METTLER TOLEDO INTERNATIONAL INC/
Form 10-K
February 13, 2009

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

Form 10-K

(Mark One)

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 1-13595

Mettler-Toledo International Inc.

(Exact name of registrant as specified in its charter)

Delaware	13-3668641
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

Im Langacher, P.O. Box MT-100
CH 8606 Greifensee, Switzerland
and
1900 Polaris Parkway
Columbus, OH 43240
(Address of principal executive offices) (Zip Code)
+41-44-944-22-11 and 1-614-438-4511
(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes o No þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12 b-2 of the Act). Yes o No þ

As of February 1, 2009 there were 33,596,603 shares of the registrant s Common Stock, $0.01 par value per share, outstanding. The aggregate market value of the shares of Common Stock held by non-affiliates of the registrant on June 30, 2008 (based on the closing price for the Common Stock on the New York Stock Exchange as of the last business day of the registrant s most recently completed second fiscal quarter, June 30, 2008) was approximately $3.1 billion. For purposes of this computation, shares held by affiliates and by directors of the registrant have been excluded. Such exclusion of shares held by directors is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant.

Documents Incorporated by Reference

Document	Part of Form 10-K Into Which Incorporated
	Part III

Certain Sections of the Proxy Statement for 2009 Annual Meeting of Shareholders

METTLER-TOLEDO INTERNATIONAL INC.

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL Year Ended December 31, 2008

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FORWARD-LOOKING STATEMENTS DISCLAIMER

Some of the statements in this annual report and in documents incorporated by reference constitute forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. These statements relate to future events or our future financial performance, including, but not limited to, the following: projected earnings and sales growth, strategic plans and contingency plans, potential growth opportunities or economic downturns in both developed markets and emerging markets, including China, impact of inflation, currency and interest rate fluctuations, our ability to maintain a leading position in our key markets, our ability to leverage our market-leading position and diverse product offering to weather an economic downturn, the effectiveness of our Spinnaker initiatives relating to sales and marketing, planned research and development efforts, product introductions and innovation, manufacturing capacity, adequacy of facilities, access to and the costs of raw materials, shipping and supplier costs, expanding our operating margins, anticipated customer spending patterns and levels, expected customer demand, meeting customer expectations, warranty claim levels, anticipated growth in service revenues, our ability to realize planned price increases, planned operational changes and productivity improvements, effect of changes in internal control over financial reporting, research and development expenditures, competitors product development, levels of competitive pressure, expected capital expenditures, the timing, impact, cost and effectiveness of our cost reduction programs, future cash sources and requirements, liquidity, value of inventories, impact of long-term incentive plans, continuation of our stock repurchase program and the related impact on cash flow, expected pension and other benefits contributions and payments, expected tax treatment and assessment, impact of taxes and changes in tax benefits, the need to take additional restructuring charges, expected compliance with laws, changes in laws and regulations, impact of environmental costs, expected trading volume and value of stocks and options, impact of issuance of preferred stock, expected cost savings, impact of legal proceedings, satisfaction of contractual obligations by counterparties, timeliness of payments by our customers, the adequacy of reserves for bad debts against our accounts receivable, benefits and other effects of completed or future acquisitions.

These statements involve known and unknown risks, uncertainties and other factors that may cause our or our businesses actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may, will, could, would, should, expect, plan, anticipate, intend, believe, potential or continue or the negative of those terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially because of market conditions in our industries or other factors. Moreover, we do not, nor does any other person, assume responsibility for the accuracy and completeness of those statements. Unless otherwise required by applicable laws, we disclaim any intention or obligation to publicly update or revise any of the forward-looking statements after the date of this annual report to conform them to actual results, whether as a result of new information, future events or otherwise. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under the captions Factors affecting our future operating results in the Business and Management s Discussion and Analysis of Financial Condition and Results of Operations sections of this annual report on Form 10-K for the fiscal year ended December 31, 2008, which describe risks and factors that could cause results to differ materially from those projected in those forward-looking statements.

We caution the reader that the above list of risks and factors that may affect results addressed in the forward-looking statements may not be exhaustive. Other sections of this annual report on Form 10-K for the fiscal year ended December 31, 2008 and other documents incorporated by reference may describe additional risks or factors that could adversely impact our business and financial performance. We operate in a continually changing business environment, and new risk factors emerge from time to time. Management cannot predict these new risk factors, nor can it assess the impact, if any, of these new risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking *statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results.*

PART I

Item 1. *Business*

We are a leading global supplier of precision instruments and services. We have strong leadership positions in all of our businesses and believe we hold global number-one market positions in a majority of them. Specifically, we are the largest provider of weighing instruments for use in laboratory, industrial and food retailing applications. We are also a leading provider of analytical instruments for use in life science, reaction engineering and real-time analytic systems used in drug and chemical compound development, and process analytics instruments used for in-line measurement in production processes. In addition, we are the largest supplier of end-of-line inspection systems used in production and packaging for food, pharmaceutical and other industries.

Our business is geographically diversified, with net sales in 2008 derived 43% from Europe, 35% from North and South America and 22% from Asia and other countries. Our customer base is also diversified by industry and by individual customer.

Mettler-Toledo International Inc. was incorporated as a Delaware corporation in 1991 and became a publicly traded company with its initial public offering in 1997. In 2001, we acquired Rainin Instrument, a leading manufacturer of pipetting solutions used in pharmaceutical, biotech and medical research applications.

Business Segments

We have five reportable segments: U.S. Operations, Swiss Operations, Western European Operations, Chinese Operations and Other. See Note 16 to the audited consolidated financial statements and Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations under Results of Operations by Operating Segment included herein for detailed results by segment and geographic region.

We manufacture a wide variety of precision instruments and provide value-added services to our customers. Our principal products and principal services are set forth below. We have followed this description of our products and services with descriptions of our customers and distribution, sales and service, research and development, manufacturing and certain other matters. These descriptions apply to substantially all of our products and related segments.

Laboratory Instruments

We make a wide variety of precision laboratory instruments, including laboratory balances, pipettes, titrators, thermal analysis systems and other analytical instruments. The laboratory instruments business accounted for approximately 44% of our net sales in 2008, 2007 and 2006.

Laboratory Balances

Our laboratory balances have weighing ranges from one ten-millionth of a gram up to 64 kilograms. To cover a wide range of customer needs and price points, we market our balances in a range of product tiers offering different levels of functionality. Based on the same technology platform, we also manufacture mass comparators, which are used by weights and measures regulators as well as laboratories to ensure the accuracy of reference weights. Laboratory balances are primarily used in the pharmaceutical, food, chemical, cosmetics and other industries.

In 2008, we introduced Quantos, an automated powder dosing solution for small sample sizes, which is controlled and monitored by the balance. The first step in sample preparation for analytical methods is precise weighing of substances, which has traditionally been done by hand using a spatula. The Quantos dosing system offers automated measuring performance of 200 grams to 0.005 milligrams.

Pipettes

Pipettes are used in laboratories for dispensing small volumes of liquids. We operate our pipette business with the Rainin brand name. Rainin develops, manufactures and distributes advanced pipettes, tips and accessories, including single- and multi-channel manual and electronic pipettes. Rainin maintains service centers in the key markets where customers periodically send their pipettes for certified recalibrations. Rainin s principal end markets are pharmaceutical, biotech and academia.

Analytical Instruments

Titrators measure the chemical composition of samples and are used in environmental and research laboratories as well as in quality control labs in the pharmaceutical, food and beverage and other industries. Our high-end titrators are multi-tasking models, which can perform two determinations simultaneously on multiple vessels. Our offering includes robotics to automate routine work in quality control applications.

Thermal analysis systems measure material properties as a function of temperature, such as weight, dimension, energy flow and viscoelastic properties. Thermal analysis systems are used in nearly every industry, but primarily in the plastics and polymer industries and increasingly in the pharmaceutical industry.

pH meters measure acidity in laboratory samples. We also sell density and refractometry instruments, which measure chemical concentrations in solutions. In addition, we manufacture and sell moisture analyzers, which precisely determine the moisture content of a sample by utilizing an infrared dryer to evaporate moisture.

Laboratory Software

LabX, our PC-based laboratory software platform, manages and analyzes data generated by our balances, titrators, pH meters, moisture analyzers and other analytical instruments. LabX provides full network capability; has efficient, intuitive protocols; and enables customers to collect and archive data in compliance with the U.S. Food and Drug Administration s traceability requirements for electronically stored data (also known as 21 CFR Part 11).

Automated Chemistry Solutions

Our current automated chemistry solutions focus on selected applications in the chemical and drug discovery process. Our automated lab reactors and in situ analysis systems are considered integral to the process development and scale-up activities of our customers. Our on-line measurement technologies based on infrared and laser light scattering enables customers to monitor chemical reactions and crystallization processes in real time in the lab and plant. We believe that our portfolio of integrated technologies can bring significant efficiencies to the development process, enabling our customers to bring new chemicals and drugs to market faster.

Process Analytics

Our process analytics business provides instruments for the in-line measurement of liquid parameters used primarily in the production process of pharmaceutical, biotech, beverage, microelectronics, chemical and refining companies. Approximately half of our process analytics sales are to the pharmaceutical and biotech markets, where our customers need fast and secure scale-up and production that meets the validation processes required for GMP (Good Manufacturing Processes) and other regulatory standards. We are a leading solution provider for liquid analytical measurement to control and optimize production processes. Our solutions include sensor technology for measuring pH, dissolved oxygen, carbon dioxide, conductivity, turbidity, ozone and total organic carbons and automated systems for calibration and cleaning of measurement points. Intelligent sensor diagnostics capabilities enable improved asset management solutions for our customers to reduce process downtime and maintenance costs. Our instruments offer leading multi-parameter capabilities and plant-wide control system integration, which are key for integrated measurement of multiple parameters to secure production quality and efficiency. With a worldwide network of specialists, we support customers in critical process applications, compliance and systems integration questions.

Industrial Instruments

We manufacture numerous industrial weighing instruments and related terminals and offer dedicated software solutions for the pharmaceutical, chemical, food and other industries. In addition, we manufacture metal detection and other end-of-line inspection systems used in production and packaging. We supply automatic identification and data capture solutions, which integrate in-motion weighing, dimensioning and identification technologies for transport, shipping and logistics customers. We also offer heavy industrial scales and related software. The industrial instruments business accounted for approximately 43% of our net sales in both 2008 and 2007 and 42% in 2006.

Industrial Weighing Instruments

We offer a comprehensive line of industrial scales and balances, such as bench scales and floor scales, for weighing loads from a few grams to several thousand kilograms in applications ranging from measuring materials in chemical production to weighing mail and packages. Our products are used in a wide range of applications, such as counting applications and in formulating and mixing ingredients.

Industrial Terminals

Our industrial scale terminals collect data and integrate it into manufacturing processes, helping to automate them. Our terminals allow users to remotely download programs or access setup data and can minimize downtime through predictive rather than reactive maintenance.

Transportation and Logistics

We are a leading global supplier of automatic identification and data capture solutions, which integrate in-motion weighing, dimensioning and identification technologies. With these solutions, customers can measure the weight and cubic volume of packages for appropriate billing, logistics and quality control. Our solutions also integrate into customers information systems.

Vehicle Scale Systems

Our primary heavy industrial products are scales for weighing trucks or railcars (i.e., weighing bulk goods as they enter or leave a factory or at a toll station). Heavy industrial scales are capable of measuring weights up to 500 tons and permit accurate weighing under extreme environmental conditions. We also offer advanced computer software that can be used with our heavy industrial scales to facilitate a broad range of customer solutions and provides a complete system for managing vehicle transaction processing.

Industrial Software

We offer software that can be used with our industrial instruments. Examples include FreeWeigh.Net, statistical quality control software, Formweigh.Net, our formulation/batching software and OverDrive, which supports the operation of vehicle scales. FreeWeigh.Net and Formweigh.Net provide full network capability and enable customers to collect and archive data in compliance with 21 CFR Part 11.

Product Inspection

Increasing safety and consumer protection requirements are driving the need for more sophisticated end-of-line inspection systems (e.g., for use in food processing and packaging, pharmaceutical and other industries). We are a leading global provider of metal detectors, x-ray visioning equipment and checkweighers that are used in these industries. Metal detectors are most commonly used to detect fine particles of metal that may be contained in raw materials or may be generated by the manufacturing process itself. X-ray-based vision inspection helps detect non-metallic contamination, such as glass, stones and pits, which enter the manufacturing process for similar reasons. Our x-ray systems can also detect metal in metallized containers and can be used for mass control. Checkweighers are used to control the filling content of packaged goods such as food, pharmaceuticals and cosmetics. Both x-ray and metal detection systems may be used together with checkweighers as components of integrated packaging lines. FreeWeigh.Net is our statistical and quality control software that optimizes package filling, monitors weight-related data and integrates it in real time into customers enterprise resource planning and/or process control systems.

Retail Weighing Solutions

Supermarkets, hypermarkets and other food retail businesses make use of multiple weighing and food labeling solutions for handling fresh goods (such as meats, vegetables, fruits and cheeses). We offer stand-alone scales for basic counter weighing and pricing, price finding and printing. In addition, we offer networked scales and software, which can integrate backroom, counter, self-service and checkout functions and can incorporate fresh goods item data into a supermarket s overall food item and inventory management system. Customer benefits are in the areas of pricing, merchandising, inventory management and regulatory compliance. Our instruments have been expanded to allow in-store marketing which permits customers to make more decisions at the point of sale. The retail business accounted for approximately 13% of our net sales in both 2008 and 2007 and 14% in 2006.

Retail Software

Our subsidiary SofTechnics provides retail software for in-store item and inventory management solutions. SofTechnics offering complements our retail weighing solutions to food retailers by providing the full scope of real-time item management. Retailers can then match local store inventory levels with local customer demand. Our instruments have been expanded to allow in-store marketing which permits customers to make more decisions at the point of sale.

Customers and Distribution

Our principal customers include companies in the following key end markets: the life science industry (pharmaceutical and biotech companies, as well as independent research organizations); food and beverage producers; food retailers; chemical, specialty chemicals and cosmetics companies; the transportation and logistics industry; the metals industry; the electronics industry; and the academic community.

Our products are sold through a variety of distribution channels. Generally, more technically sophisticated products are sold through our direct sales force, while less complicated products are sold through indirect channels. Our sales through direct channels exceed our sales through indirect channels. A significant portion of our sales in the Americas is generated through the indirect channels, including sales of our Ohaus branded products. Ohaus branded products target markets, such as the educational market, in which customers are interested in lower cost, a more limited set of features and less comprehensive support and service. We have a diversified customer base, with no single customer accounting for more than 1% of 2008 net sales.

Sales and Service

Market Organizations

We maintain geographically focused market organizations around the world that are responsible for all aspects of our sales and service. The market organizations are customer-focused, with an emphasis on building and maintaining value-added relationships with customers in our target market segments. Each market organization has the ability to leverage best practices from other units while maintaining the flexibility to adapt its marketing and service efforts to account for different cultural and economic conditions. Market organizations also work closely with our producing organizations (described below) by providing feedback on manufacturing and product development initiatives, new product and application ideas and information about key market segments.

We have one of the largest and broadest global sales and service organizations among precision instrument manufacturers. At December 31, 2008, our sales and services group consisted of over 5,600 employees in sales, marketing and customer service (including related administration) and post-sales

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technical service, located in 35 countries. This field organization has the capability to provide service and support to our customers and distributors in major markets across the globe. This is important because our customers increasingly seek to do business with a consistent global approach.

Service

Our service business remains successful with a focus on repair services as well as further expansion of our offerings to include value-added services for a range of market needs, including regulatory compliance qualification, calibration, certification and preventative maintenance. We have a unique offering to our pharmaceutical customers in promoting use of our instruments in compliance with FDA regulations, and we can provide these services regardless of the customer s location around the world. This global service network is also an important factor in our ability to expand in emerging markets. We estimate that we have the largest installed base of weighing instruments in the world. Service (representing service contracts, repairs and replacement parts) accounted for approximately 22% of our total net sales in 2008 and 23% in both 2007 and 2006. A significant portion of this amount is derived from the sale of replacement parts.

Beyond revenue opportunities, we believe service is a key part of our solution offering and helps significantly in customer retention. The close relationships and frequent contact with our large customer base provide us with sales opportunities and innovative product and application ideas.

Research and Development and Manufacturing

Producing Organizations

Our research, product development and manufacturing efforts are organized into a number of producing organizations. Our focused producing organizations help reduce product development time and costs, improve customer focus and maintain technological leadership. The producing organizations work together to share ideas and best practices, and there is a close interface and coordinated customer interaction among marketing organizations and producing organizations.

Research and Development

We continue to invest in product innovation to provide technologically advanced products to our customers for existing and new applications. Over the last three years, we have invested $277.5 million in research and development ($102.3 million in 2008, $92.4 million in 2007 and $82.8 million in 2006). In 2008, we spent approximately 5.2% of net sales on research and development. Our research and development efforts fall into two categories:

- technology advancements, which generate new products and increase the value of our products. These advancements may be in the form of enhanced or new functionality, new applications for our technologies, more accurate or reliable measurement, additional software capability or automation through robotics or other means, which allow us to design products more specific to the needs of the industries the Company serves, and

- cost reductions, which reduce the manufacturing cost of our products through better overall design.

We devote a substantial proportion of our research and development budget to software development. This includes software to process the signals captured by the sensors of our instruments, application-specific software and software that connects our solutions into customers existing IT systems. We closely integrate research and development with marketing, manufacturing and product engineering. We have over 1,000 employees in research and development and product engineering in countries around the globe.

Manufacturing

We are a worldwide manufacturer, with facilities principally located in China, Germany, Switzerland, the United Kingdom and the United States. Laboratory instruments are produced mainly in Switzerland and to a lesser extent in the United States and China, while our remaining products are manufactured worldwide. We emphasize product quality in our manufacturing operations, and most of our products require very strict tolerances and exact specifications. We use an extensive quality control system that is integrated into each step of the manufacturing process. All major manufacturing facilities have achieved ISO 9001 certification. We believe that our manufacturing capacity is sufficient to meet our present and currently anticipated demand.

We generally manufacture only critical components, which are components that contain proprietary technology. When outside manufacturing is more efficient, we contract with other manufacturers for certain nonproprietary components. We use a wide range of suppliers. We believe our supply arrangements are adequate and that there are no material constraints on the sources and availability of materials. From time to time we may rely on a single supplier for all of our requirements of a particular component. Supply arrangements for electronic components are generally made globally.

Backlog; Seasonality

Our manufacturing turnaround time is generally short, which permits us to manufacture orders to fill for most of our products. Backlog is generally a function of requested customer delivery dates and is typically no longer than one to two months.

Our business has historically experienced a slight amount of seasonal variation, particularly the high-end laboratory instruments business. Traditionally, sales in the first quarter are slightly lower than, and sales in the fourth quarter are slightly higher than, sales in the second and third quarters. Fourth quarter sales have historically generated approximately 26% to 30% of our net sales. This trend has a somewhat greater effect on income from operations than on net sales because fixed costs are spread evenly across all quarters.

Employees

As of December 31, 2008, we had approximately 10,000 employees throughout the world, including approximately 4,500 in Europe, 3,000 in North and South America and 2,500 in Asia and other countries.

We believe our employee relations are good, and we have not suffered any material employee work stoppage or strike during the last five years. Labor unions do not represent a meaningful number of our employees.

Blue Ocean Program

Blue Ocean refers to our program to establish a new global operating model, with standardized, automated and integrated processes, with high levels of global data transparency. It will encompass a new enterprise architecture, with a global, single instance ERP system. Within our IT systems we are moving toward integrated, homogeneous applications and common data structures. We will also largely standardize our key business processes. The implementation of the systems and processes will proceed on a staggered basis over a several year period with the initial go-live rollout expected to occur in 2010. We expect capitalized project costs in the first phase to exceed $100 million. We expect the return on this investment when complete to be reduced operating costs and working capital requirements.

Intellectual Property

We hold over 3,500 patents and trademarks (including pending applications), primarily in the United States, Switzerland, Germany, the United Kingdom, Italy, France, Japan, China, South Korea, Brazil and India. Our products generally incorporate a wide variety of technological innovations, some of which are protected by patents of various durations. Products are generally not protected as a whole by individual patents, and as a result, no one patent or group of related patents is material to our business. We have numerous trademarks, including the Mettler-Toledo name and logo, which are material to our business. We regularly protect against infringement of our intellectual property.

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Regulation

Our products are subject to various regulatory standards and approvals by weights and measures regulatory authorities. All of our electrical components are subject to electrical safety standards. We believe that we are in compliance in all material respects with applicable regulations.

Approvals are required to ensure our instruments do not impermissibly influence other instruments and are themselves not affected by other instruments. In addition, some of our products are used in legal for trade applications, in which prices based on weight are calculated and for which specific weights and measures approvals are required. Although there are a large number of regulatory agencies across our markets, there is an increasing trend toward harmonization of standards, and weights and measures regulation is harmonized across the European Union.

Our products may also be subject to special requirements depending on the end-user and market. For example, laboratory customers are typically subject to Good Laboratory Practices (GLP), industrial customers to Good Manufacturing Practices (GMP), pharmaceutical customers to U.S. Food and Drug Administration (FDA) regulations, and customers in food processing industries may be subject to Hazard Analysis and Critical Control Point (HACCP) regulations. Products used in hazardous environments may also be subject to special requirements.

Environmental Matters

We are subject to environmental laws and regulations in the jurisdictions in which we operate. We own or lease a number of properties and manufacturing facilities around the world. Like many of our competitors, we have incurred, and will continue to incur, capital and operating expenditures and other costs in complying with such laws and regulations.

We are currently involved in, or have potential liability with respect to, the remediation of past contamination in certain of our facilities. Our former subsidiary Mettler-Toledo Hi-Speed, Inc. (Hi-Speed) was one of two private parties ordered to perform certain ground water contamination monitoring under an administrative consent order that the New Jersey Department of Environmental Protection (NJDEP) signed on June 13, 1988 with respect to certain property in Landing, New Jersey. GEI International Corporation (GEI) is the other ordered party. GEI has failed to fulfill its obligations under the NJDEP consent order, and NJDEP has agreed with Hi-Speed that the residual ground water contaminants can be monitored through the establishment of a Classification Exception Area and concurrent Well Restriction Area for the site. The NJDEP does not view these vehicles as remedial measures, but rather as institutional controls that must be adequately maintained and periodically evaluated. We estimate that the costs of compliance associated with monitoring ground water contamination levels at the site will be approximately $0.6 million in the coming years.

In addition, certain of our present and former facilities have or had been in operation for many decades and, over such time, some of these facilities may have used substances or generated and disposed of wastes which are or may be considered hazardous. It is possible that these sites, as well as disposal sites owned by third parties to which we have sent wastes, may in the future be identified and become the subject of remediation. Although we believe that we are in substantial compliance with applicable environmental requirements and, to date, we have not incurred material expenditures in connection with environmental matters, it is possible that we could become subject to additional environmental liabilities in the future that could have a material adverse effect on our financial condition, results of operations or cash flows.

Competition

Our markets are highly competitive. Many of the markets in which we compete are fragmented both geographically and by application, particularly the industrial and food retailing markets. As a result, we face numerous regional or specialized competitors, many of which are well established in their markets. For example, some of our competitors are divisions of larger companies with potentially greater financial and other resources than our own. In addition, some of our competitors are domiciled in emerging markets and may have a lower cost structure than ours. We are confronted with new competitors in emerging markets who, although relatively small in size today, could become larger companies in their home markets. Given the sometimes significant growth rates of these emerging markets, and in light of their cost advantage over developed markets, emerging market competitors could become more significant global competitors. Taken together, the competitive forces present in our markets can impair our operating margins in certain product lines and geographic markets.

We expect our competitors to continue to improve the design and performance of their products and to introduce new products with competitive prices. Although we believe that we have technological and other competitive advantages over many of our competitors, we may not be able to realize and maintain these advantages. These advantages include our worldwide market leadership positions; our global brand and reputation; our track record of technological innovation; our comprehensive, high-quality solution offering; our global sales and service offering; our large installed base of weighing instruments; and the diversification of our revenue base by geographic region, product range and customer. To remain competitive, we must continue to invest in research and development, sales and marketing and customer service and support. We cannot be sure that we will have sufficient resources to continue to make these investments or that we will be successful in identifying, developing and maintaining any competitive advantages.

We believe the principal competitive factors in developed markets for purchasing decisions are the product itself, application support, service support and price. In emerging markets, where there is greater demand for less sophisticated products, price is a more important factor than in developed markets. Competition in the U.S. laboratory market is also influenced by the presence of large distributors that sell not only our products but those of our competitors as well.

Company Website and Information

Our website can be found on the Internet at www.mt.com. The website contains information about us and our operations. Copies of each of our filings with the SEC on Form 10-K, Form 10-Q, Form 8-K and Schedule 14A and all amendments to those reports can be viewed and downloaded free of charge when they are filed with the SEC by accessing www.mt.com, clicking on *About Us, Investor Relations* and then clicking on *SEC Filings.* These filings may also be read and copied at the SEC s Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at http://www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Our website also contains copies of the following documents that can be downloaded free of charge:

- Corporate Governance Guidelines
- Audit Committee Charter
- Compensation Committee Charter
- Nominating and Corporate Governance Committee Charter
- Code of Conduct

Any of the above documents and any of our reports on Form 10-K, Form 10-Q, Form 8-K and Schedule 14A and all amendments to those reports can also be obtained in print, free of charge, by sending a written request to our Investor Relations Department:

Investor Relations
Mettler-Toledo International Inc.
1900 Polaris Parkway
Columbus, OH 43240 U.S.A.
Phone: +1 614 438 4748
Fax: +1 614 438 4646
E-mail: mary.finnegan@mt.com

Item 1A. *Risk Factors*

Factors Affecting Our Future Operating Results

The majority of our business is derived from companies in developed countries. The current economic downturns or recessions in these countries can be expected to adversely affect our operating results.

Although the percentage of our sales coming from emerging markets is growing, the majority of our business is still derived from companies in developed countries. Because our customers often decrease or delay capital expenditures in difficult economic times, economic downturns or recessions in developed countries would likely adversely affect our operating results. Given the current economic uncertainty, we are starting to see both decreases and delays in customer expenditures, and we expect these to continue and possibly worsen. Customers may also purchase lower-cost products made by competitors and not resume purchasing our products even after economic conditions improve. These conditions would reduce our revenues and profitability.

We are subject to certain risks associated with our international operations and fluctuating conditions in emerging markets.

We conduct business in many countries, including emerging markets in Asia, Latin America and Eastern Europe, and these operations represent a significant portion of our sales and earnings. For example, our Chinese operations account for $228.9 million of sales to external customers and $59.0 million of segment profit. In addition to the currency risks discussed below, international operations pose other substantial risks and problems for us. For instance, various local jurisdictions in which we operate may revise or alter their respective legal and regulatory requirements. In addition, we may encounter one or more of the following obstacles or risks:

- tariffs and trade barriers;
- difficulties in staffing and managing local operations and/or mandatory salary increases for local employees;
- credit risks arising from financial difficulties facing local customers and distributors;
- difficulties in protecting intellectual property;
- nationalization of private enterprises may result in the confiscation of assets as we hold significant assets around the world in the form of property, plant and equipment, inventory and accounts receivable, as well as $52.9 million of cash at December 31, 2008 in our Chinese subsidiaries;
- restrictions on investments and/or limitations regarding foreign ownership;
- adverse tax consequences, including tax disputes, imposition or increase of withholding and other taxes on remittances and other payments by subsidiaries; and
- other uncertain local economic, political and social conditions, including hyper-inflationary conditions or periods of low or no productivity growth.

We must also comply with a variety of regulations regarding the conversion and repatriation of funds earned in local currencies. For example, converting earnings from our operations in China into other currencies and repatriating these funds require governmental approvals. If we cannot comply with these or other applicable regulations, we may face increased difficulties in utilizing cash flow generated by these operations outside of China.

Economic conditions in emerging markets have from time to time deteriorated significantly, and some emerging markets are currently experiencing recessionary trends, severe currency devaluations and inflationary prices. Moreover, economic problems in individual markets can spread to other economies, adding to the adverse conditions we may face in emerging markets. Even where economies are currently growing, such as China, we are already seeing significant slowdowns compared with historical growth rates, and believe economic conditions in these markets will decline further. We remain committed to emerging markets,

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particularly those in Asia, Latin America and Eastern Europe. However, we expect the fluctuating economic conditions will affect our results of operations in these markets for the foreseeable future.

We operate in highly competitive markets, and it may be difficult to preserve operating margins, gain market share and maintain a technological advantage.

Our markets are highly competitive. Many of the markets in which we compete are fragmented both geographically and by application, particularly the industrial and food retailing markets. As a result, we face numerous regional or specialized competitors, many of which are well established in their markets. In addition, some of our competitors are divisions of larger companies with potentially greater financial and other resources than our Company. Some of our competitors are domiciled or operate in emerging markets and may have a lower cost structure than ours. We are confronted with new competitors in emerging markets who, although relatively small in size today, could become larger companies in their home markets. Given the sometimes significant growth rates of these emerging markets, and in light of their cost advantage over developed markets, emerging market competitors could become more significant global competitors. Taken together, the competitive forces present in our markets can impair our operating margins in certain product lines and geographic markets. We expect our competitors to continue to improve the design and performance of their products and to introduce new products with competitive prices. Although we believe that we have certain technological and other advantages over our competitors, we may not be able to realize and maintain these advantages.

Our product development efforts may not produce commercially viable products in a timely manner.

We must introduce new products and enhancements in a timely manner, or our products could become technologically obsolete over time, which would harm our operating results. To remain competitive, we must continue to make significant investments in research and development, sales and marketing and customer service and support. We cannot be sure that we will have sufficient resources to continue to make these investments. In developing new products, we may be required to make substantial investments before we can determine their commercial viability. As a result, we may not be successful in developing new products and we may never realize the benefits of our research and development activities.

Our ability to deliver products and services may be disrupted.

An interruption in our business due to events such as natural disasters, pandemics or other health crises, fires, explosions or issues with the supply chain may cause us to temporarily be unable to deliver products or services to our customers. It may be expensive to resolve these issues, even though some of these risks are covered by insurance policies. More importantly, customers may switch to competitors and may not return to us even if we resolve the interruption.

A widespread outbreak of an illness or other health issue could negatively affect our business, making it more difficult and expensive to meet our obligations to our customers, and could result in reduced demand from our customers.

A number of countries in the Asia Pacific region have experienced outbreaks of SARS and/or avian influenza (bird flu) in recent years. As a result of such an outbreak, businesses can be shut down and individuals can become ill or quarantined. Outbreaks of infectious diseases such as these, particularly in North America, Europe, China or other locations significant to our operations, could adversely affect general commercial activity, which could have a material adverse effect on our financial condition, results of operations, business or prospects. If our operations are curtailed because of health issues, we may need to seek alternate sources of supply for services and staff and these alternate sources may be more expensive. Alternate sources may not be available or may result in delays in shipments to our customers, each of which would affect our results of operations. In addition, a curtailment of our product design operations could result in delays in the development of new products. Further, if our customers businesses are affected by health issues, they might delay or reduce purchases from us, which could adversely affect our results of operations.

We are vulnerable to system failures, which could harm our business.

We rely on our technology infrastructure, among other functions, to interact with suppliers, sell our products and services, support our customers, fulfill orders and bill, collect and make payments. Our systems are vulnerable to damage or interruption from natural disasters, power loss, telecommunication failures, terrorist attacks, computer viruses, computer denial-of-service attacks and other events. When we upgrade or change systems, we may suffer interruptions in service, loss of data or reduced functionality. A significant number of our systems are not redundant, and our disaster recovery planning is not sufficient for every eventuality. Despite any precautions we may take, such problems could result in, among other consequences, interruptions in our services, which could harm our reputation and financial condition. We do not carry business interruption insurance sufficient to compensate us for losses that may result from interruptions in our services as a result of system failures.

We also recently initiated our Blue Ocean program, a program to standardize our global business processes and information technology systems that includes the implementation of a Company-wide enterprise resource planning system. The implementation of this program will proceed on a staggered basis over a several-year period with the initial go-live rollouts expected to occur during 2010. If the implementation of any unit is flawed, we could suffer interruptions in operations and customer-facing activities which could harm our reputation and financial condition, lose data, experience reduced functionality or have delays in reporting financial information. It may take us longer to implement the Blue Ocean program than we have planned for, and the project may cost us more than we have estimated, either of which would negatively impact our ability to generate cost savings or other efficiencies.

A prolonged downturn or additional consolidation in the pharmaceutical, food, food retailing and chemical industries could adversely affect our operating results.

Our products are used extensively in the pharmaceutical, food and beverage and chemical industries. Consolidation in the pharmaceutical and chemical industries hurt our sales in prior years. A prolonged economic downturn or additional consolidation in any of these industries could adversely affect our operating results, and some industries are already experiencing significant economic declines such as the chemical industry. In addition, the capital spending policies of our customers in these industries are based on a variety of factors we cannot control, including the resources available for purchasing equipment, the spending priorities among various types of equipment and policies regarding capital expenditures. Any decrease or delay in capital spending by our customers would cause our revenues to decline and could harm our profitability.

We may face risks associated with future acquisitions.

We may pursue acquisitions of complementary product lines, technologies or businesses. Acquisitions involve numerous risks, including difficulties in the assimilation of the acquired operations, technologies and products; diversion of management s attention from other business concerns; and potential departures of key employees of the acquired company. If we successfully identify acquisitions in the future, completing such acquisitions may result in new issuances of our stock that may be dilutive to current owners, increases in our debt and contingent liabilities and additional amortization expenses related to intangible assets. Any of these acquisition-related risks could have a material adverse affect on our profitability.

Larger companies have identified life sciences and instruments as businesses they will consider entering, which could change the competitive dynamics of these markets. In addition, we may not be able to identify, successfully complete or integrate potential acquisitions in the future. However, even if we can do so, we cannot be sure that these acquisitions will have a positive impact on our business or operating results.

If we cannot protect our intellectual property rights, or if we infringe or misappropriate the proprietary rights of others, our operating results could be harmed.

Our success depends on our ability to obtain and enforce patents on our technology, maintain our trademarks and protect our trade secrets. Our patents may not provide complete protection, and competitors may develop similar products that are not covered by our patents. Our patents may also be challenged by third parties and invalidated or narrowed. Competitors sometimes seek to take advantage of our trademarks or brands in ways that may create customer confusion or weaken our brand. Although we take measures to protect confidential information, improper use or disclosure of our trade secrets may still occur.

We may be sued for infringing on the intellectual property rights of others. The cost of any litigation could affect our profitability regardless of the outcome, and management attention could be diverted. If we are unsuccessful in such litigation, we may have to pay damages, stop the infringing activity and/or obtain a license. If we fail to obtain a required license, we may be unable to sell some of our products, which could result in a decline in our revenues.

Departures of key employees could impair our operations.

We generally have employment contracts with each of our key employees. Our executive officers own shares of our common stock and/or have options to purchase additional shares. Nevertheless, such individuals could leave the Company. If any key employees stopped working for us, our operations could be harmed. Important R&D personnel may leave and join competitors, which could substantially delay or hinder ongoing development projects. We have no key man life insurance policies with respect to any of our senior executives.

We may be adversely affected by environmental laws and regulations.

We are subject to various environmental laws and regulations, including those relating to air emissions, wastewater discharges, the handling and disposal of solid and hazardous wastes and the remediation of contamination associated with the use and disposal of hazardous substances.

We incur expenditures in complying with environmental laws and regulations. We are currently involved in, or have potential liability with respect to, the remediation of past contamination in various facilities. In addition, some of our facilities are or have been in operation for many decades and may have used substances or generated and disposed of wastes that are hazardous or may be considered hazardous in the future. These sites and disposal sites owned by others to which we sent waste may in the future be identified as contaminated and require remediation. Accordingly, it is possible that we could become subject to additional environmental liabilities in the future that may harm our results of operations or financial condition.

We may be adversely affected by failure to comply with regulations of governmental agencies or by the adoption of new regulations.

Our products are subject to regulation by governmental agencies. These regulations govern a wide variety of activities relating to our products, from design and development, to product safety, labeling, manufacturing, promotion, sales and distribution. If we fail to comply with these regulations, or if new regulations are adopted that substantially change existing practice or impose new burdens, we may have to recall products and cease their manufacture and distribution. In addition, we could be subject to fines or criminal prosecution.

We may experience impairments of goodwill or other intangible assets.

As of December 31, 2008, our consolidated balance sheet included goodwill of $424.4 million and other intangible assets of $96.3 million.

Our business acquisitions typically result in goodwill and other intangible assets, which affect the amount of future period amortization expense and possible impairment expense that we might incur. The determination of the value of such intangible assets requires management to make estimates and assumptions that affect our consolidated financial statements.

In accordance with SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142), our goodwill and indefinite-lived intangible assets are not amortized, but are evaluated for impairment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that an asset might be impaired.

The evaluation is based on valuation models that estimate fair value based on expected future cash flows and profitability projections. In preparing the valuation models we consider a number of factors, including operating results, business plans, economic conditions, future cash flows, and transactions and market place data. There are inherent uncertainties related to these factors and our judgment in applying them to the impairment analyses. The significant estimates and assumptions within our fair value models include sales growth, controllable cost growth, perpetual growth, effective tax rates and discount rates. Our assessments to date have indicated that there has been no impairment of these assets.

Should any of these estimates or assumptions change, or should we incur lower-than-expected operating performance or cash flows, including from a prolonged economic slowdown, we may experience a triggering event that requires a new fair value assessment for our reporting units, possibly prior to the required annual assessment. These types of events and resulting analysis could result in impairment charges for goodwill and other indefinite-lived intangible assets if the fair value estimate declines below the carrying value.

Our amortization expense related to intangible assets with finite lives may materially change should our estimates of their useful lives change.

Unanticipated changes in our tax rates or exposure to additional income tax liabilities could impact our profitability.

We are subject to income taxes in both the United States and various other foreign jurisdictions, and our domestic and international tax liabilities are subject to allocation of expenses among different jurisdictions. Our effective tax rates could be adversely affected by changes in the mix of earnings by jurisdiction, changes in tax laws or tax rates, changes in the valuation of deferred tax assets and liabilities and material adjustments from tax audits.

In particular, the carrying value of deferred tax assets, which are predominantly in the U.S., is dependent upon our ability to generate future taxable income in the U.S. In addition, the amount of income taxes we pay is subject to ongoing audits in various jurisdictions, and a material assessment by a governing tax authority could affect our profitability.

Currency fluctuations affect our operating profits.

Because we conduct operations in many countries, our operating income can be significantly affected by fluctuations in currency exchange rates. Swiss franc-denominated expenses represent a much greater percentage of our total operating expenses than Swiss franc-denominated sales represent of our total net sales. In part, this is because most of our manufacturing costs in Switzerland relate to products that are sold outside Switzerland. Moreover, a substantial percentage of our research and development expenses and general and administrative expenses are incurred in Switzerland. Therefore, if the Swiss franc strengthens against all or most of our major trading currencies (e.g., the U.S. dollar, the euro, other major European currencies, the Chinese yuan and the Japanese yen), our operating profit is reduced. We also have significantly more sales in European currencies (other than the Swiss franc) than we have expenses in those currencies. Therefore, when European currencies weaken against the U.S. dollar and the Swiss franc, it also decreases our operating profits. Accordingly, the Swiss franc exchange rate to the euro is an important cross-rate monitored by the Company. In recent months, we have seen substantially higher volatility in exchange rates generally than in the past, and the Swiss franc has strengthened significantly against the euro. We estimate that a 1% strengthening of the Swiss franc against the euro would result in a decrease in our earnings before tax of $1.0 million to $1.4 million on an annual basis. In addition to the Swiss franc and major European currencies, we also conduct business in many geographies throughout the world, including Asia Pacific, Eastern Europe, Latin America and Canada. Fluctuations in these currency exchange rates against the U.S. dollar can also affect our operating results. In addition to the effects of exchange rate movements on operating profits, our debt levels can fluctuate due to changes in exchange rates, particularly between the U.S. dollar and the Swiss franc. Based on our outstanding debt at

December 31, 2008, we estimate that a 10% weakening of the U.S. dollar against the currencies in which our debt is denominated would result in an increase of approximately $5.0 million in the reported U.S. dollar value of the debt.

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We have substantial debt and we may incur substantially more debt, which could affect our ability to meet our debt obligations and may otherwise restrict our activities.

We have substantial debt and we may incur substantial additional debt in the future. As of December 31, 2008, we had total indebtedness of approximately $376.0 million, net of cash of $78.1 million. We are also permitted by the terms of our debt instruments to incur substantial additional indebtedness, subject to the restrictions therein.

Our debt could have important consequences. For example, it could make it more difficult for us to satisfy our obligations under our debt instruments; require us to dedicate a substantial portion of our cash flow to payments on our indebtedness, which would reduce the amount of cash flow available to fund working capital, capital expenditures, product development and other corporate requirements; increase our vulnerability to general adverse economic and industry conditions, including changes in raw material costs; limit our ability to respond to business opportunities; limit our ability to borrow additional funds, which may be necessary; and subject us to financial and other restrictive covenants, which, if we fail to comply with these covenants and our failure is not waived or cured, could result in an event of default under our debt.

In the current difficult environment, banks can be expected to strictly enforce the terms of our credit agreement. Although we believe we are currently in compliance with all credit agreement requirements, if we fail to comply in the future with a requirement, our access to the facility and ability to borrow further may be limited. In such circumstances, we may not be able to refinance our existing debt or only be able to do so at significantly higher costs.

The agreements governing our debt impose restrictions on our business.

The indenture governing our senior notes and the agreements governing our credit facility contain covenants imposing various restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. The restrictions these covenants place on us include limitations on our ability to incur liens and consolidate, merge, sell or lease all or substantially all of our assets. Our credit facility also requires us to meet certain financial ratios.

Our ability to comply with these agreements may be affected by events beyond our control, including prevailing economic, financial and industry conditions, and are subject to the risks in this section. The breach of any of these covenants or restrictions could result in a default under the indenture governing the senior notes and/or under our credit facility. An event of default under our credit facility would permit our lenders to declare all amounts borrowed from them to be immediately due and payable. Acceleration of our other indebtedness may cause us to be unable to make interest payments on the senior notes and repay the principal amount of the senior notes.

We make from time to time forward-looking statements, and actual events or results may differ materially from these statements because assumptions we have made prove incorrect due to market conditions in our industries or other factors.

We from time to time provide forward-looking statements both in our filings with the SEC and orally in connection with our quarterly earnings calls, including guidance on anticipated earnings per share. These statements are only predictions. Actual events or results may differ materially from these statements because assumptions we have made prove incorrect due to market conditions in our industries or other factors. We refer you to the factors discussed under the captions Factors affecting our future operating results in the Business section and the Management s Discussion and Analysis of Financial Condition and Results of Operations section of this annual report on Form 10-K, which describe risks and factors that could cause results to differ materially from those projected in those forward-looking statements. We operate in a continually changing business environment, and new risk factors emerge from time to time. Management cannot predict these new risk factors, nor can it assess the impact, if any, of these new risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results.

In providing guidance on our future earnings, our management evaluates our budgets, our strategic plan and certain factors relating to our business. This evaluation requires management to make several key assumptions relating to both external and internal factors. Some of the key external assumptions include:

- the outlook for our end markets and the global economy;
- impact of external factors on our competition;
- economies in emerging markets will slow from the growth we had in 2008;
- financial position of our customers;
- the estimated costs of purchasing materials;
- developments in personnel costs; and
- rates for currency exchange, particularly between the Swiss franc and the euro.

Some of these assumptions may prove to be incorrect over time. For example, although no one customer accounts for more than 1% of our revenues, if a number of our customers experienced significant deteriorations in their financial positions concurrently, it could have an impact on our results of operations.

Some of our key internal assumptions include the following:

- our ability to implement our business strategy;
- effectiveness of our marketing programs such as our Spinnaker initiatives;
- our ability to develop and deliver innovative products and services;
- continued growth in our sales in emerging markets;
- our ability to implement price increases as forecasted; and
- the effectiveness of our cost saving initiatives, including our restructuring activities.

These internal assumptions may also prove to be incorrect over time. For example, with respect to our ability to realize our planned price increases without disturbing our customer base in core markets, in certain markets, such as emerging markets, price tends to be a more significant factor in customers decisions to purchase our products. Furthermore, we can have no assurance that our cost reduction programs will be effective or that we will be able to execute them in the estimated time frames. Additionally, although we have included certain restructuring costs in our forecast, it may become necessary to take additional restructuring actions resulting in additional restructuring costs.

We believe our current assumptions are reasonable and prudent for planning purposes. However, should any of these assumptions prove to be incorrect, or should we incur lower-than-expected operating performance or cash flows, we may experience results different than our projections.

Our ability to generate cash depends on factors beyond our control.

Our ability to make payments on our debt and to fund planned capital expenditures and research and development efforts will depend on our ability to generate cash in the future. This, to an extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, including those described in this section, that are beyond our control.

We cannot ensure that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our credit facility in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We cannot ensure that we will be able to refinance any of our debt, including our credit facility and the senior notes, on commercially reasonable terms or at all.

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Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

The following table lists our principal facilities, indicating the location and whether the facility is owned or leased. The properties listed below serve primarily as manufacturing facilities and also typically have a certain amount of space for service, sales and marketing and administrative activities. Our Greifensee, Switzerland facility also serves as our worldwide headquarters and our Columbus, Ohio facility serves as our North American headquarters. The facilities in Giessen, Germany and Viroflay, France are used primarily for sales and marketing. We believe our facilities are adequate for our current and reasonably anticipated future needs.

Location	Owned/Leased	Business Segment
Europe:		
Greifensee/Nanikon, Switzerland	Owned	Swiss Operations
Uznach, Switzerland	Owned	Swiss Operations
Urdorf, Switzerland	Owned	Swiss Operations
Schwerzenbach, Switzerland	Leased	Swiss Operations
Cambridge, England	Owned	Western European Operations
Manchester, England	Leased	Western European Operations
Viroflay, France (two facilities)	Building Owned Building Leased	Western European Operations
Albstadt, Germany	Owned	Western European Operations
Giessen, Germany	Owned	Western European Operations
Oslo, Norway	Leased	Western European Operations
Americas:		
Columbus, Ohio	Leased	U.S. Operations
Worthington, Ohio	Owned	U.S. Operations
Oakland, California	Leased	U.S. Operations
Bedford, Massachusetts	Leased	U.S. Operations
Ithaca, New York	Owned	U.S. Operations
Tampa, Florida	Leased	U.S. Operations
Other:		
Shanghai, China	Building Owned; Land Leased	Chinese Operations
Changzhou, China (three facilities)	Buildings Owned; Land Leased	Chinese Operations
Mumbai, India (two facilities)	Buildings Leased	Other Operations

Item 3. *Legal Proceedings*

We are not currently involved in any legal proceeding which we believe could have a material adverse effect upon our financial condition, results of operations or cash flows. See the disclosure above under Environmental Matters.

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

No matters were submitted to a vote of security holders during the fourth quarter of 2008.

Executive Officers of the Registrant

See Part III, Item 10 of this annual report for information about our executive officers.

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PART II

Item 5. *Market for the Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Information for Common Stock

Our common stock is traded on the New York Stock Exchange under the symbol MTD. The following table sets forth on a per share basis the high and low sales prices for consolidated trading in our common stock as reported on the New York Stock Exchange Composite Tape for the quarters indicated.

	Common Stock Price Range	
	High	**Low**
2008		
Fourth Quarter	$ 98.33	$ 60.64
Third Quarter	$ 109.16	$ 92.60
Second Quarter	$ 105.01	$ 94.05
First Quarter	$ 112.37	$ 87.51
2007		
Fourth Quarter	$ 118.54	$ 102.32
Third Quarter	$ 103.19	$ 86.59
Second Quarter	$ 101.76	$ 89.94
First Quarter	$ 91.61	$ 77.78

Holders

At February 1, 2009, there were 112 holders of record of common stock and 33,596,603 shares of common stock outstanding. We estimate we have approximately 41,000 beneficial owners of common stock.

Dividend Policy

Historically we have not paid dividends on our common stock. However, we will evaluate this policy on a periodic basis taking into account our results of operations, financial condition, capital requirements, including potential acquisitions, our share buyback program, the taxation of dividends to our shareholders, and other factors deemed relevant by our Board of Directors.

Share Performance Graph

The following graph compares the cumulative total returns (assuming reinvestment of dividends) on $100 invested on December 31, 2003 through December 31, 2008 in our common stock, the Standard & Poor s 500 Composite Stock Index (S&P 500 Index) and the SIC Code 3826 Index Laboratory Analytical Instruments. Historically, we have not paid dividends on our common stock. However, the Company will evaluate this policy on a periodic basis taking into account our results of operations, financial condition, capital requirements, including potential acquisitions, our share buyback program, the taxation of dividends to our shareholders, and other factors deemed relevant by our Board of Directors.

Comparison of Cumulative Total Return Among Mettler-Toledo International Inc., the S&P 500 Index and SIC Code 3826 Index Laboratory Analytical Instruments

	12-31-03	12-31-04	12-31-05	12-31-06	12-31-07	12-31-08
Mettler-Toledo	$ 100	$ 122	$ 131	$ 187	$ 270	$ 160
S&P 500 Index	$ 100	$ 111	$ 116	$ 135	$ 142	$ 90
SIC Code 3826 Index	$ 100	$ 118	$ 117	$ 144	$ 192	$ 118

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value (in thousands) of Shares that may yet be Purchased under the Plans or Programs
October 1 to October 31, 2008	11,000	$ 97.77	11,000	$ 416,591
November 1 to November 30, 2008				416,591
December 1 to December 31, 2008				416,591
Total	11,000	$ 97.77	11,000	$ 416,591

We have a share repurchase program that was announced in February 2004. Under the program, we have been authorized to buy back up to $1.5 billion of the Company s common shares. We have purchased 15.2 million common shares since the inception of the program through December 31, 2008, at a total cost of

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$1.1 billion. As of December 31, 2008, there was $416.6 million remaining authorized for repurchases under the plan by December 31, 2010. The share repurchases are expected to be funded from existing cash balances, borrowings under existing credit arrangements or cash generated from operating activities. Repurchases will be made through open market transactions, and the timing will depend on the level of acquisition activity, business and market conditions, the stock price, trading restrictions and other factors.

During the years ended December 31, 2008 and 2007, we spent $224.5 million and $324.6 million on the repurchase of 2,232,188 shares and 3,384,731 shares at an average price per share of $100.55 and $95.88, respectively.

Item 6. *Selected Financial Data*

The selected historical financial information set forth below as of December 31 and for the years then ended is derived from our audited consolidated financial statements. The financial information presented below, in thousands except share data, was prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

	2008	2007	2006	2005	2004
Statement of Operations Data:					
Net sales	$ 1,973,344	$ 1,793,748	$ 1,594,912	$ 1,482,472	$ 1,404,454
Cost of sales	980,263	897,567	804,480	752,153	722,047
Gross profit	993,081	896,181	790,432	730,319	682,407
Research and development	102,282	92,378	82,802	81,893	83,217
Selling, general and administrative	579,806	529,126	481,709	441,702	419,780
Amortization	10,553	11,682	11,503	11,436	12,256
Interest expense	25,390	21,003	17,492	14,880	12,888
Other charges (income), net[(a)]	8,981	(875)	(7,921)	20,224	42
Earnings before taxes and minority interest	266,069	242,867	204,847	160,184	154,224
Provision for taxes[(b)]	63,291	64,360	47,315	51,282	46,267
Net earnings	$ 202,778	$ 178,507	$ 157,532	$ 108,902	$ 107,957
Basic earnings per common share:					
Net earnings	$ 5.92	$ 4.82	$ 3.93	$ 2.58	$ 2.44
Weighted average number of common shares	34,250,310	37,025,209	40,065,951	42,207,777	44,237,214
Diluted earnings per common share:					
Net earnings	$ 5.79	$ 4.70	$ 3.86	$ 2.52	$ 2.37
Weighted average number of common and common	35,048,859	37,952,923	40,785,708	43,285,121	45,483,969

equivalent shares										
Balance Sheet Data:										
Cash and cash equivalents	$	78,073	$	81,222	$	151,269	$	324,578	$	67,176
Working capital[(c)]		177,686		165,784		144,084		128,970		143,848
Total assets		1,662,529		1,678,214		1,587,085		1,669,773		1,480,072
Long-term debt		441,588		385,072		345,705		443,795		196,290
Other non-current liabilities[(d)]		179,048		162,583		143,526		135,160		132,723
Shareholders equity[(e)]		503,247		581,286		630,862		659,002		720,886

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(a) *Other charges (income), net consists primarily of restructuring charges, interest income, (gains) losses from foreign currency transactions, and other items. The 2008 amount includes a $6.4 million restructuring charge primarily related to severance costs. The 2005 amount includes a $21.8 million one-time litigation charge related to a $19.9 million non-cash write-off of an intellectual property license and $1.9 million of related legal costs.*

(b) *The provision for taxes for 2008 includes a discrete tax benefit of $2.5 million related to favorable withholding tax law changes in China recorded during the first quarter and a discrete tax benefit of $3.5 million primarily related to the closure of certain tax matters recorded during the third quarter.*

The provision for taxes for 2007 includes $1.1 million of discrete tax items recorded during the Company s third quarter. The discrete items include a benefit of $3.4 million related to the favorable resolution of certain tax matters and other adjustments related to prior years, which was partially offset by a charge of $2.3 million primarily related to a tax law change in Germany. The provision for taxes for 2006 includes net tax benefits related to a legal reorganization that resulted in a reduction of the estimated annual effective tax rate from 30% to 27% and $8.0 million net of discrete tax items. The discrete items include a benefit of $2.9 million, net, associated with the legal reorganization and a benefit of $5.1 million from a favorable tax law change. The 2005 amount includes a net tax charge of $5.4 million related to earnings repatriation associated with the American Jobs Creation Act ($13.1 million) offset in part by the favorable resolution of certain tax contingencies ($7.7 million).

(c) *Working capital represents total current assets net of cash, less total current liabilities net of short-term borrowings and current maturities of long-term debt.*

(d) *Other non-current liabilities consist of pension and other post-retirement liabilities, plus certain other non-current liabilities. See Note 12 to the audited consolidated financial statements.*

(e) *No dividends were paid during the five-year period ended December 31, 2008.*

Item 7. *Management s Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion and analysis of our financial condition and results of operations should be read together with our audited consolidated financial statements.

Overview

We operate a global business, with sales that are diversified by geographic region, product range and customer. We hold leading positions worldwide in many of our markets and attribute this leadership to several factors, including the strength of our brand name and reputation, our comprehensive offering of innovative instruments and solutions, and the breadth and quality of our global sales and service network.

Net sales in U.S. dollars increased by 10% and 12% in 2008 and 2007, respectively. Excluding the effect of currency exchange rate fluctuations, or in local currencies, net sales increased 6% and 8% in 2008 and 2007, respectively. We experienced relatively broad-based sales growth across most geographies and products during 2008. Our growth was attributable to positive economic conditions during the first nine months of the year, as well as our strong leadership positions and the impact of our global sales and marketing initiatives. For example, we continue to improve our lead generation and nurturing processes, better penetrate our market segments and more effectively price our products and services. However, global economic conditions weakened during the fourth quarter of 2008, resulting in reduced sales growth in local currencies in most geographies during the fourth quarter of 2008 versus the prior year comparable period. Sales growth in local currencies was 1% during the fourth quarter of 2008, which included an increase of 1%

in Europe and 6% in Asia/Rest of World, offset in part by a 3% decline in the Americas. Our future sales in local currencies will continue to be adversely affected by the weak global economic conditions. It is currently difficult to predict the extent to which our results will be affected in this uncertain environment.

With respect to our end-user markets, we experienced improved results during 2008 in our laboratory-related end-user markets, such as pharmaceutical and biotech customers as well as the laboratories of chemical companies, food and beverage companies and universities. However, demand from these markets decreased during the fourth quarter of 2008 related to the previously mentioned global economic slowdown. We expect reduced demand in these markets will continue during 2009.

In our industrial markets, the principal growth driver in recent years has been increased investment in emerging markets related to increasing production capacity for domestic and export markets. Although this provides a significant opportunity for our emerging market operations, this manufacturing shift has a negative impact on certain of our industrial end-user markets in the U.S. and Europe. However, despite this challenge, our U.S. and European industrial end-user markets experienced solid sales growth during 2008. Our industrial markets and our core-industrial products also experienced reduced demand during the fourth quarter of 2008, including our emerging markets. We expect reduced demand in these markets will continue during 2009.

In our food retail end markets, we benefited from strong project activity in Europe while our U.S. business faced difficult comparisons to the prior year. Traditionally the spending levels in this sector have experienced more volatility than our other customer sectors due to the timing of customer project activity or new regulation. Similar to our industrial business, emerging markets also provide growth as the expansion of local emerging market economies creates a significant number of new retail stores each year. While sales in our food retail end markets experienced solid project activity during the fourth quarter of 2008, we could experience a sales reduction during 2009 related to the global economic slowdown.

In 2009, we expect to continue to pursue the overall business growth strategies which we have followed in recent years:

Gaining Market Share. Our global sales and marketing initiative, Spinnaker, continues to be an important growth strategy. We aim to achieve above-market sales growth by improving the productivity and effectiveness of our global sales and marketing processes. While this initiative is broad-based, efforts to improve these processes include increased segment marketing and leads generation and nurturing activities, the implementation of more effective pricing and value-based selling strategies and processes, improved sales force training and other sales and marketing topics. Our comprehensive service offering also helps us further penetrate developed markets. We estimate that we have the largest installed base of weighing instruments in the world. In addition to traditional repair and maintenance, our service offerings continue to expand into value-added services for a range of market needs, including regulatory compliance.

Expanding Emerging Markets. Emerging markets, comprising Asia (excluding Japan), Eastern Europe, Latin America, the Middle East and Africa, account for approximately 27% of our total net sales. We have a two-pronged strategy in emerging markets: first, to capitalize on growth opportunities in these markets and second, to leverage our low-cost manufacturing operations in China. We have over a 20-year track record in China, and our sales in Asia have grown more than 18% in local currency since 1999. We have broadened our product offering to the Asian markets and are benefiting as multinational customers shift production to China. We are pleased with our continued accomplishments in China and continue to expand our territory coverage with new branch offices, additional dealers and more service professionals. In recent years, India has also been a source of emerging market sales growth due to increased life science research activities, as well as our acquisition of our distribution channel for laboratory products in 2005. In addition, Russia has also been an important growth driver in recent years due in part to the expansion of its local economy. Local currency sales growth in emerging markets slowed during the fourth quarter of 2008 and we anticipate future sales will continue to be adversely affected by weak global economic conditions. To reduce costs, we are also shifting more of our manufacturing to China where our three facilities manufacture for the local markets as well as for export.

Extending Our Technology Lead. We continue to focus on product innovation. In the last three years, we spent between 5.1% and 5.2% of net sales on research and development. We seek to drive shorter product life cycles, as well as improve our product offerings and their capabilities with additional integrated technologies and software. In addition, we aim to create value for our customers by having an intimate knowledge of their processes via our significant installed product base. During 2008, we also introduced Quantos, our new automated powder dosing solution for small sample sizes, which is controlled and monitored by the laboratory balance.

Maintaining Cost Leadership. We continue to strive to improve our margins by reducing our cost structure. As previously mentioned, shifting production to China has been an important component of our cost savings initiatives. We have also implemented global procurement and supply chain management programs over the last several years aimed at lowering supply costs. Our cost leadership initiatives are also focused on continuously improving our invested capital efficiency, such as reducing our working capital levels and ensuring appropriate returns on our expenditures. During the fourth quarter of 2008, we also initiated a global cost reduction program in response to the global economic slowdown. Our cost reduction program is focused on reducing our spending levels in most cost categories and will also include workforce reductions (including employees and temporary personnel) of approximately 600 or 5% of our total workforce.

Pursuing Strategic Acquisitions. While we have not completed a significant acquisition since 2001, acquisitions remain part of our growth strategy. We seek to pursue acquisitions that may leverage our global sales and service network, respected brand, extensive distribution channels and technological leadership. We have identified life sciences, product inspection and process analytics as three key areas for acquisitions.

Results of Operations Consolidated

Net sales

Net sales were $1,973.3 million for the year ended December 31, 2008, compared to $1,793.7 million in 2007 and $1,594.9 million in 2006. This represents increases in 2008 and 2007 of 10% and 12% in U.S. dollars and 6% and 8% in local currencies, respectively.

In 2008, our net sales by geographic destination increased in local currencies by 2% in the Americas, 6% in Europe and 16% in Asia/Rest of World. A discussion of sales by operating segment is included below.

As described in Note 16 to our consolidated financial statements, our net sales comprise product sales of precision instruments and related services. Service revenues are primarily derived from repair and other services, including regulatory compliance qualification, calibration, certification, preventative maintenance and spare parts.

Net sales of products increased in 2008 and 2007 by 10% and 13% in U.S. dollars and by 7% and 8% in local currencies, respectively. Service revenue (including spare parts) increased in 2008 and 2007 by 8% and 11% in U.S. dollars and by 5% and 6% in local currencies, respectively.

Net sales of our laboratory-related products increased by 6% in local currencies during 2008 principally driven by strong growth across most product categories, especially analytical instruments, pipettes and process analytics. Our laboratory-related product sales were also reduced by 1% during 2008 due to product line exits.

Net sales of our industrial-related products increased by 7% in local currencies during 2008. We experienced strong sales growth in our core industrial products throughout most geographies, particularly China, as well as solid sales growth in our product inspection products. We also experienced strong sales growth in transportation and logistics products in the United States and Western Europe related to increased project activity.

In our food retailing markets, net sales increased by 4% in local currencies during 2008 over the previous year due to strong project activity in Europe and continued growth in Asia/Rest of World despite decreased sales in the U.S.

As discussed above, net sales growth in the fourth quarter of 2008 decreased from the results of the first nine months in 2008. We expect market conditions to further deteriorate from the levels experienced in the fourth quarter of 2008; however, the level of this deterioration is unknown.

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Gross profit

Gross profit as a percentage of net sales was 50.3% for 2008, compared to 50.0% for 2007 and 49.6% for 2006.

Gross profit as a percentage of net sales for products was 54.2% for 2008, compared to 53.8% for 2007 and 53.3% for 2006. Gross profit as a percentage of net sales for services (including spare parts) was 36.8% for 2008, compared to 36.9% for both 2007 and 2006.

The increase in gross profit reflects several factors, including increased sales volume leveraging our fixed production costs, partially offset by the weakening U.S. dollar and increased material costs, most notably steel prices.

Research and development and selling, general and administrative expenses

Research and development expenses as a percentage of net sales were 5.2% for 2008, 5.1% for 2007 and 5.2% for 2006. Research and development expenses increased by 4% in 2008 and increased by 7% in 2007 in local currencies. Our research and development spending levels reflect increased research and development investments.

Selling, general and administrative expenses as a percentage of net sales decreased to 29.4% for 2008, compared to 29.5% for 2007 and 30.2% for 2006. Selling, general and administrative expenses increased by 5% in both 2008 and 2007 in local currencies. This is primarily due to continued sales and marketing investments, especially in China and other emerging market countries, and expenses associated with product launches. We also incurred certain expenses associated with a multi-year information technology investment.

Other charges (income), net

Other charges (income), net consisted of other charges, net of $9.0 million in 2008, compared to other income, net of $0.9 million in 2007 and other income, net of $7.9 million in 2006. Other charges (income), net consisted primarily of restructuring charges, interest income, (gains) losses from foreign currency transactions and other items. Other charges (income), net in 2008 includes restructuring charges of $6.4 million related to our global cost reduction program as further described below. Other charges (income), net for 2008 compared to the prior year was also impacted by unfavorable foreign currency fluctuations and reduced interest income associated with lower cash balances. In 2007, other charges (income), net reflected reduced interest income compared to the prior year associated with lower cash balances resulting from share repurchases. In 2006, other charges (income), net included increased interest income associated with higher cash balances in the U.S. as a result of our foreign earnings repatriation during 2005 associated with the American Jobs Creation Act of 2004.

During the fourth quarter of 2008, we initiated a global cost reduction program. Charges under the program will primarily comprise severance costs and are expected to be approximately $15 to $20 million, of which $6.4 million was recorded in other charges (income), net during the year ended December 31, 2008. Cash paid for severance during the fourth quarter of 2008 totaled $0.7 million. Under the program, our workforce (including employees and temporary personnel) will be reduced by approximately 600. The program is expected to be substantially completed by the end of 2009. As a result of the reduction in workforce, we anticipate personnel costs to be reduced by approximately $25 million on an annual basis.

Interest expense and taxes

Interest expense was $25.4 million for 2008, compared to $21.0 million for 2007 and $17.5 million for 2006. The increase in 2008 is due primarily to increased borrowings compared to 2007. The increase in 2007 is due to higher average borrowing rates offset in part by reduced average borrowings versus 2006.

During the first quarter of 2008, we recorded a discrete tax benefit of $2.5 million related to favorable withholding tax law changes in China. During the third quarter of 2008, we recorded discrete tax items resulting in a net tax benefit of $3.5 million primarily related to the closure of certain tax matters.

During the third quarter of 2007, we recorded certain discrete tax items which resulted in a net tax benefit of $1.1 million. The discrete items include a benefit of $3.4 million related to a favorable resolution of certain tax matters and other adjustments related to prior years, which were partially offset by a charge of $2.3 million primarily due to a tax law change in Germany.

During the third quarter of 2006, we implemented a legal reorganization that resulted in a reduction of the estimated annual effective tax rate before discrete items from 30% to 27%. In addition to the change in our annual effective tax rate, we recorded three discrete tax items: a charge of $10.5 million related to the establishment of a valuation allowance on foreign tax credit carryforwards, a benefit of $13.4 million associated with a reduction of a liability previously established for estimated costs to repatriate unremitted earnings of foreign subsidiaries, and a favorable tax law change resulting in a benefit of $5.1 million.

Our annual effective tax rate was 24%, 27% and 23% for 2008, 2007 and 2006, respectively. The previously described discrete tax items had the effect of lowering our annual effective tax rate by 2% in 2008 and 4% in 2006.

Results of Operations by Operating Segment

The following is a discussion of the financial results of our operating segments. We currently have five reportable segments: U.S. Operations, Swiss Operations, Western European Operations, Chinese Operations and Other. A more detailed description of these segments is outlined in Note 16 to our consolidated financial statements.

U.S. Operations (amounts in thousands)

	2008	2007	2006	Increase in %[(1)] 2008 vs. 2007	Increase in %[(1)] 2007 vs. 2006
Net sales	$ 682,282	$ 671,869	$ 637,418	2%	5%
Net sales to external customers	$ 622,692	$ 614,735	$ 586,069	1%	5%
Segment profit	$ 113,390	$ 104,913	$ 89,384	8%	17%

(1) *Represents U.S. dollar growth for net sales and segment profit.*

The increase in total net sales during 2008 reflects growth across most product lines, particularly our laboratory-related and industrial-related products. Our laboratory-related and industrial-related products experienced especially strong growth in analytical instruments and product inspection, respectively. Net sales were reduced by 1% related to product line exits. Net sales to external customers declined 4% during the fourth quarter of 2008 which included a decrease in most product categories related to the global economic slowdown. We expect net sales will also decline during 2009.

Segment profit increased by $8.5 million in our U.S. Operations segment during 2008, compared to an increase of $15.5 million during 2007. The increase in segment profit in 2008 was primarily due to increased sales volume leveraging our fixed production costs and increased inter-segment income from our Chinese Operations, offset in part by investments in sales and marketing.

Swiss Operations (amounts in thousands)

	2008	2007	2006	Increase in %(1) 2008 vs. 2007	Increase in %(1) 2007 vs. 2006
Net sales	$ 442,054	$ 391,042	$ 340,849	13%	15%
Net sales to external customers	$ 126,476	$ 109,867	$ 96,311	15%	14%
Segment profit	$ 86,650	$ 81,158	$ 70,083	7%	16%

(1) *Represents U.S. dollar growth for net sales and segment profit.*

Total net sales in local currency increased by 2% in 2008 and by 11% in 2007. Net sales to external customers in local currency increased by 4% in 2008 and by 9% in 2007. The increase in sales to external customers during 2008 relates primarily to strong growth in most of our laboratory-related products, particularly in process analytics, as well as improved project activity in retail products. Net sales to external customers in local currency declined 6% during the fourth quarter of 2008 which included a decrease in most product categories, especially laboratory- and industrial-related products, related to the global economic slowdown. We expect net sales in local currency will also decline during 2009.

Segment profit increased by $5.5 million in our Swiss Operations segment during 2008, compared to an increase of $11.1 million during 2007. The increase in segment profit in 2008 is primarily due to increased sales volume leveraging our fixed production costs, partially offset by higher research and development project activity and unfavorable currency.

Western European Operations (amounts in thousands)

	2008	2007	2006	Increase in %[1] 2008 vs. 2007	Increase in %[1] 2007 vs. 2006
Net sales	$ 762,717	$ 691,736	$ 607,836	10%	14%
Net sales to external customers	$ 679,083	$ 614,268	$ 538,953	11%	14%
Segment profit	$ 69,837	$ 58,497	$ 50,635	19%	16%

(1) *Represents U.S. dollar growth for net sales and segment profit.*

Total net sales in local currency increased by 6% in 2008 and 2007. Net sales to external customers in local currency increased by 5% in 2008 and 2007. The 2008 increase includes solid sales growth in our industrial-related and laboratory-related products. We also experienced strong European retail project activity during 2008. Net sales to external customers increased 2% in local currency during the fourth quarter of 2008 which included strong project activity in our food retail products and transportation and logistics, as well as solid growth in our product inspection sales. These results were offset in part by reduced sales in our laboratory and core-industrial products related to the global economic slowdown. We expect net sales in local currency for our laboratory and core-industrial products will also decline during 2009. Sales in our food retail products, transportation and logistics and product inspection may also be reduced during 2009.

Segment profit increased by $11.3 million in our Western European Operations segment during 2008, compared to an increase of $7.9 million in 2007. The increase in segment profit in 2008 is principally a result of increased sales volume leveraging our fixed production costs and favorable currency translation fluctuations, partially offset by increased sales and marketing investments. We also recorded severance expense of $5.1 million during the first nine months of 2008.

Chinese Operations (amounts in thousands)

	2008	2007	2006	Increase in %[1] 2008 vs. 2007	Increase in %[1] 2007 vs. 2006

Net sales	$ 317,040	$ 254,510	$ 201,431	25%	26%
Net sales to external customers	$ 228,890	$ 168,261	$ 132,710	36%	27%
Segment profit	$ 59,027	$ 57,481	$ 45,160	3%	27%

(1) *Represents U.S. dollar growth for net sales and segment profit.*

Total net sales in local currency increased by 14% in 2008 and by 21% in 2007. Net sales to external customers in local currency increased by 24% in 2008 and 21% in 2007. These increases were due to continued sales growth for most product lines, in particular industrial-related products. Net sales to external customers in local currency increased 9% during the fourth quarter of 2008 reflecting a reduction in our historical growth rate related to the global economic slowdown. We expect our net sales in local currency will be adversely affected during 2009 by weak global economic conditions.

Segment profit increased by $1.5 million in our Chinese Operations segment during 2008, compared to an increase of $12.3 million in 2007. The increase in segment profit in 2008 is primarily due to increased sales volume, partially offset by unfavorable currency fluctuations on inter-segment sales, increased material costs, increased inter-segment expenses from our U.S. Operations and a previous year gain associated with an asset sale.

Other (amounts in thousands)

	2008	2007	2006	Increase in %[(1)] 2008 vs. 2007	Increase in %[(1)] 2007 vs. 2006
Net sales	$ 321,480	$ 290,330	$ 240,869	11%	21%
Net sales to external customers	$ 316,203	$ 286,617	$ 240,869	10%	19%
Segment profit	$ 28,809	$ 29,887	$ 21,412	(4)%	40%

(1) Represents U.S. dollar growth for net sales and segment profit.

Total net sales in local currency increased by 9% in 2008 and by 15% in 2007. Net sales to external customers in local currency increased 9% in 2008 and 13% in 2007. This performance reflects increased sales in our Other Asia Pacific, Eastern European and Other Americas markets. Net sales to external customers in local currency increased 2% during the fourth quarter of 2008 and included sales growth in Other Asia Pacific offset in part by reduced sales in Canada, Eastern Europe and Japan. We expect our net sales in local currency will be adversely affected during 2009 by weak global economic conditions.

Segment profit decreased by $1.1 million in our Other segment during 2008, compared to an increase of $8.5 million during 2007. The decrease in segment profit was primarily a result of decreased profitability in Canada and severance expense, partially offset by increased profitability in Other Asia Pacific and Other Eastern European markets.

Liquidity and Capital Resources

Liquidity is our ability to generate sufficient cash flows from operating activities to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate financing. Currently, our financing requirements are primarily driven by working capital requirements, capital expenditures, share repurchases and acquisitions.

Cash provided by operating activities totaled $223.8 million in 2008, compared to $228.2 million in 2007 and $191.6 million in 2006. The decrease in 2008 resulted principally from reduced accounts payable balances of $15.9 million from the beginning of the year versus increased balances of $26.4 million during the previous year which was largely attributable to strong December 2007 business activity. The decrease in cash provided by operating activities was also attributable to higher payments of approximately $10.9 million related to 2007 performance-related compensation incentives (bonus payments) that were paid during 2008 and the timing of tax disbursements of $21.9 million. These items were offset in part by higher net earnings of $24.3 million compared to the corresponding period in 2007. The increase in 2007, as compared to 2006, resulted principally from improved operating results and a reduction in tax payments which included a $6 million tax refund, offset in part by approximately $9 million of higher payments related to 2006 performance-related compensation incentives (bonus payments) that were paid during 2007.

We also made a $5.0 million voluntary incremental pension contribution to our U.S. plan in 2008 and a $7.7 million contribution to our U.S. plan in 2007.

Capital expenditures are made primarily for investments in information systems and technology, machinery, equipment and the purchase and expansion of facilities. Our capital expenditures totaled $61.0 million in 2008, $47.5 million in 2007 and $34.3 million in 2006. We expect capital expenditures to increase as our business grows and to fluctuate as currency exchange rates change. Our 2008 capital expenditures included $20.0 million of investments related to the initial phases of our Blue Ocean multi-year program of information technology investment compared to $5.0 million in the previous year. Our capital expenditures in 2007 included $7.1 million of investments related to our new Chinese facility, compared to $6.4 million in 2006.

Cash flows used in financing activities during 2008 included $3.3 million of financing fees related to the closing of our new $950 million credit facility during the third quarter. As further described below, in accordance with our share repurchase plan, we purchased 2,232,188 shares and 3,384,731 shares in the amount of $224.5 million and $324.6 million during 2008 and 2007, respectively.

We continue to explore potential acquisitions. In connection with any acquisition, we may incur additional indebtedness.

In addition, our ability to generate cash flow may be reduced due to the global economic slowdown. In light of the economic downturn and instability in the financial markets, we have taken a more conservative posture towards the utilization of our cash flow and capital structure. This includes suspending our share repurchase program during the fourth quarter of 2008. We presently cannot estimate what purchases may be made in 2009, if any.

Credit Agreement

On August 15, 2008, the Company entered into a $950 million new Credit Agreement (the Credit Agreement), which replaced its $450 million Amended and Restated Credit Agreement (the Prior Credit Agreement). The new Credit Agreement is provided by a group of financial institutions (similar to our Prior Credit Agreement) and has a maturity date of August 15, 2013. It is a revolving credit facility and is not subject to any scheduled principal payments prior to maturity. The obligations under the Credit Agreement are unsecured.

Borrowings under the Credit Agreement bear interest at current market rates plus a margin based on the Company s senior unsecured credit ratings, which was, as of December 31, 2008, set at LIBOR plus 0.70% (based on ratings of BBB by Standard & Poor s and Baa2 by Moody s). The Company must also pay facility fees that are tied to its credit ratings. The Credit Agreement contains covenants, with which the Company was in compliance as of December 31, 2008, including maintaining a consolidated interest coverage ratio of more than 3.5 to 1.0 and a consolidated leverage ratio of less than 3.25 to 1.0. The Credit Agreement also places certain limitations on the Company, including limiting the ability to incur liens or indebtedness at a subsidiary level. In addition, the Credit Agreement has several events of default, including upon a change of control. The Company capitalized $3.3 million in financing fees associated with the Credit Agreement which are amortized to interest expense through 2013. As of December 31, 2008, approximately $666.4 million was available under the facility.

Senior Notes

In November 2003, we issued $150 million of 4.85% unsecured Senior Notes due November 15, 2010. The Senior Notes rank equally with all our unsecured and unsubordinated indebtedness. Interest is payable semi-annually in May and November. Discount and issuance costs approximated $1.2 million and are being amortized to interest expense over the seven-year term of the Senior Notes.

At our option, the Senior Notes may be redeemed in whole or in part at any time at a redemption price equal to the greater of:

- the principal amount of the Senior Notes, or the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date on a semi-annual basis at a comparable treasury rate plus a margin of 0.20%.

The Senior Notes contain limitations on our ability to incur liens and enter into sale and leaseback transactions exceeding 10% of our consolidated net worth.

Our short-term borrowings and long-term debt consisted of the following at December 31, 2008:

	U.S. Dollar	Other Principal Trading Currencies	Total
$150 million Senior Notes (net of unamortized discount)	$ 151,461	$	$ 151,461
$950 million Credit Agreement	257,464	20,321	277,785
Other local arrangements (long-term)		12,342	12,342
Total long-term debt	408,925	32,663	441,588
Other local arrangements (short-term)		12,492	12,492
Total debt	$ 408,925	$ 45,155	$ 454,080

Changes in exchange rates between the currencies in which we generate cash flow and the currencies in which our borrowings are denominated affect our liquidity. In addition, because we borrow in a variety of currencies, our debt balances fluctuate due to changes in exchange rates.

At December 31, 2008, we were in compliance with all covenants set forth in our Credit Agreement and Senior Notes. In addition, we do not have any downgrade triggers relating to ratings from rating agencies that would accelerate the maturity dates of our debt.

We currently believe that cash flow from operating activities, together with liquidity available under our Credit Agreement and local working capital facilities, will be sufficient to fund currently anticipated working capital needs and capital spending requirements for at least the next several years.

Contractual Obligations

The following summarizes certain of our contractual obligations at December 31, 2008 and the effect such obligations are expected to have on our liquidity and cash flow in future periods. We do not have significant outstanding letters of credit or other financial commitments.

		Payments Due by Period			
	Total	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years
Short and long-term debt	$ 454,080	$ 12,492	$ 151,494	$ 290,094	$
Interest expense on long-term debt	66,623	16,886	28,130	21,607	
Non-cancelable operating leases	98,661	29,703	38,411	18,121	12,426
Pension funding	19,956	19,956			
Purchase obligations	52,405	28,254	21,676	2,475	
Total	$ 691,725	$ 107,291	$ 239,711	$ 332,297	$ 12,426

In addition to the above table, we also have liabilities for income taxes, pension and post-retirement funding. However, we cannot determine the timing or the amounts for periods beyond 2008 for income taxes and beyond 2009 for pension and post-retirement funding.

We have purchase commitments for materials, supplies, services and fixed assets in the normal course of business. Due to the proprietary nature of many of our materials and processes, certain supply contracts contain penalty provisions. We do not expect potential payments under these provisions to materially affect results of operations or financial condition. This conclusion is based upon reasonably likely outcomes derived by reference to historical experience and current business plans.

Share Repurchase Program

We have a share repurchase program that was announced in 2004. Under the program, we have been authorized to buy back up to $1.5 billion of the Company s common shares. As of December 31, 2008, there were $416.6 million of remaining common shares authorized to be repurchased under the plan by December 31, 2010. The share repurchases are expected to be funded from cash balances, borrowings and cash generated from operating activities. Repurchases will be made through open market transactions and the timing will depend on the level of acquisition activity, business and market conditions, the stock price, trading restrictions and other factors. In addition, our ability to generate cash flow may be reduced due to the global economic slowdown. In light of the economic downturn and instability in the financial markets, we have taken a more conservative posture towards the utilization of our cash flow and capital structure. This includes suspending our share repurchase program during the fourth quarter of 2008. We presently cannot estimate what purchases may be made in 2009, if any. We have purchased 15.2 million shares since the inception of the program through December 31, 2008.

During the years ended December 31, 2008 and 2007, we spent $224.5 million and $324.6 million on the repurchase of 2,232,188 shares and 3,384,731 shares at an average price per share of $100.55 and $95.88, respectively. In addition, $5.2 million relating to the settlement of shares repurchased as of December 31, 2007 were cash settled during 2008. We reissued 139,780 shares and 567,205 shares held in treasury for the exercise of stock options during 2008 and 2007, respectively.

We also reissued 16,760 shares held in treasury pursuant to our 2007 Share Plan, which extends certain eligible employees the option to receive a percentage of their annual bonus in shares of the Company s stock.

Off-Balance Sheet Arrangements

Currently, we have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material.

Effect of Currency on Results of Operations

Because we conduct operations in many countries, our operating income can be significantly affected by fluctuations in currency exchange rates. Swiss franc-denominated expenses represent a much greater percentage of our operating expenses than Swiss franc-denominated sales represent of our net sales. In part, this is because most of our manufacturing costs in Switzerland relate to products that are sold outside Switzerland. Moreover, a substantial percentage of our research and development expenses and general and administrative expenses are incurred in Switzerland. Therefore, if the Swiss franc strengthens against all or most of our major trading currencies (e.g., the U.S. dollar, the euro, other major European currencies, the Chinese yuan and the Japanese yen), our operating profit is reduced. We also have significantly more sales in European currencies (other than the Swiss franc) than we have expenses in those currencies. Therefore, when European currencies weaken against the U.S. dollar and the Swiss franc, it also decreases our operating profits. Accordingly, the Swiss franc exchange rate to the euro is an important cross-rate that we monitor. In recent months, we have seen substantially higher volatility in exchange rates generally than in the past, and the Swiss franc has strengthened significantly against the euro. We estimate that a 1% strengthening of the Swiss franc against the euro would result in a decrease in our earnings before tax of $1.0 million to $1.4 million on an annual basis. In addition to the Swiss franc and major European currencies, we also conduct business in many geographies throughout the world, including Asia Pacific, Eastern Europe, Latin America and Canada. Fluctuations in these currency exchange rates against the U.S. dollar can also affect our operating results. In addition to the effects of exchange rate movements on operating profits, our debt levels can fluctuate due to changes in exchange rates, particularly between the U.S. dollar and the Swiss franc. Based on our outstanding debt at December 31, 2008, we estimate that a 10% weakening of the U.S. dollar against the currencies in which our debt is denominated would result in an increase of approximately $5.0 million in the reported U.S. dollar value of the debt.

Taxes

We are subject to taxation in many jurisdictions throughout the world. Our effective tax rate and tax liability will be affected by a number of factors, such as the amount of taxable income in particular jurisdictions, the tax rates in such jurisdictions, tax treaties between jurisdictions, the extent to which we transfer funds between jurisdictions, earnings repatriations between jurisdictions and changes in law. Generally, the tax liability for each taxpayer within the group is determined either (i) on a non-consolidated/non-combined basis or (ii) on a consolidated/combined basis only with other eligible entities subject to tax in the same jurisdiction, in either case without regard to the taxable losses of non-consolidated/non-combined affiliated legal entities.

Environmental Matters

We are subject to environmental laws and regulations in the jurisdictions in which we operate. We own or lease a number of properties and manufacturing facilities around the world. Like many of our competitors, we have incurred, and will continue to incur, capital and operating expenditures and other costs in complying with such laws and regulations.

We are currently involved in, or have potential liability with respect to, the remediation of past contamination in certain of our facilities in both the United States and abroad. Our former subsidiary, Hi-Speed, was one of two private parties ordered to perform certain ground water contamination monitoring under an administrative consent order that NJDEP signed on June 13, 1988 with respect to certain property in Landing, New Jersey. GEI is the other ordered party. GEI has failed to fulfill its obligations under the NJDEP consent order, and NJDEP has agreed with Hi-Speed that the residual ground water contaminants can be monitored through the establishment of a Classification Exception Area and concurrent Well Restriction Area for the site. The NJDEP does not view these vehicles as remedial measures, but rather as institutional controls that must be adequately maintained and periodically evaluated. We estimate that the costs of compliance associated with monitoring ground water contamination levels at the site will be approximately $0.6 million in the coming years.

In addition, certain of our present and former facilities have or had been in operation for many decades and, over such time, some of these facilities may have used substances or generated and disposed of wastes which are or may be considered hazardous. It is possible that these sites, as well as disposal sites owned by third parties to which we have sent wastes, may in the future be identified and become the subject of remediation. Accordingly, although we believe that we are in substantial compliance with applicable environmental requirements and to date we have not incurred material expenditures in connection with environmental matters, it is possible that we could become subject to additional environmental liabilities in the future that could result in a material adverse effect on our financial condition or results of operations or cash flows.

Inflation

Inflation can affect the costs of goods and services that we use, including raw materials to manufacture our products. The competitive environment in which we operate limits somewhat our ability to recover higher costs through increased selling prices.

Moreover, there may be differences in inflation rates between countries in which we incur the major portion of our costs and other countries in which we sell products, which may limit our ability to recover increased costs. We remain committed to operations in China and Eastern Europe, which have experienced inflationary conditions. To date, inflationary conditions have not had a material effect on our operating results. However, as our presence in China and Eastern Europe increases, these inflationary conditions could have a greater impact on our operating results.

Quantitative and Qualitative Disclosures about Market Risk

We have only limited involvement with derivative financial instruments and do not use them for trading purposes.

We have entered into foreign currency forward contracts to economically hedge short-term intercompany balances with our international businesses on a monthly basis. Such contracts limit our exposure to both favorable and unfavorable currency fluctuations. The net fair value of these contracts was inconsequential at December 31, 2008 and a $0.6 million gain at December 31, 2007. A sensitivity analysis to changes on these foreign currency-denominated contracts indicates that if the primary currency (U.S. dollar, Swiss franc and British pound) declined by 10%, the fair value of these instruments would increase by $1.1 million at December 31, 2008, as compared with a decrease of $1.6 million at December 31, 2007. Any resulting changes in fair value would be offset by changes in the underlying hedged balance sheet position. The sensitivity analysis assumes a parallel shift in foreign currency exchange rates. The assumption that exchange rates change in parallel fashion may overstate the impact of changing exchange rates on assets and liabilities denominated in a foreign currency. We also have other currency risks as described under Effect of Currency on Results of Operations.

We have entered into certain interest rate swap agreements. These contracts are more fully described in Note 4 to our consolidated financial statements. The fair value of these contracts was a net loss of $2.8 million and a net gain of $0.6 million at December 31, 2008 and December 31, 2007, respectively. Based on our agreements outstanding at December 31, 2008, a 100-basis-point increase in interest rates would result in an increase in the net aggregate market value of these instruments of $2.0 million, as compared with a decrease of $0.8 million at December 31, 2007. Conversely, a 100-basis-point decrease in interest rates would result in a $2.0 million decrease in the net aggregate market value of these instruments at December 31, 2008, as compared with a net increase of $0.9 million at December 31, 2007. Any change in fair value would not affect our consolidated statement of operations unless such agreements and the debt they hedge were prematurely settled.

Critical Accounting Policies

Management s discussion and analysis of our financial condition and results of operations is based upon our audited consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to pensions and other post-retirement benefits, trade accounts receivable, inventories, intangible assets, income taxes, revenue and warranty costs. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our audited consolidated financial statements. For a detailed discussion on the application of these and other accounting policies, see Note 2 to our audited consolidated financial statements.

Employee benefit plans

The net periodic pension (credit) cost for 2008 and projected benefit obligation as of December 31, 2008 was $(0.9) million and $111.4 million, respectively, for our U.S. pension plans and $9.6 million and $560.4 million, respectively, for our international pension plans. The net periodic post-retirement cost for 2008 and expected post-retirement benefit obligation as of December 31, 2008 for our U.S. post-retirement medical benefit plan was $0.8 million and $18.9 million, respectively.

Pension and post-retirement benefit plan expense and obligations are developed from assumptions utilized in actuarial valuations. The most significant of these assumptions include the discount rate and expected return on plan assets. In accordance with U.S. GAAP, actual results that differ from the assumptions are accumulated and deferred over future periods. While management believes the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our plan obligations and future expense.

The expected rates of return on the various defined benefit pension plans assets are based on the asset allocation of each plan and the long-term projected return of those assets, which represent a diversified mix of U.S. and international corporate equities and government and corporate debt securities. In April 2002, we froze our U.S. defined benefit pension plan and discontinued our retiree medical program for certain current and all future employees. Consequently, no significant future service costs will be incurred on these plans. For 2008, the weighted average return on assets assumption was 8.50% for the U.S. plan and 5.15% for the international plans. A change in the rate of return of 1% would impact annual benefit plan expense by approximately $4.7 million after tax. During 2008, our actual return on pension plan assets was a loss of $118.7 million or approximately 16% of pension plan assets due to the recent decline in global stock markets. These losses contributed to an increase in accumulated other comprehensive loss in our consolidated statement of shareholders equity of $48.5 million during 2008.

The discount rates for defined benefit and post-retirement plans are set by benchmarking against high-quality corporate bonds. For 2008, the average discount rate assumption was 6.25% for the U.S. plans and 3.95% for the international plans, representing a weighted average of local rates in countries where such plans exist. A decrease in the discount rate of 1% would impact annual benefit plan expense by approximately $1.6 million after tax.

In 2008 and 2007, we made voluntary incremental funding payments of $5.0 million and $7.7 million to reduce the underfunded status and increase the funded status of our U.S. pension plan, respectively. In the future, we may make additional mandatory or discretionary contributions to our plan or we could be required to make additional cash funding payments.

Equity compensation

We also have an equity incentive plan that provides for the grant of stock options, restricted stock, restricted stock units and other equity-based awards which, as of January 1, 2006, are accounted for and recognized in the consolidated statement of operations based on the grant-date fair value of the award under SFAS No. 123R, Share-Based Payment (SFAS 123R). Prior to January 1, 2006, these equity awards were accounted for under the intrinsic value method pursuant to Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees and related interpretations. These methodologies yield an estimate of fair value based in part on a number of management estimates, the most significant of which include future volatility and estimated option lives. Changes in these assumptions could significantly impact the estimated fair value of stock options.

Trade accounts receivable

As of December 31, 2008 trade accounts receivable were $348.6 million, net of a $12.0 million allowance for doubtful accounts.

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts represents our best estimate of probable credit losses in our existing trade accounts receivable. We determine the allowance based upon a review of both specific accounts for collection and the age of the accounts receivable portfolio.

Inventory

As of December 31, 2008, inventories were $170.6 million.

We record our inventory at the lower of cost or net realizable value. Cost, which includes direct materials, labor and overhead, is generally determined using the first in, first out (FIFO) method. The estimated net realizable value is based on assumptions for future demand and related pricing. Adjustments to the cost basis of our inventory are made for excess and obsolete items based on usage, orders and technological obsolescence. If actual market conditions are less favorable than those projected by management, reductions in the value of inventory may be required.

Goodwill and other intangible assets

As of December 31, 2008, our consolidated balance sheet included goodwill of $424.4 million and other intangible assets of $96.3 million.

Our business acquisitions typically result in goodwill and other intangible assets, which affect the amount of future period amortization expense and possible impairment expense that we will incur. The determination of the value of such intangible assets requires management to make estimates and assumptions that affect our consolidated financial statements.

In accordance with SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142), our goodwill and indefinite-lived intangible assets are not amortized, but are evaluated for impairment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that an asset might be impaired. The evaluation is based on valuation models that estimate fair value based on expected future cash flows and profitability projections. In preparing the valuation models, we consider a number of factors, including operating results, business plans, economic conditions, future cash flows and transactions and market place data. There are inherent uncertainties related to these factors and our judgment in applying them to the impairment analyses. The most significant of these estimates and assumptions within our fair value models include estimated cash flows resulting from estimates of sales growth and controllable cost growth, perpetual growth, effective tax rates and discount rates. Our assessments to date have indicated that there has been no impairment of these assets.

Should any of these estimates or assumptions in the preceding paragraphs change, or should we incur lower than expected operating performance or cash flows, including from a prolonged economic slowdown, we may experience a triggering event that requires a new fair value assessment for our reporting units, possibly prior to the required annual assessment. These types of events and resulting analysis could result in impairment charges for goodwill and other indefinite-lived intangible assets if the fair value estimate declines below the carrying value.

Our amortization expense related to intangible assets with finite lives may materially change should our estimates of their useful lives change.

Income taxes

Income tax expense and deferred tax assets and liabilities reflect management s assessment of actual future taxes to be paid on items in the consolidated financial statements. We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net recorded amount, an adjustment to the deferred tax asset would increase income, equity or goodwill in the period such determination was made. Likewise, should we determine that we would not be able to realize all or part of the net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

We plan to repatriate earnings from China, Switzerland, the United Kingdom and certain other countries in future years. All other undistributed earnings are considered to be permanently invested and we currently believe that there will be no additional cost associated with the repatriation of such foreign earnings other than withholding taxes.

The significant assumptions and estimates described in the preceding paragraphs are important contributors to our ultimate effective tax rate for each year in addition to our income mix from geographical regions. If any of our assumptions or estimates were to change, or should our income mix from our geographical regions change, our effective tax rate could be materially affected. Based on earnings before taxes of $266.1 million for the year ended December 31, 2008, each increase of $2.6 million in tax expense would increase our effective tax rate by 1%.

Revenue recognition

Revenue is recognized when title to a product has transferred and any significant customer obligations have been fulfilled. Standard shipping terms are generally FOB shipping point in most countries and, accordingly, title transfers upon shipment. In countries where title cannot legally transfer before delivery, we defer revenue recognition until delivery has occurred. Other than a few small software applications, we do not sell software products without the related hardware instrument as the software is embedded in the instrument. The Company s products typically require no significant production, modification or customization of the hardware or software that is essential to the functionality of the products. To the extent our solutions have a post-shipment obligation, such as customer acceptance, revenue is deferred until the obligation has been completed. In addition, we also defer revenue where installation is required, unless such installation is deemed perfunctory. We generally maintain the right to accept or reject a product return in our terms and conditions and we also maintain appropriate accruals for outstanding credits. Further, certain products are also sold through indirect distribution channels whereby the distributor assumes any further obligations to the customer upon title transfer. Revenue is recognized on these products upon title transfer and risk of loss to its distributors. Distributor discounts are offset against revenue at the time such revenue is recognized. Shipping and handling costs charged to customers are included in total net sales and the associated expense is recorded in cost of sales for all periods presented.

Service revenue not under contract is recognized upon the completion of the service performed. Spare parts sold on a stand-alone basis are recognized upon title transfer which is generally at the time of shipment. Revenues from service contracts are recognized ratably over the contract period. These contracts represent an obligation to perform repair and other services including regulatory compliance qualification, calibration, certification and preventative maintenance on a customer s pre-defined equipment over the contract period. Service contracts are separately priced and payment is typically received from the customer at the beginning of the contract period.

Warranty

We generally offer one-year warranties on most of our products. Product warranties are recorded at the time revenue is recognized for certain product shipments. While we engage in extensive product quality programs and processes, our warranty obligation is affected by product failure rates, material usage and service costs incurred in correcting a product failure. If we experience claims or significant cost changes in material, freight and vendor charges, our cost of goods sold could be affected.

New Accounting Pronouncements

See Note 2 to the audited consolidated financial statements.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

Discussion of this item is included in Management s Discussion and Analysis of Financial Condition and Results of Operations.

Item 8. *Financial Statements and Supplementary Data*

The financial statements required by this item are set forth starting on page F-1 and the related financial schedule is set forth on page S-1.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

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Item 9A. *Controls and Procedures*

Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures and Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting during the quarter ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company s financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Management assessed the effectiveness of the Company s internal control over financial reporting as of December 31, 2008. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control Integrated Framework. Based on our assessment, we concluded that, as of December 31, 2008, the Company s internal control over financial reporting is effective.

PricewaterhouseCoopers, LLP, an independent registered public accounting firm that audited the financial statements included in this Report on Form 10-K, has issued an attestation in their report on our internal control over financial reporting which appears on page F-2.

Item 9B. *Other Information*

None.

PART III

Item 10. *Directors, Executive Officers of the Registrant and Corporate Governance*

The executive officers of the Company are set forth below. Officers are appointed by the Board of Directors and serve at the discretion of the Board.

Name	Age	Position
Robert F. Spoerry[1]	53	Chairman of the Board of Directors
Olivier A. Filliol	42	President and Chief Executive Officer
William P. Donnelly	47	Chief Financial Officer
Peter Bürker	63	Head of Human Resources
Thomas Caratsch	50	Head of Laboratory
Hans-Peter von Arb	54	Head of Retail
Joakim Weidemanis	39	Head of Product Inspection
Urs Widmer	58	Head of Industrial

[1] *Mr. Spoerry was Executive Chairman in 2008 and is serving as Chairman as of January 1, 2009.*

Robert F. Spoerry has been a director since October 1996. Mr. Spoerry was President and Chief Executive Officer of the company from 1993 to 2007. He served as Head of Industrial and Retail (Europe) of the Company from 1987 to 1993. Mr. Spoerry has been Chairman of the Board of Directors since May 1998 and served as Executive Chairman in 2008.

Olivier A. Filliol has been a director since January 2009. He has been President and Chief Executive Officer of the Company since January 1, 2008. Mr. Filliol served as Head of Global Sales, Service and Marketing of the Company from April 2004 to December 2007, and Head of Process Analytics of the Company from June 1999 to December 2007. From June 1998 to June 1999, he served as General Manager of the Company s U.S. checkweighing operations. Prior to joining the Company, he was a Strategy Consultant with the international consulting firm Bain & Company, working in the Geneva, Paris and Sydney offices.

William P. Donnelly has been Chief Financial Officer of the Company since August 2004. From July 2002 to August 2004, he was Head of Product Inspection and the Company s pipette business, and he was Chief Financial Officer of the Company from 1997 to July 2002.

Peter Bürker has been Head of Human Resources of the Company since 1995. From 1992 to 1994, he was the Company s General Manager in Spain, and from 1989 to 1991, he headed the Company s operations in Italy.

Thomas Caratsch has been Head of Laboratory of the Company since January 2008. From October 2007 to December 2007, he served as the Head of Business Development. Prior to joining the Company in October 2007, he held various management positions with Hoffmann La Roche from 1987 to March 2007, including Head of Disetronic Medical Systems AG from January 2003 to August 2006.

Hans-Peter von Arb has been Head of Retail of the Company since June 2006. From 2001 until June 2006, he served as the Head of the Company s Load Cell Competence Center. From 1996 to 2000, he held various management positions with the Company in Switzerland and Germany. Prior to joining the Company in 1996, he worked in the field of industrial laser systems.

Joakim Weidemanis has been Head of Product Inspection of the Company since January 2006. From August 2005 to January 2006, he served as Head of Business Development of the Product Inspection Division. Prior to joining the Company, he held various management positions at ABB, including from July 2000 to August 2005 when he served as President of the North American water metering systems business and from early 2004 as the Head of the global water metering division that became Elster Water Metering Systems.

Urs Widmer has been Head of Industrial since 2001. From 1984 to 2001, he served in various management functions within the Company, including most recently Head of Standard Industrial (Europe) from 1995 to

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1999. Prior to 1984, he held various management positions with Siemens, a global manufacturer of solutions for information and communications, automation and control, power and transportation.

CEO and CFO Certifications

Our CEO certifies annually to the New York Stock Exchange (NYSE) certifying the Company s compliance with NYSE listing rules pursuant to Section 303A.12(a) of the NYSE Listed Company Manual. The most recent annual affirmation was submitted in 2008 without any qualification.

Our CEO and CFO also provide certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 in connection with our quarterly and annual financial statement filings with the Securities and Exchange Commission. The certifications relating to this annual report are attached as Exhibits 31.1 and 31.2.

The remaining information called for by this item is incorporated by reference from the discussion in the sections Proposal One: Election of Directors, Board of Directors General Information, Board of Directors Operation and Additional Information Section 16(a) Beneficial Ownership Reporting Compliance in the 2009 Proxy Statement.

Item 11. *Executive Compensation*

The information appearing in the sections captioned Board of Directors General Information Director Compensation, Compensation Discussion and Analysis, Compensation Committee Report and Additional Information Compensation Committee Interlocks and Insider Participation in the 2009 Proxy Statement is incorporated by reference herein.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information appearing in the sections Share Ownership and Securities Authorized for Issuance under Equity Compensation Plans as of December 31, 2008 in the 2009 Proxy Statement is incorporated by reference herein.

Item 13. *Certain Relationships and Related Transactions and Director Independence*

Certain Relationships and Related Transactions None.

Director Independence The information in the section Board of Directors General Information Independence of the Board in the 2009 Proxy Statement is incorporated by reference herein.

Item 14. *Principal Accountant Fees and Services*

Information appearing in the section Audit Committee Report in the 2009 Proxy Statement is incorporated by reference herein.

PART IV

Item 15. *Exhibits and Financial Statement Schedules*

(a) Exhibits, Financial Statements and Schedules:

1. *Financial Statements.* See Index to Consolidated Financial Statements included on page F-1.

2. *Financial Statement Schedule.* See Schedule II, which is included on page S-1.

3. *List of Exhibits.* See Exhibit Index included on page E-1.

SIGNATURES

Pursuant to the requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Mettler-Toledo International Inc.
(Registrant)

Date: February 13, 2009

By: /s/ Olivier A. Filliol

Olivier A. Filliol
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant as of the date set out above and in the capacities indicated.

Signature	Title
/s/ Olivier A. Filliol	President and Chief Executive Officer
Olivier A. Filliol	
/s/ William P. Donnelly	Group Vice President and Chief Financial Officer (Principal financial and accounting officer)
William P. Donnelly	
/s/ Olivier A. Filliol	Director
Olivier A. Filliol	
/s/ Wah-Hui Chu	Director
Wah-Hui Chu	
/s/ Francis A. Contino	Director
Francis A. Contino	
/s/ Michael A. Kelly	Director
Michael A. Kelly	
/s/ Hans Ulrich Maerki	Director

Hans Ulrich Maerki	
/s/ George M. Milne	Director
George M. Milne	
/s/ Thomas P. Salice	Director
Thomas P. Salice	
/s/ Robert F. Spoerry	Director
Robert F. Spoerry	

EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of the Company[(1)]
3.2	Amended By-laws of the Company, effective as of February 8, 2007[(2)]
4.6	Rights Agreement dated as of August 26, 2002 between the Company and Mellon Investor Services LLC, as Rights Agent, which includes as Exhibit A thereto, the Certificate of Designation, as Exhibit B thereto, the Form of Rights Certificate, and as Exhibit C thereto, the Summary of Rights to Purchase Preferred Shares[(3)]
10.1	Credit Agreement among Mettler-Toledo International Inc., certain of its subsidiaries, JP Morgan Chase, N.A., J.P. Morgan Securities Inc. and Banc of America Securities LLC and certain other financial institutions, dated as of August 15, 2008[(4)]
10.11	Indenture, dated as of November 12, 2003[(11)]
10.20	1997 Amended and Restated Stock Option Plan[(5)]
10.21	Amendment to the 1997 Amended and Restated Stock Option Plan[(6)]
10.22	Mettler-Toledo International Inc. 2004 Equity Incentive Plan[(7)]
10.23	Mettler-Toledo International Inc. 2007 Share Plan, effective February 7, 2008[(8)]
10.31*	Regulations of the POBS PLUS Incentive Scheme for Senior Management of Mettler Toledo, effective as of November, 2006
10.32*	Regulations of the POBS PLUS Incentive Scheme for Members of the Group Management of Mettler Toledo, effective as of January, 2009
10.51	Employment Agreement between Robert Spoerry and Mettler-Toledo International Inc., dated as of November 1, 2007[(9)]
10.52	Employment Agreement between William Donnelly and Mettler-Toledo GmbH, dated as of November 10, 1997[(1)]
10.53	Employment Agreement between Olivier Filliol and Mettler-Toledo International Inc., dated as of November 1, 2007[(9)]
10.54	Employment Agreement between Urs Widmer and Mettler-Toledo International Inc., dated as of November 5, 2001[(10)]
10.55	Employment Agreement between Joakim Weidemanis and Mettler-Toledo International Inc., dated as of May 23, 2005[(12)]
10.56	Employment Agreement between Hans-Peter von Arb and Mettler-Toledo International Inc., dated as of April 11, 2006[(12)]
10.57	Employment Agreement between Thomas Caratsch and Mettler-Toledo International Inc., dated as of December 4, 2007[(8)]
10.58	Form of Tax Equalization Agreement between Messrs. Bürker, Caratsch, Filliol, Lang, Lüthi, Spoerry, von Arb and Widmer and Mettler-Toledo International Inc., dated October 10, 2007[(8)]
21*	Subsidiaries of the Company
23.1*	Consent of PricewaterhouseCoopers LLP
31.1*	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32*	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Incorporated by reference to the Company s Report on Form 10-K dated March 13, 1998

(2) *Incorporated by reference to the Company s Report on Form 10-K dated February 16, 2007*

(3) *Incorporated by reference to the Company s Registration Statement on Form 8-K/A filed on August 29, 2002*

(4) *Incorporated by reference to the Company s Report on Form 8-K dated August 15, 2008*

(5) *Incorporated by reference to the Company s Registration Statement on Form S-1 (Reg. No. 333-35597)*

(6) *Incorporated by reference to the Company s Report on Form 10-Q dated August 15, 2000*

(7) *Incorporated by reference to the Company s Form DEF 14-A filed March 29, 2004*

(8) *Incorporated by reference to the Company s Report on Form 10-K dated February 15, 2008*

(9) *Incorporated by reference to the Company s Report on Form 8-K dated November 1, 2007*

(10) *Incorporated by reference to the Company s Report on Form 10-K dated March 4, 2002*

(11) *Incorporated by reference to the Company s Report on Form 10-K dated March 15, 2004*

(12) *Incorporated by reference to the Company s Report on Form 10-Q dated July 28, 2006*

* *Filed herewith*

METTLER-TOLEDO INTERNATIONAL INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
of Mettler-Toledo International Inc.

In our opinion, the consolidated financial statements listed in the index appearing on page F-1 present fairly, in all material respects, the financial position of Mettler-Toledo International Inc. at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing on page S-1 present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 13 effective January 1, 2007 the Company changed the manner in which it accounts for uncertain tax positions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Columbus, Ohio
February 12, 2009

METTLER-TOLEDO INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31
(In thousands, except share data)

	2008	2007	2006
Net sales			
Products	$ 1,532,823	$ 1,387,519	$ 1,230,360
Service	440,521	406,229	364,552
Total net sales	1,973,344	1,793,748	1,594,912
Cost of sales			
Products	701,642	641,232	574,550
Service	278,621	256,335	229,930
Gross profit	993,081	896,181	790,432
Research and development	102,282	92,378	82,802
Selling, general and administrative	579,806	529,126	481,709
Amortization	10,553	11,682	11,503
Interest expense	25,390	21,003	17,492
Other charges (income), net	8,981	(875)	(7,921)
Earnings before taxes	266,069	242,867	204,847
Provision for taxes	63,291	64,360	47,315
Net earnings	$ 202,778	$ 178,507	$ 157,532
Basic earnings per common share:			
Net earnings	$ 5.92	$ 4.82	$ 3.93
Weighted average number of common shares	34,250,310	37,025,209	40,065,951
Diluted earnings per common share:			
Net earnings	$ 5.79	$ 4.70	$ 3.86
Weighted average number of common and common equivalent shares	35,048,859	37,952,923	40,785,708

The accompanying notes are an integral part of these consolidated financial statements.

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METTLER-TOLEDO INTERNATIONAL INC.

CONSOLIDATED BALANCE SHEETS
As of December 31
(In thousands, except share data)

	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 78,073	$ 81,222
Trade accounts receivable, less allowances of $11,965 in 2008 and $8,804 in 2007	348,614	354,596
Inventories	170,613	173,725
Current deferred tax assets, net	35,756	37,643
Other current assets and prepaid expenses	37,809	36,023
Total current assets	670,865	683,209
Property, plant and equipment, net	285,008	265,665
Goodwill	424,426	440,767
Other intangible assets, net	96,295	100,020
Non-current deferred tax assets, net	92,958	65,129
Other non-current assets	92,977	123,424
Total assets	$ 1,662,529	$ 1,678,214
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Trade accounts payable	$ 111,442	$ 127,109
Accrued and other liabilities	83,844	73,661
Accrued compensation and related items	115,430	130,140
Deferred revenue and customer prepayments	51,665	52,703
Taxes payable	44,507	42,438
Current deferred tax liabilities	8,218	10,152
Short-term borrowings	12,492	11,570
Total current liabilities	427,598	447,773
Long-term debt	441,588	385,072
Non-current deferred tax liabilities	111,048	101,500
Other non-current liabilities	179,048	162,583
Total liabilities	1,159,282	1,096,928
Commitments and contingencies (Note 15)		
Shareholders equity:		
Preferred stock, $0.01 par value per share; authorized 10,000,000 shares		
Common stock, $0.01 par value per share; authorized 125,000,000 shares; issued 44,786,011 and 44,786,011 shares, outstanding 33,595,303 and 35,638,483 shares	448	448

at December 31, 2008 and 2007, respectively		
Additional paid-in capital	559,772	548,378
Treasury stock at cost (11,190,708 shares in 2008 and 9,147,528 shares in 2007)	(873,601)	(662,393)
Retained earnings	848,489	652,236
Accumulated other comprehensive (loss) income	(31,861)	42,617
Total shareholders equity	503,247	581,286
Total liabilities and shareholders equity	$ 1,662,529	$ 1,678,214

The accompanying notes are an integral part of these consolidated financial statements.

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METTLER-TOLEDO INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY AND COMPREHENSIVE INCOME
For the years ended December 31
(In thousands, except share data)

	Common Stock		Additional Paid-In	Treasury	Retained	Accumulated Other Comprehensive (Loss)	
	Shares	**Amount**	**Capital**	**Stock**	**Earnings**	**Income**	**Total**
Balance at December 31, 2005	41,404,071	$ 448	$ 457,129	$ (170,325)	$ 417,075	$ (45,325)	$ 659,002
Exercise of stock options and restricted stock units	1,166,612			61,388	(30,956)		30,432
Common stock issued as equity compensation	1,000		8	53			61
Repurchases of common stock	(4,141,559)			(265,935)			(265,935)
Reclassification related to treasury stock reissuances			49,960		(49,960)		
Tax benefit resulting from exercise of certain employee stock options			13,527				13,527
Share-based compensation			8,239				8,239
Adoption of SFAS 158 recognition provision, net of tax						19,638	19,638
Comprehensive income:							
Net earnings					157,532		157,532
Change in currency translation adjustment						10,570	10,570
Pension adjustment, net of tax						(2,204)	(2,204)
Total comprehensive income							165,898
Balance at December 31, 2006	38,430,124	$ 448	$ 528,863	$ (374,819)	$ 493,691	$ (17,321)	$ 630,862
Exercise of stock options and restricted stock units	593,090			37,025	(15,851)		21,174
Repurchases of common stock	(3,384,731)			(324,599)			(324,599)
Tax benefit resulting from exercise of certain employee stock options			11,373				11,373

Share-based compensation			8,142				8,142
Adoption of FIN 48					(4,111)		(4,111)
Comprehensive income:							
Net earnings					178,507		178,507
Change in currency translation adjustment						27,941	27,941
Pension adjustment, net of tax						31,997	31,997
Total comprehensive income							238,445
Balance at December 31, 2007	35,638,483	$ 448	$ 548,378	$ (662,393)	$ 652,236	$ 42,617	$ 581,286
Exercise of stock options and restricted stock units	172,248			12,138	(6,910)		5,228
Other treasury stock issuances	16,760			1,149	352		1,501
Repurchases of common stock	(2,232,188)			(224,495)			(224,495)
Tax benefit resulting from exercise of certain employee stock options			2,696				2,696
Share-based compensation			8,698				8,698
Adoption of SFAS 158 measurement date provision, net of tax					33	(107)	(74)
Comprehensive income:							
Net earnings					202,778		202,778
Unrealized loss on cash flow hedging arrangements, net of tax						(2,593)	(2,593)
Change in currency translation adjustment, net of tax						(23,242)	(23,242)
Pension adjustment, net of tax						(48,536)	(48,536)
Total comprehensive income							128,407
Balance at December 31, 2008	33,595,303	$ 448	$ 559,772	$ (873,601)	$ 848,489	$ (31,861)	$ 503,247

The accompanying notes are an integral part of these consolidated financial statements.

METTLER-TOLEDO INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31
(In thousands)

	2008	2007	2006
Cash flows from operating activities:			
Net earnings	$ 202,778	$ 178,507	$ 157,532
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	28,987	26,664	26,069
Amortization	10,553	11,682	11,503
Deferred tax provision	4,137	22,234	7,365
Excess tax benefits from share-based payment arrangements	(1,609)	(9,573)	(11,336)
Gain from sale of property, plant and equipment	(3,359)	(703)	(1,001)
Share-based compensation	8,698	8,142	8,239
Increase (decrease) in cash resulting from changes in:			
Trade accounts receivable, net	53	(28,161)	(20,066)
Inventories	(398)	(13,522)	11,379
Other current assets	(3,713)	(8,959)	2,594
Trade accounts payable	(15,945)	26,404	1,958
Taxes payable	5,416	(4,199)	(19,568)
Accruals and other	(11,834)	19,701	16,898
Net cash provided by operating activities	223,764	228,217	191,566
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	13,307	6,263	4,181
Purchase of property, plant and equipment	(61,008)	(47,545)	(34,329)
Acquisitions	(999)	(106)	(790)
Net cash used in investing activities	(48,700)	(41,388)	(30,938)
Cash flows from financing activities:			
Proceeds from borrowings	306,602	132,298	119,989
Repayments of borrowings	(259,566)	(102,199)	(234,602)
Proceeds from exercise of stock options	5,228	21,217	30,453
Repurchases of common stock	(229,671)	(324,870)	(264,640)
Excess tax benefits from share-based payment arrangements	1,609	9,573	11,336
Refinancing fees	(3,349)		
Net cash used in financing activities	(179,147)	(263,981)	(337,464)
Effect of exchange rate changes on cash and cash equivalents	934	7,105	3,527
Net decrease in cash and cash equivalents	(3,149)	(70,047)	(173,309)

Cash and cash equivalents:			
Beginning of period	81,222	151,269	324,578
End of period	$ 78,073	$ 81,222	$ 151,269
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 21,904	$ 19,895	$ 16,845
Taxes	$ 53,332	$ 31,422	$ 48,151

The accompanying notes are an integral part of these consolidated financial statements.

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METTLER-TOLEDO INTERNATIONAL INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data, unless otherwise stated)

1. *BUSINESS DESCRIPTION AND BASIS OF PRESENTATION*

Mettler-Toledo International Inc. (Mettler-Toledo or the Company) is a leading global supplier of precision instruments and services. The Company manufactures weighing instruments for use in laboratory, industrial, packaging, logistics and food retailing applications. The Company also manufactures several related analytical instruments and provides automated chemistry solutions used in drug and chemical compound discovery and development. In addition, the Company manufactures metal detection and other end-of-line inspection systems used in production and packaging and provides solutions for use in certain process analytics applications. The Company s primary manufacturing facilities are located in China, Germany, Switzerland, the United Kingdom and the United States. The Company s principal executive offices are located in Greifensee, Switzerland and Columbus, Ohio.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and include all entities in which the Company has control, which are its majority-owned subsidiaries.