METTLER TOLEDO INTERNATIONAL INC/
Form 10-K
February 09, 2010

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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, 2009

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 whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o 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, 2010 there were 33,775,774 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, 2009 (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, 2009) was approximately $2.5 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
Certain Sections of the Proxy Statement for 2010 Annual Meeting of Shareholders	Part III

METTLER-TOLEDO INTERNATIONAL INC.

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL Year Ended December 31, 2009

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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 in U.S. dollars and local currencies, projected earnings per share, strategic plans and contingency plans, potential growth opportunities or economic downturns in both developed markets and emerging markets, including China, factors influencing growth in our laboratory, industrial and food retail markets, our expectations in respect of the impact of general economic conditions on our business, our projections for growth in certain markets or industries, our capability to respond to future changes in market conditions, impact of inflation, currency and interest rate fluctuations, our ability to maintain a leading position in our key markets, our expected market share, 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 gross margins, anticipated customer spending patterns and levels, expected customer demand, meeting customer expectations, warranty claim levels, anticipated growth in service revenues, anticipated pricing, 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, our future position vis-à-vis competitors, expected capital expenditures, the timing, impact, cost, benefits from and effectiveness of our cost reduction programs, future cash sources and requirements, cash flow targets, 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 benefit 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 in Part I, Item 1A of this annual report on Form 10-K for the fiscal year ended December 31, 2009, 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, 2009 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 2009 derived 41% from Europe, 35% from North and South America and 24% 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.

Business Segments

We have five reportable segments: U.S. Operations, Swiss Operations, Western European Operations, Chinese Operations and Other. See Note 17 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 46% of our net sales in 2009 and 44% in both 2008 and 2007.

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.

Recently, 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.

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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 42% of our net sales in 2009 and 43% in both 2008 and 2007.

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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 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. We also provide vision inspection solutions that provide in-line inspection of package quality and content and enable our customers to implement traceability and serialization tracking, which are needs for food and beverage, consumer goods and pharmaceutical companies. 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 12% of our net sales in 2009 and 13% in both 2008 and 2007.

Retail Software

Our subsidiary SofTechnics provides retail software for in-store item and inventory management solutions. SofTechnics offerings complement 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 2009 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, 2009, our sales and services group consisted of approximately 5,300 employees in sales, marketing and customer service (including related administration) and post-sales 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 25% of our net sales in 2009, 22% in 2008 and 23% in 2007. 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 $284.3 million in research and development ($89.7 million in 2009, $102.3 million in 2008 and $92.4 million in 2007). In 2009, 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 we serve, 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 approximately 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.

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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

Our total workforce including employees and temporary personnel as of December 31, 2009, was approximately 10,400 throughout the world, including approximately 4,100 in Europe, 3,000 in North and South America and 3,300 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 occurring in early 2010. We expect capitalized project costs in the first phase to exceed $100 million, and expect our annual capital expenditures will continue to be approximately $60 million until Blue Ocean is completed. These amounts may change based upon fluctuations in currency exchange rates. We expect the return on this investment when complete to include 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.

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 $0.5 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.

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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 may continue 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 adversely affect our operating results. During 2009 we have experienced significant decreases and delays in customer expenditures, which may 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 $232.6 million of sales to external customers and $69.4 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 $40.1 million of cash at December 31, 2009 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 deteriorated significantly during 2009 and experienced recessionary trends, particularly in Eastern Europe. Certain emerging markets have also experienced severe currency devaluations and inflationary prices. Economic problems in individual markets can also spread to other economies, adding to the adverse conditions we may face in emerging markets. We remain committed to emerging markets, particularly those in Asia, Latin America and Eastern Europe. However, we expect fluctuating economic conditions may continue to affect our results of operations in these markets for the foreseeable future.

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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 own. 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 have recently experienced outbreaks of the H1N1 influenza (swine flu). A number of countries in the Asia Pacific region have also experienced outbreaks of SARS and/or avian influenza (bird flu) in recent years. Despite the implementation of certain precautions, we are susceptible to such outbreaks. As a result of such outbreaks, 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.

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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 are in the process of implementing our Blue Ocean program, a program to globalize our 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 rollout occurring in early 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. In addition, the implementation of Blue Ocean will increase our reliance on a single information technology system which would have greater consequences should we experience a system disruption.

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. 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, 2009, our consolidated balance sheet included goodwill of $441.0 million and other intangible assets of $105.3 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. 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 U.S. GAAP, 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 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 that we monitor. In recent years, we have seen higher volatility in exchange rates generally than in the past, and the Swiss franc has strengthened 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 $1.1 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, 2009, 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 $7.1 million in the reported U.S. dollar value of the debt.

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, 2009, we had total indebtedness of approximately $208.5 million, net of cash of $85.0 million. We are also permitted by the terms of our debt instruments to incur substantial additional indebtedness, subject to the restrictions therein.

The existence and magnitude of 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 instruments.

In the current difficult environment, our creditors can be expected to strictly enforce the terms of our debt instruments. Although we believe we are currently in compliance with all requirements under the agreements governing our debt, if we fail to comply in the future with a requirement, our access to our credit 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 and note purchase agreement 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 and the note purchase agreement governing our senior notes also require 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 or note purchase agreement governing the senior notes and/or under our credit facility. An event of default under the agreements governing our debt would permit holders of our debt to declare all amounts owed to them under such agreements 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.

The lenders under our credit agreement may be unable to meet their funding commitments, reducing the amount of our borrowing capacity.

We have a revolving credit facility outstanding under which the Company and certain of its subsidiaries may borrow up to $950 million. Our credit facility is provided by a group of 20 financial institutions, who individually have between 1% and 11% of the total funding commitment. At December 31, 2009, we had borrowings of $91.1 million outstanding under our credit facility. Our ability to borrow further funds under our credit facility is subject to the various lenders financial condition and ability to make funds available.

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Even though the financial institutions are contractually obligated to lend funds, if one or more of the lenders encounters financial difficulties or goes bankrupt, such lenders may be unable to meet their obligations. This could result in the Company being unable to borrow the full $950 million.

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;
- 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 generate adequate cost savings. Additionally, 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 (two facilities)	Buildings 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 2009.

Executive Officers of the Registrant

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

PART II

Item 5. *Market for 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
2009		
Fourth Quarter	$ 106.24	$ 89.20
Third Quarter	$ 92.92	$ 75.33
Second Quarter	$ 78.25	$ 51.64
First Quarter	$ 70.35	$ 45.72
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

Holders

At February 1, 2010, there were 105 holders of record of common stock and 33,775,774 shares of common stock outstanding. We estimate we have approximately 42,000 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.

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Share Performance Graph

The following graph compares the cumulative total returns (assuming reinvestment of dividends) on $100 invested on December 31, 2004 through December 31, 2009 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

	12-31-04	12-31-05	12-31-06	12-31-07	12-31-08	12-31-09
Mettler-Toledo	$ 100	$ 108	$ 154	$ 222	$ 131	$ 205
S&P 500 Index	$ 100	$ 105	$ 121	$ 128	$ 81	$ 102
SIC Code 3826 Index	$ 100	$ 99	$ 123	$ 163	$ 100	$ 139

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 Program	Approximate Dollar Value (in thousands) of Shares that may yet be Purchased under the Program
October 1 to October 31, 2009				$ 416,591
November 1 to November 30, 2009				416,591
December 1 to December 31, 2009	58,800	$ 101.82	58,800	410,603
Total	58,800	$ 101.82	58,800	$ 410,603

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 15.3 million common shares since the inception of the program through December 31, 2009, at a total cost of

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$1.1 billion. As of December 31, 2009, there was $410.6 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. Our share repurchase program was suspended in October 2008 and re-started in December 2009.

During the years ended December 31, 2009 and 2008, we spent $6.0 million and $224.5 million on the repurchase of 58,800 shares and 2,232,188 shares at an average price per share of $101.82 and $100.55, 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).

	2009	2008	2007	2006	2005
Statement of Operations Data:					
Net sales	$ 1,728,853	$ 1,973,344	$ 1,793,748	$ 1,594,912	$ 1,482,472
Cost of sales	839,516	980,263	897,567	804,480	752,153
Gross profit	889,337	993,081	896,181	790,432	730,319
Research and development	89,685	102,282	92,378	82,802	81,893
Selling, general and administrative	505,177	579,806	529,126	481,709	441,702
Amortization	11,844	10,553	11,682	11,503	11,436
Interest expense	25,117	25,390	21,003	17,492	14,880
Other charges (income), net[(a)]	32,752	8,981	(875)	(7,921)	20,224
Earnings before taxes	224,762	266,069	242,867	204,847	160,184
Provision for taxes[(b)]	52,169	63,291	64,360	47,315	51,282
Net earnings	$ 172,593	$ 202,778	$ 178,507	$ 157,532	$ 108,902
Basic earnings per common share:					
Net earnings	$ 5.12	$ 5.92	$ 4.82	$ 3.93	$ 2.58
Weighted average number of common shares	33,716,353	34,250,310	37,025,209	40,065,951	42,207,777
Diluted earnings per common share:					
Net earnings	$ 5.03	$ 5.79	$ 4.70	$ 3.86	$ 2.52
Weighted average number of common and common	34,290,771	35,048,859	37,952,923	40,785,708	43,285,121

equivalent shares					
Balance Sheet Data:					
Cash and cash equivalents	$ 85,031	$ 78,073	$ 81,222	$ 151,269	$ 324,578
Working capital[(c)]	156,369	180,412	165,784	144,084	128,970
Total assets	1,718,787	1,664,056	1,678,214	1,587,085	1,669,773
Long-term debt	203,590	441,588	385,072	345,705	443,795
Other non-current liabilities[(d)]	189,593	183,301	162,583	143,526	135,160
Shareholders equity[(e)]	711,138	503,247	581,286	630,862	659,002

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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 2009 and 2008 amounts include a $31.4 million and a $6.4 million restructuring charge, respectively, 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 2009 includes a discrete tax benefit of $8.3 million primarily related to the favorable resolution of certain prior year tax matters. The provision for taxes for 2008 includes a discrete tax benefit of $2.5 million related to favorable withholding tax law changes in China and a discrete tax benefit of $3.5 million primarily related to the closure of certain tax matters. The provision for taxes for 2007 includes $1.1 million of discrete tax items. 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 13 to the audited consolidated financial statements.*

(e) *No dividends were paid during the five-year period ended December 31, 2009.*

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.

During 2009 we experienced broad-based sales declines across most geographies and products related to adverse global economic conditions. Net sales in U.S. dollars decreased by 12% in 2009 and increased by 10% in 2008. Excluding the effect of currency exchange rate fluctuations, or in local currencies, net sales decreased 10% in 2009 and increased 6% in 2008. Our future sales in local currencies may continue to be adversely affected by weak global economic conditions, although we also expect to continue to benefit from our strong leadership positions and the impact of our global sales and marketing initiatives. Examples include identifying and investing in growth opportunities, improving our lead generation and nurturing processes, better penetrating our market segments and more effectively pricing our products and services. While we believe previous year financial comparisons will improve during 2010, it is currently difficult to predict the extent to which our results may be adversely affected in this uncertain environment.

With respect to our end-user markets, we experienced decreased results during 2009 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. Demand from these markets decreased during 2009 related to the previously mentioned global economic slowdown, particularly in the Americas and Europe.

Our industrial markets, especially core-industrial products, were particularly impacted negatively by the global economic slowdown due to reduced production capacity for domestic and export markets. Reduced demand in our industrial markets was experienced globally, including in our emerging markets. Emerging market economies have historically been an important source of growth based upon the expansion of their domestic economies, as well as increased exports as companies have moved production to low-cost countries. Local currency sales growth in our industrial emerging markets improved during the fourth quarter of 2009 and we anticipate future sales in emerging markets will continue to improve as compared to 2009 absent a further deterioration in global economic conditions. However, we expect reduced demand in our developed industrial markets may continue during 2010.

In our food retail end markets, we also experienced decreased results during 2009 related to the global economic slowdown as well as strong project activity in Europe during the previous 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 have also historically provided growth as the expansion of local emerging market economies creates a significant number of new retail stores each year.

In 2010, 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 offerings also help 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 28% 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 15% on a compound annual growth basis 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 accomplishments in China and in recent years have expanded our territory coverage with new branch offices, additional dealers and more service professionals. India has also been a source of emerging market sales growth in past years due to increased life science research activities. Local currency sales declined in emerging markets by 7% during 2009 versus the prior year related to weak global economic conditions. Sales declines were experienced in most countries, especially in Eastern Europe. Our Chinese industrial business also declined during 2009 due to reduced demand in domestic and export markets. Local currency sales growth in emerging markets improved during the fourth quarter of 2009 and we anticipate future sales will continue to improve as compared to 2009 absent a further deterioration in global economic conditions. To reduce costs, we also continue to shift 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 approximately 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. We recently introduced Quantos, our new automated powder dosing solution for small sample sizes, which is controlled and monitored by the laboratory balance.

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Maintaining Cost Leadership. In response to the global economic slowdown we initiated a global cost reduction program which has resulted in annualized savings of approximately $100 million. These savings are the result of reduced spending levels in most cost categories and also include workforce reductions (including employees and temporary personnel) of approximately 1,000 or 10% of our total workforce. We also 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.

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. We also continue to pursue bolt-on acquisitions. For example, during the first quarter of 2010, we acquired our pipette distributor in the United Kingdom and during the fourth quarter of 2009, we also acquired a leader of vision inspection technology that we will integrate with our end-of-line packaging inspection systems product offering.

Results of Operations Consolidated

Net sales

Net sales were $1,728.9 million for the year ended December 31, 2009, compared to $1,973.3 million in 2008 and $1,793.7 million in 2007. In U.S. dollars, this represents a decrease in 2009 of 12% and an increase in 2008 of 10%. In local currencies, net sales decreased 10% in 2009 and increased 6% in 2008.

In 2009, our net sales by geographic destination decreased in local currencies by 11% in the Americas, 14% in Europe and 2% in Asia/Rest of World. A discussion of sales by operating segment is included below.

As described in Note 17 to our audited 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 decreased by 15% in 2009 in U.S. dollars and increased by 10% in 2008. In local currencies, net sales of products decreased by 13% in 2009 and increased by 7% in 2008. Service revenue (including spare parts) decreased in 2009 by 4% and increased in 2008 by 8% in U.S. dollars. In local currencies, service revenue was flat in 2009 and increased by 5% in 2008.

Net sales of our laboratory-related products decreased by 7% in local currencies during 2009 principally driven by a sales decline in most product categories in Europe and the Americas.

Net sales of our industrial-related products decreased by 12% in local currencies during 2009. We experienced a significant decline in sales across most geographies and product categories, especially our core-industrial products.

In our food retailing markets, net sales decreased by 15% in local currencies during 2009 compared to the previous year primarily due to decreased sales in the U.S. and Europe. The decline in Europe was partly related to strong project activity in 2008.

As discussed above, global economic conditions continue to be uncertain. While we believe prior period comparisons will improve during 2010, it remains difficult to predict the extent to which our future results may be adversely affected in this uncertain environment.

Gross profit

Gross profit as a percentage of net sales was 51.4% for 2009, compared to 50.3% for 2008 and 50.0% for 2007.

Gross profit as a percentage of net sales for products was 55.2% for 2009, compared to 54.2% for 2008 and 53.8% for 2007. Gross profit as a percentage of net sales for services (including spare parts) was 39.8% for 2009, compared to 36.8% for 2008 and 36.9% for 2007.

The increase in gross profit as a percentage of net sales reflects benefits from reduced material costs, increased pricing and favorable product mix. These benefits were partially offset by the negative impact of decreased sales volume in excess of our reduced production costs.

Research and development and selling, general and administrative expenses

Research and development expenses as a percentage of net sales were 5.2% for both 2009 and 2008 and 5.1% for 2007. Research and development expenses decreased by 11% in 2009 and increased by 4% in 2008 in local currencies. Our research and development spending levels reflect reduced project activity and the impact of our cost reduction program.

Selling, general and administrative expenses as a percentage of net sales decreased to 29.2% for 2009, compared to 29.4% for 2008 and 29.5% for 2007. Selling, general and administrative expenses decreased by 11% in 2009 and increased by 5% in 2008 in local currencies. The decrease is primarily due to benefits from our cost reduction activities and reduced performance-related compensation (bonus and commission) costs. The increase in selling, general and administrative expenses in 2008 compared to 2007 is primarily due to increased sales and marketing investments, especially in China and other emerging market countries and expenses associated with product launches. Selling, general and administrative expenses during 2008 also included severance expense, partially offset by a gain associated with an asset sale.

Other charges (income), net

Other charges (income), net consisted of net charges of $32.8 million in 2009, compared to net charges of $9.0 million in 2008 and other income, net of $0.9 million in 2007. 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 2009 and 2008 includes restructuring charges of $31.4 million and $6.4 million, respectively, related to our global cost reduction program as further described below. Other charges (income), net for 2008 compared to 2007 was also impacted by unfavorable foreign currency fluctuations and reduced interest income associated with lower cash balances.

During the fourth quarter of 2008, we initiated a global cost reduction program. During the first quarter of 2009, we revised the program to include further cost reductions. Charges under the program primarily comprise severance costs of approximately $40 million, of which $31.4 million was recorded in other charges (income), net during the year ended December 31, 2009 and $6.4 million was recognized during the fourth quarter of 2008. Under the program, our workforce (including employees and temporary personnel) has been reduced by approximately 1,000. As a result of the reduction in workforce, our personnel costs will be reduced by approximately $65 million on an annual basis. We expect total cost savings from our global cost reduction program to be approximately $100 million on an annual basis.

Interest expense and taxes

Interest expense was $25.1 million for 2009, compared to $25.4 million for 2008 and $21.0 million for 2007. The 2009 amount includes charges associated with the tender offer of our 4.85% Senior Notes and other financing costs as well as costs associated with our interest rate swap agreements. These costs were offset by lower average debt balances. The increase in 2008 is due primarily to increased borrowings compared to 2007.

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During 2009, we recorded a discrete net tax benefit of $8.3 million primarily related to the favorable resolution of certain prior year tax matters. In 2008, we recorded a discrete tax benefit of $2.5 million related to favorable withholding tax law changes in China and discrete tax items resulting in a net tax benefit of $3.5 million primarily related to the closure of certain tax matters. During 2007, we recorded certain discrete tax items that 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.

Our annual effective tax rate was 23%, 24% and 27% for 2009, 2008 and 2007, respectively. The previously described discrete tax items had the effect of lowering our annual effective tax rate by 4% in 2009 and 2% in 2008.

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 17 to our consolidated financial statements.

U.S. Operations (amounts in thousands)

	2009	2008	2007	Increase (Decrease) in %(1) 2009 vs. 2008	Increase (Decrease) in %(1) 2008 vs. 2007
Net sales	$ 597,172	$ 682,282	$ 671,869	(12)%	2%
Net sales to external customers	$ 548,677	$ 622,692	$ 614,735	(12)%	1%
Segment profit	$ 107,961	$ 113,390	$ 104,913	(5)%	8%

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

The decrease in total net sales and net sales to external customers during 2009 reflects declines across most product categories related to the global economic slowdown, particularly core-industrial and food retailing products.

Segment profit decreased by $5.4 million in our U.S. Operations segment during 2009, compared to an increase of $8.5 million during 2008. The decrease in segment profit in 2009 was primarily due to a decline in sales volume offset in part by benefits from our cost reduction efforts. We also recorded a $1.8 million gain from the receipt of a previously reserved note receivable during 2009.

Swiss Operations (amounts in thousands)

	2009	2008	2007	Increase (Decrease) in %(1) 2009 vs. 2008	Increase (Decrease) in %(1) 2008 vs. 2007
Net sales	$ 396,269	$ 442,054	$ 391,042	(10)%	13%
	$ 107,472	$ 126,476	$ 109,867	(15)%	15%

Net sales to external customers					
Segment profit	$ 82,954	$ 85,363	$ 79,491	(3)%	7%

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

Total net sales in local currency decreased by 11% in 2009 and increased by 2% in 2008. Net sales to external customers in local currency decreased by 15% in 2009 and increased by 4% in 2008. The decrease in sales to external customers during 2009 reflects declines across most product categories related to the global economic slowdown, especially food retailing products, analytical instruments and core-industrial products.

Segment profit decreased by $2.4 million in our Swiss Operations segment during 2009, compared to an increase of $5.9 million during 2008. The decrease in segment profit during 2009 reflects the decline in sales and unfavorable currency translation fluctuations, offset in part by benefits from our cost reduction efforts.

Western European Operations (amounts in thousands)

	2009	2008	2007	Increase (Decrease) in %[(1)] 2009 vs. 2008	Increase (Decrease) in %[(1)] 2008 vs. 2007
Net sales	$ 650,250	$ 762,717	$ 691,736	(15)%	10%
Net sales to external customers	$ 574,109	$ 679,083	$ 614,268	(15)%	11%
Segment profit	$ 72,384	$ 71,124	$ 60,164	2%	18%

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

Total net sales in local currency decreased by 9% in 2009 and increased by 6% in 2008. Net sales to external customers in local currency decreased by 10% in 2009 and increased by 5% in 2008. The decrease in 2009 reflects declines across most product categories related to the global economic slowdown, particularly core-industrial and retail products.

Segment profit increased by $1.3 million in our Western European Operations segment during 2009, compared to an increase of $11.0 million in 2008. The increase in segment profit in 2009 reflects benefits from our cost reduction efforts and favorable currency translation fluctuations, partially offset by the decline in sales volume. In addition, our Western European operations incurred severance expense of $5.1 million during 2008.

Chinese Operations (amounts in thousands)

	2009	2008	2007	Increase (Decrease) in %[(1)] 2009 vs. 2008	Increase (Decrease) in %[(1)] 2008 vs. 2007
Net sales	$ 303,614	$ 317,040	$ 254,510	(4)%	25%
Net sales to external customers	$ 232,643	$ 228,890	$ 168,261	2%	36%
Segment profit	$ 69,386	$ 59,027	$ 57,481	18%	3%

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

Total net sales in local currency decreased by 6% in 2009 and increased by 14% in 2008. Net sales to external customers in local currency was flat in 2009 and increased by 24% in 2008. The change in 2009 total net sales reflects declines in sales of core-industrial products, partially offset by sales growth in our laboratory and product inspection products. Total net sales growth in local currency increased 14% during the fourth quarter of 2009 and we anticipate improved sales during 2010 as compared to 2009 absent a further deterioration in global economic conditions.

Segment profit increased by $10.4 million in our Chinese Operations segment during 2009, compared to an increase of $1.5 million in 2008. The increase in segment profit in 2009 is primarily due to benefits from our cost reduction efforts, partially offset by decreased sales.

Other (amounts in thousands)

	2009	2008	2007	Increase (Decrease) in %[(1)] 2009 vs. 2008	Increase (Decrease) in %[(1)] 2008 vs. 2007
Net sales	$ 269,926	$ 321,480	$ 290,330	(16)%	11%
Net sales to external customers	$ 265,952	$ 316,203	$ 286,617	(16)%	10%
Segment profit	$ 23,654	$ 28,809	$ 29,887	(18)%	(4)%

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

Total net sales in local currency decreased by 13% in 2009 and increased by 9% in 2008. Net sales to external customers in local currency decreased 13% in 2009 and increased 9% in 2008. This performance primarily reflects decreased sales in Eastern European, Canada and Japan.

Segment profit decreased $5.2 million in our Other segment during 2009, compared to a decrease of $1.1 million during 2008. The decrease in segment profit during 2009 relates primarily to declines in net sales, especially in Eastern European, offset in part by benefits from our cost reductions efforts.

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. 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 included the suspension of our share repurchase program in October 2008, which was re-started in December 2009. Global economic conditions continue to be uncertain and our ability to generate cash flows may be reduced by a prolonged global economic slowdown.

Cash provided by operating activities totaled $232.6 million in 2009, compared to $223.1 million in 2008 and $227.7 million in 2007. The increase in 2009 resulted principally from decreased incentive payments of $15.4 million related to 2008 performance-related compensation incentives (bonus payments) and reduced accounts receivable and inventory balances, offset in part by lower net earnings and cash payments of $22.2 million related to our restructuring program. 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 2008 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. We also made $11.5 million, $5.0 million and $7.7 million of voluntary incremental pension contributions in 2009, 2008 and 2007, respectively.

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 $60.0 million in 2009,

$61.0 million in 2008 and $47.5 million in 2007. Our capital expenditures in 2009 included approximately $35.1 million of investments directly related to our Blue Ocean multi-year program of information technology investment compared with $16.2 million in 2008 and $5.0 million in 2007. Our capital expenditures in 2007 included $7.1 million of investments related to our new Chinese facility. We expect that our annual capital expenditures will continue to be approximately $60 million until Blue Ocean is completed. These amounts may change based upon fluctuations in currency exchange rates.

Cash flows used in financing activities during 2009 included proceeds of $100 million from the issuance of our 6.30% Senior Notes and payments of $0.7 million of debt issuance costs. We also made payments to repurchase $75 million of our 4.85% Senior Notes and paid $1.6 million in debt extinguishment costs and other financing charges in connection with our tender offer. Cash flows used in financing activities during 2008 included $3.3 million of financing fees related to the closing of our $950 million credit facility during 2008. As further described below, in accordance with our share repurchase plan, we purchased 58,800 shares and 2,232,188 shares in the amount of $6.0 million and $224.5 million during 2009 and 2008, respectively.

We continue to explore potential acquisitions. In connection with any acquisition, we may incur additional indebtedness. During the fourth quarter of 2009, we spent approximately $14.3 million, plus contingent consideration up to a maximum of $7.8 million, for a leader in vision technology that we will integrate into our end-of-line packaging inspection systems product offering. During the first quarter of 2010 we also spent approximately $12.5 million, plus contingent consideration up to a maximum of $2.0 million, relating to the acquisition of our pipette distributor in the U.K.

Issuance of 6.30% Senior Notes

On June 25, 2009, we issued and sold, in a private placement, $100 million aggregate principal amount of our 6.30% Series 2009-A Senior Notes due June 25, 2015 (6.30% Senior Notes) under a Note Purchase Agreement among the Company and the accredited institutional investors named therein (the Agreement). The 6.30% Senior Notes are senior unsecured obligations of the Company.

The 6.30% Senior Notes mature on June 25, 2015. Interest is payable semi-annually in June and December. We may at any time prepay the 6.30% Senior Notes, in whole or in part (but in an amount not less than 10% of the original aggregate principal amount), at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest plus a make-whole prepayment premium. In the event of a change in control (as defined in the Agreement) of the Company, we may be required to offer to prepay the 6.30% Senior Notes in whole at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

The Agreement contains customary affirmative and negative covenants for agreements of this type including, among others, limitations on the Company and its subsidiaries with respect to incurrence of liens and priority indebtedness, disposition of assets, mergers, and transactions with affiliates. The Agreement also requires us to maintain a consolidated interest coverage ratio of not less than 3.5 to 1.0 and a consolidated leverage ratio of not more than 3.5 to 1.0. The Agreement contains customary events of default with customary grace periods, as applicable. The Company was in compliance with these covenants at December 31, 2009.

Under the terms of the offering, we may sell additional Senior Notes at our discretion in an aggregate amount not to exceed $600 million. Such additional Senior Notes would rank equally with our unsecured indebtedness.

Issuance costs approximating $0.7 million will be amortized to interest expense over the six-year term of the 6.30% Senior Notes.

4.85% Senior Notes & Tender Offer

In November 2003, we issued $150 million of 4.85% unsecured Senior Notes due November 15, 2010 (4.85% Senior Notes). 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.

On May 6, 2009, we commenced a cash tender offer to purchase any and all of our outstanding 4.85% Senior Notes due November 15, 2010. The tender offer, which expired May 12, 2009, resulted in the repurchase of $75 million of the principal balance of the 4.85% Senior Notes. In connection with the tender, we recorded a charge of $1.5 million, which included a premium of $0.9 million, unamortized discount and debt issuance fees of $0.2 million and certain third party costs of $0.4 million. These changes were recorded in interest expense in the consolidated statement of operations.

Credit Agreement

On August 15, 2008, we entered into a $950 million Credit Agreement (the Credit Agreement), which replaced our $450 million Amended and Restated Credit Agreement (the Prior Credit Agreement). The 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 our senior unsecured credit ratings, which was, as of December 31, 2009, set at LIBOR plus 0.70% (based on ratings of BBB by Standard & Poor s and Baa2 by Moody s). We must also pay facility fees that are tied to our credit ratings. The Credit Agreement contains covenants, with which the Company was in compliance as of December 31, 2009, which include maintaining a consolidated interest coverage ratio of not less than 3.5 to 1.0 and a consolidated leverage ratio of not more than 3.25 to 1.0. The Credit Agreement also places certain limitations on us, including limiting our 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. We capitalized $3.3 million in financing fees during 2008 associated with the Credit Agreement which are amortized to interest expense through 2013. As of December 31, 2009, approximately $853.4 million was available under the facility.

Our short-term borrowings and long-term debt consisted of the following at December 31, 2009:

	U.S. Dollar	Other Principal Trading Currencies	Total
4.85% $75 million Senior Notes (net of unamortized discount)	$ 75,831	$	$ 75,831
6.30% $100 million Senior Notes	100,000		100,000
$950 million Credit Agreement	53,937	37,129	91,066
Other local arrangements		26,661	26,661
Total debt	229,768	63,790	293,558
Less: current portion	(75,831)	(14,137)	(89,968)
Total long-term debt	$ 153,937	$ 49,653	$ 203,590

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, 2009, we were in compliance with all covenants set forth in our 6.30% Senior Notes, 4.85% Senior Notes and Credit Agreement. 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 foreseeable future.

Contractual Obligations

The following summarizes certain of our contractual obligations at December 31, 2009 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	$ 293,558	$ 89,968	$ 12,524	$ 91,066	$ 100,000
Interest on debt	54,540	13,733	21,773	15,971	3,063
Non-cancelable operating leases	101,261	30,226	38,991	19,235	12,809
Pension and post-retirement funding(1)	19,121	19,121			
Purchase obligations	75,810	51,225	24,197	388	
Total(1)	$ 544,290	$ 204,273	$ 97,485	$ 126,660	$ 115,872

(1) *In addition to the above table, we also have liabilities for pension and post-retirement funding and income taxes. However, we cannot determine the timing or the amounts for periods beyond 2009 for income taxes and beyond 2010 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, 2009, there were $410.6 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 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 included the suspension of our share repurchase program in October 2008, which was re-started in December 2009. We have purchased 15.3 million shares since the inception of the program through December 31, 2009.

During the years ended December 31, 2009 and 2008, we spent $6.0 million and $224.5 million on the repurcha