

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
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FILER

MATTHEWS INTERNATIONAL CORP

CIK: **63296** | IRS No.: **250644320** | State of Incorp.: **PA** | Fiscal Year End: **0930**
Type: **10-Q** | Act: **34** | File No.: **000-09115** | Film No.: **95536044**
SIC: **3990** Miscellaneous manufacturing industries

Mailing Address

*TWO NORTSHORE CENTER
PITTSBURGH PA 15212-5851*

Business Address

*TWO NORTSHORE CENTER
PITTSBURGH PA 15212-5851
4124428200*

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

Form 10-Q

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

For The Quarterly Period Ended March 31, 1995

Commission File Nos. 0-9115 and 0-24494

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

PENNSYLVANIA
(State or other jurisdiction of
incorporation or organization)

25-0644320
(I.R.S. Employer
Identification No.)

TWO NORTHSORE CENTER, PITTSBURGH, PA
(Address of principal executive offices)

15212-5851
(Zip Code)

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

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

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

Yes

No

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 April 30, 1995
Class A - \$1.00 par value	2,582,618 shares
Class B - \$1.00 par value	6,267,732 shares

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

<TABLE>
<CAPTION>

	March 31, 1995	September 30, 1994
	-----	-----
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 28,925,671	\$ 24,264,967
Accounts and notes receivable, net	26,509,433	27,122,619
Inventories:		
Materials and finished goods	\$ 8,980,295	\$ 8,697,118
Labor and overhead in process	776,383	764,219
Supplies	551,861	540,557
Less LIFO reserve	(241,530)	(241,530)
	-----	-----
	10,067,009	9,760,364
Other current assets	1,131,054	1,469,040
	-----	-----
Total current assets	66,633,167	62,616,990
Accounts receivable, noncurrent	1,413,577	1,402,129
Property, plant and equipment: Cost	61,733,225	60,070,477
Less accumulated depreciation	(23,220,852)	(21,821,201)
	-----	-----
	38,512,373	38,249,276
Deferred income taxes and other assets	12,094,462	11,565,822
Goodwill	5,467,730	5,780,027
	-----	-----
Total assets	\$124,121,309	\$119,614,244
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Long-term debt, current maturities	438,420	423,263
Accounts payable	3,852,290	4,699,634
Accrued compensation	6,157,241	8,311,734
Accrued income taxes	1,161,512	1,248,377
Customer prepayments and other current liabilities	5,974,953	6,923,147
	-----	-----
Total current liabilities	17,584,416	21,606,155
Long-term debt	522,550	745,616
Estimated cemetery and finishing costs	4,901,105	4,761,113
Postretirement benefits	19,318,720	18,584,826
Deferred revenue and other liabilities	2,709,505	2,553,266
Shareholders' equity:		
Common stock: Class A, par value \$1.00	2,353,590	1,380,000
Class B, par value \$1.00	6,496,760	7,470,350
Other shareholders' equity	70,234,663	62,512,918
	-----	-----
	79,085,013	71,363,268
	-----	-----
Total liabilities and shareholders' equity	\$124,121,309	\$119,614,244
	=====	=====

/TABLE

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

<TABLE>
<CAPTION>

Three Months Ended	Six Months Ended
March 31,	March 31,
-----	-----

	1995 ----	1994 ----	1995 ----	1994 ----
<S>	<C>	<C>	<C>	<C>
Sales	\$ 42,085,583	\$ 39,734,580	\$ 82,171,388	\$ 77,715,907
Cost of sales	23,180,292	22,037,614	44,902,530	42,940,693
Selling and administrative expenses	12,555,911 -----	11,411,244 -----	24,555,784 -----	22,289,534 -----
Operating profit	6,349,380	6,285,722	12,713,074	12,485,680
Interest expense	21,824	98,883	40,365	190,690
Other (income) & deductions, net	(356,083) -----	(11,325) -----	(526,413) -----	(103,718) -----
Income before income taxes	6,683,639	6,198,164	13,199,122	12,398,708
Income taxes (1)	2,603,011 -----	2,482,016 -----	5,208,829 -----	5,065,720 -----
Net income	\$ 4,080,628 =====	\$ 3,716,148 =====	\$ 7,990,293 =====	\$ 7,332,988 =====
Earnings per share (4)	\$.46 =====	\$.42 =====	\$.90 =====	\$.80 =====
Dividends per share (4)	\$.06 =====	\$.01 =====	\$.12 =====	\$.02 =====
Weighted average number of common shares outstanding (4)	8,850,350 =====	8,832,195 =====	8,850,350 =====	9,130,590 =====

/TABLE

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

<TABLE>
<CAPTION>

	Six Months Ended March 31,	
	1995 ----	1994 ----
<S>	<C>	<C>
Cash flows from operating activities:		
Net Income	\$ 7,990,293	\$ 7,332,988
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,286,393	2,048,018
Deferred taxes	(344,600)	(289,532)
Net increase in certain working capital items	(3,400,848)	(1,863,073)
Increase in accounts receivable, noncurrent	(11,448)	(95,079)
(Increase) decrease in cemetery inventory	(2,893)	27,356
Decrease in other noncurrent assets	22,840	(765,680)
Increase in estimated finishing and cemetery costs	139,992	228,253

Decrease in deferred revenue and expenses and other liabilities	(39,270)	(7,906)
Increase in postretirement benefits	733,894	499,226
Net loss on sale of property, plant and equipment	20,659	20,896
Effect of exchange rate changes on operations	196,861	383,871
	-----	-----
Net cash provided by operating activities	7,591,873	7,519,338
	-----	-----
Cash flows from investing activities:		
Acquisitions of property, plant and equipment	(2,329,309)	(1,951,216)
Proceeds from disposals of property, plant and equipment	19,264	15,787
Collections on loans to officers and employees	692,636	381,623
	-----	-----
Net cash used in investing activities	(1,617,409)	(1,553,806)
	-----	-----
Cash flows from financing activities:		
Payments on long-term debt	(207,909)	(3,314,342)
Proceeds from the sale of treasury stock	-	104,579
Purchases of treasury stock	-	(6,100,893)
Dividends paid	(1,061,647)	(188,791)
	-----	-----
Net cash used in financing activities	(1,269,556)	(9,499,447)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	(44,205)	9,783
	-----	-----
Net increase (decrease) in cash and cash equivalents	\$ 4,660,703	\$ (3,524,132)
	=====	=====
Supplemental Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 40,365	\$ 190,690
Income Taxes	5,640,294	4,395,148

/TABLE

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MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1995

Note 1. 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 39.5% and the Federal statutory rate of 35% is primarily due to state and foreign income taxes.

Note 2. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information for commercial and industrial companies and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the three-month and six-month periods ended March 31, 1995 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 1995. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual

Note 3. Stock Option Plan

The Company has a stock incentive plan which provides for the grant of incentive stock options, nonstatutory stock options and restricted share awards. 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 under the stock incentive plan is 600,000 shares. The option price for each stock option which may be granted under the plan may not be less than fair market value of the Company's common stock on the date of grant. In December 1994, by action of the Compensation Committee of the Company's Board of Directors, certain officers and other management personnel were granted nonstatutory stock options to purchase a combined total of 377,500 shares of the Company's Class A Common Stock at an exercise price of \$14.25 per share. The 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 during the period December 9, 1999 through December 16, 1999. The options are not exercisable before June 9, 1995 and expire December 9, 2004 if not exercised.

Note 4. Stock Split

Fiscal 1994 earnings and dividends per share and average share information have been restated for the 15-for-1 common stock split which occurred in July 1994.

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

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.

	Six months ended March 31,		Years ended September 30,		
	1995	1994	1994	1993	1992
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Gross profit	45.4	44.7	45.1	42.4	43.5
Operating profit	15.5	16.1	15.1	11.6	12.0
Income before income taxes	16.1	16.0	14.9	11.0(1)	12.0
Net income	9.7	9.4	8.8	6.6(1)	7.1

(1) Excludes the cumulative effect of changes in accounting principles for the adoptions of SFAS No. 106 and SFAS No. 109.

Sales for the six months ended March 31, 1995 were \$82.2 million and were \$4.5 million, or 5.7%, higher than sales of \$77.7 million for the first six months of fiscal 1994. The increase for the first six months of fiscal 1995 reflected higher sales in all three of the Company's segments. The Marking Products segment generated the largest sales increase, up 12.2% over the first six months of fiscal 1994. The increase in this segment's sales is the result of higher sales volume, principally in Europe and Australia. Bronze segment sales for the first six months of fiscal 1995 were up 5.3% over the same period of fiscal 1994 reflecting improvements in both selling price and unit volume. Graphic Systems sales for the first six months of fiscal 1995 were up only slightly over the first six months of fiscal 1994 as both sales volume and unit

prices were relatively consistent with the prior year. The Graphic Systems sales volume also reflected a temporary decline in demand for printing plates used in the corrugated packaging industry.

Gross profit for the six months ended March 31, 1995 was \$37.3 million, or 45.4% of sales, compared to \$34.8 million, or 44.7%, for the first six months of fiscal 1994. The increase in gross profit of \$2.5 million, or 7.2%, and the increased percentage of gross profit to sales for the first six months of fiscal 1995 were attributable principally to the higher sales levels of each of the Company's segments and a reduction in certain employee benefit expenses and other overhead costs for the period offset partially by increased prices for certain raw materials.

Selling and administrative expenses for the six months ended March 31, 1995 were \$24.6 million, representing an increase of \$2.3 million, or 10.2%, from \$22.3 million for the first six months of fiscal 1994. Selling and administrative expenses increased in connection with higher sales for the period and also reflected an increase in domestic advertising costs of the Marking Products segment combined with higher selling expenses in Australia and Europe.

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Operating profit for the six months ended March 31, 1995 was \$12.7 million and was \$227,000, or 1.8%, higher than operating profit of \$12.5 million for the first six months of fiscal 1994. Increased sales and related gross profit in the Bronze and Marking Products segments were the primary factors contributing to the higher operating profit level offset partially by an increase in consolidated selling and administrative expenses.

Interest expense for the six months ended March 31, 1995 was approximately \$40,000, compared to \$191,000 for the first six months of fiscal 1994. The decrease in interest expense was principally a result of the repayment of all amounts outstanding under the Term Loan Agreement during fiscal 1994.

Other income and deductions (net) for the six months ended March 31, 1995 resulted in a \$526,000 increase in income before income taxes compared a \$104,000 increase for the first six months of fiscal 1994. Other income and deductions (net) for the first six months of fiscal 1995 primarily reflected an increase in interest income as a result of a higher cash position during the current period and an increase in interest rates.

The Company's effective tax rate for the first six months of fiscal 1995 was 39.5%, compared to 40.8% for the year ended September 30, 1994. The lower effective tax rate for fiscal 1995 is primarily the result of a reduction in the effect of foreign income taxes on the Company's consolidated tax position. The difference between the Company's effective tax rate and the Federal statutory rate of 35% is primarily the impact of state and foreign income taxes.

Liquidity and Capital Resources

Net cash provided by operating activities was \$7.6 million for the six months ended March 31, 1995, compared to \$7.5 million for the first six months of fiscal 1994. Operating cash flow for the first six months of both fiscal 1995 and 1994 was primarily generated by the Company's net income of \$8.0 million and \$7.3 million, respectively.

Cash used in investing activities approximated \$1.6 million for the six months ended March 31, 1995, representing an increase of \$64,000 over the same period a year ago. Capital expenditures for the six months ended March 31, 1995 amounted to \$2.3 million, compared to capital expenditures of \$2.0 million for the same period in fiscal 1994. The increase is due primarily to an increase

in the capital budget for fiscal 1995 and the timing of capital spending projects in comparison to the prior period. The capital budget of the Company for fiscal 1995 is \$12.0 million. Capital spending for property, plant and equipment has averaged approximately \$6.4 million for the last three fiscal years. The Company expects to generate sufficient cash from operations to fund all anticipated capital spending projects.

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Cash used in financing activities for the six months ended March 31, 1995 was \$1.3 million reflecting the payment of dividends (\$.12 per share for the six month period) and repayments under the Company's capital lease agreements. Cash used in financing activities in the first six months of fiscal 1994 was \$9.5 million primarily consisting of repayments under the Company's Term Loan Agreement and treasury stock redemptions under the Employees' Stock Purchase Plan. Dividends for the first six months of fiscal 1994 were \$.02 per share. The Company currently has available lines of credit of approximately \$11 million. There were no outstanding borrowings on any of the Company's lines of credit at March 31, 1995. As of such date, the Company's outstanding long-term debt, which consisted of capital lease obligations, was \$961,000.

At March 31, 1995 and September 30, 1994 and 1993, the Company's current ratio was 3.8, 2.9 and 3.0, respectively. The Company had cash and cash equivalents at March 31, 1995 and September 30, 1994 of \$28.9 million and \$24.3 million, respectively. Net working capital at March 31, 1995 was \$49.0 million. The Company believes that its current liquidity sources, combined with its operating cash flow and additional borrowing capacity, are presently sufficient to meet its capital needs (excluding acquisitions) for the next 12 months.

Stock Option Plan

The Company has a stock incentive plan which provides for the grant of incentive stock options, nonstatutory stock options and restricted share awards. 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 under the stock incentive plan is 600,000 shares. The option price for each stock option which may be granted under the plan may not be less than fair market value of the Company's common stock on the date of grant. In December 1994, by action of the Compensation Committee of the Company's Board of Directors, certain officers and other management personnel were granted nonstatutory stock options to purchase a combined total of 377,500 shares of the Company's Class A Common Stock at an exercise price of \$14.25 per share. The 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 during the period December 9, 1999 through December 16, 1999. The options are not exercisable before June 9, 1995 and expire December 9, 2004 if not exercised.

Other Matters

The Company recently announced the appointment of David M. Kelly as President and Chief Operating Officer of Matthews International Corporation. Prior to the appointment, this position had been vacant. Mr. Kelly joins Matthews International Corporation following a 22-year career with Carrier Corporation where he was most recently responsible for worldwide operations of its residential and light commercial business.

PART II - OTHER INFORMATION

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

The Annual Meeting of the Shareholders of Matthews International Corporation was held on February 17, 1995. Total shares eligible for vote at such meeting were:

Class A Common Stock (one vote per share)	1,380,000 shares
Class B Common Stock (ten votes per share)	7,470,350 shares

The matters voted upon at such meeting were as follows:

1. Election of Directors

The following individuals were nominated for election to the Board of Directors for terms expiring at the Annual Meeting of Shareholders in the year as set forth below. All nominations were made by the Board of Directors and no other nominations were made by any shareholder. All nominees had currently been members of the Board of Directors at the date of the Annual Meeting.

Nominee	Term Expiration	Votes	
		For	Withhold Authority
G.D. Barefoot	1997	65,384,155	1,172,700
R.T. Busteed	1996	65,382,455	1,174,400
W.A. Coates	1998	64,268,755	2,288,100
D.J. DeCarlo	1998	65,381,255	1,175,600
W.M. Hauber	1998	63,841,105	2,715,750
T.N. Kennedy	1997	65,383,955	1,172,900
G.C. Oehmler	1996	64,043,635	2,513,220
J.P. O'Leary, Jr.	1998	65,384,455	1,172,400
J.L. Parker	1996	65,383,955	1,172,900
W.J. Stallkamp	1997	65,246,755	1,310,100

2. Approval of the 1994 Director Fee Plan

At its meeting held December 9, 1994, the Board of Directors adopted and recommended for shareholder approval a fee plan for outside directors. The shareholders voted to adopt this plan, which will replace the existing fee arrangement.

Votes For:	57,873,589
Votes Against:	6,120,455
Abstaining:	2,049,472
Broker Non-Votes:	513,339

3. Approval of the 1994 Employee Stock Purchase Plan

At its meeting held December 9, 1994, the Board of Directors adopted and recommended for shareholder approval the 1994 Employee Stock Purchase Plan to replace existing Employee Stock Purchase Plan. The shareholders voted to adopt this plan.

Votes For:	63,715,865
Votes Against:	1,343,850
Abstaining:	980,510
Broker Non-Votes:	516,630

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

4. Selection of Auditors

The shareholders voted to ratify the appointment by the Board of Directors of Coopers & Lybrand as independent certified public accountants to audit the records of the Company for the year ending September 30, 1995.

Votes For:	64,530,573
Votes Against:	601,070
Abstaining:	1,425,212

Item 5. Other Information

At its meeting held March 10, 1995, the Board of Directors increased the size of the full Board from 10 to 11 persons. Effective April 3, 1995, David M. Kelly was appointed to fill the vacancy thereby created.

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	1994 Director Fee Plan
10.2	1994 Employee Stock Purchase Plan

(b) Reports on Form 8-K

A Form 8-K current report was filed by the Company on February 21, 1995 reporting under "Item 5 - Other Events,"

1. Matthews International Corporation (the "Company") adds the following exhibits to Item 8 of its Form S-8 (the "Form S-8") Registration Statement (Registration No. 2-48760) for its Employees' Stock Purchase Plan (the "Plan"):

Exhibit No.	Description
-----	-----
4.1	Restated Articles of Incorporation of the Company, incorporated by reference to Exhibit Number 3.1 to Form 10-K for the year ended September 30, 1994
4.2	By-Laws of the Company, incorporated by reference to Exhibit 3.2 to Form 10-K for the year ended September 30, 1994

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Item 6. Exhibits and Reports on Form 8-K, continued

(b) Reports on Form 8-K, continued

2. On July 20, 1994, the Company's Restated Articles of Incorporation (the "Restated Articles") were filed with the Commonwealth of Pennsylvania thereby converting each share of the Company's then outstanding Common Stock, par value \$.10 per share, into 15 shares of Class B Common Stock, par value \$1.00 per share (the "Class B Common

Stock"). The Restated Articles also authorized the issuance of Class A Common Stock, par value \$1.00 per share (the "Class A Common Stock"). Either Class A Common Stock or Class B Common Stock can be issued under the Plan. A description of the Class A Common Stock containing the information required by Item 202 of Regulation S-K is incorporated herein by reference to the Company's filed Registration Statement on Form 8-A dated July 8, 1994. A description of the Company's Class B Common Stock containing the information required by Item 202 of Regulation S-K is incorporated herein by reference to the "Description of Capital Stock" contained in Amendment No. 2 to the Company's Registration Statement on Form S-2 (No. 33-79538) filed with the Securities and Exchange Commission on July 8, 1994. These descriptions of Class A Common Stock and Class B Common Stock, along with any amendment to or restatement of such descriptions hereafter filed by the Company, are incorporated into the Form S-8.

3. The description of Class B Common Stock set forth in No. 2 above also updates and replaces the description of the Company's Common Stock contained in any previous Registration Statement filed by the Company under the Securities Exchange Act of 1934, as amended.

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SIGNATURES

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

MATTHEWS INTERNATIONAL CORPORATION
(Registrant)

Date 5/10/95

T.N. Kennedy

T. N. Kennedy, Senior Vice President,
Chief Financial Officer and Treasurer

Date 5/10/95

J.L. Parker

J. L. Parker, Senior Vice President,
General Counsel and Secretary

MATTHEWS INTERNATIONAL CORPORATION

1994 DIRECTOR FEE PLAN

SECTION 1

Purposes; Reservation of Shares

The purposes of the 1994 Director Fee Plan (the "Plan") are to provide for each Director of Matthews International Corporation (the "Corporation") who is not also an employee of the Corporation or any of its Subsidiaries the payment of retainer fees for future services to be performed by such Director ("Director Fees") as a member of the Board of Directors of the Corporation (the "Board") in shares of Class A Common Stock, par value \$1.00 per share, of the Corporation ("Common Stock") and to increase the identification of interests between such Directors and the shareholders of the Corporation by paying Directors the Director Fees in shares of Common Stock. The purposes of the Plan also are to provide current payment in cash to each Director for fees paid for attendance at meetings of the Board ("Board Meeting Fees"), fees paid to members other than the Chairman of a Committee for attendance at meetings of Committees of the Board ("Committee Meeting Fees") and fees paid to the Chairman of a Committee for attendance at meetings of Committees ("Committee Chairman Fees") (collectively, "Meeting Fees"). For purposes of the Plan, the term "Subsidiary" means any corporation in an unbroken chain of corporations beginning with the Corporation, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in the chain. The aggregate number of shares of Common Stock which may be issued under the Plan or credited to Deferred Stock Compensation Accounts for subsequent issuance under the Plan is limited to 50,000 shares, subject to adjustment and substitution as set forth in Section 5(b).

SECTION 2

Eligibility

Any non-employee Director of the Corporation who is separately compensated in the form of Director Fees or Meeting Fees for services on the Board shall be eligible to participate in the Plan.

SECTION 3

Payment of Director Fees in Common Stock

(a) Current Stock Payment. Subject to the provisions of Section 3(b), each Director shall receive payment of Director Fees by the issuance to the Director of 800 whole shares of Common Stock per calendar year, payable on the fifteenth (15th) business day following the annual meeting of the shareholders of the Corporation (each such date of payment referred to as a "Payment Date") to the Directors as of that date.

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(b) Deferred Stock Payment. Each Director may elect to defer the receipt of Director Fees in shares of Common Stock for a calendar year (a "Stock Deferral Election") by filing a Notice of Election with the Secretary of the Corporation in the form prescribed by the Corporation, which shall be effective on January 1 of the year following the date on which the Notice of Election is filed. A Stock Deferral Election shall be effective on the date on which the Notice of Election is filed with respect to Director Fees payable after the time of a persons initial election to the office of Director, or any subsequent re-election if immediately prior thereto such person was not serving as a Director, provided the Director files such Notice of Election within ten (10) business days subsequent to being elected or re-elected as a Director. A Stock Deferral Election shall apply to all Director Fees otherwise payable while such Stock Deferral Election is effective. Each Director may terminate a Stock Deferral Election and receive current payment of Director Fees in shares of Common Stock by filing a Notice of Termination with the Secretary of the Corporation in the form prescribed by the Corporation, which shall be effective on January 1 of the year following the date on which a Notice of Termination is filed. A Stock Deferral Election shall continue in effect until the effective date of any Notice of Termination.

(c) Share Certificates; Securities Laws. As of the date on which the Director Fees are payable in shares of Common Stock pursuant to Section 3(a) or, if a Stock Deferral Election was made, Sections 5(c) and 6, the Corporation shall issue share certificates to the Director for the shares of Common Stock received under the Plan and the Director shall be a shareholder of the Corporation with respect to any such shares. In order to qualify for the exemption from Section 16(b) of the Securities Exchange Act of 1934, as amended (the "1934 Act") provided by Rule 16b-3, no Director shall sell or otherwise dispose of any shares of Common Stock (i) received under Section 3(a) or to be received under Sections 5(c) and 6 attributable to deferred Director Fees until six months have elapsed from the Payment Date related thereto, or (ii) to be received under Sections 5(c) and 6 attributable to dividends or distributions until six months have elapsed from the date on which shares attributable to the dividends or distributions are credited to the Deferred Stock Compensation Account. To prevent an inadvertent sale by the Director within such six month periods, the Corporation shall hold the share certificates for shares payable pursuant to Section 3(a) on behalf of the Director until such six month period has elapsed and may hold share certificates in certain other situations in which shares become payable under Sections 5(c) and 6.

SECTION 4

Payment of Meeting Fees in Cash

Each Director shall receive payment of Meeting Fees in cash in the following amounts for attendance at each meeting:

Board Meeting Fees	\$ 800
Committee Meeting Fees	\$ 500
Committee Chairman Fees	\$ 700

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Each Director shall receive payment of Meeting Fees within ten (10) business days following the meeting with respect to which such fees are payable. Directors may not elect to defer payment of all or any part of the Meeting Fees. The amount and time of payment of Meeting Fees may be changed from time to time by the Board in its sole discretion.

SECTION 5 Deferred Stock Compensation Account

(a) General. The amount of any Director Fees deferred in accordance with a Stock Deferral Election shall be credited to a deferred stock compensation account maintained by the Corporation in the name of the Director (a "Deferred Stock Compensation Account"). A separate Deferred Stock Compensation Account shall be maintained for each calendar year for which a Director has elected a different number of payment installments or as otherwise determined by the Board of Directors. On each Payment Date that a Stock Deferral Election is effective for a Director, the Director's Deferred Stock Compensation Account for that calendar year shall be credited on the Payment Date with the number of whole shares of Common Stock which otherwise would have been payable to the Director under Section 3(a). If a dividend or distribution is paid on the Common Stock in cash or property other than Common Stock, on the date of payment of the dividend or distribution to holders of the Common Stock, each Deferred Stock Compensation Account shall be credited with a number of shares of Common Stock (including fractional shares) equal to the number of shares of Common Stock that had been credited to such Account on the date fixed for determining the shareholders entitled to receive such dividend or distribution multiplied by the amount of the dividend or distribution paid per share of Common Stock divided by the Fair Market Value of one share of the Common Stock, as defined in Section 10 hereof, on the date on which the dividend or distribution is paid. If the dividend or distribution is paid in property other than Common Stock, the amount of the dividend or distribution shall equal the fair market value of the property on the date on which the dividend or distribution is paid. The Deferred Stock Compensation Account of a Director shall be charged on the date of distribution with any distribution of shares of Common Stock made to the Director from such Account pursuant to Section 5(c) hereof.

(b) Adjustment and Substitution. The number of shares of Common Stock credited to each Deferred Stock Compensation Account, and the number of shares of Common

Stock available for issuance or crediting under the Plan in accordance with Section 1 hereof, shall be proportionately adjusted to reflect any dividend or other distribution on the outstanding Common Stock payable in shares of Common Stock or any split or consolidation of the outstanding shares of Common Stock. If the outstanding Common Stock shall, in whole or in part, be changed into or exchangeable for a different class or classes of securities of the Corporation or securities of another corporation or cash or property other than Common Stock, whether through reorganization, reclassification, recapitalization, merger, consolidation or otherwise, the Board of the Corporation shall adopt such amendments to the Plan as it deems necessary to carry out the purposes of the Plan, including the continuing deferral of any shares in any Deferred Stock Compensation Accounts.

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(c) Manner of Payment. The balance of a Director's Deferred Stock Compensation Account will be paid in shares of Common Stock to the Director or, in the event of the Director's death, to the person designated by the Director in the Director's Will, or, if the Director fails to make a testamentary disposition of the shares or dies intestate, to the person entitled to receive the shares pursuant to the laws of descent and distribution of the state of domicile of the Director at the time of death (the "Director's Beneficiary"). A Director may elect at the time of filing the Notice of Election for a Stock Deferral Election to receive payment of the shares of Common Stock credited to the Director's Deferred Stock Compensation Account in annual installments rather than a lump sum, provided that the payment period for installment payments shall not exceed ten (10) years following the Payment Commencement Date as described in Section 6. The number of shares of Common Stock distributed in each installment shall be determined by multiplying (i) the number of shares of Common Stock in the Deferred Stock Compensation Account on the date of payment of such installment, by (ii) a fraction, the numerator of which is one and the denominator of which is the number of remaining unpaid installments, and by rounding such result down to the nearest whole number of shares. The balance of the number of shares of Common Stock in the Deferred Stock Compensation Account shall be appropriately reduced in accordance with the Section 5(a) to reflect the installment payments made hereunder. Shares of Common Stock remaining in a Deferred Stock Compensation Account pending distribution pursuant to this Section 5(c) shall continue to be credited with respect to dividends or distributions paid on the Common Stock pursuant to Section 5(a) and shall be subject to adjustment pursuant to Section 5(b). If a lump sum payment or the final installment payment hereunder would result in the issuance of a fractional share of Common Stock, such fractional share shall not be issued and cash in lieu of such fractional share shall be paid to the Director based on the Fair Market Value of a share of Common Stock, as defined in Section 10, on the date immediately preceding the date of such payment. The Corporation shall issue share certificates to the Director, or the Director's Beneficiary, for the shares of Common Stock distributed hereunder. As of the date on which the Director is entitled to receive payment of shares of Common Stock pursuant to this Section 5(a), a Director or the Director's Beneficiary shall be a shareholder of the Corporation with respect to such shares.

SECTION 6
Payment Commencement Date

Payment of shares in a Deferred Stock Compensation Account shall commence on April 1 (or if April 1 is not a business day, on the first preceding business day) of the calendar year following the calendar year in which the Director ceases to be a member of the Board for any reason, including by reason of death or disability.

SECTION 7
Non-Alienability of Benefits

Neither the Director nor the Director's Beneficiary shall have the right to, directly or indirectly, alienate, assign, transfer, pledge, anticipate or encumber (except by reason of death) any amounts or shares of Common Stock that

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are or may be payable hereunder nor shall any such amounts or shares be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of the Director or the Director's Beneficiary or to the debts, contracts, liabilities, engagements, or torts of any Director or Director's Beneficiary, or transfer by operation of law in the event of bankruptcy or insolvency of the Director or the Director's Beneficiary, or any legal process.

SECTION 8
Nature of Deferred Stock Compensation Accounts

Any Deferred Stock Compensation Account shall be established and maintained only on the books and records of the Corporation. No assets or funds of the Corporation, a Subsidiary or the Plan shall be removed from the claims of the Corporation's or a Subsidiary's general or judgment creditors or otherwise made available, and no shares of Common Stock of the Corporation to be issued pursuant to a Deferred Stock Compensation Account shall be issued or outstanding, until such amounts and shares are actually payable to a Director or a Director's Beneficiary as provided herein. The Plan constitutes a mere promise by the Corporation to make payments in the future. Each Director and Director's Beneficiary shall have the status of, and their rights to receive a payment of shares of Common Stock under the Plan shall be no greater than the rights of, general unsecured creditors of the Corporation. No person shall be entitled to any voting rights with respect to shares credited to a Deferred Stock Compensation Account and not yet payable to a Director or the Director's Beneficiary. The Corporation shall not be obligated under any circumstances to fund any financial obligations under the Plan and the Plan is intended to constitute an unfunded plan for tax purposes. However, the Corporation may, in its discretion, set aside funds in a trust or other vehicle, subject to the

claims of its creditors, in order to assist it in meeting its obligations under the Plan, if such arrangement will not cause the Plan to be considered a funded deferred compensation plan under the Internal Revenue Code of 1986, as amended, and provided, further, that any trust created by the Corporation, and any assets held by such trust to assist the Corporation in meeting its obligations under the Plan, will conform to the terms of the model trust, as described in Rev. Proc. 92-64, 1992-2 C.B. 422 or any successor.

SECTION 9

Administration of Plan; Hardship Withdrawal

Full power and authority to construe, interpret, and administer the Plan shall be vested in the Board. Decisions of such Board shall be final, conclusive, and binding upon all parties. Notwithstanding the terms of a Stock Deferral Election made by a Director hereunder, the Board may, in its sole discretion, permit the withdrawal of shares credited to a Deferred Stock Compensation Account with respect to Director Fees previously payable upon the request of a Director or the Director's representative, or following the death of a Director upon the request of a Director's Beneficiary or such beneficiary's representative, if such Board determines that the Director or the Director's Beneficiary, as the case may be, is confronted with an unforeseeable emergency.

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For this purpose, an unforeseeable emergency is an unanticipated emergency caused by an event that is beyond the control of the Director or the Director's Beneficiary and that would result in a severe financial hardship to the Director or the Director's Beneficiary if an early hardship withdrawal were not permitted. The Director or the Director's Beneficiary shall provide to such Board evidence as the Board, in its discretion, may require to demonstrate such emergency exists and financial hardship would occur if the withdrawal were not permitted. The withdrawal shall be limited to the number of shares necessary to meet the emergency. For this purpose, a hardship shall be considered to constitute an immediate and unforeseen financial hardship if the Director or Director's Beneficiary has an unexpected need for cash to pay for expenses incurred by him or a member of his immediate family (spouse and/or natural or adopted children) such as those arising from illness, casualty loss, or death. Cash needs arising from foreseeable events, such as the purchase or building of a house or education expenses, will not be considered to be the result of an unforeseeable financial emergency. Payment shall be made, as soon as practicable after the Board approves the payment and determines the number of shares which shall be withdrawn, in a single lump sum from the portion of the Deferred Stock Compensation Account with the longest number of installment payments first. No Director shall participate in any decision of such Board regarding such Director's request for a withdrawal under this Section 9.

SECTION 10

Fair Market Value

Fair Market Value of the Common Stock shall be the mean between the following prices, as applicable, for the date as of which Fair Market Value is to be determined as quoted in The Wall Street Journal (or in any other reliable publication as the Board of the Corporation or its delegate, in its discretion, may determine to rely upon): (a) if the Common Stock is listed on the New York Stock Exchange, the highest and lowest sales prices per share of the Common Stock as quoted in the NYSE-Composite Transactions listing for such date, (b) if the Common Stock is not listed on such exchange, the highest and lowest sales prices per share of Common Stock for such date on (or on any composite index including) the principal United States securities exchange registered under the 1934 Act on which the Common Stock is listed, or (c) if the Common Stock is not listed on any such exchange, the highest and lowest sales prices per share of the Common Stock for such date on the National Association of Securities Dealers Automated Quotations System or any successor system then in use ("NASDAQ"). If there are no such sale price quotations for the date as of which Fair Market Value is to be determined but there are such sale price quotations within a reasonable period both before and after such date, then Fair Market Value shall be determined by taking a weighted average of the means between the highest and lowest sales prices per share of the Common Stock as so quoted on the nearest date before and the nearest date after the date as of which Fair Market Value is to be determined. The average should be weighted inversely by the respective numbers of trading days between the selling dates and the date as of which Fair Market Value is to be determined. If there are no such sale price quotations on or within a reasonable period both before and after the date as of which Fair Market Value is to be determined, then Fair Market Value of the Common Stock shall be the mean between the bona fide bid and asked prices per share of Common Stock as so quoted for such date on

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NASDAQ, or if none, the weighted average of the means between such bona fide bid and asked prices on the nearest trading date before and the nearest trading date after the date as of which Fair Market Value is to be determined, if both such dates are within a reasonable period. The average is to be determined in the manner described above in this Section 10. If the Fair Market Value of the Common Stock cannot be determined on the basis previously set forth in this Section 10 on the date as of which Fair Market Value is to be determined, the Board or its delegate shall in good faith determine the Fair Market Value of the Common Stock on such date. Fair Market Value shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse.

SECTION 11

Securities Laws; Issuance of Shares

The obligation of the Corporation to issue or credit shares of Common Stock under the Plan shall be subject to (i) the effectiveness of a registration

statement under the Securities Act of 1933, as amended, with respect to such shares, if deemed necessary or appropriate by counsel for the Corporation, (ii) the condition that the shares shall have been listed (or authorized for listing upon official notice of issuance) upon each stock exchange, if any, on which the Common Stock shares may then be listed and (iii) all other applicable laws, regulations, rules and orders which may then be in effect. If, on the date on which any shares of Common Stock would be issued pursuant to a Current Stock Payment or credited to a Deferred Stock Compensation Account, sufficient shares of Common Stock are not available under the Plan or the Corporation is not obligated to issue shares pursuant to this Section 11, then no shares of Common Stock shall be issued or credited but rather, in the case of a Current Stock Payment, cash shall be paid in payment of the Director Fees payable, and in the case of a Deferred Stock Compensation Account, Director Fees and dividends which would otherwise have been credited in shares of Common Stock shall be credited in cash to a deferred cash compensation account in the name of the Director. The Board shall adopt appropriate rules and regulations to carry out the intent of the immediately preceding sentence if the need for such rules and regulations arises.

SECTION 12 Governing Law

The provisions of this Plan shall be interpreted and construed in accordance with the laws of the Commonwealth of Pennsylvania.

SECTION 13 Effect of the Plan on the Rights of Corporation and Shareholders

Nothing in the Plan shall confer any right to any person to continue as a Director of the Corporation or interfere in any way with the rights of the shareholders of the Corporation or the Board to elect and remove Directors.

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SECTION 14 Amendment and Termination

The right to amend the Plan at any time and from time to time and the right to terminate the Plan at any time are hereby specifically reserved to the Board; provided that no amendment of the Plan shall (a) be made without shareholder approval if shareholder approval of the amendment is at the time required for shares of Common Stock issued or credited under the Plan to qualify for the exemption from Section 16(b) of the 1934 Act provided by Rule 16b-3 or by the rules of the NASDAQ National Market System or any stock exchange on which the Common Stock may then be listed, (b) amend more than once every six months the provisions of the Plan relating to the selection of the Directors to whom shares of Common Stock shall be issued or credited under the Plan, the timing of such issuance or credit, or the number of shares subject to such issuance or credit, other than to comport with changes in the Internal Revenue Code of

1986 or the rules and regulations thereunder, or (c) otherwise amend the Plan in any manner that would cause the shares of Common Stock issued or credited under the Plan not to qualify for the exemption provided by Rule 16b-3. No amendment Or termination of the Plan shall, without the written consent of the holder of shares of Common Stock issued or credited under the Plan, adversely affect the rights of such holder with respect thereto.

Notwithstanding anything contained in the preceding paragraph or any other provision of the Plan, the Board shall have the power to amend the Plan in any manner deemed necessary or advisable for shares of Common Stock issued or credited under the Plan to qualify for the exemption provided by Rule 16b-3 (or any successor rule relating to exemption from Section 16(b) of the 1934 Act), and any such amendment shall, to the extent deemed necessary or advisable by the Board, be applicable to any outstanding shares of Common Stock theretofore issued or credited under the Plan.

SECTION 15 Effective Date

The effective date and date of adoption of the Plan shall be December 9, 1994, the date of adoption of the Plan by the Board, provided that on or prior to December 8, 1995 such adoption of the Plan by the Board is approved by the affirmative vote of a majority of the votes cast by the holders of voting stock of the Corporation represented in person or by proxy at a duly called and convened meeting of such holders. No shares of Common Stock shall be issued or credited under the Plan until approval of such holders is obtained.

MATTHEWS INTERNATIONAL CORPORATION

1994 EMPLOYEE STOCK PURCHASE PLAN

The purpose of the 1994 Employee Stock Purchase Plan (the "Plan") is to provide the eligible employees of Matthews International Corporation ("Matthews") and its Subsidiaries (collectively with Matthews, the "Company") with a convenient means of purchasing shares of Class A Common Stock, par value \$1.00 per share (the "Common Stock"), of Matthews on the open market through regular payroll deductions, matching employer contributions and investment of cash dividends. For the purposes of the Plan, the term "Subsidiary" means any corporation in an unbroken chain of corporations beginning with Matthews if each of the corporations other than the last corporation in the unbroken chain owns stock possessing at least fifty percent (50%) or, more of the total combined voting power of all classes of stock in one of the other corporations in the chain. For the purposes of the Plan, the term "Agent" shall mean Mellon Securities Transfer Services or such successor agent as the Company may employ to administer the Plan and to purchase in the open market the Common Stock available under the Plan.

PARTICIPATION IN THE PLAN IS VOLUNTARY, AND NO RECOMMENDATION IS MADE TO ELIGIBLE EMPLOYEES AS TO WHETHER THEY SHOULD OR SHOULD NOT PARTICIPATE IN THE PLAN. THERE IS NO GUARANTEE UNDER THE PLAN AGAINST LOSS BECAUSE OF FLUCTUATIONS IN THE MARKET PRICE OF THE COMMON STOCK. IN SEEKING THE BENEFITS OF SHARE OWNERSHIP, EACH PARTICIPANT MUST ALSO ACCEPT THE RISKS ATTENDANT TO SUCH OWNERSHIP.

SECTION 1
Eligibility

All regular full-time United States employees of the Company are eligible to participate in the Plan, provided (i) they have attained the age of 18 years and (ii) they have completed three months of service with the Company. Employees of the Company whose wages and other conditions of employment are covered by a collective bargaining agreement are not eligible to participate in the Plan unless and until such agreement provides for the application of the Plan to employees covered by such agreement.

SECTION 2
Administration

The Plan shall be administered by the Executive Committee (the "Committee") of the Board of Directors of the Company (the "Board").

The Committee shall interpret the Plan and prescribe such rules, regulations and procedures in connection with the operations of the Plan as it shall deem to be necessary and advisable for the administration of the Plan consistent with the purposes of the Plan.

The Committee shall keep records of action taken at its meetings. A majority of the Committee shall constitute a quorum at any meeting and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all members of the Committee, shall be the acts of the Committee.

The Company or the Agent shall maintain an account for each participant in the name of each participant and shall maintain all records in connection with the Plan.

Neither the Company or the Agent, nor the Committee, shall be liable for any act done in good faith or for any good faith omission to act, including, without limitation, any claim of liability with respect to the prices or times at which shares of the Common Stock are purchased or sold for a participant or with respect to any fluctuation in market value before or after any purchase or sale of shares.

SECTION 3
Shares Available Under the Plan

The aggregate number of shares of Common Stock which may be sold under the Plan is five hundred thousand (500,000) shares, subject to adjustment and substitution as set forth in this Section 3. All shares available under the Plan shall be purchased in the open market by the Agent. If a dividend or other distribution shall be declared upon the Common Stock payable in shares of the Common Stock, the number of shares of the Common Stock which may be sold under the Plan but have not yet been sold shall be adjusted by adding thereto the number of shares of the Common Stock which would be distributable thereon. If the outstanding shares of the Common Stock shall be changed into or exchangeable for a different number of shares of the Common Stock, then there shall be substituted for each remaining share of the Common Stock which may be sold under the Plan, the number of shares of the Common Stock into which each outstanding share of the Common Stock shall be so changed or for which each such share shall be exchangeable.

SECTION 4

Participation

An eligible employee may enroll as a participant at any time by completing and signing an enrollment and payroll deduction authorization form and delivering it to the Treasurer of the Company. Enrollment shall become effective as soon as administratively practicable following the receipt of an enrollment and payroll deduction authorization form by the Company but in any event not later than forty-five days following the receipt of such form.

An eligible employee whose participation in the Plan has terminated may re-enroll in the Plan by following the above procedure; provided, however, that no employee may re-enroll until the expiration of the one year anniversary of the employee's termination of participation.

The Committee also reserves the right to reject any enrollment and payroll deduction authorization form and to terminate the enrollment of a participant.

SECTION 5 Employee Contributions

Each eligible employee is permitted to authorize a deduction from his or her pay, in even multiples of \$1.00, of a minimum of \$20.00 per pay period; provided, however, that the maximum deduction for any bi-weekly pay period shall not exceed \$250 and for any monthly pay period shall not exceed \$500.

Payroll deduction authorizations shall remain effective until changed or discontinued by the participant. A participant may change or discontinue payroll deduction authorizations at any time by completing and signing a payroll deduction authorization change form and delivering it to the Treasurer of the Company. A payroll deduction authorization change form shall become effective as soon as administratively practicable following the receipt of such form by the Company but in any event not later than forty-five days following the receipt of such form. An officer or 10% shareholder who at the time of or within six months prior to discontinuing payroll deductions under the Plan was subject to Section 16 of the Securities and Exchange Act of 1934, as amended (the "1934 Act") with respect to the Common Stock may not re-authorize payroll deductions under the Plan until at least six months have elapsed from the effective date of such discontinuance.

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Contributions by a participant through payroll deduction authorizations shall be credited to the account under the Plan relating to the participant as of each payment date and shall be used to purchase shares of Common Stock for credit to such account as provided under Section 9 below.

SECTION 6

Employer Contributions

Subject to Section 9 below, on each Quarterly Effective Date (as defined in Section 9 below) the account relating to each participant shall be credited with an amount equal to ten percent (10%) of the amount contributed by the participant (not including dividends or other distributions) since the previous Quarterly Effective Date and credited to such account under Section 5 above. Such amount shall be used to purchase shares of Common Stock for credit to the account relating to the participant as provided under Section 9 below.

SECTION 7

Dividends and Other Distributions

Except as provided below, each account relating to a participant shall be credited with all cash dividends and other cash distributions, if any, paid in respect of the shares credited to the account, less any amount the Company is required to deduct as backup withholding in respect of the dividend or distribution received, or considered to be received. Cash dividends and other cash distributions credited to a participant's account shall be invested in Common Stock in accordance with Section 9 below.

Any stock dividends or stock splits in respect of shares of Common Stock credited to an account shall be reflected in the account without charge. Any distributions of other securities or rights to subscribe for additional shares in respect of shares of Common Stock credited to an account relating to a participant shall be made directly to the participant.

SECTION 8

No Interest on Amounts Credited to Accounts

No interest shall be paid on amounts credited to the accounts relating to the participants. Amounts credited to the accounts shall be under the control of the Company until paid to the Agent or to participants.

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SECTION 9

Purchase of Shares of Common Stock

Purchases of Common Stock for participants' accounts under the Plan shall be made by or at the direction of the Agent, which shall be an independent bank or registered broker-dealer acting as agent for the Plan participants. The Company reserves the right to change the Agent without notice.

The shares of Common Stock purchased for participants' accounts under the Plan shall be previously issued shares purchased by the Agent on the open market.

The Company will not receive any part of the purchase price, and the Plan will not provide any new capital to the Company. Purchases of Common Stock by the Agent shall be made at then current market prices, may be made on any securities exchange where the Company's Common Stock is traded, in the over-the-counter market or in negotiated transactions and may be on such terms as to price, delivery and otherwise as the Agent or the broker selected by the Agent for such purpose may determine.

On the last business day of each month (each, an "Effective Date"), the Company shall pay over to the Agent the aggregate amount of all employee payroll deductions received by the Company during such month. In addition, on the last business day of each January, April, July and October (each, a "Quarterly Effective Date"), the Company shall pay over to the Agent the aggregate amount of all employer contributions to be credited to each participant. The Agent shall apply such funds, along with any funds obtained by the Agent from cash dividends and cash distributions with respect to the accounts, to the purchase of Common Stock on the open market for the accounts of Plan participants. Shares shall be purchased for participants as promptly as practicable, consistent with the provisions of any applicable Federal securities laws and market considerations, but no later than the 15th day of the following month. The exact timing of purchases, including determining the number of shares, if any, to be purchased on any day or at any time of that day, the prices paid for such shares, the markets on which such purchases are made and the persons (including other brokers and dealers) from or through whom such purchases are made shall be determined by the Agent or the broker selected by it for such purpose. The Agent may purchase Common Stock in advance of an Effective Date for settlement on or after such date.

The purchase price of shares of Common Stock purchased for Plan participants with respect to an Effective Date shall be the weighted average price of all shares of Common Stock purchased by the Agent for the Plan for that date, including a proportionate share of all brokerage commissions or similar charges incurred by the Agent in making such purchases.

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The number of shares to be purchased for a participant's account with respect to an Effective Date shall be equal to the total dollar amount to be invested for the participant divided by the applicable purchase price. Each allocation shall be made in full shares and in fractional interests in a share to the ten-thousandth of a share.

Each participant with respect to an account shall acquire full ownership of all shares and of any fractional interest in a share purchased for an account upon the crediting of the shares to such account. All shares purchased shall be registered in the name of the Agent or another nominee or custodian for the benefit of the participants under the Plan. Although a participant may not assign or hypothecate an interest in the Plan as such, upon crediting of shares under the Plan such shares may be sold pursuant to the procedures set forth in Sections 10 and 11 below or, following distribution of such shares to the participant, may be sold, assigned, hypothecated or otherwise dealt with by the

participant as is the case with respect to any other shares of Common Stock the participant may own.

Notwithstanding the foregoing, upon termination of an account relating to a participant under Section 10 or Section 11 below, any employee contributions credited to the account and not yet applied to the purchase of shares of Common Stock shall not be so applied and shall be delivered to the participant, and no employer contribution shall be made on the next succeeding Quarterly Effective Date notwithstanding any employee contributions made during the fiscal quarter when such termination occurs. Also, notwithstanding the foregoing and the provisions of Section 7 above, cash dividends or distributions with respect to shares of Common Stock credited to an account shall be delivered to the participant instead of credited to the account if the date as of which the account is terminated is more than ten (10) calendar days prior to the record date of the cash dividend or distribution.

SECTION 10

Voluntary Sale or Withdrawal of Shares

A participant may direct at any time that any or all of the shares credited to the account relating to the participant be sold. Upon such sale, a check for the proceeds, less any brokerage commissions and other charges applicable to the sale, shall be delivered to the participant. The participant may also request at any time that a certificate or certificates representing any or all of the full shares credited to the account relating to the participant be delivered to the participant.

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If the participant directs that all shares credited to the account relating to the participant be sold and the net proceeds delivered to the participant or requests that a certificate or certificates representing all full shares credited to the account relating to the participant be delivered to the participant, and the participant discontinues or has discontinued all payroll deduction authorizations, the account shall be terminated as of the later of the date the direction or request is received and the effective date of the discontinuance of payroll deductions.

Notwithstanding the foregoing, an officer or 10% shareholder who at the time of any purchase of Common Stock under the Plan was subject to Section 16 of the 1934 Act with respect to the Common Stock may not request the sale of any shares held in his or her account until at least six months have elapsed from the date of the purchase unless following such sale there would remain in the account a number of shares at least equal to the sum of the number of shares so purchased plus any additional shares subsequently purchased under the Plan. Shares shall be deemed to be a on the first-in, first-out method of share identification.

Each direction or request referred to in this Section 10 shall be made by the

participant by completing and signing a sale or withdrawal form and delivering it to the Treasurer of the Company or an agent designated by the Company. Upon termination (and for participants subject to Section 16 of the 1934 Act upon expiration of the six-month period referred to in the preceding paragraph), any fractional interest in a share credited to the account may be sold and the net proceeds delivered to the participant or the value of the fractional interest may be determined by reference to the current fair market value (determined as set forth in Section 17 below) of the Common Stock and paid to the participant in cash.

SECTION 11

Termination of Account Upon Termination of Employment

The account relating to a participant whose employment with the Company terminates shall also be terminated as of the date of termination of employment. The participant may direct that all shares credited to the account be sold and the net proceeds delivered to the participant, or the participant may request that a certificate or certificates representing all full shares credited to the account be delivered to the participant. Any brokerage commissions and other charges applicable to sales are payable by the participant and will be deducted in determining the net proceeds. If no direction is received from the participant prior to the time the account relating to a participant would normally be settled, a certificate or certificates representing all full shares credited to the account will be delivered to the participant.

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Each direction or request referred to in this Section 11 shall be made by the participant by completing and signing a sale or withdrawal form and delivering it to the Treasurer of the Company or an agent designated by the Company. Upon termination, any fractional interest in a share credited to the account may be sold and the net proceeds delivered to the participant or the value of the fractional interest may be determined by reference to the current fair market value (determined as set forth in Section 17 below) of the Common Stock and paid to the participant in cash.

SECTION 12

Information For Participants; Voting Rights

Each participant shall receive at least quarterly each year a statement of all transactions affecting the account relating to the participant and the number of shares (including any fractional interests in a share) of the Common Stock credited to the account. Each participant shall also receive copies of all reports, proxy statements and other communications distributed by the Company to its shareholders generally at the time and in the manner such material is sent to such shareholders.

Participants shall receive proxy soliciting material in connection with each meeting of shareholders of the Company. Shares can be voted only by the holder of record. The shares of Common Stock credited to each account (including any fractional interests in a share) shall be voted by the holder of record only in accordance with the participant's signed proxy instructions duly delivered to the holder of record.

SECTION 13

Effect of Plan on the Rights of Employees and Employer

Nothing in the Plan shall confer any rights to any employee to continue in the employ of the Company or interfere in any way with the rights of the Company to terminate the employment of any employee at any time.

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SECTION 14

Withholding

The purchase of shares of the Common Stock under the Plan will result in compensation income to participants because of the Company contributions under Section 6 and may be subject to Federal income and employment tax, state income and employment tax and/or local income tax withholding. The Company shall withhold all applicable withholding taxes on any such compensation income from the pay of the participant who realizes such compensation income. Each participant's pay also shall be subject to withholding of all applicable Federal income and employment, state income and employment, and local income taxes without regard to any amounts deducted therefrom as payroll deductions authorized under the Plan.

SECTION 15

Expenses of the Plan

The Company will pay all expenses incident to the operation of the Plan, including the costs of record keeping, accounting fees, legal fees, the costs of delivery of stock certificates to participants and the costs of delivery of shareholder communications. The Company will not pay any expenses, broker's or other commissions or taxes incurred in connection with the purchases of Common Stock, or the sale of shares of Common Stock credited to an account at the direction of the participant. Expenses in connection with any such sale will be deducted from the proceeds of sale prior to any remittance to the participant.

SECTION 16
Rights Not Transferable

The right to purchase shares of the Common Stock under the Plan shall not be transferable by an eligible employee and such right shall be exercisable during the eligible employee's lifetime only by the eligible employee. Upon the death of a participant, any shares held for the account relating to the participant and any cash payment for any fractional share shall be transferred to the estate of the decedent and distributed in accordance with the Will of the participant, or, if the participant dies intestate, the laws of descent and distribution of the state of domicile of the participant at the time of death.

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SECTION 17
Fair Market Value

Fair market value of the Common Stock shall be the mean between the following prices, as applicable, for the date as of which fair market value is to be determined as quoted in The Wall Street Journal (or in such other reliable publication as the Committee, in its discretion, may determine to rely upon): (a) if the Common Stock is listed on the New York Stock Exchange, the highest and lowest sales prices per share of the Common Stock as quoted in the NYSE--Composite Transactions listing for such date, (b) if the Common Stock is not listed on such exchange, the highest and lowest sales prices per share of the Common Stock for such date on (or on any composite index including) the principal United States securities exchange registered under the 1934 Act on which the Common Stock is listed or (c) if the Common Stock is not listed on any such exchange, the highest and lowest sales prices per share of the Common Stock for such date on NASDAQ. If there are no such sale price quotations for the date as of which fair market value is to be determined but there are such sale price quotations within a reasonable period both before and after such date, then fair market value shall be determined by taking a weighted average of the means between the highest and lowest sales prices per share of the Common Stock as so quoted on the nearest date before and the nearest date after the date as of which fair market value is to be determined. The average should be weighted inversely by the respective numbers of trading days between the selling dates and the date as of which fair market value is to be determined. If there are no such sale price quotations on or within a reasonable period both before and after the date as of which fair market value is to be determined, then fair market value of the Common Stock shall be the mean between the bona fide bid and asked prices per share of the Common Stock as so quoted for such date on the NASDAQ, or if none, the weighted average of the means between such bona fide bid and asked prices on the nearest trading date before and the nearest trading date after the date as of which fair market value is to be determined, if both such dates are within a reasonable period. The average is to be determined in the manner described above in this Section 17. If the fair market value of the Common Stock cannot be determined on the basis previously set forth in this Section 17 on the date as of which fair market value is to be determined, the Committee shall in good faith determine

the fair market value of the Common Stock on such date. Fair market value shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse.

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SECTION 18
Sale of Shares

The obligation of the Company to permit the sale of shares of the Common Stock under the Plan shall be subject to (i) the effectiveness of a registration statement under the Securities Act of 1933, as amended, with respect to such shares, if deemed necessary or appropriate by counsel for the Company and (ii) all other applicable laws, regulations, rules and orders which may then be in effect.

SECTION 19
Amendment or Termination of Plan

The Board reserves the right to amend or terminate the Plan at any time in its sole discretion. The Plan shall also terminate when all of the shares of the Common Stock which may be sold under the Plan have been purchased. Any amendment or termination shall not result in the forfeiture of any funds deducted from the pay of any participant, or of any shares of the Common Stock credited to an account, or of any dividends or other distribution in respect of such shares, before the effective date of the amendment or termination. Upon termination of the Plan, distribution of each account shall be made as provided in Section 11 above in the case of a participant whose employment with the Company has terminated.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE REGISTRANT'S QUARTERLY REPORT ON FORM 10-Q FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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