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

Form 10-Q

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

For The Quarterly Period Ended June 30, 1999

Commission File Nos. 0-9115 and 0-24494

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

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

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

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

Yes [X] No [ ]

The number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class of Common Stock	Outstanding at July 31, 1999
Class A - $1.00 par value	13,229,649 shares
Class B - $1.00 par value	2,437,627 shares

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (UNAUDITED)

<TABLE>
<CAPTION>

<S>	June 30, 1999	September 30, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 26,452,075	$ 25,369,834
Short-term investments	201,498	229,903
Accounts receivable	46,054,690	32,892,094

Inventories:		
Materials and finished goods	$20,661,019	$15,114,759
Labor and overhead in process	1,190,964	1,248,815
Supplies	335,870	388,219
	----------	----------
	22,187,853	16,751,793
Other current assets	1,882,312	1,984,053
	----------	----------
Total current assets	96,778,428	77,227,677
Investments	13,485,194	24,250,799
Property, plant and equipment: Cost	90,767,566	78,876,967
Less accumulated depreciation	(39,679,261)	(34,146,591)
	----------	----------
	51,088,305	44,730,376
Deferred income taxes and other assets	14,859,657	14,005,434
Goodwill	49,104,856	26,991,478
	-----------	-----------
Total assets	$225,316,440	$187,205,764
	===========	===========
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Long-term debt, current maturities	7,431,176	800,252
Accounts payable	12,483,034	6,901,044
Accrued compensation	15,964,374	16,224,508
Accrued income taxes	1,625,195	3,942,617
Customer prepayments	6,751,152	7,441,088
Other current liabilities	8,674,849	8,597,060
	----------	----------
Total current liabilities	52,929,780	43,906,569
Long-term debt	22,480,521	1,434,679
Estimated finishing costs	4,308,464	3,831,674
Postretirement benefits	19,626,760	20,082,548
Other liabilities	14,689,738	13,639,998
Shareholders' equity:		
Common stock: Class A, par value $1.00	14,548,056	14,414,944
Class B, par value $1.00	3,618,940	3,752,052
Other shareholders' equity	93,114,181	86,143,300
	----------	----------
	111,281,177	104,310,296
	-----------	-----------
Total liabilities and shareholders' equity	$225,316,440	$187,205,764
	===========	===========

</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Sales	$ 61,405,443	$ 55,217,977	$176,435,150	$156,221,775
Cost of sales	35,912,327	30,157,581	102,325,890	86,895,061
	----------	----------	-----------	-----------
Gross profit	25,493,116	25,060,396	74,109,260	69,326,714
Selling and administrative expenses	14,366,454	14,727,369	43,723,467	42,490,771
	----------	----------	-----------	-----------
Operating profit	11,126,662	10,333,027	30,385,793	26,835,943
Investment income	602,371	584,965	1,390,170	1,879,684

Interest expense	(264,940)	(110,621)	(500,822)	(288,523)
Other income (deductions), net	(231,865)	(285,843)	(285,879)	(181,869)
Minority interest	128,121	(3,717)	(95,067)	(482,392)
Income before income taxes	11,360,349	10,517,811	30,894,195	27,762,843
Income taxes	4,472,287	4,135,929	12,165,816	10,878,876
Net income	$ 6,888,062	$ 6,381,882	$ 18,728,379	$ 16,883,967
Basic earnings per share	$ .44	$ .39	$ 1.18	$ 1.03
Diluted earnings per share	$ .43	$ .38	$ 1.15	$ 1.00
Dividends per share	$ .045	$.0425	$ .135	$.1275

</TABLE>

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

<TABLE>
<CAPTION>

	Nine Months Ended June 30,	
	1999	1998
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$18,728,379	$16,883,967
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,399,879	5,850,195
Deferred taxes	(339,253)	(851,349)
Net (increase) decrease in working capital items	(8,026,116)	3,071,812
(Increase) decrease in other noncurrent assets	(224,622)	158,769
Increase in estimated finishing costs	476,790	267,826
Increase in other liabilities	425,540	782,007
Decrease in postretirement benefits	(455,788)	(320,836)
(Gain) loss on sales of property, plant and equipment	47,991	(16,613)
Net (gain) loss on investments	(154,121)	41,869
Effect of exchange rate changes on operations	(268,971)	226,444
Net cash provided by operating activities	17,609,708	26,094,091
Cash flows from investing activities:		
Capital expenditures	(11,592,652)	(5,057,529)
Proceeds from sales of property, plant and equipment	156,065	388,755
Acquisitions, net of cash acquired	(10,278,531)	(6,127,183)
Investments	(529,503)	(1,271,543)
Proceeds from disposition of investments	4,227,392	8,559,636
Collections on loans to officers and employees	208,445	346,596
Net cash used in investing activities	(17,808,784)	(3,161,268)
Cash flows from financing activities:		
Proceeds from long-term debt	14,645,963	-
Payments on long-term debt	(600,381)	(1,001,011)
Proceeds from the sale of treasury stock	763,065	2,374,348
Purchases of treasury stock	(11,157,235)	(20,581,458)
Dividends paid	(2,136,584)	(2,604,629)

	----------	----------
Net cash provided by (used in) financing activities	1,514,828	(21,812,750)
	----------	----------
Effect of exchange rate changes on cash	(233,511)	(586,110)
	----------	----------
Net increase in cash and cash equivalents	$ 1,082,241	$ 533,963
	==========	==========
Supplemental Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 500,822	$ 288,523
Income Taxes	14,168,145	9,845,724

</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1999

Note 1. Nature of Operations

Matthews International Corporation ("Matthews"), founded in 1850 and incorporated in Pennsylvania in 1902, is a designer, manufacturer and marketer principally of 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 used by customers to mark or identify various consumer and industrial products and containers. The Company has sales and manufacturing facilities in the United States, Australia, Canada, Germany, Italy and Sweden.

Note 2. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information for commercial and industrial companies and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included. Operating results for the three-month and nine-month periods ended June 30, 1999 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 1999. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 1998.

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

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

Note 3. Income Taxes

The income tax provision for the period is based on the effective tax rate expected to be applicable for the full year. The difference between the estimated effective tax rate of 39.4% and the Federal statutory rate of 35% primarily reflects the impact of state income taxes.

Note 4. Earnings Per Share

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1999	1998	1999	1998
Net income	$ 6,888,062	$ 6,381,882	$18,728,379	$16,883,967
Weighted average common shares outstanding	15,788,712	16,219,037	15,901,985	16,430,678
Dilutive securities, primarily stock options	378,920	412,878	414,772	440,103
Diluted weighted average common shares outstanding	16,167,632	16,631,915	16,316,757	16,870,781
Basic earnings per share	$ .44	$ .39	$1.18	$1.03
Diluted earnings per share	$ .43	.38	$1.15	$1.00

</TABLE>

Note 5. Acquisitions

On June 1, 1999, Matthews purchased the assets of Caggiati S.p.A., which is based in Colorno (Parma), Italy, and its subsidiaries, Caggiati Espana S.A. in Valencia, Spain and Caggiati France S.a.r.l. in Lyon, France. The total purchase price was Lit. 34.6 billion (approximately $19 million) cash plus the assumption of bank debt up to Lit. 10.2 billion (approximately $6 million) and certain other trade liabilities. Matthews paid Lit. 20.2 billion cash at the closing with Lit. 7.2 billion 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 a loan from an Italian bank, Unicredito Italiano, Parma, Italy. The loan amortization period is 15 years with interest at 4.145% for the first five years.

Caggiati S.p.A., with consolidated annual sales of approximately $25 million (U.S.), is the leading supplier of bronze memorialization products in Europe.

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

Cautionary Statement

The following discussion should be read in conjunction with the consolidated financial statements and footnotes thereto included in this Quarterly Report on Form 10-Q and the Company's Annual Report on Form 10-K for the year ended September 30, 1998. Any forward-looking statements contained herein are included pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results in future periods to be materially different from management's expectations.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Factors that could cause the Company's results to differ materially from the results discussed in such forward-looking statements principally include economic, competitive and technological factors beyond the Company's control.

Results of Operations

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

	Nine months ended June 30,		Years ended September 30,		
	1999	1998	1998	1997	1996
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Gross profit	42.0	44.4	44.0	44.1	44.6
Operating profit	17.2	17.2	17.0	16.3	15.6
Income before income taxes	17.5	17.8	17.5	17.1	19.5
Net income	10.6	10.8	10.6	10.4	11.8

Sales for the nine months ended June 30, 1999 were $176.4 million and were $20.2 million, or 12.9%, higher than sales of $156.2 million for the nine months ended June 30, 1998. The sales increase for the first nine months of fiscal 1999 resulted from higher sales in all three of the Company's business segments. Sales for the Bronze segment increased 16% over the first nine months of fiscal 1998 resulting primarily from the Company's acquisition of Gibraltar Mausoleum Construction Company ("Gibraltar") in September 1998 combined with an increase in sales of memorial products and cremation equipment. Bronze segment sales for the current period also reflected the acquisition of Caggiati S.p.A. on June 1, 1999 (See "Acquisitions"). Sales for the Graphics Imaging segment were up 13% from the first nine months of fiscal 1998, primarily reflecting the Company's acquisitions of a 50% interest in O.N.E. Color Communications, L.L.C. ("O.N.E.") in May 1998 and S+T GmbH & Co. KG ("S+T") in September 1998. As a result of a change in control of S+T, the consolidated financial statements included the accounts of S+T effective April 1, 1999. Graphics Imaging segment sales for the fiscal 1999 third quarter were 11% higher than the fiscal 1998 third quarter due primarily to the acquisition of S+T. Marking Products segment sales for the nine months ended June 30, 1999 increased slightly over the same period a year ago. Sales for the segment's North American and Sweden operations grew 7% over the same period last year. These increases were offset by a decline resulting from the sale of the segment's distribution operation in France in February 1998.

Results of Operations, continued:

Gross profit for the nine months ended June 30, 1999 was $74.1 million, or 42.0% of sales, compared to $69.3 million, or 44.4% of sales, for the first nine months of fiscal 1998. The increase in consolidated gross profit of $4.8 million, or 6.9%, 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 and, for the Bronze segment, higher sales of memorial products and cremation equipment. Gross profit as a percent of sales declined in the Bronze segment for the period as a result of lower margins on sales of mausoleums. Gross profit as a percent of sales for the Graphics Imaging segment for the nine months ended June 30, 1999 was also lower than the same period last year reflecting lower margins on the segment's pre-press sales, higher material costs for certain Tukaiz products and an increase in depreciation expense due to higher levels of capital investment. Gross profit and gross profit as a percent of sales for the Marking Products segment for the first nine months of fiscal 1999 were slightly higher than the same period a year ago reflecting an improved product mix.

Selling and administrative expenses for the nine months ended June 30, 1999 were $43.7 million, representing an increase of $1.2 million, or 2.9%, over $42.5 million for the first nine months of fiscal 1998. The increase in selling and administrative expenses over the prior period principally resulted from the acquisition of O.N.E. combined with other increases in selling costs by the Graphics Imaging segment. Partially offsetting this increase was a reduction in Marking Products selling and administrative costs due to the sale of its French subsidiary. Although sales for the Bronze segment increased for the period, the segment's selling and administrative expenses declined from the same period a year ago resulting from cost improvements combined with lower incremental selling costs with the acquisition of Gibraltar. Consolidated selling and administrative expense as a percent of sales was 24.8% for the first nine months of fiscal 1999 compared to 27.2% for the nine months ended June 30, 1998.

Operating profit for the nine months ended June 30, 1999 was $30.4 million and was $3.6 million, or 13.2%, higher than the first nine months of fiscal 1998. The increase in the Company's operating profit for the first nine months of fiscal 1999 resulted primarily from higher sales in the Bronze segment. The acquisitions of Gibraltar and Caggiati in addition to increased sales volume of memorial products and cremation equipment accounted for the Bronze segment's operating profit improvement. Operating profit for the Marking Products segment also improved due to higher sales in the segment's North American and Swedish operations. Operating profit for the Graphics Imaging segment for the nine months ended June 30, 1999 was lower than the same period last year due to several factors including weak demand for corrugated printing plates, lower margins on the segment's pre-press sales, an increase in depreciation expense due to higher levels of capital investment, and unfavorable results from one of the segment's recent acquisitions. However, management has developed an action plan designed to improve the segment's operating performance which includes an overall reduction of operating expenses while at the same time focusing on an increase in sales.

Investment income for the first nine months of fiscal 1999 was $1.4 million, compared to $1.9 million for the first nine months of fiscal 1998. The Company's average cash and investment balances were lower than a year ago primarily as a result of acquisitions and stock repurchases.

Results of Operations, continued:

Interest expense for the nine months ended June 30, 1999 was approximately $501,000, compared to $289,000 for the first nine months of fiscal 1998. Interest expense principally related to the long-term debt and capital lease obligations of Tukaiz, new borrowings and assumed debt in connection with the acquisition of Caggiati, and the Company's obligations related to the acquisition of O.N.E. In connection with the acquisition of O.N.E., an additional amount is payable by Matthews for its 50% interest 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, Matthews is obligated to purchase the remaining 50% interest no later than May 2004, also contingent on the attainment of certain operating performance levels of O.N.E., with such payment to be not less than $4.5 million. A liability has been recorded for the present value of the minimum future payouts with interest imputed on the obligation and recorded on a monthly basis as a charge against income.

Other income (deductions), net, for the nine months ended June 30, 1999 represented a net reduction to pre-tax income of $286,000, compared to a net reduction of $182,000 for the first nine months of fiscal 1998. Fiscal 1998 included gains on the sale of various fixed assets. Minority interest, which was $95,000 for the nine months ended June 30, 1999 compared to $482,000 for the same period last year, relates to income generated by Tukaiz and S+T. The reduction in minority interest for the current period reflects lower earnings by Tukaiz.

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

Liquidity and Capital Resources

Net cash provided by operating activities was $17.6 million for the nine months ended June 30, 1999, compared to $26.1 million for the first nine months of fiscal 1998. The decline in operating cash flow primarily resulted from changes in working capital items during the current period, including an increase in accounts receivable related to mausoleum construction revenues and the payment of year-end compensation and income tax accruals. Operating cash flow for the nine months ended June 30, 1998 primarily reflected net income for the period adjusted for non-cash depreciation and amortization.

Cash used in investing activities was approximately $17.8 million for the nine months ended June 30, 1999 compared to $3.2 million for the same period a year ago. Investing activities for the first nine months of fiscal 1999 primarily reflected capital expenditures and the acquisition of Caggiati S.p.A., which were partially offset by net proceeds of $3.7 million from the disposition of investment securities. Capital expenditures, which were $11.6 million for the first nine months of fiscal 1999, were higher than the same period last year principally as a result of capital investments in the Graphics Imaging segment. Investing activities in the first nine months of fiscal 1998 included capital expenditures of $5.1 million, acquisitions in the Graphics Imaging segment of $6.1 million, and net proceeds of $7.3 million from the disposition of investment securities. Capital spending for property, plant and equipment has averaged approximately $6.3 million for the last three fiscal years.

Liquidity and Capital Resources, continued

Cash provided by financing activities for the nine months ended June 30, 1999 was $1.5 million and included borrowings of $10.8 million (Lit. 20.2 billion) for the acquisition of Caggiati S.p.A. and $3.8 million by Tukaiz to finance capital projects. Financing activities during the current period also included net treasury stock purchases of $10.4 million and the Company's cash dividends of $0.045 per share for each of the first three quarters of fiscal 1999. Cash used in financing activities for the nine months ended June 30, 1998 was $21.8 million consisting principally of treasury stock purchases of $18.2 million, the Company's cash dividends of $0.0425 per share for each of the first three quarters of fiscal 1998 and repayments of capital lease obligations. The Company currently has available lines of credit of approximately $13 million under which there were no outstanding borrowings at June 30, 1999.

At June 30, 1999 and September 30, 1998 and 1997, the Company's current ratio was 1.8, 1.8 and 1.9, respectively. The Company had cash and cash equivalents at June 30, 1999 and September 30, 1998 of $26.5 million and $25.4 million, respectively. Net working capital at June 30, 1999 was $43.8 million. The Company believes that its current liquidity sources, combined with its operating cash flow and additional borrowing capacity, will be sufficient to meet its capital needs for the next 12 months.

Acquisitions

On June 1, 1999, Matthews purchased the assets of Caggiati S.p.A., which is based in Colorno (Parma), Italy, and its subsidiaries, Caggiati Espana S.A. in Valencia, Spain and Caggiati France S.a.r.l. in Lyon, France. The total purchase price was Lit. 34.6 billion (approximately $19 million) cash plus the assumption of bank debt up to Lit. 10.2 billion (approximately $6 million) and certain other trade liabilities. Matthews paid Lit. 20.2 billion cash at the closing with Lit. 7.2 billion 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.

Caggiati S.p.A., with consolidated annual sales of approximately $25 million (U.S.), is the leading supplier of bronze memorialization products in Europe. The combination of Matthews and Caggiati S.p.A. is an important part of the 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.

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 except for certain systems within the Graphics Imaging segment, which are expected to be Year 2000 compliant before December 31, 1999.

In connection with this assessment, the Company is also contacting 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.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following Exhibits to this report are filed herewith:

Exhibit No.	Description
10.1	Caggiati S.p.A. Asset Purchase Agreement
27	Financial Data Schedule (via EDGAR)

(b) Reports on Form 8-K

The Registrant filed a Report on Form 8-K, dated May 4, 1999, under Item 5 in connection with the agreement by Matthews International Corporation to purchase the assets of Caggiati S.p.A. The Registrant subsequently filed a Report on Form 8-K, dated June 1, 1999, under Item 2 upon the completion of the acquisition of Caggiati S.p.A. See "Acquisitions" under Management's Discussion and Analysis of Financial Condition and Results of Operations.

SIGNATURES

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

MATTHEWS INTERNATIONAL CORPORATION
(Registrant)

Date 8/11/99 D.M. Kelly
------------- ---
D.M. Kelly, Chairman of the Board,
President and Chief Executive Officer

Date 8/11/99 E.J. Boyle
------------- ---
E.J. Boyle, Vice President, Accounting &
Finance, Treasurer and Secretary

Exhibit 10.1

AGREEMENT
FOR THE SALE OF A BUSINESS

AGREEMENT FOR THE SALE OF A BUSINESS (this "Agreement") dated May 4, 1999 by and among

- - Caggiati S.p.A., an Italian corporation with registered offices in Colorno (Parma), Via Martiri della Liberta No. 71, tax code / VAT No. 00534620349, registered with the register of companies of Parma under No. 9592, represented herein by Mr. Claudio Caggiati, (hereinafter the "Seller"), and

- - Mr. Claudio Caggiati and Mrs. Giovanna Caggiati, all domiciled in Colorno (Parma), Via Martiri della Liberta No. 71, (hereinafter "Messrs. Caggiati"),

- on the one side -

and,

- - Matthews International Corporation, a US corporation with corporate offices at Two NorthShore Center Pittsburgh, Pennsylvania, 15212-5851 USA, represented by Joseph C. Bartolacci, acting for itself or for an Affiliate to be indicated by the same no later than the date of the Closing (collectively, the "Buyer")

- on the other side -

W I T N E S S E T H

WHEREAS, the Seller owns and operates a business engaged in the production and sale of bronze products;

WHEREAS, the Seller and Messrs. Caggiati collectively own (i) 98% of the corporate capital of Caggiati Espana s.a., a Spanish corporation with offices in Valencia (Spain), Arquit. Segura de Lago 24 ("Caggiati Espana") and (ii) 100% of the corporate capital of Caggiati France SARL, a French corporation with offices in Saint Genis Laval (France), Parc des Aqueducs ("Caggiati France" and together with Caggiati Espana, the "Foreign Subsidiaries");

WHEREAS, the Seller desires to sell to the Buyer its business (azienda), subject to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants and upon the terms and subject to the conditions hereafter set forth, the parties hereto agree as follows:

1. Recitals; Definitions.

1.1 Recitals. All the foregoing recitals represent an integral and material part of this Agreement.

1.2 Definitions. As used in this Agreement, defined terms shall have the respective meanings set forth in Schedule A.

2. Transfer of the Business.

2.1 On the Closing Date, subject to the terms and conditions hereof, the Seller shall sell and transfer, and the Buyer shall purchase and accept, the Caggiati Business.

2.2 For the purposes of this Agreement, the "Caggiati Business" shall mean: (i) all assets of the Seller including those described in Schedule B, pages 2 through 5 (including inter alia, (a) 100% of the capital of the Foreign Subsidiaries, and (b) the tradename/trademark Caggiati), except for the assets described in Schedule B, page 1 (the "Excluded Assets"), and (ii) the liabilities described in Schedule B, page 6, with the limitations contained in Schedule C (the "Transferred Liabilities").

2.3 Attached as Schedule D to this Agreement is the 1998 Trial Balance. The

1998 Trial Balance is the one provided by Caggiati to Price Waterhouse Coopers for their tax and accounting due diligence.

3. Liabilities Assumed by the Buyer.

The Seller and the Buyer hereby agree that the Buyer shall take over only and exclusively the Transferred Liabilities, and only to the extent that such Transferred Liabilities are evidenced in the compulsory accounting books of the Seller, as provided by art. 2560 of the Italian Civil Code. The Buyer shall assume no other liability of the Seller.

4. Price.

4.1 In consideration for the sale of the Caggiati Business, at the Closing the Buyer shall pay to the Seller a total price of Lit 34.6 billion (the "Price").

4.2 The Price shall be paid as follows: Lit. 20.2 billion at Closing; Lit. 7.2 billion on the first anniversary (one year) after Closing; and Lit. 7.2 billion on the second anniversary (two years) after closing. Interest at the rate of 5% shall accrue on the two installment payments.

4.3 As guarantee for the installment payments, Buyer shall grant a stand-by letter of credit or a bank guarantee. The stand-by letter of credit or bank guarantee, shall provide that in the event of any formal claim (i.e. legal proceeding or administrative action) of the Buyer to be indemnified pursuant to this agreement, the bank shall refrain from effecting payment for the amount equal to the claim, if Matthews will provide evidence of a pledge established by it on 30% of the capital of Caggiati s.r.l. in favor of the Seller, securing payment of such amount.

5. Conditions to Closing.

5.1 Conditions to obligations of the Buyer. The obligations of the Buyer to purchase and pay for the Caggiati Business are subject to fulfillment of the following conditions (any of which may be waived in whole or in part by the Buyer):

5.1 (a) no legal proceeding shall be pending or overtly threatened, or any basis for such a proceeding asserted, before any court or any governmental body, governmental agency or regulatory authority of any jurisdiction or before any arbitrator or any other Person directed against the consummation of any of the transactions contemplated by this Agreement which, in the reasonable opinion of the Buyer, after consulting with the Seller, makes it impracticable or inadvisable to proceed with the transactions contemplated by this Agreement;

5.1 (b) the notification procedure to the Trade Unions under Article 47 of Law no. 428 of December 29, 1990 shall have been completed;

5.1 (c) the Seller's Representations and Warranties set forth in Schedule E hereof shall be true and correct as of the Closing Date and with respect to the entire time periods to which they refer;

5.1 (d) the Seller shall have performed and complied with all of their obligations under this Agreement which were required to be performed or complied with on or before the Closing Date;

5.1 (e) the Seller and Messrs. Caggiati shall have obtained from each party (excluding suppliers) to the contracts transferred with the Caggiati Business their consent, if required, to the relevant transfer to the Buyer;

5.1 (f) between the date of this Agreement and the Closing Date there shall not have occurred any event (regardless of whether such event is disclosed to the Buyer) that could result, directly or indirectly, in a material adverse effect on the economic or financial condition of the Caggiati Business; and,

5.1 (g) The Board of Directors and the Members of the Board of the Statutory Auditors of the Foreign subsidiaries, if any, shall have submitted their written resignation from the offices held in the Foreign subsidiaries.

5.2 Conditions to Obligations of the Seller. The obligation of the Seller to sell the Caggiati Business shall be subject to the following conditions:

5.2 (a) the Buyer's representations and warranties as set forth in Schedule F shall be true and correct as of the Closing Date and with respect to the entire time periods to which they refer; and

5.2 (b) the Buyer shall have performed and complied with all of its obligations under this Agreement which were required to be performed or complied with between the date of this Agreement and the Closing Date.

6. Closing.

6.1 The Closing shall take place on June 1, 1999 (the "Closing Date") at the offices of Gianni, Origoni & Partners, Piazza Belgioioso 2, Milan, or at such other date and place as the parties may mutually agree. The parties shall execute a deed of conveyance (the "Deed of Conveyance") for the Caggiati Business in a form substantially similar to Schedule G. The Italian Notary who will certify the Deed of Conveyance will be selected by the Buyer. The Deed of Conveyance will be executed for the purpose of giving effect to the sale of the Caggiati Business as required by Article 2556 of the Italian Civil Code, being it understood that such Deed of Conveyance shall in no way impair or alter the rights and obligations of the parties set forth in this Agreement, which shall survive in full the execution of the Deed of Conveyance. In case of conflict between any provisions of this Agreement and the Deed of Conveyance, this Agreement shall prevail and the Deed of Conveyance shall not constitute novation.

6.2 At the Closing, the Buyer will acquire full, unencumbered and unrestricted title to the Caggiati Business as of 0.01 a.m. of the Closing Date.

6.3 At and after the Closing, the Seller and Messrs. Caggiati shall also deliver or shall cause to be delivered to the Buyer all other necessary endorsements, assignments and other good and sufficient instruments of conveyance and transfer, as shall be effective to vest in the Buyer all the right, title and interest in and to the Caggiati Business as contemplated hereby.

7. Representations and Warranties of the Seller and Messrs. Caggiati.

The Seller and Messrs. Caggiati hereby make the representations and warranties contained in Schedule E, and the Seller and Messrs. Caggiati certify that such representations and warranties are true and complete as of the date of execution of this Agreement and shall continue to be true and complete as of the Closing Date and for the period of 30 months after the Closing Date (except where other dates are specified herein).

The Seller and Messrs. Caggiati acknowledge that the Buyer is relying thereon in connection with its entering into this Agreement. The parties hereto agree that no warranty is granted by the Seller and Messrs. Caggiati for possible loss deriving from accounts receivable or from differences or obsolescence in the inventory except for the provision set forth under article 1229 of the Italian Civil Code.

The parties agree that the above representations and warranties, and the relevant indemnification, shall be considered as a specific obligation of the Seller and Messrs. Caggiati. Any limitations applicable to the representations and warranties shall not apply in the event the Seller and Messrs. Caggiati have intentionally failed to disclose material facts regarding the Caggiati Business. The Buyer shall be entitled to indemnification also for any facts disclosed herein or otherwise known to Buyer, except as otherwise expressly agreed herein. The Buyer shall not be entitled to indemnification for any possible loss, cost or expenditure, deriving from the normal wear and tear of the Business assets. In the event of material breach of the representations and warranties of Seller and Messrs. Caggiati, Buyer shall be entitled to damages and termination, or damages alone, in its discretion.

8. Representations and Warranties of the Buyer.

The Buyer hereby makes the representations and warranties contained in Schedule F, and certifies that they will be true and complete as of the Closing Date (except where other dates are specified herein) and acknowledges that the Seller is relying thereon in connection with its entering into this Agreement. For all purposes the Buyer represents and warrants that all transferred liabilities will be taken on and paid in the normal course of business by its Italian subsidiary as of the date of the Closing.

Indemnification Obligations.

9.1 Indemnification. Except for any possible loss deriving from accounts receivable or from differences or obsolescence in the inventory, as specified under art. 7 second paragraph of the present agreement, the Seller and Messrs. Caggiati shall be responsible, jointly and severally, for any damage, loss, expense, cost or other liability, including actual legal and procedural fees ("Losses"), incurred by the Buyer, or its directors or employees, resulting from:

(a) the inaccuracy or untruthfulness of any of the Seller's representations and warranties;

(b) the failure of the Seller to comply with any obligations resulting from this Agreement;

(c) all liabilities of the Seller and of the Caggiati Business not expressly assumed by the Buyer pursuant to Section 3 hereof, whether or not disclosure thereof has been made to the Buyer. This indemnification shall not be subject to the Lit. 500.000.000 basket provided herein;

(d) any tax liability (including penalties, surcharges, and relevant legal costs) of the Caggiati Business pertaining to any date which is before the Closing Date;

(e) any environmental liability with a Lit. 2 billions "cap" not subject to the basket of Lit. 500,000,000 indicated hereinafter in this article (including penalties, clean-up costs, and relevant legal costs) of the Caggiati Business pertaining to any date which is before the Closing Date;

(f) any social security liability (including penalties, surcharges, and relevant legal costs) of the Caggiati Business pertaining to any date which is before the Closing Date;

(g) any labor liability (including penalties, surcharges, and relevant legal costs) of the Caggiati Business pertaining to any date which is before the Closing Date.

The words "liability pertaining to any date which is before the Closing Date" shall include, without limitation, any liability that arises after the Closing Date, which is in connection with facts, acts, and/or omissions that have occurred at any time before the Closing Date.

Buyer's right to indemnification shall expire:

- - with respect to the above paragraphs (a) and (b) after a period of 30 months from the Closing Date;

- - with respect to the above paragraph (c), after 10 years from the Closing Date;

- - with respect to the above paragraph (d) until expiration of the relevant statute of limitations;

- - with respect to the above paragraph (e) after 5 years from the Closing Date with a Lit.2 billions cap not subject to the basket of Lit. 500.000.000 indicated hereinafter in this article;

- - with respect to the above paragraph (f), after 5 years from the Closing Date in the case of actions instituted by INAIL; and 10 years from the Closing Date for actions instituted by employees, and

- - with respect to the above paragraph (g), after 5 years from the Closing Date.

The Seller and Messrs. Caggiati shall not be required to indemnify the Buyer under this article 9 until the aggregate of all Losses exceeds Lit 500,000,000, provided that if such limit is exceeded the Seller and Messrs. Caggiati shall indemnify the Buyer not only for the amount in excess of such limit but for the whole amount of the Losses.

10. Covenants of the Seller and Messrs. Caggiati.

10.1 Non-competition. Without prejudice to any other provision of this Agreement, for a period of 5 (five) years from the Closing Date, the Seller and Messrs. Caggiati will abstain from taking any of the following actions, directly or indirectly:

(a) engage, acquire or have an interest (whether as owner, partner, lender or otherwise) in any manufacturing or trade activity which is in competition with the Caggiati Business;

(b) offer to employ or otherwise engage or solicit any Person who is or has been a manager, employee, sales representative, agent or other trade intermediary of the Seller.

The above non-competition covenant will extend to the territory of Italy and of the following countries:

Spain, France, Germany and Belgium.

The Seller and Messrs. Caggiati hereby acknowledge and agree that the consideration for their non-compete commitment provided for in Section 10.1 hereof has been already included in the Price, and that therefore no further payment will be due to any of them by the Buyer in connection with such commitment.

10.2 Access to Information / Cooperation. Until the Closing Date, the Seller and Messrs. Caggiati shall:

(a) afford the Buyer and its representatives access to any type of information or documents relating to the Caggiati Business;

(b) cause the Seller's employees to furnish the Buyer and its representatives with such information, facts or explanations requested by them and to discuss openly with the Buyer and its representatives any aspects related to the condition and activity of the Caggiati Business;

(c) furnish to the Buyer and its representatives, upon their request, extracts or copies of documents relating to the Caggiati Business.

10.3 Conduct of the Caggiati Business. Between the date of this Agreement and the Closing Date, the Seller shall cause the Caggiati Business to be conducted only in the ordinary course and maintain in good condition all of its assets and maintain its economic and commercial relationships. In particular, at all times before the Closing, the Seller shall (a) maintain its corporate existence in good standing, (b) operate the Caggiati Business substantially as presently operated and only in the ordinary course and consistent with past operations and its obligations under any existing agreements, (c) use its reasonable best efforts to preserve intact the present organization and employees of the Caggiati Business and the Seller's relationships with Persons having business dealings with the Caggiati Business, (d) comply in all respects with all Laws, rules and regulations applicable to the Caggiati Business, (e) maintain its insurance coverages with respect to the Caggiati Business, (f) pay all Taxes, charges and assessments with respect to the Caggiati Business when due, subject to any valid objection or contest of such amounts asserted in good faith and adequately reserved against, (g) make all debt service payments with respect to the Caggiati Business when contractually due and payable, (h) pay all accounts payable and other current liabilities with respect to the Caggiati Business when due, and (i) maintain the property, plant and equipment included in the Caggiati Business in good operating condition in accordance with industry standards taking into account the age thereof.

Between the date hereof and the Closing Date, and except as provided in this Agreement or as otherwise consented to in writing by the Buyer, neither Seller (with respect to the Caggiati Business) nor Messrs. Caggiati shall:

(i) modify, change or otherwise alter the fundamental nature of the Caggiati Business or the way it is conducted;

(ii) write-up inventory;

(iii) make any capital expenditure or commit to make any capital expenditure;

(iv) enter into any supply contract or obligation having a present value in excess of Lire 20 million or into any other contract other than with customers having a present value in excess of Lire 20 million or duration of more than 1 (one) year;

(v) enter into any contract with customers upon terms and conditions different from terms and conditions applied up to the date of execution of this Agreement;

(vi) default under any obligation under any contract; or

(vii) limit the transferability of any transferred assets.

Between the date of this Agreement and the Closing Date, and except as provided in this Agreement, the Seller shall not cause or permit Caggiati S.p.A., other than in the ordinary course, to do the following:

(a) acquire or convey any material assets of the Caggiati Business;

(b) create any Lien or otherwise encumber any assets;

(c) purchase raw materials or supplies;

(d) alter production schedules;

modify or cancel any contract or Authorization;

(e) amend or curtail any purchase orders or distribution arrangements;

(f) hire new personnel and/or consultants, increase or create salaries, benefits, severance pay or other remuneration of Employees, directors and consultants;

(g) pay bonuses or distribute dividends, in any form; or

(h) take any other action which may result in an adverse change in the condition, results, or prospects of the Caggiati Business.

10.4 Exclusive Dealing. Neither the Seller, nor its Employees, shareholders, agents or representatives shall negotiate with Persons other than the Buyer for the transfer, in whole or in part, of the Caggiati Business nor shall any information be furnished for such purpose.

10.5 Lease Agreement. On the Closing Date the Buyer and the Seller shall enter into a lease agreement substantially in the form attached hereto as Schedule H. The rent shall be equal to Lit. 400 million for the first three years and Lit. 670 million thereafter.
(ISTAT adjustment shall be calculated starting from the third year with a "cap" of Lit 12,000,000).

10.6 Use of trademark and tradenames. The Seller and Messrs. Caggiati acknowledge that, as the purchaser of the Caggiati Business, the Buyer shall enjoy an unlimited free use of the tradename/trademark "Caggiati" or other tradenames/trademarks from time to time chosen by the Buyer, which may include the name "Caggiati" also in association with other names or logos, provided that such use shall be connected with the Caggiati Business. The Seller shall change its name within 30 days from the Closing Date.

10.7 Activity of Seller after the Closing. The Seller and Messrs. Caggiati undertake that, after the Closing Date, for a period of three years and without the consent by the Buyer (i) the Seller shall not incur indebtedness or grant any personal or real guarantees (including pledges and mortgages), (ii) they shall not establish or permit others to establish Liens of any kind on the shares or the assets of the Seller, (iii) Messrs. Caggiati shall continue to own the stock of the Seller. However consent to any of the foregoing transaction will not be unreasonably withheld by the Buyer.

11. Taxes and Other Expenses.

11.1 All income and capital gain Taxes due as a consequence of the sale to the Buyer of the Caggiati Business shall be borne and paid for by the Seller.

11.2 The Buyer and the Seller shall each pay the fees, expense and disbursements incurred by their respective auditors, consultants and legal advisors.

11.3 Registration tax shall be borne by the Buyer.

12. Miscellaneous.

12.1 Confidentiality and Publicity. None of the parties shall make public releases or announcements concerning the transactions contemplated in this Agreement without the prior consent of the other party (which consent shall not unreasonably be withheld) and the approval of the wording of the release or the announcement, except as such release or announcement may be required by Law or the rules or regulations of any Governmental Authority, in which case the party required to make the release or announcement shall allow the other party reasonable time to comment on such release or announcement in advance of such issuance.

12.2 Notice of Certain Events. Each of the Seller and the Buyer agree to give prompt notice to the other of any event which could result in a default of any obligation provided under this Agreement or result in any representation or warranty contained in this Agreement to be untrue. The Party notifying the other shall furnish all available documentation relating to the notified event; provided, however, that the delivery of any notice pursuant to this Section 12.2 shall not limit or otherwise affect the rights of the party receiving such notice.

12.3 Notices. (a) Any notices relating to this Agreement shall be made in writing by facsimile transmission with confirmation by registered letter with return receipt addressed as follows:

If to the Buyer to:
Matthews International Corporation
Two NorthShore Center
Pittsburgh, Pennsylvania, 15212-5851
USA
FAX int+1 (412) 442-8290

To the attention of Mr. Joseph C. Bartolacci

With copy to:

Gianni, Origoni & Partners
885 Third Avenue, Suite 3000
New York, New York 10022
USA
FAX No. int+1 (212) 826-2519

To the attention of Alessandro Giuliani

If to the Seller to:

Mr. Claudio Caggiati
Mrs. Giovanna Caggiati
Via Martiri della Liberta, 71 Colorno (PR)
FAX No. 39-054-816-777

With copy to:

Bruni-Gramellini e Associati
Corso di Porta Vittoria, 28
Milan, Italy
FAX No.: (39) 02 5457495

To the attention of Avv. Gian Bruno Bruni

With copy to:

Dott. Fabio Moltalbetti
Via G. Carducci no. 18
Milan, Italy
FAX No.: (39) 02 86467245

(b) Any communication sent pursuant to this Section 12.3 shall be deemed made on the date of confirmed transmission of the telecopy, or on the date of signature of the notice of receipt of the registered mail, whichever is earlier.

12.4 Entire Agreement/Waiver. (a) This Agreement and the Schedules contain the entire understanding and agreement of the parties and supersede all prior contracts, understandings or arrangements among the parties with respect to the subject matter hereof. Any amendment to this Agreement shall be valid only if made by writing and signed by a duly authorized representative of the Party against whom enforcement of such amendment is invoked.

(b) The default or delay in the exercise of a right resulting from this Agreement or the failure to contest non-compliance by one of the parties shall not constitute the other Party's waiver of compliance, unless expressly provided otherwise in writing.

12.5 Section Headings. The section headings contained in this Agreement are for reference purposes only and have no relevance for purposes of interpreting this Agreement.

12.6 Applicable Law/Disputes. This Agreement is governed by the Laws of the Republic of Italy. All disputes arising in connection with the Agreement shall be settled by arbitration, in accordance with the Rules of Arbitration and Conciliation of the Chamber of Commerce of Milan (Italy) - which the parties acknowledge to know and accept - by three arbitrators appointed pursuant to such Rules. The place of arbitration shall be Milan (Italy) and the proceedings shall be conducted in the English language.

12.7 Expenses. Save in case of termination for default of a party, the parties hereto shall pay their own respective expenses relating to the negotiation and performance of this Agreement whether or not the transactions contemplated hereby are consummated.

12.8 Severability. If any provision of this Agreement shall be held null or unenforceable by any court or competent authority, the parties agree to negotiate in good faith a substituting clause that most closely has the legal and economic effects of the invalidated clause, and the remaining provisions of this Agreement shall not in any way be affected or impaired.

12.9 Assignment. This Agreement and the rights and obligations thereunder may not be assigned without the prior written consent of the other party, provided, however, that the Buyer shall be entitled to assign this Agreement in its entirety to an Affiliate without the consent of Seller.

12.10 Language. This Agreement shall be executed in 2 original copies in the English language, one for the Buyer and one for the Seller.

12.11 Adverse Construction. The language in all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning and without implying a presumption that the terms thereof shall be more strictly construed against one party as opposed to another, it being agreed that representatives of all parties have participated in the preparation hereof and negotiations of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly entered into this Agreement, as of the day and year first above written.

CAGGIATI S.P.A.

By: Claudio Caggiati

    Claudio Caggiati

By: Giovanna Caggiati

    Giovanna Caggiati

MATTHEWS INTERNATIONAL CORPORATION

By: Joseph C. Bartolacci

    Joseph C. Bartolacci

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