UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 1999
Commission File Numbers 0-9115 and 0-24494

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

COMMONWEALTH OF PENNSYLVANIA	25-0644320
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
TWO NORTHSHORE CENTER, PITTSBURGH, PA	15212-5851
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (412) 442-8200

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock, $1.00 par value	NASDAQ National Market System
Class B Common Stock, $1.00 par value	None

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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405a of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of November 30, 1999 was $351,000,000.

As of November 30, 1999, shares of common stock outstanding were:

Class A Common Stock	13,238,293 shares
Class B Common Stock	2,386,667 shares

Documents incorporated by reference: None

The index to exhibits is on pages 66-68.

PART I

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:

Any forward-looking statements contained in this Annual Report on Form 10-K (specifically those contained in Item 1, "Business" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations") are included in this report 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 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 competitive pressures, and technological factors beyond the Company's control.

ITEM 1. BUSINESS.

Matthews International Corporation ("Matthews"), founded in 1850 and incorporated in Pennsylvania in 1902, is a designer, manufacturer and marketer principally of custom-made products which are used to identify people, places, products and events. The Company's products and operations are comprised of three business segments: Bronze, Graphics Imaging and Marking Products. The Bronze segment is a leading manufacturer of cast bronze memorials and other memorialization products, crematories and cremation-related products and a leading builder of mausoleums in the United States. The Graphics Imaging segment manufactures and provides printing plates, pre-press services and imaging systems 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 and its wholly-owned subsidiaries have approximately 1,600 employees. The Company's principal executive offices are located at Two NorthShore Center, Pittsburgh, Pennsylvania 15212 and its telephone number is (412) 442-8200.

The following table sets forth sales and operating profit for the Company's business segments for the past three fiscal years. Detailed financial information relating to business segments and to domestic and international operations is presented in Note 14 (Segment Information) to the Consolidated Financial Statements included in Part II of this Annual Report on Form 10-K.

	Fiscal Year Ended September 30,					
	1999		1998		1997	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)					
Sales to unaffiliated customers:						
Bronze	$123,760	51.7%	$106,273	50.2%	$ 96,384	50.9%
Graphics Imaging	85,095	35.6	75,294	35.6	57,804	30.6
Marking Products	30,474	12.7	30,055	14.2	34,981	18.5
Total	$239,329	100.0%	$211,622	100.0%	$189,169	100.0%
Operating profit:						
Bronze	31,777	77.6	26,016	72.4	22,579	73.1
Graphics Imaging	5,135	12.5	6,910	19.2	5,507	17.8
Marking Products	4,036	9.9	3,003	8.4	2,801	9.1
Total	$ 40,948	100.0%	$ 35,929	100.0%	$ 30,887	100.0%

In fiscal 1999, approximately 87% of the Company's sales were made from the United States, and 7%, 4% and 2% were made from Europe, Canada and Australia, respectively. Bronze segment products are sold throughout the world with the segment's principal operations located in the United States, Italy, Canada and Australia. Products and services of the Graphics Imaging segment are sold primarily in the United States and Germany. The Marking Products segment sells equipment and consumables directly to industrial consumers in the United States and internationally through the Company's wholly-owned subsidiaries in Canada and Sweden and through other foreign distributors. Matthews owns a minority interest in distributors in Asia, Australia, France, Germany and the United Kingdom.

PRODUCTS AND MARKETS:

Bronze:

The Bronze segment manufactures and markets in the United States, Italy, Canada and Australia products used primarily in the cemetery and funeral home industries. The segment's principal products include cast bronze memorials and other memorialization products used primarily in cemeteries. The segment also manufactures and markets cast bronze and aluminum architectural products used to identify or commemorate people, places and events. Other products of the Bronze segment include crematories and cremation-related products which are manufactured and marketed through the Company's wholly-owned subsidiary, Industrial Equipment and Engineering Company ("IEEC"). In addition, Matthews is a leading builder of mausoleums in the United States through the Bronze segment's Gibraltar Mausoleum Construction Company operation ("Gibraltar").

Memorial products, which comprise the majority of the Bronze segment's sales, include flush bronze memorials, flower vases, crypt letters, cremation urns, niche units and cemetery features, along with other related products. Flush bronze memorials are bronze plaques which contain vital information about a deceased individual such as name, birth date and death date. These memorials are used in cemeteries as an alternative to upright granite monuments. The memorials are even or "flush" with the ground and therefore are preferred by many cemeteries for easier mowing and other maintenance. In order to provide products for the granite memorial and mausoleum markets, the Company's other memorial products include community and family mausoleums, granite monuments and bronze plaques, letters, emblems, vases, lights and photoceramics that can be affixed to granite monuments, mausoleums and crypts. Principal customers for memorial products are cemeteries and memorial parks, which in turn sell the Company's products to the consumer.

The Bronze segment manufactures a full line of memorial products for cremation, including urns in a variety of sizes, styles and shapes. In addition, the Company manufactures bronze and granite niche units which are comprised of numerous compartments used to display cremation urns in mausoleums and churches. A new concept introduced by the Bronze segment in 1999 is a "turnkey" cremation garden, which includes the design and all related products for a cremation garden.

Architectural products include cast bronze and aluminum plaques, etchings and letters that are used to recognize, commemorate and identify people, places, events and accomplishments. The Company's plaques are frequently used to identify the name of a building or the names of companies or individuals located within a building. Such products are also used to commemorate events or accomplishments, such as military service or financial donations. The principal markets for the segment's architectural products are corporations, fraternal organizations, contractors, churches, hospitals, schools and government agencies. These products are sold to and distributed through a network of independent dealers including sign suppliers, recognition companies and trophy dealers.

IEEC, which is headquartered in Orlando, Florida, is the leading North American designer and manufacturer of cremation equipment and cremation-related products. IEEC equipment and products are sold primarily to cemeteries and mortuary facilities within North America, Europe and Asia. Gibraltar, which is headquartered in Pittsburgh, is a leading builder of mausoleums in the United States. Mausoleums are sold primarily to cemeteries within North America.

In June 1999, Matthews purchased the assets of Caggiati S.p.A., the leading supplier of bronze memorialization products in Europe. Caggiati S.p.A., with consolidated annual sales of approximately $25 million (U.S.), is based in Colorno (Parma), Italy and has two subsidiaries: Caggiati Espana S.A. in Valencia, Spain and Caggiati France S.a.r.l. in Lyon, France. The combination of Matthews and Caggiati S.p.A. is an important part of Matthews' strategy to enhance its position as the worldwide leader in the memorialization industry.

ITEM 1. BUSINESS, continued.

PRODUCTS AND MARKETS, continued:

Bronze, continued:

This acquisition is designed to serve as a platform for Matthews to penetrate existing European markets, enter new markets in other areas of the world, and improve Matthews' ability to serve existing multi-national customers on a global basis. In addition, Caggiati products are manufactured via die cast, shell molding and lost wax technologies whereas the majority of Matthews' products are produced by sand cast technology. The combination of these manufacturing processes is expected to provide Matthews with opportunities for the introduction of new products to both existing and new markets. Caggiati S.p.A. (which is celebrating its 40th year as a bronze memorial supplier) is considered to be the premier supplier in the markets they serve and has a reputation for high quality products and outstanding customer service.

Raw materials used by the Bronze segment consist principally of bronze and aluminum ingot, sheet metal, coating materials, electrical components and construction materials and are generally available in adequate supply. Ingot is obtained from various North American, European and Australian smelters.

Graphics Imaging:

The Graphics Imaging segment provides printing plates, pre-press services and imaging systems to the corrugated and flexible packaging industries. The corrugated packaging industry consists of manufacturers of printed corrugated boxes and the flexible packaging industry consists of manufacturers of printed bags and other packaging products made of paper, film and foil.

The segment's principal products are printing plates used by corrugated packaging manufacturers to print corrugated boxes with graphics that help sell the packaged product and provide information such as product identification, logos, bar codes and other packaging detail specified by the manufacturer of the packaged product. The corrugated packaging manufacturer produces printed boxes by first combining linerboard with fluted paper to form a corrugated sheet. Using the Company's products, this sheet is then printed and die cut to make a finished box. The flexible packaging industry produces printed packaging from paper, film and foil, such as for food wrappers.

The Company works closely with manufacturers to provide the proper printing plates and tooling used to print the packaging to the user's specifications.
The segment's printing plate products are made principally from photopolymer resin and sheet. Upon customer request, plates can be pre-mounted press-ready in a variety of configurations that maximize print quality and minimize press set-up time.

The segment also provides creative art design services to manufacturers of corrugated and flexible packaging and to end users of such packaging. Other products and services include pre-press preparation, such as computer-generated camera-ready art, negatives, films and master patterns; plate mounting accessories for the corrugated industry; various press aids designed to improve print quality; and rotary and flat cutting dies used to cut out intricately designed containers and point-of-purchase displays.

ITEM 1. BUSINESS, continued.

PRODUCTS AND MARKETS, continued:

Graphics Imaging, continued:

The Graphics Imaging segment customer base consists primarily of packaging industry manufacturers and "national accounts." National accounts are generally large, well-known consumer goods companies with a national presence that purchase their printing plates directly. These companies then provide their printing plates to the packaging industry manufacturer of their choice.

As part of the Graphics Imaging segment, Matthews owns a fifty percent interest in Tukaiz Communications L.L.C. ("Tukaiz"), O.N.E. Color Communications, L.L.C. ("O.N.E."), and S+T GmbH & Co. KG ("S+T GmbH"). Tukaiz, based in Franklin Park, Illinois, is a pre-press and pre-media firm which principally prepares art or digital files for printing or reproduction. Services of Tukaiz, which include creative design, audio, video, animation, multimedia, digital photography, commercial printing, web-site service and on-demand digital printing, are provided to ad agencies, manufacturers, printers and publishers. O.N.E., headquartered in Oakland, California, provides digital graphic services to advertising agencies and packaging markets. The operations of S+T GmbH, located in Julich, Germany, consist principally of flexographic printing preparation and the manufacture of photopolymer printing plates primarily for the German packaging industry. The combination of the Company's Graphics Imaging business, Tukaiz, O.N.E. and S+T GmbH is an important part of the Matthews strategy to become a worldwide leader in the graphics industry and service existing multinational customers on a global basis.

Major raw materials for this segment's products include photopolymer resin, film, rubber and graphic art supplies. All such materials are presently available in adequate supply from various industry sources.

Marking Products:

The Marking Products segment designs, manufactures and distributes a wide range of marking equipment and consumables used by customers to identify various consumer and industrial products, components and packaging containers. Marking products range from simple handstamps made from special alloy steel to sophisticated microprocessor-based ink-jet printing systems. The Marking Products segment employs contact printing, indenting, ink-jet printing and laser marking to meet customer needs, sometimes using a combination of these marking methods.

A significant portion of the revenue of this segment is attributable to the sale of consumables, software and replacement parts in connection with the marking hardware sold by the Company. The Company develops inks in harmony with the marking equipment in which they are used, which is critical to assure ongoing equipment reliability and mark quality. Many marking equipment customers also use the Company's ink, solvents and cleaners.

The principal customers for the Company's marking products include food and beverage processors, metal fabricators, producers of health and beauty products and manufacturers of textiles, plastic, rubber and building products.

Marking Products, continued:

A large percentage of the segment's sales are outside the United States and are distributed through the Company's subsidiaries in Canada and Sweden in addition to other international distributors. Matthews owns a minority interest in distributors in Asia, Australia, France, Germany and the United Kingdom.

The marking products industry is fragmented, with many companies having limited product lines which focus on well-defined specialty markets. Other industry participants, like the Company, have broad product offerings and compete in various product markets and countries. In the United States, the Company has been supplying marking products for 150 years.

Major raw materials for this segment's products include printing components, tool steels, rubber and chemicals, all of which are presently available in adequate supply from various sources.

COMPETITION:

Bronze:

Competition from other bronze memorialization product manufacturers, which is intense, is on the basis of reputation, product quality, delivery, price and design availability. In North America, the Company and its two major bronze competitors account for a substantial portion of the bronze memorial market. The Company also competes with upright granite monument and flush granite memorial providers. The Company believes that its superior quality, broad product lines, innovative designs, delivery capability, customer responsiveness, experienced personnel and customer-oriented merchandising systems are competitive advantages in its markets. Competitors in the architectural market are numerous and include companies that manufacture cast and painted signs, plastic materials and other fabricated products. The Company competes with several manufacturers in the crematory market principally on the basis of product quality and price. Competition in the mausoleum construction industry includes various construction companies throughout North America and is on the basis of design, quality and price.

Graphics Imaging:

Graphics Imaging is one of several manufacturers of printing plates and providers of pre-press services with a national presence. The segment competes in a fragmented industry consisting of a few multi-plant regional printing plate suppliers and a large number of local one-plant companies located across the United States. Competition is on the basis of price, timeliness of delivery and product quality. The Company differentiates itself from the competition by consistently meeting customer demands and its ability to service customers nationwide.

Marking Products:

Competition is intense and based on product performance, service and price. The Company normally competes with specialty companies in specific marking applications. The Company believes that, in general, it has the broadest lines of marking products to address industrial marking applications.

ITEM 1. BUSINESS, continued.

PATENTS, TRADEMARKS AND LICENSES:

The Company holds a number of domestic and foreign patents and trademarks. However, the Company believes the loss of any or a significant number of patents or trademarks would not have a material impact on operations or revenues.

BACKLOG:

Because the nature of the Company's business is custom products made to order with short lead times, backlogs are not generally material in any segment of the Company's operations, except for IEEC, Gibraltar and in the Marking Products segment. Backlogs generally vary in the range of four to eight months of sales for IEEC, three to five months of sales for Gibraltar and up to six weeks of sales in the Marking Products segment.

REGULATORY MATTERS:

The Company is subject to various federal, state and local laws and regulations relating to the protection of the environment. The Company believes that its current operations are in material compliance with all presently applicable environmental laws and regulations. The Company's expenditures for environmental compliance have not had, nor are they presently expected to have, a material adverse effect on the Company.

The Clean Air Act Amendments of 1990 have had minimal impact to date on two of the Company's business segments, Graphics Imaging and Marking Products. In the United States, the Company's Bronze segment operates four nonferrous foundries, none of which is within the "major source" industry category as defined by the Environmental Protection Agency. The Bronze segment operations are regulated as "minor sources" at certain locations. No material capital expenditures are anticipated as a result of the Clean Air Act Amendments.

Like most nonferrous foundry operations, the Company's plants produce a significant volume of residual materials as a result of the bronze casting process. Chief among these is spent foundry sands. Currently, the majority of these materials, including foundry sands, are regulated as solid waste under most state and federal laws. Pursuant to the Resource Conservation and Recovery Act, the Company is regulated as a generator of hazardous waste, and all plants are registered with the Environmental Protection Agency in accordance with applicable regulations. The Company has implemented detailed plans and procedures for waste management at each of its Bronze operating plants in the United States.

ITEM 2. PROPERTIES.

Principal properties of the Company and its majority-owned subsidiaries are as follows (properties are owned by the Company except as noted):

Location	Description of Property	Square Feet
Bronze:		
Pittsburgh, PA	Manufacturing / Division Offices	97,000
Apopka, FL	Manufacturing	40,000
Melbourne, Australia	Manufacturing	26,000(1)
Milton, Ontario, Canada	Manufacturing	30,000
Montreal, Quebec, Canada	Manufacturing	16,000(1)
Nashotah, WI	Sales	12,000(1)
Parma, Italy	Manufacturing / Warehouse	231,000(1)
Searcy, AR	Manufacturing	104,000
Seneca Falls, NY	Manufacturing	21,000
Sun City, CA	Manufacturing	24,000
Graphics Imaging:		
Pittsburgh, PA	Manufacturing / Division Offices	56,000
Atlanta, GA	Manufacturing	16,000
Cranberry Twp., PA	Manufacturing	15,000(1)
Dallas, TX	Manufacturing	15,000(1)
Denver, CO	Manufacturing	12,000(1)
High Point, NC	Manufacturing	35,000(1)
LaPalma, CA	Manufacturing	22,000
St. Louis, MO	Manufacturing	25,000
Marking Products:		
Pittsburgh, PA	Manufacturing / Division Offices	67,000
Pittsburgh, PA	Ink Manufacturing	18,000
Gothenburg, Sweden	Manufacturing / Distribution	28,000(1)
Corporate Office:		
Pittsburgh, PA	General Offices	48,000(2)

(1) These properties are leased by the Company under operating lease arrangements. Rent expense incurred by the Company for leased facilities was $802,000 in fiscal 1999.

(2) The Company uses approximately one-third of this building and leases, or offers to lease, the remainder to unrelated parties.

All of the owned properties are unencumbered. The Company believes its facilities are generally well suited for their respective uses and are of adequate size and design to provide the operating efficiencies necessary for the Company to be competitive. The Company's facilities provide adequate space for meeting its near term production requirements and have availability for additional capacity. The Company intends to continue to expand and modernize its facilities as necessary to meet the demand for its products.

ITEM 3. LEGAL PROCEEDINGS.

The Company is party to various legal proceedings generally incidental to its business. The eventual outcome of these matters is not predictable and it is possible that their resolution could be unfavorable to the Company. Although the ultimate disposition of these proceedings is not presently determinable, management is of the opinion that the matters should not result in liabilities in an amount which would materially affect the consolidated financial position, annual results of operations or cash flows of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of the Company's security holders during the fourth quarter of fiscal year 1999.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

(a) Market Information:

The authorized common stock of the Company is divided into two classes consisting of Class A Common Stock, $1 par value, and Class B Common Stock, $1 par value. Shares of Class A stock have one vote per share and are freely transferable subject to applicable securities laws. Shares of Class B stock have ten votes per share and are only transferable by a shareholder to the Company or to an active employee of the Company. If shareholders wish to otherwise sell Class B Common Stock, the Company may, at its discretion, purchase such shares at the fair market value per share of the Company's Class A Common Stock or permit shareholders to tender such shares to the Company in exchange for an equal number of shares of Class A Common Stock.

In 1998, the Board of Directors declared a two-for-one stock split on the Company's Class A and Class B Common Stock in the form of a 100% stock distribution. Shareholders' equity was adjusted for the stock split by reclassifying from additional paid-in capital and retained earnings to common stock the par value of the additional shares arising from the split. All per share amounts and numbers of shares in this report reflect the stock split.

The Company's Class A Common Stock is traded on the NASDAQ National Market System. The following table sets forth the high, low and closing prices as reported by NASDAQ (adjusted for the stock split) for the periods indicated:

	High	Low	Close
Fiscal 1999:			
Quarter ended: September 30, 1999	$32.88	$24.88	$30.13
June 30, 1999	30.38	25.13	29.63
March 31, 1999	31.38	25.00	27.38
December 31, 1998	34.00	24.25	31.50
Fiscal 1998:			
Quarter ended: September 30, 1998	$29.00	$21.25	$25.00
June 30, 1998	27.25	20.00	24.56
March 31, 1998	22.50	19.50	20.00
December 31, 1997	23.00	18.75	22.00

The Company has an active stock repurchase program, which was initiated in fiscal 1996. Under the program, the Company's Board of Directors have authorized repurchasing a total of 3,000,000 shares of Matthews Class A and Class B Common Stock, of which 2,695,533 shares have been repurchased as of September 30, 1999. The buy-back program is designed to increase shareholder value, enlarge the Company's holdings of its Class A and Class B 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 Restated Articles of Incorporation.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS, continued.

(a) Market Information, continued:

In conjunction with the buy-back program, the Company invoked the provisions of the Fifth Article of its Restated Articles of Incorporation. Such Article provides (among other things) that any shareholder wishing to sell or convert any Class B Common Stock must first offer such shares to the Company for redemption. The Company will then have an option to purchase such shares for a 24-hour period.

(b) Holders:

The number of registered holders of the Company's common stock at November 30, 1999 was as follows:

Class A Common Stock	485
Class B Common Stock	264

(c) Dividends:

A quarterly dividend of $.0475 per share was paid for the fourth quarter of fiscal 1999 to shareholders of record on October 29, 1999. The Company paid quarterly dividends of $.045 per share for the first three quarters of fiscal 1999 and the fourth quarter of fiscal 1998. The Company paid quarterly dividends of $.0425 per share for the first three quarters of fiscal 1998.

Cash dividends have been paid on common shares in every year for at least the past thirty years. It is the present intention of the Company to continue to pay quarterly cash dividends on its common stock. However, there is no assurance that dividends will be declared and paid as the declaration and payment of dividends is at the discretion of the Board of Directors of the Company and is dependent upon the Company's financial condition, results of operations, cash requirements, future prospects and other factors deemed relevant by the Board.

ITEM 6. SELECTED FINANCIAL DATA.

<TABLE>
<CAPTION>

	Years ended September 30,				
	1999	1998	1997	1996(1)	1995
	(Not Covered by Report of Independent Accountants)				
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$239,329,223	$211,622,057	$189,168,640	$171,977,619	$166,747,781
Gross profit	103,036,695	93,050,222	83,500,886	76,640,900	74,729,267
Operating profit	40,947,991	35,928,944	30,887,395	26,771,380	24,457,704
Interest expense	867,400	466,304	337,375	131,364	104,820
Income before income taxes	41,276,659	37,132,283	32,297,897	33,522,616	25,079,263
Income taxes	16,260,957	14,630,591	12,671,833	13,265,062	9,628,028
Net income	$ 25,015,702	$ 22,501,692	$ 19,626,064	$ 20,257,554	$15,451,235
Earnings per common share:					
Basic	$ 1.58	$ 1.38	$ 1.14	$ 1.14	$ .87
Diluted	1.54	1.34	1.11	1.11	.87
Weighted average common shares outstanding:					
Basic	15,851,393	16,336,359	17,194,073	17,781,824	17,700,700
Diluted	16,241,153	16,770,214	17,696,793	18,213,866	17,840,012
Cash dividends per share	.183	.173	.163	.145	.125
Total assets	$225,677,572	$187,205,764	$169,204,390	$153,411,709	$138,206,376
Long-term debt, noncurrent	14,144,038	1,434,679	2,151,413	-	270,092

<FN>
(1) Fiscal 1996 included after-tax income of $2.9 million ($.16 per share, diluted) which consisted of a gain on the sale of a subsidiary net of certain non-operating charges.
</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the consolidated financial statements of the Company and related notes thereto. Also, see "Cautionary Statement Regarding Forward-Looking Information" included in Part I of this Annual Report on Form 10-K.

RESULTS OF OPERATIONS:

The following table sets forth certain income statement data of the Company expressed as a percentage of net sales for the periods indicated and the percentage change in such income statement data from year to year.

	Years Ended September 30,			Percentage Change	
	1999	1998	1997	1999-1998	1998-1997
Sales	100.0%	100.0%	100.0%	13.1%	11.9%
Gross profit	43.1	44.0	44.1	10.7	11.4
Operating profit	17.1	17.0	16.3	14.0	16.3
Income before taxes	17.2	17.5	17.1	11.2	15.0
Net income	10.5	10.6	10.4	11.2	14.7

Comparison of Fiscal 1999 and Fiscal 1998:

Sales for the year ended September 30, 1999 were $239.3 million and were $27.7 million, or 13.1%, higher than sales of $211.6 million for the year ended September 30, 1998. The increase in consolidated sales for fiscal 1999 resulted from revenue growth in all three of the Company's business segments. Fiscal 1999 sales for the Bronze segment were $123.8 million, representing an increase of $17.5 million, or 16.5%, over fiscal 1998. The sales increase primarily reflected the Company's acquisitions of Gibraltar Mausoleum Construction Company ("Gibraltar") in September 1998 and Caggiati S.p.A. ("Caggiati") in June 1999. Gibraltar is a leading builder of mausoleums in the United States and Caggiati is the leading supplier of bronze memorialization products in Europe (See "Acquisitions"). Graphics Imaging segment sales were $85.1 million in fiscal 1999, representing an increase of $9.8 million, or 13.0%, over fiscal 1998. The increase in Graphics Imaging sales resulted principally from the Company's acquisitions of a 50% interest in O.N.E. Color Communications, L.L.C. ("O.N.E.") in May 1998 and a 50% interest in S+T GmbH & Co. KG ("S+T GmbH") in September 1998. O.N.E. is a digital graphics service company in the United States and S+T GmbH is a manufacturer of photopolymer printing plates for the European packaging industry. The consolidated financial statements of Matthews included the accounts of S+T GmbH effective April 1, 1999 as a result of a change in control. In addition, sales for the Graphics Imaging segment were favorably impacted by the installation of a commercial printing operation at Tukaiz Communications, L.L.C. ("Tukaiz"). The increase in sales from these events was partially offset by a decline in sales for the segment's existing operations. Demand for the segment's products and services has been unfavorably impacted by mergers and consolidations among packaging converters and by technology changes that enable customers to move portions of their pre-press work in-house. The Company believes, however, that the technology changes taking place in the graphics industry also provide opportunities to those companies that can effectively broaden their product offerings to customers and take advantage of economies of scale as the pre-press industry consolidates.

Comparison of Fiscal 1999 and Fiscal 1998, continued:

Marking Products segment sales for the year ended September 30, 1999 were $30.5 million, representing an increase of $400,000 over fiscal 1998. Sales for the segment's North American operations increased 7.0% over last year primarily as a result of new product offerings during fiscal 1999. These increases were partially offset by a decline resulting from the sale of the segment's distribution operation in France in February 1998.

Gross profit for the year ended September 30, 1999 was $103.0 million, or 43.1% of sales, compared to $93.1 million, or 44.0% of sales, for fiscal 1998. The increase in consolidated gross profit of approximately $10.0 million, or 10.7%, reflected higher gross profit levels in all three business segments. Increases in gross profit in the Bronze and Graphics Imaging segments resulted from higher sales, reflecting the Company's recent acquisitions. Gross profit as a percent of sales for the Bronze segment in fiscal 1999 was comparable with fiscal 1998 and reflected higher margins on sales of memorialization products by Caggiati offset by lower margins on sales of mausoleums. Fiscal 1999 gross profit as a percent of sales for the Graphics Imaging segment was lower than a year ago as a result of lower margins on the segment's pre-press sales, higher material costs related to the commercial printing operation of Tukaiz and an increase in depreciation expense due to higher levels of capital investment. Capital expenditures for the segment in fiscal 1999 included the investment by Tukaiz in commercial printing equipment and related facilities. Gross profit and gross profit as a percent of sales for the Marking Products segment for fiscal 1999 were higher than a year ago reflecting higher North American sales and an improved product mix.

Selling and administrative expenses for the year ended September 30, 1999 were $62.1 million, representing an increase of $5.0 million, or 8.7%, over $57.1 million for fiscal 1998. The increase over the prior year principally resulted from the acquisitions of O.N.E. in May 1998 and Caggiati in June 1999. In addition, administrative costs in the Graphics Imaging segment were higher in fiscal 1999 reflecting one-time expenses associated with implementing organizational changes. Partially offsetting these increases were lower selling and administrative costs for the Marking Products segment due to the sale of the Company's subsidiary in France and a reduction in the Company's corporate administration costs. Excluding selling and administrative expenses of Caggiati for the period, the Bronze segment's selling and administrative expenses declined slightly in fiscal 1999 as a result of cost improvements combined with lower incremental selling costs of Gibraltar. Consolidated selling and administrative expense as a percent of sales was 26.0% for the year ended September 30, 1999 compared to 27.0% for fiscal 1998.

Operating profit for the year ended September 30, 1999 was $40.9 million and was $5.0 million, or 14.0%, higher than fiscal 1998. The improvement for fiscal 1999 resulted from increases in the operating profits of the Bronze and Marking Products segments of 22.1% and 34.4%, respectively. Operating profit for the Bronze segment increased to $31.8 million in fiscal 1999 as a result of higher revenues from the acquisitions of Caggiati and Gibraltar, an increase in sales and improved margins for cremation products and improvements in the segment's selling and administrative costs. Fiscal 1999 operating profit for the Marking Products segment was $4.0 million compared to $3.0 million in fiscal 1998. The increase primarily resulted from higher sales in the segment's North American operations as a result of new product offerings.

Operating profit for the Graphics Imaging segment in fiscal 1999 was $5.1 million, compared to $6.9 million in fiscal 1998. The 25.7% decline in operating profit from fiscal 1998 was due to several factors which included weak demand for corrugated printing plates, lower margins on the segment's pre-press sales, and an increase in depreciation expense due to higher levels of capital investment at Tukaiz. The Graphics Imaging segment also incurred one-time expenses of approximately $400,000 during fiscal 1999 associated with the start-up of a commercial printing operation at Tukaiz and the implementation of organizational changes within the segment.

Investment income for the year ended September 30, 1999 was $1.8 million, compared to $2.5 million for fiscal 1998. The decline in investment income primarily reflected a reduction in the Company's average cash and investment balances. The Company's average cash and investment balances were lower than a year ago primarily as a result of acquisitions and stock repurchases.

Interest expense for the year ended September 30, 1999 was $867,000, compared to $466,000 for fiscal 1998. Interest expense principally related to new borrowings and assumed debt in connection with the acquisition of Caggiati, the long-term debt and capital lease obligations of Tukaiz, and the Company's obligations related to the acquisition of O.N.E. (See "Acquisitions").

Other income (deductions), net, for the year ended September 30, 1999 represented a reduction to pre-tax income of $570,000, compared to a reduction of $382,000 for fiscal 1998. Fiscal 1998 included gains on the sale of various fixed assets. Minority interest, which was $22,000 for fiscal 1999, relates to income generated by Tukaiz and S+T GmbH. Minority interest was $461,000 for fiscal 1998. The reduction in minority interest for the current year reflected a decline in the operating results of Tukaiz.

The Company's effective tax rate for the year ended September 30, 1999 was 39.4%, compared to 39.4% for fiscal 1998. The difference between the Company's effective tax rate and the Federal statutory rate of 35% primarily reflected the impact of state income taxes.

Comparison of Fiscal 1998 and Fiscal 1997:

Sales for the year ended September 30, 1998 were $211.6 million and were $22.4 million, or 11.9%, higher than sales of $189.2 million for the year ended September 30, 1997. The sales increase for fiscal 1998 resulted from higher sales in the Company's Graphics Imaging and Bronze segments. Fiscal 1998 sales for the Graphics Imaging segment were $75.3 million, an increase of $17.5 million, or 30%, over the prior year primarily reflecting acquisitions completed during fiscal years 1998 and 1997. The Company's acquisitions included Carolina Repro-Graphic ("Carolina") in May 1997, a 50% interest in Tukaiz in January 1997 and a 50% interest in O.N.E. in May 1998 (See "Acquisitions"). Bronze segment sales for the year ended September 30, 1998 were $106.3 million, representing an increase of $9.9 million, or 10%, over fiscal 1997. The higher level of sales for fiscal 1998 mainly reflected an increase in the unit volumes of bronze and granite memorial products. In addition, sales of cremation equipment and cremation-related products increased for the year.

Comparison of Fiscal 1998 and Fiscal 1997, continued:

Sales for the Marking Products segment in fiscal 1998 were $30.1 million, representing a decrease of $4.9 million, or 14%, below fiscal 1997. The decline, which was expected, resulted from the sale of the segment's distribution operations in Australia (August 1997) and France (February 1998), both of which had historically produced marginal results for the Company. Fiscal 1998 sales for the segment's North American operations increased 4.0% compared to fiscal 1997.

Gross profit for the year ended September 30, 1998 was $93.1 million, or 44.0% of sales, compared to $83.5 million, or 44.1% of sales, for the year ended September 30, 1997. The increase in gross profit of $9.6 million, or 11.4%, resulted from higher sales for the Graphics Imaging segment and increased sales and an improvement in the gross margin percentage for the Bronze segment. Marking Products gross profit for the year ended September 30, 1998 declined from fiscal 1997 reflecting the divestitures of the segment's distribution operations in Australia and France. Consolidated gross profit as a percent of sales for fiscal 1998 was relatively consistent with fiscal 1997. Gross profit as a percent of sales for the Bronze segment increased in fiscal 1998 reflecting improvements in sales volume and operating efficiencies. For the Graphics Imaging and Marking Products segments, the fiscal 1998 gross profit percentage was slightly lower than fiscal 1997 due to changes in product mix.

Selling and administrative expenses for the year ended September 30, 1998 were $57.1 million, representing an increase of $4.5 million, or 8.6%, over fiscal 1997. The increase in selling and administrative expenses from fiscal 1997 principally resulted from acquisitions by the Graphics Imaging segment during fiscal years 1998 and 1997. In addition, selling costs for the Bronze segment were higher in fiscal 1998 reflecting increased marketing and promotional expenses. Partially offsetting these increases was a reduction in Marking Products selling and administrative costs resulting from the sale of the segment's distribution operations in Australia and France. Consolidated selling and administrative expenses were 27.0% of sales for fiscal 1998 compared to 27.8% for fiscal 1997.

Operating profit for the year ended September 30, 1998 was $35.9 million and was $5.0 million, or 16.3%, higher than fiscal 1997, reflecting increases in all three of the Company's business segments. Operating profit for the Graphics Imaging segment was $6.9 million, representing an increase of $1.4 million, or 25.5%, over fiscal 1997. The increase was primarily the result of the segment's acquisitions. Bronze segment operating profit for the year ended September 30, 1998 was $26.0 million, representing an increase of $3.4 million, or 15.2%, over fiscal 1997. The increase in Bronze operating profit primarily reflected the segment's higher sales volume for the year combined with improved cost-price relationships for some products. Fiscal 1998 operating profit for the Marking Products segment also improved over fiscal 1997 despite the sale of the segment's distribution operations in Australia and France. The segment's operating profit was $3.0 million for the year ended September 30, 1998, representing an increase of 7.2% over fiscal 1997. The improvement resulted from higher sales combined with lower selling costs in the segment's North American operations.

Comparison of Fiscal 1998 and Fiscal 1997, continued:

Investment income for the year ended September 30, 1998 was $2.5 million, compared to $2.5 million for fiscal 1997. The Company's average cash and investment balances were lower in fiscal 1998 as a result of acquisitions and stock repurchases. The effect on investment income of the lower average cash and investment balances was offset by a higher rate of return on investments.

Interest expense for the year ended September 30, 1998 was $466,000, compared to $337,000 for fiscal 1997. Interest expense principally related to the Company's capital lease obligations. Other income (deductions), net for the year ended September 30, 1998 represented a reduction in pre-tax income of $382,000 compared to a reduction of $318,000 for fiscal 1997. Minority interest for the year ended September 30, 1998 related Tukaiz.

The Company's effective tax rate for the year ended September 30, 1998 was 39.4%, compared to an effective rate of 39.2% for fiscal 1997. The difference between the Company's fiscal 1998 effective tax rate and the Federal statutory rate of 35% primarily reflected the impact of state income taxes.

Comparison of Fiscal 1997 and Fiscal 1996:

Sales for the year ended September 30, 1997 were $189.2 million and were $17.2 million, or 10.0%, higher than sales of $172.0 million for the year ended September 30, 1996. The increase for fiscal 1997 reflected higher sales in the Company's Bronze and Graphics Imaging segments. Bronze segment sales were $96.4 million for fiscal 1997, representing an increase of 14% over fiscal 1996. The increase primarily reflected higher volume of memorial products combined with sales of crematories and cremation-related products as a result of the acquisitions of Industrial Equipment and Engineering Company, Inc. (March 1996) and All Crematory Corporation (August 1996). Fiscal 1997 Graphics Imaging segment sales were $57.8 million, representing an increase of 34% over fiscal 1996. The increase resulted primarily from the acquisitions of Carolina and Tukaiz. Marking Products sales for fiscal 1997 were $35.0 million, representing a decrease of $9.4 million, or 21%, below fiscal 1996. The decline in sales resulted from the sale of the segment's label printer application business and the liquidation of the segment's German operation in fiscal 1996. These operations had historically produced marginal results for the segment.

Gross profit for the year ended September 30, 1997 was $83.5 million, or 44.1% of sales, compared to $76.6 million, or 44.6% of sales, for fiscal 1996. The increase in gross profit of $6.9 million, or 9.0%, was attributable to higher gross profits in the Bronze and Graphics Imaging segments. Bronze gross profit improved 15% as a result of higher sales of bronze memorials, crematories and cremation-related products. Bronze gross profit as a percent of sales improved slightly for the year as a result of the increased sales of memorial products. Gross profit for the Graphics Imaging segment increased approximately 30% over fiscal 1996 as a result of the acquisitions of Carolina and Tukaiz. Graphics Imaging gross profit as a percent of sales declined for the year principally due to changes in product mix. Marking Products gross profit declined 22% from fiscal 1996 as a result of lower sales, but the segment's gross profit as a percent of sales remained relatively unchanged.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued.

Comparison of Fiscal 1997 and Fiscal 1996, continued:

Selling and administrative expenses for the year ended September 30, 1997 were $52.6 million, representing an increase of $2.7 million, or 5.5%, over fiscal 1996. Fiscal 1997 selling and administrative expenses for the Bronze segment increased over fiscal 1996 primarily reflecting the acquisitions of Industrial Equipment and Engineering Company, Inc. and All Crematory Corporation. Selling and administrative expenses for the Graphics Imaging segment also increased in fiscal 1997 reflecting the acquisitions of Carolina and Tukaiz. These increases were partially offset by reductions in Marking Products selling and administrative costs due to the disposition of the label printer application business and the liquidation of the German operation.

Operating profit for the year ended September 30, 1997 was $30.9 million and was $4.1 million, or 15.4%, higher than fiscal 1996 operating profit of $26.8 million. Operating profit for the Bronze segment was $22.6 million for fiscal 1997, representing an increase of 12% over fiscal 1996. The higher level of operating profit was due primarily to an increase in the segment's sales of memorial and cremation products. Graphics Imaging operating profit for fiscal 1997 was $5.5 million, which represented an increase of 31% over fiscal 1996 and reflected the acquisitions of Carolina and Tukaiz. Operating profit for the Marking Products segment was $2.8 million for fiscal 1997, representing an increase of 13% over fiscal 1996. The increase was due principally to the absence of losses of the German operation.

Investment income for the year ended September 30, 1997 was $2.5 million, representing a reduction of 5.4% from fiscal 1996 investment income of $2.6 million. The decrease principally reflected fluctuations in the average cash and investment position during fiscal 1997 as a result of the Company's acquisitions and stock repurchases.

Interest expense for the year ended September 30, 1997 was $337,000, compared to $131,000 for fiscal 1996. The increase in interest expense for fiscal 1997 reflected the capital lease obligations assumed in connection with the acquisition of Tukaiz.

Other income (deductions), net for the year ended September 30, 1997 represented a reduction to pre-tax income of $318,000 compared to an increase of $4.3 million for fiscal 1996. Other income for fiscal 1996 included a gain on the sale of a subsidiary, Sunland Memorial Park, Inc.

The Company's effective tax rate for the year ended September 30, 1997 was 39.2% compared to 39.6% for fiscal 1996. The decline from fiscal 1996 primarily reflected changes in the effect of foreign taxes. 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.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued.

LIQUIDITY AND CAPITAL RESOURCES:

Cash flow from operations was $26.4 million for the year ended September 30, 1999, compared to $34.8 million for fiscal 1998 and $37.5 million for fiscal 1997. Operating cash flow for the year ended September 30, 1999 principally reflected the Company's net income for the year of $25.0 million adjusted for non-cash expenses such as depreciation and amortization. The decrease in operating cash flow from fiscal 1998 resulted primarily from changes in working capital items (excluding increases in connection with acquisitions) including an increase in trade accounts receivable and reductions in various current liabilities. Operating cash flow for the year ended September 30, 1998 primarily reflected the Company's net income of $22.5 million plus non-cash expenses and an increase in the Company's compensation-related accruals.

Fiscal 1997 operating cash flow reflected net income for the year in addition to the effect of changes in certain working capital items, principally a significant increase in customer prepayments.

Cash used in investing activities was $18.0 million for the year ended September 30, 1999, compared to $5.7 million for fiscal 1998 and $7.7 million for fiscal 1997. Investing activities for the year ended September 30, 1999 included capital expenditures of $13.3 million and acquisitions of $10.8 million (net of cash acquired). Fiscal 1999 acquisitions consisted primarily of the purchase of Caggiati S.p.A. in June 1999. See "Acquisitions" for further discussion of the Company's acquisitions during the last three fiscal years. Investing activities for fiscal 1999 also reflected proceeds from the net disposition of investments of $5.5 million.

Investing activities for fiscal 1998 included capital expenditures of $7.3 million and acquisitions of $16.2 million. Fiscal 1998 acquisitions included Gibraltar Mausoleum Construction Company, Inc. and a 50% interest in O.N.E. Color Communications, L.L.C. Investing activities for fiscal 1998 also included proceeds from the net disposition of investments of $16.8 million. Investing activities for fiscal 1997 included capital expenditures of $6.2 million and acquisitions of $7.8 million. Fiscal 1997 acquisitions included Carolina Repro-Graphic and a 50% interest in Tukaiz Communications L.L.C. Fiscal 1997 investing activities also reflected proceeds of $5.1 million from the net disposition of investments.

Capital expenditures were $13.3 million for the year ended September 30, 1999, compared to $7.3 million and $6.2 million for fiscal 1998 and 1997, respectively. The increase in capital expenditures in fiscal 1999 resulted primarily from investments in commercial printing equipment and facilities for Tukaiz and production equipment for the Bronze segment operations in Searcy, Arkansas. Capital expenditures in each of the last three fiscal years reflected reinvestment in the Company's three 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 and the related assets are unencumbered. The investment in commercial printing equipment and facilities for Tukaiz was partially financed through a bank loan. Capital spending for property, plant and equipment has averaged $8.9 million for the last three fiscal years. The capital budget for fiscal 2000 is $11.7 million. The Company expects to generate sufficient cash from operations to fund all anticipated capital spending projects.

LIQUIDITY AND CAPITAL RESOURCES, continued:

Cash used in financing activities for the year ended September 30, 1999 was $2.2 million and included borrowings of $10.9 million (Lit. 20.2 billion) for the acquisition of Caggiati S.p.A. and $4.0 million by Tukaiz to finance capital projects. Repayments under these borrowings and the Company's capital lease obligations were $1.6 million in fiscal 1999. Financing activities in fiscal 1999 also included net treasury stock purchases of $12.6 million and the Company's dividends on common stock of $2.9 million ($0.1825 per share).

Cash used in financing activities for the years ended September 30, 1998 and 1997 were $23.1 million and $21.7 million, respectively. Financing activities for fiscal 1998 consisted of net treasury stock purchases of $19.1 million, the Company's dividends on common stock of $2.8 million ($.1725 per share) and repayments under the Company's capital lease agreements of $1.2 million. Financing activities in fiscal 1997 included net treasury stock purchases totaling $14.4 million, payments of $4.5 million on long-term debt and capital lease obligations assumed in the acquisition of Tukaiz, and dividends on common stock of $2.8 million ($.1625 per share).

The Company has an active stock repurchase program, which was initiated in fiscal 1996. Under the program, the Company's Board of Directors have authorized repurchasing a total of 3,000,000 shares of Matthews Class A and Class B Common Stock, of which 2,695,533 shares have been repurchased as of September 30, 1999. The buy-back program is designed to increase shareholder value, enlarge the Company's holdings of its Class A and Class B 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 Restated Articles of Incorporation.

The Company has a Revolving Credit and Term Loan Agreement. Under terms of the agreement, the Company may borrow principal amounts up to $10.0 million in the aggregate at various interest rate options approximating current market rates. The Revolving Credit and Term Loan Agreement requires the Company to maintain minimum levels of consolidated working capital and tangible net worth. At September 30, 1999 and 1998, no amounts were outstanding under this agreement.

The Company has a line of credit of $500,000 (Canadian dollars) which provides for borrowings at the bank's prime interest rate. The Company has a $200,000 (U.S.) foreign exchange line of credit for standby letters of credit to support performance guarantees. There were no borrowings outstanding on these lines of credit at September 30, 1999 and 1998. Tukaiz has a line of credit of $1.5 million which bears interest at the bank's prime rate, which was 8.25% at September 30, 1999. Outstanding borrowings under this line were $365,000 at September 30, 1999.

Consolidated working capital of the Company was $34.6 million at September 30, 1999, compared to $32.4 million and $31.0 million at September 30, 1998 and 1997, respectively. Cash and cash equivalents were $31.5 million at September 30, 1999, compared to $25.4 million and $20.0 million at September 30, 1998 and 1997, respectively. The Company's current ratio at September 30, 1999 was 1.6, compared to 1.7 and 1.9 at September 30, 1998 and 1997, respectively.

YEAR 2000 ISSUE

The Company has assessed the potential impact of the Year 2000 issue on its operations and information systems. Costs incurred to date for this assessment and for systems modifications specifically required to address any Year 2000 issues have not been material. The Company's significant operating and information systems are substantially Year 2000 compliant.

In connection with this assessment, the Company has also contacted its key suppliers and customers as necessary concerning their Year 2000 readiness. Since the Year 2000 readiness of suppliers and customers is not within the Company's control, there can be no assurance that some disruptions in the Company's operations could not occur. However, based on responses from suppliers and customers to date, and due to the nature of the Company's businesses, its key supply arrangements and customer base, the Company does not currently expect any material disruptions in its operations.

Based on management's assessment, the Year 2000 issue is not expected to have a material impact on the consolidated financial position, results of operations or cash flows of the Company.

ACQUISITIONS:

On June 1, 1999, Matthews completed the largest acquisition in its history with the purchase of Caggiati S.p.A. Caggiati S.p.A., with consolidated annual sales of approximately $25 million (U.S.), is the leading supplier of bronze memorialization products in Europe. Caggiati S.p.A. is based in Colorno (Parma), Italy and has two subsidiaries: Caggiati Espana S.A. in Valencia, Spain and Caggiati France S.a.r.l. in Lyon, France. The transaction was structured as an asset purchase. The purchase price was Lit. 34.6 billion (U.S.$19.0 million) cash plus the assumption of bank debt of Lit. 10.2 billion (U.S.$5.5 million) and certain other trade liabilities. Matthews paid cash of Lit. 20.2 billion (U.S.$10.9 million) at the closing with Lit. 7.2 billion (U.S.$4.0 million) payable one year after the closing date and the remaining Lit. 7.2 billion payable two years after the closing date. Interest at an annual rate of 5% is payable on the deferred payments. The cash payment of Lit. 20.2 billion was financed through borrowings from an Italian bank, UniCredito Italiano, Parma, Italy.

The combination of Matthews and Caggiati S.p.A. is an important part of Matthews' strategy to enhance its position as the worldwide leader in the memorialization industry. This acquisition is designed to serve as a platform for Matthews to penetrate existing European markets, enter new markets in other areas of the world, and improve Matthews' ability to serve existing multi-national customers on a global basis. In addition, Caggiati products are manufactured via die cast, shell molding and lost wax technologies whereas the majority of Matthews' products are produced by sand cast technology. The combination of these manufacturing processes is expected to provide Matthews with opportunities for the introduction of new products to both existing and new markets. Caggiati S.p.A. (which is celebrating its 40th year as a bronze memorial supplier) is considered to be the premier supplier in the markets they serve and has an excellent reputation for high quality products and outstanding customer service.

ACQUISITIONS, continued:

In September 1998, Matthews acquired for 11,255,500 German Marks (U.S.$6.2 million) a fifty percent interest in S+T GmbH & Co. KG ("S+T GmbH"). The operations of S+T GmbH, located in Julich, Germany, consist principally of flexographic printing preparation and the manufacture of photopolymer printing plates for the European packaging industry. S+T GmbH reported sales of approximately $5.0 million (U.S.) in 1997. The remaining fifty percent interest will continue to be owned by the existing president of S+T GmbH. The cash payment is due January 2000. In addition, Matthews has a call option to acquire an additional thirty percent interest in S+T GmbH at a purchase price contingent on the operating performance of S+T GmbH. The investment in S+T GmbH was recorded under the equity method of accounting until March 31, 1999. As a result of a change in control of S+T GmbH, the consolidated financial statements of Matthews included the accounts of S+T GmbH effective April 1, 1999. The combination of Matthews and S+T GmbH is an important part of Matthews' strategy to become a worldwide leader in the graphics industry and serve existing multinational customers on a global basis.

In October 1998, Matthews entered into a foreign currency forward contract with a financial institution for the purchase of German Marks to hedge its January 2000 payment commitment for the investment in S+T GmbH. In November 1998, Matthews also entered into a letter of credit agreement with a financial institution to guarantee performance under this payment commitment.

In September 1998, Matthews purchased for $10.0 million cash the assets of Gibraltar Mausoleum Construction Company, Inc. ("Gibraltar"). Gibraltar is a leading builder of mausoleums in the United States. The acquisition of Gibraltar is intended to expand Matthews products and services in the growing segments in the memorial industry of cremation and mausoleum entombment.

In May 1998, Matthews acquired a fifty percent interest in O.N.E. Color Communications, L.L.C. ("O.N.E."), a digital graphics service company. The transaction was structured as an asset purchase with the purchase price consisting of $2.0 million cash and the assumption of a fifty percent interest in certain liabilities of O.N.E. An additional amount is payable by Matthews three years from the acquisition date contingent on the attainment of certain operating performance levels of O.N.E., with such payout to be not less than $400,000.

In addition, the purchase agreement requires Matthews to purchase the remaining fifty percent interest in O.N.E. no later than May 2004. The purchase price for the remaining interest is contingent on the attainment of certain operating performance levels of O.N.E. with such payment to be not less than $4.5 million. The accounts of O.N.E. have been included in the consolidated financial statements of Matthews and a liability has been recorded for the present value of the minimum future payouts. O.N.E., with annual sales of approximately $10.0 million, is headquartered in Oakland, California. O.N.E. provides digital graphic services to advertising agencies and packaging markets. The combination of Matthews and O.N.E. is an integral part of Matthews' strategy to become a worldwide leader in advanced applications of digital graphics.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued.

ACQUISITIONS, continued:

In May 1997, Matthews acquired for $2.4 million cash the common stock of both Carolina Repro-Graphic and Dieworks, Inc. (collectively "Carolina"), manufacturers of pre-press services, flexible printing plates and steel rule cutting dies, located in North Carolina. Carolina provides products and services primarily to the southeast region of the United States. Annual combined sales for Carolina were $3.7 million in 1996.

In January 1997, Matthews acquired a fifty percent interest in Tukaiz Communications L.L.C. ("Tukaiz"), a pre-press and pre-media firm headquartered in Franklin Park, Illinois. A pre-press firm prepares art or digital files for printing or reproduction. The remaining fifty percent interest continues to be owned by the president of Tukaiz. The transaction was structured as an asset purchase with the purchase price consisting of $4.0 million cash and the assumption of a fifty percent interest, approximately $4.0 million, in certain of the liabilities of Tukaiz. Matthews also provided Tukaiz with subordinated convertible debt of $5.5 million. Tukaiz reported sales of $16.4 million for the year ended January 31, 1997. The accounts of Tukaiz have been included in the consolidated financial statements of Matthews. The combination of Matthews' Graphics Imaging business and Tukaiz is designed to provide a unique array of pre-press and pre-media services to ad agencies, manufacturers, printers and publishers. These services include creative design, audio, video, animation, multimedia, digital photography, commercial printing, web-site service and on-demand digital printing.

Matthews has accounted for the aforementioned acquisitions using the purchase method and, accordingly, recorded the acquired assets and liabilities at their estimated fair values at the acquisition dates. The excess of the purchase price over the fair value of the net assets has been recorded as goodwill to be amortized on a straight-line basis over periods ranging from 20 to 25 years.

STOCK SPLIT

In 1998, the Board of Directors declared a two-for-one stock split on the Company's Class A and Class B Common Stock in the form of a 100% stock distribution. Shareholders' equity was adjusted for the stock split by reclassifying from additional paid-in capital and retained earnings to common stock the par value of the additional shares arising from the split. All per share amounts and numbers of shares in this report reflect the stock split.

FASB PRONOUNCEMENTS:

At September 30, 1999, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income." The pronouncement established standards for reporting and display of comprehensive income and its components. Comprehensive income consists of net income adjusted for changes in cumulative foreign currency translation, unrealized investment gains and losses and minimum pension liability.

FASB PRONOUNCEMENTS, continued:

In June 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The pronouncement established standards for reporting information about operating segments of an enterprise and requires the disclosure of selected segment information in interim financial reports. SFAS No. 131 was adopted by the Company in the consolidated financial statements for the year ended September 30, 1999. The interim presentation requirement of the pronouncement will be adopted by the Company in the first quarter of fiscal 2000.

At September 30, 1999, the Company adopted SFAS No. 132, "Employers'

Disclosures about Pensions and Other Postretirement Benefits." The pronouncement revised employers' disclosures about pension and other postretirement benefit plans, but did not change the measurement or recognition of those plans.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and
Board of Directors of
Matthews International Corporation:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Matthews International Corporation and subsidiaries at September 30, 1999 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 1999 in conformity with generally accepted accounting principles. These consolidated financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP

Pittsburgh, Pennsylvania
November 18, 1999

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
September 30, 1999 and 1998

<TABLE>
<CAPTION>

ASSETS	1999	1998
Current assets:		
Cash and cash equivalents	$ 31,531,686	$ 25,369,834
Short-term investments	147,114	229,903
Accounts receivable	45,949,743	36,072,213
Inventories (Note 3)	16,400,477	12,658,467
Deferred income taxes	966,019	931,020
Other current assets	1,896,322	1,053,033
Total current assets	96,891,361	76,314,470
Investments (Note 4)	11,312,730	24,250,799
Property, plant and equipment, net (Note 5)	50,670,747	44,730,376
Deferred income taxes (Note 11)	7,509,257	8,207,623
Other assets	6,130,466	5,797,811
Goodwill, net of accumulated amortization of $5,245,992 and $3,169,803, respectively	53,163,011	27,904,685
Total assets	$225,677,572	$187,205,764

The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET, continued
September 30, 1999 and 1998

<TABLE>
<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY	1999	1998
Current liabilities:		
Long-term debt, current maturities	$ 7,604,443	$ 800,252
Trade accounts payable	9,798,531	6,901,044
Accrued compensation	10,218,612	8,299,442
Accrued vacation pay	3,983,468	3,855,552
Profit distribution to employees	3,925,566	4,069,514
Accrued income taxes	818,324	3,942,617
Customer prepayments	6,825,149	7,441,088
Postretirement benefits, current portion	790,809	749,136
Other current liabilities (Note 15)	18,326,222	7,847,924
Total current liabilities	62,291,124	43,906,569
Long-term debt (Note 6)	14,144,038	1,434,679
Estimated finishing costs	4,059,837	3,831,674
Postretirement benefits other than pensions (Note 10)	19,513,936	20,082,548

Other liabilities (Note 15)	11,046,706	13,639,998
Commitments and contingent liabilities (Note 12)		
Shareholders' equity (Notes 2, 7 and 8):		
Common stock:		
Class A, $1.00 par value, authorized 70,000,000 shares, 14,777,391 and 14,414,944 shares issued at September 30, 1999 and 1998, respectively	14,777,391	14,414,944
Class B, $1.00 par value, authorized 30,000,000 shares, 3,389,605 and 3,752,052 shares issued at September 30, 1999 and 1998, respectively	3,389,605	3,752,052
Preferred stock, $100 par value, authorized 10,000 shares, none issued	-	-
Retained earnings	152,098,622	131,061,637
Accumulated other comprehensive income (loss)	(3,970,000)	(4,390,068)
Notes receivable	(54,800)	(453,089)
Treasury stock, 2,507,232 and 2,156,584 shares at September 30, 1999 and 1998, respectively, at cost	(51,618,887)	(40,075,180)
	-----------	-----------
Total shareholders' equity	114,621,931	104,310,296
	-----------	-----------
Total liabilities and shareholders' equity	$225,677,572	$187,205,764
	===========	===========

The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
for the years ended September 30, 1999, 1998 and 1997

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Sales	$239,329,223	$211,622,057	$189,168,640
Cost of goods sold	136,292,528	118,571,835	105,667,754
	-----------	-----------	-----------
Gross profit	103,036,695	93,050,222	83,500,886
Selling expense	36,877,151	33,646,395	31,651,446
Administrative expense	25,211,553	23,474,883	20,962,045
	-----------	-----------	-----------
Operating profit	40,947,991	35,928,944	30,887,395
Investment income	1,788,135	2,511,552	2,486,357
Interest expense	(867,400)	(466,304)	(337,375)
Other income (deductions), net	(569,992)	(380,860)	(317,961)
Minority interest	(22,075)	(461,049)	(420,519)
	-----------	-----------	-----------
Income before income taxes	41,276,659	37,132,283	32,297,897
Income taxes (Note 11)	16,260,957	14,630,591	12,671,833
	-----------	-----------	-----------
Net income	$ 25,015,702	$ 22,501,692	$ 19,626,064
	===========	===========	===========
Earnings per share (Notes 2 and 9):			
Basic	$ 1.58	$ 1.38	$ 1.14
	====	====	====
Diluted	$ 1.54	$ 1.34	$ 1.11
	====	====	====

The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

<TABLE>
<CAPTION>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
for the years ended September 30, 1999, 1998 and 1997

<S>	Common Stock (Note 7) <C>	Additional Paid-in Capital <C>	Retained Earnings <C>	Accumulated Other Comprehensive Income (Loss) (net of tax) <C>	Notes Receivable (Note 7) <C>	Treasury Stock <C>	Total <C>
Balance, September 30, 1996	$ 9,083,498	$ 7,466,009	$ 98,367,657	$(2,247,616)	$(1,403,683)	$ (8,806,822)	$102,459,043
Net income	-	-	19,626,064	-	-	-	19,626,064
Unrealized gains (losses)	-	-	-	344,914	-	-	344,914
Minimum pension liability	-	-	-	(124,200)	-	-	(124,200)
Translation adjustment	-	-	-	(1,407,468)	-	-	(1,407,468)
Total comprehensive income							18,439,310
Treasury stock transactions:							
Purchase of 1,030,018 shares	-	-	-	-	-	(17,189,821)	(17,189,821)
Issuance of 241,288 shares under stock plans	-	(777,595)	-	-	-	3,557,774	2,780,179
Dividends, $.1625 per share	-	-	(2,814,259)	-	-	-	(2,814,259)
Payments on notes receivable	-	-	-	-	491,623	-	491,623
Balance, September 30, 1997	9,083,498	6,688,414	115,179,462	(3,434,370)	(912,060)	(22,438,869)	104,166,075
Net income	-	-	22,501,692	-	-	-	22,501,692
Unrealized gains (losses)	-	-	-	273,095	-	-	273,095
Minimum pension liability	-	-	-	(134,087)	-	-	(134,087)
Translation adjustment	-	-	-	(1,094,706)	-	-	(1,094,706)
Total comprehensive income							21,545,994
Treasury stock transactions:							
Purchase of 1,034,384 shares	-	-	-	-	-	(23,069,770)	(23,069,770)
Issuance of 304,366 shares under stock plans	-	(1,144,117)	(287,282)	-	-	5,433,459	4,002,060
Stock split, two-for-one	9,083,498	(5,544,297)	(3,539,201)	-	-	-	-
Dividends, $.1725 per share	-	-	(2,793,034)	-	-	-	(2,793,034)
Payments on notes receivable	-	-	-	-	458,971	-	458,971
Balance, September 30, 1998	18,166,996	-	131,061,637	(4,390,068)	(453,089)	(40,075,180)	104,310,296
Net income	-	-	25,015,702	-	-	-	25,015,702
Unrealized gains (losses)	-	-	-	(204,977)	-	-	(204,977)
Minimum pension liability	-	-	-	278,315	-	-	278,315
Translation adjustment	-	-	-	346,730	-	-	346,730
Total comprehensive income							25,435,770
Treasury stock transactions:							
Purchase of 543,384 shares	-	-	-	-	-	(15,723,226)	(15,723,226)
Issuance of 192,736 shares under stock plans	-	-	(1,101,157)	-	-	4,179,519	3,078,362
Dividends, $.1825 per share	-	-	(2,877,560)	-	-	-	(2,877,560)
Payments on notes receivable	-	-	-	-	398,289	-	398,289
Balance, September 30, 1999	$18,166,996	$ -	$152,098,622	$(3,970,000)	$ (54,800)	$(51,618,887)	$114,621,931

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

</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
for the years ended September 30, 1999, 1998 and 1997

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Cash flows from operating activities:			
Net income	$25,015,702	$22,501,692	$19,626,064
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	10,609,368	8,033,101	6,047,085
Change in deferred taxes	616,479	(2,201,507)	80,349

Changes in working capital items (Note 13)	(8,923,444)	5,742,946	10,050,004
(Increase) decrease in other assets	(110,070)	381,243	1,125,185
Increase in estimated finishing costs	228,163	522,576	354,799
Increase (decrease) in other liabilities	(1,105,873)	72,462	877,767
Decrease in postretirement benefits	(526,939)	(471,523)	(647,793)
(Gain) loss on sale of property, plant and equipment	143,345	(55,818)	192,529
Net (gain) loss on investments	(94,744)	60,657	50,164
Effect of exchange rate changes on operations	522,515	197,107	(219,407)
	----------	----------	----------
Net cash provided by operating activities	26,374,502	34,782,936	37,536,746
	----------	----------	----------
Cash flows from investing activities:			
Capital expenditures	(13,282,403)	(7,332,691)	(6,164,630)
Proceeds from sales of property, plant and equipment	200,987	549,731	574,029
Acquisitions, net of cash acquired	(10,797,675)	(16,221,247)	(7,766,275)
Investments	(787,785)	(1,773,193)	(4,018,535)
Proceeds from disposition of investments	6,316,700	18,576,625	9,146,833
Payments on notes receivable	398,289	458,971	491,623
	----------	----------	----------
Net cash used in investing activities	(17,951,887)	(5,741,804)	(7,736,955)
	----------	----------	----------
Cash flows from financing activities:			
Proceeds from long-term debt	14,950,926	-	-
Payments on long-term debt	(1,602,541)	(1,190,620)	(4,474,258)
Proceeds from the sale of treasury stock	3,078,362	4,002,060	2,780,179
Purchases of treasury stock	(15,723,226)	(23,069,770)	(17,189,821)
Dividends	(2,877,560)	(2,793,034)	(2,814,259)
	----------	----------	----------
Net cash used in financing activities	(2,174,039)	(23,051,364)	(21,698,159)
	----------	----------	----------
Effect of exchange rate changes on cash	(86,724)	(578,646)	(561,638)
	----------	----------	----------
Net increase in cash and cash equivalents	6,161,852	5,411,122	7,539,994
Cash and cash equivalents at beginning of year	25,369,834	19,958,712	12,418,718
	----------	----------	----------
Cash and cash equivalents at end of year	$31,531,686	$25,369,834	$19,958,712
	==========	==========	==========
Cash paid during the year for:			
Interest	$ 867,400	$ 466,304	$ 337,375
Income taxes	17,446,574	14,436,012	10,458,745

The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 custom-made products which are used to identify people, places, products and events. The Company's products and operations are comprised of three business segments: Bronze, Graphics Imaging and Marking Products. The Bronze segment is a leading manufacturer of cast bronze memorials and other memorialization products, crematories and cremation-related products and is a leading builder of mausoleums in the United States. The Graphics Imaging segment manufactures and provides printing plates, pre-press services and imaging systems for the corrugated and flexible packaging industries. The Marking Products segment designs, manufactures and distributes a wide range of 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, Germany, Italy and Sweden.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation:

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 affiliates, Tukaiz Communications, L.L.C. ("Tukaiz"), O.N.E. Color Communications, L.L.C. and, effective April 1, 1999, S+T GmbH & Co. KG (Note 4). All intercompany accounts and transactions have been eliminated.

Use of Estimates:

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 the 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.

Stock Split:

In 1998, the Board of Directors declared a two-for-one stock split on the Company's Class A and Class B Common Stock in the form of a 100% stock distribution. Shareholders' equity was adjusted for the stock split by reclassifying from additional paid-in capital and retained earnings to common stock the par value of the additional shares arising from the split. All per share amounts and numbers of shares in this report reflect the stock split.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Foreign Currency:

Balance sheet accounts for foreign subsidiaries are translated into U.S. dollars at current exchange rates in effect at the consolidated balance sheet date. Gains or losses that result from this process are recorded in other comprehensive income. The cumulative translation adjustment at September 30, 1999 and 1998 was a reduction in accumulated other comprehensive income of $3,896,560 and $4,243,290, respectively. The revenue and expense accounts of foreign subsidiaries are translated into U.S. dollars at the average exchange rates that prevailed during the period.

Cash and Cash Equivalents:

For purposes of the consolidated statement of cash flows, the Company considers all investments purchased with a remaining maturity of three months or less to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturities of these instruments. At September 30, 1999, a significant portion of the Company's cash and cash equivalents was invested with one financial institution.

Inventories:

Inventories are stated at the lower of cost or market with cost generally determined under the average cost method.

Property, Plant and Equipment:

Property, plant and equipment are carried at cost. Depreciation is computed primarily on the straight-line method over the estimated useful lives of the assets. Gains or losses from the disposition of assets are generally included in other income or other deductions from income. The cost of maintenance and repairs is charged against income as incurred. Renewals and betterments of a nature considered to extend the useful lives of the assets are capitalized.

Goodwill:

Goodwill, which represents the excess of cost over the estimated fair value of net assets of acquired businesses, is amortized using the straight-line method over periods ranging from 10 to 25 years. Management periodically evaluates the net realizable value of goodwill and, based on such analysis, goodwill will be reduced if considered necessary.

Estimated Finishing Costs:

Estimated costs for finishing have been provided for bronze memorials, vases and granite bases which have been manufactured, sold to customers and placed in storage for future delivery.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Treasury Stock:

Treasury stock is carried at cost. The cost of treasury shares sold is determined under the average cost method. At September 30, 1999, treasury stock consisted of 1,536,864 shares of Class A Common Stock and 970,368 shares of Class B Common Stock. At September 30, 1998, treasury stock consisted of 1,297,479 shares of Class A Common Stock and 859,105 shares of Class B Common Stock.

Income Taxes:

Deferred tax assets and liabilities are provided for the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse. Deferred income taxes for U.S. tax purposes have not been provided on the undistributed earnings of foreign subsidiaries, as such earnings are considered to be reinvested indefinitely. At September 30, 1999, undistributed earnings for which deferred U.S. income taxes have not been provided approximated $3,100,000. Determination of the amount of unrecognized U.S. deferred tax liability on these unremitted earnings is not practical as any taxes paid upon distribution to the Company would be offset, at least in part, by foreign tax credits under U.S. tax regulations.

Research and Development Expenses:

Research and development costs are expensed as incurred and approximated $2,000,000, $1,700,000 and $1,800,000 for the years ended September 30, 1999, 1998 and 1997, respectively.

Earnings Per Share:

Basic earnings per share is computed by dividing net income by the average number of common shares outstanding. Diluted earnings per share assumes the issuance of common stock for all dilutive securities.

Revenue Recognition:

Revenues are generally recognized at the time of product shipment, except for construction revenues which are recognized under the percentage-of-completion method of accounting.

Reclassifications:

Certain amounts in the 1998 consolidated financial statements have been reclassified to reflect changes in the allocation of the purchase price of Gibraltar Mausoleum Construction Company, Inc. (Note 15).

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3. INVENTORIES:

Inventories at September 30 consisted of the following:

	1999	1998
Materials and finished goods	$14,883,879	$11,021,433
Labor and overhead in process	1,212,485	1,248,815
Supplies	304,113	388,219
	$16,400,477	$12,658,467

4. INVESTMENTS:

Investment securities are recorded at estimated market value at the consolidated balance sheet date and are classified as available-for-sale. Short-term investments consisted principally of corporate obligations with purchased maturities of over three months but less than one year. The cost of short-term investments approximated market value at September 30, 1999 and 1998. Accrued interest on all investment securities was also classified with short-term investments. The following investments were classified as non-current and consisted of securities with purchased maturities intended to range from one to five years.

	Book Value (Amortized Cost)	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
September 30, 1999:				
U.S. government and its agencies	$ 4,598,047	$ 15,859	$ 16,560	$ 4,597,346
Corporate obligations	3,998,133	-	21,633	3,976,500
Other	173,939	-	-	173,939
Total	$ 8,770,119	$ 15,859	$ 38,193	$ 8,747,785
September 30, 1998:				
U.S. government and its agencies	$ 6,001,959	$172,598	$ -	$ 6,174,557
Corporate obligations	8,012,563	152,330	11,233	8,153,660
Other	211,564	-	-	211,564
Total	$14,226,086	$324,928	$ 11,233	$14,539,781

4. INVESTMENTS, continued:

Unrealized gains and losses on investment securities, including related deferred taxes, are reflected in other comprehensive income. Realized gains and losses are based on the specific identification method and are recorded in investment income. Realized gains for fiscal 1999 and 1998 were $17,325 and $39,716, respectively. Realized losses for fiscal 1997 were $94,683. Bond premiums and discounts are amortized on the straight-line method which does not significantly differ from the interest method.

Investments also included the Company's interest in the following affiliates (ownership interest is noted in parentheses):

1999	1998

	1999	1998
S+T GmbH & Co. KG (50%)	$ -	$ 7,090,261
Applied Technology Developments, Ltd. (49%)	2,035,001	2,340,872
Other (less than 20%)	529,944	279,885
	----------	----------
	$ 2,564,945	$ 9,711,018
	==========	==========

The investment in S+T GmbH & Co. KG ("S+T GmbH") was recorded under the equity method of accounting until March 31, 1999. As a result of a change in control of S+T GmbH, the consolidated financial statements of Matthews included the accounts of S+T GmbH effective April 1, 1999. The investment in Applied Technology Developments, Ltd. is recorded under the equity method of accounting. Income under the equity method of accounting is recorded in investment income. Investments with ownership interests less than 20% are recorded under the cost method of accounting.

5. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment and the related accumulated depreciation at September 30 were as follows:

	1999	1998
	----	----
Buildings	$24,387,333	$21,472,410
Machinery and equipment	59,242,710	52,324,284
	----------	----------
	83,630,043	73,796,694
Less accumulated depreciation	(39,107,236)	(34,146,591)
	----------	----------
	44,522,807	39,650,103
Land	3,019,778	2,965,859
Construction in progress	3,128,162	2,114,414
	----------	----------
	$50,670,747	$44,730,376
	==========	==========

6. LONG-TERM DEBT:

Long-term debt at September 30, 1999 and 1998 consisted of the following:

	1999	1998
	----	----
Note payable to bank, 4.145%	$10,966,546	$ -
Note payable to bank, 6.7%	3,714,286	-
Capital lease obligations	1,482,334	2,234,931
	----------	----------
	16,163,166	2,234,931
Less current maturities	(2,019,128)	(800,252)
	----------	----------
	$14,144,038	$ 1,434,679
	==========	==========

In June 1999, a portion of the purchase price of Caggiati S.p.A. was financed through a loan of Lit. 20.2 billion (U.S.$ 10,900,000) from an Italian bank, UniCredito Italiano, Parma, Italy. The loan amortization period is 15 years. Payments including principal and interest are due quarterly with interest at an annual rate of 4.145% for the first five years, subject to renewal after five and ten years at an interest rate approximating current market rates.

In March 1999, Tukaiz entered into a note payable with a bank for an original amount of $4,000,000. The note, which bears interest at an annual rate of 6.7%, matures in March 2002 and is collateralized by assets of Tukaiz.

Aggregate maturities for the loans payable to banks for the five years following September 30, 1999 are as follows:

2000	$1,314,923
2001	1,314,923
2002	1,314,923
2003	1,314,923
2004	1,314,923

	$6,574,615
	=========

Long-term debt, current maturities, which totaled $7,604,443 at September 30, 1999, also included short-term borrowings of $5,585,315. Short-term borrowings principally included $5,100,000 by Caggiati S.p.A. under various line of credit arrangements for working capital requirements. The weighted-average interest rate on these borrowings, which are secured by certain trade accounts receivable, was 3.25% at September 30, 1999. In addition, short-term borrowings at September 30, 1999 included $365,000 by Tukaiz Communications L.L.C. ("Tukaiz") under a line of credit. Tukaiz has a line of credit of $1,500,000 which bears interest at the bank's prime rate, which was 8.25% at September 30, 1999.

6. LONG-TERM DEBT, continued:

The carrying amounts of the Company's borrowings under its financing arrangements approximate their fair value.

In connection with the acquisition of Caggiati S.p.A. (Note 15), the Company assumed bank debt of $5,500,000. In connection with the investment in Tukaiz in January 1997 (Note 15), the Company assumed bank debt and capital lease obligations on certain equipment of $1,900,000 and $4,500,000, respectively. The Tukaiz bank debt was immediately repaid in full.

The Company's capital lease agreements expire within four years and generally provide for renewal or purchase options. Remaining future minimum lease payments under capital leases are as follows:

2000	$ 828,978	
2001	602,256	
2002	225,066	
2003	13,662	

	1,669,962	
Less amount representing interest		(187,628)

	$1,482,334	
	=========	

Assets under capital leases are amortized by the straight-line method over the estimated useful lives of the assets. Cost and accumulated amortization of assets under capital leases were $2,976,310 and $2,226,925, respectively, at September 30, 1999 and $2,908,499 and $1,260,618, respectively, at September 30, 1998.

The Company has a Revolving Credit and Term Loan Agreement. Under terms of the agreement, the Company may borrow principal amounts up to $10,000,000 in the aggregate at various interest rate options approximating current market rates. The Revolving Credit and Term Loan Agreement requires the Company to maintain minimum levels of consolidated working capital and tangible net worth. At September 30, 1999 and 1998, no amounts were outstanding under this agreement.

The Company has a line of credit of $500,000 (Canadian dollars) which provides for borrowings at the bank's prime interest rate. The Company has a $200,000 (U.S.) foreign exchange line of credit for standby letters of credit to support performance guarantees. There were no borrowings outstanding on these lines of credit at September 30, 1999 and 1998.

7. SHAREHOLDERS' EQUITY:

The authorized common stock of the Company consists of 100,000,000 shares, divided into two classes: Class A Common Stock, 70,000,000 shares, $1 par value, and Class B Common Stock, 30,000,000 shares, $1 par value. Shares of Class A Common Stock have one vote per share and are freely transferable subject to applicable securities laws. Shares of Class B Common Stock have ten votes per share and are only transferable by a shareholder to the Company or to an active employee of the Company. The Company may, at its discretion, purchase such shares at the fair market value per share of the Company's Class A Common Stock or permit shareholders to tender such shares to the Company in exchange for an equal number of shares of Class A Common Stock. For the fiscal years ended September 30, 1999, 1998 and 1997, 362,447, 645,226 and 1,690,634 shares, respectively, of Class B Common Stock were exchanged for an equal number of shares of Class A Common Stock.

The Company has an active stock repurchase program, which was initiated in fiscal 1996. Under the program, the Company's Board of Directors have authorized repurchasing a total of 3,000,000 shares of Matthews Class A and Class B Common Stock, of which 2,695,533 shares have been repurchased as of September 30, 1999. The buy-back program is designed to increase shareholder value, enlarge the Company's holdings of its Class A and Class B 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 Restated Articles of Incorporation.

Shareholders' equity includes notes receivable from officers and employees which arise from purchases of common stock by designated officers and employees under the Employees' Stock Purchase Plan. Each note bears interest at 6.5% per annum and is due five years from the date of its execution, which period may be, and in some instances has been, extended by the Executive Committee. There are 55,500 shares of the Company's Class B Common Stock owned by borrowers pledged as collateral on the notes as of September 30, 1999.

In 1999, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income." The pronouncement establishes standards for reporting and display of comprehensive income and its components. Comprehensive income consists of net income adjusted for changes in cumulative foreign currency translation, unrealized investment gains and losses and minimum pension liability.

8. STOCK PLANS:

The Company has a stock incentive plan which provides for the granting of incentive stock options, nonstatutory stock options and restricted share awards. The plan is administered by the Compensation Committee of the Board of Directors. The aggregate number of shares of the Company's common stock which may be issued upon exercise of the stock options and pursuant to the restricted share awards was 2,348,965 shares at September 30, 1999. The option price for each stock option which may be granted under the plan may not be less than the fair market value of the Company's common stock on the date of grant.

8. STOCK PLANS, continued:

Outstanding stock options are exercisable in various share amounts based on the attainment of certain market value levels of Class A Common Stock but, in the absence of such events, are exercisable in full for a one-week period beginning five years from the date of grant. In addition, options granted after September 30, 1996 vest in one-third increments after three, four and five years, respectively, from the grant date (but, in any event, not until the attainment of the certain market value levels described above). The options expire on the earlier of ten years from the date of grant, upon employment termination, or within specified time limits following voluntary employment termination (with the consent of the Company), retirement or death.

The Company has elected to account for its stock incentive plan under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." If compensation cost had been determined under SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's net income and diluted earnings per share would have been as follows:

	1999	1998
Net income, as reported	$25,015,702	$22,501,692
Net income, pro forma	23,851,524	21,967,279
Earnings per share, as reported	$1.54	$1.34
Earnings per share, pro forma	1.47	1.31

The weighted-average fair value of options granted was $11.61 per share in 1999 and $7.69 per share in 1998.

The fair value of each option grant is estimated on the date of grant using a Black-Scholes based pricing model with the following assumptions:

	1999	1998
Dividend yield	0.8%	0.7%
Expected volatility	24.8%	23.1%
Average risk-free interest rate	6.3%	4.8%
Average expected term (years)	8.0	7.7

The following tables summarize certain stock option information at September 30, 1999:

Options Outstanding:

Range of exercise price	Number	Weighted-average remaining life	Weighted-average exercise price
$7.13 and $8.19	285,000	5.4	$ 7.63
$9.44 - $14.25	145,000	6.5	12.72
$14.06 - $17.38	633,050	7.2	14.17
$21.41 and $22.88	206,500	8.2	21.41
$27.69 - $30.69	679,800	9.4	27.94
	1,949,350	7.8	$18.67

8. STOCK PLANS, continued:

Options exercisable:

Range of exercise price	Number	Weighted-average exercise price
$7.13 and $8.19	285,000	$ 7.63
$9.44 - $14.25	145,000	12.72
$14.06 - $17.38	-	-
$21.41 and $22.88	-	-
$27.69 - $30.69	-	-
	430,000	$ 9.35

The transactions for shares under options were as follows:

	1999	1998	1997
Outstanding, beginning of year:			
Number	1,482,650	1,593,766	1,173,666
Weighted-average exercise price	$13.20	$11.12	$ 8.78
Granted:			
Number	699,800	226,500	672,100

Weighted-average exercise price	$27.93	$21.54	$14.17
Exercised:			
Number	192,300	304,366	239,668
Weighted-average exercise price	$ 8.82	$ 8.38	$ 8.08
Expired or forfeited:			
Number	40,800	33,250	12,332
Weighted-average exercise price	$25.06	$14.06	$13.92
Outstanding, end of year:			
Number	1,949,350	1,482,650	1,593,766
Weighted-average exercise price	$18.67	$13.20	$11.12
Exercisable, end of year:			
Number	430,000	622,300	853,672
Weighted-average exercise price	$ 9.35	$ 9.18	$ 8.57
Shares reserved for future options, end of year	399,615	151,314	344,564

Under the Company's Director Fee Plan, directors who are not also officers of the Company each receive as an annual retainer fee shares of the Company's Class A Common Stock equivalent to approximately $16,000. Directors may also elect to receive the common stock equivalent of meeting fees. Each director may elect to be paid these shares on a current basis or have such shares credited to a deferred stock account as phantom stock, with such shares to be paid to the director subsequent to leaving the Board. The value of deferred shares is recorded in other liabilities. Shares deferred under the Director Fee Plan at September 30, 1999, 1998 and 1997 were 23,072, 20,658 and 16,908, respectively.

9. EARNINGS PER SHARE

	1999	1998	1997
Net income	$25,015,702	$22,501,692	$19,626,064
Weighted average common shares outstanding	15,851,393	16,336,359	17,194,073
Dilutive securities, primarily stock options	389,760	433,855	502,720
Diluted weighted-average common shares outstanding	16,241,153	16,770,214	17,696,793
Basic earnings per share	$1.58	$1.38	$1.14
Diluted earnings per share	$1.54	$1.34	$1.11

10. PENSION AND OTHER POSTRETIREMENT PLANS:

The Company provides defined benefit pension and postretirement plans to certain employees. Net periodic pension and postretirement benefit costs included the following components:

<TABLE>
<CAPTION>

	Pension			Other Postretirement		
	1999	1998	1997	1999	1998	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Service cost	$2,161,278	$1,923,321	$1,715,536	$ 321,533	$ 277,803	$ 268,835
Interest cost	3,724,617	3,559,391	3,396,778	816,476	748,625	855,587
Expected return on plan assets	(5,288,217)	(4,748,334)	(4,476,913)	-	-	-
Amortization:						

Transition asset	(403,794)	(403,794)	(403,794)	-	-	-
Prior service cost	161,927	161,927	148,686	(1,009,071)	(1,009,071)	(1,009,071)
Net actuarial (gain) loss	54,262	45,209	19,961	112,254	55,476	120,554
Net benefit cost	$ 410,073	$ 537,720	$ 400,254	$ 241,192	$ 72,833	$ 235,905

</TABLE>

10. PENSION AND OTHER POSTRETIREMENT PLANS, continued:

The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans.

<TABLE>
<CAPTION>

<S>	Pension <C> 1999	Pension <C> 1998	Other Postretirement <C> 1999	Other Postretirement <C> 1998
Change in benefit obligation:				
Benefit obligation, beginning	$ 54,747,545	$48,916,916	$ 12,069,729	$ 10,321,226
Service cost	2,161,278	1,923,321	321,533	277,803
Interest cost	3,724,617	3,559,391	816,476	748,625
Assumption changes	(1,961,143)	3,550,250	(367,573)	673,206
Actuarial (gain) loss	(51,860)	(346,699)	474,566	675,794
Benefit payments	(2,660,989)	(2,855,634)	(751,365)	(626,925)
Benefit obligation, ending	55,959,448	54,747,545	12,563,366	12,069,729
Change in plan assets:				
Fair value, beginning	59,314,028	58,870,495	-	-
Actual return	12,775,502	3,070,941	-	-
Benefit payments	(2,660,989)	(2,855,634)	(751,365)	(626,925)
Employer contributions	228,226	228,226	751,365	626,925
Fair value, ending	69,656,767	59,314,028	-	-
Funded status	13,697,319	4,566,483	(12,563,366)	(12,069,729)
Unrecognized transition asset	(403,800)	(807,594)	-	-
Unrecognized actuarial (gain) loss	(12,578,346)	(3,023,496)	3,026,261	3,014,756
Unrecognized prior service cost	898,163	1,060,090	(10,767,640)	(11,776,711)
Net amount recognized	$ 1,613,336	$ 1,795,483	$(20,304,745)	$(20,831,684)
Amounts recognized in the balance sheet:				
Prepaid pension cost	$ 3,471,504	$ 3,459,097	$(20,304,745)	$(20,831,684)
Accrued benefit liability	(2,263,582)	(2,588,807)	-	-
Intangible asset	307,353	370,878	-	-
Accumulated other comprehensive income	98,061	554,315	-	-
Net amount recognized	$ 1,613,336	$ 1,795,483	$(20,304,745)	$(20,831,684)

</TABLE>

The Company has an unfunded defined benefit pension plan which had a benefit obligation of $2,556,500 and $2,943,177 at September 30, 1999 and 1998, respectively.

10. PENSION AND OTHER POSTRETIREMENT PLANS, continued:

Weighted-average assumptions for the pension and postretirement benefit plans as of August 1 and September 30, respectively, were:
<TABLE>
<CAPTION>

	Pension			Other Postretirement		
	1999	1998	1997	1999	1998	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Discount rate	7.25%	7.00%	7.50%	7.25%	7.00%	7.50%
Return on plan assets	9.00	9.50	9.00	-	-	-
Compensation increase	4.50	4.50	4.50	4.50	4.50	4.50

</TABLE>

For measurement purposes, annual rates of increase of 10.0% and 6.5% in the per capita cost of health care benefits for Medicare-Risk HMO Plans and all other plans, respectively, were assumed for 1999; the rates were assumed to decrease gradually to 5.0% for 2003 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported. An increase in the assumed health care cost trend rates by one percentage point would have increased the accumulated postretirement benefit obligation as of September 30, 1999 by $445,000 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by $57,000. A decrease in the assumed health care cost trend rates by one percentage point would have decreased the accumulated postretirement benefit obligation as of September 30, 1999 by $424,000 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by $52,000.

11. INCOME TAXES:

The provision for income taxes consisted of the following:

	1999	1998	1997
Current:			
Federal	$12,116,079	$13,190,560	$ 9,245,044
State	2,400,713	2,326,985	1,815,067
Foreign	1,117,029	685,204	1,533,969
	15,633,821	16,202,749	12,594,080
Deferred	627,136	(1,572,158)	77,753
Total	$16,260,957	$14,630,591	$12,671,833

At September 30, 1999 and 1998, the Company had foreign net operating loss carryforwards of $3,500,000 and $2,500,000, respectively. Carryforwards at September 30, 1999 of $130,000 expire at September 30, 2003, while the remainder have an indefinite carryforward period. The Company has recorded a valuation allowance of $1,350,000 and $375,000 at September 30, 1999 and 1998, respectively, related to the carryforwards.

11. INCOME TAXES, continued:

The components of the provision for deferred income taxes were as follows:

	1999	1998	1997
Postretirement benefits other than pensions	$ 230,018	$ 183,894	$ 246,309
Deferred compensation	(378,345)	(858,000)	-
Estimated finishing costs	10,900	(276,930)	(145,346)
Accrued vacation pay	(23,759)	(62,410)	(8,836)
Foreign subsidiary losses, net	205,000	125,000	450,000
Depreciation and amortization	666,701	(40,935)	(51,919)

Deferred gain on sale of facilities	1,538	(77,214)	(30,274)
Pension costs	13,122	(208,149)	(156,090)
Other	(98,039)	(357,414)	(226,091)
	$ 627,136	$(1,572,158)	$ 77,753

The components of the net deferred tax asset at September 30 were as follows:

	1999	1998
Deferred tax assets:		
Postretirement benefits other than pensions	$ 7,894,340	$ 8,124,358
Deferred compensation	1,833,435	1,455,090
Bad debt / other provisions	1,109,910	634,093
Estimated finishing costs	1,073,663	1,084,563
Accrued vacation pay	857,539	833,780
Foreign subsidiary losses, net	170,000	375,000
Other	443,142	361,263
	13,382,029	12,868,147
Deferred tax liabilities:		
Depreciation and amortization	(3,957,835)	(2,842,135)
Deferred gain on sale of facilities	(508,713)	(507,174)
Pension costs	(448,915)	(257,854)
Unrealized investment (gain) loss	8,710	(122,341)
	(4,906,753)	(3,729,504)
Net deferred tax asset	8,475,276	9,138,643
Less current portion	(966,019)	(931,020)
	$ 7,509,257	$ 8,207,623

The Company's foreign subsidiaries had income before income taxes for the years ended September 30, 1999, 1998 and 1997 of approximately $4,300,000, $1,500,000 and $2,800,000, respectively.

11. INCOME TAXES, continued:

The reconciliation of the federal statutory tax rate to the consolidated effective tax rate is as follows:

	1999	1998	1997
Federal statutory tax rate	35.0 %	35.0 %	35.0 %
Effect of state income taxes, net of federal deduction	3.8	3.7	3.2
Foreign taxes in excess of (less than) federal statutory rate	(.6)	-	1.7
Goodwill amortization	.5	.6	-
Other	.7	.1	(.7)
Effective tax rate	39.4 %	39.4 %	39.2 %

12. COMMITMENTS AND CONTINGENT LIABILITIES:

The Company operates various production and office facilities and equipment under operating lease agreements. Annual rentals under these and other operating leases were $3,100,000, $2,800,000 and $2,300,000 in 1999, 1998 and 1997, respectively. Future minimum rental commitments are not material.

The Company is party to various legal proceedings generally incidental to its business. The eventual outcome of these matters is not predictable, and it is possible that their resolution could be unfavorable to the Company. Although the ultimate disposition of these proceedings is not presently determinable, management is of the opinion that they should not result in liabilities in an amount which would materially affect the Company's consolidated financial position, results of operations or cash flows.

The Company has employment agreements with certain employees, the terms of which expire at various dates between 2000 and 2002. The agreements generally provide for base salary and bonus levels and include a non-compete clause. The aggregate commitment for salaries under these agreements at September 30, 1999 was approximately $2,200,000.

13. SUPPLEMENTAL CASH FLOW INFORMATION:

Significant non-cash transactions included the following:

In fiscal 1998, Matthews acquired a 50% interest in S+T GmbH (Note 15). A liability for 11,255,500 German Marks (U.S.$6,200,000) has been recorded in other current liabilities for the payment, which is due January 2000. The investment in S+T GmbH was recorded under the equity method of accounting until March 31, 1999. As a result of a change in control of S+T GmbH, the consolidated financial statements of Matthews included the accounts of S+T GmbH effective April 1, 1999.

13. SUPPLEMENTAL CASH FLOW INFORMATION, continued:

In fiscal 1998, Matthews acquired a 50% interest in O.N.E. (Note 15). The purchase agreement requires Matthews to acquire the remaining 50% interest no later than May 2004. A liability of $3,700,000 was recorded in other liabilities for the present value of the minimum future payouts under the purchase agreement.

Changes in working capital items as presented in the Consolidated Statement of Cash Flows consisted of the following:

	1999	1998	1997
Current assets:			
Accounts receivable	$(1,977,766)	$(1,051,982)	$ (985,433)
Inventories	1,126,300	(355,121)	2,087,337
Other current assets	28,048	392,197	(61,624)
	(823,418)	(1,014,906)	1,040,280
Current liabilities:			
Trade accounts payable	(2,311,459)	732,701	(1,012,648)
Accrued compensation	990,705	3,539,657	2,010,941
Accrued vacation pay	84,406	275,473	56,238
Profit distribution to employees	(143,948)	528,549	(112,274)
Accrued income taxes	(3,155,184)	943,106	1,991,625
Customer prepayments	(615,939)	(1,451,379)	5,822,563
Other current liabilities	(2,948,607)	2,189,745	253,279
	(8,100,026)	6,757,852	9,009,724
Net change	$(8,923,444)	$ 5,742,946	$10,050,004

14. SEGMENT INFORMATION:

The Company is organized into three business segments based on products and services. The segments, which are Bronze, 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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

14. SEGMENT INFORMATION, continued:

<TABLE>
<CAPTION>

<S>	Graphics Imaging <C>	Marking Products <C>	Bronze <C>	Other <C>	Consolidated <C>
Sales to external customers:					
1999	$85,094,574	$30,474,292	$123,760,357	$ -	$239,329,223
1998	75,294,549	30,054,688	106,272,820	-	211,622,057
1997	57,804,162	34,980,976	96,383,502	-	189,168,640
Intersegment sales:					
1999	5,515	54,650	45,553	-	105,718
1998	6,973	63,424	35,364	-	105,761
1997	4,681	53,473	39,849	-	98,003
Depreciation and amortization:					
1999	5,829,134	586,859	3,789,643	403,732	10,609,368
1998	4,202,894	618,861	2,849,786	361,560	8,033,101
1997	2,171,389	741,003	2,613,763	520,930	6,047,085
Operating profit:					
1999	5,135,373	4,036,043	31,776,575	-	40,947,991
1998	6,909,985	3,003,056	26,015,903	-	35,928,944
1997	5,507,148	2,800,757	22,579,490	-	30,887,395
Total assets:					
1999	$66,925,288	$19,685,133	$97,005,147	$42,062,004	$225,677,572
1998	60,274,431	20,060,272	59,304,584	47,566,477	187,205,764
1997	38,495,477	22,118,584	49,753,812	58,836,517	169,204,390
Capital expenditures:					
1999	7,243,220	497,372	5,390,338	151,473	13,282,403
1998	5,110,111	334,122	1,628,217	260,241	7,332,691
1997	3,189,371	400,543	2,144,218	430,498	6,164,630

</TABLE>

Information about the Company's operations by geographic area follows:

<TABLE>
<CAPTION>

<S>	United States <C>	Canada <C>	Australia <C>	Europe <C>	Consolidated <C>
Sales to external customers:					
1999	$207,727,477	$9,463,587	$ 4,581,785	$17,556,374	$239,329,223
1998	192,443,566	8,808,520	4,817,523	5,552,448	211,622,057
1997	162,281,107	8,634,068	10,553,058	7,700,407	189,168,640
Long-lived assets:					
1999	72,540,145	2,557,147	3,133,019	25,603,447	103,833,758
1998	67,653,629	1,974,039	2,894,405	112,988	72,635,061
1997	52,911,263	2,280,488	3,707,169	127,944	59,026,864

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

14. SEGMENT INFORMATION, continued:

The accounting policies of the segments are the same as those described in Summary of Significant Accounting Policies (Note 2). Intersegment sales are accounted for at negotiated prices. Operating profit is total revenue less operating expenses. Segment assets include those assets which are used in the Company's operations in each segment. Other assets principally consist of cash and cash equivalents, investments, deferred tax assets and corporate headquarters' assets. Long-lived assets include property, plant and equipment, net of accumulated depreciation, and goodwill, net of accumulated amortization.

15. ACQUISITIONS:

On June 1, 1999, Matthews purchased the assets of Caggiati S.p.A., the leading supplier of bronze memorialization products in Europe. Caggiati S.p.A. is based in Colorno (Parma), Italy and has two subsidiaries: Caggiati Espana S.A. in Valencia, Spain and Caggiati France S.a.r.l. in Lyon, France. The purchase price was Lit. 34.6 billion (U.S.$19,000,000) cash plus the assumption of bank debt of Lit. 10.2 billion (U.S.$5,500,000) and certain other trade liabilities. Matthews paid cash of Lit. 20.2 billion (U.S.$10,900,000) at the closing with Lit. 7.2 billion (U.S.$4,000,000) payable one year after the closing date (classified in other current liabilities) and the remaining Lit. 7.2 billion payable two years after the closing date. Interest at an annual rate of 5% is payable on the deferred payments.

The following unaudited pro forma information presents a summary of the consolidated results of Matthews and Caggiati S.p.A. as if the acquisition had occurred on October 1, 1997:

	1999	1998
Sales	$255,000,000	$235,100,000
Net income	25,800,000	23,500,000
Earnings per share, diluted	$1.59	$1.40

These unaudited pro forma results have been prepared for comparative purposes only and include certain adjustments, such as goodwill amortization and interest expense on acquisition debt. The pro forma information does not purport to be indicative of the results of operations which actually would have resulted had the acquisition occurred on the date indicated, or which may result in the future.

In September 1998, Matthews acquired for 11,255,500 German Marks (U.S.$6,200,000) a fifty percent interest in S+T GmbH & Co. KG ("S+T GmbH"). The operations of S+T GmbH, located in Julich, Germany, consist principally of flexographic printing preparation and the manufacture of photopolymer printing plates for the packaging industry. The remaining fifty percent interest will continue to be owned by the existing president of S+T GmbH. The cash payment is due January 2000. S+T GmbH reported sales of approximately U.S.$5,000,000 in 1997. In addition, Matthews has a call option to acquire an additional thirty percent interest in S+T GmbH at a purchase price contingent on the operating performance of S+T GmbH.

15. ACQUISITIONS, continued:

In October 1998, Matthews entered into a foreign currency forward contract with a financial institution for the purchase of German Marks to hedge its January 2000 payment commitment for the investment in S+T GmbH. In November 1998, Matthews also entered into a letter of credit agreement with a financial institution to guarantee performance under this payment commitment.

In September 1998, Matthews purchased for $10,000,000 cash the assets of Gibraltar Mausoleum Construction Company, Inc. ("Gibraltar"). Gibraltar, with annual sales of approximately $16,000,000, is a leading builder of mausoleums in the United States.

In May 1998, Matthews acquired a fifty percent interest in O.N.E. Color Communications, L.L.C. ("O.N.E."), a digital graphics service company. The transaction was structured as an asset purchase with the purchase price consisting of $2,000,000 cash and the assumption of a fifty percent interest in certain liabilities of O.N.E. An additional amount is payable by Matthews three years from the acquisition date contingent on the attainment of certain operating performance levels of O.N.E., with such payout to be not less than $400,000.

In addition, the purchase agreement requires Matthews to purchase the remaining fifty percent interest in O.N.E. no later than May 2004. The purchase price for the remaining interest is contingent on the attainment of certain operating performance levels of O.N.E. with such payment to be not less than $4,500,000. The accounts of O.N.E. have been included in the consolidated financial statements of Matthews and a liability has been recorded for the present value of the minimum future payouts. O.N.E., with annual sales of approximately $10,000,000, is headquartered in Oakland, California.

In May 1997, Matthews acquired for $2,400,000 cash the common stock of both Carolina Repro-Graphic and Dieworks, Inc., manufacturers of pre-press services, flexible printing plates and steel rule cutting dies, located in North Carolina. Combined sales for Carolina Repro-Graphic and Dieworks, Inc. were approximately $3,700,000 for the year ended December 31, 1996.

In January 1997, Matthews acquired a fifty percent interest in Tukaiz Communications L.L.C. ("Tukaiz"), a pre-press and pre-media firm headquartered in Franklin Park, Illinois. A pre-press firm prepares art or digital files for printing or reproduction. The remaining fifty percent interest continues to be owned by the president of Tukaiz. The transaction was structured as an asset purchase with the purchase price consisting of $4,000,000 cash and the assumption of a fifty percent interest, approximately $4,000,000, in certain of the liabilities of Tukaiz. Matthews also provided Tukaiz with subordinated convertible debt of $5,500,000. Tukaiz reported sales of $16,400,000 for the year ended January 31, 1997. The accounts of Tukaiz have been included in the consolidated financial statements of Matthews.

Matthews has accounted for the aforementioned acquisitions using the purchase method and, accordingly, recorded the acquired assets and liabilities at their estimated fair values at the acquisition dates. The excess of the purchase price over the fair value of the net assets has been recorded as goodwill to be amortized on a straight-line basis over periods ranging from 20 to 25 years.

SUPPLEMENTARY FINANCIAL INFORMATION

Selected Quarterly Financial Data (Unaudited):

The following table sets forth certain items included in the Company's unaudited consolidated financial statements for each quarter of fiscal 1999 and fiscal 1998.

<TABLE>
<CAPTION>

	Quarter Ended				Year Ended
	December 31	March 31	June 30	September 30	September 30
<S>	<C>	<C>	<C>	<C>	<C>
FISCAL YEAR 1999:					
Sales	$56,441,488	$58,588,219	$61,405,443	$62,894,073	$239,329,223
Gross profit	23,458,498	25,157,646	25,493,116	28,927,435	103,036,695
Operating profit	8,699,255	10,559,876	11,126,662	10,562,198	40,947,991
Net income	5,415,119	6,425,198	6,888,062	6,287,323	25,015,702
Earnings per share, diluted	.33	.39	.43	.39	1.54
FISCAL YEAR 1998:					
Sales	$49,440,454	$51,563,344	$55,217,977	$55,400,282	$211,622,057
Gross profit	21,231,436	23,034,882	25,060,396	23,723,508	93,050,222
Operating profit	7,616,319	8,886,597	10,333,027	9,093,001	35,928,944
Net income	4,898,264	5,603,821	6,381,882	5,617,725	22,501,692
Earnings per share, diluted	.29	.33	.38	.34	1.34

</TABLE>

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

There have been no changes in accountants or disagreements on accounting or financial disclosure between the Company and PricewaterhouseCoopers LLP, Certified Public Accountants, for the fiscal years ended September 30, 1999, 1998 and 1997.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The following information as of November 30, 1999 is furnished with respect to each director and executive officer:

Name	Age	Positions with Registrant
David M. Kelly	57	Chairman of the Board, President and Chief Executive Officer
Edward J. Boyle	53	Vice President, Accounting & Finance, Treasurer and Secretary
David J. DeCarlo	54	President, Bronze Division and Director
Robert J. Kavanaugh	62	Director
Thomas N. Kennedy	64	Director
Steven F. Nicola	39	Controller
John P. O'Leary, Jr.	52	Director
Robert J. Schwartz	52	President, Marking Products Division
William J. Stallkamp	60	Director
John D. Turner	53	Director

David M. Kelly has been Chairman of the Board since March 1996. He was appointed President and Chief Operating Officer of the Company in April 1995 and President and Chief Executive Officer in October 1995. He was appointed as a Director of the Company in May 1995. Prior to joining the Company, he was a Senior Vice President for Carrier Corporation.

Edward J. Boyle has been Vice President, Accounting & Finance since December 1995. Prior thereto, he was Controller of the Company. He was appointed Treasurer and Secretary in September 1996.

David J. DeCarlo, a Director of the Company since 1987, has been President, Bronze Division since November 1993. Prior thereto, he was Senior Vice President and Division Manager, Bronze.

Robert J. Kavanaugh was elected to the Board of Directors in February 1998. Mr. Kavanaugh retired in 1996 as a partner of the Pittsburgh office of Arthur Andersen LLP.

Thomas N. Kennedy, a Director of the Company since 1987, retired as an officer of the Company in December 1995. He was Senior Vice President, Chief Financial Officer and Treasurer since January 1991.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT, continued.

Steven F. Nicola has been Controller of the Company since December 1995. Prior thereto, he was Manager, Tax Planning and International Accounting.

John P. O'Leary, Jr., a Director of the Company since 1992, has been President and Chief Executive Officer of Tuscarora, Incorporated, a plastics manufacturer, since 1990.

Robert J. Schwartz has been President, Marking Products Division since September 1997. Mr. Schwartz joined the Company in January 1997 as Director of Sales and Marketing for the Marking Products Division. Prior thereto, he was Vice President - Sales for Northeast Distributors, Inc.

William J. Stallkamp, a Director of the Company since 1981, is a Vice Chairman of Mellon Bank Corporation in Pittsburgh, Pennsylvania and has been Chairman of Mellon PSFS in Philadelphia since January 1996. Prior thereto, he was an Executive Vice President of Mellon Bank, N.A.

John D. Turner was elected to the Board of Directors in April 1999. Mr. Turner has been Executive Vice President of The LTV Corporation and President of LTV Copperweld, a manufacturer of tubular and bimetallic wire products, since November 1999. Mr. Turner was formerly President and Chief Executive Officer of Copperweld Corporation.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT, continued.

Board Committees:

The Executive Committee is appointed by the Board of Directors to have and exercise during the periods between Board meetings all of the powers of the Board of Directors, except that the Executive Committee may not elect directors, change the membership of or fill vacancies in the Executive Committee, change the By-Laws of the Company or exercise any authority specifically reserved by the Board. The membership of the Executive Committee from October 1, 1998 until June 4, 1999 consisted of Messrs. Kelly, DeCarlo and Geoffrey D. Barefoot. The membership of the Committee since June 4, 1999 consisted of Messrs. Kelly and DeCarlo.

The principal function of the Audit Committee, the members of which are Messrs. O'Leary (Chairman), Kavanaugh and Stallkamp, is to endeavor to assure the integrity and adequacy of financial statements issued by the Company. It is intended that the Audit Committee will review internal auditing systems and procedures as well as the activities of the public accounting firm performing the external audit.

The principal function of the Compensation Committee, the members of which are Messrs. Stallkamp (Chairman), Kavanaugh and Kennedy, is to review periodically the suitability of the remuneration arrangements (including benefits), other than stock remuneration, for the principal officers of the Company. A subcommittee of the Compensation Committee, the Stock Compensation Committee, the members of which are Messrs. Stallkamp (Chairman) and Kavanaugh, consider and grant stock remuneration and administer the Company's 1992 Stock Incentive Plan.

ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth the individual compensation information for the fiscal years ended September 30, 1999, 1998 and 1997 for the Company's Chief Executive Officer and the four most highly compensated executive officers.

SUMMARY COMPENSATION TABLE

<TABLE>
<CAPTION>

		Annual Compensation		Long-Term Compensation Awards	Long-Term Compensation Payouts	
Name of Individual and Principal Position	Year	Salary	Bonus	Securities Underlying Options	LTIP Payouts	All Other Compensation
			(1)	(Shares)	(2)	(3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
David M. Kelly	1999	$329,618	$339,298	275,000	$734,737	None

Chairman of the Board and	1998	312,409	324,082	40,000	239,850	None
Chief Executive Officer	1997	290,174	290,687	190,000	None	None
David J. DeCarlo	1999	217,411	171,334	149,000	711,607	$ 1,419
Director and President,	1998	207,921	169,552	None	269,660	2,520
Bronze Division	1997	199,473	174,477	250,000	None	3,046
Edward J. Boyle	1999	143,041	89,962	78,000	187,183	3,294
Vice President,	1998	129,689	87,394	36,000	60,211	4,250
Accounting & Finance	1997	113,379	75,043	41,000	None	3,804
Robert J. Schwartz	1999	126,577	80,952	10,000	55,464	747
President, Marking	1998	118,323	75,177	32,000	None	1,038
Products Division						
Robert B. Heffernan	1999	183,626	None	20,000	None	85,069
President, Graphics	1998	64,308	18,653	20,000	None	120
Imaging Group						

<FN>

(1) Includes the current portion of management incentive plan and supplemental management incentive payments and for Mr. Kelly, an amount equal to his life insurance premium cost. At his request, the Company did not provide life insurance for Mr. Kelly, but in lieu thereof paid to him annually the amount which the Company would have paid in premiums to provide coverage, considering his position and age. Such amounts are not included in calculating other Company benefits for Mr. Kelly. The amount paid to Mr. Kelly in lieu of life insurance for 1999, 1998 and 1997 was $4,100 each year. The Company has adopted a management incentive plan for officers and key management personnel. Participants in such plan are not eligible for the Company's profit distribution plan. The incentive plan is based on improvement in divisional and Company economic value added and the attainment of established personal goals. A portion of amounts earned are deferred by the Company and are payable with interest at a market rate over a two-year period contingent upon economic value added performance and continued employment during such period. See Long-Term Incentive Plans - Awards in Last Fiscal Year table. In addition, payments include a supplement in amounts which are sufficient to pay annual interest expense on the outstanding notes of management under the Company's Designated Employee Stock Purchase Plan and to pay medical costs which are not otherwise covered by a Company plan.

ITEM 11. EXECUTIVE COMPENSATION, continued.

(2) Represents payments of deferred amounts under the management incentive plan.

(3) Includes premiums for term life insurance and educational assistance for dependent children. Each officer of the Company is provided term life insurance coverage in an amount approximately equivalent to three times his respective salary. Educational assistance for dependent children is provided to any officer or employee of the Company whose child meets the scholastic eligibility criteria and is attending an eligible college or university. Amounts reported in this column include life insurance benefit costs except for Mr. Boyle and Mr. Heffernan. Educational assistance amounts for Mr. Boyle in fiscal 1999, 1998 and 1997, respectively, were $2,400, $2,200 and $2,000. The amount reported in this column in 1999 for Mr. Heffernan represents severance benefits only. See also note (1).

</TABLE>

The Summary Compensation Table does not include expenses to the Company of incidental benefits of a limited nature to executive officers including use of Company vehicles, club memberships, dues, or tax planning services. The Company believes such incidental benefits are in the conduct of the Company's business, but, to the extent such benefits and use would be considered personal benefits, the value thereof is not reasonably ascertainable and does not exceed, with respect to any individual named in the compensation table, the lesser of $50,000 or 10% of the annual compensation reported in such table.

Long-Term Incentive Plans - Awards in Last Fiscal Year

<TABLE>
<CAPTION>

	Number of Shares	Performance or Other Period Until	Estimated Future Payouts Under Non-Stock Price-Based Plans

Name	or Other Rights	Maturation or Payout	Target
<S>	<C>	<C>	<C>
D.M. Kelly	-	2 Years	$ 429,438
D.J. DeCarlo	-	2 Years	585,654
E.J. Boyle	-	2 Years	112,322
R.J. Schwartz	-	2 Years	125,718
R.B. Heffernan	-	2 Years	None

<FN>
The Company has a management incentive plan based on improvement in divisional and Company economic value added and the attainment of established personal goals. A portion of amounts earned are deferred by the Company and are payable with interest at a market rate over a two-year period contingent upon economic value added performance and continued employment during such period.
</TABLE>

ITEM 11. EXECUTIVE COMPENSATION, continued.

Option/SAR Grants in Last Fiscal Year

<TABLE>
<CAPTION>

	Individual Grants (1)				Potential Realized Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	Number of Securities Underlying Options Granted	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price per Share	Expiration Date	5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
D.M. Kelly	250,000	35.7%	$27.969	03/16/09	$4,397,349	$11,143,746
	25,000	3.6	27.688	11/16/08	435,313	1,103,169
D.J. DeCarlo	126,000	18.0	27.969	03/16/09	2,216,264	5,616,448
	23,000	3.3	27.688	11/16/08	400,488	1,014,915
E.J. Boyle	63,000	9.0	27.969	03/16/09	1,108,132	2,808,224
	15,000	2.1	27.688	11/16/08	261,188	661,901
R.J. Schwartz	10,000	1.4	27.688	11/16/08	174,125	441,267
R.B. Heffernan	20,000	2.9	27.688	11/16/08	348,250	882,535

<FN>
(1) All options were granted at market value as of the date of grant. Options are exercisable in various share amounts based on the attainment of certain market value levels of Class A Common Stock, but, in the absence of such events, are exercisable in full for a one-week period beginning five years from the date of grant. In addition, options vest in one-third increments after three, four and five years, respectively, from the grant date (but, in any event, not until the attainment of the certain market value levels described above). The options are not exercisable within six months from the date of grant and expire on the earlier of ten years from the date of grant, upon employment termination, or within specified time limits following voluntary employment termination (with consent of the Company), retirement or death.
</TABLE>

Aggregated Option Exercises in Last Fiscal Year
and Fiscal Year End Option Values

<TABLE>
<CAPTION>

			Number of Securities Underlying Unexercised Options		Value of Unexercised In-the-Money Options at Fiscal Year End	
Name	Shares Acquired On Exercise	Value Realized	Exercisable	Unexercisable	Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
D.M. Kelly	50,000	$1,115,625	205,000	505,000	$3,891,353	$3,338,063
D.J. DeCarlo	None	None	126,000	399,000	2,497,688	3,819,887
E.J. Boyle	63,000	1,279,250	None	155,000	None	941,482
R.J. Schwartz	None	None	None	80,000	None	620,373

R.B. Heffernan	None	None	None	None	None	None

</TABLE>

ITEM 11. EXECUTIVE COMPENSATION, continued.

Retirement Plans:

The Company's domestic retirement plan is noncontributory and provides benefits based upon length of service and final average earnings. Generally, employees age 21 with one year of continuous service are eligible to participate in the retirement plan. The benefit formula is 3/4 of 1% of the first $550 of final average monthly earnings plus 1-1/4% of the excess times years of credited service (maximum 35). The plan is an insured, defined benefit plan and covered compensation is limited generally to base salary or wages. Benefits are not subject to any deduction or offset for Social Security.

In addition to benefits provided by the Company's retirement plan, the Company has a Supplemental Retirement Plan, which provides for supplemental pension benefits to executive officers of the Company designated by the Board of Directors, including those named in the Summary Compensation Table. Upon normal retirement under this plan, such individuals who meet stipulated age and service requirements are entitled to receive monthly supplemental retirement payments which, when added to their pension under the Company's retirement plan and their maximum anticipated Social Security primary insurance amount, equal, in total, 1.85% of final average monthly earnings (including incentive compensation) times the individual's years of continuous service (subject to a maximum of 35 years). Upon early retirement under this plan, reduced benefits will be provided, depending upon age and years of service. Benefits under this plan do not vest until age 55 and the attainment of 15 years of continuous service. However, in order to recruit Mr. Kelly, the Company waived such minimum service requirement with respect to Mr. Kelly. No benefits will be payable under such supplemental plan following the voluntary employment termination or death of any such individual. The Supplemental Retirement Plan is unfunded; however, a provision has been made on the Company's books for the actuarially computed obligation.

The following table shows the total estimated annual retirement benefits payable at normal retirement under the above plans for the individuals named in the Summary Compensation Table at the specified executive remuneration and years of continuous service:

Covered Remuneration	Years of Continuous Service 15	20	25	30	35
$125,000	$ 34,688	$ 46,250	$ 57,813	$ 69,375	$ 80,938
150,000	41,625	55,500	69,375	83,250	97,125
175,000	48,563	64,750	80,938	97,125	113,313
200,000	55,500	74,000	92,500	111,000	129,500
250,000	69,375	92,500	115,625	138,750	161,875
300,000	83,250	111,000	138,750	166,500	194,250
400,000	111,000	148,000	185,000	222,000	259,000
500,000	138,750	185,000	231,250	277,500	323,750
600,000	166,500	222,000	277,500	333,000	388,500
700,000	194,250	259,000	323,750	388,500	453,250
800,000	222,000	296,000	370,000	444,000	518,000

ITEM 11. EXECUTIVE COMPENSATION, continued.

The table shows benefits at the normal retirement age of 65, before applicable reductions for social security benefits. The Employee Retirement Income Security Act of 1974 places limitations, which may vary from time to time, on pensions which may be paid under federal income tax qualified plans, and some of the amounts shown on the foregoing table may exceed the applicable limitation. Such limitations are not currently applicable to the Company's Supplemental Retirement Plan.

Estimated years of continuous service for each of the individuals named in the Summary Compensation Table, as of October 1, 1999 and rounded to the next higher year, are: Mr. Kelly, 5 years; Mr. DeCarlo, 15 years; Mr. Boyle, 13 years and Mr. Schwartz, 3 years.

Compensation Committee Interlocks and Insider Participation:

Thomas N. Kennedy, a former officer of the Company, is a member of the Company's Compensation Committee.

Compensation of Directors:

Pursuant to the Director Fee Plan, directors who are not also officers of the Company each receive as an annual retainer fee shares of the Company's Class A Common Stock equivalent to approximately $16,000. In addition, each such director is paid $1,000 for every meeting of the Board of Directors attended and (other than a Chairman) $500 for every committee meeting attended. The Chairman of a committee of the Board of Directors is paid $700 for every committee meeting attended. Directors may also elect to receive the common stock equivalent of meeting fees. Each director may elect to be paid these shares on a current basis or have such shares credited to a deferred stock account as phantom stock. No other remuneration is otherwise paid by the Company to any director for services as a director.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

(a)(b) Security Ownership of Certain Beneficial Owners and Management:

The Company's Articles of Incorporation divide its voting stock into three classes: Preferred Stock and Class A and Class B Common Stock. At the present time, none of the Preferred Stock is issued or outstanding. The following information is furnished with respect to persons who the Company believes, based on its records, beneficially own more than five percent of the outstanding shares of Class A and Class B Common Stock of the Company, and with respect to directors and officers. Those individuals with more than five percent of such shares could be deemed to be "control persons" of the Company.

This information is as of November 30, 1999.

Name of Beneficial Owner (1)	Number of Class A Shares Beneficially Owned (2)	Percent of Class	Number of Class B Shares Beneficially Owned (2)	Percent of Class
Directors and Officers:				
D.M. Kelly	302,333 (3)	2.2%	56,000	2.3%
E.J. Boyle	31,417 (3)	0.2	18,750	0.8
D.J. DeCarlo	209,333 (3)	1.6	289,990	12.2
R.J. Kavanaugh	1,000	*	None	-
T.N. Kennedy	55,000	0.4	None	-
J.P. O'Leary, Jr.	13,450	0.1	None	-
R.J. Schwartz	21,352 (3)	0.2	None	-
W.J. Stallkamp	6,200	*	None	-
J.D. Turner	None	-	None	-
All directors and executive officers as a group (10 persons)	671,528 (3)	4.9	381,940	16.0
Others:				
D. Majestic	None	-	302,000	12.7
T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, MD 21202	1,321,400	10.0	None	-
Lord, Abbett & Co. 767 Fifth Avenue				

New York, NY 10153	1,196,925	9.0	None	-
Neuberger Berman, LLC 605 Third Avenue New York, NY 10158	712,165	5.4	None	-

* Less than 0.1%

(1) Unless otherwise noted, the mailing address of each beneficial owner is the same as that of the Registrant.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

(2) The nature of the beneficial ownership for all shares is sole voting and investment power, except as follows:
Mr. Stallkamp has sole voting power except for 200 Class A shares held by Mr. Stallkamp as custodian under UTMA for son.
Shares held by T. Rowe Price Associates, Inc. ("Price Associates") are owned by various individual and institutional investors, including T. Rowe Price Small-Cap Stock Fund, Inc. which owns 803,000 shares, which Price Associates serves as investment advisor with power to direct investments and/or sole power to vote the shares. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such shares; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such shares. Price Associates has sole dispositive power for 1,321,400 shares and sole voting power for 404,200 shares.
Lord, Abbett & Co. is an investment advisor for various accounts and, as such, disclaims beneficial ownership of shares.
Neuberger Berman, L.L.C. ("Neuberger"), as a registered investment advisor, may have discretionary authority to dispose of or vote shares that are under its management. As a result, Neuberger may be deemed to have beneficial ownership of such shares. Neuberger does not, however, have any economic interest in the shares. Its clients are the actual owners of the shares and have the sole right to receive and the power to direct the receipt of dividends from or proceeds from the sale of such shares. Of the shares set forth in the table, Neuberger had shared dispositive power with respect to 712,165 shares, sole voting power with respect to 362,365 shares and shared voting power on 349,800 shares. With regard to the shared voting power, Neuberger Berman Management, Inc. and Neuberger Berman Funds are deemed to be beneficial owners for purpose of Rule 13(d) since they have shared power to make decisions whether to retain or dispose of the shares. Neuberger is the sub-advisor to the above referenced Funds.

(3) Includes options exercisable within 60 days of November 30, 1999 as follows: Mr. Kelly, 268,333 shares; Mr. Boyle, 13,667 shares; Mr. DeCarlo, 209,333 shares; Mr. Schwartz, 10,000 shares; and all directors and officers as a group, 524,333 shares.

(c) Changes in Control:

The Company knows of no arrangement which may, at a subsequent date, result in a change in control of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The Securities and Exchange Commission requires disclosure of certain business transactions or relationships between the Company, or its subsidiaries, and other organizations with which any of the Company's directors are affiliated as an owner, partner, director, officer or employee. Briefly, disclosure is required where such a business transaction or relationship meets the standards of significance established by the Securities and Exchange Commission with respect to the types and amounts of business transacted. The Company is aware of no significant transaction requiring disclosure pursuant to this item during the past fiscal year.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements:

The following items are included in Part II, Item 8:

2. Financial Statement Schedules:

Financial statement schedules have been omitted for the reason that the information is not required or is otherwise given in the consolidated financial statements and notes thereto.

3. Exhibits Filed:

The index to exhibits is on pages 66-68.

(b) Reports on Form 8-K:

A Form 8-K Current Report, dated July 22, 1999, was filed by the Company reporting under "Item 5 - Other Events" that the Board of Directors approved the addition of new Section 2.09 to Article II of the By-laws of the Company. The new section of the By-laws requires that any shareholder of the Company intending to present a proposal for action by the shareholders at an annual meeting must give written notice of the proposal, containing specified information, to the Secretary of the Company not later than the notice deadline established under the new section of the By-laws.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on December 20, 1999.

MATTHEWS INTERNATIONAL CORPORATION

(Registrant)

By David M. Kelly

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the

Registrant and in the capacities indicated on December 20, 1999:

David M. Kelly	Edward J. Boyle
David M. Kelly Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	Edward J. Boyle Vice President, Accounting & Finance, Treasurer and Secretary (Principal Financial and Accounting Officer)
David J. DeCarlo	John P. O'Leary, Jr.
David J. DeCarlo, Director	John P. O'Leary, Jr., Director
Robert J. Kavanaugh	William J. Stallkamp
Robert J. Kavanaugh, Director	William J. Stallkamp, Director
Thomas N. Kennedy	John D. Turner
Thomas N. Kennedy, Director	John D. Turner, Director

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
EXHIBITS
INDEX

The following Exhibits to this report are filed herewith or, if marked with an asterisk (*), are incorporated by reference. Exhibits marked with an "a" represent a management contract or compensatory plan, contract or arrangement required to be filed by Item 601(b)(10)(iii) of Regulation S-K.

Exhibit No.	Description	Prior Filing or Sequential Page Numbers Herein
3.1	Restated Articles of Incorporation *	Exhibit Number 3.1 to Form 10-K for the year ended September 30, 1994
3.2	Restated By-laws *	Exhibit Number 3.1 to Form 8-K dated July 22, 1999
4.1 a	Form of Employee Stock Purchase Agreement Entered into by Designated Key Employees *	Exhibit Number 4.1 to Form 10-K for the year ended September 30, 1983
4.2 a	Form of Employee Stock Purchase Agreement Entered into by Designated Key Employees (effective October 1, 1993) *	Exhibit Number 4.2 to Form 10-K for the year ended September 30, 1993
4.3 a	Representative Form of Option Agreement of Repurchase *	Exhibit Number 10.2 to Form S-2 Registration Statement (No. 33-79538) filed on June 1, 1994
4.4 a	Form of Revised Option Agreement of Repurchase *	Exhibit Number 4.2 to Form 10-K for the year ended September 30, 1983
4.5 a	Form of Revised Option Agreement of Repurchase (effective October 1, 1993) *	Exhibit Number 4.5 to Form 10-K for the year ended September 30, 1993

Exhibit No.	Description	Prior Filing or Sequential Page Numbers Herein
4.6 a	Employees' Stock Purchase Plan *	Exhibit Number 4.6 to Form 10-K for the year ended September 30, 1993
4.7	Form of Share Certificate for Class A Common Stock *	Exhibit Number 4.9 to Form 10-K for the year ended September 30, 1994
4.8	Form of Share Certificate for Class B Common Stock *	Exhibit Number 4.10 to Form 10-K for the year ended September 30, 1994

INDEX, Continued

Exhibit No.	Description	Prior Filing or Sequential Page Numbers Herein
10.1 a	Form of Agreement which amends the Option Agreement of Repurchase with Respect to Major Shareholders *	Exhibit Number 19.1 to Form 10-Q for the quarter ended March 31, 1988
10.2	Revolving Credit and Term Loan Agreement *	Exhibit Number 10.7 to Form 10-K for the year ended September 30, 1986
10.3 a	Supplemental Retirement Plan *	Exhibit Number 10.8 to Form 10-K for the year ended September 30, 1988
10.4 a	Written Description of Matthews International Corporation Management Incentive Compensation Plan *	Exhibit Number 10.9 to Form 10-K for the year ended September 30, 1992
10.5 a	1992 Stock Incentive Plan (as amended through December 23, 1998) *	Exhibit A to Definitive Proxy Statement filed on January 20, 1999
10.6 a	Form of Stock Option Agreement *	Exhibit Number 10.1 to Form 10-Q for the quarter ended December 31, 1994
10.7 a	1994 Director Fee Plan (as amended through April 22, 1999)	Filed Herewith
10.8 a	1994 Employee Stock Purchase Plan *	Exhibit Number 10.2 to Form 10-Q for the quarter ended March 31, 1995
10.9	Capital Stock Purchase Agreement, Sunland Memorial Park, Inc. *	Exhibit Number 10.1 to Form 10-Q for the quarter ended December 31, 1995
10.10	Agreement of Plan and Merger, Industrial Equipment and Engineering Company, Inc. *	Exhibit Number 10.2 to Form 10-Q for the quarter ended March 31, 1996
10.11	Asset Purchase Agreement among TKZ Holding Corp., Tukaiz Litho, Inc. and Michael Vitallo *	Exhibit Number 10.1 to Form 10-Q for the quarter ended December 31, 1996
10.12	Membership Interest Agreement, Tukaiz Communications L.L.C. *	Exhibit Number 10.2 to Form 10-Q for the quarter ended December 31, 1996

INDEX, Continued

Exhibit No.	Description	Prior Filing or Sequential Page Numbers Herein
10.13	Subordinated Convertible Note from Tukaiz Communications, L.L.C. in favor of Venetian Investment Corporation *	Exhibit Number 10.3 to Form 10-Q for the quarter ended December 31, 1996
10.14	Operating Agreement, Tukaiz Communications, L.L.C. *	Exhibit Number 10.4 to Form 10-Q for the quarter ended December 31, 1996
10.15	Asset Purchase and Membership Interest Agreement, O.N.E. Color Communications, L.L.C. *	Exhibit Number 10.1 to Form 10-Q for the quarter ended June 30, 1998
10.16	O.N.E. Color Communications, L.L.C., Operating Agreement *	Exhibit Number 10.2 to Form 10-Q for the quarter ended June 30, 1998
10.17	Stock Purchase Agreement, S+T Gesellschaft fur Reprotechnik mbH *	Exhibit Number 10.17 to Form 10-K for the year ended September 30, 1998
10.18	Asset Purchase Agreement, Gibraltar Mausoleum Construction Company, Inc. *	Exhibit Number 10.18 to Form 10-K for the year ended September 30, 1998
10.19	Caggiati S.p.A. Asset Purchase Agreement *	Exhibit Number 10.1 to Form 10-Q for the quarter ended June 30, 1999
10.20	Loan Agreement, Caggiati S.p.A.	Filed Herewith
21	Subsidiaries of the Registrant	Filed Herewith
23	Consent of Independent Accountants	Filed Herewith
27	Financial Data Schedule	Filed Herewith (via EDGAR)

Copies of any Exhibits will be furnished to shareholders upon written request. Requests should be directed to Mr. Edward J. Boyle, Vice President, Accounting & Finance, Treasurer and Secretary of the Registrant.

EXHIBIT 10.20

CAGGIATI S.P.A.
LOAN AGREEMENT

This first day of June 1999, in the branch of UniCredito Italiano are present for UniCredito Italiano Bank listed in the Register of Banks at number 2008.1, having its registered office in Genova Via Dante 1 and its Head Office in Milano Piazza Cordusio, listed at number 22 of the Register of Company at Genoa Court with a share capital of Lit. 2,340,454,229,500, fiscal identification code no. 00348170101 (hereafter called "Bank"), Mr. Tibiano Carubbi domiciled care of the branch of UniCredito Italiano in Parma which represent UniCredito Italiano in accordance with Articles 33, 34 and 35 of the Articles of Association of the same company,

And Mr. Joseph Carlo Bartolacci born in Milano on 04/28/60 having its domicile in Milano which intervenes as C.E.O. of Caggiati (the Company), registered office in Milano, share capital Lit. 200,000,000,

in force of a Shareholders Meeting resolution dated May 12, 1999 which a copy of which authenticated by the Public Notary Angelo Busani in Parma is hereby enclosed in force of the powers granted by the articles of Association

HEREBY AGREE AND STIPULATE AS FOLLOWS

Art. 1 PURPOSE OF THE LOAN AND AMOUNT

UniCredito Italiano (hereafter called "the Bank") grants to Caggiati S.p.A. (hereinafter called "the Company"), which accepts it, a loan for the total amount of Lit. 28.120 billion for the purpose of acquiring the assets of Caggiati S.p.A., Colorno. The Company will give the Bank any documentation necessary to prove the above investment.

The amount of Lit. 20.2 billion will be immediately available for drawing whilst the amount of Lit. 7.920 billion will be drawn one year after the date of this contract. If the second amount is not drawn within 13 months from the date of this contract, it will automatically be canceled and not available for drawings.

Art. 2 CONDITIONS FOR GRANTING

The amount of each drawing, deducted from the first drawing the "imposta sostitutiva" and any other charges as per letter delivered to the Company in accordance with its instructions, is credited to the account number 24287/00 with the Parma Branch of UniCredito Italiano in the name of the Company, which hereby acknowledges receipt.

Art. 3 TERMS FOR REIMBURSEMENT

The validity of the loan is 15 years

The Company undertakes to reimburse the amount of each drawing within 15 years for the first drawing and 14 years for the second drawing from June 1, 1999, date in which the amortization schedule begins, by quarterly installments to be paid at the counters of the Bank at the end of each quarter (i.e March 31, June 30, September 30 and December 31) without the need of a specific request by the Bank, according to the schedule, agreed between the parties, which signed by the same is hereby enclosed to be integral part of this contract. For the second drawing the schedule will be prepared and signed at the actual time of the drawing.

The Bank has however the right, in its sole and exclusive judgment, after a written communication to the Company 90 days prior to the expiry of the fifth and tenth year from the date of this contract, to ask for the immediate reimbursement of all sums due as principal and interest under the loan. The Company will have the same right to be exercised under the same terms and conditions as the Bank. In both cases, the prepayment, if effected at the date in which is due, will not bear any commission or other charges.

The Bank in its only judgment may allow amendments to the amortization schedule.

Each installment includes the share of principal necessary to reimburse the whole amount borrowed in the agreed period of 15 years in addition of interest.

Starting from today up to the date before the start the amortization schedule, the Company will pay interest of pre-amortization at the rate as determined in following article 4.

Art. 4 INTEREST

The interest rate is fixed at the rate of 4.145 percent p.a. for the initial drawing of Lit. 20.2 billion; this rate will be valid for a period of five years; for the second drawing of Lit. 7.920 billion, the rate will be determined by applying to the then prevailing rate for a 5-year loan a margin of 0.50 percent p.a.

If the Bank does not exercise the right to ask for the reimbursement of the amounts outstanding at the fifth and tenth year, the rate for each following term of five years will be agreed between the parties based on the then prevailing rate for a five year loan. Should the parties fail to reach an agreement on the rate, the Company shall reimburse immediately, at the maturity of the fifth and tenth year, any amount outstanding under the loan as principal and interest.

If the Company fails to pay any amount due under the loan as principle, interest or other title including the case of acceleration or cancellation of the loan - the Company shall pay, from the date the amount is due, default interest based on the Official Reference Rate as defined by Art. 2c.1 D. LGS 213/98 (previously known as Official Discount Rate) increased by a margin of 2 percent p.a.

Art. 5 UNDERTAKINGS

The Company hereby undertakes to:

a) Utilize the loan for the purpose indicated
b) To pay to the Bank, at the time of first drawing even if not for the total amount of the loan, the amount of the imposta sostitutiva as per D.P.R. 29 September 1973 n. 601 and following amendments and in any case to indemnify the Bank against any taxes, stamp duties, or expenses of any kind incurred or which will be incurred by the Bank on its behalf, for any assistance, judicial or extrajudicial, provided, save obviously any security received for this loan
c) Inform previously the Bank of any change in its corporate structure (i.e. share capital, Directors, Shareholders, Auditors, mergers, demergers) administrative and financial situation (i.e. issue of bonds), technical and economical situation as it is described in the documents presented to obtain the loan and of any event which may modify the present structure and organization of the Company
d) To inform previously the Bank of the intention to request new medium term loans to other Banks or persons and in any case not to grant to anyone, from today's date, liens, mortgages or other privileges to secure other loans, without the prior written consent of the Bank
e) In order to obtain benefits as envisaged by law, to apply to the Personnel employments terms and conditions not lower than those determined in the Contratti Collettivi di Lavoro for the sector and the area as per art 36 of Law 20 May 1970 n. 300
f) To allow any investigation technical-administrative and to provide the Bank with any document, in addition to those of art. 1, which the Bank may require (i.e. balance sheet, shareholders meeting report etc.)
g) Not to distribute any dividends, without the prior written authorization of the Bank.

Art. 6 SECURITY

The loan shall be secured at all times by a guarantee, in a form acceptable to the Bank, issued by Matthews International Corporation (the "Guarantor").

Art. 7 EVENTS OF DEFAULT, ACCELERATION EVENTS

The Bank will have the right to declare all sums under the loan immediately due and payable as per art. 1186 Civil Code and cancel the contract as per art. 1456 Civil Code if:

a) The Company uses the loan, even if only in part, for purposes different from those described in art. 1
b) The Company, its successors and assigns fail to pay any amount due under the loan as principle or interest of due to the Bank, as a consequence of the loan, for any other reason
c) The Company has not presented the documentation as per article 1

d) Any legal process or petition have been presented against the Company or the same has become insolvent or for any reason or event whatsoever (i.e. protests, judiciary acts, winding up or similar procedures, changes in the corporate structure of the Company   share capital, directors, shareholders, auditors, mergers, demergers - in the financial and economic situation of the Company) the Bank deems in its sole judgment that the changes may likely materially and adversely affect the ability of the Company to repay the loan or the value of the security
e) It becomes known that the financial situation, data and any other information presented by the Company to the Bank, both to obtain the loan and subsequently, are not true
f) The Company is unable, due to restriction or law regulation, to indemnify the Bank against the sums paid by the same for any reasons on behalf of the Company
g) The Company has failed to observe the undertakings as detailed in art. 5 letter g
f) The Company has failed to observe any of the undertakings of art. 5.

In any of the above cases the Bank will have the right to declare all sums due under the loan immediately due and payable without the need of any formality and in the manner and form which it will deem more appropriate.

In any case all guarantees which have been obtained shall remain in full force and effect.

Art. 8 COMMISSIONS AND CHARGES

The Company undertakes to pay to the Bank a commission of 25 b.p. flat on the total amount of the loan.

All charges related to the loan are for the account of the Company

The Company will also pay to the Bank a commitment fee of 0.25 percent p.a. on the undrawn amount of the loan, such commission to be paid from today's date quarterly in arrears.

Art. 9. PREPAYMENT

The Company, its successors and assigns, will have the right to prepay in total or in part, the loan, as principle or interest, including default interest, provided that are paid to the Bank all sums in favor of the same, including the difference against the Bank between the actual value of the balance of the loan at the contractual interest rate and the actual value of the balance calculated at the market rate of the time of the prepayment.

This article will apply also in any circumstance in which the Bank has the right to ask for the immediate repayment of any outstanding under the loan.

Art. 10 APPLICATION OF PAYMENTS

The Bank has the right to apply any sums paid by the Company, or for his account, with preference, to pay expenses of any kind, including judicial ones even though are not to be repeated, and to any other cost incurred by the Bank on behalf of the Company, then to settle default interest and any other sum which is overdue and at the end to pay interest and principle, save the right however to utilize a different order of application.

Art. 11 PAYMENTS BY THIRD PARTIES

The Bank will have the right to refuse payments made by third parties on their own behalf.

Art. 12 ASSIGNABILITY

The Company shall not have the right to assign or transfer any or all of its rights or benefits hereunder, without the prior written consent of the Bank.

The Bank shall have the right to transfer any or all of its rights hereunder to another bank after having informed the Company of its intentions.

Art. 13 NOTICES

For any purpose of law, the Bank chooses its domicile care of its Branch in Parma.

The Company and the Guarantor in Colorno, Parma or, in case of difficulty, care of the Town Hall of Colorno; the Bank will have the right to notify all acts, including judicial ones, to the chosen domicile or to the true domicile of the Company and the Guarantor.

Art. 14 UNCONNECTION WITH THE RELATIONS BETWEEN THE COMPANY AND THIRD PARTIES

The Bank, unless agreed otherwise in writing, is always to be deemed not connected to any relation between the Company and third parties, so that no one can have right or claim against it.

Art. 15 JURISDICTION

For any dispute which may arise in connection with the application and the interpretation of this contract the Courts of Parma will have exclusive jurisdiction.

Art. 16 EVIDENCE OF DEBT

The Bank's books and entries shall constitute conclusive evidence of any amount due under the loan.
Art. 17 FINAL DETAILS

Any obligation of the Company under the present contract are deemed to be binding, jointly and severally, also on its successors and assigns

To this act and related formalities is applied the treatment envisaged in Article 15 and following of D.P.R. 29 September 1973 n. 601 (exemption from register taxes, stamp duties etc. in lieu of which is paid an imposta sostitutiva which is paid by the Bank of the amount of the loans disbursed each year)

On top of the amount of the imposta sostitutiva paid by the Bank and therefore deducted by the same from the loan proceeds, in the percentage to be applied at the time of the disbursement, the Company undertakes to reimburse to the Bank eventual increases in said imposta, which may become due in relation to the present contract, as a consequence of subsequent law regulations.

The Company hereby declares, having taking duly note of it, to wholly accept the terms and conditions of the present contract and to specifically approve in accordance with and for the effect of Article 1341 2nd paragraph of Civil Code, those as per Art 4, 5, 7, 8, 15.

T. Carubbi
- -------------------

T. Carubbi,
UniCredito Italiano

J.C. Bartolacci
- -------------------
J.C. Bartolacci,
Caggiati S.p.A.

EXHIBIT 10.20

CAGGIATI S.P.A.
LOAN AGREEMENT

This first day of June 1999, in the branch of UniCredito Italiano are present for UniCredito Italiano Bank listed in the Register of Banks at number 2008.1, having its registered office in Genova Via Dante 1 and its Head Office in Milano Piazza Cordusio, listed at number 22 of the Register of Company at Genoa Court with a share capital of Lit. 2,340,454,229,500, fiscal identification code no. 00348170101 (hereafter called "Bank"), Mr. Tibiano Carubbi domiciled care of the branch of UniCredito Italiano in Parma which represent UniCredito Italiano in accordance with Articles 33, 34 and 35 of the Articles of Association of the same company,

And Mr. Joseph Carlo Bartolacci born in Milano on 04/28/60 having its domicile in Milano which intervenes as C.E.O. of Caggiati (the Company), registered office in Milano, share capital Lit. 200,000,000,

in force of a Shareholders Meeting resolution dated May 12, 1999 which a copy of which authenticated by the Public Notary Angelo Busani in Parma is hereby enclosed in force of the powers granted by the articles of Association

HEREBY AGREE AND STIPULATE AS FOLLOWS

Art. 1 PURPOSE OF THE LOAN AND AMOUNT

UniCredito Italiano (hereafter called "the Bank") grants to Caggiati S.p.A. (hereinafter called "the Company"), which accepts it, a loan for the total amount of Lit. 28.120 billion for the purpose of acquiring the assets of Caggiati S.p.A., Colorno. The Company will give the Bank any documentation necessary to prove the above investment.

The amount of Lit. 20.2 billion will be immediately available for drawing whilst the amount of Lit. 7.920 billion will be drawn one year after the date of this contract. If the second amount is not drawn within 13 months from the date of this contract, it will automatically be canceled and not available for drawings.

Art. 2 CONDITIONS FOR GRANTING

The amount of each drawing, deducted from the first drawing the "imposta sostitutiva" and any other charges as per letter delivered to the Company in accordance with its instructions, is credited to the account number 24287/00 with the Parma Branch of UniCredito Italiano in the name of the Company, which hereby acknowledges receipt.

Art. 3 TERMS FOR REIMBURSEMENT

The validity of the loan is 15 years

The Company undertakes to reimburse the amount of each drawing within 15 years for the first drawing and 14 years for the second drawing from June 1, 1999, date in which the amortization schedule begins, by quarterly installments to be paid at the counters of the Bank at the end of each quarter (i.e March 31, June 30, September 30 and December 31) without the need of a specific request by the Bank, according to the schedule, agreed between the parties, which signed by the same is hereby enclosed to be integral part of this contract. For the second drawing the schedule will be prepared and signed at the actual time of the drawing.

The Bank has however the right, in its sole and exclusive judgment, after a written communication to the Company 90 days prior to the expiry of the fifth and tenth year from the date of this contract, to ask for the immediate reimbursement of all sums due as principal and interest under the loan. The Company will have the same right to be exercised under the same terms and conditions as the Bank. In both cases, the prepayment, if effected at the date in which is due, will not bear any commission or other charges.

The Bank in its only judgment may allow amendments to the amortization schedule.

Each installment includes the share of principal necessary to reimburse the whole amount borrowed in the agreed period of 15 years in addition of interest.

Starting from today up to the date before the start the amortization schedule, the Company will pay interest of pre-amortization at the rate as determined in following article 4.

Art. 4 INTEREST

The interest rate is fixed at the rate of 4.145 percent p.a. for the initial drawing of Lit. 20.2 billion; this rate will be valid for a period of five years; for the second drawing of Lit. 7.920 billion, the rate will be determined by applying to the then prevailing rate for a 5-year loan a margin of 0.50 percent p.a.

If the Bank does not exercise the right to ask for the reimbursement of the amounts outstanding at the fifth and tenth year, the rate for each following term of five years will be agreed between the parties based on the then prevailing rate for a five year loan. Should the parties fail to reach an agreement on the rate, the Company shall reimburse immediately, at the maturity of the fifth and tenth year, any amount outstanding under the loan as principal and interest.

If the Company fails to pay any amount due under the loan as principle, interest or other title including the case of acceleration or cancellation of the loan - the Company shall pay, from the date the amount is due, default interest based on the Official Reference Rate as defined by Art. 2c.1 D. LGS 213/98 (previously known as Official Discount Rate) increased by a margin of 2 percent p.a.

Art. 5 UNDERTAKINGS

The Company hereby undertakes to:

a) Utilize the loan for the purpose indicated
b) To pay to the Bank, at the time of first drawing even if not for the total amount of the loan, the amount of the imposta sostitutiva as per D.P.R. 29 September 1973 n. 601 and following amendments and in any case to indemnify the Bank against any taxes, stamp duties, or expenses of any kind incurred or which will be incurred by the Bank on its behalf, for any assistance, judicial or extrajudicial, provided, save obviously any security received for this loan
c) Inform previously the Bank of any change in its corporate structure (i.e. share capital, Directors, Shareholders, Auditors, mergers, demergers) administrative and financial situation (i.e. issue of bonds), technical and economical situation as it is described in the documents presented to obtain the loan and of any event which may modify the present structure and organization of the Company
d) To inform previously the Bank of the intention to request new medium term loans to other Banks or persons and in any case not to grant to anyone, from today's date, liens, mortgages or other privileges to secure other loans, without the prior written consent of the Bank
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f) To allow any investigation technical-administrative and to provide the Bank with any document, in addition to those of art. 1, which the Bank may require (i.e. balance sheet, shareholders meeting report etc.)
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b) The Company, its successors and assigns fail to pay any amount due under the loan as principle or interest of due to the Bank, as a consequence of the loan, for any other reason
c) The Company has not presented the documentation as per article 1

d) Any legal process or petition have been presented against the Company or the same has become insolvent or for any reason or event whatsoever (i.e. protests, judiciary acts, winding up or similar procedures, changes in the corporate structure of the Company share capital, directors, shareholders, auditors, mergers, demergers - in the financial and economic situation of the Company) the Bank deems in its sole judgment that the changes may likely materially and adversely affect the ability of the Company to repay the loan or the value of the security
e) It becomes known that the financial situation, data and any other information presented by the Company to the Bank, both to obtain the loan and subsequently, are not true
f) The Company is unable, due to restriction or law regulation, to indemnify the Bank against the sums paid by the same for any reasons on behalf of the Company
g) The Company has failed to observe the undertakings as detailed in art. 5 letter g
f) The Company has failed to observe any of the undertakings of art. 5.

In any of the above cases the Bank will have the right to declare all sums due under the loan immediately due and payable without the need of any formality and in the manner and form which it will deem more appropriate.

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All charges related to the loan are for the account of the Company

The Company will also pay to the Bank a commitment fee of 0.25 percent p.a. on the undrawn amount of the loan, such commission to be paid from today's date quarterly in arrears.

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This article will apply also in any circumstance in which the Bank has the right to ask for the immediate repayment of any outstanding under the loan.

Art. 10 APPLICATION OF PAYMENTS

The Bank has the right to apply any sums paid by the Company, or for his account, with preference, to pay expenses of any kind, including judicial ones even though are not to be repeated, and to any other cost incurred by the Bank on behalf of the Company, then to settle default interest and any other sum which is overdue and at the end to pay interest and principle, save the right however to utilize a different order of application.

Art. 11 PAYMENTS BY THIRD PARTIES

The Bank will have the right to refuse payments made by third parties on their own behalf.

Art. 12 ASSIGNABILITY

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The Bank shall have the right to transfer any or all of its rights hereunder to another bank after having informed the Company of its intentions.

Art. 13 NOTICES

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Art. 14 UNCONNECTION WITH THE RELATIONS BETWEEN THE COMPANY AND THIRD PARTIES

The Bank, unless agreed otherwise in writing, is always to be deemed not connected to any relation between the Company and third parties, so that no one can have right or claim against it.

Art. 15 JURISDICTION

For any dispute which may arise in connection with the application and the interpretation of this contract the Courts of Parma will have exclusive jurisdiction.

Art. 16 EVIDENCE OF DEBT

The Bank's books and entries shall constitute conclusive evidence of any amount due under the loan.
Art. 17 FINAL DETAILS

Any obligation of the Company under the present contract are deemed to be binding, jointly and severally, also on its successors and assigns

To this act and related formalities is applied the treatment envisaged in Article 15 and following of D.P.R. 29 September 1973 n. 601 (exemption from register taxes, stamp duties etc. in lieu of which is paid an imposta sostitutiva which is paid by the Bank of the amount of the loans disbursed each year)

On top of the amount of the imposta sostitutiva paid by the Bank and therefore deducted by the same from the loan proceeds, in the percentage to be applied at the time of the disbursement, the Company undertakes to reimburse to the Bank eventual increases in said imposta, which may become due in relation to the present contract, as a consequence of subsequent law regulations.

The Company hereby declares, having taking duly note of it, to wholly accept the terms and conditions of the present contract and to specifically approve in accordance with and for the effect of Article 1341 2nd paragraph of Civil Code, those as per Art 4, 5, 7, 8, 15.

T. Carubbi
- -------------------

T. Carubbi,
UniCredito Italiano

J.C. Bartolacci
- -------------------
J.C. Bartolacci,
Caggiati S.p.A.

EXHIBIT 21

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
EXHIBIT 21 - SUBSIDIARIES OF THE REGISTRANT

Name	Percentage Ownership
Matthews Canada Ltd.	100%
Matthews Industries	100
Matthews Bronze Pty. Ltd.	100
Matthews Properties Pty. Ltd.	100
Matthews International (Arkansas) Corporation	100
Matthews International Colorado, Inc.	100
Matthews International GmbH	100
S+T GmbH & Co. KG	50
Matthews International Trading Company, Ltd.	100
Matthews Swedot AB	100
Caggiati S.p.A.	100
Carolina Repro-Graphic	100
Granite Resources, Inc.	100
Industrial Equipment and Engineering Company, Inc.	100
Venetian Investment Corporation	100
TKZ Holding Corporation	100
Tukaiz Communications, L.L.C.	50
MattOne Holding Corporation	100
O.N.E. Color Communications, L.L.C.	50

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (Registration Nos. 2-48760, 33-57793, 33-57795, 33-57797 and 333-83731) of Matthews International Corporation, of our report dated November 18, 1999 related to the consolidated financial statements which appear in this Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Pittsburgh, Pennsylvania
December 20, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE REGISTRANT'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED SEPTEMBER 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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