

MATTHEWS INTERNATIONAL CORP
Form DEF 14A
January 22, 2019
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under § 240.14a-12

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

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(I)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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2019
NOTICE
OF
ANNUAL
MEETING
AND
PROXY
STATEMENT

Notice of
ANNUAL MEETING OF THE SHAREHOLDERS
To be held February 21, 2019

To Our Shareholders:

The annual meeting of the Shareholders of Matthews International Corporation (“Matthews” or the “Company”) will be held at 9:00 AM (EST) on Thursday, February 21, 2019 at Hotel Covington, located at 638 Madison Avenue, Covington, Kentucky 41011 (the "Annual Meeting"), for the purpose of considering and acting upon the following:

1. To elect four (4) directors of the Company for a term of three (3) years;
2. To approve the adoption of the 2019 Director Fee Plan;
3. To ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm to audit the records of the Company for the fiscal year ending September 30, 2019;
4. To provide an advisory (non-binding) vote on the executive compensation of the Company’s named executive officers; and
5. To transact such other business as may properly come before the meeting.

Shareholders of record as of the close of business on December 31, 2018 will be entitled to vote at the Annual Meeting or any adjournments thereof.

Please indicate on the enclosed proxy card whether you will or will not be able to attend the Annual Meeting. Return the card in the enclosed envelope as soon as possible. If you receive more than one proxy card (for example, because you own common stock in more than one account), please be sure to complete and return all of them.

We hope you can be with us for this important occasion.

Sincerely,

/s/ Steven F. Nicola

Steven F. Nicola
Chief Financial Officer and Secretary

January 22, 2019

Matthews International Corporation
Proxy Statement

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Matthews International Corporation
Two NorthShore Center
Pittsburgh, PA 15212 - 5851
412-442-8200

Important Notice Regarding the Availability of Proxy Materials for the
Shareholder Meeting to Be Held on February 21, 2019

The Company's 2019 Proxy Statement and the Annual Report to Shareholders for the fiscal year ended September 30, 2018 are available free of charge on the Company's website at <http://www.matw.com/investor/financial-reports>.

PROXY STATEMENT

The accompanying proxy is solicited by the Board of Directors of Matthews International Corporation ("Matthews" or the "Company") whose principal executive offices are located at Two NorthShore Center, Pittsburgh, Pennsylvania 15212. This proxy statement is being sent and made available to shareholders on or about January 22, 2019.

Execution of the proxy will not affect a shareholder's right to attend the meeting and vote in person. Any shareholder giving a proxy has the right to revoke it at any time before it is voted by giving notice to the Corporate Secretary or by attending the meeting and voting in person.

Matters to be considered at the Annual Meeting are those set forth in the accompanying Notice of Annual Meeting of the Shareholders (the "Notice"). Shares represented by proxy will be voted in accordance with instructions. In the absence of instructions to the contrary, the proxy solicited will be voted FOR the proposals set forth therein.

Management does not intend to bring before the meeting any business other than that set forth in the Notice. If any other business should properly come before the meeting, it is the intention of management that the persons named in the proxy will vote in accordance with their best judgment.

OUTSTANDING STOCK AND VOTING RIGHTS

The Company has one class of stock outstanding: Class A Common Stock, par value \$1.00 per share, referred to as the "Common Stock."

Each outstanding share of Common Stock of the Company entitles the holder to one vote upon any business properly presented at the shareholders' meeting. As provided in the Company's Articles of Incorporation, cumulative voting is not applicable to the election of directors.

The Board of Directors of the Company has established December 31, 2018 as the record date for shareholders entitled to vote at the Annual Meeting. The transfer books of the Company will not be closed, but only shareholders of record as of the close of business on December 31, 2018 will be entitled to vote at the Annual Meeting. A total of 31,871,243 shares of Common Stock are outstanding and entitled to vote at the meeting. A quorum (the presence in person or by proxy of the majority of the voting power of the Common Stock) is required to transact business at the Annual Meeting. The holders of 15,935,622 shares will constitute a quorum at the Annual Meeting.

Broker Authority to Vote

Abstentions and broker non-votes (explained herein) will be counted for purposes of determining a quorum. If your shares are held in street name, follow the voting instructions that you receive from your broker, bank or other nominee. If you want to vote in person, you must obtain a legal proxy from your broker, bank, or other nominee and bring it to the Annual Meeting. If you do not submit voting instructions, your broker, bank, or other nominee may still be permitted to vote your shares under the following circumstances:

Discretionary items - The ratification of the selection of the independent registered public accounting firm (Proposal 3) is a discretionary item. Generally, brokers, banks and other nominees that do not receive instructions from beneficial owners may vote on this proposal in their discretion.

Non-discretionary items - The election of directors (Proposal 1), approval of the adoption of the 2019 Director Fee Plan (Proposal 2) and the advisory resolution to approve executive compensation (Proposal 4) are non-discretionary items and may not be voted on by brokers, banks or other nominees who have not received voting instructions from beneficial owners (referred to as "broker non-votes").

GENERAL INFORMATION REGARDING CORPORATE GOVERNANCE

Board of Directors

The Board of Directors (sometimes referred to throughout this Proxy Statement as the “Board”) is the ultimate governing body of the Company. As such, it functions within a framework of duties and requirements established by Pennsylvania statute, government regulations, court decisions and the Company’s organizational documents. Generally, the Board of Directors reviews and confirms the basic objectives and broad policies of the Company, approves various important transactions, appoints the officers of the Company and monitors Company performance in key results areas. The Board also has oversight responsibility of the processes established to report and monitor systems for material risks applicable to the Company. The full Board regularly reviews enterprise-wide risk management, which includes risks in the areas of compliance, operations, strategy, reporting, treasury, enterprise value, and insurable risks. In addition, each Board committee plays a significant role in carrying out the risk oversight function. The Executive Committee assists in monitoring and assessing relevant risks between the times at which the full Board convenes. The Nominating and Corporate Governance Committee oversees risks related to corporate governance and ethics. The Audit Committee oversees risks related to financial reporting and control; environmental, health and sustainability matters; management policies and guidelines; legal claims and issues; and information technology. The Finance Committee oversees the Company’s financial policies, strategies and capital structure. The Compensation Committee oversees risks related to human resources, succession planning and compensation. The Special Committee provides oversight of integration planning and implementation of the Company’s significant acquisitions.

Board Composition

The Articles of Incorporation of the Company provide that the Board of Directors has the power to set the number of directors constituting the full Board, provided that such number shall not be less than five or more than fifteen. Until further action, the Board of Directors has fixed the number of directors constituting the full Board at ten, divided into three classes. The terms of office of the three classes of directors end in successive years.

After reviewing the independence standards contained in the Nasdaq listing requirements, the Board of Directors has determined that each of its directors is independent under these standards, other than Joseph C. Bartolacci, the Company’s President and Chief Executive Officer; David A. Schawk, Group President of the Company’s SGK Brand Solutions segment; and Gregory S. Babe, the Company’s Chief Technology Officer.

In the event a nominee does not receive a majority of votes cast, such director is required under the Company’s Corporate Governance Guidelines to conditionally resign from the Board of Directors. Acceptance of such resignation is at the discretion of the Board of Directors.

The Company’s Corporate Governance Guidelines provide that an employee member can remain on the Board for a period of no longer than one year following retirement from employment with the Company. Further, the Company’s By-laws and Corporate Governance Guidelines provide that no person may be eligible for nomination, nor elected to fill a vacancy on the Board of Directors after attaining 75 years of age, and any director that, if nominated would attain 75 years of age during such term as a director, shall retire from the Board of Directors immediately prior to the next annual meeting of the shareholders following such director attaining 75 years of age.

The Board of Directors has currently determined that an independent, non-employee member should be appointed to serve as Chairman of the Board. The Board believes that separation of the positions of Chairman of the Board and Chief Executive Officer, with the appointment of an independent, non-employee director as Chairman of the Board, strengthens the Company's corporate governance. John D. Turner is the Company's current independent, non-employee Chairman of the Board.

Mr. Turner and the other independent directors meet at such times as are necessary and generally on the dates of regularly scheduled Board meetings. The independent directors met a total of four times in fiscal 2018.

During fiscal 2018, there were six regularly scheduled and three special Board meetings.

Board Committees

There are six standing committees appointed by the Board of Directors -- the Executive Committee, the Nominating and Corporate Governance Committee, the Audit Committee, the Finance Committee, the Compensation Committee and the Special Committee.

Each Committee has the same power as the Board of Directors to employ the services of outside consultants and to have discussions and interviews with personnel of the Company and others.

The principal functions of the six standing Committees are summarized as follows:

Executive Committee

The Executive Committee is appointed by the Board of Directors to have and exercise during periods between Board meetings all of the powers of the Board of Directors, except that the Executive Committee may not elect directors, change the membership of or fill vacancies on the Executive Committee, change the By laws of the Company or exercise any authority specifically reserved by the Board of Directors. Among the functions customarily performed by the Executive Committee during periods between Board meetings are the approval, within limitations previously established by the Board of Directors, of the principal terms involved in sales of securities of the Company, and such reviews as may be necessary of significant developments in major events and litigation involving the Company. In addition, the Executive Committee is called upon periodically to provide advice and counsel in the formulation of corporate policy changes and, where it deems advisable, make recommendations to the Board of Directors.

The members of the Executive Committee are John D. Turner (Chairperson), Katherine E. Dietze, Alvaro Garcia-Tunon, Morgan K. O'Brien and Jerry R. Whitaker. The Executive Committee holds meetings at such times as are required. The Executive Committee did not meet in fiscal 2018.

Nominating and Corporate Governance Committee

The principal functions of the Nominating and Corporate Governance Committee are to (1) identify individuals qualified to become members of the Board of Directors, (2) recommend to the Board of Directors the director nominees for the next annual meeting of the shareholders, (3) monitor and recommend to the Board of Directors changes, as necessary, to the Company's Corporate Governance Guidelines, (4) lead the Board of Directors in complying with its Corporate Governance Guidelines (5) review and make recommendations to the Board of Directors concerning director compensation and (6) review and approve related person transactions pursuant to the Company's Code of Conduct. The Nominating and Corporate Governance Committee is also responsible for the annual evaluations of the performance of the Board of Directors and Committees of the Board, including individual directors. The Committee is committed to ensuring that (i) the nominees for membership on the Board of Directors are of the highest possible caliber and are able to provide insightful, intelligent and effective guidance to the management of the Company and (ii) the governance of the Company is in full compliance with applicable law, reflects generally accepted principles of good corporate governance, encourages flexible and dynamic management without undue burdens and effectively manages the risks of the business and operations of the Company. From time to time, the Nominating and Corporate Governance Committee has retained the services of a third-party search firm to assist in the identification and evaluation of potential nominees for the Board of Directors. The Nominating and Corporate Governance Committee operates pursuant to a Charter and the Company's Corporate Governance Guidelines, which are available for viewing on the Company's website at www.matw.com under the "Corporate" tab in the section entitled "Corporate Governance". The Board has determined that all members of the Nominating and Corporate Governance Committee are independent in accordance with the listing standards of Nasdaq. The Nominating and Corporate Governance Committee met four times during fiscal 2018. The current members of the Nominating and Corporate Governance Committee are Jerry R. Whitaker (Chairperson), Katherine E. Dietze and Terry L. Dunlap.

Audit Committee

The principal functions of the Audit Committee are to provide oversight of (1) the integrity of the Company's financial statements, reports on internal controls and other of the Company's financial information, (2) the Company's compliance with legal and regulatory requirements, (3) the qualifications and independence of the Company's independent registered public accounting firm and (4) the performance of the Company's internal audit function (including disclosure controls and procedures for internal controls over financial reporting) and independent registered public accounting firm. The Committee serves as a vehicle to provide an open avenue of communication between the full Board of Directors and the Company's financial management team and internal audit department, and the independent registered public accounting firm. The Audit Committee is responsible for appointing the Company's independent registered public accounting firm. The Audit Committee operates pursuant to a Charter, which is available for viewing on the Company's website at www.matw.com under the section entitled "Corporate Governance".

All of the Audit Committee members, Alvaro Garcia-Tunon (Chairperson), Terry L. Dunlap and Morgan K. O'Brien, have been determined in the Board's business judgment to be independent from the Company and its management within the meaning of regulations of the U.S. Securities and Exchange Commission ("SEC") relating to audit committee independence, Nasdaq regulation and the Company's Corporate Governance Guidelines. All of the Audit Committee members are financial experts, as determined by SEC regulations, and, as such Mr. Garcia-Tunon, Mr. Dunlap and Mr. O'Brien are designated as the Audit Committee financial experts. During fiscal 2018, the Audit Committee met six times.

Finance Committee

The Finance Committee provides oversight of the Company's financial policies, strategies and capital structure. The Committee's principal responsibilities include review and monitoring of the Company's (1) significant capital expenditures, (2) mergers, acquisitions and divestitures, (3) capital structure, debt and equity offerings, (4) the dividend policy and share repurchase program, (5) risk management programs and (6) investor relations program. The Committee also provides oversight to the Pension Board on employee benefit plan matters and related plan investment management. Ms. Katherine E. Dietze is Chairperson of the Finance Committee. The other members of the Finance Committee are Gregory S. Babe, Don W. Quigley, Jr. and Jerry R. Whitaker. The Finance Committee met six times in fiscal 2018.

Compensation Committee

The principal functions of the Compensation Committee, the members of which are Morgan K. O'Brien (Chairperson), Alvaro Garcia-Tunon and Don W. Quigley, Jr., are to review periodically the suitability of the remuneration arrangements (including benefits) for the Company's Chief Executive Officer and other members of management of the Company, and to prepare an annual report on executive compensation for inclusion in the Company's Proxy Statement. The Committee also reviews, at least annually, succession plans for the position of Chief Executive Officer and other senior executive positions of the Company. The Compensation Committee operates pursuant to a Charter, which is available for viewing on the Company's website at www.matw.com under the section entitled "Corporate Governance". The Board has determined that all members of the Compensation Committee are independent in accordance with the listing standards of Nasdaq. During fiscal 2018, the Compensation Committee met four times.

Special Committee

The Special Committee was established in 2014 to provide oversight of integration planning and implementation for the Company's significant acquisitions, including Schawk, Inc. ("Schawk") that was completed on July 29, 2014, Aurora Casket Products Group, LLC ("Aurora") that was completed on August 19, 2015 and A. + E. Ungricht GmbH + Co KG ("Ungricht") that was completed on January 3, 2017. The members of the Special Committee are Alvaro Garcia-Tunon (Chairperson), Gregory S. Babe, Joseph C. Bartolacci, and Terry L. Dunlap. The Committee met once in fiscal 2018.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee currently consists of Mr. O'Brien, Mr. Garcia-Tunon and Mr. Quigley. None of these Committee members has ever been an officer or employee of the Company or any of its subsidiaries. None of our executive officers serves or has served as a member of the board of directors, compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

Meeting Attendance

During fiscal 2018, all directors attended at least 75% of Board and respective Committee meetings.

Although the Company does not have a formal policy with regard to Board members attending the Annual Meeting of the Shareholders, it is customary for the Board members to do so, and in general all or most of the Board members have attended annual meetings in the recent past.

Compensation of Directors

Director compensation is determined and administered by the Nominating and Corporate Governance Committee. In performing its duties, the Committee consults with various independent third-party advisors. In fiscal 2018, the Committee consulted with Pay Governance, LLC, an independent human resources consulting firm.

Under the Company's Amended and Restated 2014 Director Fee Plan ("2014 Director Plan"), for fiscal 2018 each eligible non-employee director received an annual retainer valued at \$85,000, which was payable either in cash or in shares of the Company's Common Stock, as determined by the Nominating and Corporate Governance Committee. If payable in cash, a director may elect to receive the annual retainer in shares of Company Common Stock or Common Stock credited to a deferred stock account as phantom stock. If the annual retainer is paid in shares of Company Common Stock, a director may defer the receipt of such Common Stock into a deferred stock account as phantom stock.

Each non-employee director also receives an annual stock-based grant (non-statutory stock options, stock appreciation rights and/or restricted shares). The form and value of the awards are determined by the Nominating and Corporate Governance Committee. The value of the annual grants awarded for fiscal 2018 was \$125,000, issued in the form of restricted stock, which vests on the second anniversary of the date of the grant. At December 31, 2018, there were 67,219 shares available for future grant under the Amended and Restated 2014 Director Fee Plan.

The non-employee Chairman of the Board received an additional annual retainer fee of \$100,000 in fiscal 2018, which was paid in cash. In fiscal 2018 each Committee chairperson received an additional \$10,000 retainer fee for their services as a Committee chairperson (\$15,000 in the case of the Audit Committee chairperson). In addition, in fiscal 2018, Mr. Garcia-Tunon and Mr. Dunlap, the non-employee members of the Special Committee, received \$1,500 per day of service on the Committee. Other than this daily fee with respect to the Special Committee, directors receive no other meeting fees.

The Company is submitting the 2019 Director Fee Plan to a vote of the shareholders as Proposal 2 of this Proxy Statement. If adopted, each eligible independent director will be compensated as described in Proposal 2 of this Proxy Statement.

The Company does not provide any retirement benefits or perquisites to any of its non-employee directors.

The following table summarizes the director compensation earned by the non-employee directors of the Company for fiscal 2018.

Non-Employee Director Compensation Table

Name	Fees Earned or Paid in Cash (2)	Stock Awards (1)	Total
J.D. Turner	\$ 185,000	\$ 125,000	\$ 310,000
K.E. Dietze	95,000	125,000	220,000
T.L. Dunlap	86,500	125,000	211,500
A. Garcia-Tunon	101,500	125,000	226,500
M.K. O'Brien	95,000	125,000	220,000
D.W. Quigley, Jr.	85,000	125,000	210,000
J.R. Whitaker	95,000	125,000	220,000

Amounts in this column reflect the grant date fair value of awards of restricted shares of the Company's Common Stock granted during fiscal 2018 computed in accordance with Financial Accounting Standards Board ASC Topic 718; however, the estimate of forfeiture related to service-based vesting conditions is disregarded for purposes of (1) this valuation. There were no forfeitures of restricted shares by any of the directors during fiscal 2018. On March 8, 2018, each of the non-employee directors were awarded 2,301 restricted shares with a grant date fair value of \$125,000. Mr. Garcia-Tunon and Mr. Whitaker elected to have the restricted share awards credited to a deferred stock account as phantom shares.

(2) Mr. Garcia-Tunon elected to receive fees of \$101,500 in shares of the Company's Common Stock credited to a deferred stock account as 1,868 phantom shares.

Access to Directors

The security holders of the Company may communicate in writing to the Board of Directors by sending such communication to the Board or a particular director in care of Steven F. Nicola, Chief Financial Officer and Secretary, at the Company's principle executive offices. At present, such communications will be directly forwarded to the Board or such particular director, as applicable.

PROPOSAL 1

ELECTION OF DIRECTORS

Nominations for election to the Board of Directors may be made by the Nominating and Corporate Governance Committee or by the shareholders.

Terry L. Dunlap, Alvaro Garcia-Tunon, John D. Turner, and Jerry R. Whitaker, whose terms of office are expiring, have been nominated by the Nominating and Corporate Governance Committee to serve for three-year terms that will end in 2022.

Shareholder nominations for directors to be elected at the 2020 Annual Meeting must be submitted to the Company in writing no earlier than 120 days prior to the anniversary date of the 2019 Annual Meeting, or October 24, 2019, and no later than 75 days prior to the anniversary date of the 2019 Annual Meeting, or December 8, 2019. Such nominations must be in writing in accordance with Section 6.1 of the Company's Restated Articles of Incorporation, and must include (1) the name and address of the shareholder who intends to make the nomination and of the person(s) to be nominated; (2) a representation that the shareholder is a holder of record of Common Stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person(s) specified in the notice; (3) a description of all arrangements or understandings between the shareholder and each nominee and any other person(s) (naming such person(s)) pursuant to which the nomination or nominations are to be made by the shareholder; (4) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated by the Board of Directors; and (5) the consent of each nominee to serve as a director of the Company if so elected. The Nominating and Corporate Governance Committee and Board will consider any candidate for nominee as a director that is properly submitted by a shareholder in accordance with the Company's Articles of Incorporation and Bylaws and does not maintain a policy with regard to such nominations distinct from such requirements. No such nominations have been received with respect to the 2019 Annual Meeting.

The Company's process for filling director vacancies includes determination of the professional skills and background desired to serve the best interests and current needs of the Company and its shareholders, possible retention of a third-party search firm to assist in the identification and evaluation of director candidates, consideration of candidates nominated by shareholders (if any), evaluation of a candidate's credentials and experience by the Nominating and Corporate Governance Committee (including personal interviews with selected candidates), and a formal recommendation by the Nominating and Corporate Governance Committee to the Board of Directors regarding the candidate considered to be the most qualified to fill the director vacancy.

The Committee assesses a candidate's background, skills, diversity, personal characteristics and business experience and applies the following criteria and qualifications: candidates are to be of the highest ethical character, share the values of the Company, have reputations, both personal and professional, consistent with the image and reputation of the Company, be highly accomplished in their respective field, with superior credentials and recognition, and provide the relevant expertise and experience necessary to assist the Board and the Company to increase shareholder value. The Board may prioritize the foregoing criteria depending on the current needs of the Board and the Company. The Board does not have a formal diversity policy for selecting directors, but considers diversity of race, gender and national origin to be relevant factors that are weighed with other criteria in recommending and nominating directors for election to the Board of Directors of Matthews.

Under the Company's Corporate Governance Guidelines, any director who experiences a change in principal occupation or primary business affiliation while serving as a director, must promptly offer to submit a letter of resignation as a director to the Chief Executive Officer and to the Nominating and Corporate Governance Committee. The Board, with input from the Nominating and Corporate Governance Committee and the Chief Executive Officer, will consider whether to accept such offer.

The Board of Directors has no reason to believe that any of the current nominees for director will become unavailable for election. However, if any nominee should become unavailable prior to the Annual Meeting, the accompanying proxy will be voted for the election in the nominee's place of such other person as the Board of Directors may recommend in the nominee's place.

Only affirmative votes are counted in the election of directors. The nominees for election as directors of the Class of 2022 who receive the highest number of votes cast for the election of directors at the Annual Meeting by the holders of the Company's Common Stock present in person or voting by proxy, a quorum being present, will be elected as directors. Abstentions, broker non-votes and instructions to withhold authority to vote for one or more of the nominees will result in those nominees receiving fewer votes but will not count as votes against the nominee.

The Board of Directors has implemented a director resignation policy under the Company's Corporate Governance Guidelines. The director resignation policy requires each nominee to the Board of Directors, prior to any election of directors, to submit a conditional resignation to the Board of Directors in connection with such nominee's nomination. In the event a nominee fails to receive the vote of at least a majority of the votes cast, the Nominating and Corporate Governance Committee will make a recommendation to the Board whether to accept or reject the tendered conditional resignation. The Board of Directors must act on the tendered resignation, taking into account the Nominating and Corporate Governance Committee's recommendation, within 90 days from the date of the certification of the election results. The Board shall promptly disclose its decision regarding the tendered resignation by furnishing a Current Report on Form 8-K to the SEC, including its rationale for accepting or rejecting the tendered resignation. In making their recommendation and decision, the Nominating and Governance Committee and Board may consider the following factors or other information that it considers appropriate and relevant: (i) the stated reasons, if any, why shareholders withheld their votes, (ii) possible alternative for curing the underlying cause of the withheld votes, (iii) the director's qualifications in light of the overall composition of the Board, (iv) the director's past and expected future contributions to the Company, (v) potential adverse consequences of accepting the resignation, including failure to comply with any applicable rule or regulation and (vi) the best interests of the Company and its shareholders. If the Board accepts a director's tendered resignation, the Board, in its sole discretion, may fill any resulting vacancy or decrease the size of the Board, pursuant to the Bylaws of the Company. If a director's resignation is not accepted by the Board, such director will continue to serve in accordance with existing Company regulations. Any director whose tendered resignation is being considered shall not participate in the deliberations conducted by the Nominating and Corporate Governance Committee or the Board.

The Board of Directors recommends that you vote FOR the election of the nominated directors.

The following information is furnished with respect to the persons nominated by the Board of Directors for election as directors and with respect to the continuing directors.

Nominees

Terry L. Dunlap, age 59, has served on the Board of Directors since February 2015. Mr. Dunlap currently serves as the principal of Sweetwater LLC, a consulting and investing firm with a focus on manufacturing and technology. Prior thereto, Mr. Dunlap spent 31 years with Allegheny Technologies, where he served as Executive Vice President, Flat-Rolled Products from May 2011 until his retirement in December 2014, President, ATI Allegheny Ludlum from 2002 to 2014, and Group President, ATI Flat-Rolled Products from 2008 to May 2011. Mr. Dunlap's experience and knowledge in the global manufacturing industry are valuable resources to the Board of Directors. Mr. Dunlap received a Bachelor of Science degree in Marketing from Indiana University of Pennsylvania and attended the Loyola University of Chicago MBA program. Mr. Dunlap is a member of the Audit, Nominating and Corporate Governance, and Special Committees of the Board. Mr. Dunlap serves on the Board of Directors and Audit Committee of TimkenSteel Corp., a specialty steel producer, and is a director and Chairman of the Compensation Committee of Elliot Group/EBARA Corp., a global producer of turbomachinery, compressors and turbines. He also serves as the Vice President of the Indiana University of Pennsylvania Foundation Board and as Vice President of the Lauri Ann West Community Center Board.

Alvaro Garcia-Tunon, age 66, has served on the Board of Directors since October 2009. Mr. Garcia-Tunon retired as the Chief Financial Officer of Wabtec Corporation ("Wabtec"), a provider of products and services for the global rail industry, effective January 1, 2014. He continued to work with Wabtec as a strategic advisor through December 2017. Mr. Garcia-Tunon was named Executive Vice President and Chief Financial Officer for Wabtec in February 2012. Prior to that, he was Executive Vice President, Chief Financial Officer and Secretary of Wabtec since December 2010. Prior thereto, he served as Senior Vice President, Chief Financial Officer and Secretary of Wabtec since 2003. Having served as the Chief Financial Officer of a public company with global operations, Mr. Garcia-Tunon has leadership skills in international business, corporate governance and risk management. As a Certified Public Accountant, he also provides the Board and the Audit Committee, of which he is a Chairman, the strong financial and accounting skills required to be considered a financial expert. Mr. Garcia-Tunon is also Chairman of the Special Committee and is a member of the Executive and Compensation Committees. Mr. Garcia-Tunon currently is serving on the Board of Directors of MSA Safety, Inc., a global leader in the development, manufacture and supply of safety products that protect people and facility infrastructures, since 2012, and serves on the Audit, Legal and Finance Committees of that Board. He also serves as a member of the Board of Directors and Audit Committee of Allison Transmission Holdings, Inc., a global provider of commercial-duty automatic transmissions and hybrid propulsion systems. Mr. Garcia-Tunon is a board member of the William and Mary Law School foundation and Senator John Heinz History Center, where he serves as its Treasurer. Mr. Garcia-Tunon graduated from the College of William and Mary with a Juris Doctor degree and is a graduate of the University of Virginia with a Bachelor of Science degree in Commerce and Accounting.

John D. Turner, age 72, has served as a director of the Company since 1999. Mr. Turner retired as Chairman and Chief Executive Officer of Copperweld Corporation, a manufacturer of tubular and bimetallic wire products, in 2003, where he had served as Chief Executive Officer since 1988. Mr. Turner's experience, knowledge and expertise as an executive in the metal manufacturing industry are valuable resources to the Company. During his tenure as a director, Mr. Turner has also served or participated on each of the Committees of the Board, providing him with the experience and perspective of the Board's decision making process in all areas of the Company's operations. Mr. Turner also has experience as a director for several large public companies. Mr. Turner serves as Chairman of the Executive Committee. Mr. Turner received a Bachelor's Degree in Biology from Colgate University. He currently also serves on the Board of Directors of Allegheny Technologies Incorporated, a position he has held since February 2004, and is the chairman of the Technology Committee of that Board.

Jerry R. Whitaker, age 68, has served on the Board of Directors of the Company since July 2011. Mr. Whitaker was President of Electrical Sector-Americas, Eaton Corporation, a global manufacturer of highly engineered products, until his retirement in June 2011. Prior thereto, he served in various management positions at Eaton Corporation since 1994. Prior to joining Eaton Corporation, Mr. Whitaker spent 22 years with Westinghouse Electric Corporation. Mr. Whitaker's experience and knowledge as an executive in global manufacturing industries and acquisition integration are valuable resources to the Company. Mr. Whitaker is the Chairman of the Nominating and Corporate Governance Committee and a member of the Finance and Executive Committees. Mr. Whitaker received a Bachelor of Science degree from Syracuse University and a Masters in Business Administration from George Washington University. He currently serves as a director on the boards of Crescent Electric Company, an independent distributor of electrical hardware and supplies, where he is a member of the Audit Committee and Chairman of the Compensation Committee, The Milliken Company, a privately-held diversified industrial company, where he is a member of the Compensation Committee and serves as Chairman of the Audit Committee, and Sealed Air Corporation, a global leader in packaging, food safety and hygiene, where he serves as Chairman of the Board of Directors. He is also on the advisory board for Universal Electric Company, a manufacturer of customizable power distribution systems. Mr. Whitaker also serves on the Advisory Board of the School of Engineering at Syracuse University.

Continuing Directors

Joseph C. Bartolacci, age 58, was appointed Chief Executive Officer of the Company in 2006, and has served on the Board of Directors since 2005. Prior to his appointment as Chief Executive Officer, he was President and Chief Operating Officer of the Company since 2005. Prior thereto, he held various positions within Matthews, including President, Casket Division; Executive Vice President of Matthews; President, Matthews Europe; President, Caggiati, S.p.A. (a wholly-owned subsidiary of Matthews) and General Counsel of Matthews. Mr. Bartolacci provides management's perspective in Board decisions about the business and strategic direction of the Company. He has first-hand operating experience in many of the Company's diverse global businesses and brings a well-developed understanding of the industries in which the Company operates, as well as the opportunities within those industries to drive shareholder value. Mr. Bartolacci received a Bachelor of Science degree in Accounting from Saint Vincent College and a Juris Doctor from the University of Pittsburgh. Mr. Bartolacci serves on the Special Committee of the Board. He also serves on the Company's Pension Board, the Board of the Jas. H. Matthews & Co. Educational and Charitable Trust, and on the boards of various subsidiaries of Matthews. Other than the Company, Mr. Bartolacci serves on the board of one publicly-traded company. He is a member of the Board of Directors of Federated Investors, a global investment management company. Mr. Bartolacci is also a member of the Board of Directors of Saint Vincent College and the Carnegie Science Center.

Gregory S. Babe, age 61, has served on the Board of Directors since November 2010. Mr. Babe has served as the Company's Chief Technology Officer since November 2015, and prior to that served as the Company's Executive Vice President, Global Information Technology and Integration starting in November 2014. Mr. Babe also serves as President and Chief Executive Officer of Liquid X Printed Metals, Inc., a Carnegie Mellon University spin out. From July 2012 to June 2013, Mr. Babe served as Chief Executive Officer of Orbital Engineering, Inc., a privately held engineering services company. Mr. Babe retired as President and Chief Executive Officer of Bayer Corporation and Bayer MaterialScience LLC in June 2012. Mr. Babe was appointed President and Chief Executive Officer of Bayer Corporation and Senior Bayer Representative for the United States and Canada in October 2008. Mr. Babe was responsible for the North American activities of the worldwide Bayer Group, an international health care, nutrition and high-tech materials group based in Leverkusen, Germany. In addition, he held the position of President and Chief Executive Officer of Bayer MaterialScience LLC, a producer of polymers and high-performance plastics in North America, from July 2004 until June 2012. Mr. Babe is considered well-qualified to serve on the Company's Board of Directors based on his experience as a Chief Executive Officer of a multinational manufacturing company. He possesses a strong background in manufacturing and regulatory and government affairs. Mr. Babe is a member of the

Finance and Special Committees. He serves on the Board of the Benedum Foundation, where he is a member of the Investment Committee. Mr. Babe holds a Bachelor of Science degree in mechanical engineering from West Virginia University.

Katherine E. Dietze, age 61, has served on the Board of Directors of the Company since July 2008. Ms. Dietze was Global Chief Operating Officer, Investment Banking Division of Credit Suisse First Boston, a financial services company, until her retirement in 2005. She had also held the position of Managing Director, Investment Banking. Prior to joining Credit Suisse First Boston, Ms. Dietze was a Managing Director for Salomon Brothers Inc., a financial services company. Ms. Dietze brings a strong background in global investment and financial matters. With her background in investment banking, Ms. Dietze provides a unique and valuable perspective on global financial markets, investments and financial transactions. Ms. Dietze received a Bachelor of Arts degree from Brown University and graduated from Columbia University with a Masters in Business Administration in Finance and Marketing. Ms. Dietze serves as Chairperson of the Finance Committee and is a member of the Executive Committee. She is also a director and Chairperson of the Audit Committee and a member of the Governance Committee of Cowen Group, Inc., a financial services firm. She previously served as Chairperson of the Audit Committee and member of both the Governance and Compensation Committees for LaBranche, LLC, a financial services firm purchased by the Cowen Group in June 2011. In January 2011, Ms. Dietze was elected to the Board of Trustees of Liberty Property Trust, a real estate investment trust, where she currently is a member of the Audit and Chairperson of the Governance Committees.

Morgan K. O'Brien, age 58, has served on the Board of Directors of the Company since July 2011. Mr. O'Brien has served as the President and Chief Executive Officer of Peoples Natural Gas Company LLC, a utility serving the southwestern Pennsylvania market, since February 2010. Prior thereto, Mr. O'Brien served as President and Chief Executive Officer of Duquesne Light Holdings, an electric utility company serving western Pennsylvania, since 2001. He held various senior executive positions at Duquesne Light Holdings since 1991. Prior to joining Duquesne Light Holdings, Mr. O'Brien served in various management positions at PNC Bank and at major accounting firms. As a current Chief Executive Officer with more than 10 years experience in that role, Mr. O'Brien brings significant leadership skills to the Board of Directors. With his experience in the areas of accounting and taxation, he also provides the Board and the Audit Committee, of which he is a member, with strong financial skills. Mr. O'Brien is also Chairman of the Compensation Committee and is a member of the Executive Committee. Mr. O'Brien received a Bachelor's degree in Business Administration and a Masters degree in taxation from Robert Morris University. Mr. O'Brien serves on the Board of Directors of Peoples Natural Gas Company LLC, HFF, Inc. and on the Board of Trustees of Robert Morris University. He also serves on the boards of several civic and charitable organizations in western Pennsylvania.

Don W. Quigley, Jr., age 63, has served on the Board of Directors of the Company since September 2015. Mr. Quigley is currently a Senior Advisor for the Boston Consulting Group, a global management consulting firm. Mr. Quigley served as President of U.S. Sales of Mondelez International, Inc., a global provider of snack food and beverage products to consumers from 2012 until his retirement in March 2015. Prior thereto, he served as President, Global Consumer Sales of Kimberly-Clark Corporation from 2004 to 2012, and Vice President of Sales for PepsiCo from 1998 to 2004. Mr. Quigley's experience and knowledge as a senior sales and marketing executive at consumer products companies is a valuable resource to the Company. Mr. Quigley is a member of the Compensation and Finance Committees. Mr. Quigley received a Bachelor of Science degree in Business from the Kelley School at Indiana University. He currently serves on the Board of Directors of Gold Eagle Company, a family-owned provider of automotive fluids and additives.

David A. Schawk, age 63, was named President, SGK Brand Solutions and elected to the Company's Board of Directors effective upon the Company's acquisition of Schawk on July 29, 2014. Mr. Schawk previously served as Schawk's Chief Executive Officer from July 2012, and Chief Executive Officer and President for more than five years prior thereto. He also served on the Schawk Board of Directors since 1992. Mr. Schawk is considered well-qualified to serve on the Company's Board of Directors based on his experience as a Chief Executive Officer and director of a multinational brand development and brand management company.

The term for each nominee and director is listed below:

Nominees:	Term to expire at Annual Meeting of Shareholders in:
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Terry L. Dunlap	2022
Alvaro Garcia-Tunon	2022
John D. Turner	2022
Jerry R. Whitaker	2022

Continuing Directors:

Gregory S. Babe	2020
Don W. Quigley, Jr.	2020
David A. Schawk	2020

Joseph C. Bartolacci	2021
Katherine E. Dietze	2021
Morgan K. O'Brien	2021

PROPOSAL 2

APPROVAL OF THE ADOPTION OF THE 2019 DIRECTOR FEE PLAN

The full text of the 2019 Director Fee Plan (the “2019 Plan”) is set forth as Exhibit A to this Proxy Statement. The following description of the 2019 Plan is qualified in its entirety by reference to Exhibit A.

The 2019 Plan in General. The purposes of the 2019 Plan are to provide eligible non-employee directors of the Company with a fee arrangement that is not only competitive with those at corporations similar to the Company but which increases the identification of interests between the non-employee directors and the shareholders of the Company, and to provide a program which is suitable for the recruitment and retention of capable people to serve as non-employee directors of the Company. As of December 31, 2018, there were seven (7) such directors. Directors who are employees of the Company are not separately compensated for service as a director.

The total number of shares of stock which may be issued under the 2019 Plan or credited to a deferred stock compensation account for subsequent issuance is 150,000 shares of Common Stock. This total will be adjusted upon certain events such as a stock dividend on, or stock split of, the Common Stock. The shares which may be issued under the 2019 Plan may be either authorized but unissued shares or shares previously issued and thereafter acquired by the Company, or a combination of each. On December 31, 2018, the fair market value of a share of the Company’s Common Stock was \$40.62.

Notwithstanding the limit on the number of shares of stock which may be issued under the 2019 Plan, during any calendar year the maximum aggregate fair market value of award that may be made under the 2019 Plan to a director may not exceed \$400,000 during such calendar year. In addition, during a calendar year the maximum aggregate fees paid under the 2019 Plan to a director and the fair market value of equity awards issued under the 2019 Plan shall not exceed \$600,000 during such calendar year.

The Board of Directors of the Company will have full power and authority to administer the 2019 Plan. The Board may delegate some or all of those rights to the Nominating and Corporate Governance Committee or other committees of the Board. The Board of Directors also has, subject to certain limitations, the right to amend or terminate the 2019 Plan.

The 2019 Plan provides that the Board or by any committee of the Board which the Board authorizes to determine such amounts may determine the amount of any annual fees paid to directors (“Director Fees”). The 2019 Plan also provides that the Nominating and Corporate Governance Committee of the Company (or another committee of the Board designated to act for these matters) (the “Governance Committee”) may determine that Director Fees can be paid in cash or in Common Stock of the Company, with the default election being the payment of the Director Fees in shares of the Company’s Common Stock. Notwithstanding the Governance Committee’s determination to pay Director Fees in cash, a director may elect to receive the Director Fee in Common Stock or defer the payment of Director Fees into a deferred stock compensation account.

The 2019 Plan also permits the Board (or a committee of the Board which the Board authorizes to make such determinations) to determine the amount, if any, of fees paid to non-employee directors (other than a non-employee director who serves as Chairman of the Board) for attendance at Board meetings, committee meetings and shareholders’ meetings (“Meeting Fees”). Upon inception, the Board intends that each non-employee director will not receive Meeting Fees for Board, committee and shareholders’ meetings attended

The 2019 Plan also presently permits the grant of stock options, stock appreciation rights, restricted shares and restricted stock units (“RSUs”). The 2019 Plan provides that each director will receive an annual grant of non-statutory stock options, stock appreciation rights, restricted shares, or RSUs with such value determined by the Board or by any committee of the Board which the Board authorizes to determine such amounts. The precise awards to be granted and their valuation will be determined by the Governance Committee (subject to the limitations set forth in the 2019 Plan). For 2018, each director received a grant of restricted shares with a total value of \$125,000 under the Company’s Amended and Restated 2014 Director Fee Plan (the “2014 Plan”).

The term of the 2019 Plan runs until March 31, 2024.

The 2019 Plan also permits a director to name a death beneficiary with respect to the director’s deferred stock compensation account, provides for hardship withdrawals, and allows a director to make subsequent elections to further delay payments under a previous deferral made by the director.

Director Fees. Under the 2019 Plan, each eligible non-employee director will receive a Director Fee in such amounts determined by the Board or by any committee of the Board which the Board authorizes to determine such amounts. The 2019 Plan provides that the Nominating and Corporate Governance Committee of the Company (or another committee of the Board designated to act for these matters) (the “Governance Committee”) may determine that Director Fees can be paid in cash or in Common Stock of the Company, with the default election being the payment of the Director Fees in shares of the Company’s Common Stock. Notwithstanding the Governance Committee’s determination to pay Director Fees in cash, a director may elect to receive the Director Fee in Common Stock or defer the payment of Director Fees into a deferred stock compensation account.

Director Fees will be paid or credited fifteen (15) business days after the annual meeting of the shareholders, for each non-employee director as of that payment or crediting date. Director Fees for the retainer of a committee chairperson will be paid on the fifteenth (15th) business day after a director’s annual election or re-election as a Committee chairperson. Director Fees will thereby be paid or credited in advance and are not subject to proration or refund in the event that a director receiving such fees should die or resign prior to the next annual meeting of the shareholders.

The 2019 Plan also permits the Board (or a committee of the Board which the Board authorizes to make such determinations) to determine the amount, if any, of Meeting Fees paid to non-employee directors (other than a non-employee director who serves as Chairman of the Board) for attendance at Board meetings, committee meetings and shareholders’ meetings. Upon inception, the Board intends that each non-employee director will not receive Meeting Fees for Board, committee and shareholders’ meetings attended, and each Committee chairperson will receive an annual Director Fee, described above. Under the 2019 Plan, the Board has the authority to increase or decrease the amount of the annual Director Fee or and Meeting Fees.

Deferrals. A director may elect to defer receipt of his or her annual Director Fees, Meeting Fees or restricted stock award grant if made by filing a notice of election with the Company. The amount of any Director Fees, Meeting Fees or restricted shares elected to be deferred in accordance with a deferral election for a calendar year will be credited, in the form of shares of deferred stock units (“DSUs”), to a deferred stock compensation account maintained only on the books of the Company. DSUs represent the right to receive an equivalent number of shares of Common Stock, subject to the terms of the 2019 Plan. On each payment date for Director Fees or Meeting Fees for which a proper deferral election is effective for a participant or on which DSUs are to be credited pursuant to a proper deferral election, the Director's deferred stock compensation account(s) will be credited on the payment date with the number of DSUs (including fractional shares to at least two decimal places) (i) equal to that number of shares of the Company’s Common Stock that otherwise would have been payable to the participant on such payment date where the Director Fees had been payable to the

Director in shares of Common Stock, or (ii) equal to the aggregate amount of all Director Fees or Meeting Fees subject to such deferral election otherwise payable during such calendar year to such participant in cash divided by the fair market value of one share of the Company's Common Stock on such payment date. No shares of DSUs or other assets shall be set aside until shares of DSUs actually become payable to a director or his beneficiary. No person shall have voting rights with respect to shares of DSUs credited to a deferred stock compensation account.

Payment of shares of Common Stock under a DSU credited to a director's deferred stock compensation account for any year would be made either in a lump sum or in installments according to the deferral election. Notwithstanding the foregoing, a director is permitted to further defer the receipt of payments from his or her deferred stock compensation account by making a further deferral election at least twelve months prior to the date on which payments would have otherwise commenced, and by deferring for at least five years from the date payments would have otherwise commenced. Further, a director may file a notice with the Company pursuant to which the director would be paid amounts credited to his or her deferred stock compensation account after the effective date of such notice upon the occurrence of certain changes in control at the Company as described in the 2019 Plan.

Upon the death of a director, payment would be made to the beneficiary designated by the director or to the estate of the director. Advance payment of deferred amounts may be permitted by the Board only to the extent necessary to avoid severe financial hardship resulting from an unanticipated financial emergency beyond the control of the director or his or her beneficiary.

Under the 2019 Plan, any deferral election will be valid only if technical timing rules have been met.

Dividend Equivalent Rights. If the Board declares a dividend on the Company's Common Stock in cash or property other than Common Stock at a time when DSUs are outstanding in an deferred stock account, then on the date the dividend is paid the Company shall, based on each participant's election in effect at the time, either (i) pay directly to the participant an amount in cash or property other than Common Stock, as the case may be, or (ii) increase the number of DSUs credited to the director's deferred stock account by an amount, determined in accordance with a formula. Under the formula, the additional number of DSUs to be credited to the participant's account, or paid in cash, based on the participant's election then in effect, is equal to $(A \times B)/C - D$, where

A = the number of DSUs in the Director's deferred stock account;

B = the per share amount of the dividend;

C = the average of the high and low per share selling prices of the Corporation's Common Stock on the payment date of such dividend;

D = the taxes, if any, required to be withheld on such amount, including but not limited to any taxes required to be withheld due to the characterization of such amounts as wages or compensation.

Stock Options, Stock Appreciation Rights, Restricted Stock and RSUs. The 2019 Plan provides for the grant of non-statutory stock options, stock appreciation rights, restricted share awards and RSUs.

Administration. Subject to the provisions of the 2019 Plan, the Governance Committee has full and final authority, in its discretion, to grant non-statutory stock options and stock appreciation rights, and to make restricted share awards and RSUs under the 2019 Plan, in such amount determined by the Board or by any committee of the Board which the Board authorizes to determine such amount (subject limitations set forth in the 2019 Plan). Grants and awards will be made effective as of the same date as Director Fees are paid after the annual meeting. Under the 2019 Plan, the Board has the authority to increase or decrease the value of the grants and awards to be made; the Governance Committee has the sole discretion to determine whether the grants and awards should be stock options, stock appreciation rights or restricted shares or partly of each.

The Board and the Governance Committee have the power to interpret the 2019 Plan and to prescribe such rules, regulations and procedures in connection with the operations of the 2019 Plan as they deem necessary and advisable in their administration of the 2019 Plan.

Terms of Stock Options and Stock Appreciation Rights. The option price for each stock option may not be less than 100% of the fair market value of the Company's Common Stock on the date of the grant of the stock option. Fair market value of the Common Stock for all purposes under the 2019 Plan is the mean between the publicly reported highest and lowest sales prices per share of Common Stock of the Company as quoted on the Nasdaq Exchange on the date as of which fair market value is determined.

Except in certain cases (principally certain change in control events) and as the Governance Committee may otherwise determine, no stock option may be exercised prior to two years from the date of grant or after the expiration of ten years from the date of grant. Unless the Governance Committee, in its discretion, otherwise determines, an exercisable stock option may be exercised in whole or in part. Otherwise, stock options may be exercised at such times, in such amounts and subject to such restrictions as are determined in its discretion by the Governance Committee.

The option price for each stock option is payable in full in cash at the time of exercise; however, in lieu of cash the person exercising the stock option may, if authorized by the Governance Committee, pay the option price in whole or in part by delivering to the Company shares of Common Stock having a fair market value on the date of exercise of the stock option equal to the option price for the shares being purchased, except that any portion of the option price representing a fraction of a share must be paid in cash.

If the person exercising a stock option participates in a broker or other agent-sponsored exercise or financing program, the Company will cooperate with all reasonable procedures of the broker or other agent to permit participation by the person exercising the stock option in the exercise or financing program. But, in such a case, the exercise of the stock option shall not be deemed to occur and no shares of the Common Stock will be issued until the Company has received full payment in cash for the option price from the broker or other agent.

The grant of stock appreciation rights provides the holder with the right, upon the exercise of the stock appreciation rights, to receive a number of shares of Common Stock with a fair market value equal to the difference between the fair market value of the Common Stock on the date of exercise of the stock appreciation rights and the base price of the stock appreciation rights when granted (which may not be less than 100% of the fair market value of the Company's Common Stock on the date of the grant of the stock appreciation rights). The Governance Committee also has the right to pay cash upon the exercise of the stock appreciation rights in certain circumstances.

Unless the Governance Committee determines otherwise, the provisions of the following sentence will apply in the event that a grantee ceases to be a director of the Company for any reason other than removal for cause or resignation without consent of the Board. Any outstanding stock option and stock appreciation right held by such grantee will vest and be exercisable at any time prior to the second anniversary of the date on which the grantee ceases to be a director or the expiration date of the stock option or stock appreciation right, whichever is the shorter period. Unless the exercise period has been extended pursuant to the change in control provisions of the 2019 Plan, if a grantee is removed from office for cause or resigns without the consent of the Board, any then outstanding stock option and stock appreciation right held by such grantee will terminate as of the close of business on the last day on which the grantee is a director.

Unless the Governance Committee in its discretion otherwise determines, no stock option or stock appreciation right granted under the 2019 Plan is transferable other than by will, by the laws of descent and distribution, or to certain types of trusts. A stock option or stock appreciation right may be exercised during a grantee's lifetime only by the grantee or the trustee of such trust.

Each grant of a stock option or stock appreciation right must be confirmed by an agreement between the Company and the grantee which sets forth the terms of the grant.

Restricted Shares. Restricted share awards are subject to such restrictions (including restrictions on the right of the awardee to sell, assign, transfer or encumber the shares awarded while such shares are subject to restrictions) as the Governance Committee may impose thereon and are subject to forfeiture to the extent events (which may, in the discretion of the Governance Committee, include termination of service as a director and/or performance-based events) specified by the Governance Committee occur prior to the time of restrictions lapse.

Each restricted share award must be confirmed by a restricted share agreement between the Company and the awardee, which sets forth the number of restricted shares awarded, the restrictions imposed thereon, the duration of such restrictions, events the occurrence of which would cause a forfeiture of the restricted shares, and such other terms and conditions as the Committee in its discretion deems appropriate. Following a restricted share award and prior to the lapse of the applicable restrictions, at the Company's discretion, the Company may hold share certificates representing the restricted shares in escrow, issue share certificates to the awardee with a legend referring to the restrictions, or issue the shares in book-entry form in the name of the awardee. Except in certain circumstances, the Governance Committee, in its discretion, may determine that dividends and other distributions on the restricted shares shall not be paid to the awardee until the lapse or termination of the applicable restrictions. Unless otherwise provided, in its discretion, by the Governance Committee, any such dividends or other distributions shall not bear interest. Upon the lapse of the applicable restrictions, unlegended share certificates representing the restricted shares and unpaid dividends, if any, will be delivered to the awardee. From the date a restricted share award is effective, however, the awardee will be a shareholder with respect to all of the restricted shares and will have all the rights of a shareholder with respect to the restricted shares, including the right to vote the restricted shares and to receive all dividends and other distributions paid with respect to the restricted shares, subject only to the preceding provisions of this paragraph and the restrictions imposed by the Governance Committee.

Restricted Stock Units (RSUs). RSUs represent an unsecured right of participants to receive future payment (in cash, shares of Common Stock or a combination of both) equal to the fair market value of a specified number of shares of Common Stock. RSUs are subject to such restrictions (including restrictions on the right of the awardee to sell, assign, transfer or encumber the shares awarded while such shares are subject to restrictions) as the Governance Committee may impose thereon and are subject to forfeiture to the extent events (which may, in the discretion of the Governance Committee, include termination of service as a director and/or performance-based events) specified by the Governance Committee occur prior to the time of restrictions lapse.

Following a RSU award and prior to the lapse of the applicable restrictions, the participant may not sell, assign, transfer, pledge or otherwise encumber RSUs. Holders of RSUs do not have any voting rights with respect to shares of Common Stock under the RSU awards and holders of RSUs are not shareholders of the Company unless and until the shares of Common Stock under the RSU award are granted. Dividends and other distributions on the RSUs shall not be paid to the awardee until the Common Stock under the RSU award is issued. The Governance Committee may, in its sole discretion, decide to issue dividend equivalent units with respect to RSU award. A dividend equivalent unit may be credited to an account for the participant that provides for the deferral of such amounts until a statement time. Additionally, the Governance Committee may decide whether the award will be settled in cash or shares of Common Stock.

Additional Rights in Certain Events. The 2019 Plan provides for acceleration of the exercisability and extension of the expiration date of stock options and stock appreciation rights, and for lapse of the restrictions on restricted share awards, upon the occurrence of one or more events described in Section 15 of the 2019 Plan (“Section 15 Events”). Such an event is deemed to have occurred when (i) the Company acquires actual knowledge that any person (other than the Company, a subsidiary or any employee benefit plan sponsored by the Company) has acquired beneficial ownership, directly or indirectly, of securities representing 20% or more of the voting power of the Company, (ii) during any period of two consecutive years, less than a majority of the total number of authorized members of the Board of Directors (excluding vacant seats) are filled by persons who were (a) directors at the beginning of such period and (b) individuals whose election by the Company’s security holders, or nomination for election, was approved by a vote of at least a majority of the members of the Nominating and Corporate Governance Committee (consisting of directors then still in office who were directors at the beginning of such period or who were approved by election or nomination in accordance with Section 15 of the 2019 Plan) or at least two-thirds of the directors then still in office who were directors on the effective date of the 2019 Plan or who were so approved (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board relating to the election of directors which would be subject to Rule 14a-11 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), including by reason of any agreement intended to avoid or settle any such election contest or proxy contest), (iii) the consummation of a merger, consolidation, share exchange, division or sale or other disposition of assets of the Company as a result of which the shareholders of the Company immediately prior to such transaction shall not hold, directly or indirectly, immediately following such transaction, a majority of the voting power of (a) in the case of a merger or consolidation, the surviving or resulting corporation, (b) in the case of a share exchange, the acquiring corporation, or (c) in the case of a division or a sale or other disposition of assets, each surviving, resulting or acquiring corporation which, immediately following the transaction, holds more than 30% of the consolidated assets of the Company immediately prior to the transaction, or (iv) commencement of any liquidation or dissolution of the Company (other than pursuant to any transfer of 70% or more of the consolidated assets of the Company to an entity or entities controlled by the Company and/or its shareholders following such liquidation or dissolution). The Section 15 Events described above may be limited in effect and otherwise subject to the requirements of Section 409A of the Internal Revenue Code of 1986, which provides certain limitations on the ability to accelerate deferred compensation upon changes in control.

Unless the confirming agreement or an amendment thereto otherwise provides, notwithstanding any other provision contained in the 2019 Plan, upon the occurrence of any Section 15 Event all outstanding stock options and stock appreciation rights become immediately and fully exercisable whether or not otherwise exercisable by their terms, and all stock options and stock appreciation rights held by a director whose service on the Board terminates within one year of any Section 15 Event for any reason are exercisable for the longer of a period of three months from the date of such termination of service or the standard periods of expiration or termination as described above, but in no event after the expiration date of the stock option or the stock appreciation rights.

Unless the restricted share agreement or an amendment thereto otherwise provides, notwithstanding any other provision contained in the 2019 Plan, upon the occurrence of any Section 15 Event prior to the scheduled lapse of all restrictions applicable to restricted share awards under the 2019 Plan, all such restrictions lapse regardless of the scheduled lapse of such restrictions.

Miscellaneous. If, on the date on which any shares of common stock would be issued pursuant to a current stock payment under Director Fees or annual restricted share award any DSUs or credited to a deferred stock account and after consideration of any shares of common stock subject to outstanding equity awards under the 2019 Plan, sufficient shares of common stock are not available under the 2019 Plan or the Company is not obligated to issue shares pursuant to under applicable securities laws, then no shares of common stock

shall be issued or DSUs credited but rather, in the case of a current stock payment under Director Fees or annual restricted share award, cash shall be paid in payment of the Director Fees payable, and in the case of DSUs, Director Fees and Meeting Fees shall instead be credited in cash to a deferred cash compensation account in the name of the Director.

In the event that any outstanding stock option, stock appreciation right or RSU is canceled by mutual consent, terminates, or expires for any reason without having been exercised in full, the shares of Common Stock not purchased under the stock option or stock appreciation right are again available for all purposes of the 2019 Plan. If any shares of Common Stock are forfeited to the Company pursuant to the restrictions applicable to restricted shares awarded under the 2019 Plan, the number of shares so forfeited are again available for all purposes of the 2019 Plan. The number of shares of Common Stock which are surrendered in full or partial payment to the Company of the option price of a stock option will be available for the purpose of granting awards under the 2019 Plan.

The Board of Directors may alter or amend the 2019 Plan at any time, except that, without approval of the shareholders of the Company, no alteration or amendment may be made if shareholder approval of the amendment is at the time required for shares under the 2019 Plan to qualify for the exemption from Section 16(b) of Exchange Act, provided by Rule 16b-3, or by the rules of the Nasdaq Stock Exchange or any stock exchange on which the Common Stock may then be listed. In addition, no alteration or amendment of the 2019 Plan may, without the written consent of the holder of a stock option, stock appreciation rights, restricted shares or RSUs granted or awarded under the 2019 Plan prior thereto, adversely affect the rights of such holder with respect thereto.

No shares of Common Stock shall be issued or credited, nor any options or stock appreciation rights granted, nor restricted stock awarded under the 2019 Plan after March 31, 2024, provided that this does not preclude the issuance of shares in payment of the balance of a director's deferred stock compensation account or the exercise of previously granted stock options or stock appreciation rights. Additionally, the Board of Directors may terminate the 2019 Plan at any time, but termination of the 2019 Plan would not terminate any outstanding stock options or stock appreciation rights granted under the 2019 Plan or cause a revocation or forfeiture of any restricted share award under the 2019 Plan.

The 2019 Plan contains anti-dilution provisions providing for proportionate adjustment in the maximum aggregate number of shares of Common Stock for which stock options, stock appreciation rights and RSUs may be granted, as to which restricted shares may be awarded, and in the number of shares covered by outstanding stock options, stock appreciation rights and RSUs in certain events, including stock dividends on shares of outstanding Common Stock. The 2019 Plan also contains provisions providing for the substitution of shares in the event of a reorganization, recapitalization, merger or similar event. The 2019 Plan provides for adjustments to stock options, stock appreciation rights and RSUs, and restrictions on distributions with respect to, or exchanges for restricted shares in the case of, any spin-off, split-off, dividend in partial liquidation or in property other than cash, or extraordinary distribution to holders of the Common Stock.

If a director who has been granted stock options or stock appreciation rights or awarded restricted shares or RSUs under the 2019 Plan engages in the operation or management of a business, whether as owner, partner, officer, director, employee or otherwise and whether during or after Board service, which is in competition with the Company or any of its subsidiaries, the Governance Committee may in its discretion immediately terminate all stock options and stock appreciation rights held by such person (except when the exercise period of a stock option or stock appreciation right has been extended because one or more of the events described under "Additional Rights in Certain Events" above has occurred) and declare forfeited all restricted shares and RSUs held by such person as to which the restrictions have not yet lapsed.

Possible Anti-takeover Effect

The provisions of the 2019 Plan providing for the acceleration of the exercise date of outstanding stock options and stock appreciation rights upon the occurrence of a Section 15 Event, the extension of the period during which outstanding stock options and stock appreciation rights may be exercised upon termination of Board service following a Section 15 Event and the lapse of restrictions applicable to restricted stock awards and RSUs upon the occurrence of a Section 15 Event may be considered as having an anti-takeover effect.

New Plan Benefits

All fees and awards to directors under the 2019 Plan are made at the discretion of the Nominating and Corporate Governance Committee. The amounts of future awards to our directors under the 2019 Plan are discretionary. As a result, the amounts that will be received or allocated under the Plan are not determinable at this time. We have therefore not included a table that reflects such awards.

Federal Income Tax Consequences

The rules governing the federal tax treatment of an award are very technical. Consequently, the following discussion of federal income tax consequences is necessarily general in nature and does not purport to be exhaustive or complete, and among other things, does not describe state, local or foreign tax consequences. Moreover, statutory provisions are subject to change, as are their interpretations, and their applications may vary in individual circumstances.

Although the Company may endeavor to (i) qualify the payment of fees or a grant or award for favorable United States tax treatment or avoid adverse tax treatment (e.g., under Section 409A of the Code), the Company has made no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. Section 409A is a provision of the Code that imposes a number of strict and complex requirements that deferred compensation plans and arrangements must satisfy in order for participants of such compensation plans or arrangements to avoid immediate taxation, plus a 20% penalty tax, on the deferred compensation provided by such plan or arrangement.

Director Fees

Current Payment. Directors who receive current payment of Director Fees in cash or in shares of Common Stock generally recognize compensation income on the date on which they receive payment equal to the amount of cash received or the fair market value of the shares received on the payment date.

DSUs. Directors who properly elect to defer receipt of Director Fees in DSUs generally should recognize compensation income only on the date on which such Director Fee is payable to the director upon settlement of DSUs in shares of Common Stock. In general, the compensation income to be recognized by a director upon distribution of Common Stock upon settlement of DSUs is equal to the fair market value of the shares of Common Stock on the date on which the shares are payable to the director from such account, plus the amount of cash, if any, received in lieu of a fractional share.

Meeting Fees

Current Cash Payment. Meeting fees paid in cash constitute compensation and must be recognized as compensation income by the directors for the taxable year in which they are received.

Deferred Stock Payment. Directors who properly elect to defer receipt of Meeting Fees otherwise payable in cash and receive DSUs should recognize compensation income only on the date on which Meeting Fees are payable to the director upon settlements of the DSUs in shares of Common Stock. In general, the compensation income to be recognized by a director upon distribution of Common Stock upon settlement of DSUs is equal to the fair market value of the shares of Common Stock on the date on which the shares are payable to the director from such account, plus the amount of cash, if any, received in lieu of a fractional share.

Non-statutory Stock Options

A director does not recognize any taxable income for Federal income tax purposes upon receipt of a non-statutory stock option. Upon the exercise of a non-statutory stock option with cash, the amount by which the fair market value of the shares received, determined as of the date of exercise, exceeds the option price is generally treated as compensation income received in the year of exercise. If the option price of a non-statutory stock option is paid in whole or in part in shares of Common Stock, no income, gain or loss is recognized on the receipt of shares equal in value on the date of exercise to the shares delivered in payment of the option price. The fair market value of the remainder of the shares received upon exercise of the non-statutory stock option, determined as of the day of exercise, less the amount of cash, if any, paid upon exercise is generally treated as compensation income received on the date of exercise.

Stock Appreciation Rights

Generally a director would not recognize any taxable income upon receipt of a stock appreciation right. If the stock appreciation right is payable in shares of the Common Stock, the director would recognize compensation income in the year in which the stock appreciation right is exercised, in an amount equal to the fair market value of the Common Stock paid to the director at the time of exercise. If the Company pays cash to a director upon the exercise of a stock appreciation right, the director likely would recognize compensation income in the year in which the stock appreciation right is exercised in an amount equal to the cash paid to the director at the time of exercise.

RSUs

A director generally does not recognize any taxable income upon receipt of RSUs. Any cash and the fair market value of any shares of Common Stock received by a director upon the vesting of RSUs are treated as compensation income received by the participant in the year of receipt.

Restricted Stock

A director would not recognize any taxable income for Federal income tax purposes in the year of the award, provided the shares were nontransferable and subject to a substantial risk of forfeiture. However, the director could elect under Section 83(b) of the Internal Revenue Code to recognize compensation income in the year of the award in an amount equal to the fair market value of the shares on the date of the award, determined without regard to these restrictions. If this 83(b) election is made, the director will recognize compensation income at the time of the award of the restricted stock even though such shares may remain subject to restrictions on transfer and risks of forfeiture. When the vesting and forfeiture restrictions lapse, no compensation will be includable in gross income. Rather, subsequent appreciation in the value of the stock will be taxed as capital gain or loss upon the sale of such stock. If, however, the stock is forfeited prior to becoming vested, the tax paid in connection with making an 83(b) election is not directly recoverable.

If the director does not make a Section 83(b) election, the fair market value of the shares on the date these restrictions lapse generally is treated as compensation income to the director and is taxable in the year the restrictions lapse.

Disposition of Shares Received

If a director sells shares of Common Stock acquired under the 2019 Plan, the difference between the amount realized on the sale and the director's tax basis in the shares sold generally is taxed as a capital gain or a capital loss, which is long-term or short-term depending on whether the more-than one-year holding period has been satisfied with respect to the shares sold.

The Company

In each instance that an amount is treated as compensation received by a director, the Company generally is entitled to a corresponding deduction in the same amount for compensation paid.

Other Considerations Related to the 2019 Plan

By adopting the 2019 Plan, the Company is increasing the number of shares available for equity incentives under all of the Company's equity incentive plans by one hundred fifty thousand (150,000) shares, which comprises 0.47% of the Company's outstanding Common Stock as of December 31, 2018. In order to determine the number of shares of Common Stock to be authorized under the 2019 Plan, Nominating and Corporate Governance Committee and the Board considered the needs by the Company for the shares and the potential dilution that awarding the requested shares may have on the existing shareholders. As set forth above in this proxy statement, the Nominating and Corporate Governance Committee consulted Pay Governance, LLC as an independent compensation advisor to assist in this regard. The compensation advisor examined a number of factors, including the Company's burn rate and an overhang analysis, which the Nominating and Corporate Governance Committee considered.

As of December 31, 2018, approximately 67,219 shares of Common Stock remained available for future grant under the current 2014 Plan. The Nominating and Corporate Governance Committee recommended to the Board that 150,000 shares be authorized under the 2019 Plan.

If the Plan is approved, no further grants will be made under the 2014 Plan, so the 67,219 shares referred to above would no longer be available for future awards. The Board is seeking shareholder approval for the 2019 Plan and the pool of shares available under the 2019 Plan, which it expects is sufficient for up to approximately five years of awards based upon the historic rates of awards by the Compensation Committee under the predecessor plans, and if directors choose to defer cash fees into Company stock.

The Nominating and Corporate Governance Committee and the Board also measured the cumulative dilutive impact of the 2019 Plan is overhang. Overhang is defined as:

- outstanding stock options, plus
- outstanding full value awards, plus
the number of shares available for future grant under the Company's 2017 Equity Incentive Plan and the proposed
- 2019 Plan (disregarding the remaining 2014 Plan shares because no future grants would be made if the 2019 Plan is approved),
- collectively divided by the total outstanding shares of Common Stock as of the record date.

As of September 30, 2018, the Company had no outstanding stock options, 22,745 outstanding full value restricted and performance restricted shares, DSUs and RSUs, and 1,700,000 shares available for future grant under the 2017 Equity Incentive Plan, plus 150,000 shares available for future grant under the proposed 2019 Plan. As of that date, the Company had 32,074,786 outstanding shares of Common Stock. This results in an overhang of 5.8%.

Because the Committee or the Board has discretion in granting awards under the 2019 Plan, and the number of shares to be awarded will vary with the stock price, Proposal 2 does not contemplate the amount or timing of specific equity awards in the future as it is not possible to calculate with certainty the number of years of awards that will be available and the amount of subsequent dilution that may ultimately result from such awards. However, because the number of shares reserved under the 2019 Plan is relatively small in relation to the total of number of shares outstanding it does not change the overhang or in the Nominating and Corporate Governance Committee view cause dilution in any material way.

In adopting the 2019 Plan, the Board also considered the compensation of non-employee directors of the Company's peer group, the Company's proxy advisor's recommendation, the total shareholder return, the fair value transfer and shareholder value transfer, and the burn rate that would result from the 2019 Plan. The Board discussed these additional concepts with its independent compensation consultant prior to approving the 2019 Plan.

The inclusion of this information in this Proxy Statement should not be regarded as an indication that the assumptions used to determine the number of additional shares will be predictive of actual future equity grants. These assumptions are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements involve risks and uncertainties that could cause actual outcomes to differ materially from those in the forward-looking statements, including the Company's ability to attract and retain talent, achievement of performance metrics with respect to certain equity-based awards, the extent of option exercise activity, and others described in the Company's Form 10-K for the year ended September 30, 2018.

Equity Plan Information

The following table provides information about grants under the Company's equity compensation plans as of September 30, 2018:

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	22,745	(1)—	3,275,891 (2)
Equity compensation plans not approved by security holders	None	None	None
Total	22,745	(1)\$	—3,275,891 (2)

(1) - Includes 10,105 deferred stock units (issuable as full value shares upon settlement of such deferred stock units) granted under the 1994 Director Fee Plan, 12,640 deferred stock units (issuable as full value shares upon settlement of such deferred stock units) granted under the Amended and Restated 2014 Director Fee Plan.

(2) - Includes 1,508,610 shares authorized for issuance under the Employee Stock Purchase Plan, 67,281 shares authorized for issuance under the Amended and Restated 2014 Director Fee Plan, and 1,700,000 shares authorized for issuance under the 2017 Equity Incentive Plan.

Vote Required

The vote required for approval of Proposal 2 is the affirmative vote of a majority of the votes cast by all the shareholders entitled to vote thereon. The Board of Directors recommends that you vote FOR approval of Proposal 2. The proxy holders will vote your proxy FOR this item unless you give instructions to the contrary on the proxy.

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PROPOSAL 3

SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Company's Board of Directors has appointed Ernst & Young LLP as the independent registered public accounting firm to audit the records of the Company for the year ending September 30, 2019.

The Audit Committee has determined that it would be desirable as a matter of good corporate practice to request an expression of opinion from the shareholders on the appointment. Ratification of the appointment of Ernst & Young LLP requires the affirmative vote of a majority of the shares represented at the meeting and entitled to vote, a quorum being present. Abstentions and non-broker votes will have the effect of a vote cast "against" the proposal.

If the shareholders do not ratify the selection of Ernst & Young LLP, the selection of an alternative independent registered public accounting firm will be considered by the Audit Committee; provided, further, however, even if the shareholders do ratify the selection of Ernst & Young LLP, as requested in this Proxy Statement, the Audit Committee reserves the right, at any time, to re-designate and retain a different independent registered public accounting firm to audit the records of the Company for the year ending September 30, 2019.

It is not expected that any representative of Ernst & Young LLP will be present at the Annual Meeting of the Shareholders.

The Board of Directors recommends that you vote FOR Proposal 3.

PROPOSAL 4

ADVISORY (NON-BINDING) VOTE ON THE EXECUTIVE COMPENSATION
OF THE COMPANY'S NAMED EXECUTIVE OFFICERS

As described in the Compensation Discussion and Analysis in this Proxy Statement, and summarized in the "Executive Summary" thereto, the Compensation Committee of the Board has developed an executive compensation program designed to pay for performance and to align the long-term interests of our named executive officers with the long-term interests of our shareholders. The Company presents a proposal for an advisory (non-binding) vote on the executive compensation of the Company's named executive officers on an annual basis. Accordingly, the Company is presenting the following proposal, which gives our shareholders the opportunity to endorse or not endorse our pay program for named executive officers by voting for or against the resolution set forth below. This resolution is required pursuant to Section 14A of the Securities Exchange Act of 1934 (the "Exchange Act"). Approval of the compensation paid to our named executive officers, as disclosed in this Proxy Statement, will be approved (on a non-binding basis) if the proposal receives the affirmative vote of at least a majority of the shares represented, in person or by proxy, at the meeting and entitled to vote, a quorum being present. Abstentions and broker non-votes will have the effect of a vote cast "against" the proposal. Because the vote is advisory, it will not be binding on the Board. However, the Board and the Compensation Committee will review the voting results and take into account the outcome when considering future executive compensation arrangements. The Board and management are committed to our shareholders and understand that it is useful and appropriate to obtain the views of our shareholders when considering the design and implementation of executive compensation programs.

RESOLVED, that the shareholders approve the compensation of the Company's named executive officers, as disclosed in the Compensation Discussion and Analysis, the compensation tables, and the related disclosure contained in the Proxy Statement set forth under the caption "Executive Compensation and Retirement Benefits."

The Board of Directors recommends that you vote FOR approval of the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis, the compensation tables, and the related disclosure contained in this Proxy Statement set forth under the caption "Executive Compensation and Retirement Benefits" of this Proxy Statement. Proxies will be voted FOR approval of the proposal unless otherwise specified.

The Board of Directors recommends that you vote FOR Proposal 4.

STOCK OWNERSHIP

The Company's Articles of Incorporation divide its voting stock into three classes: Preferred Stock, and Class A and Class B Common Stock. At the present time, no shares of Preferred Stock or Class B Common Stock are issued or outstanding. The following information is furnished with respect to persons who the Company believes, based on its records and filings made with the Securities and Exchange Commission, beneficially own five percent or more of the outstanding shares of Common Stock of the Company, and with respect to directors, officers and executive management. Those individuals with more than five percent of the Company's Common Stock could be deemed to be "control persons" of the Company.

This information presented is as of November 30, 2018, except as otherwise noted.

Name of Beneficial Owner (1)	Number of Class A Shares Beneficially Owned (1)(2)		Percent of Class	Deferred Stock Compensation Shares (9)
Directors, Officers and Executive Management:				
J.C. Bartolacci	359,742	(3)	1.1	—
G.S. Babe	37,876	(3)	0.1	5,798
K.E. Dietze	24,477	(4)	0.1	—
T.L. Dunlap	8,729	(4)	*	—
B.J. Dunn	53,545	(3)	0.2	—
A. Garcia-Tunon	24,759	(4)	0.1	8,398
S.F. Nicola	145,293	(3)	0.5	—
M.K. O'Brien	16,669	(4)	0.1	—
D.W. Quigley, Jr.	6,434	(4)	*	—
D.A. Schawk	203,861	(3)(5)	0.6	—
J.D. Turner	32,477	(4)	0.1	4,307
J.R. Whitaker	13,331	(4)	*	4,242
All directors, officers and executive management as a group (20 persons)	1,167,189	(6)	3.7	22,745
Others:				
BlackRock, Inc. 525 Washington Boulevard, Suite 1405 Jersey, NJ 07310	4,564,558	(7)**	14.3	
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355-2331	3,356,290	(8)**	10.5	
Franklin Advisors, Inc. One Franklin Parkway San Mateo, CA 94403	2,941,520	**	9.2	

* Less than 0.1%.

** Information as of September 30, 2018, derived from Schedule 13D or 13G filings filed by the beneficial owner.

- Any shares that may be beneficially owned within 60 days of November 30, 2018 are included in beneficial ownership. Unless otherwise noted, the mailing address of each beneficial owner is the same as that of the Company.
- (2) To the best of the Company's knowledge, the nature of the beneficial ownership for all shares is sole voting and investment power, except as otherwise noted in these footnotes.
 - (3) Includes restricted shares with performance and time vesting provisions as follows: Mr. Bartolacci, 109,499 shares; Mr. Babe, 15,775 shares; Mr. Dunn, 7,850 shares; Mr. Nicola, 29,450 shares; and Mr. Schawk, 9,250 shares.
 - (4) Includes 4,188 restricted shares with time vesting provisions.
Includes 3,581 shares held in the David and Teryl Schawk Family Foundation over which Mr. Schawk has voting and investment control but no pecuniary interest; 35,548 shares held in the Teryl Alyson Schawk 1998 Trust; 51,514 shares held in trusts for the benefit of Mr. Schawk's children for which Mr. Schawk or his spouse serves as trustee; 106,143 shares held in the David A. Schawk 1998 Trust for which Mr. Schawk serves as trustee with voting and investment power over such shares; 87,809 shares held in trusts for the benefit of Mr. Schawk's niece for which Mr. Schawk serves as custodian with voting and investment power but no pecuniary interest; and 97 shares held as custodian.
 - (6) Includes 153,137 restricted shares with time vesting provisions and 86,987 restricted shares with performance vesting provisions.
Pursuant to that certain Amendment No. 9 to Schedule 13G filed January 19, 2018 by BlackRock, Inc., as parent holding company or control person for certain of its subsidiaries (collectively, the "BlackRock Entities"), the BlackRock Entities have (i) sole voting power with respect to 4,090,844 shares of Class A Common Stock and (ii) sole investment power with respect to 4,166,858 shares of Class A Common Stock
Pursuant to that certain Amendment No. 7 to Schedule 13G filed February 9, 2018 by The Vanguard Group, Inc., as beneficial owner and parent holding company or control person for certain of its subsidiaries (collectively, the "Vanguard Entities"), the Vanguard Entities have (i) sole voting power with respect to 61,839 shares of Class A Common Stock, (ii) shared voting power with respect to 4,746 shares of Class A Common Stock, (iii) sole investment power with respect to 3,153,542 shares of Class A Common Stock, and (iv) shared investment power with respect to 63,536 shares of Class A Common Stock.
 - (9) Represents shares of Common Stock held in a deferred stock compensation account for the benefit of the director under the Company's Director Fee Plan. See "General Information Regarding Corporate Governance--Compensation of Directors" of this Proxy Statement.

Stock Ownership Guidelines

The Company has established guidelines for stock ownership by management, which are intended to promote the alignment of the interests of management with the Company's shareholders. As more fully described under "Compensation Discussion and Analysis" of this Proxy Statement, the guidelines provide for ownership by management of shares of the Company's Common Stock with a minimum market value ranging up to six times base salary depending upon the individual's position with the Company. Individuals are expected to achieve compliance with these guidelines within a reasonable period of time after appointment to their respective positions.

For purposes of these guidelines, stock ownership includes all shares directly owned (including shares held under the Employee Stock Purchase Plan and time-vesting restricted shares), but does not include outstanding stock options or unvested performance-based restricted shares. Immediate compliance with these guidelines is not mandatory; however, individuals are expected to undertake a program to achieve compliance within five years of their hire date or promotion to their respective position. The ownership policy mandates that at least 50% of the after-tax shares realized upon an option exercise or vesting of restricted stock must be retained until the ownership guideline is met. Compliance with these ownership guidelines is one of the factors considered by the Compensation Committee in determining eligibility for participation in the Company's equity compensation programs. As of November 30, 2018, all of the Named Executive Officers had exceeded the Company's stock ownership guidelines.

The Company has also adopted guidelines for stock ownership by non-employee directors, which require that each director maintain ownership of shares of the Company's Common Stock (either directly, through restricted shares issued under the Company's Director Fee Plan or through shares held in a deferred stock compensation account for the benefit of the director under the Company's Director Fee Plan) with a market value approximating five times the current annual retainer (\$85,000). Directors are expected to achieve compliance with these guidelines within a reasonable period of time after becoming a director. As of November 30, 2018, all of the directors had met or exceeded the Company's stock ownership guidelines or are within the reasonable time period for compliance.

EXECUTIVE COMPENSATION AND RETIREMENT BENEFITS

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the following Compensation Discussion and Analysis with the Company's management. Based upon such review and discussion, the Compensation Committee recommends to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's 2019 Proxy Statement, and incorporated by reference in the Company's Annual Report on Form 10-K for the year ended September 30, 2018.

Submitted by:

The Compensation Committee of the Board of
Directors of Matthews International Corporation

M.K. O'Brien, Chairperson

A. Garcia-Tunon

D.W. Quigley, Jr.

Compensation Discussion and Analysis

Matthews International Corporation's Named Executive Officers in Fiscal 2018

Joseph C. Bartolacci President & Chief Executive Officer

Gregory S. Babe Chief Technology Officer

Brian J. Dunn Executive Vice President, Strategy & Corporate Development

Steven F. Nicola Chief Financial Officer & Secretary

David A. Schawk Group President, SGK Brand Solutions

The Company's executive compensation policies are administered by the Compensation Committee of the Board of Directors. The Committee consists of three independent directors: Mr. O'Brien (Chairperson), Mr. Garcia-Tunon, and Mr. Quigley. Compensation for the Company's CEO, Chief Financial Officer, and the three other most highly compensated executives is presented in the Summary Compensation Table.

Executive Summary

Compensation Philosophy and Objectives

Continuous improvement in operating results and the creation of shareholder value are key elements of the compensation philosophy of Matthews International Corporation. This philosophy serves as the framework for the Company's executive compensation program. Our program is designed to provide incentive arrangements that reward executives for improvement in the Company's operating results and appreciation in our stock value.

To underscore the importance of “pay-for-performance” in our compensation philosophy and our Company’s culture, our Compensation Committee (referred to throughout this section as the Committee) has developed incentive arrangements based on rigorous performance standards. Our annual incentive compensation plan rewards executives for the achievement of operating profit (or earnings before interest, taxes, depreciation and amortization (“EBITDA”)) and economic value added targets while our long-term incentive plan rewards for the achievement of earnings per share targets and appreciation in our stock price. “Economic value added” is the measure of operating profit compared to the cost of the capital utilized to generate this profit.

The principal objectives of the Company’s executive compensation program for the Company’s named executive officers (“NEOs”) and other executive officers, are to:

- Attract, retain and motivate highly-qualified executives;
- Reward continuous improvement in operating results and the creation of shareholder value; and
- Align the interests of the Company’s executives with our shareholders.

The Company seeks to accomplish these objectives by maintaining a compensation philosophy that emphasizes rigorous performance-based programs. The foundation of its philosophy is to:

- Emphasize performance-based compensation elements while providing fixed compensation (base salary) commensurate with market levels;
- Provide retirement and other benefits that are competitive with market levels;

Avoid entering into employment contracts or other guarantees of employment except as customary in certain foreign countries, in certain cases in connection with acquired companies or as necessary in the recruitment of a new executive; and

- De-emphasize the use of perquisites except for business purposes.

Beginning in fiscal year 2019, our compensation philosophy targets the market median for all elements of compensation.

Fiscal 2018 Business Performance Highlights

Selected performance highlights for Fiscal 2018 include:

- The Company reported another record year of sales in fiscal 2018 of \$1.6 billion, representing an increase of approximately 6% over fiscal 2017.

- The Company reported a record year of adjusted EBITDA in fiscal 2018.

- The Company reported diluted EPS of \$3.37 for fiscal 2018, compared to \$2.28 last year.

- The Company achieved 10% growth in adjusted earnings per share over fiscal 2017.

- In November 2018, the Company raised the dividend on its common stock for the 24th consecutive year, every year since becoming a public company.

As a result of the Company’s continued strong cash flow generation, the Company reduced its outstanding long-term debt balance by \$85.7 million since the fiscal 2018 second quarter, which was the quarter that the Company completed the acquisition of Star Granite and Bronze.

Response to 2018 Say on Pay Vote and Investor Engagement Efforts

At the Annual Meeting held in February 2018, approximately 69% of votes cast were in support of the compensation of our NEOs as described in the 2018 Proxy Statement for the 2018 annual meeting of the Company's shareholders. Given this level of support and considering that support over the previous three years had approximated 95%, the Committee engaged in outreach efforts with its major shareholders and conducted a review of the executive compensation program with assistance from its independent consultant Pay Governance, LLC.

In our outreach efforts, we contacted the Company's largest shareholders representing in aggregate over 50% of the Company's outstanding shares, several of whom had voted against our Say-on-Pay proposal in the Proxy Statement for the 2018 annual meeting of the Company's shareholders, and we specifically solicited feedback on our executive compensation program. In several of these calls, our Compensation Committee Chair or a member of the Committee participated, in addition to our CFO and the Committee's independent consultant. Feedback received from investors was accumulated and was considered in conjunction with the review of our executive compensation program.

Over the course of its meetings subsequent to the 2018 Annual Meeting, the Committee conducted a comprehensive review of our executive compensation program considering the investor feedback, elements of our business strategy for the next several years, and contemporary executive compensation practices and policies. The Committee's objective was to identify program changes that best motivate and retain our executives to achieve our business strategy of creating shareholder value within the context of contemporary market practices. This review resulted in the Committee's approval of the following changes adopted for Fiscal 2019 to our executive compensation program:

Compensation Program Changes Approved Beginning Fiscal Year 2019

Changed from...	Changed to...	Rationale for Change
Compensation Philosophy that targets long-term incentive (LTI) compensation at levels modestly above the market median	Compensation Philosophy that targets the market median for all elements of pay, including awards under our LTI plan	- Aligns with competitive market - Supports transition to new LTI plan
Long-term incentives consisting of restricted stock with 50% vesting based on achieving performance targets and 50% vesting on continued employment	Long-term incentives with a 60% weighting assigned to performance share units (PSUs) and 40% assigned to time vesting restricted share units	- Heavier weighting assigned to PSUs provides a stronger incentive to achieve long-term strategic goals
Performance-based restricted stock vesting based on achieving annual performance goals over three years	PSUs earned based on achieving performance goals at the end of a cumulative three-year performance period	- Strengthens the long-term orientation of the incentive
Performance-based restricted stock based on annual EPS goals and stock price hurdles	PSUs earned based on EPS and Return on Invested Capital (ROIC) metrics	- EPS remains a key indicator of profitability and driver of shareholder value - ROIC ensures the appropriate use of investors' capital
Performance-based restricted stock payout limited to number of shares granted - one-third vests upon achieving annual EPS goals or three levels of stock price hurdles	PSUs vest in a range of 50% of target for achieving threshold performance to 200% of target for achieving performance at the high end of the range determined by the Committee	- Adopt contemporary PSU performance/payout design - High-end level goals represent stretch performance
Upon a Change in Control, unvested equity awards accelerate ("single trigger")	Upon a Change in Control, unvested or unearned equity awards accelerate upon involuntary or good reason termination ("double trigger")	- Adopt a contemporary approach to equity acceleration - Prevent windfall in the event executive is not terminated

In addition, beginning in fiscal 2019, the minimum vesting period, in general, for all restricted share units (time and performance) is three years. Previously, the minimum vesting period for performance-based restricted shares was one year.

Executive Compensation Governance Practices

The following executive compensation practices and policies have been adopted by the Committee to ensure sound corporate governance and alignment of the interests of executives and the Company's shareholders. Many of these policies and practices have been adopted to discourage excessive risk-taking by our executive team.

What We Do:

- ü Designate a non-executive board chair to provide effective independent board leadership and oversight of management
- ü Review risks associated with our compensation arrangements and adopt mitigating features, practices, and policies
- ü Engage in a rigorous CEO performance evaluation process
 - Employ shareholder-value creating metrics and challenging targets such as operating profit (or EBITDA) and economic value added in our annual incentive plan, and earnings per share and, beginning in fiscal year 2019, return on invested capital within our long-term incentive plan
- ü Cap annual and long-term incentive payouts
- ü Maintain significant stock ownership guidelines for both executives and directors
 - Beginning in fiscal year 2019, require both a qualified change in control and termination of employment ("Double Trigger") in order for unvested equity awards to accelerate
- ü Maintain a "clawback" policy that provides for the recoupment of incentive awards under certain conditions in the event of a financial restatement
- ü Retain an independent compensation consultant who regularly provides advise to the compensation committee on matters pertaining to executive compensation

What We Don't Do:

- û Enter into employment contracts with our executives, except in an instance where an agreement is assumed as part of an acquisition
- û Allow hedging or pledging of the Company's common stock
- û Provide excise tax gross-ups related to change in control terminations
- û Allow repricing or exchanging of stock options or other equity awards without shareholder approval
- û Provide excessive perquisites and tax gross-up perquisites

Executive Compensation Elements for Fiscal 2018

Our executive compensation program is comprised of the following three key elements. Each is designed to meet the objectives of our executive compensation program as established by the Compensation Committee:

Compensation Element	Form and Key Characteristics	Description and Performance Metrics
Base Salary	<ul style="list-style-type: none"> - Fixed cash component - Reviewed annually and adjusted as appropriate 	<ul style="list-style-type: none"> - Positioned competitively to attract and retain executive talent - Considers scope and complexity of the role as well as individual performance and experience - Executives other than SGK Brand Solutions executives: <ul style="list-style-type: none"> - 50% weighting assigned to Net Income (corporate executives) or operating profit (business unit executives) - 50% weighting assigned to economic value added (improvement in operating profit greater than the cost of the capital utilized to generate this profit) - SGK Brand Solutions executives: 100% weighting assigned to EBITDA - Performance-vesting shares vest: <ul style="list-style-type: none"> - Upon the attainment of non-GAAP annual earnings per share - Upon the attainment of appreciation in the Company's stock price established at grant - Time vesting shares vest 100% on the third anniversary of the grant - As noted above, for November 2018 (fiscal 2019) awards, changed PSU metrics to EPS and Return on Invested Capital (ROIC)
Annual Incentive Compensation	<ul style="list-style-type: none"> - Variable cash compensation component - Performance-based opportunity 	
Long-Term Incentive Compensation	<ul style="list-style-type: none"> - Variable equity-based compensation component - 50% performance vesting restricted stock - 50% time vesting restricted stock - As noted above, for November 2018 (fiscal 2019) awards, changed to a 60% weighting assigned to performance share units (PSUs) and 40% assigned to time vesting restricted share units 	

CEO Compensation Decisions for Fiscal 2018

The Committee approved the following compensation changes based on an evaluation of factors including: overall company and business unit performance, performance against pre-established personal objectives and goals, execution of business strategy, and consideration of the competitive market.

Base Salary: Mr. Bartolacci's base salary for 2018 was increased 4.5% to approximate the market median. The Committee rated his fiscal 2017 performance as Distinguished (highest level).

Annual Incentive Compensation: Our Compensation Committee approved a payout under this program for Mr. Bartolacci for fiscal year 2018 performance equal to 109% of target based upon above target performance against pre-established net income and economic value added performance goals. The fiscal year 2018 performance targets required growth of 17.9% and 20.9% in net income and economic value added, respectively, over fiscal year 2017.

Long-Term Incentive Compensation: Mr. Bartolacci received an annual equity award for fiscal year 2018 in November 2017 equal to \$3,478,922, a decrease of \$783,623 or 18.4% when compared to his grant of \$4,262,545 the previous year. In November 2018, the Committee approved an annual equity award equal to \$2,874,161, a further decrease of \$604,761 or 17.4% as it implements our new compensation philosophy of targeting the market median.

Further, the annual equity awards to the Company's executive management (including Mr. Bartolacci) were reduced by approximately 15% compared to the previous year as a result of the implementation of our new compensation philosophy of targeting the market median.

Fiscal 2018 Target Compensation Mix

The pie charts below show the mix of target compensation provided to our CEO and other NEOs in fiscal 2018. Variable, at-risk compensation accounted for 83% of our CEO's target compensation and 66% of our other NEOs compensation on average.

Compensation Committee Administration

The principal function of the Committee is to review the Company's compensation and benefit programs, including executive compensation and benefits, to ensure that total compensation is appropriate, competitive and consistent with the Company's compensation philosophy. In performing its duties, the Committee consults with the Company's CEO, the Company's Vice President, Human Resources and various independent external advisors. In fiscal 2018, the Committee consulted principally with Pay Governance, LLC, an independent executive compensation consulting firm. Pay Governance, LLC does not perform any other services for the Company and reports directly to the Committee. The Committee has full authority to retain external advisors, consultants and agents, as necessary, in the fulfillment of its responsibilities. The Committee reviews the performance and the fees of the independent consultant each year and determines whether to retain such consultant for the upcoming year.

Among its other duties, the Committee has responsibility for setting executive base salary levels and administering the terms and policies of the following key executive benefit plans:

2015 Incentive Compensation Plan

2017 Equity Incentive Plan

Supplemental Retirement Plan ("SERP")

Officers Retirement Restoration Plan ("ORRP")

In general, the Committee's desire to align the Company's executive compensation program with market levels drives the allocation between short-term and long-term compensation as well as cash and equity components. The Committee believes that the level of compensation provided to an executive should be based on success against pre-established performance goals that drive the creation of shareholder value. To achieve this objective, the Company has built its current annual cash incentive plan based on achievement of operating profit (or EBITDA) and economic value added targets. For the long-term plan, the Committee provided equity awards in November 2017 with a level of value and rate of vesting that are dependent on time and the achievement of earnings per share and stock price growth. In response to shareholder feedback, beginning with the November 2018 awards, the vesting provisions of the equity grants are dependent on time (40%) and the achievement of earnings per share (30%) and return on invested capital (30%) targets. The Company has no formal policy regarding the allocation of variable and fixed compensation for its NEOs.

The Committee has considered whether its executive compensation program promotes risk taking at levels that are unacceptable to the Company. The Committee considered the following factors related to risk:

• Compensation philosophy that targets salaries at the market median and incentives modestly above median (market median beginning in fiscal 2019);

• Annual incentive design that caps maximum awards for the achievement of operating profit and economic value added targets reflective of the Company's business plan;

• Long-term incentives with performance and time-based vesting criteria;

A "related exchange" means, in respect of an underlying stock, the underlying ETF or the index underlying the underlying ETF, as the case may be, the primary exchange (or exchanges) or quotation system (or quotation systems) on which futures or options contracts relating to such underlying stock, the underlying ETF or the index underlying the underlying ETF, as the case may be, are traded, if any.

An "index dislocation" means the index calculation agent determines that a market participant, as a result of a market-wide condition relating to the index, any underlying stock or the underlying ETF, would (i) be unable, after using commercially reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind, or dispose of all or a material portion of any hedge position relating to the index, an underlying stock or the underlying ETF, or (ii) incur a materially increased cost in doing so, including due to any capital requirements or other law or regulation.

A "force majeure event" means the index calculation agent determines that there has been the occurrence of a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance that is beyond the reasonable control of the index sponsor, index calculation agent or any of their respective affiliates that index calculation agent determines is likely to have a material effect on a component necessary for the calculation of the index, or on its ability to perform its role in respect of the index.

Potential Adjustment Events

In the event that an underlying stock or the underlying ETF, if applicable, is affected by a "potential adjustment event", the index calculation agent may make adjustments to the number of shares of such underlying stock or the underlying ETF, if applicable, reflected in the index and/or the weighting of the underlying stock or the underlying ETF, if applicable, if it determines that the event could have a diluting or concentrative effect on the theoretical value of the underlying stock shares or the underlying ETF shares, if applicable, and would not otherwise be accounted for in the

index. The table below describes the potential adjustment events for which the index calculation agent may make adjustments. The effective date of any adjustment made will be as of the ex-date for the potential adjustment event with the exception of ad-hoc situations as described below.

Ad-hoc situations are defined as circumstances when either the index calculation agent receives information about the effectiveness of a transaction after the last trading day of an underlying stock or the underlying ETF, if applicable, or the underlying stock or the underlying ETF, if applicable, has been suspended from trading with immediate effect and will not resume trading until its delisting and/or has been delisted from the relevant exchange with immediate effect. In case of ad-hoc situations, the adjustment will be applied with a notice period of two index business days, i.e., the effective date for the adjustment will be the third index business day following the announcement.

If a potential adjustment event is announced prior to an underlying stock being removed from the index, but the ex-date occurs after the underlying stock is removed from the index, the underlying stock will never be adjusted for such adjustment event.

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Potential Adjustment Event	Adjustment	Adjustment Description
Cash Dividends	Yes	The dividend is reinvested in the underlying stock or underlying ETF
Special/Extraordinary Dividends	Yes	The dividend is reinvested in the underlying stock or underlying ETF
Stock Dividend	Yes	Where shareholders receive "B" new shares for every "A" share held, the number of shares is adjusted by multiplying the original number of shares by the quotient of (a) the sum of A and B divided by (b) A. Where shareholders receive "B" new shares for every "A" share held, the number of shares is adjusted by multiplying the original number of shares by the quotient of B divided by A.
Stock Split	Yes	Where company X is acquired, proceeds equal to the original number of shares of company X multiplied by the latest available price determined by the calculation agent are reinvested proportionally across the index.
Stock Cash Acquisition	Yes	If an ad-hoc situation applies, then a notional position in company X, where the valuation of the notional position is exactly equal to the proceeds, will be maintained in the base index during the two index business day notice period prior to the effective date. If company Y, the acquirer, is currently in the index, and irrespective of whether or not an ad-hoc situation applies to the adjustment event, then where shareholders receive "B" new shares of company Y for every "A" share of company X held, the shares of company X are replaced by shares of company Y where the number of shares of company Y is obtained by multiplying the original number of shares of company X by the quotient of B divided by A.
Stock Merger	Yes	If the acquirer is not a current index constituent, then the shares of the acquired company will be removed from the index and the proceeds will be reinvested proportionally across the index. If an ad-hoc situation applies and the acquirer company Z is not a current index constituent, and where shareholders receive "C" shares of company Z for every "A" share of company X held, then for the two index business day notice period, the shares of company X will be replaced by shares of company Z obtained by multiplying the original number of shares of company X by the quotient of C divided by A. The shares of company Z will be removed from the index on the effective date and proceeds will be reinvested proportionally across the index. Where shareholders receive "B" new shares of spun-off company Y for every "A" share of parent company X held, a position in company Y is initiated where the number of shares of company Y is obtained by multiplying the original number of shares of company X by the quotient of B divided by A.
Stock Spinoff	Yes	If the effective date of the spinoff is a base index rebalancing day, the effective proceeds of the spinoff obtained by multiplying the original number of shares of company X by the quotient of B divided by A and that further multiplied by the latest available price of company Y determined by the index calculation agent are reinvested in company X.
Stock Delisting	Yes	

The proceeds received from the sale of the delisted securities are reinvested proportionally across the index. If an ad-hoc situation applies, then a notional cash position equal to the proceeds will be maintained in the base index during the two index business day notice period prior to the effective date.

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For potential adjustment events not listed in the table above, the index calculation agent may make adjustments if it determines that the event could have a diluting or concentrative effect on the theoretical value of the underlying stock shares or the underlying ETF shares, if applicable, and would not otherwise be accounted for in the index. Any such adjustments are publicly announced in advance wherever practicable.

The Index Committee and Index Calculation Agent

An index committee is responsible for overseeing the index, the methodology and the implementation thereof, while the index calculation agent is responsible for the calculation of the index, including responding to index market disruption events (as defined under “Index Market Disruption Events” above) and potential adjustment events. The index committee will initially be comprised of three full-time employees of Motif Capital Management, Inc. or one or more of its affiliates.

The index committee may exercise limited discretion with respect to the index, as contemplated by the methodology, including in determining the underlying stocks included in the base index and theme revenue. Any such changes or actions are publicly announced as promptly as is reasonably practicable and normally at least five index business days prior to their effective date. The index calculation agent may from time to time consult the index committee on matters of interpretation with respect to the methodology.

Data Error

If the index calculation agent determines that the price made available by the relevant exchange reflects a manifest error for an underlying stock or the underlying ETF, if applicable, with a non-zero weighting in the index (or the published level of the notional interest rate) reflects a manifest error, the calculation of the index shall be delayed until such time as a corrected price or level is made available. In the event a corrected price or level is not made available on a timely basis or in the event that the price made available for an underlying stock or the underlying ETF, if applicable (or the published level of a notional interest rate), is subsequently corrected and such correction is published, then the index calculation agent may, if practicable and if the index calculation agent determines, acting in good faith, that such error is material, adjust or correct the relevant calculation or determination, including the price of the underlying stock or the underlying ETF, if applicable, as of any index business day to take into account such adjustment or correction.

On any index business day during which the price of for an underlying stock or the underlying ETF, if applicable, reflects such an error (and such error has not been corrected), the underlying stock target weights, underlying ETF target weight, if applicable, and the base index weight will be calculated using the price made available by the relevant exchange (notwithstanding any manifest error). If the calculation agent determines that any such error is material (as described above) and if the relevant exchange subsequently corrects such price it has made available, the index value may be calculated using such corrected price, but the quantities of the underlying stocks and the underlying ETF, if applicable, implied by the underlying stock target weights and the underlying ETF weight, if applicable, and the base index weight (each prior to the error being corrected) will not be adjusted.

Non-Data Error

If there is a missed potential adjustment event (as described under “Potential Adjustment Events” above) (a “missed potential adjustment event”) or a deviation from the index methodology as described in this document (a “missed index methodology event”), and a correction can be made within 2 days or fewer after such missed potential adjustment event or missed index methodology event, the index calculation agent will recalculate the index value for the index business day on which such event occurred and each following index business day on which the index value was affected by such missed potential adjustment event or missed index methodology event, using the corrected potential adjustment

event adjustment or index methodology. If such a correction occurs more than 2 days after such missed corporate event or missed index methodology event, the index will not be recalculated.

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The following summary flow chart is provided for purposes of illustration only and should be read together with, and not as a substitute for, the preceding disclosure regarding the index.

SUMMARY FLOW CHART I: REBALANCING

Annual Base Index Rebalancing

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The following summary flow chart is provided for purposes of illustration only and should be read together with, and not as a substitute for, the preceding disclosure regarding the index.

SUMMARY FLOW CHART II: TOTAL THEME REVENUE

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Closing Levels of the Index

The closing level of the index has fluctuated in the past and may, in the future, experience significant fluctuations. Any upward or downward trend in the historical or hypothetical closing level of the index during the period shown below is not an indication that the index is more or less likely to increase or decrease at any time during the life of your notes.

We cannot give you any assurance that the future performance of the index or the underlying stocks will result in your receiving an amount greater than the outstanding face amount of your notes on the stated maturity date.

Neither we nor any of our affiliates make any representation to you as to the performance of the index. Before investing in the offered notes, you should consult publicly available information to determine the index levels between the date of this prospectus supplement and the date of your purchase of the offered notes. The actual performance of the index over the life of the offered notes, as well as the cash settlement amount on a call payment date or at maturity, may bear little relation to the historical index performance information or hypothetical performance data shown below.

The graph below shows the daily closing levels of the index from March 21, 2009 through March 21, 2019 (using hypothetical performance data and historical closing levels). Since the index was launched on June 1, 2016 and has a limited operating history, the graph includes hypothetical performance data for the index prior to its launch on June 1, 2016. The hypothetical performance data prior to June 1, 2016 was obtained from the index sponsor's website, without independent verification. The index sponsor advises that such hypothetical performance data was derived using the index rules as of June 1, 2016, but applied retroactively using historical underlying stock and notional interest rate levels. The historical closing levels from June 1, 2016 to March 21, 2019 were obtained from Bloomberg Financial Services, without independent verification. (In the graph, historical closing levels can be found to the right of the vertical solid line marker.) You should not take the hypothetical performance data or historical closing levels of the index as an indication of the future performance of the index.

Average Allocation Between the Base Index and the Money Market Position for Each Month

Historically, a very significant portion (up to approximately 90%) of the index consistently has been allocated to the money market position. The graph below shows the average allocation between the base index (consisting of the underlying stocks) and the money market position for each month from February 2009 through February 2019. This graph uses hypothetical performance data for the index prior to its launch on June 1, 2016 using the index rules as of June 1, 2016, but applied retroactively using historical underlying stock and notional interest rate levels. (In the graph below, this hypothetical information can be found to the left of the vertical solid line marker.) You should not take the historical information or hypothetical data as an indication of the future performance of the index.

Performance of the Notional Interest Rate (3-Month USD LIBOR) Reflected in the Money Market Position

The money market position reflects the returns accruing on a hypothetical cash investment in a notional money market account denominated in U.S. dollars that accrues interest at the notional interest rate, which is equal to 3-month USD LIBOR.

The graph below illustrates the historical levels of the 3-month USD LIBOR rate from March 21, 2009 through March 21, 2019. The level of the 3-month USD LIBOR rate has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the level of the 3-month USD LIBOR rate during the period shown below is not an indication that the level of the 3-month USD LIBOR rate is more or less likely to increase or decrease at any time during the life of the notes. See “U.K. Regulators Will No Longer Persuade or Compel Banks to Submit Rates for Calculation of LIBOR After 2021; Interest Rate Benchmark May Be Discontinued” and “Additional Risk Factors Specific to Your Notes — Regulation and Reform of “Benchmarks”, Including LIBOR and Other Types of Benchmarks, May Cause such “Benchmarks” to Perform Differently Than in the Past, or to Disappear Entirely, or Have Other Consequences Which Cannot Be Predicted” for more information about 3-month USD LIBOR.

You should not take the historical level of the 3-month USD LIBOR rate as an indication of future levels of the 3-month USD LIBOR rate.

Neither we nor any of our affiliates make any representation to you as to the performance of the 3-month USD LIBOR rate. The actual levels of the 3-month USD LIBOR rate during the term of the notes may bear little relation to the historical levels of the 3-month USD LIBOR rate shown below.

We obtained the 3-month USD LIBOR rates shown in the graph below from Reuters, without independent verification.

Underlying Stocks With Weights Equal to or in Excess of 5% of the Index as of March 21, 2019

Johnson & Johnson is registered under the Securities Exchange Act of 1934 (the “Exchange Act”). Companies with stocks registered under the Exchange Act are required to file financial and other information specified by the U.S. Securities and Exchange Commission (“SEC”) periodically. Information filed with the SEC can be inspected and copied at the SEC’s public reference room located at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In addition, information filed by this underlying stock issuer with the SEC electronically can be reviewed through a web site maintained by the SEC. The address of the SEC’s web site is sec.gov. Information filed with the SEC by the above-referenced underlying stock issuer under the Exchange Act can be located by referencing its SEC file number specified below.

The graph below, except where otherwise indicated, shows the daily historical closing prices of Johnson & Johnson from March 21, 2009 through March 21, 2019, adjusted for corporate events, if applicable. We obtained the prices in the graph below using data from Bloomberg Financial Services, without independent verification. We have taken the description of the underlying stock issuer set forth below from publicly available information without independent verification.

According to publicly available information, Johnson & Johnson researches, develops, manufactures and sells products in the health care field. Information filed with the SEC by Johnson & Johnson under the Exchange Act can be located by referencing SEC file number 001-03215.

Comparative Performance of the Index and Two Broad-Based Stock Indices

For comparative purposes, the graph below shows the performance, from March 21, 2009 through March 21, 2019, of the index (in blue, and using historical information and hypothetical performance data, as explained below) and two broad-based equity indices, the Russell 3000[®] Index (in red) and the S&P 500[®] Index (in green). The Russell 3000[®] Index seeks to measure the largest 3,000 companies by total market capitalization in the U.S. equity market. The S&P 500[®] Index seeks to track a representative sample of 500 companies in leading industries of the U.S. economy. Unlike the index, neither the Russell 3000[®] Index nor the S&P 500[®] Index seeks to track the performance of companies in specified sectors that may benefit from the long-term demographic shift towards an older population in the United States and the resulting demand for products and services geared towards managing the health and lifestyle of an aging population.

For comparative purposes, each of the index, the Russell 3000[®] Index and the S&P 500[®] Index have been adjusted to have a closing level of 100 on March 21, 2009 by dividing the applicable closing level on each day by that index's closing level on March 21, 2009 and multiplying the quotient by 100.00. The historical closing levels of the index from June 1, 2016 to March 21, 2019 used to create this graph reflect the actual performance of the index and were obtained from Bloomberg Financial Services, without independent verification. (In this graph, the historical closing levels of the index can be found to the right of the vertical solid line marker.) The index sponsor of the index advises that the hypothetical performance data from March 21, 2009 through May 31, 2016 used to create this graph was derived using the index rules as of June 1, 2016, but applied retroactively using historical underlying stock and notional interest rate levels. The daily historical closing levels of the Russell 3000[®] Index from March 21, 2009 through March 21, 2019 used to create this graph were obtained from Bloomberg Financial Services, without independent verification. Although the official closing levels of the Russell 3000[®] Index are published to six decimal places by FTSE Russell, the sponsor of the Russell 3000[®] Index, Bloomberg Financial Services reports the levels of the Russell 3000[®] Index to fewer decimal places. The daily historical closing levels of the S&P 500[®] Index from March 21, 2009 through March 21, 2019 used to create this graph were obtained from Bloomberg Financial Services, without independent verification. You should not take this graph, or the hypothetical performance data or historical closing levels of the index, or the historical closing levels of the Russell 3000[®] Index or the S&P 500[®] Index, used to create this graph, as an indication of the future performance of the index or the correlation (if any) between the level of the index and the level of the Russell 3000[®] Index or the level of the S&P 500[®] Index.

Additional Selected Performance Information for the Index

The following table provides additional selected hypothetical data and historical performance information for the index as of March 21, 2019. The data prior to June 1, 2016 reflected in this table is hypothetical and was derived using the index rules as of June 1, 2016, but applied retroactively using historical underlying stock and notional interest rate levels. We obtained all of the hypothetical data and historical performance information in this table from the index sponsor, without independent verification. You should not take the historical information or hypothetical data as an indication of the future performance of the index.

Effective Performance (1M)	1.1%
Effective Performance (6M)	-1.7%
Effective Performance (1Y)	7.6%
Effective Performance (3Y)	23.8%
Effective Performance (5Y)	30.7%
Effective Performance (10Y)	98.2%
Annualized Performance (since June 2011)*	6.3%
Annualized Volatility (since June 2011)*	7.8%
Return over risk (since June 2011)**	0.81
Maximum Peak-to-Trough Drawdown (since June 2011)***	10.0%

*Calculated on an annualized basis since June 1, 2011.

**Calculated by dividing the annualized performance by the annualized volatility since June 1, 2011.

***The largest percentage decline in the index level from any previously occurring level since June 1, 2011.

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License Agreement

Motif is a registered trademark of Motif Investing, Inc. (“Motif Investing”) and has been licensed for use by Motif Capital Management, Inc. (“Motif Capital”) and sublicensed for certain purposes by GS Finance Corp. (“Goldman”). The “Motif Capital Aging of America 7 ER Index” is a product of Motif Capital and has been licensed for use by Goldman. Goldman’s notes are not sponsored, endorsed, sold or promoted by Motif Investing, Motif Capital, or their respective affiliates. Neither Motif Capital nor Motif Investing make any representation or warranty, express or implied, to the owners of the notes or any member of the public regarding the advisability of investing in securities generally or in the notes particularly or the ability of the Motif Capital Aging of America 7 ER Index to track general market performance.

Motif Capital’s only relationship to Goldman with respect to the Motif Capital Aging of America 7 ER Index is the licensing of the Index and certain trademarks, service marks and/or trade names of Motif Capital, other than a non-controlling interest held by The Goldman Sachs Group Inc., Goldman’s parent company, in Motif Investing Inc., the index sponsor’s ultimate parent company. The Motif Capital Aging of America 7 ER Index is determined, composed and calculated by Motif Capital without regard to Goldman or the notes. Motif Capital has no obligation to take the needs of Goldman or the owners of the notes into consideration in determining, composing or calculating the Motif Capital Aging of America 7 ER Index. Motif Capital is not responsible for and has not participated in the determination of the prices, and amount of the notes or the timing of the issuance or sale of the notes or in the determination or calculation of the equation by which the notes are to be converted into cash. Motif Capital has no obligation or liability in connection with the administration, marketing or trading of the notes. There is no assurance that investment products based on the Motif Capital Aging of America 7 ER Index will accurately track index performance or provide positive investment returns. Inclusion of a security within an index is not a recommendation by Motif Capital to buy, sell, or hold such security, nor is it considered to be investment advice.

MOTIF CAPITAL DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE Motif Capital Aging of America 7 ER Index OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. MOTIF CAPITAL SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. MOTIF CAPITAL MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY GOLDMAN, OWNERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE Motif Capital Aging of America 7 ER Index OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL MOTIF CAPITAL BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE.

THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN MOTIF CAPITAL AND Goldman.

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SUPPLEMENTAL DISCUSSION OF FEDERAL INCOME TAX CONSEQUENCES

The following section supplements the discussion of U.S. federal income taxation in the accompanying prospectus.

The following section is the opinion of Sidley Austin llp, counsel to GS Finance Corp. and The Goldman Sachs Group, Inc. It applies to you only if you hold your notes as a capital asset for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank;
- a regulated investment company;
- a life insurance company;
- a tax-exempt organization;
- a partnership;
- a person that owns the notes as a hedge or that is hedged against interest rate risks;
- a person that owns the notes as part of a straddle or conversion transaction for tax purposes; or
- a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

This section is based on the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

You should consult your tax advisor concerning the U.S. federal income tax and other tax consequences of your investment in the notes, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

United States Holders

This subsection describes the tax consequences to a United States holder. You are a United States holder if you are a beneficial owner of notes and you are:

- a citizen or resident of the United States;
- a domestic corporation;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If you are not a United States holder, this section does not apply to you and you should refer to “— United States Alien Holders” below.

Your notes will be treated as debt instruments subject to special rules governing contingent payment debt instruments for U.S. federal income tax purposes. Under those rules, the amount of interest you are required to take into account for each accrual period will be determined by constructing a projected payment schedule for your notes and applying rules similar to those for accruing original issue discount on a hypothetical noncontingent debt instrument with that projected payment schedule. This method is applied by first determining the yield at which we would issue a noncontingent fixed rate debt instrument with terms and conditions similar to your notes (the “comparable yield”) and then determining as of the issue date a payment schedule that would produce the comparable yield. These rules will generally have the effect of requiring you to include amounts in income in respect of your notes, even though you generally will not receive any payments from us until maturity.

It is not entirely clear how, under the rules governing contingent payment debt instruments, the maturity date for debt instruments (such as your notes) that provide for the possibility of early redemption should be determined for purposes of computing the comparable yield and projected payment schedule. It would be reasonable, however, to compute the comparable yield and projected payment schedule for your notes (and we intend to make the computation in such a manner) based on the assumption that your notes will remain outstanding until the stated maturity date.

We have determined that the comparable yield for the notes is equal to % per annum, compounded semi-annually with a projected payment at maturity of \$ based on an investment of \$1,000.

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Based on this comparable yield, if you are an initial holder that holds a note until maturity and you pay your taxes on a calendar year basis, we have determined that you would be required to report the following amounts as ordinary income, not taking into account any positive or negative adjustments you may be required to take into account based on the actual payments on the notes, from the note each year:

Accrual Period	Interest Deemed to Accrue During Accrual Period (per \$1,000 note)	Total Interest Deemed to Have Accrued from Original Issue Date (per \$1,000 note) as of End of Accrual Period
through December 31, 2019		
January 1, 2020 through December 31, 2020		
January 1, 2021 through December 31, 2021		
January 1, 2022 through December 31, 2022		
January 1, 2023 through December 31, 2023		
January 1, 2024 through December 31, 2024		
January 1, 2025 through December 31, 2025		
January 1, 2026 through		

You are required to use the comparable yield and projected payment schedule that we compute in determining your interest accruals in respect of your notes, unless you timely disclose and justify on your U.S. federal income tax return the use of a different comparable yield and projected payment schedule.

The comparable yield and projected payment schedule are not provided to you for any purpose other than the determination of your interest accruals in respect of your notes, and we make no representation regarding the amount of contingent payments with respect to your notes.

If you purchase your notes at a price other than their adjusted issue price determined for tax purposes, you must determine the extent to which the difference between the price you paid for your notes and their adjusted issue price is attributable to a change in expectations as to the projected payment schedule, a change in interest rates, or both, and reasonably allocate the difference accordingly. The adjusted issue price of your notes will equal your notes' original issue price plus any interest deemed to be accrued on your notes (under the rules governing contingent payment debt instruments) as of the time you purchase your notes. The original issue price of your notes will be the first price at which a substantial amount of the notes is sold to persons other than bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. Therefore, you may be required to make the adjustments described above even if you purchase your notes in the initial offering if you purchase your notes at a price other than the issue price.

If the adjusted issue price of your notes is greater than the price you paid for your notes, you must make positive adjustments increasing (i) the amount of interest that you would otherwise accrue and include in income each year, and (ii) the amount of ordinary income (or decreasing the amount of ordinary loss) recognized upon maturity by the amounts allocated under the previous paragraph to each of interest and the projected payment schedule; if the adjusted issue price of your notes is less than the price you paid for your notes, you must make negative adjustments, decreasing (i) the amount of interest that you must include in income each year, and (ii) the amount of ordinary income (or increasing the amount of ordinary loss) recognized upon maturity by the amounts allocated under the

previous paragraph to each of interest and the projected payment schedule. Adjustments allocated to the interest amount are not made until the date the daily portion of interest accrues.

Because any Form 1099-OID that you receive will not reflect the effects of positive or negative adjustments resulting from your purchase of notes at a price other than the adjusted issue price determined for tax purposes, you are urged to consult with your tax advisor as to whether and how adjustments should be made to the amounts reported on any Form 1099-OID.

You will recognize income or loss upon the sale, exchange, redemption or maturity of your notes in an amount equal to the difference, if any, between the cash amount you receive at such time and your adjusted basis in your notes. In general, your adjusted basis in your notes will equal the amount you paid for your notes, increased by the amount of interest you previously accrued with respect to your notes (in accordance with the comparable yield and the projected payment schedule for your notes), and increased or decreased by the amount of any positive or negative adjustment,

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respectively, that you are required to make if you purchase your notes at a price other than the adjusted issue price determined for tax purposes.

Any income you recognize upon the sale, exchange, redemption or maturity of your notes will be ordinary interest income. Any loss you recognize at such time will be ordinary loss to the extent of interest you included as income in the current or previous taxable years in respect of your notes, and, thereafter, capital loss. If you are a noncorporate holder, you would generally be able to use such ordinary loss to offset your income only in the taxable year in which you recognize the ordinary loss and would generally not be able to carry such ordinary loss forward or back to offset income in other taxable years.

Pursuant to recently enacted legislation, for taxable years beginning after December 31, 2018, with respect to a debt instrument issued with original issue discount, such as the notes, an accrual method taxpayer that reports revenues on an applicable financial statement generally must recognize income for U.S. federal income tax purposes no later than the taxable year in which such income is taken into account as revenue in an applicable financial statement of the taxpayer. For this purpose, an “applicable financial statement” generally means a financial statement certified as having been prepared in accordance with generally accepted accounting principles or that is made on the basis of international financial reporting standards and which is used by the taxpayer for various specified purposes. This rule could potentially require such a taxpayer to recognize income for U.S. federal income tax purposes with respect to the notes prior to the time such income would be recognized pursuant to the rules described above. Potential investors in the notes should consult their tax advisors regarding the potential applicability of these rules to their investment in the notes.

United States Alien Holders

If you are a United States alien holder, please see the discussion under “United States Taxation — Taxation of Debt Securities — United States Alien Holders” in the accompanying prospectus for a description of the tax consequences relevant to you. You are a United States alien holder if you are the beneficial owner of the notes and are, for U.S. federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- an estate or trust that in either case is not subject to U.S. federal income tax on a net income basis on income or gain from the notes.

We will not attempt to ascertain whether any underlying stock issuer would be treated as a “United States real property holding corporation” (“USRPHC”), within the meaning of Section 897 of the Internal Revenue Code. If any underlying stock issuer was so treated, certain adverse U.S. federal income tax consequences could possibly apply to a United States alien holder. You should refer to information filed with the SEC with respect to each underlying stock issuer and consult your tax advisor regarding the possible consequences to you, if any, if the issuer of a particular underlying stock is or becomes a USRPHC.

In addition, the Treasury Department has issued regulations under which amounts paid or deemed paid on certain financial instruments (“871(m) financial instruments”) that are treated as attributable to U.S.-source dividends could be treated, in whole or in part depending on the circumstances, as a “dividend equivalent” payment that is subject to tax at a rate of 30% (or a lower rate under an applicable treaty), which in the case of amounts you receive upon the sale, exchange, redemption or maturity of your notes, could be collected via withholding. If these regulations were to apply to the notes, we may be required to withhold such taxes if any U.S.-source dividends are paid on any underlying stocks or on the underlying ETF included in the index during the term of the notes. We could also require you to make certifications (e.g., an applicable Internal Revenue Service Form W-8) prior to the maturity of the notes in order to avoid or minimize withholding obligations, and we could withhold accordingly (subject to your potential right to

claim a refund from the Internal Revenue Service) if such certifications were not received or were not satisfactory. If withholding was required, we would not be required to pay any additional amounts with respect to amounts so withheld. These regulations generally will apply to 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) issued (or significantly modified and treated as retired and reissued) on or after January 1, 2021, but will also apply to certain 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) that have a delta (as defined in the applicable Treasury regulations) of one and are issued (or significantly modified and treated as retired and reissued) on or after January 1, 2017. In addition, these regulations will not apply to financial instruments that reference a “qualified index” (as defined in the regulations). We have determined that, as of the issue date of your notes, your notes will not be subject to withholding under these rules. In certain limited circumstances, however, you should be aware that it is possible for United States alien holders to be liable for tax under these rules with respect to a combination of transactions treated as having been entered into in connection with each other even when no withholding is required. You should consult your tax advisor

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concerning these regulations, subsequent official guidance and regarding any other possible alternative characterizations of your notes for U.S. federal income tax purposes.

Foreign Account Tax Compliance Act (FATCA) Withholding

Pursuant to Treasury regulations, Foreign Account Tax Compliance Act (FATCA) withholding (as described in “United States Taxation—Taxation of Debt Securities—Foreign Account Tax Compliance Act (FATCA) Withholding” in the accompanying prospectus) will generally apply to obligations that are issued on or after July 1, 2014; therefore, the notes will generally be subject to the FATCA withholding rules. Pursuant to recently proposed regulations, the Treasury Department has indicated its intent to eliminate the requirements under FATCA of withholding on gross proceeds from the sale, exchange, maturity or other disposition of relevant financial instruments. The Treasury Department has indicated that taxpayers may rely on these proposed regulations pending their finalization.

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EMPLOYEE RETIREMENT INCOME SECURITY ACT

This section is only relevant to you if you are an insurance company or the fiduciary of a pension plan or an employee benefit plan (including a governmental plan, an IRA or a Keogh Plan) proposing to invest in the notes.

The U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and the U.S. Internal Revenue Code of 1986, as amended (the “Code”), prohibit certain transactions (“prohibited transactions”) involving the assets of an employee benefit plan that is subject to the fiduciary responsibility provisions of ERISA or Section 4975 of the Code (including individual retirement accounts, Keogh plans and other plans described in Section 4975(e)(1) of the Code) (a “Plan”) and certain persons who are “parties in interest” (within the meaning of ERISA) or “disqualified persons” (within the meaning of the Code) with respect to the Plan; governmental plans may be subject to similar prohibitions unless an exemption applies to the transaction. The assets of a Plan may include assets held in the general account of an insurance company that are deemed “plan assets” under ERISA or assets of certain investment vehicles in which the Plan invests. Each of The Goldman Sachs Group, Inc. and certain of its affiliates may be considered a “party in interest” or a “disqualified person” with respect to many Plans, and, accordingly, prohibited transactions may arise if the notes are acquired by or on behalf of a Plan unless those notes are acquired and held pursuant to an available exemption. In general, available exemptions are: transactions effected on behalf of that Plan by a “qualified professional asset manager” (prohibited transaction exemption 84-14) or an “in-house asset manager” (prohibited transaction exemption 96-23), transactions involving insurance company general accounts (prohibited transaction exemption 95-60), transactions involving insurance company pooled separate accounts (prohibited transaction exemption 90 1), transactions involving bank collective investment funds (prohibited transaction exemption 91-38) and transactions with service providers under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code where the Plan receives no less and pays no more than “adequate consideration” (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code). The person making the decision on behalf of a Plan or a governmental plan shall be deemed, on behalf of itself and the plan, by purchasing and holding the notes, or exercising any rights related thereto, to represent that (a) the plan will receive no less and pay no more than “adequate consideration” (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code) in connection with the purchase and holding of the notes, (b) none of the purchase, holding or disposition of the notes or the exercise of any rights related to the notes will result in a nonexempt prohibited transaction under ERISA or the Code (or, with respect to a governmental plan, under any similar applicable law or regulation), and (c) neither The Goldman Sachs Group, Inc. nor any of its affiliates is a “fiduciary” (within the meaning of Section 3(21) of ERISA) or, with respect to a governmental plan, under any similar applicable law or regulation) with respect to the purchaser or holder in connection with such person's acquisition, disposition or holding of the notes, or as a result of any exercise by The Goldman Sachs Group, Inc. or any of its affiliates of any rights in connection with the notes, and neither The Goldman Sachs Group, Inc. nor any of its affiliates has provided investment advice in connection with such person's acquisition, disposition or holding of the notes.

If you are an insurance company or the fiduciary of a pension plan or an employee benefit plan (including a government plan, an IRA or a Keogh plan) and propose to invest in the notes, you should consult your legal counsel.

DEFAULT AMOUNT ON ACCELERATION

If an event of default occurs and the maturity of your notes is accelerated, the company will pay the default amount in respect of the principal of your notes at the maturity, instead of the amount payable on the stated maturity date as described earlier. We describe the default amount under “Terms and Conditions” above.

For the purpose of determining whether the holders of our Series E medium-term notes, which include your notes, are entitled to take any action under the indenture, we will treat the outstanding face amount of your notes as the outstanding principal amount of that note. Although the terms of the offered notes differ from those of the other Series E medium-term notes, holders of specified percentages in principal amount of all Series E medium-term notes, together in some cases with other series of our debt securities, will be able to take action affecting all the Series E medium-term notes, including your notes, except with respect to certain Series E medium-term notes if the terms of such notes specify that the holders of specified percentages in principal amount of all of such notes must also consent to such action. This action may involve changing some of the terms that apply to the Series E medium-term notes, accelerating the maturity of the Series E medium-term notes after a default or waiving some of our obligations under the indenture. In addition, certain changes to the indenture and the notes that only affect certain debt securities may be made with the approval of holders of a majority in principal amount of such affected debt securities. We discuss these matters in the accompanying prospectus under “Description of Debt Securities We May Offer — Default, Remedies and Waiver of Default” and “Description of Debt Securities We May Offer — Modification of the Debt Indentures and Waiver of Covenants”.

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SUPPLEMENTAL PLAN OF DISTRIBUTION

GS Finance Corp. will sell to GS&Co., and GS&Co. will purchase from GS Finance Corp., the aggregate face amount of the offered notes specified on the front cover of this prospectus supplement. GS&Co. proposes initially to offer the notes to the public at the original issue price set forth on the cover page of this prospectus supplement, and to certain securities dealers at such price less a concession not in excess of % of the face amount. The original issue price for notes purchased by certain retirement accounts and certain fee-based advisory accounts will be % of the face amount of the notes, which will reduce the underwriting discount specified on the cover of this prospectus supplement with respect to such notes to %.

In the future, GS&Co. or other affiliates of GS Finance Corp. may repurchase and resell the offered notes in market-making transactions, with resales being made at prices related to prevailing market prices at the time of resale or at negotiated prices. GS Finance Corp. estimates that its share of the total offering expenses, excluding underwriting discounts and commissions, will be approximately \$. For more information about the plan of distribution and possible market-making activities, see “Plan of Distribution” in the accompanying prospectus.

GS&Co. will also pay a fee in connection with the distribution of the notes to SIMON Markets LLC, a broker-dealer affiliated with GS Finance Corp.

We expect to deliver the notes against payment therefor in New York, New York on April 30, 2019. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on any date prior to two business days before delivery will be required to specify alternative settlement arrangements to prevent a failed settlement.

We have been advised by GS&Co. that it intends to make a market in the notes. However, neither GS&Co. nor any of our other affiliates that makes a market is obligated to do so and any of them may stop doing so at any time without notice. No assurance can be given as to the liquidity or trading market for the notes.

Any notes which are the subject of the offering contemplated by this prospectus supplement, the accompanying prospectus and the accompanying prospectus supplement may not be offered, sold or otherwise made available to any retail investor in the European Economic Area. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. For the purposes of this provision:

(a) the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”); and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), GS&Co. has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of notes which are the subject of the offering contemplated by this prospectus supplement, the accompanying prospectus and the accompanying prospectus supplement to the public in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer of such notes may be made to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

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(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant dealer or dealers nominated by the issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes referred to above shall require us or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to GS Finance Corp. or The Goldman Sachs Group, Inc.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the notes in, from or otherwise involving the United Kingdom.

The notes may not be offered or sold in Hong Kong by means of any document other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere) which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder.

This prospectus supplement, along with the accompanying prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement, along with the accompanying prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”)) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for six

months after that corporation has acquired the notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that trust has acquired the notes under Section 275 of

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the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The notes may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

The notes are not offered, sold or advertised, directly or indirectly, in, into or from Switzerland on the basis of a public offering and will not be listed on the SIX Swiss Exchange or any other offering or regulated trading facility in Switzerland. Accordingly, neither this prospectus supplement nor any accompanying prospectus supplement, prospectus or other marketing material constitute a prospectus as defined in article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus as defined in article 32 of the Listing Rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland. Any resales of the notes by the underwriters thereof may only be undertaken on a private basis to selected individual investors in compliance with Swiss law. This prospectus supplement and accompanying prospectus and prospectus supplement may not be copied, reproduced, distributed or passed on to others or otherwise made available in Switzerland without our prior written consent. By accepting this prospectus supplement and accompanying prospectus and prospectus supplement or by subscribing to the notes, investors are deemed to have acknowledged and agreed to abide by these restrictions. Investors are advised to consult with their financial, legal or tax advisers before investing in the notes.

The notes will not be listed on any securities exchange or interdealer quotation system.

Conflicts of Interest

GS&Co. is an affiliate of GS Finance Corp. and The Goldman Sachs Group, Inc. and, as such, will have a “conflict of interest” in this offering of notes within the meaning of Financial Industry Regulatory Authority, Inc. (FINRA) Rule 5121. Consequently, this offering of notes will be conducted in compliance with the provisions of FINRA Rule 5121. GS&Co. will not be permitted to sell notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

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We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus supplement or the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement, the accompanying prospectus supplement and the accompanying prospectus is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement, the accompanying prospectus supplement and the accompanying prospectus is current only as of the respective dates of such documents.

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We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus supplement or

the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement, the accompanying prospectus supplement and the accompanying prospectus is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement, the accompanying prospectus supplement and the accompanying prospectus is current only as of the respective dates of such documents.

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