



FIRST QUARTER REPORT

*For the Period Ended
December 31, 2001*

> TO OUR SHAREHOLDERS

Matthews International Corporation reported higher earnings for the quarter ended December 31, 2001. Net income for the quarter was \$7,821,000 versus \$6,742,000 for the same quarter last year. Earnings per share for the first quarter of fiscal 2002 were \$0.25 compared to \$0.21 a year ago, an increase of 19.0%. Sales in the quarter increased 28.2% to \$85,319,000 versus \$66,556,000 in the first quarter a year ago. For the three months ended December 31, 2001, operating income totaled \$13,327,000, up 16.1% over the first quarter of fiscal 2001.

We are pleased with the higher level of operating income and earnings per share for the quarter. The operating income improvement from quarter to quarter was mainly due to acquisitions we completed since the first quarter of fiscal 2001, which more than offset a reduction in profitability as a result of divesting Tukaiz Communications last January.

The Marking Products segment experienced a reduction in operating profit versus the same quarter last year due to a decline in segment sales. The sales decline resulted from the economic slowdown, which has reduced demand for capital goods sold by Matthews to the automotive, tire and building industries. In addition, excluding growth from acquisitions and adjusting for the divestiture of Tukaiz Communications, first quarter sales for the Graphics Imaging segment were lower than the same quarter a year ago. Results for this segment have been negatively affected by continued pressure on selling prices as suppliers to the corrugated and flexible packaging industries compete for volume in a contracting market. However, recent acquisitions and continuing focus on productivity improvements should enable Matthews to have another good year even though the economic environment remains weak.

On December 3, 2001, Matthews completed its acquisition of The York Group, Inc. ("York"). York is the second leading casket manufacturer in the United States and is expected to have annual sales of approximately \$130.0 million. York will operate as a wholly-owned subsidiary and separate segment of Matthews.

David M. Kelly

*Chairman of the Board, President and
Chief Executive Officer*

February 12, 2002

> CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Dollar amounts in thousands, except share data

	THREE MONTHS ENDED DECEMBER 31,	
	2001	2000
Sales	\$ 85,319	\$ 66,556
Cost of sales	53,695	38,396
Gross profit	31,624	28,160
Selling and administrative expenses	18,297	16,686
Operating profit	13,327	11,474
Investment income	813	639
Interest expense	(804)	(362)
Other income (deductions), net	56	(92)
Minority interest	(655)	(589)
Income before income taxes	12,737	11,070
Income taxes	4,916	4,328
Net income	\$ 7,821	\$ 6,742
Earnings per share:		
Basic	\$.26	\$.22
Diluted	\$.25	\$.21
Dividends per share	\$.02625	\$.025
Weighted-average number of common shares outstanding:		
Basic	30,278,084	30,892,154
Diluted	31,520,545	31,439,814

Dollars in thousands

December 31, 2001* September 30, 2001

Assets

Current assets:

Cash and cash equivalents	\$ 44,686	\$ 28,691
Short-term investments	4,517	240
Accounts receivable, net	64,746	52,086
Inventories	26,754	18,773
Other current assets	2,985	2,538
Total current assets	143,688	102,328
Investments	4,548	18,048
Property, plant and equipment, net	74,968	49,009
Deferred income taxes and other assets	26,074	14,982
Goodwill, net	145,264	104,585
Total assets	\$ 394,542	\$ 288,952

Liabilities and Shareholders' Equity

Current liabilities:

Long-term debt, current maturities	\$ 4,164	\$ 5,023
Accounts payable	18,604	12,971
Accrued compensation	14,319	16,283
Accrued income taxes	9,660	4,962
Customer prepayments	5,491	6,130
Other current liabilities	23,941	21,170
Total current liabilities	76,179	66,539
Long-term debt	125,935	40,726
Estimated finishing costs	7,470	7,401
Postretirement benefits	18,574	18,639
Other liabilities	16,700	11,931
Shareholders' equity:		
Common stock	36,334	36,334
Retained earnings	191,826	184,845
Accumulated other comprehensive income (loss)	(10,027)	(8,983)
Treasury stock, at cost	(68,449)	(68,480)
Total shareholders' equity	149,684	143,716
Total liabilities and shareholders' equity	\$ 394,542	\$ 288,952

*Unaudited.

Matthews International Corporation

Corporate Office
Two NorthShore Center
Pittsburgh, PA 15212-5851

Phone: (412) 442-8200 • Fax: (412) 442-8290
Internet: www.matw.com

Matthews International Corporation, headquartered in Pittsburgh, Pennsylvania, is a designer, manufacturer and marketer principally of memorialization products and caskets for the cemetery and funeral home industries, and custom-made products which are used to identify people, places, products and events. The Company's products include cast bronze memorials and other memorialization products; caskets and casket components; bronze and aluminum architectural products; cremators and cremation-related products; mausoleums; merchandising systems for the funeral services industry; printing plates, pre-press services, and imaging systems for the corrugated and flexible packaging industries; and marking equipment and consumables for identifying various consumer and industrial products and containers.

COMMON STOCK

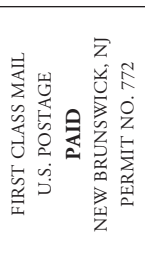
Matthews International Corporation common stock is traded on the NASDAQ National Market System under the symbol "MATW."

TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSEMENT AGENT

EquiServe Trust Company, NA
P.O. Box 2500
Jersey City, New Jersey 07303-2500
(201) 324-0313
Internet: www.equiserve.com

INVESTOR CONTACT

Edward J. Boyle
Chief Financial Officer, Secretary and Treasurer



Matthews
INTERNATIONAL CORPORATION

Two NorthShore Center
Pittsburgh, PA 15212-5851