

At March 31, 2004, the Company held 359,832 memorials and 237,760 vases in its storage facilities under the pre-need sales program.

Construction revenues are recognized under the percentage-of-completion method of accounting. The Company offers rebates to certain customers participating in volume purchase programs. Rebates are estimated and recorded as a reduction in sales at the time the Company's products are sold.

LONG-TERM CONTRACTUAL OBLIGATIONS AND COMMITMENTS:

The following table summarizes the Company's contractual obligations at March 31, 2004, and the effect such obligations are expected to have on its liquidity and cash flows in future periods.

Long-term Contractual Obligations and Commitments, continued:

<TABLE>
<CAPTION>

| Payments due in fiscal year: | | | | |
|------------------------------|-------------|--------------|--------------|------|
| | 2004 | After | | |
| Total | (remainder) | 2005 to 2006 | 2007 to 2008 | 2008 |

| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
|------------------------------------|----------|---------|----------|---------|---------|-------------------------------|
| Contractual Cash Obligations: | | | | | | (Dollar amounts in thousands) |
| Revolving credit facility(1) | \$24,500 | \$ - | \$24,500 | \$ - | \$ - | |
| Notes payable to banks | 13,663 | 845 | 3,054 | 2,632 | 7,132 | |
| Short-term borrowings | 4,214 | 4,214 | - | - | - | |
| Capital lease obligations | 801 | 346 | 443 | 12 | - | |
| Non-cancelable operating leases | 10,190 | 1,439 | 3,916 | 2,729 | 2,106 | |
| | ----- | ----- | ----- | ----- | ----- | |
| Total contractual cash obligations | \$53,368 | \$6,844 | \$31,913 | \$5,373 | \$9,238 | |
| | ===== | ===== | ===== | ===== | ===== | |

<F/N>

(1) On April 21, 2004, the Company signed an amendment to its Revolving Credit Facility, extending its maturity to April 30, 2009 and modifying certain other terms and covenants. Effective April 30, 2004, the Company increased its outstanding borrowings under the facility to \$50,000 and simultaneously entered into an interest rate swap that fixed the interest rate on such borrowings at 3.16% for a five-year period. The interest rate swap has been designated as a cash flow hedge of the future variable interest payments under the revolving credit facility.

</TABLE>

Benefit payments under the Company's principal retirement plan are made from plan assets, while benefit payments under the supplemental retirement plan, postretirement benefit plan and 401(k) plan are made from the Company's operating funds. Due to the full funding limitations, the Company is not required to make any contributions to its principal retirement plan in fiscal year 2004. As of March 31, 2004, contributions of \$161,000 and \$381,000 have been made to the supplemental retirement plan and postretirement plans, respectively. The Company currently anticipates contributing an additional \$193,000 and \$545,000 to fund the supplemental retirement plan and postretirement plan, respectively, for the remainder of fiscal 2004. Contributions to the Company's 401(k) plan approximate \$680,000 per year. 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.

Accounting Pronouncements:

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). This interpretation addresses consolidation by business enterprises of variable interest entities with certain characteristics. FIN 46 is effective immediately for all variable interest entities created after January 31, 2003. In October 2003, the FASB agreed to defer the effective date of FIN 46 for variable interest entities held by public companies that were acquired before February 1, 2003. The deferral will require that public companies adopt the provisions of FIN 46 for periods ending after December 15, 2003. The adoption of FIN 46 did not have a material impact on the Company's consolidated financial position and results of operations.

In December 2003, the FASB issued a revised version of SFAS No. 132 "Employer's Disclosures about Pensions and Other Postretirement Benefits." This statement requires additional disclosures about assets, obligations, cash flows and net periodic benefit costs of defined benefit plans and other defined benefit postretirement plans. The disclosure requirements are

Accounting Pronouncements, continued:

effective for annual financial statements with fiscal years ending after December 15, 2003 and for interim periods beginning after December 15, 2003. The disclosure requirements of the revised version of SFAS No. 132 have been adopted by the Company and are included in this quarterly report on Form 10-Q.

In January 2004, the FASB issued FASB Staff Position No. 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP 106-1"). FSP 106-1 permits

the sponsor of a postretirement health care plan that provides prescription drug benefits to make a one time election to defer accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act"). FSP 106-1 also requires certain other disclosures, whether the deferral is elected or not. In accordance with FSP 106-1, the Company has

elected to defer accounting for the Act since the effects of the Act on the Company's postretirement benefit plan have not been calculated. The FASB is expected to issue specific guidance on the accounting for certain elements of the Act which, when adopted by the Company, could require a change to previously reported information regarding the Company's postretirement benefit plan. However, FSP 106-1 is not expected to have a material impact on the Company's consolidated financial position or results of operations.

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. However, under the Revolving Credit Facility, as amended, the Company entered into an interest rate swap arrangement effective April 30, 2004 to fix the interest rate at 3.16% on its outstanding borrowings of \$50.0 million.

The Company's most significant long-term debt instrument is the Revolving Credit Facility, as amended, which bears interest at variable rates based on LIBOR and the carrying amount of such debt approximates fair value. 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 and wood) used in its manufacturing operations. The Company obtains competitive prices for materials and supplies when available. The Company is subject to foreign currency exchange rate changes 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.

Item 4. Controls and Procedures

Based on their evaluation at the end of the period covered by this Quarterly Report on Form 10-Q, the Company's chief executive officer and chief financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

There have been no changes in the Company's internal controls over financial reporting that occurred during the fiscal quarter ended March 31, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

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

Stock Repurchase Plan

The Company has a stock repurchase program, which was initiated in 1996. Under the program, the Company's Board of Directors has authorized the repurchase of a total of 8,000,000 shares (adjusted for stock splits) of Matthews common stock, of which 7,563,311 shares have been repurchased as of March 31, 2004. All purchases of the Company's common stock during the first six months of fiscal 2004 were part of this repurchase program.

The following table shows the monthly fiscal 2004 stock repurchase activity:

<TABLE>
<CAPTION>

| | Total number of | Average | shares purchased | Maximum number |
|--------------|-----------------|--------------------|--------------------|----------------|
| Total number | price | as part of a | of shares that yet | |
| of shares | paid per | publicly announced | may be purchased | |

| Period | purchased | share | plan | under the plan (1) |
|---|-----------|---------|---------|--------------------|
| <S> | <C> | <C> | <C> | <C> |
| October 1, 2003 through October 31, 2003 | 158,300 | \$27.63 | 158,300 | 509,768 |
| November 1, 2003 through November 30, 2003 | 60,700 | 28.62 | 60,700 | 449,068 |
| December 1, 2003 through December 31, 2003 | 79 | 28.70 | 79 | 448,989 |
| January 1, 2004 through January 31, 2004 | - | - | - | 448,989 |
| February 1, 2004 through February 29, 2004 | - | - | - | 448,989 |
| March 1, 2004 through March 31, 2004 | 12,300 | 32.03 | 12,300 | 436,689 |
| Total | 231,379 | 28.12 | 231,379 | |

<FN>

(1) In April 2004 the Company's Board of Directors authorized the purchase of an additional 2,000,000 shares of Matthews common stock, bringing the total authorization for stock repurchases to 10,000,000 shares.

</TABLE>

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of the Shareholders of Matthews International Corporation was held on February 19, 2004. A total of 32,113,969 shares of Class A Common Stock were eligible to vote at such meeting.

The matters voted upon at such meeting were as follows:

1. Election of Directors:

The following individuals were nominated for election to the Board of Directors for a term expiring at the Annual Meeting of Shareholders in the year indicated.

Item 4. Submission of Matters to a Vote of Security Holders, continued:

| Nominee | Term Expiration | Votes | |
|-------------------|--------------------|------------|-----------------------|
| | | For | Withhold Authority |
| G.R. Mahone | 2006 | 22,236,537 | 6,669,985 |
| D.J. DeCarlo | 2007 | 22,284,084 | 6,622,438 |
| R.J. Kavanaugh | 2007 | 28,441,279 | 465,243 |
| J.P. O'Leary, Jr. | 2007 | 28,397,618 | 508,904 |

The nominations were made by the Board of Directors and no other nominations were made by any shareholder. The nominees had currently been members of the Board of Directors at the date of the Annual Meeting.

The terms of the following additional directors continued after the meeting: D.M. Kelly, W.J. Stallkamp and J.D. Turner.

2. Selection of Auditors:

The shareholders voted to ratify the appointment by the Audit Committee of the Board of Directors of PricewaterhouseCoopers LLP as independent auditors to audit the records of the Company for the year ending September 30, 2004.

| | |
|----------------|------------|
| Votes For: | 28,157,070 |
| Votes Against: | 718,128 |
| Abstaining: | 31,324 |

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit

No. Description

10.1 First Amendment to Revolving Credit Facility

31.1 Certification of Principal Executive Officer for David M. Kelly.

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 David M. Kelly.

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.

(b) Reports on Form 8-K

On January 21, 2004, Matthews filed a Current Report on Form 8-K under Item 12 in connection with a press release announcing its earnings for the quarter ended December 31, 2003.

On February 17, 2004, Matthews filed a Current Report on Form 8-K under Item 9 in connection with a press release announcing personnel changes.

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 5/10/04

D.M. Kelly

D.M. Kelly, Chairman of the Board,
President and Chief Executive Officer

Date 5/10/04

S.F. Nicola

S.F. Nicola, Chief Financial Officer,
Secretary and Treasurer

FIRST AMENDMENT TO LOAN AGREEMENT

First Amendment to Loan Agreement, dated the 21st day of April, 2004, by and among Matthews International Corporation, a Pennsylvania corporation (the "Borrower"), the Banks (as defined in the Loan Agreement (as hereinafter defined)), Citizens Bank of Pennsylvania, a Pennsylvania banking institution, in its capacity as lead arranger and administrative agent for the Banks (in such capacity, the "Agent"), PNC Bank, National Association, a national banking association, in its capacity as lead arranger and syndication agent for the Banks (in such capacity, the "Syndication Agent") and National City Bank of Pennsylvania, in its capacity as documentation agent for the Banks (in such capacity, the "Documentation Agent") (the "First Amendment").

WITNESSETH:

WHEREAS, the Borrower, the Banks, the Agent and the Documentation Agent entered into that certain Loan Agreement, dated December 3, 2001, pursuant to which, among other things, the Banks agreed to extend a revolving credit facility to the Borrower in an aggregate principal amount not to exceed One Hundred Twenty-Five Million and 00/100 Dollars (\$125,000,000.00) (the "Loan Agreement"); and

WHEREAS, the Borrower desires to amend certain provisions of the Loan Agreement and the Banks and the Agent desire to permit such amendments pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

All capitalized terms used herein which are defined in the Loan Agreement shall have the same meaning herein as in the Loan Agreement unless the context clearly indicates otherwise.

2. The Preamble of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

Agreement, dated the 3rd day of December, 2001, by and among Matthews International Corporation, a Pennsylvania corporation (the "Borrower"), the Banks (as hereinafter defined), Citizens Bank of Pennsylvania, a Pennsylvania banking institution, in its capacity as lead arranger and administrative agent for the Banks (in such capacity, the "Agent"), PNC Bank, National Association, a national banking association, in its capacity as lead arranger and syndication agent for the Banks (in such capacity, the "Syndication Agent") and National City Bank of Pennsylvania, in its capacity as documentation agent for the Banks (in such capacity, the "Documentation Agent").

Section 1.01 of the Loan Agreement is hereby amended by inserting the following definitions:

"Anti-Terrorism Laws" shall mean any laws relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by the United States Treasury Department's Office of Foreign Asset Control (as any of the foregoing laws may from time to time be amended, renewed, extended, or replaced).

"Bank-Provided Hedge" shall mean a Hedging Agreement which is provided by any Bank and with respect to which the Agent confirms meets the following requirements: such Hedging Agreement (i) is documented in a standard International Swap Dealer Association Agreement, (ii) provides for the method of calculating the reimbursable amount of the provider's credit exposure in a reasonable and customary manner, and (iii) is entered into for hedging (rather than speculative) purposes. The liabilities of the Loan Parties to the provider of any Bank-Provided Hedge shall be "Indebtedness" hereunder and guaranteed Indebtedness under the Guaranty Agreements.

"Blocked Person" shall have the meaning assigned to such term in Section 3.24(b) hereof.

"Conversion Option" shall mean that as set forth in Section 2.02(a) hereof.

"Executive Order No. 13224" shall mean the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"Hedging Agreements" shall mean foreign exchange agreements, currency swap agreements, interest rate exchange, swap, cap, collar, adjustable strike cap, adjustable strike corridor agreements or any other similar hedging agreements or arrangements entered into by the Loan Parties in the ordinary course of business and not for speculative purposes.

"Hedging Obligations" shall mean all liabilities and obligations of the Loan Parties under Hedging Agreements.

"Invested Funds" shall mean the cash and Cash Equivalents of the Borrower invested in accounts of the Borrower at the Banks; provided, however, that the Borrower shall invest such cash and Cash Equivalents with each Bank in accordance with its Commitment Percentage.

"National City" shall mean National City Bank of Pennsylvania.

"Permitted Amount" shall mean Twenty Five Million and 00/100 Dollars (\$25,000,000.00).

"Syndication Agent" shall mean PNC and its successors and assigns.

"Term Amount" shall mean that as set forth in Section 2.02(a).

"Term Loan" and "Term Loans" shall mean that as set forth in Section 2.02(a).

"Term Loan Notice" shall mean that as set forth in Section 2.02(a).

"Term Note" or "Term Notes" shall mean, singularly or collectively, as the context may require, the Term Note or Term Notes of the Borrower in the Form of Exhibit "B" attached hereto and made a part hereof, as amended, modified or supplemented from time to time, together with all extensions, renewals, refinancing or refunding in whole or in part.

"USA Patriot Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

Section 1.01 of the Loan Agreement is hereby amended by deleting the following definitions in their entirety and in their stead inserting the following:

"Applicable Rate" shall mean, as of the date of determination, the Prime Rate plus the Applicable Prime Margin or the Libor Rate plus the Applicable Libor Margin.

"Documentation Agent" shall mean National City and its successors and assigns.

"Expiry Date" shall mean April 30, 2009.

"Guarantor" or "Guarantors" shall mean, singularly or collectively, as the context may require, MIAC, York Group and any other person that executes and delivers a Guaranty Agreement to the Agent for the ratable benefit of the Banks on or after April 21, 2004.

"Guaranty Agreement" or "Guaranty Agreements" shall mean, singularly or collectively, as the context may require, the MIAC Guaranty, the York Group Guaranty, and any other Guaranty and Suretyship Agreement executed and delivered to the Agent for the ratable benefit of the Banks on or after the date hereof substantially in the form of Exhibit "E" attached hereto and made a part hereof.

"Libor Rate Loan" shall mean any Loan that bears interest with reference to the Libor Rate.

"Loan" or "Loans" shall mean, singularly or collectively, as the context may require, the Revolving Credit Loans, the Term Loan(s) and any other credit to the Borrower extended by any Bank in accordance with Article II hereof as evidenced by the Notes, as the case may be.

"Note" or "Notes" shall mean, singularly or collectively as the context may require, the Revolving Credit Notes, the Term Notes and any other note of the Borrower executed and delivered pursuant to this Agreement, as any such note may be amended, modified or supplemented from time to time, together with all extensions, renewals, refinancings or refundings in whole or in part.

"Office", when used in connection with (i) Citizens or the Agent, shall mean its designated office located at 525 William Penn Place, Pittsburgh, Pennsylvania 15219 or such other office of Citizens or the Agent as Citizens or the Agent may designate in writing from time to time, or (ii) any other Bank, shall mean its designated office identified on Schedule 1 attached hereto and made a part hereof with respect to such Bank or such other office of such Bank as such Bank may designate in writing from time to time.

"Prime Rate Loan" shall mean any Loan that bears interest with reference to the Prime Rate.

Section 1.01 of the Loan Agreement is hereby amended by deleting the following definitions:

"Capital Expenditure"

"Fixed Charge Coverage Ratio"

"Fixed Charges"

"IEEC"

"IEEC Guaranty"

"Net Worth"

"Refunded Swing Line Loans"

"Swing Line Lender"
"Swing Line Loan Facility"
"Swing Line Loans"
"Swing Line Note"
"Swing Line Rate"
"YBTC"
"YBTC Guaranty"

Paragraph (v) of the definition of "Indebtedness" contained in Section 1.01 of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

all Hedging Obligations and all obligations (contingent or otherwise) under any letter of credit, banker's acceptance, Guaranty or indemnification agreement;

Section (i) of the definition of "Interest Period" contained in Section 1.01 of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

(i) the Interest Period for any Libor Rate Loan shall be one (1), two (2), three (3), four (4) six (6), nine (9) or twelve (12) Months or such other period as may be agreed upon by the Borrower and the Banks, and the Borrower shall not be permitted to select Interest Periods to be in effect at any one time which have expiration dates occurring on more than four (4) different dates;

The second to the last sentence of Section 2.01(c)(ii) of the Loan Agreement is hereby deleted in its entirety.

Section 2.02 of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

Term Loan(s).

Conversion Option. Upon the written request (the "Term Loan Notice") by the Borrower received by the Agent at any time or times prior to April, 29, 2008,

and so long as no Potential Default or Event of Default has occurred, the Borrower may convert (the "Conversion Option") all or any portion of the outstanding principal balance of the Revolving Credit Loans (the "Term Amount") into a term loan or term loans (each such term loan is a "Term Loan" and collectively, the "Term Loans"). Each such conversion shall be effective on the first (1st) day of the first (1st) full calendar month following the Agent's receipt of such written request so long as such written request was received at least five (5) Business Days prior to the effective date of such conversion and the Borrower executes and delivers to the Agent a Term Note for each Bank in the amount of each Bank's Pro Rata Share. Upon each exercise by the Borrower of the Conversion Option, the Revolving Credit Facility Commitment shall be reduced by such Term Amount; provided, however, that upon the repayment of any principal amount of any Term Loan, the Revolving Credit Facility Commitment shall be increased by the principal amount of such repayment. Notwithstanding anything contained herein to the contrary, there shall not be more than four (4) Term Loans outstanding at any one time.

Nature of Term Loan(s). Upon repayment of any amount of principal or interest on any Term Loan by the Borrower, the Borrower may not reborrow under this Section 2.02.

Term Notes. The joint and several obligations of the Borrower to repay the unpaid principal amount of each Term Loan made to the Borrower by each Bank and to pay interest therein shall be evidenced in part by the Term Notes of the Borrower. Each Term Note shall be payable to the order of a Bank in a principal amount equal to such Bank's Pro Rata Share with respect to such Term Loan. The executed Term Notes will be delivered by the Borrower to the Banks on the first day of each Term Loan.

Term Loan Interest Rate Options.

After the Borrower's exercise of a Conversion Option, the Borrower may, subject to the terms and conditions of this Agreement, convert all or a portion of such Term Loan which is a Libor Rate Loan(s) into a Prime Rate Loan as set forth in Section 2.02(d)(ii). In addition, the Borrower may, subject to the terms and conditions of this Agreement, convert all or a portion of such Term Loan that is a Prime Rate Loan into a Libor Rate Loan in

accordance with this Section 2.02(d)(i). Any portion of a Term Loan that is converted from a Prime Rate Loan into a Libor Rate Loan shall be converted, and shall begin to accrue interest with reference to the Libor Rate, on such Business Day, in such amount (greater than or equal to One Million and 00/100 Dollars (\$1,000,000.00); provided, however, that any amount in excess of One Million and 00/100 Dollars (\$1,000,000.00) may only be in increments of Five Hundred Thousand and 00/100 Dollars (\$500,000.00)), and with such an Interest Period as an Authorized Representative of the Borrower shall request by written or telephonic notice (confirmed promptly, but in no event later than one (1) Business Day thereafter, in writing) received by the Agent no later than 10:00 a.m. (Pittsburgh, Pennsylvania time) on the third (3rd) Business Day prior to the requested date of conversion into such Libor Rate Loan. In addition, in the event that the Borrower desires to renew the portion of a Term Loan that is a Libor Rate Loan for an additional Interest Period, an Authorized Representative of the Borrower shall provide the Agent with written or telephonic notice (confirmed promptly, but in no event later than one (1) Business Day thereafter, in writing) thereof on or before 10:00 a.m.

(Pittsburgh, Pennsylvania time) on the third (3rd) Business Day prior to the expiration of the applicable Interest Period. In the event that the Borrower fails to provide the Agent with the required written or telephonic notice (confirmed promptly, but in no event later than one (1) Business Day thereafter, in writing) prior to 10:00 a.m. (Pittsburgh, Pennsylvania time) on the third (3rd) Business Day prior to the expiration of the applicable Interest Period for a Libor Rate Loan, the Borrower shall be deemed to have given notice that such portion of such Term Loan shall be converted into a Prime Rate Loan on the last day of the applicable Interest Period. Each written notice of any Libor Rate Loan shall be irrevocable and binding on the Borrower and the Borrower shall indemnify the Agent and the Banks against any loss or expense incurred by the Banks as a result of any failure by the Borrower to consummate such transaction calculated as set forth in Section 2.12(c) hereof.

The Borrower shall have the option, subject to the terms and conditions of this Agreement, to convert a portion of the Term Loan that is a Prime Rate Loan into a Libor Rate Loan as set forth in Section 2.02(d)(i); provided, however, that no portion of the outstanding principal amount of any Libor Rate Loan may be renewed as or converted into a Libor Rate Loan of a different duration if such Libor Rate Loan relates to any Hedging Obligations. Any portion of a Term Loan that is converted from a Libor Rate Loan into a Prime Rate Loan shall be converted, and shall begin to accrue interest with reference to the Prime Rate, on such Business Day and in such amount as an Authorized Representative of the Borrower shall request by written or telephonic notice (confirmed promptly, but in no event later than one (1) Business Day thereafter, in writing) received by the Agent no later than 10:00 a.m. (Pittsburgh, Pennsylvania time) on the Business Day of the requested conversion of such portion of the Term Loan into a Prime Rate Loan. Upon receipt of a Term Loan Notice or a request to renew or convert an interest rate option with respect to a Term Loan, the Agent shall promptly advise each of the Banks of its receipt of the Term Loan Notice or the request to renew or convert an interest rate option with respect thereto, the amount of each such Term Loan, the Interest Period thereof, as applicable, and the Bank's Pro Rata Share of such Term Loan.

Payments of Principal and Maturity. Subject to the terms and conditions of this Agreement, commencing on the last day of the first (1st) Fiscal Quarter immediately following the first (1st) day of a Term Loan, and on the last day of each successive Fiscal Quarter thereafter through and including the Expiry Date, the Borrower shall make equal quarterly principal payments to the Agent for the ratable account of the Banks in such amount as the Agent shall advise the Borrower prior to or on the first (1st) day of a Term Loan (such amount shall be an amount which will result in a level principal payment necessary to amortize the principal balance of such Term Loan over a period selected by the Borrower; provided, however, that such amortization period shall not exceed five (5) years), plus accrued interest as set forth in Section 2.04 hereof. All remaining unpaid principal, accrued interest and all other sums and costs incurred by the Agent and the Banks pursuant to this Agreement with respect to the Term Loan(s) shall be immediately due and payable on the Expiry Date without notice, presentment or demand of any kind.

Section 2.03(a) of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

Interest on the Loans. Subject to the terms and conditions of this Agreement, the aggregate outstanding principal balance of the Loans shall be, at the option of the Borrower as selected pursuant to Section 2.01(c) or 2.02(d) hereof, as the case may be, (x) Prime Rate Loans which shall bear interest for each day at the rates set forth below or (y) Libor Rate Loans which shall bear interest during each applicable Interest Period at the rates set forth below:

Subject to the terms and conditions of this Agreement, on the date of this Amendment and through the day immediately preceding the first (1st) Incentive Pricing Effective Date, (x) Prime Rate Loans shall bear interest for each day at a rate per annum equal to the Prime Rate plus the applicable margin corresponding to Tier I as set forth below and (y) Libor Rate Loans shall bear interest during each applicable interest period at a rate per annum equal to the Libor Rate plus the Applicable Libor Margin corresponding to Tier I set forth below;

Subject to the terms and conditions of this Agreement, during each Fiscal Quarter, in accordance with Section 5.01(b) hereof, the Borrower shall submit to the Agent and the Banks quarterly financial statements (the Fiscal Quarter in which such financial statements are required to be received by the Agent and the Banks is the "Reporting Quarter") as of the last day of the Fiscal Quarter immediately preceding such Reporting Quarter (with respect to any Reporting Quarter, the Fiscal Quarter immediately preceding such Reporting Quarter is the "Measurement Quarter"). Upon receipt of such quarterly financial statements by the Agent and the Banks in accordance with Section 5.01(b), the Borrower's Leverage Ratio shall be calculated as of the last day of the Measurement Quarter ending December 31, 2003 and as of the last day of each Measurement Quarter thereafter. From the first (1st) day of the first (1st) full calendar month following the Agent's and the Bank's receipt of such quarterly financial statements (the "Incentive Pricing Effective Date") until the next Incentive Pricing Effective Date, (x) Prime Rate Loans shall bear interest for each day at a rate per annum equal to the Prime Rate plus the applicable margin determined by reference to the Borrower's Leverage Ratio as set forth below (the "Applicable Prime Margin") and (y) Libor Rate Loans shall bear interest during each applicable Interest Period at a rate per annum equal to the Libor Rate plus the applicable margin determined by reference to the Borrower's Leverage Ratio as set forth below (the "Applicable Libor Margin"):

| | Leverage Ratio | Applicable Libor Margin | Applicable Prime Margin | L/C Fee Percentage | Commitment Fee Percentage |
|-----|----------------|-------------------------|-------------------------|--------------------|---------------------------|
| I | < 1.00 | .50% | 0.00% | .50% | 0.20% |
| II | ?1.00 <1.50 | .75% | 0.00% | .75% | 0.225% |
| III | ? 1.50 | 1.00% | 0.25% | 1.00% | 0.30% |

Notwithstanding the above, the Applicable Libor Margin set forth above shall be reduced (among the Banks in accordance with their Pro Rata Share of the applicable portion) to .40% with respect to the portion of the Libor Loans that is less than or equal to two hundred percent (200%) of the amount of the Borrower's Invested Funds commencing on April 21, 2004, and as of each

applicable Incentive Pricing Effective Date thereafter; provided, however, if, prior to the next applicable Incentive Pricing Effective Date, the amount of the Borrower's Invested Funds is reduced to be less than the amount of Invested Funds set forth in the Borrower's most recently delivered compliance certificate, the Applicable Libor Margin shall be readjusted accordingly, retroactive to the most recent Incentive Pricing Effective Date.

Subject to the terms and conditions of this Agreement, in the event that the Borrower fails to timely deliver the financial statements required by Section 5.01(b) hereof, the Applicable Margin shall be the amount corresponding to Tier III until the delivery of such financial statements.

Section 2.03(b) of the Loan Agreement is hereby amended by deleting in their entirety the references to "Swingline Rate" and "Swingline Loan" contained therein.

Section 2.04 of the Loan Agreement is hereby deleted in its entirety and in

its stead is inserted the following:

The Borrower shall pay to the Agent for the ratable account of the Banks interest on the aggregate outstanding balance of the Loans which are Prime Rate Loans in arrears, on July 31, 2004 and on the last day of each October, January, April and July thereafter through and including the Expiry Date. The Borrower shall pay to the Agent for the ratable account of the Banks interest on the unpaid principal balance of the Loans that are Libor Rate Loans on the earlier of (i) the last day of the applicable Interest Period for such Loan or (ii) for such Loans with an applicable Interest Period exceeding three (3) Months, on each and every three (3) Month anniversary of each such Loan during the period from the Closing Date to and including the Expiry Date. After maturity of any part of the Loans (whether upon the occurrence of an Event of Default, by acceleration or otherwise), interest on such part of the Loans shall be immediately due and payable without notice, presentment, or demand of any kind.

The following is hereby inserted as a new Section 3.24 of the Loan Agreement:

Anti-Terrorism Laws.

None of the Loan Parties nor any Affiliate of any Loan Party, is in violation in any material respect of any Anti-Terrorism Law or engages in or conspires to engage in any material respect in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

None of the Loan Parties, nor any Affiliate of any Loan Party, is any of the following (each a "Blocked Person"):

- a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order No. 13224;
- a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order No. 13224;
- a Person with which any Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;
- a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order No. 13224;
- a Person that is named as a "specially designated national" on the most current list published by the U.S. Treasury Department Office of Foreign

Asset Control at its official website or any replacement website or other replacement official publication of such list, or a Person who is affiliated or associated with a Person listed above.

No Loan Party (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order No. 13224.

The following is hereby inserted as a new Section 5.01(l) of the Loan Agreement:

Tax Shelter Provisions.

Promptly after the Borrower determines that it intends to treat any of the Loans, Letters of Credit or related transactions as being a "reportable transaction" as provided in Section 5.17, the Borrower shall send to the Agent:

- a written notice of such intention; and
 - a duly completed copy of IRS Form 8886 or any successor form.
- Section 5.14 of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

[Reserved].

Section 5.15 of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

[Reserved].

[Reserved].

Leverage Ratio. As of June 30, 2004, and as of the last day of each Fiscal Quarter thereafter, for the period equal to the four (4) consecutive Fiscal Quarters then ending, the Borrower and its Subsidiaries shall maintain a Leverage Ratio less than or equal to 2.00 to 1.0.

Interest Coverage Ratio. As of June 30, 2004, and as of the last day of each

Fiscal Quarter thereafter, for the period equal to the four (4) consecutive Fiscal Quarters then ending, the Borrower and its Subsidiaries shall maintain an Interest Coverage Ratio greater than or equal to 4.00 to 1.0.

The following is hereby inserted as a new Section 5.17 of the Loan Agreement:

Tax Shelter Regulations.

The Borrower does not intend to treat the Loans and/or Letters of Credit and related transactions as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4). In the event the Borrower determines to take any action inconsistent with such intention, the Borrower will promptly (i) notify the Agent thereof, and (ii) deliver to the Agent a duly completed copy of IRS Form 8886 or any successor form. If the Borrower so notifies the Agent, the Borrower acknowledges that it may treat its Loans and/or Letters of Credit as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and the Agent, as applicable, will maintain the lists and other records required by such Treasury Regulation.

The following is hereby inserted as a new Section 5.18 of the Loan Agreement:

Anti-Terrorism Laws.

The Loan Parties and their respective Affiliates and agents shall not (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order No. 13224; or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the Executive Order No. 13224, the USA Patriot Act or any other Anti-Terrorism Law. The Borrower shall deliver to the Agent any certification or other evidence requested from time to time by the Agent in its sole discretion, confirming Borrower's compliance with this Section 5.18.

Section 6.01(f) of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

Purchase Money Security Interests to secure Indebtedness; provided, however, that such security interests shall be limited solely to the equipment purchased with the proceeds of such Indebtedness;

Sections 6.01(h) and (i) of the Loan Agreement are hereby deleted in their entirety and in their stead is inserted the following:

attachment, judgment or other similar Liens arising in connection with a proceeding before an Official Body and which do not cause an Event of Default to occur;

Liens of any Subsidiary of a Loan Party that is not itself a Loan Party securing Indebtedness; and

The following is hereby inserted as new Section 6.01(j) of the Loan Agreement:

Liens of any Loan Party securing Indebtedness; provided, however, that such Liens shall be limited to Liens on equipment, fixtures, real property and/or proceeds thereof; and provided, further, that the aggregate [book] value of the assets securing such Indebtedness shall not at any time exceed the Permitted Amount.

Section 6.02 of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

[Reserved].

Section 6.03 of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

[Reserved].

Section 6.04 of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

[Reserved].

Section 6.05 of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

[Reserved].

Section 6.07(v) of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

so long as no Event of Default or Potential Default shall have occurred, other sales or dispositions of assets in the ordinary course of business the fair market value of which does not exceed fifteen percent (15%) of the fair

market value of all of the Loan Parties' assets immediately prior to such sale or disposition.

Section 6.09 of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

Partnerships; Mergers or Consolidation.

No Loan Party nor any Subsidiary of a Loan Party shall form a partnership, limited liability company or joint venture or merge or consolidate with or into any other Person, or agree to do any of the foregoing, except that (i) a Subsidiary which is not a Loan Party may merge or consolidate with or into another Subsidiary which is not a Loan Party, (ii) a Loan Party may merge or consolidate with or into another Loan Party provided that if the Borrower is a party to such merger or consolidation, the Borrower is the surviving entity and (iii) each Loan Party and its Subsidiary may complete Acquisitions.

Section 8.09 of the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the following:

Successor Agent; Documentation or Syndication Agent.

The Agent may resign as administrative agent hereunder by giving not fewer than thirty (30) days' prior written notice to the Borrower and the Banks. If the Agent shall resign under this Agreement, then either (a) the Majority Banks shall appoint from among the Banks a successor administrative agent for the Banks or (b) if a successor administrative agent shall not be so appointed and approved within the thirty (30) day period following the Agent's notice to the Banks of its resignation, then the Agent shall appoint a successor administrative agent who shall serve as administrative agent until such time as the Majority Banks appoint a successor administrative agent pursuant to clause (a). Upon its appointment, such successor administrative agent shall succeed to the rights, powers and duties as administrative agent, and the term "Agent" shall mean such successor effective upon its appointment, and the former administrative agent's rights, powers and duties as administrative agent shall be terminated without any other or further act or deed on the part of such former administrative agent or any of the parties to this Agreement.

The parties hereto acknowledge and agree that no Person shall have, solely by reason of its designation as a documentation agent or syndication agent, any power, duty, responsibility or liability whatsoever under this Agreement or any of the Loan Documents.

The following is hereby inserted as a new Section 9.17 of the Loan Agreement: Certifications from Bank and Participants.

Tax Withholding.

Any assignee or participant of a Bank that is not incorporated under the Laws of the United States of America or a state thereof (and, upon the written request of such Bank, assignee or participant of such Bank, or the Agent) agrees that it will deliver to the Borrower, such Bank and the Agent three (3) duly completed appropriate valid Withholding Certificates (as defined under 1.1441-1(c)(16) of the Income Tax Regulations (the "Regulations")) certifying its status (i.e. U.S. or foreign person) and, if appropriate, making a claim of reduced, or exemption from, U.S. withholding tax on the

basis of an income tax treaty or an exemption provided by the Code. The term "Withholding Certificate" means a Form W-9; a Form W-8BEN; a Form W-8ECI; a Form W-8IMY and the related statements and certifications as required under 1.1441-1(e)(2) and/or (3) of the Regulations; a statement described in 1.871-14(c)(2)(v) of the Regulations; or any other certificates under the Code or Regulations that certify or establish the status of a payee or beneficial owner as a U.S. or foreign person. Any assignee or participant required to deliver to the Borrower, a Bank and the Agent a Withholding Certificate pursuant to the preceding sentence shall deliver such valid Withholding Certificate at least five (5) Business Days before the effective

date of such assignment or participation (unless such Bank in its sole discretion shall permit such assignee or participant to deliver such valid Withholding Certificate less than five (5) Business Days before such date in which case it shall be due on the date specified by such Bank). Any assignee or participant which so delivers a valid Withholding Certificate further undertakes to deliver to the Borrower, a Bank and the Agent three (3) additional copies of such Withholding Certificate (or a successor form) on or before the date that such Withholding Certificate expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent Withholding Certificate so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Borrower, such Bank or the Agent. Notwithstanding the submission of a Withholding Certificate claiming a reduced rate of or exemption from U.S. withholding tax, such Bank and/or the Agent shall be entitled to withhold United States federal income taxes at the full thirty percent (30%) withholding rate if in its reasonable judgment it is required to do so under the due diligence requirements imposed upon a withholding agent under 1.1441-7(b) of the Regulations. Further, such Bank and/or the Agent is indemnified under 1.1461-1(e) of the Regulations against any claims and demands of any assignee or participant of such Bank for the amount of any tax it deducts and withholds in accordance with regulations under 1441 of the Code.]

USA Patriot Act.

Each Bank or assignee or participant of a Bank that is not incorporated under the Laws of the United States of America or a state thereof (and is not excepted from the certification requirement contained in Section 313 of the USA Patriot Act and the applicable regulations because it is both (i) an affiliate of a depository institution or foreign bank that maintains a physical presence in the United States or foreign country, and (ii) subject to supervision by a banking authority regulating such affiliated depository institution or foreign bank) shall deliver to the Agent the certification, or, if applicable, recertification, certifying that such Bank is not a "shell" and certifying to other matters as required by Section 313 of the USA Patriot Act and the applicable regulations: (1) within ten (10) days after the Closing Date, and (2) as such other times as are required under the USA Patriot Act.

The following is hereby inserted as a new Section 9.18 of the Loan Agreement:
Confidentiality.
General.

Each Bank agrees to keep confidential all information obtained from the Loan Parties which is nonpublic and confidential or proprietary in nature (including without limitation any information a Loan Party specifically

designates as confidential), except as provided below, and to use such information only in connection with this Agreement and for the purposes contemplated hereby. Each Bank shall be permitted to disclose such information (i) to outside legal counsel, accountants and other professional advisors who need to know such information in connection with the administration and enforcement of this Agreement, subject to agreement of such Persons to maintain the confidentiality of such information in accordance with the terms hereof, (ii) to assignees and participants as contemplated by Section 8.17, and prospective assignees and participants, subject to the agreement of such Persons to maintain the confidentiality of such information in accordance with the terms hereof, (iii) to the extent requested by any bank regulatory authority or, with notice to the applicable Loan Party, as otherwise required by applicable Law or by any subpoena or similar legal process, or in connection with any investigation or proceeding arising out of the transactions contemplated by this Agreement or the other Loan Documents, (iv) if it becomes publicly available other than as a result of a breach of this Agreement or becomes available from a source not known to be subject to confidentiality restrictions, or (v) if the applicable Loan Party shall have consented, in writing, to such disclosure. Notwithstanding anything herein to the contrary, the information subject to this Section 9.18 shall not include, and a Bank may disclose without limitation of any kind, any information with respect to the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such Bank relating to such tax treatment and tax structure; provided that with respect to any document or similar item that in either case contains information concerning

the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the tax treatment or tax structure of the Loans and transactions contemplated hereby.

Sharing Information With Affiliates of the Bank.

The Loan Parties acknowledge that from time to time financial advisory, investment banking and other services may be offered or provided to the Loan Parties or one or more of its Affiliates (in connection with this Agreement or otherwise) by a Bank or by one or more Subsidiaries or Affiliates of such Bank and each Loan Party hereby authorizes such Bank to share any information delivered to such Bank by the Loan Parties pursuant to this Agreement, or in connection with the decision of the Bank to enter into this Agreement, to any such Subsidiary or Affiliate of such Bank, it being understood that any such Subsidiary or Affiliate of such Bank receiving such information shall be bound by the provisions of Section 9.18 as if it were a Bank hereunder. Such authorization shall survive the repayment of the Loans.

Schedule 1 to the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the Schedule of Banks and Commitments attached hereto and made a part hereof as Exhibit A.

Exhibit "B" to the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the Form of Term Note attached hereto and made a part hereof as Exhibit B.

Exhibit "C" to the Loan Agreement is hereby deleted in its entirety and in its stead is inserted the Compliance Certificate attached hereto and made a part hereof as Exhibit C.

Schedules 2.06, 3.10, 3.14 and 3.21 to the Loan Agreement are hereby deleted in their entirety and in their stead is inserted Schedules 2.06, 3.10, 3.14 and 3.21 attached hereto and made a part hereof as Exhibit D.

The provisions of Section 2 through 34 of this First Amendment shall not become effective until the Agent has received the following, each in form and substance acceptable to the Agent:

this First Amendment, duly executed by the Borrower and the Banks; the documents listed in the Preliminary Closing Checklist set forth on Exhibit E attached hereto and made a part hereof; and such other documents as may be reasonably requested by the Agent.

The Borrower hereby reconfirms and reaffirms all representations and warranties, agreements and covenants made by and pursuant to the terms and conditions of the Loan Agreement, except as such representations and warranties, agreements and covenants may have heretofore been amended, modified or waived in writing in accordance with the Loan Agreement, and except any such representations or warranties made as of a specific date or time, which shall have been true and correct in all material respects as of such date or time.

The Borrower acknowledges and agrees that each and every document, instrument or agreement which at any time has secured payment of the Borrower's Indebtedness under the Loan Agreement including, but not limited to, (i) the Loan Agreement and (ii) the Guaranty Agreements continue to secure prompt payment when due of the Borrower's Indebtedness under the Loan Agreement. The Borrower hereby represents and warrants to the Banks and the Agent that (i) the Borrower has the legal power and authority to execute and deliver this First Amendment; (ii) the officers of the Borrowers executing this First Amendment have been duly authorized to execute and deliver the same and bind the Borrower with respect to the provisions hereof; (iii) the execution and delivery hereof by the Borrower and the performance and observance by the Borrower of the provisions hereof and of the Loan Agreement and all documents executed or to be executed therewith, do not violate or conflict with the organizational documents of the Borrower or any Law applicable to the Borrower or result in a breach of any provision of or constitute a default which would have a Material Adverse Effect under any other agreement, instrument or document binding upon or enforceable against the Borrower and (iv) this First Amendment, the Loan Agreement and the documents executed or to be executed by the Borrower in connection herewith or therewith constitute valid and binding obligations of the Borrower in every respect, enforceable in accordance with their respective terms.

The Borrower represents and warrants that (i) no Event of Default exists under the Loan Agreement, nor will any occur as a result of the execution and delivery of this First Amendment or the performance or observance of any provision hereof; (ii) the Schedules attached to and made part of the Loan Agreement are true and correct as of the date hereof in all material respects and there are no material modifications or supplements thereto; and (iii) it presently has no claims or actions of any kind at law or in equity against the Banks or the Agent arising out of or in any way relating to the Loan Agreement or the other Loan Documents.

Each reference to the Loan Agreement that is made in the Loan Agreement or any other document executed or to be executed in connection therewith shall hereafter be construed as a reference to the Loan Agreement as amended hereby.

The agreements contained in this First Amendment are limited to the specific agreements made herein. Except as amended hereby, all of the terms and conditions of the Loan Agreement shall remain in full force and effect. This First Amendment amends the Loan Agreement and is not a novation thereof.

This First Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

This First Amendment shall be governed by, and shall be construed and enforced in accordance with, the Laws of the Commonwealth of Pennsylvania without regard to the principles or the conflicts thereof. The Borrower hereby consents to the jurisdiction and venue of the Court of Common Pleas of Allegheny County, Pennsylvania and the United States District Court for the Western District of Pennsylvania with respect to any suit arising out of or mentioning this First Amendment.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto, have caused this First Amendment to be duly executed by their duly authorized officers as of the day and year first above written.

Borrower:

ATTEST

Matthews International Corporation

By: Steven F. Nicola

By: David M. Kelly

Name: Steven F. Nicola
Title: Secretary

Name: David M. Kelly
Title: President

Citizens Bank of Pennsylvania,
as Agent and for itself as a Bank

By: Curtis C. Hunter, III

Name: Curtis C. Hunter, III
Title: Vice President

PNC Bank, National Association,
as Syndication Agent and for
itself as a Bank

By: David G. Schaich

Name: David G. Schaich
Title: Vice President

National City Bank of Pennsylvania,
as Documentation Agent and for
itself as a Bank

By: Dominic J. Pellicciotti

Name: Dominic J. Pellicciotti

Title: Vice President

CERTIFICATION
PRINCIPAL EXECUTIVE OFFICER

I, David M. Kelly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matthews International Corporation;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) for the registrant and we 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 quarterly report is being prepared;
 - b) 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
 - c) 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 10, 2004

David M. Kelly

David M. Kelly
Chairman of the Board, President
and Chief Executive Officer

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 quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) for the registrant and we 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 quarterly report is being prepared;
 - b) 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
 - c) 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 10, 2004

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 ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Kelly, President and 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.

David M. Kelly

David M. Kelly,
President and Chief Executive Officer

May 10, 2004

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 32.1

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 ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Kelly, President and 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.

David M. Kelly

David M. Kelly,
President and Chief Executive Officer

May 10, 2004

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.