

Matthews International Corporation
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

I. Purpose:

The Audit Committee is appointed by the Board of Directors to provide oversight of (1) the integrity of the Company's financial statements, reports on internal controls and other financial information provided by the Company (including disclosure controls and procedures for internal controls over financial reporting), (2) the Company's compliance with legal and regulatory requirements, (3) the qualifications and independence of the Company's independent auditors and (4) the performance of the Company's internal audit function and independent auditors. The Committee serves as a vehicle to provide an open avenue of communication between the Company's Board of Directors and financial management, the internal audit department, and the independent auditors.

The Audit Committee will report quarterly to the Company's Board of Directors. In addition, the Committee will prepare a report to be included in the Company's annual proxy statement as prescribed by the Securities and Exchange Commission.

II. Composition:

The Audit Committee members shall consist of a minimum of three independent Directors (as such term is hereafter defined by securities law and rules and regulations of the Securities and Exchange Commission ("SEC") and the NASDAQ National Market System ("NASDAQ")) appointed by the Board of Directors, with one member appointed Chairman of the Committee.

All members must be financially literate and, accordingly, be able to read and understand financial statements. One member of the Committee will be designated by the Board of Directors as the "Financial Expert" as defined by the Sarbanes-Oxley Act of 2002.

A member of the Audit Committee may not serve on the audit committees of more than two (2) other public companies, unless the Board of Directors determines that such simultaneous service would not impair the member's ability to effectively serve on the Committee.

III. Meetings:

The Audit Committee shall meet a minimum of six times per year. One meeting should occur prior to each of the Company's three quarterly earnings releases and its annual fiscal year earnings release. Each meeting which includes discussions of Company financial results should be attended by representatives of the Company's independent

auditors and the Company's senior financial management. The meetings will follow a formal agenda and will allow for open discussion among all parties. The following items will also be discussed during at least one of the two other meetings held by the Committee: status of the internal audit program; the Company's Code of Ethics Applicable to Executive Management; the Company's Ethics Statement; Environmental, Health and Safety programs, policies, and issues, if any; Employee Assistance Program; and any employee Hot Line activity.

IV. Duties of the Audit Committee Related to Financial and Audit Matters:

(a) Review the Company's annual financial statements. Determine, based on review and discussion of the audited financial statements with management and the independent auditors, whether the Committee should recommend to the Board that the audited financial statements and any internal control report be included in the Company's Annual Report on Form 10-K.

(b) Discuss with financial management and the independent auditors each Form 10-Q prior to its filing.

(c) Discuss with management the intended disclosures under "Management's Discussion and Analysis" in the annual and quarterly reports.

(d) Review disclosures made to the Committee and independent accountants by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal controls.

(e) Appoint the Company's independent auditors (considering independence and effectiveness), review the adequacy of the Company's independent auditors and make any change of the independent auditors when circumstances warrant. Approve the fees and other compensation to be paid to the independent auditors.

(f) On an annual basis, review and discuss with the independent auditors all significant relationships the auditors have with the Company to determine the auditors' independence and obtain a written disclosure of all relationships between the auditors and the Company consistent with PCAOB Rule 3526. The Committee shall also ensure that the independent auditors meet all requirements for audit partner rotation under applicable securities laws and SEC and NASDAQ rules and regulations, and shall monitor any hiring by the Company of persons who were employed by the Company's independent auditors to ensure that such hiring does not adversely affect the auditors' independence. The Committee shall also ensure that the Company's independent auditors are a "registered public accounting firm" registered with the Public Company Accounting Oversight Board. Discuss composition of the audit team, scope of coverage to be provided by the independent auditors with respect to wholly-owned subsidiaries and/or partially-owned companies and the services to be provided by the independent auditors.

(g). Discuss with the independent auditors at least annually the auditors' internal quality control procedures and any material issues raised by the most recent peer review.

(h). Review earnings releases, as well as financial information and earnings guidance provided to the public prior to such release.

(i). Pre-approve all audit and permitted non-audit services to be provided by the independent auditors (including determining whether any proposed non-audit services fall within the categories of non-audit services prohibited under the Sarbanes-Oxley Act of 2002) with the exception of de minimus non-audit services (as such term is defined in the Sarbanes-Oxley Act of 2002) which are approved by the Committee prior to completion of the audit. The Committee may delegate pre-approval authority to one or more of its members, under the condition that any decision taken by the delegated members must be presented to the Committee at its regular meetings. The Committee may also adopt policies and procedures with respect to pre-approval of permitted non-audit services, provided that such policies and procedures conform to the requirements set forth in applicable laws, rules and regulations (including publication of the pre-approval policy).

(j). Periodically consult with independent auditors out of the presence of management and internal audit about internal controls over financial reporting and the fullness and accuracy of the Company's financial statements. In addition, meet separately with management and with internal audit to discuss such issues in a confidential manner.

(k). In consultation with internal audit, review the integrity of the Company's financial reporting processes and controls, both internal and external.

(l). Review all internal audit reports and management's response.

(m). Discuss with the independent auditors matters relating to the scope and results of their audit that they are required to provide to the Committee under Statements on Auditing Standards No. 114. Review reports by the independent auditors concerning critical accounting policies and practices used, alternative treatments of financial information and their ramifications that have been discussed with management, and other written communications between the independent auditors and management, and resolve any disputes between the independent auditors and management regarding financial reporting matters.

(n). Review the Company's proposed internal audit schedule for the ensuing fiscal year.

(o). Consider and recommend to the Board, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors, management, or the internal audit department.

V. Other Responsibilities of the Committee:

- (a) Review annually and update, as appropriate, the Committee's written Charter.
- (b) Perform an annual performance self-evaluation of the Committee.
- (c) Review the Company's Code of Ethics Applicable to Executive Management and the Company's Ethics Statement (including without limitation provisions applicable to senior financial officers and the Company's CEO, CFO, principal accounting officer, controller and persons performing similar functions) and ensure that management has established a system to enforce the Code and Ethics Statement and report any changes in, or waivers of, the Code and Ethics Statement, all in accordance with applicable securities laws and SEC and NASDAQ rules and regulations.
- (d) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters.
- (e) Establish procedures for confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (f) Require Company management to report employee Hot Line activity to the Committee.
- (g) Discuss with management policies and processes with respect to risk management. Ensure that notable risk exposures and applicable mitigating controls are reported to the Board of Directors.
- (h) Meet with the Company's Environmental, Health and Safety Manager from time to time to discuss Company policy and practices with respect to employee health and safety programs and to determine the adequacy of the Company's compliance with governmental environment, safety, and health regulations.
- (i) Require management to report annually to the Board of Directors the scope of the Company's property and casualty and executive risk insurance programs.
- (j) Require management to report all known instances of employee fraud, theft, embezzlement, etc.
- (k) Require management to discuss from time to time the status of the Company's retirement programs, such as the defined benefit and the 401(k) Plans.
- (l) Review with management and, where appropriate, independent legal counsel, legal compliance matters including corporate securities trading, reporting and disclosure policies.
- (m) Review with management and, where appropriate, independent legal counsel, any legal matter that could have a significant impact on the Company's financial statements.

(n) Engage independent counsel or other advisers as deemed advisable by the Committee and determine the fees to be paid to such counsel or advisers.

(o) Review and approve any material “related party transaction” between the Company and any of its Directors, executive officers and other insiders (as defined in applicable securities laws, rules and regulations). Further, any member of the Audit Committee should not accept any consulting, advisory or other compensatory fee from the Company, other than in such member’s capacity as a member of the Board of Directors and any Board committee.

(p) Perform any other activities consistent with this Charter, the Company’s By-laws and applicable law, rules and regulations, as the Committee or the Board deems necessary or appropriate.

V. Limitation of Committee’s Role:

Notwithstanding that the Committee has the duties and responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. Management is responsible for preparing the Company’s financial statements and the independent accountants are responsible for auditing those financial statements.