



SECOND QUARTER REPORT

*For the Period Ended
March 31, 2002*

> TO OUR SHAREHOLDERS

Matthews International Corporation reported net income for the quarter ended March 31, 2002 of \$9,633,000 versus \$8,124,000 for the same quarter last year. Earnings per share for the second quarter of fiscal 2002 were \$0.30 compared to \$0.26 a year ago, an increase of 15.4%. Net income and earnings per share for the quarter also included the Company's loss on the sale of its imported granite business during March 2002. The loss on the sale reduced earnings per share by one cent for the quarter and six months ended March 31, 2002. Sales in the quarter increased 66.0% to \$110,110,000 versus \$66,339,000 in the second quarter of fiscal 2001.

Net income, excluding the effect of a change in accounting, for the six months ended March 31, 2002 was \$17,454,000 versus \$14,866,000 for the six months ended March 31, 2001. The current year excludes a charge (net of tax) of \$3,226,000, or \$0.10 per share, for impairment of goodwill resulting from the adoption of Statement of Financial Accounting Standards (SFAS) No. 142 "Goodwill and Other Intangible Assets." Earnings per share (excluding the effect of the accounting change) for the first half of fiscal 2002 increased 17.0% to \$0.55 compared to \$0.47 for the first six months a year ago. Sales for the first half of fiscal 2002 increased 47.1% to \$195,429,000 versus \$132,895,000 for the first half of fiscal 2001.

The increases in the Company's sales, operating income, net income and earnings per share compared to the same periods a year ago have been driven by recent acquisitions. The benefits of these acquisitions have more than offset declining sales and reduced profitability in our Marking Products and domestic Graphics businesses. Sales volume in Marking Products is running below last year mainly due to the downturn in the domestic economy, while sales into the graphics industry have been hampered by reductions in advertising coupled with price pressure on printing plates sold into the corrugated packaging industry. The Company continues to have a solid balance sheet with a cash and investment position of approximately \$49 million. In addition, the Company paid down another \$10 million on its credit facility during its second fiscal quarter.

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

May 14, 2002

> CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Dollar amounts in thousands, except share data

	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2002	2001	2002	2001
Sales	\$110,110	\$ 66,339	\$195,429	\$132,895
Cost of sales	(69,848)	(38,121)	(123,543)	(76,517)
Gross profit	40,262	28,218	71,886	56,378
Selling and administrative expenses	(22,961)	(16,796)	(41,258)	(33,482)
Special items	—	2,177	—	2,177
Operating profit	17,301	13,599	30,628	25,073
Investment income	272	778	1,085	1,417
Interest expense	(1,189)	(294)	(1,993)	(656)
Other income (deductions), net	(40)	(465)	16	(557)
Minority interest	(656)	(477)	(1,311)	(1,066)
Income before income taxes and change in accounting principle	15,688	13,141	28,425	24,211
Income taxes	(6,055)	(5,017)	(10,971)	(9,345)
Income before change in accounting principle	9,633	8,124	17,454	14,866
Change in accounting principle, net of tax	—	—	(3,226)	—
Net income	\$ 9,633	\$ 8,124	\$ 14,228	\$ 14,866
Earnings per share, before change in accounting principle:				
Basic	\$.31	\$.26	\$.57	\$.48
Diluted	\$.30	\$.26	\$.55	\$.47
Earnings per share:				
Basic	\$.31	\$.26	\$.47	\$.48
Diluted	\$.30	\$.26	\$.45	\$.47
Dividends per share	\$.02625	\$.025	\$.0525	\$.05
Weighted-average number of common shares outstanding:				
Basic	30,588,634	30,665,128	30,455,053	30,769,612
Diluted	31,620,164	31,285,796	31,594,020	31,356,378

Dollars in thousands

	March 31, 2002*	September 30, 2001
Assets		
Current assets:		
Cash and cash equivalents	\$ 41,038	\$ 28,691
Short-term investments	4,547	240
Accounts receivable, net	67,177	52,086
Inventories	24,377	18,773
Other current assets	3,279	2,538
Total current assets	140,418	102,328
Investments	4,490	18,048
Property, plant and equipment, net	72,642	49,009
Deferred income taxes and other assets	25,322	14,982
Goodwill, net	142,399	104,585
Total assets	\$ 385,271	\$ 288,952
Liabilities and Shareholders' Equity		
Current liabilities:		
Long-term debt, current maturities	\$ 4,271	\$ 5,023
Accounts payable	17,540	12,971
Accrued compensation	16,078	16,283
Accrued income taxes	1,200	4,962
Customer prepayments	5,464	6,130
Other current liabilities	20,231	21,170
Total current liabilities	64,784	66,539
Long-term debt	114,671	40,726
Estimated finishing costs	7,532	7,401
Postretirement benefits	18,462	18,639
Other liabilities	16,672	11,931
Shareholders' equity:		
Common stock	36,334	36,334
Retained earnings	197,466	184,845
Additional paid-in capital	1,216	—
Accumulated other comprehensive income (loss)	(10,492)	(8,983)
Treasury stock, at cost	(61,374)	(68,480)
Total shareholders' equity	163,150	143,716
Total liabilities and shareholders' equity	\$ 385,271	\$ 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

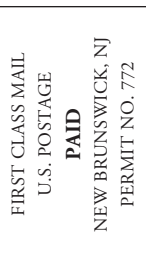
Matthews International Corporation common stock is traded on the NASDAQ National Market System under the symbol "MATW."

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