

METTLER TOLEDO INTERNATIONAL INC/

FORM 10-K (Annual Report)

Filed 3/4/2002 For Period Ending 12/31/2001

Address	IM LANGACHER P O BOX MT-100 CH 8606 GREIFENSEE SWITZERLAND, 10022
Telephone	212-644-5900
CIK	0001037646
Industry	Misc. Capital Goods
Sector	Capital Goods
Fiscal Year	12/31

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

FORM 10-K

(MARK ONE)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

OR

☐ TRANSITION REPORT PURSUANT TO SECTION

13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE
REQUIRED] FOR THE TRANSITION PERIOD

FROM _____ TO _____

COMMISSION FILE NUMBER 0-22493

METTLER-TOLEDO INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

13-3668641
(I.R.S. Employer Identification No.)

IM LANGACHER
P.O. BOX MT-100
CH 8606 GREIFENSEE, SWITZERLAND
(Address of principal executive offices)

(Zip Code)

011-41-1-944-2211

(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, \$.01 par value	New York Stock Exchange

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

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 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 X No

Indicate by check mark if disclosure of delinquent filers pursuant to

Item 405 of Regulation S-K (ss. 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.

As of February 22, 2002 there were 44,161,792 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 (based on the closing price for the Common Stock on the New York Stock Exchange on that day) was approximately \$2.019 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 -----
PROXY STATEMENT FOR 2002 ANNUAL MEETING OF STOCKHOLDERS	PART III

METTLER-TOLEDO INTERNATIONAL INC.

**ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001**

	PAGE
PART I	
ITEM 1. BUSINESS.....	1
ITEM 2. PROPERTIES.....	23
ITEM 3. LEGAL PROCEEDINGS.....	24
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.....	24
SUPPLEMENTAL EXECUTIVE OFFICERS OF THE REGISTRANT.....	24
PART II	
ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.....	25
ITEM 6. SELECTED FINANCIAL DATA.....	26
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	28
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.....	40
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.....	40
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.....	40
PART III	
ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.....	41
ITEM 11. EXECUTIVE COMPENSATION.....	43
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.....	44
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.....	44
PART IV	
ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.....	44
SIGNATURES	45

Unless otherwise stated or where the context otherwise requires, references herein to we, our, the "Company" or "Mettler-Toledo" refer to Mettler-Toledo International Inc. and its direct and indirect subsidiaries.

This Annual Report on Form 10-K includes forward-looking statements based on our current expectations and projections about future events. These forward-looking statements are subject to a number of risks and uncertainties which could cause our actual results to differ materially from historical results or those anticipated and certain of which are beyond our control. The words "believe," "expect," "anticipate" and similar expressions identify forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Exhibit 99.1 to this Report.

We use the following registered and unregistered trademarks, which are found in this Report: AIRWEIGH, APPLIED SYSTEMS, ASI, AVS, AX, BERGER, BERGER INSTRUMENTS, BOHDAN, CARGOSCAN, DELTARANGE, DIGITOL, FORMWEIGH, FREEWEIGH, FTIR, JAGUAR, JAGXTREME, LABMAX, LUTRANA, MENTOR SC, METTLER, METTLER-TOLEDO, MT-SHOP, MULTIMAX, MULTIRANGE, MYRIAD, OHAUS, OPRA, RAININ, RONDO, SAFELINE, SERVICEXXL, SPIDER, TESTUT, TESTUT-LUTRANA, THORNTON, TRIMWEIGH, TRUCKMATE, UNICORN, VIKING, VIPER, WINBRIDGE AND X-MATEPRO.

Unless otherwise indicated, industry data contained herein is derived from publicly available industry trade journals, government reports and other publicly available sources. We have not independently verified this data but we believe the data is reliable. Where such sources are not available, industry data is derived from our internal estimates, which we believe to be reasonable, but which cannot be independently verified. As used in this Annual Report, "\$" refers to U.S. dollars, "CHF" or "SFr" refers to Swiss francs, "(pound)" refers to British pounds sterling and "CDN \$" refers to Canadian dollars.

PART I

Item 1. BUSINESS

OVERVIEW

Mettler-Toledo is a leading global supplier of precision instruments. We are the world's largest manufacturer of weighing instruments for use in laboratory, industrial and food retailing applications. We also hold top-three market positions in several related analytical instruments, and are a leading provider of automated chemistry systems used in drug and chemical compound discovery and development. In addition, we are the world's largest manufacturer and marketer of metal detection and other end-of-line inspection systems used in production and packaging. We also derive a competitive advantage from our application-oriented software, which processes the data captured by our instruments and integrates it into customers' information technology systems.

We focus on the high value-added segments of our markets by providing innovative instruments that are often integrated into application-specific solutions for customers. We design our instruments not only to capture valuable data but also to facilitate the processing and transfer of this data into customers' management information systems.

COMPETITIVE STRENGTHS

We believe our franchise has a number of competitive strengths, which allow us to compete successfully in high value-added segments:

o **Worldwide Market Leadership Positions.** We believe that we have a leading position in each of our markets, and at least 80% of our product sales are from products that are the global leaders in their segment. In the weighing instruments market, we are the only company to offer products for laboratory, industrial and food retailing applications globally and we believe that we hold a market share more than twice that of our nearest competitor. We believe that in 2001 we had approximately 50% of the global market for laboratory balances, including the largest market share in each of Europe, the United States and Asia (excluding Japan), and the number two position in Japan. In the industrial and food retailing markets, we believe we have the largest market share in Europe and the United States. In Asia, we have a substantial industrial and food retailing business which has gained market share in recent years. This business is supported by our established manufacturing presence in China. In addition to our weighing franchise, most of our other sales come from product lines where we hold a top-three global position.

o **Global Brand and Reputation.** The Mettler-Toledo brand name is identified worldwide with accuracy, reliability and innovation. Customers value these characteristics because most of our instruments significantly impact customers' product quality, productivity, costs and regulatory compliance. Furthermore, precision instruments generally constitute a small percentage of customers' aggregate expenditures. As a result, we believe customers focus on accuracy, product reliability, technical innovation, service quality, reputation and past experience when choosing precision instruments, rather than cost alone. We have one of the strongest brand names in the laboratory. In fact laboratory balances are often generically referred to as "Mettlers". The strength of this brand name has allowed us to successfully extend our laboratory balance line to include other analytical instruments.

o Technological Innovation. We have a long and successful track record of innovation and remain at the forefront of technological development by focusing on the high value-added segments of our markets. We believe that we are the global leader in our industry in providing innovative measurement solutions to enhance our customers' processes. Our technological innovation efforts benefit from our knowledge of customer processes and related requirements, our manufacturing expertise in sensor technology, precision machining and electronics, as well as our strength in software development.

o Comprehensive, High Quality Solution Offering. We offer a more comprehensive range of instruments and solutions than any of our key competitors. Our broad product line addresses a wide range of applications across and within many industries and regions. We manufacture our products in modern facilities, most of which are ISO 9001 certified. Our broad range of high quality products and the ability to provide integrated solutions allows us to leverage our sales and service organization, product development activities and manufacturing and distribution capabilities.

o Global Sales and Service. We have the only global sales and service organization among weighing instruments manufacturers, and one of the largest of any precision instrument company. We believe that this capability is a major competitive advantage. At December 31, 2001, this organization consisted of more than 4,200 employees organized into locally based, customer-focused groups that provide prompt service and support to our customers and distributors in virtually all major markets around the world. The local focus of our sales and service organization enables us to provide timely, responsive support to our customers worldwide and provides feedback for manufacturing and product development. When we survey our current and potential customers on their needs, they often name service as the most important criteria for choosing their instrument suppliers. In addition, we believe there is a trend in many of our customer segments to outsource service activities, which provides us a growth opportunity for the future.

o Largest Installed Base. We believe that we have the largest installed base of weighing instruments in the world. From this installed base, we obtain service contracts that provide a strong, stable source of recurring service revenue. Service revenue represented approximately 21% of net sales in 2001, of which almost half was derived solely from service contracts and repairs with the remainder derived from the sale of spare parts and software support. We believe that our installed base of instruments represents a competitive advantage with respect to repeat purchases and purchases of other instruments we offer, because customers tend to remain with their existing suppliers. In addition, switching to a new instrument supplier entails additional costs to the customer for training, spare parts, service and systems integration requirements. Close relationships and frequent contact with our broad customer base also provide us with sales leads and new product and application ideas.

o Geographical, Product and Customer Diversification. Our revenue base is diversified by geographic region, product range and customer. Many different industries, including pharmaceuticals, food processing, food retailing and chemicals, cosmetics and logistics utilize our broad product range. We supply customers all over the world, and our largest single customer accounted for no more than 3% of net sales in 2001. Our diverse revenue base reduces our exposure to regional or industry-specific economic conditions, and our presence in many different geographic markets, product markets and industries enhances our attractiveness as a supplier to multinational customers. In 2001, our sales were \$1.148 billion. Of this total 44% came from Europe, 43% from North and South America and 13% from Asia and other countries. For additional information regarding our segment disclosure, see Note 15 to our audited consolidated financial statements.

GROWTH STRATEGIES

We believe that our growth opportunities arise from our solutions approach to the principal challenges facing our customer base. These include the need for increased efficiency (for example, in accelerating time to market, achieving better yields, improving work processes and outsourcing non-core activities), the desire to integrate information captured by instruments into management information systems, the drive for ever higher quality products and services, including the need to adhere to stringent regulatory and industry standards, and the move towards globalization in all major customer groups.

We continue to execute the business strategies that we outlined at the time of our buy-out in 1996, which are described below. The successful implementation of these strategies has allowed us to achieve a compound annual sales growth rate in local currencies of 10% since 1996, and to improve our Adjusted Operating Income (gross profit less research and development and selling, general and administrative expenses before amortization and non-recurring costs) from \$57.8 million (6.8% of net sales) for 1996 to \$165.1 million (14.4% of net sales) for 2001. Earnings per share increased from \$0.14 in 1996 (pro forma for our buy-out) to \$2.02 in 2001 before non-recurring items. Non-recurring items in 2001 comprised a \$14.6 million charge net of tax associated primarily with headcount reductions and manufacturing transfers. In addition, our ratio of net debt to EBITDA decreased from 4.6 in 1996 to 1.8 in 2001 and our interest coverage increased from 2.3 to 11.4 during the same period. EBITDA represents Adjusted Operating Income plus depreciation. We believe that Adjusted Operating Income, earnings per share before non-recurring charges and EBITDA provide important financial information in measuring and comparing our operating performance. Adjusted Operating Income, earnings per share before non-recurring charges and EBITDA are not intended to represent operating income under U.S. GAAP and should not be considered as alternatives to GAAP earnings (loss) as a measure of financial performance or to GAAP cash flow as a measure of liquidity.

Our key growth strategies are as follows:

Expanding Our Technology Leadership. We attribute a significant portion of our recent margin improvement to our research and development efforts. We intend to continue to invest in product innovation in order to provide technologically advanced products to our customers for existing and new applications. Over the last three years, we have invested approximately \$178 million in research and development, and R&D spending in local currency has grown an average of 14% over this period. While we expect R&D spending to generally grow faster than sales, we do not expect it to continue to grow at this rate of growth. Our research and development efforts fall into two categories:

- o technology advancements, which increase the value of our products. These may be in the form of enhanced functionality, new applications for our technologies, more accurate or reliable measurement, additional software capability or automation through robotics or other means; and

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

Our research and development efforts have contributed to a pipeline of innovative and new products, significant reductions in product costs and reduced time to market for our new products. Examples of recent product introductions include:

- o the MultiMaxIR, performs real-time in-situ FTIR reaction monitoring and analysis directly in multiple vessels in a parallel synthesis system, which enhances automated process R&D by allowing chemists to analyze a wide range of organic chemistry;

- o Optimizer (being launched in 2002), a modular process development software platform, which uses an array of lab reactor vessels for performing multiple chemical reactions simultaneously;

- o X-matePro, a portable measuring instrument in our process analytics business, which has interchangeable sensor modules that make it capable of measuring up to ten different parameters at programmable time intervals;

- o the Unicorn family of products, our second-generation PC-based network retail solution, including weighing and labeling solutions for prepacking applications, networked counter scales and perishable goods data management software; these solutions are easily integrated into local networks and are designed for maximum flexibility, and can be customized for country-specific promotions, unique user habits, and differing preferences in data requirements;

- o the Viper line of compact bench scales using MonoBloc technology, which offer high resolution and accuracy for rugged industrial environments;

- o Rondo 60, a configurable titrator that enables titration of up to 60 samples without any user interaction, featuring a built-in keypad, removable sample racks, an automated rinsing system and an optical beaker-recognition system, and its smaller sibling, the Rondolino, for up to 9 samples;

- o The AX64004 comparator, the first commercially available mass comparator with a continuous weighing range of up to 64 kg and a resolution of 0.1 mg.; and

- o Airweigh, a high-performance checkweigher that weighs as many as 900 packages per minute, has an easy-to-use graphical user interface, and stores individual product setups for fast and easy product changeover.

Increasing our Market Share and Capitalizing on Opportunities in Developed Markets. We recognize that to be a successful company, we must not only develop excellent solutions, but we must market and distribute them effectively - more effectively than our competitors. We view the key elements of our sales and service strategy as follows:

- o We utilize what we believe are the most sophisticated marketing and sales techniques in our industry. These techniques include the development and utilization of marketing databases. We develop these databases to better understand the full potential of our market by customer, location, industry, instrument and related application. We then utilize this data to more efficiently direct our field resources and complement our direct and distributor sales forces with targeted mailing and telemarketing campaigns to more fully exploit our market's potential. The transparency of the marketplace created through these databases allows us to more effectively identify penetration opportunities among customers and non-customers. We have seen this strategy take hold as evidenced by significant market share gains in certain targeted segments such as pharmaceutical and biotech.
- o With our developing E-commerce project, we plan to create a configurable Internet portal which will allow customers, channel partners and suppliers to customize the information presented to them and to interact with us in the way they choose. Over time, we will develop a knowledge base which will allow us to gain deeper insight into our customers' patterns of behavior and give us better market transparency. From this, we will be able to refine our marketing efforts, gain quicker market penetration with new products and services, and ultimately reduce our marketing costs.
- o Our service capabilities stretch across the globe and include around-the-clock availability of well-trained technicians, which is highly valued by our customers. We believe that no other competitor has our capabilities and that our service capabilities are a critical success factor for us. Our value-added services encompass maintenance, calibration, traceability of weights, certification, asset management, software upgrades, data integration and training. Service XXL, which we recently expanded worldwide, is a comprehensive suite of services covering regulatory compliance for design, manufacture, installation, operation and maintenance of our customers' instruments.
- o We also utilize a dual brand strategy for certain market segments to improve our overall market penetration. For example, we sell balances under the Ohaus brand name as an alternative to the Mettler-Toledo brand name in certain distribution channels, such as the education market.

Capitalizing on Opportunities in Emerging Markets. We believe that emerging markets will continue to provide growth opportunities for us. These growth opportunities are being driven primarily by economic development and multinationals' use of additional and more sophisticated precision instruments as they shift production to emerging markets. In addition, we believe that over the long term, the trend toward international quality standards, the need to upgrade mechanical scales to electronic versions and the establishment of local production facilities by our multinational client base will add to the opportunities in emerging markets.

To date our emerging market expansion has primarily focused on Asia, and we grew by approximately 18 percent in that part of the world in 2001. In Asia (excluding Japan), we are the market leader in laboratory weighing instruments and have a substantial industrial and food retailing business that has gained market share in recent years. For instance, we have two profitable operations in China: a facility that manufactures and sells industrial and food retailing products and a facility that manufactures and distributes laboratory products. We also have direct marketing organizations in Taiwan, Korea, Hong Kong, Singapore, India, Thailand, Malaysia and Eastern Europe. Beyond Asia, we are also expanding our sales and service presence in Latin America and other emerging markets.

China represents a significant opportunity for us. Product introductions and local market strength enabled our Chinese businesses to post another year of double-digit sales growth in 2001. Over the past two years, we have more than doubled the percentage of products we manufacture in China. We want to continue leveraging our Chinese manufacturing and R&D as a platform for low-end products, which are necessary to increase our penetration of emerging markets. At the same time, we supply these products to complementary channels in North America and Europe. For example, in the near future we plan to launch Viking, a global balance targeted for the entry-level user - one who is cost-conscious but who demands high quality. Using the platform designed for this technology, over the next 12 months, we will introduce a series of entry-level balances with wide-ranging resolutions to fully cover this market segment.

Pursuing Selected Acquisition Opportunities. Acquisitions are an integral part of our growth strategy. We believe that we have a powerful acquisition platform in the instrument industry. Our acquisitions leverage our global sales and service network, respected brand, extensive distribution channels and technological leadership. We are interested in pursuing acquisitions which have strong strategic fit - for example, companies with complementary products that will benefit from our brand name and global distribution channels, and companies with solutions we can combine with our own technologies to create overall better solutions for our customers. In addition, our acquisitions should anchor more of our business in faster-growing markets. We are particularly attracted to the following end markets:

- o Life Sciences. The impact of scientific developments, including the human genome project, is fundamentally changing the pharmaceutical industry and its need for automation. In recent years, we have acquired a variety of companies in the field of life sciences including Bohdan, ASI, Berger, and Rainin. We offer these companies the infrastructure to expand globally and take advantage of the Mettler-Toledo brand name. Rainin Instrument is the leading manufacturer of pipetting solutions used in pharmaceutical, biotech and medical research applications. A premier company with a strong growth rate and excellent operating margins, Rainin broadens our market-leading offering of instruments and solutions to the life sciences market.
- o Process Analytics. Our pharmaceutical and biotech customers need to comply with increasing quality standards. At the same time, they are seeking in-line control instruments to improve their yields. In December 2000 we acquired Thornton, a leader in pure and ultra-pure industrial water monitoring instrumentation used in semi-conductor, micro-electronics, pharmaceutical and biotech applications. Their conductivity

technology and know-how are complementary to our strength in pH and oxygen measurements. With a broader technology offering, we are better able to serve our expanded customer base.

o **Packaging Control Systems.** Increasing safety and consumer protection requirements are driving the need for more and more sophisticated end-of-line inspection systems. We are the world's leading provider of metal detectors and checkweighers, which, when combined with our application-specific software packages, provide food and drug packaging lines an integrated solution to check the quality and quantity of their packages. In 2000, we acquired AVS, which allowed us to add x-ray-based vision technology to our offering.

o **Transportation and Logistics.** The effects of globalization, the move to just-in-time processes, and e-commerce are all causing our customers to invest in our weighing and dimensioning solutions. Our customers are the major express carriers, freight forwarders, third-party logistic entities and warehousing and distribution companies. We are currently the leading supplier of automatic identification and data capture solutions which incorporate weighing and dimensioning technology to optimize the shipment and tracking of packages worldwide. In 2000, we announced that we would acquire full ownership of our Cargoscan subsidiary, the premier provider of dimensioning technology.

These are not the only opportunities and end markets we are focusing on. We are also alert for opportunities to expand our solution scope, particularly by adding more application-specific software, and to consolidate fragmented markets or expand geographically. Finally, once we have made these acquisitions, we will continue to invest in them in order to realize and expand the value they offer.

Re-engineering and Cost Savings. We have improved our profitability in recent years partly through a series of initiatives aimed at reducing our cost structure. We plan to undertake similar initiatives in the future with the goal of further improving our operating margins. These initiatives include:

o **Continuing to leverage our Chinese manufacturing and R&D as a platform for low-end products,** which are necessary to increase our penetration of emerging markets. We are also transferring production of many of our low-end products from Europe and North America to China - the most recent example being our Ohaus electronic laboratory balances and our shipping scales. We now have almost 700 employees in China, including approximately 110 R&D professionals.

o **The first wave of our procurement initiative,** launched in 1999, has brought us substantial cost savings. Our global procurement initiative aims to reduce our supplier base to a select group of high-quality suppliers from all parts of the world. By doing so, we believe we can ensure maximum cost effectiveness and improve the quality of our product and processes. We are well into the second phase of this initiative and expect to continue to improve operating margins through a more effective procurement effort over the coming years.

o **Opportunities in our service business.** We have approximately 2,000 employees worldwide engaged in service. We have instituted a four-phase services cost-productivity plan, which we expect to enhance operating margin profit over its three-year implementation, by exploiting available technology and best practices.

o **We are taking advantage of the globalization of our customer base and the harmonization of regulatory standards worldwide to standardize our product lines on a global basis and streamline our organizational structure.** As much as possible, we will harmonize our product lines worldwide. With global standardized offerings, our sales and service professionals will require less frequent training and reduced parts inventory. R&D resources will be re-deployed for new value-added products, allowing us to gain incremental growth. In addition, consolidated operations will produce significant savings and more efficient use of invested capital.

We believe that these initiatives and others will place us in a position to build on our recent improvement in profitability. Furthermore, we believe that we can leverage our existing infrastructure, particularly our recent investments in Asia, to obtain continued sales growth without significant additions to our overall cost base.

INSTRUMENTS AND SOLUTIONS

LABORATORY INSTRUMENTS

Laboratory Balances. The balance is the most common piece of equipment in the laboratory. We believe that we sell the highest performance laboratory balances available on the market, with weighing ranges from one ten-millionth of a gram up to 32 kilograms. Our brand name is so well recognized that laboratory balances are often generically referred to as "Mettlers." The Mettler-Toledo name is identified worldwide with accuracy, reliability and innovation. In our judgment, this reputation constitutes one of our principal competitive strengths.

To meet our customer needs, we seek to connect and integrate our instruments to customers' information management systems. Many of our instruments operate on standard PC platforms and operating systems.

To cover a wide range of customer needs and price points, we market laboratory balances in three principal product tiers offering different levels of functionality. In certain markets, we now also offer a fourth level of basic balances. High-end balances provide maximum automation of calibration, application support and additional functions. Mid-level balances provide a more limited but still extensive set of automated features and software applications. Basic level balances provide simple operations and a limited feature set. We also manufacture mass comparators, which are used by weights and measures regulators as well as laboratories to ensure the accuracy of reference weights. Due to the wide range of functions and features offered by our products, prices vary significantly. A typical mid-range precision balance is priced at

approximately \$2,500 and a typical microbalance is priced at approximately \$14,000.

In addition to Mettler-Toledo branded products, we also manufacture and sell balances under the brand name "Ohaus." Ohaus branded products include mechanical balances and electronic balances for the educational market and other markets in which customers are interested in lower cost, a more limited set of features and less comprehensive support and service.

Pipettes. Pipettes are used for measuring and dispensing small volumes of liquids in laboratories. They are among the most widely used instruments in the rapidly growing life science market. In late 2001, we acquired Rainin Instrument, a premier provider of pipetting solutions. Rainin invented electronic pipettes in 1984 and holds more than 20 patents on ergonomically advanced electronic and manual pipettes. Based in Emeryville, California, Rainin develops, manufactures and distributes advanced pipettes, tips and accessories, including single- and multi-channel manual and electronic pipettes. Rainin's principal end markets are pharmaceutical, biotech and medical research. A typical manual single-channel pipette is priced at approximately \$245, and manual multichannel pipettes are priced from \$495 to \$695 depending on the number of channels and volume range. A typical electronic single-channel pipette is priced at approximately \$395, and electronic multichannel pipettes are priced from \$795 to \$995 depending on the number of channels and volume range.

Titration Systems. Titrators measure the chemical composition of samples. Our high-end titrators are multi-tasking models, which can perform two determinations simultaneously on multiple vessels. Titrators are often used in integrated systems. They permit high sample throughputs and have extensive expansion capability and flexibility in calculations, functions and parameters. Most models, including those in the lower-range, permit common determinations to be stored in a database for frequent use. Titrators are used heavily in the food and beverage industry. Titrators are priced between \$5,000 and \$15,000, with a typical titrator being priced at approximately \$12,000. Multi-module systems range up to \$30,000.

To enhance efficiency, we recently introduced a revolutionary series of titration automators that eliminate the manual aspects of preparing samples, cleaning electrodes, removing titrated solutions, recording data and much more. Their capabilities range from automating small-batch titrations up to the first plug and play automation of Karl Fischer titration, which determines the water content of substances.

LabX. our recently launched PC-based enterprise software suite, manages and analyzes the data titrators generate. Based on the Windows 2000 global standard, LabX provides full network capability; has efficient, intuitive protocols; and enables customers to comply with the U.S. Food and Drug Administration's traceability requirements for electronically stored data. Soon, LabX will also be available for other instruments including our balances and pH meters.

Thermal Analysis Systems. Thermal analysis systems measure materials properties as a function of temperature, such as weight, dimension, energy flow and viscoelastic properties. Our thermal analysis products include full computer integration and a significant amount of proprietary software. Thermal analysis systems are used in nearly every industry, but primarily in the plastics and polymer industries and increasingly in the pharmaceutical industry. A typical thermal analysis system with one measuring module is priced at approximately \$50,000. Prices for multi-module systems range up to \$200,000.

Other Analytical Instruments. The pH meters we offer measure acidity in laboratory samples, and are the second most widely used measurement instruments in the laboratory, after the balance. Data collected from our pH meters can be downloaded to a computer or printer using an interface kit and custom software. We sell density and refractometry instruments, which measure chemical concentrations in solutions. These instruments are sourced through a marketing arrangement with a third-party manufacturer, but are sold under the Mettler-Toledo brand name. 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.

DRUG DISCOVERY SOLUTIONS (AUTOCHEM)

Our pharmaceutical and biotechnology customers are all too aware of the time and costs involved in drug research and development. The mission of our drug discovery group is to provide our customers with integrated solutions that enable chemists to increase their productivity and accelerate the drug discovery process.

The number of drug targets and potential lead compounds has increased significantly as a result of combinatorial chemistry techniques, high-throughput screening methods and the initial findings of the human genome project. The increasing number of targets and compounds has created severe bottlenecks in the drug discovery process. We believe that our portfolio of integrated technologies can bring significant efficiencies to the drug discovery process, enabling our customers to create larger numbers of higher quality candidate compounds and bring them to market faster.

Our current drug discovery solution offering is focused on key aspects of the lead identification, lead optimization, and process development phases of the drug R&D process. Our overall value proposition is to speed up these phases by offering systems which perform the many tasks which a chemist has to perform, in parallel and fully automated. Within our drug discovery group, the Discovery team focuses on lead identification and optimization, and the Reaction Engineering team focuses on process research and development.

Discovery. The Discovery business offers the following solutions to combinatorial and medicinal chemists working on lead identification and optimization:

- o the Mini-Block manual parallel synthesizer, which has become a standard tool among medicinal chemists for chemistry development and lead optimization

- o the Discoverer automated synthesizer, capable of extremely sophisticated chemistry

- o the Myriad Core System, the top-of the range automated parallel synthesizer, capable of producing hundreds of thousands of new drug candidates per year

- o automated workstations for reagent preparation, weighing, labeling and dispensing to support the synthesis process

- o the ALLEX automated liquid/liquid extraction system for cleaning up synthesis products

- o Berger's supercritical fluid chromatographs, which are capable of analyzing and purifying synthesis products in a fraction of the time of conventional HPLC instruments, and

- o the FlexiWeigh automated solids dispensing system, which eliminates the bottleneck from manually handling powder-like substances.

Reaction Engineering. Our Reaction Engineering business offers products to help speed up process research and development as well as product development and scale-up. Automatic lab reactors and reaction calorimeters simulate chemical manufacturing processes in the laboratory. Customers use the simulation tests before proceeding to production, in order to test the safety and feasibility of new processes. Our products are fully computer-integrated, with comprehensive data analysis software.

- o Optimizer (a new product being launched in 2002) is a modular process development software platform, which includes an array of lab reactor vessels for performing multiple chemical reactions simultaneously. These can be integrated with real-time analytical techniques to allow customers to run multiple investigations simultaneously

- o the Multimax and Labmax automated laboratory reactors, with four and one separately-controlled reactors respectively, which are used in process optimization to find the precise reaction parameters to make larger quantities of the drug candidate

- o the RC-1, which combines a laboratory reactor with calorimetry and is used to ensure the process is economical as well as safe as the manufactured quantities are scaled up

- o the React-IR 4000 in-situ infrared analyzer, which can be used with the laboratory reactors to monitor the chemistry in real-time

- o React-IR MP and Process-IR, which are hardened infrared analyzers used in scale-up applications and production, and

- o Lasentec computer-controlled laser probes for real-time crystallization monitoring, which helps pharmaceutical scientists to monitor and optimize the formation of solid drug products during the production process.

We continue to pursue opportunities that will enable us to extend our drug discovery and development solutions by internal research and development and by acquiring businesses that have technologies and capabilities complementary to ours. In particular, we recognize the importance of software as an integral part of any solution offering. Effective integration of automation instruments with data recording and analysis software represents an attractive solution to our customers. We believe that our drug discovery group is well positioned to support and grow with the pharmaceutical and biotechnology industries in their exciting challenge to discover and develop new drugs.

PROCESS ANALYTICS

Our process analytics business provides instruments for the in-line measurement of liquid parameters in the production process of pharmaceutical and biotech companies. In the ongoing quest to improve product quality and production efficiency, manufacturers are adopting sensor technologies for in-line process control. Our process analytics business is the leading supplier of pH and oxygen measurement instruments used in bio-pharmaceutical manufacturing, and is well positioned to accelerate its growth in this market. In late 2000 we expanded our technology offering in process analytics to include Thornton's conductivity technology and know-how in determining water purity.

More than half of our process analytics sales are to the pharmaceutical and biotech markets. 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. Our in-line process analytics solutions help these customers ensure reproducible and consistent product quality, while ensuring compliance within relevant regulatory standards.

INDUSTRIAL INSTRUMENTS

Industrial Scales and Balances. We offer a complete line of industrial scales and balances, such as bench scales and floor scales, for weighing loads from a few grams to several thousand kilograms in applications ranging from measuring materials in chemical production to weighing

mail and packages. Our product lines include the Viper and Spider range of scales, often used in receiving and shipping departments in counting applications; TrimWeigh scales, which determine whether an item falls within a specified weight range, and are used primarily in the food industry; Mentor SC scales, for counting parts; and precision scales for formulating and mixing ingredients. Prices vary significantly with the size and functions of the scale, generally ranging from \$1,000 to \$20,000.

We have supplemented our broad product offering through products jointly specified and developed by our Chinese and American operations. The high quality, timely delivery, and full range of capabilities we get from our Chinese operations allow us to match our manufacturing resources to the needs of the various brands and channels we manage in a wide range of geographies.

Our development efforts continue to be focused on understanding "customer drivers" - those strategic issues that cause a customer to make a buying decision. By aligning our solutions to those drivers, we can meet our customers' expectations and continue to grow within this key business segment.

Industrial Terminals. Our latest industrial scale terminal is the JagXtreme, which is our fastest, most powerful scale terminal ever. It harnesses the power and flexibility of the internet to help integrate and control information, equipment management, and automation in manufacturing processes. The JagXtreme terminal is two and a half times faster than our industry-leading Jaguar terminal - but it works like a Jaguar terminal so there is little training time required. It allows users to download programs or access setup data from across the plant - or across the globe. The JagXtreme terminal can also maximize up time by dispatching emails when the unit needs service - and minimize down time through predictive rather than reactive maintenance. The JagXtreme terminal can serve up data across the web through an internet browser. It also provides users with the tools to design their own user interface. We continued JagXtreme's global introduction throughout 2001. For the fifth year in a row, the readers of "Control" magazine recognized our Jaguar and JagXtreme as their choice for best in the Weighing System/Load Cell category by a margin of two to one over the next supplier. JagXtreme's preventative and predictive maintenance capabilities continue to set the standard for remote diagnostics within a weighing terminal. Prices for industrial weighing terminals vary significantly based on functionality of the application, generally ranging from \$500 to \$10,000.

Transportation / Shipping and Logistics. Companies are increasingly conducting business across geographic boundaries, and transportation/logistics suppliers are instrumental in supporting those efforts. Speed is also critical, as evidenced by the growth in e-commerce and just-in-time methods. Customers are seeking solutions to speed throughput, lower costs, increase revenue and ensure first-rate service to their own customers. We are addressing those needs as the leading global supplier of automatic identification and data capture solutions, which integrate in-motion weighing, dimensioning and identification technologies. With these solutions, companies such as FedEx can measure the weight and cubic volume of packages for appropriate billing, logistics and quality control. Our solutions also integrate into information systems that allow customers to track the progress of packages via the Internet. Prices for integrated dimensioning/weighing systems range from \$5,000 to \$20,000.

We believe our solutions provide our customers with greater accuracy and higher throughput than competitors' products. Based on a thorough understanding of customer processes, we can match our solutions precisely to customer needs. Our global presence gives us the ability to provide world-class service in most major locations around the world. What's more, our technical knowledge of local weights and measures regulations and our application know-how result in effective installations and provides ongoing support for customers.

Our partnership with DHL Worldwide Express illustrates the advantages we bring. Covering much of DHL's extensive network in 220 countries and territories around the world, we deliver beginning-to-end services - making DHL's assets as efficient as they can be within each location. That includes product consultation, installation, local governmental certification, preventative maintenance and responsive emergency service. We learn each location's processes thoroughly, then design a solution that meets DHL's globally defined quality standards yet is flexible for local requirements.

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). Our vehicle scales, such as the DigiTol TRUCKMATE, generally have digital load cells, which offer significant advantages in serviceability over analog load cells. Heavy industrial scales are capable of measuring weights up to 500 tons either statically or, in some cases, in-motion, and permit accurate weighing under extreme environmental conditions. We also offer advanced computer software, such as WinBridge and our newest offering, OverDrive, that can be used with our heavy industrial scales to facilitate a broad range of customer solutions. Our WinBridge and OverDrive software provides a complete system for managing vehicle transaction processing. Vehicle scale prices generally range from \$20,000 to \$50,000.

PACKAGING CONTROL SYSTEMS

Dynamic Checkweighers. We are the world's leading provider of metal detectors, checkweighers and x-ray visioning, which, when combined with our application-specific software packages, provide food and drug packaging lines an integrated solution to check the quality and quantity of their packages. We offer solutions to checkweighing requirements in the food processing, pharmaceutical, chemicals and cosmetic industries, where customers are required to accurately measure portions for packaging. We also offer checkweighing solutions to the transportation and package delivery industries, where tariffs are levied based on weight. Recently, we added automated combination weighing to our offering, which allows customers to fill or sort discrete food items accurately and quickly, thereby enhancing yield and productivity.

Customizable software applications utilize the information generated by checkweighing hardware to find production flaws, packaging and labeling errors and nonuniform products, as well as to sort rejects and record the results. We recently unveiled a new generation of Freeweigh.net, our widely-used 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. Our checkweighing equipment and software can accurately determine weight in dynamic applications at speeds of up to several hundred units per minute. Checkweighers generally range in price from \$8,000 to \$40,000.

End-of-line Inspection Solutions. Increasing safety and consumer protection requirements are driving the need for more and more sophisticated end-of-line inspection systems. As the leading global provider in end-of-line metal detection, we help ensure the quality of package contents; and our X-ray technology checks for non-metallic contamination. These high throughput solutions incorporate sensor technologies and software to assist customers in fulfilling validation requirements and in improving their quality and yield. Metal detectors provide manufacturers with vital protection against metal contamination arising from their own production processes or from using contaminated raw materials. Metal detectors are most commonly used with X-ray-based vision inspection and checkweighers as components of integrated packaging lines in the food processing, pharmaceutical and other industries. Prices for metal detection systems generally range from \$5,000 to \$20,000.

RETAIL WEIGHING SOLUTIONS

Retail Scale Systems and Prepackaging Systems. Supermarkets, hypermarkets and other food retail establishments make use of multiple weighing applications for the full handling of perishable goods. For example, perishable goods are weighed on arrival to determine payment to suppliers and some of these goods are repackaged, priced and labeled for sale to customers. Other goods are kept loose and selected by customers and either weighed at the produce or delicatessen counter or at the checkout counter. We offer stand-alone scales for basic counter weighing and pricing, price finding, and printing. In addition, we offer network scales and software, which can integrate backroom, counter, self-service and checkout functions, and can incorporate weighing data into a supermarket's overall perishable goods management system.

Our OPRA retail scale, a key element of our perishable goods management solution, is the first Internet-enabled weighing instrument in the industry. OPRA enables customers to remotely manage pricing, run promotions, support frequent-shopper programs, download software, manage inventory and more. Our equipment can also accommodate required dual-currency displays and, through its Internet capabilities, can automatically adjust for conversion to the euro. Backroom products include dynamic weighing products, labeling and wrapping machines, perishable goods management and data processing systems. In some countries in Europe, we also sell slicing and mincing equipment. Prices for food retailing scales generally range from \$500 to \$5,000, but are often sold as part of comprehensive weighing solutions.

Our innovative Unicorn products are a single-platform, PC-based solution for the management of perishable goods that can be configured for global needs, yet still adapted to local differences. The Unicorn family of products includes weighing and labeling solutions for prepacking applications, networked counter scales and perishable goods data management software. It is a genuinely global product, providing flexibility, modularity and identical hardware and software platforms everywhere.

Unicorn's principal benefit is its connectivity. Through intranets and the Internet, our customers can, on a global basis, seamlessly communicate with central back-offices - maximizing inventory-management efficiency, updating pricing and adding or eliminating products and remotely manage online servicing.

Unicorn is designed for optimum flexibility in adapting to local differences. Easily integrated into local networks, its platform can be customized for country-specific promotions, unique user habits, differing preferences in data requirements and more. With Unicorn, we leverage our global investments in R&D, manufacturing, and sales and service training. It is the solutions platform on which we will continue to profitably grow our leading global position in retail.

CUSTOMERS AND DISTRIBUTION

Our business is geographically diversified, with sales in 2001 derived 44% from Europe, 43% from North and South America and 13% from Asia and other countries. Our customer base is also diversified by industry and by individual customer. Our largest single customer accounted for no more than 3% of 2001 net sales.

Principal customers for our solutions include companies in the following key end markets: the life science industry (pharmaceutical and biotech companies, as well as independent research organizations), food processors, packagers and retailers, specialty chemicals and cosmetics companies, the transportation and logistics industry, the metals industry, the electronics industry and the academic market.

Our laboratory products are sold through a worldwide distribution network. Our extensive direct distribution network and our dealer support activities enable us to maintain a significant degree of control over the distribution of our products. Mid to high-end products in the United States are handled by our own sales force. We sell laboratory products in Asia through our own sales force and distributors, and in Europe primarily through direct sales. European and Asian distributors are generally fragmented on a country-by-country basis.

Ohaus branded laboratory balances are generally positioned in alternative distribution channels to those of Mettler-Toledo branded products. This means that we can fill a greater number of distribution channels and increase penetration of our existing markets. Since acquiring Ohaus in 1990, we have expanded this brand beyond its historical U.S. focus. Ohaus branded products are sold exclusively through distributors.

In the industrial and food retailing market, we sell both directly to customers (including OEMs) and through distributors. In the United States, direct sales exceed distribution sales and in Europe, direct sales predominate, with distributors used in certain cases. We sell products in Asia

primarily through distributors, except in China where we sell products through our own sales force and distributors. Where we use distributors, we seek to provide them with significant support.

We also offer customers the ability to shop online for basic instruments with global appeal, such as balances, pipettes, pH meters, electrodes, titrators and density meters. Launched in mid-1999, www.MT-Shop.com presents customers with unique options, including the ability to customize a product down to a specific color or design motif. Users also can access the site in multiple languages. Our virtual shop is aimed principally at small start-up companies and individual scientists - segments of the market that previously were difficult to reach cost-effectively. The site is expected to increase brand awareness and market penetration with these new target groups.

SALES AND SERVICE

MARKET ORGANIZATIONS

We have a host of geographically focused market organizations ("MOs") around the world that are responsible for all aspects of our sales and service. The MOs are local marketing and service organizations designed to maintain close relationships with our customer base. Each MO has the flexibility to adapt its marketing and service efforts to account for different cultural and economic conditions. MOs also work closely with our producing organizations (described below) by providing feedback on manufacturing and product development initiatives and relaying innovative product and application ideas.

We have the only global sales and service organization among weighing instruments manufacturers. At December 31, 2001, our sales and services group consisted of more than 4,200 employees in sales, marketing and customer service (including related administration) and after-sales technical service. This field organization has the capability to provide service and support to our customers and distributors in virtually all major markets across the globe.

Sales managers and representatives interact across product lines and markets in order to serve customers that have a wide range of instrument needs, such as pharmaceutical companies that purchase both laboratory and industrial products. We classify customers according to their potential for sales and the appropriate distribution channel is selected to service the customer as efficiently as possible. Larger accounts tend to have dedicated sales representatives. Other representatives specialize by product line. Sales representatives call directly on end-users either alone or, in regions where sales are made through distributors, jointly with distributors.

We utilize a variety of advertising media, including trade journals, catalogs, exhibitions and trade shows. In addition, we also sponsor seminars, product demonstrations and customer training programs. We utilize sophisticated marketing techniques in our sales efforts. These techniques include the development and utilization of marketing databases. We develop these databases to better understand the full potential of our market by customer, location, industry, instruments and related application. We then utilize this data to more efficiently direct our field resources and complement our direct and distributor sales forces with targeted mailing and telemarketing campaigns to more fully exploit our market's potential.

We also utilize a dual brand strategy for certain market segments to improve our overall market penetration. For example, we sell laboratory balances under the Ohaus brand name as an alternative to the Mettler-Toledo brand name in certain distribution channels.

We use the Mettler-Toledo Web site, www.mt.com, to provide current and prospective customers and other audiences with the information they need in a convenient manner. With several thousand pages of information, our Web site has become a principal source of answers for customers' questions on many laboratory, industrial and food retailing processes.

In addition, we use the information gained through visits to our sites to make our marketing messages even more relevant to customers. This includes employing one-to-one marketing techniques.

SERVICE

We believe service capabilities are a critical success factor in our business. Through our own dedicated service technicians, we provide contract and repair services in all countries in which our products are sold. This global service network also is 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, and our contract and repair services generate significant revenues. In 2001, service (representing service contracts, repairs, software support and replacement parts) accounted for approximately 21% of our total net sales.

Beyond revenue opportunities, service is a key part of our product offering and helps significantly in generating repeat sales. The close relationships and frequent contact with our large customer base provides us with sales opportunities and innovative product and application ideas. Our sales organization works closely with customers to define the optimal services bundle. Our service team recently expanded worldwide ServiceXXL, our comprehensive suite of services covering regulatory compliance for design, manufacture, installation, operation and maintenance of customers' instruments.

Our service contracts provide for these value-added services, as well as for repair services, within various guaranteed response times, depending on the level of service selected. Contracts are generally one year in length, but may be longer. If the service contract also includes products of other manufacturers, we will generally perform calibration, testing and basic repairs directly, and contract out more significant repair work. As application software becomes more complex, our service efforts increasingly include installation and customer training programs as well as product service.

RESEARCH AND DEVELOPMENT; MANUFACTURING

PRODUCING ORGANIZATIONS

Our product development, research and manufacturing efforts are organized into a number of producing organizations ("POs"). POs are product development teams comprised of personnel from our marketing, development, research, manufacturing, engineering and purchasing departments. POs often seek customer input to ensure that the products developed are tailored to market needs. We have organized our POs to reduce product development time, improve customer focus, reduce costs and maintain technological leadership. The POs work together to share ideas and best practices, and some employees are in both MOs and POs.

RESEARCH AND DEVELOPMENT

We attribute a significant portion of our recent margin improvement to our research and development efforts. We intend to continue to invest in product innovation in order to provide technologically advanced products to our customers for existing and new applications. Over the last three years, we have invested more than \$178 million in research and development. In 2001, we spent approximately 5.6% of net sales on research and development. Our research and development efforts fall into two categories:

- o technology advancements, which increase the value of our products. These may be in the form of enhanced functionality, new applications for our technologies, more accurate or reliable measurement, additional software capability or automation through robotics or other means, and

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

We have devoted an increasing proportion of our research and development budget to software development. This includes application-specific software, as well as software utilized in sensor mechanisms, displays and other common components, which can be leveraged across our broad product lines.

We closely integrate research and development with marketing, manufacturing and product engineering. We have over 750 professionals in research and development and product engineering. As part of our research and development activities, we have frequent contact with university experts, industry professionals and the governmental agencies responsible for weights and measures, analytical instruments and metal detectors. In addition, our in-house development is complemented by technology and product development alliances with customers and original equipment manufacturers.

MANUFACTURING

We manufacture some of our own components, usually components that contain proprietary technology. However, when outside manufacturing is more efficient, we contract with others for certain components and in turn use these components in our own manufacturing processes. We use a wide range of suppliers and we believe our supply arrangements to be adequate. From time to time we rely on a single supplier for all of our requirements of a particular component. Even then, adequate alternative sources are generally available if necessary. Supply arrangements for electronics are generally made globally. For mechanical components, we generally use local sources to optimize materials flow.

We strive to 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. This integration permits field service technicians to trace important information about the manufacture of a particular unit, which facilitates repair efforts and

permits fine-tuning of the manufacturing process. Many of our measuring instruments are subjected to an extensive calibration process that allows the software in the unit to automatically adjust for the impact of temperature and humidity.

We are a worldwide manufacturer, with manufacturing plants in the United States, Switzerland, Germany, the United Kingdom, France and China. Laboratory products are produced mainly in Switzerland and to a lesser extent in the United States and China, while industrial and food retailing products are produced worldwide. Most of our manufacturing facilities have achieved ISO 9001 certification. We believe that our manufacturing capacity is sufficient to meet our present and currently anticipated needs.

BACKLOG

Manufacturing turnaround time is generally sufficiently short so as to permit us to manufacture to fill orders for most of our products, which helps to limit inventory costs. Backlog is therefore generally a function of requested customer delivery dates and is typically no longer than one to two months.

EMPLOYEES

As of December 31, 2001, we had approximately 8,500 employees throughout the world, including approximately 4,400 in Europe, 2,900 in North and South America, and 1,200 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.

In certain of our facilities, we have a flexible workforce environment, in which hours vary depending on the workload. This flexible working environment enhances employees' involvement, thus increasing productivity. It also improves efficient payroll management by permitting us to adjust staffing to match workload to a greater degree without changing the size of the overall workforce.

INTELLECTUAL PROPERTY

We hold approximately 1,500 patents and trademarks, primarily in the United States, Switzerland, Germany, the United Kingdom, France, Japan and China. Our products generally incorporate a wide variety of technological innovations, some of which are protected by patents and some of which are not. 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. 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 food processing and food retailing products are subject to regulation and approvals by relevant governmental agencies, such as the United States Food and Drug Administration. Products used in hazardous environments may also be subject to special requirements. 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.

ENVIRONMENTAL MATTERS

We are subject to a variety of environmental laws and regulations in the jurisdictions in which we operate, including provisions 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 wholly or partly own, lease or hold a direct or indirect equity interest in a number of properties and manufacturing facilities around the world, including North and South America, Europe, Australia and China. 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 in both the United States and abroad.

We are currently involved in, or have potential liability with respect to, the remediation of past contamination in certain of our facilities in both the United States and abroad. 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 such sites, as well as disposal sites owned by third parties to which we have sent wastes, may in the future be identified and become the subject of remediation. Accordingly, although we believe that we are in substantial compliance with applicable environmental requirements and to date we have not incurred material expenditures in connection with environmental matters, it is possible that we could become subject to additional environmental liabilities in the future that could result in a material adverse effect on our financial condition or results of operations.

We, or in some cases the former owner of Toledo Scale, have been named a potentially responsible party under CERCLA or analogous state statutes at the following third-party owned sites with respect to the alleged disposal at the sites by Toledo Scale during the period before we owned it: Granville Solvents Site, Granville, Ohio; Aqua-Tech Environmental, Inc. Site, Greer, South Carolina; and Seaboard Chemical Company Site, Jamestown, North Carolina. Pursuant to the terms of the stock purchase agreement between us and the former owner of Toledo Scale, the

former owner is obligated to indemnify us for various environmental liabilities. To date, with respect to each of the foregoing sites, the former owner has undertaken the defense and indemnification of Toledo Scale. In addition, our subsidiary, Hi-Speed Checkweigher, is subject to an Administrative Consent Order ("ACO") from the New Jersey Department of Environmental Protection that provides for the remediation of the former GEI site in Landing, New Jersey. However, under the terms of the stock purchase agreement between GEI and Hi-Speed, GEI assumed all responsibility for the ACO. To date, GEI has performed and paid for the action required by the ACO. Based on currently available information and given our contractual rights of indemnification, we believe that the costs associated with the investigation and remediation of these sites will not have a material adverse effect on our financial condition or results of operations.

COMPETITION

Our markets are highly competitive. Furthermore, weighing instruments markets are fragmented both geographically and by application, particularly the industrial and food retailing weighing instruments market. 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. 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. In any event, 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 that the principal competitive factors in our U.S. markets for purchasing decisions are accuracy and durability, while in Europe accuracy and service are the most important factors. In emerging markets, where there is greater demand for less sophisticated products, price is a more important factor than in developed markets. Competition in the United States laboratory market is also influenced by the presence of large distributors that sell not only our products but those of our competitors as well.

HISTORY

Mettler-Toledo International Inc. was incorporated as a Delaware Corporation in December 1991 and was recapitalized in connection with the October 15, 1996 acquisition of the Mettler-Toledo group of companies from Ciba-Geigy. In the acquisition, we paid cash consideration of approximately SFr 505.0 million (approximately \$402.0 million at October 15, 1996), including dividends of approximately SFr 109.4 million (approximately \$87.1 million at October 15, 1996), paid approximately \$185.0 million to settle amounts due to Ciba-Geigy and its affiliates and incurred expenses in connection with the acquisition and related financing of approximately \$29.0 million. We financed the acquisition primarily with (i) borrowings under a credit agreement in the amount of \$307.0 million, (ii) the issuance of \$135.0 million of senior subordinated notes and (iii) an equity contribution of \$190.0 million primarily from AEA Investors Inc., its shareholder-investors and our executive officers and other employees. Following the completion of our initial public offering in November 1997, management, employees and Company-sponsored benefit funds held approximately 18% of the Company's shares on a fully diluted basis.

In May 1997, we acquired Safeline Limited for (pound)63.7 million (approximately \$104.4 million at May 30, 1997). Safeline is the world's largest manufacturer and marketer of metal detection systems for companies that produce and package goods in the food processing, pharmaceutical, cosmetics, chemicals and other industries.

In November 1997, we completed our initial public offering of 7,666,667 shares of common stock at a per share price of \$14.00. The offering raised net proceeds of approximately \$97.3 million. Concurrently with the offering, we refinanced our prior credit facility and used proceeds from the refinancing and the offering to repay the senior subordinated notes of our wholly owned subsidiary, Mettler-Toledo, Inc.

In November 2001, we acquired Rainin Instrument, the leading manufacturer of pipetting solutions used in pharmaceutical, biotech and medical research applications for \$294.2 million, of which approximately one-half was paid in cash and one-half in shares of common stock.

Item 2. PROPERTIES

The following table lists our principal manufacturing facilities, indicating the location and whether the facility is owned or leased. Our Greifensee, Switzerland facility also serves as our worldwide headquarters and our Columbus, Ohio, facility serves as our North American headquarters. We believe our facilities are adequate for our current and reasonably anticipated future needs.

LOCATION	OWNED/LEASED
-----	-----
Europe:	
Greifensee/Nanikon, Switzerland.....	Owned
Uznach, Switzerland.....	Owned
Urdorf, Switzerland.....	Owned
Schwerzenbach, Switzerland.....	Leased
Albstadt, Germany.....	Owned
Giesen, Germany.....	Owned
Bethune, France.....	Leased

Manchester, England.....	Leased
Royston, England.....	Leased
Americas:	
Columbus, Ohio.....	Leased
Worthington, Ohio.....	Owned
Oakland, California	Leased
Spartanburg, South Carolina.....	Owned
Ithaca, New York.....	Owned
Woburn, Massachusetts.....	Leased
Millersville, Maryland.....	Leased
Tampa, Florida.....	Leased
Vernon Hills, Illinois.....	Leased
Other:	
Shanghai, China.....	Building Owned; Land Leased
Changzhou, China.....	Building Owned; Land Leased
Mumbai, India.....	Leased

ITEM 3. LEGAL PROCEEDINGS

Routine litigation is incidental to our business. Nevertheless, we are not currently involved in any legal proceeding which we believe could have a material adverse effect upon our financial condition or results of operations. See "Environmental Matters" under Part I, Item 1 for information concerning legal proceedings relating to certain environmental claims.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

SUPPLEMENTAL EXECUTIVE OFFICERS OF THE REGISTRANT

See Part III, Item 10 of this annual report on Form 10-K for information about Executive Officers of the Registrant.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED

STOCKHOLDER MATTERS

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
		----	---
2001			
	Fourth Quarter	\$51.98	\$39.98
	Third Quarter	\$49.20	\$37.00
	Second Quarter	\$52.20	\$37.95
	First Quarter	\$53.92	\$36.50
2000			
	Fourth Quarter	\$56.00	\$39.50
	Third Quarter	\$48.81	\$37.75
	Second Quarter	\$45.75	\$30.00
	First Quarter	\$44.50	\$31.81

HOLDERS

At February 22, 2002 there were 246 holders of record of common stock and 44,161,792 shares of common stock outstanding. The number of holders of record excludes beneficial owners of common stock held in street name.

DIVIDEND POLICY

We have never paid any dividends on our common stock and we do not anticipate paying any cash dividends on the common stock in the foreseeable future. The current policy of our Board of Directors is to retain earnings to finance the operations and expansion of our business. Moreover, our credit agreement restricts our ability to pay dividends. Any future determination to pay dividends will depend on our results of operations, financial condition, capital requirements, contractual restrictions and other factors deemed relevant by our Board of Directors.

ITEM 6. SELECTED FINANCIAL DATA

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

	2001	2000	1999	1998	1997
STATEMENT OF OPERATIONS DATA:					
Net sales	\$ 1,148,022	\$ 1,095,547	\$ 1,065,473	\$ 935,658	\$ 878,415
Cost of sales	619,140	600,185	585,007 (a)	520,190	493,480 (c)
Gross profit	528,882	495,362	480,466	415,468	384,935
Research and development	64,627	56,334	57,393	48,977	47,551
Selling, general and administrative	299,191	296,187	300,389	265,511	260,397
Amortization	14,114	11,564	10,359	7,634	6,222
Purchased research and development	--	--	--	9,976 (b)	29,959 (d)
Interest expense	17,162	20,034	21,980	22,638	35,924
Other charges, net (f)	15,354	2,638	10,468	1,197	10,834
Earnings (loss) before taxes, minority interest and extraordinary items.....	118,434	108,605	79,877	59,535	(5,952)
Provision for taxes	46,170	38,510	31,398	20,999	17,489
Minority interest	--	(24)	378	911	468
Earnings (loss) before extraordinary items.....	72,264	70,119	48,101	37,625	(23,909)
Extraordinary items - debt extinguishments	--	--	--	--	(41,197) (e)
Net earnings (loss)	\$ 72,264	\$ 70,119	\$ 48,101	\$ 37,625	\$ (65,106)
Basic earnings (loss) per common share:					
Net earnings (loss) before extraordinary items.....	\$ 1.78	\$ 1.80	\$ 1.25	\$ 0.98	\$ (0.76)
Extraordinary items	--	--	--	--	(1.30)
Net earnings (loss)	\$ 1.78	\$ 1.80	\$ 1.25	\$ 0.98	\$ (2.06)
Weighted average number of common shares.....	40,609,716	38,897,879	38,518,084	38,357,079	31,617,071
Diluted earnings (loss) per common share:					
Net earnings (loss) before extraordinary items.....	\$ 1.68	\$ 1.66	\$ 1.16	\$ 0.92	\$ (0.76)
Extraordinary items	--	--	--	--	(1.30)
Net earnings (loss)	\$ 1.68	\$ 1.66	\$ 1.16	\$ 0.92	\$ (2.06)
Weighted average number of common shares.....	42,978,895	42,141,548	41,295,757	40,682,211	31,617,071
BALANCE SHEET DATA (AT END OF PERIOD):					
Cash and cash equivalents	\$ 27,721	\$21,725	\$17,179	\$21,191	23,566
Working capital	106,689	103,021	81,470	90,042	79,163
Total assets	1,189,412	887,582	820,973	820,441	749,313
Long-term debt	309,479	237,807	249,721	340,246	340,334
Other non-current liabilities (g)	119,108	95,843	100,334	103,201	91,011
Shareholders' equity	388,184	178,840	112,015	53,835	25,399

(Footnotes on next page)

(Footnotes from previous page)

(a) In connection with acquisitions in 1999, including the acquisition of the Testut-Lutrana group, we allocated \$998 of the purchase price to revalue certain inventories (principally work-in-progress and finished goods) to fair value (net realizable value). Substantially all such inventories were sold during the second quarter of 1999.

(b) In connection with the Bohdan acquisition, we allocated \$9,976 of the purchase price to purchased research and development in process. This amount was recorded as an expense immediately following the Bohdan acquisition.

(c) In connection with the Safeline acquisition, we allocated \$2,054 of the purchase price to revalue certain inventories (principally work-in-progress and finished goods) to fair value (net realizable value). Substantially all such inventories were sold during the second quarter of 1997.

(d) In connection with the Safeline acquisition, we allocated \$29,959 of the purchase price to purchased research and development in process. This amount was recorded as an expense immediately following the Safeline acquisition.

(e) Represents charges for the write-off of capitalized debt issuance fees and related expenses associated with our previous credit facilities. The amount also includes the prepayment premium on the senior subordinated notes which were repurchased and the write-off of the related capitalized debt issuance fees.

(f) Other charges, net generally includes interest income, foreign currency transactions, (gains) losses from sales of assets and other items. The 2001 amount also includes a charge of \$15,196 primarily related to headcount reductions and manufacturing transfers. The 2000 amount includes a charge of \$1,425 related to the close-down and consolidation of operations. The 1999 amount includes a gain on an asset sale of approximately \$3,100, a charge of \$8,007 to transfer production lines from the Americas to China and Europe and the closure of facilities and losses of approximately \$4,100 in connection with the exit from our glass batching business based in Belgium. For the years ended December 31, 1999 and 1998, the amount shown also includes \$825 and \$650, respectively, of expenses incurred on behalf of certain selling shareholders in connection with secondary offerings. For the year ended December 31, 1997, the amount shown includes a restructuring charge of \$6,300 to consolidate three facilities in North America.

(g) Consists primarily of obligations under various pension plans and plans that provide postretirement medical benefits. See Note 11 to the audited consolidated financial statements included herein.

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 in conjunction with our audited consolidated financial statements.

OVERVIEW

We operate a global business, with net 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 solution offering, the quality of our global sales and service network, our continued investment in product development, our pursuit of technology leadership and our focus on capitalizing on opportunities in developed and emerging markets. While all of our businesses have significant strategic links in terms of technology or customer base, we have a geographically diverse business that serves customers in relatively healthy and stable end markets, including the pharmaceutical, biotech and food industries.

Our financial information is presented in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Net sales in local currency increased 7% in 2001, 9% in 2000, and 16% in 1999. The strengthening of the U.S. dollar versus our major trading currencies reduced U.S. dollar-reported sales growth in each year. Net sales in U.S. dollars increased 5% in 2001, 3% in 2000, and 14% in 1999. In 2001, we had local currency sales growth of 10% in Europe, 1% in the Americas and 18% in Asia and other markets.

We believe our sales growth over the next several years will come primarily from our solutions approach to the principal challenges facing our customer base. These include the need for increased efficiency (for example, in accelerating time to market for new products, achieving better yields, improving work processes and outsourcing non-core activities), the desire to integrate information captured by instruments into management information systems, the drive for ever higher quality of our customers' products and services, including the need to adhere to stringent regulatory and industry standards, and the move towards globalization in all major customer groups.

Acquisitions are also an integral part of our growth strategy. Our acquisitions leverage our global sales and service network, respected brand, extensive distribution channels and technological leadership. We are particularly attracted to acquisitions that leverage these attributes or increase our solutions capability (for example, software acquisitions). In addition, we continue to focus on the following end markets: drug discovery, process analytics, food and drug packaging and transportation and logistics.

We increased our Adjusted Operating Income (gross profit less research and development and selling, general and administrative expenses before amortization and non-recurring costs) as a percentage of net sales from 11.6% in 1999 to 14.4% in 2001. This improved performance was achieved while we continued to invest in product development and in our distribution and manufacturing infrastructure. We believe that a significant portion of the increase in our Adjusted Operating Income resulted from our strategy to reduce costs, re-engineer our operations and focus on the highest value-added segments of the markets in which we compete. We believe that Adjusted Operating Income provides important financial information in measuring and comparing our operating performance. Adjusted Operating Income is not intended to represent operating income under U.S. GAAP and should not be considered as an alternative to net earnings as an indicator of our performance.

RECENT ACQUISITIONS

We have completed several acquisitions in the last few years, including the following:

In November 2001, we acquired Rainin Instrument, LLC, based in California, USA. Rainin is the leading manufacturer of pipetting solutions used in pharmaceutical, biotech and medical research applications. Rainin has a market leadership position in North America, a truly differentiating technology and a broad patent portfolio in areas like electronic pipetting, ergonomic designs for pipettes and tip designs. This acquisition further broadens our offering of instruments and solutions to the life sciences market and positions us to bring greater value to our customers. Assuming we acquired Rainin as of the beginning of 2001, the acquisition would have added additional sales of approximately \$65 million, Adjusted Operating Income of approximately \$20 million, and diluted earnings per share of negative \$0.01 per share on a pro forma basis.

In 2000, we acquired Thornton Inc. based in Massachusetts, USA. Thornton is the leader in pure and ultra-pure industrial water monitoring instrumentation used in semi-conductor, micro-electronics, pharmaceutical, and biotech applications. We believe the acquisition of Thornton is an excellent strategic move to expand our process analytics business and gain access to new markets. Its conductivity technology and know-how are complementary to our strength in pH and oxygen measurements. With a broader technology offering, we are better able to serve our expanded customer base.

In 1999, we acquired the Testut-Lutrana group, a leading manufacturer and marketer of industrial and retail weighing instruments in France with annual sales of approximately \$50 million. We believe this acquisition is an excellent strategic fit given Testut-Lutrana's extensive sales and service network in France and excellent brand recognition. By virtue of this acquisition, we assumed the leading position in food retail weighing in Europe and are well positioned to meet the rapidly changing demands of our European customer base.

In 1999, we also signed an agreement to convert our 60% subsidiary in Changzhou, China, into a legal structure that provides us with full

control. Through this change in ownership, we are able to fully leverage this low-cost manufacturing base for international markets. This move underscores our strategic commitment to Asia and our belief in the fundamental growth factors for the region.

Since the time of its buy-out in 1996, the Company has recorded charges in 1996, 1997 and 1998 for purchased research and development for products that were being developed that had not established technological feasibility as of the date of the acquisition and, if unsuccessful, had no alternative future use in research and development activities or otherwise. These research and development projects related to several projects at the Company at the time of its buy-out, Safeline metal detection projects and Bohdan Automation. These purchased research and development projects have been completed, and there have been no material differences between actual and projected results. Assumptions taken at the time of these acquisitions continue to appear reasonable based upon actual results, and in no cases have there been significant shortfalls to the Company's original projections.

COST REDUCTION PROGRAMS

As further described in Note 13 to our Consolidated Financial Statements, as part of our efforts to reduce costs, we recorded a charge in 2001 of \$15.2 million associated primarily with headcount reductions and manufacturing transfers. In 2000, we recorded a charge of \$1.4 million related to the close-down and consolidation of operations. In light of our intention to continue to develop China as a low-cost manufacturing resource and to seek other manufacturing cost-saving opportunities, we also recorded a charge of \$8.0 million in 1999 associated with the transfer of production lines from the Americas to China and Europe and the closure of facilities. These charges relate primarily to severance and other related benefits and costs of exiting facilities, including lease termination costs and the write-down of impaired assets, and are expected to be completed during the first quarter of 2002. During 1999, we also exited our glass batching business based in Belgium. In this respect, we incurred losses of \$4.1 million during 1999 primarily for severance and other costs of exiting this business. We completed our exit of the glass batching business by the end of 1999.

As part of our ongoing cost saving programs, we have launched an initiative to improve our procurement of materials and services. The initiative is intended to eliminate price differences between units, leverage potential opportunities to increase buying power, and establish worldwide sourcing arrangements. We estimate that we are currently receiving annualized savings of between \$10 to \$14 million from this project.

RESULTS OF OPERATIONS

The following table sets forth certain items from our consolidated statements of operations for the years ended December 31, 2001, 2000 and 1999 (amounts in thousands).

	2001 ----	2000 ----	1999 (a) -----
Net sales.....	\$1,148,022	\$1,095,547	\$1,065,473
Cost of sales.....	619,140	600,185	585,007
	-----	-----	-----
Gross profit.....	528,882	495,362	480,466
Research and development.....	64,627	56,334	57,393
Selling, general and administrative....	299,191	296,187	300,389
Amortization.....	14,114	11,564	10,359
Interest expense.....	17,162	20,034	21,980
Other charges, net (b).....	15,354	2,638	10,468
	-----	-----	-----
Earnings before taxes and minority interest	\$ 118,434	\$ 108,605	\$ 79,877
	=====	=====	=====
Adjusted Operating Income (c).....	\$ 165,064	\$ 142,841	\$ 123,682
	=====	=====	=====

(a) In connection with acquisitions in 1999, including the acquisition of the Testut-Lutrana group, we allocated \$998 of the purchase price to revalue certain inventories (principally work-in-progress and finished goods) to fair value (net realizable value). Substantially all such inventories were sold during the second quarter of 1999.

(b) Other charges, net generally includes interest income, foreign currency transactions, (gains) losses from sales of assets and other items. The 2001 amount also includes a charge of \$15,196 related primarily to headcount reductions and manufacturing transfers. The 2000 amount includes a charge of \$1,425 related to the close-down and consolidation of operations. The 1999 amount includes a gain on an asset sale of approximately \$3,100, a charge of \$8,007 to transfer production lines from the Americas to China and Europe and the closure of facilities and losses of approximately \$4,100 in connection with the exit from our glass batching business based in Belgium. For the year ended December 31, 1999, the amount shown also includes \$825 of expenses incurred on behalf of certain selling shareholders in connection with our secondary offering in 1999.

(c) Adjusted Operating Income is defined as operating income (gross profit less research and development and selling, general and administrative expenses) before amortization and non-recurring costs. Non-recurring costs that have been excluded are the costs set forth in Note (a) above. We believe that Adjusted Operating Income provides important financial information in measuring and comparing our operating performance. Adjusted Operating Income is not intended to represent operating income under U.S. GAAP and should not be considered as an alternative to net earnings as an indicator of our operating performance.

YEAR ENDED DECEMBER 31, 2001 COMPARED TO YEAR ENDED DECEMBER 31, 2000

Net sales were \$1,148.0 million for the year ended December 31, 2001, compared to \$1,095.5 million in the prior year. This reflected an increase of 7% in local currencies during 2001. Results for 2001 were negatively impacted by the strengthening of the U.S. dollar against other currencies. Net sales in U.S. dollars during 2001 increased 5%.

Net sales by geographic customer location were as follows: Net sales in Europe increased 10% in local currencies during 2001 versus the prior year principally due to strong results in our retail product lines related to the introduction of the euro currency, offset in part by a weakening in our industrial product lines during the second half of the year. Net sales in local currencies during 2001 in the Americas increased 1%. Net sales in Asia and other markets increased 18% in local currencies during 2001. The results of our business in Asia and other markets during 2001 reflect particularly strong sales performance in China and Japan.

Net sales growth in the Americas was lower than Europe and Asia and other markets primarily due to a deterioration in economic conditions. To the extent that economic conditions significantly deteriorate in the Americas or other parts of the world, our sales growth and profitability may be adversely affected.

As previously mentioned, we acquired Rainin Instrument in November 2001. Assuming we had acquired Rainin at the beginning of 2000, the acquisition would have added approximately \$65 million of sales to both 2000 and 2001 on a pro forma basis. In total, acquisitions added approximately 2% to 2001 sales growth.

Gross profit as a percentage of net sales was 46.1% for 2001 and 45.2% for 2000. This increase is primarily related to benefits from various cost saving initiatives.

Research and development expenses as a percentage of net sales were 5.6% for 2001, compared to 5.1% for the prior year. We continue to make significant investments in research and development, which increased 16% in local currencies in 2001.

Selling, general and administrative expenses as a percentage of net sales decreased to 26.1% for 2001, compared to 27.1% for the prior year, in part due to lower distribution costs associated with changes in our sales mix.

Adjusted Operating Income increased 16% to \$165.1 million, or 14.4% of net sales, for 2001, compared to \$142.8 million, or 13.0% of net sales, for the prior year. The increased operating profit reflected the benefits of higher sales levels and our continuous efforts to improve productivity. We believe that Adjusted Operating Income provides important financial information in measuring and comparing our operating performance. Adjusted Operating Income is not intended to represent operating income under U.S. GAAP and should not be considered as an alternative to net earnings as an indicator of our performance.

Interest expense decreased to \$17.2 million for 2001, compared to \$20.0 million for the prior year. The decrease was principally due to reduced debt levels throughout the year.

Other charges, net were \$15.4 million for 2001, compared to other charges, net of \$2.6 million for the prior year. The 2001 amount includes a charge of \$15.2 million (\$14.6 million after tax) primarily associated with headcount reductions and manufacturing transfers. The 2000 amount includes a charge of \$1.4 million related to the close-down and consolidation of operations.

Our effective tax rate of 35% before non-recurring items in 2001 was consistent with the previous year.

Net earnings were \$86.9 million in 2001, compared to \$71.5 million in 2000, before the previously mentioned charges associated with headcount reductions and manufacturing transfers of \$14.6 million in 2001 and \$1.4 million in 2000. This represents an increase in net earnings of 21%.

YEAR ENDED DECEMBER 31, 2000 COMPARED TO YEAR ENDED DECEMBER 31, 1999

Net sales were \$1,095.5 million for the year ended December 31, 2000, compared to \$1,065.5 million in the prior year. This reflected an increase of 9% in local currencies during 2000. Results for 2000 were negatively impacted by the strengthening of the U.S. dollar against other currencies. Net sales in U.S. dollars during 2000 increased 3%.

Net sales by geographic customer location were as follows: Net sales in Europe increased 11% in local currencies during 2000, versus the prior year. The increase reflected organic growth in our business and the effect of the Testut-Lutrana acquisition. Net sales in local currencies during 2000 in the Americas increased 6%. Net sales in Asia and other markets increased 13% in local currencies during 2000. The results of our business in Asia and other markets during 2000 reflect strong sales performance in China and Japan.

The operating results for Testut-Lutrana (which were included in our results from May 1, 1999) would have had the effect of increasing our net sales by an additional \$16.3 million in 1999.

Gross profit as a percentage of net sales was 45.2% for 2000 and 1999, before non-recurring acquisition costs in 1999. During 2000, we

experienced an increase in certain raw material costs, including electronics.

Research and development expenses as a percentage of net sales were 5.1% for 2000, compared to 5.4% for the prior year. This decrease is the result of exchange rate movements.

Selling, general and administrative expenses as a percentage of net sales decreased to 27.1% for 2000, compared to 28.2% for the prior year.

Adjusted Operating Income increased 15% to \$142.8 million, or 13.0% of net sales, for 2000, compared to \$123.7 million, or 11.6% of net sales, for the prior year. The 1999 period excludes the previously noted non-recurring acquisition charge of \$1.0 million for the revaluation of inventories to fair value. The increased operating profit reflected the benefits of higher sales levels and our continuous efforts to improve productivity. We believe that Adjusted Operating Income provides important financial information in measuring and comparing our operating performance. Adjusted Operating Income is not intended to represent operating income under U.S. GAAP and should not be considered as an alternative to net earnings as an indicator of our performance.

Interest expense decreased to \$20.0 million for 2000, compared to \$22.0 million for the prior year. The decrease was principally due to reduced debt levels.

Other charges, net were \$2.6 million for 2000, compared to other charges, net of \$10.5 million for the prior year. The 2000 amount includes a charge of \$1.4 million related to the close-down and consolidation of operations. The 1999 amount also included a gain on an asset sale of \$3.1 million, charges of \$8.0 million regarding the transfer of production lines from the Americas to China and Europe and the closure of facilities, losses of \$4.1 million to exit our glass batching business based in Belgium and a charge of \$0.8 million relating to the secondary offering completed in 1999.

Our effective tax rate of 35% before non-recurring items in 2000 was consistent with the previous year.

Net earnings were \$71.5 million in 2000, compared to \$57.9 million in 1999, before the \$1.4 million charge to close down and consolidate operations in 2000, and expenses for the secondary offering, acquisition charges and the \$8.0 million charge to transfer production lines from the Americas to China and Europe and the closure of facilities in 1999. This represents an increase of 23%.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities totalled \$101.6 million in 2001, compared to \$84.7 million in 2000 and \$91.3 million in 1999. The increase in 2001 resulted principally from increased Adjusted Operating Income and improved working capital management. The decrease in 2000 from 1999 resulted principally from a one-time payment of \$4.2 million associated with an early retirement plan from previous years, as well as an increase in inventory levels associated with product introductions, production transfers and increased safety stocks of electronics. In 1999, we also increased our accounts payable terms with many suppliers to improve our working capital efficiency. This resulted in an increase in cash provided by operating activities of \$16.2 million in 1999. We maintained these payment terms in 2000, and therefore, accounts payables were not a source of cash in 2000. Cash provided by operating activities includes payments for restructuring, certain acquisition integration activities and a one-time payment in 2000 associated with an early retirement plan from previous years. These amounts totalled \$10.7 million, \$10.3 million and \$5.9 million in 2001, 2000 and 1999, respectively. Excluding these amounts, cash provided by operating activities totalled \$112.3 million in 2001, compared to \$95.0 million in 2000 and \$97.2 million in 1999.

During 2001, we spent approximately \$309.8 million on acquisitions, including the issuance of shares of \$144.3 million and additional consideration related to earn-out periods associated with acquisitions consummated in prior years. The cash portion of these purchases were funded from cash generated from operations and additional borrowings. We continue to explore potential acquisitions. In connection with any acquisition, we may incur additional indebtedness. In addition, we may make additional earn-out payments relating to certain of these and previous year acquisitions in the future, including up to \$60 million for Rainin. Up to half of any additional contingent payment for Rainin may be paid in shares of our common stock and the remainder will be paid in cash.

Capital expenditures are a significant use of funds and are made primarily for machinery, equipment and the purchase and expansion of facilities. Our capital expenditures totalled \$33.2 million in 2001, \$29.3 million in 2000 and \$29.2 million in 1999. We expect capital expenditures to increase as our business grows, and fluctuate as currency exchange rates change. We also expect capital expenditures to increase between \$5 to \$10 million in 2002 principally due to spending associated with Rainin's new facility in California, USA.

At December 31, 2001, our consolidated debt, net of cash, was \$332.0 million. We had borrowings of \$332.8 million under our credit agreement and \$26.9 million under various other arrangements as of December 31, 2001. Of our credit agreement borrowings, approximately \$94.4 million was borrowed as term loans scheduled to mature in 2004 and \$238.4 million was borrowed under a multi-currency revolving credit facility. At December 31, 2001, we had \$162.2 million of availability remaining under the revolving credit facility.

At December 31, 2001, approximately \$278.5 million of the borrowings under the credit agreement and local working capital facilities were denominated in U.S. dollars. The balance of the borrowings under the credit agreement and local working capital facilities were denominated in certain of our other principal trading currencies amounting to approximately \$81.2 million at December 31, 2001. 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.

Under the credit agreement, amounts outstanding under the term loans are payable in quarterly installments. In addition, the credit agreement obligates us to make mandatory prepayments in certain circumstances with the proceeds of asset sales or issuance of capital stock or indebtedness and with certain excess cash flow. The credit agreement imposes certain restrictions on us and our subsidiaries, including restrictions and limitations on the ability to pay dividends to our shareholders, incur indebtedness, make investments, grant liens, sell financial assets and engage in certain other activities. We must also comply with several financial and other covenants, including requirements that we maintain the following criteria as specifically defined in our credit agreement:

o a fixed charge coverage ratio (the ratio of EBITDA less capital expenditures to interest expense) of 3.25:1 (at December 31, 2001, this ratio was more than 8.5:1);

o a debt to EBITDA ratio of no more than 4:1 (at December 31, 2001, this ratio was less than 2:1); and

o a minimum net worth (as specifically defined in the credit agreement) of at least \$300 million (at December 31, 2001, we exceeded the minimum by more than 2.5 times)

A deterioration in our financial performance could result in a breach of these covenants and trigger the lenders' right to require immediate repayment of all or part of the indebtedness.

However at December 31, 2001, the Company is in compliance with all covenants set forth in its credit facility and other indentures. In addition, the Company does not have any downgrade triggers that would accelerate the maturity dates of its debt.

The interest rates for our borrowings under the credit agreement are based in part on our credit rating. For so long as Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., rates our debt at "BBB-" or above and Moody's Investors Service Inc. rates our debt at "Baa3" or above, the applicable interest rates are determined from a grid that sets out the interest rates for each rating grade. However, if our credit rating falls below "BBB-" or "Baa3" then the applicable interest rates are set by reference to a separate grid in which interest rate levels are determined by our debt to EBITDA ratio. We estimate that if our credit rating was reduced to below investment grade our interest expense would increase by approximately \$0.7 million per year.

The following summarizes certain of our contractual obligations at December 31, 2001 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. During the ordinary course of business we enter into contracts to purchase raw materials and components for manufacture. In general these commitments do not extend for more than a few months.

	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
	-----	-----	-----	-----	-----
Long-term debt(a)	\$332,813	\$31,455	\$301,358	\$ -	\$ -
Non-cancelable operating leases(b)	58,721	15,624	21,834	12,533	8,730
	-----	-----	-----	-----	-----
Total	\$391,534	\$47,079	\$323,192	\$12,533	\$8,730
	=====	=====	=====	=====	=====

(a) As described in Note 8 to the Consolidated Financial Statements.

(b) As described in Note 14 to the Consolidated Financial Statements.

We currently believe that cash flow from operating activities, together with borrowings available under the credit agreement and local working capital facilities, will be sufficient to fund currently anticipated working capital needs and capital spending requirements as well as debt service requirements for at least several years, but there can be no assurance that this will be the case.

EFFECT OF CURRENCY ON RESULTS OF OPERATIONS

Because we conduct operations in many countries, our operating income can be significantly affected by fluctuations in currency exchange rates. Swiss franc-denominated expenses represent a much greater percentage of our operating expenses than Swiss franc-denominated sales represent of our net sales. In part, this is because most of our manufacturing costs in Switzerland relate to products that are sold outside Switzerland. Moreover, a substantial percentage of our research and development expenses and general and administrative expenses are incurred in Switzerland. Therefore, if the Swiss franc strengthens against all or most of our major trading currencies (e.g., the U.S. dollar, the euro, other major European currencies 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. In recent years, the Swiss franc and other European currencies have generally moved in a consistent manner versus the U.S. dollar. Therefore, because the two effects previously described have offset each other, our operating profits have not been materially affected by movements in the U.S. dollar exchange rate versus European currencies. However, there can be no assurance that these currencies will continue to move in a consistent manner in the future. We estimate

that a one percent strengthening of the Swiss franc against the euro would result in a decrease in our earnings before tax of \$0.8 million to \$1.2 million on an annual basis. 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.

TAXES

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

ENVIRONMENTAL MATTERS

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 capital and operating expenditures in complying with environmental laws and regulations both in the United States and abroad. We are currently involved in, or have potential liability with respect to, the remediation of past contamination in facilities both in the United States and abroad. In addition, some of these facilities have or had 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. Such 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.

INFLATION

Inflation can affect the costs of goods and services that we use. The competitive environment in which we operate limits somewhat our ability to recover higher costs through increased selling prices. Moreover, there may be differences in inflation rates between countries in which we incur the major portion of our costs and other countries in which we sell products, which may limit our ability to recover increased costs. We remain committed to operations in China, Latin America and Eastern Europe, which have experienced inflationary conditions. To date, inflationary conditions have not had a material effect on our operating results. However, if our presence in China, Latin America and Eastern Europe increases, these inflationary conditions could have a greater impact on our operating results.

SEASONALITY

Our business has historically experienced a slight amount of seasonal variation, with sales in the first quarter slightly lower than, and sales in the fourth quarter slightly higher than, sales in the second and third quarters. This trend has a somewhat greater effect on income from operations than on net sales because fixed costs are spread evenly across all quarters.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

We have entered into foreign currency forward contracts to hedge short-term intercompany balances with our foreign businesses. Such contracts limit our exposure to both favorable and unfavorable currency fluctuations. A sensitivity analysis to changes in the U.S. dollar and Swiss franc on these foreign currency-denominated contracts indicates that if the U.S. dollar and Swiss franc uniformly worsened by 10% against all of our currency exposures, the fair value of these instruments would decrease by \$5.3 million at December 31, 2001, as compared with \$1.2 million at December 31, 2000. Any resulting changes in fair value would be offset by changes in the underlying hedged balance sheet position. The sensitivity analysis assumes a parallel shift in foreign currency exchange rates. The assumption that exchange rates change in parallel fashion may overstate the impact of changing exchange rates on assets and liabilities denominated in a foreign currency. We also have other currency risks as described under "Effect of Currency on Results of Operations."

We have entered into certain interest rate swap agreements in order to limit our exposure to increases in interest rates. These contracts are more fully described in Note 5 to our audited consolidated financial statements. Based on our agreements outstanding at December 31, 2001, a 100 basis point increase in interest rates would result in an increase in the net aggregate market value of these instruments of \$6.0 million, as compared with \$0.8 million at December 31, 2000. Conversely, a 100 basis point decrease in interest rates would result in a \$6.0 million net reduction in the net aggregate market value of these instruments, as compared with \$0.7 million at December 31, 2000. Any change in fair value would not affect our Consolidated Statement of Operations unless such agreements and the variable rate debt they hedge were prematurely settled.

We have designated certain of our Swiss franc debt as a hedge of our net investments. A sensitivity analysis to changes in the U.S. dollar on such debt at December 31, 2001 indicates that if the U.S. dollar weakened by 10% against the Swiss franc, the fair value of such debt would increase by \$3.8 million, as compared with \$9.7 million at December 31, 2000. Any changes in fair value of the debt are recorded in comprehensive income and offset the impact on comprehensive income of foreign exchange changes on the net investments they hedge.

CRITICAL ACCOUNTING POLICIES

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

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements. For a detailed discussion on the application of these and other accounting policies, see Note 1 in our Consolidated Financial Statements.

- Accounts receivables. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

- Inventory. We record our inventory at the lower of cost or market. The estimated market value is based on assumptions for future demand and related pricing. If actual market conditions are less favorable than those projected by management, reductions in the value of inventory may be required.

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

- Deferred tax assets. We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Likewise, should we determine that we would not be able to realize all or part of the net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

NEW ACCOUNTING STANDARDS

In July 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations" and No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets." SFAS 141 prospectively prohibits the pooling of interest method of accounting for business combinations initiated after June 30, 2001 and also provides new criteria for recognizing acquired intangible assets separately from goodwill. SFAS 142, effective for fiscal years beginning after December 15, 2001, requires that goodwill no longer be amortized to earnings, but instead be reviewed for impairment under SFAS 142 upon initial adoption of the Statement and on an annual basis going forward. In addition, any goodwill resulting from acquisitions completed after June 30, 2001 is not amortized. We estimate the adoption of these Statements will increase our net earnings by \$6.5 million and our diluted earnings per share by \$0.15 per share on an annual basis, or \$0.14 per share adjusting for additional shares issued in connection with our acquisition of Rainin. We estimate the adoption of these Statements would have had the following effects on our quarterly financial results for the year ended December 31, 2001:

	First Quarter -----	Second Quarter -----	Third Quarter -----	Fourth Quarter -----	Total -----
Net earnings:					
Reported	\$ 14,498	\$ 6,682	\$ 20,384	\$ 30,700	\$72,264
Goodwill amortization	1,607	1,602	1,668	1,658	6,535
	-----	-----	-----	-----	-----
Adjusted	\$ 16,105	\$ 8,284	\$ 22,052	\$ 32,358	\$78,799
	=====	=====	=====	=====	=====
Diluted earnings per share:					
Reported	\$0.34	\$0.16	\$0.48	\$0.69	\$1.68
Goodwill amortization	0.03	0.04	0.04	0.04	0.15
	-----	-----	-----	-----	-----
Adjusted	\$0.37	\$0.20	\$0.52	\$0.73	\$1.83
	=====	=====	=====	=====	=====

SFAS 142 requires that goodwill be tested annually for impairment using a two-step process. The first step is to identify a potential impairment and, in transition, this step must be measured as of the beginning of the fiscal year. However, a company has six months from the date of adoption to complete the first step. We expect to complete that first step of the goodwill impairment test during the first quarter of 2002. The second step of the goodwill impairment test measures the amount of the impairment loss (measured as of the beginning of the year of adoption), if any, and must be completed by the end of the company's fiscal year. Intangible assets deemed to have an indefinite life will be tested for impairment using a one-step process which compares the fair value to the carrying amount of the asset as of the beginning of the fiscal year, and pursuant to the requirements of SFAS 142 will be completed during the first quarter of 2002. Any impairment loss resulting from the transitional impairment tests will be reflected as the cumulative effect of a change in accounting principle in the first quarter 2002. We have not yet determined what effect these impairment tests will have on our earnings and financial position.

In October 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supersedes Statement of Financial Accounting Standards No. 121, "Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("SFAS 121") and amends Accounting Principles Bulletin Opinion No. 30, "Reporting Results of Operations - Reporting the Effects of Disposal of a Segment of a Business". SFAS 144 develops one accounting model for long-lived assets that are disposed of by sales, based on the model previously developed in SFAS 121. This Statement also makes changes to the manner in which amounts from discontinued operations are measured and expands the scope of the components of an entity that qualify for discontinued operations treatment. This Statement is effective for fiscal years beginning after December 31, 2001. We have not fully evaluated the impact of adopting this Statement on our consolidated financial statements.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

This annual report includes forward-looking statements based on our current expectations and projections about future events, including: strategic plans; potential growth, including penetration of developed markets, use of e-commerce capabilities and opportunities in emerging markets; planned research and development efforts, product introductions and innovation; meeting customer expectations; planned operational changes, including productivity improvements; euro conversion issues; future financial performance, including expected capital expenditures; research and development expenditures; potential acquisitions; impact of completed acquisitions; future cash sources and requirements; liquidity; impact of environmental costs; and potential cost savings, including from our procurement initiative.

These forward-looking statements are subject to a number of risks and uncertainties, including those identified in Exhibit 99.1 to our Annual Report on Form 10-K, which could cause our actual results to differ materially from historical results or those anticipated and certain of which are beyond our control. The words "believe," "expect," "anticipate" and similar expressions identify forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Discussion of this item is on page 37 of Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are set forth on pages F-1 through F-27 and the related financial schedule is set forth on page S-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The directors and executive officers of the Company are set forth below. All directors hold office until the annual meeting of shareholders following their election or until their successors are duly elected and qualified. Officers are appointed by the Board of Directors and serve at the discretion of the Board.

NAME ----	AGE ---	POSITION -----
Robert F. Spoerry	46	President, Chief Executive Officer and Chairman of the Board of Directors
William P. Donnelly	40	Chief Financial Officer (1)
Lukas Braunschweiler	45	Head of Laboratory and Head of Packaging Industry
Peter Burkner	56	Head of Human Resources
Olivier A. Filliol	35	Head of Process Analytics
Jean-Lucien Gloor	49	Head of Information Systems and Logistics
Timothy P. Haynes	37	Head of Retail
Karl M. Lang	55	Head of Asia/Pacific
Urs Widmer	51	Head of Industrial
Philip Caldwell	82	Director
John T. Dickson	56	Director
Philip H. Geier	67	Director
Reginald H. Jones	84	Director
John D. Macomber	74	Director
George M. Milne	58	Director
Thomas P. Salice	42	Director

(1) The Company recently announced that Mr. Donnelly will assume the position of Head of Packaging Industry, and that Dennis Braun will join the Company in March 2002 as Chief Financial Officer. Before joining the Company, Dennis Braun, age 37, was with PricewaterhouseCoopers LLP, as a partner in the Audit & Business Advisory Services group since 1999. Mr. Braun had been with PricewaterhouseCoopers since 1986, except for a period in 1996 and 1997 when he obtained a Masters in Business Administration.

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

William P. Donnelly has been Chief Financial Officer of the Company since 1997. From 1993 until joining the Company, he held various senior financial and management positions, including most recently Group Vice President and Chief Financial Officer with Eltag Bailey Process Automation, a global manufacturer of instrumentation and analytical products and developer of distributed control systems. The Company recently announced that Mr. Donnelly is leaving the position of Chief Financial Officer effective March 2002. After a transition period with the new Chief Financial Officer, Dennis Braun, Mr. Donnelly will assume the position of Head of Packaging Industry.

Lukas Braunschweiler has been Head of Laboratory Division and Head of Packaging Industry Division since October 2001. From 1999 to 2001 he has served as Head of Industrial and Retail of the Company. From 1995 to 1999 he served as Head of Industrial and Retail (Europe). From 1992 until 1995 he held various senior management positions with the Landis & Gyr Group, a manufacturer of electrical meters. Prior to 1992, he was a Vice President in the Technology Group of Saurer Group, a manufacturer of textile machinery.

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

Olivier A. Filliol has been Head of Process Analytics of the Company since June 1999. From June 1998 to June 1999 he served as General Manager of Hi-Speed Checkweigher Inc., a Company subsidiary in New York. From 1994 to April 1998, he was a Strategy Consultant with the international consulting firm Bain & Company working in the Geneva, Paris, London and Sydney offices.

Jean-Lucien Gloor has been Head of Information Systems and Logistics and Chief Information Officer of the Company since March 2001. From 1999 until joining the Company, he served as Head of Central Server Platforms at Credit Suisse, one of the leading Swiss banks. Prior to 1999, he held various senior information systems positions during fifteen years with The Dow Chemical Company.

Timothy P. Haynes has been Head of Retail of the Company since October 2001. From 1999 to 2001 he served as Business Unit Leader for the Company's Transport, Shipping, Mail and Components business. From 1992 to 1999 he held various management positions at Emerson Electric in their process control and measurement businesses, including from 1997 to 1999 Vice President of Marketing and Product Development in their Process Analytic Division.

Karl M. Lang has been Head of Asia / Pacific of the Company since January 2000. From 1994 to January 2000 he served as Head of

Laboratory. From 1991 to 1994 he was based in Japan as a representative of senior management with responsibility for expansion of the Asian operations.

Urs Widmer has been Head of Industrial since 1999. From 1984 to 1999 he served in various management functions within the Company, including most recently Head of Standard Industrial (Europe) from 1995 to 1999. Prior to 1984 he held various management positions with Siemens, a global manufacturer of solutions for information and communications, automation and control, power and transportation.

Philip Caldwell has been a Director since October 1996. Prior to May 1998, Mr. Caldwell served as Chairman of the Board of Directors. Mr. Caldwell spent 32 years at Ford Motor Company, where he served as Chairman of the Board of Directors and Chief Executive Officer from 1980 to 1985 and a Director from 1973 to 1990. He served as a Director and Senior Managing Director of Lehman Bros. Inc. and its predecessor, Shearson Lehman Brothers Holdings, Inc., from 1985 to February 1998. Mr. Caldwell is also a Director of the Mexico Fund, Russell Reynolds Associates, Inc. and Waters Corporation. He has served as a Director of the Chase Manhattan Bank, N.A., the Chase Manhattan Corp., Digital Equipment Corporation, Federated Department Stores Inc., Kellogg Company, CasTech Aluminum Group Inc., Specialty Coatings International Inc., American Guarantee & Liability Insurance Company, Zurich Holding Company of America, Inc., and Zurich Reinsurance Centre Holdings, Inc.

John T. Dickson has been a Director since March 2000. Mr. Dickson is Chief Executive Officer and President of Agere Systems Inc, the former Microelectronics Group of Lucent, a position he has held since March 2001. Mr. Dickson joined the Microelectronics and Communications Technologies Group of Lucent Technologies in 1993. He served as Chief Executive Officer of the Microelectronics Group since January 1998 and Executive Vice President of Lucent Technologies since 1999. Mr. Dickson is also a Director of the Semiconductor Industry Association and a member of the Board of Trustees of Lehigh Valley Health Network.

Philip H. Geier has been a Director since July 2001. Mr. Geier was Chairman of the Board and Chief Executive Officer of the Interpublic Group of Companies, Inc. from 1980 to 2000 and was a Director of Interpublic since 1975. Mr. Geier is a Director of AEA Investors Inc., Crossair Ltd., Fiduciary Trust Company International and Foot Locker, Inc.

Reginald H. Jones has been a Director since October 1996. Mr. Jones retired as Chairman of the Board of Directors of General Electric Company ("General Electric") in April 1981. At General Electric, he served as Chairman of the Board of Directors and Chief Executive Officer from December 1972 through April 1981, President from June 1972 to December 1972 and a Director from August 1971 to April 1981.

John D. Macomber has been a Director since October 1996. He has been a principal of JDM Investment Group since 1992. He was Chairman and President of the Export-Import Bank of the United States (an agency of the U.S. Government) from 1989 to 1992. From 1973 to 1986 Mr. Macomber was Chairman and Chief Executive Officer of Celanese Corporation. Prior to that, Mr. Macomber was a Senior Partner of McKinsey & Company. Mr. Macomber is also a Director of AEA Investors Inc., Lehman Brothers Holdings Inc., Mirror Wouds Technology, Sovereign Specialty Chemicals, Inc. and Textron Inc.

George M. Milne, Jr., Ph.D., has been a Director since September 1999. Mr. Milne is Executive Vice President, Pfizer Global Research and Development and President, Worldwide Strategic and Operations Management. In this position he holds global responsibility for PGRD's Strategic Management, Strategic Alliance Collaborations, Finance, Information Technology, Licensing, Intellectual Property, Site Operations Management and Veterinary Medicine R&D. Dr. Milne is a member of the Pfizer Management Council. He was appointed Senior Vice President in 1988 and President of Central Research in 1993 with global responsibility for Human and Veterinary Medicine R&D.

Thomas P. Salice has been a Director since October 1996. Mr. Salice is President and Chief Executive Officer of AEA Investors Inc. and has been associated with AEA Investors Inc. since June 1989. Mr. Salice is also a Director of Waters Corporation and Sovereign Specialty Chemicals, Inc.

Item 11. EXECUTIVE COMPENSATION

The information appearing in the sections captioned "Board of Directors Information," "Executive Compensation" and "Compensation Committee Interlocks and Insider Participation" in the Registrant's Proxy Statement for the 2002 Annual Meeting of Stockholders (the "2002 Proxy Statement") is incorporated by reference herein.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information appearing in the section "Share Ownership" in the 2002 Proxy Statement is incorporated by reference herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents Filed as Part of this Report:

1. Financial Statements. See Index to Consolidated Financial Statements included on page F-1.
2. Financial Statement Schedule. See Schedule II, which is included on page S-1.
3. List of Exhibits. See Index of Exhibits included on page E-1.

(b) Reports on Form 8-K:

DATE FILED ITEMS REPORTED

October 15, 2001 Definitive agreement to acquire Rainin Instrument, LLC

November 28, 2001 Completion of the acquisition of Rainin Instrument, LLC

December 21, 2001 Financial statements of Rainin Instrument Company, Inc. (the predecessor to Rainin Instrument, LLC) and Pro Forma Combined Financial Statements.

SIGNATURES

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

Mettler-Toledo International Inc.
(Registrant)

Date: March 4, 2002

By: /s/ ROBERT F. SPOERRY

*Robert F. Spoerry
Chairman of the Board,
President and Chief
Executive Officer*

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

Signature -----	Title -----	Date ----
/s/ ROBERT F. SPOERRY ----- Robert F. Spoerry	Chairman of the Board, President and Chief Executive Officer	March 4, 2002
/s/ WILLIAM P. DONNELLY ----- William P. Donnelly	Vice President and Chief Financial Officer (Principal financial and accounting officer)	March 4, 2002
/s/ PHILIP CALDWELL ----- Philip Caldwell	Director	March 4, 2002
/s/ JOHN T. DICKSON ----- John T. Dickson	Director	March 4, 2002
----- Philip H. Geier	Director	
/s/ REGINALD H. JONES ----- Reginald H. Jones	Director	March 4, 2002
/s/ JOHN D. MACOMBER ----- John D. Macomber	Director	March 4, 2002
/s/ GEORGE M. MILNE ----- George M. Milne	Director	March 4, 2002
/s/ THOMAS P. SALICE ----- Thomas P. Salice	Director	March 4, 2002

EXHIBIT NO. ---	DESCRIPTION -----	PAGE NUMBER OR INCORPORATION BY REFERENCE -----
3.1	Amended and Restated Certificate of Incorporation of the Company	Filed as Exhibit 3.1 to the Annual Report on Form 10-K of the Company dated March 13, 1998 and incorporated herein by reference
3.2	Amended By-laws of the Company, effective February 3, 2000	Filed as Exhibit 3.2 to the Annual Report on Form 10-K of the Company dated March 24, 2000 and incorporated herein by reference
4.1	Specimen Form of the Company's Stock Certificate	Filed as Exhibit 4.3 to the Registration Statement, as amended, on Form S-1 of the Company (Reg. No. 333-35597) and incorporated herein by reference
10.1	Employment Agreement between Robert F. Spoerry and Mettler-Toledo AG, dated as of October 30, 1996	Filed as Exhibit 10.4 to the Annual Report on Form 10-K of Mettler-Toledo Holding Inc. dated March 31, 1997 and incorporated herein by reference
10.2	Employment Agreement between Lukas Braunschweiler and Mettler-Toledo GmbH dated as of November 10, 1997	Filed as Exhibit 10.2 to the Annual Report on Form 10-K of the Company dated March 13, 1998 and incorporated herein by reference
10.3	Employment Agreement between William P. Donnelly and Mettler-Toledo GmbH dated as of November 10, 1997	Filed as Exhibit 10.3 to the Annual Report on Form 10-K of the Company dated March 13, 1998 and incorporated herein by reference
10.4	Employment Agreement between Karl M. Lang and Mettler-Toledo GmbH dated as of November 10, 1997	Filed as Exhibit 10.4 to the Annual Report on Form 10-K of the Company dated March 13, 1998 and incorporated herein by reference
10.5	Loan Agreement between Robert F. Spoerry and Mettler-Toledo AG, dated as of October 7, 1996	Filed as Exhibit 10.5 to the Annual Report on Form 10-K of Mettler-Toledo Holding Inc. dated March 31, 1997 and incorporated herein by reference
10.6	Regulations of the Performance Oriented Bonus System (POBS) - Incentive System for the Management of Mettler Toledo, effective as of November 5, 1998	Filed as Exhibit 10.7 to the Annual Report on Form 10-K of the Company dated March 18, 1999 and incorporated herein by reference
10.7	Regulations of the POBS Plus - Incentive Scheme for Senior Management of Mettler Toledo, effective as of March 14, 2000	Filed as Exhibit 10.7 to the Annual Report on Form 10-K of the Company dated March 24, 2000 and incorporated herein by reference
10.8	Credit Agreement, dated as of November 19, 1997, between Mettler-Toledo International Inc., as Guarantor, Mettler-Toledo, Inc., Mettler-Toledo AG, as Borrowers, Safeline Holding Company as UK Borrower, Mettler-Toledo, Inc., as Canadian Borrower and Merrill Lynch & Co. as Arranger and Documentation Agent, and the Lenders thereto	Filed as Exhibit 10.9 to the Annual Report on Form 10-K of the Company dated March 13, 1998 and incorporated herein by reference
10.9	Amendment No.1, dated as of September 30, 1998, to the Second Amended and Restated Credit Agreement, dated as of November 19, 1997	Filed as Exhibit 10 to the Quarterly Report on Form 10-Q of the Company, dated November 16, 1998 and incorporated herein by reference
10.10	1997 Amended and Restated Stock Option Plan	Filed as Exhibit 10.10 to the Registration Statement on Form S-1 of the Company (Reg. No. 333-35597) and incorporated herein by reference
10.11	Amendment to the 1997 Amended and Restated Stock Option Plan	Filed as Exhibit 10 to the Quarterly Report on Form 10-Q of the Company dated August 15, 2000 and incorporated herein by reference
10.12	Employment Agreement between Peter Burkner and Mettler-Toledo GmbH dated as of November 10, 1997	Filed as Exhibit 10.11 to the Annual Report on Form 10-K of the Company dated March 24, 2000 and incorporated herein by reference
10.13	Employment Agreement between Daniel G. Schillinger and Mettler-Toledo GmbH dated as of January 1, 2000	Filed as Exhibit 10.12 to the Annual Report on Form 10-K of the Company dated March 24, 2000 and incorporated herein by reference
10.14	Regulations of the POBS PLUS - Incentive Scheme for Members of the Group Management of Mettler Toledo, effective as of March 7, 2000	Filed as Exhibit 10.13 to the Annual Report on Form 10-K of the Company dated March 24, 2000 and incorporated herein by reference
10.15	Employment Agreement between Jean-Lucien Gloor and Mettler-Toledo GmbH dated as of March 1, 2001	Filed as Exhibit 10.15 to the Annual Report on Form 10-K of the Company dated March 22, 2001 and incorporated herein by reference
10.16*	Employment Agreement between Olivier A. Filliol and Mettler-Toledo GmbH dated as of May 21, 2001	Page 76
10.17*	Employment Agreement between Timothy P. Haynes	Page 78

and Mettler-Toledo GmbH dated as of December 11, 2001

10.18*	Employment Agreement between Urs Widmer and Mettler-Toledo GmbH dated as of May 11, 2001	Page 81
10.19	Purchase Agreement among the Company, Mettler-Toledo, Inc. and Rainin Instrument Company, Inc. dated as of October 13, 2001.	Filed as Exhibit 2.1 to the Current Report on Form 8-K dated November 28, 2001 and incorporated herein by reference.
21*	Subsidiaries of the Company	Page 83
23.1*	Consent of PricewaterhouseCoopers AG	Page 87
99.1*	Factors Affecting Our Future Operating Results	Page 88

* FILED HERewith

METTLER-TOLEDO INTERNATIONAL INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	PAGE

Report of Independent Accountants.....	F-2
Consolidated Balance Sheets as of December 31, 2001 and 2000.....	F-3
Consolidated Statements of Operations for the years ended December 31, 2001, 2000 and 1999.....	F-4
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2001, 2000 and 1999.....	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2001, 2000 and 1999.....	F-6
Notes to Consolidated Financial Statements.....	F-7

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the consolidated financial statements listed in the index under Item 14(a)(1) on page 44 present fairly, in all material respects, the financial position of Mettler-Toledo International Inc. and its subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index under Item 14 (a) (2) on page 44 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers AG

Zurich, Switzerland
February 7, 2002

METTLER-TOLEDO INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	2001	2000
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 27,721	\$21,725
Trade accounts receivable, less allowances of \$9,450 in 2001 and \$9,097 in 2000.....	227,295	212,570
Inventories, net.....	145,621	141,677
Other current assets and prepaid expenses.....	31,121	47,367
	-----	-----
Total current assets.....	431,758	423,339
Property, plant and equipment, net.....	192,272	199,388
Excess of cost over net assets acquired, net of accumulated amortization of \$39,724 in 2001 and \$29,664 in 2000.....	384,947	228,035
Other intangible assets	126,524	-
Other non-current assets	53,911	36,820
	-----	-----
Total assets.....	\$1,189,412	\$887,582
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable.....	\$ 66,327	\$80,513
Accrued and other liabilities.....	111,284	97,575
Accrued compensation and related items.....	47,702	51,968
Taxes payable.....	72,035	68,537
Short-term borrowings and current maturities of long-term debt.....	50,239	50,560
	-----	-----
Total current liabilities.....	347,587	349,153
Long-term debt.....	309,479	237,807
Non-current deferred taxes.....	25,053	25,939
Other non-current liabilities.....	119,109	95,843
	-----	-----
Total liabilities.....	801,228	708,742
Shareholders' equity:		
Preferred stock, \$0.01 par value per share; authorized 10,000,000 shares	-	-
Common stock, \$0.01 par value per share; authorized 125,000,000 shares; issued 44,145,742 in 2001 and 39,372,873 in 2000.....	441	393
Additional paid-in capital.....	455,684	294,558
Retained earnings / (accumulated deficit).....	3,957	(68,307)
Accumulated other comprehensive loss.....	(71,898)	(47,804)
	-----	-----
Total shareholders' equity	388,184	178,840
Commitments and contingencies.....		
	-----	-----
Total liabilities and shareholders' equity	\$1,189,412	\$887,582
	=====	=====

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

METTLER-TOLEDO INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	2001	2000	1999
	-----	-----	-----
Net sales.....	\$1,148,022	\$1,095,547	\$1,065,473
Cost of sales.....	619,140	600,185	585,007
	-----	-----	-----
Gross profit.....	528,882	495,362	480,466
Research and development.....	64,627	56,334	57,393
Selling, general and administrative.....	299,191	296,187	300,389
Amortization.....	14,114	11,564	10,359
Interest expense.....	17,162	20,034	21,980
Other charges, net.....	15,354	2,638	10,468
	-----	-----	-----
Earnings before taxes and minority interest.....	118,434	108,605	79,877
Provision for taxes.....	46,170	38,510	31,398
Minority interest.....	-	(24)	378
	-----	-----	-----
Net earnings.....	\$72,264	\$70,119	\$48,101
	=====	=====	=====
Basic earnings per common share:			
Net earnings.....	\$1.78	\$1.80	\$1.25
Weighted average number of common shares	40,609,716	38,897,879	38,518,084
Diluted earnings per common share:			
Net earnings.....	\$1.68	\$1.66	\$1.16
Weighted average number of common shares	42,978,895	42,141,548	41,295,757

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

METTLER-TOLEDO INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31
(IN THOUSANDS, EXCEPT FOR SHARE DATA)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS/ (ACCUMULATED DEFICIT)	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL
	SHARES	AMOUNT				
Balance at December 31, 1998.....	38,400,363	\$384	\$285,161	\$(186,527)	\$(45,183)	\$53,835
Exercise of stock options.....	274,405	2	2,931	-	-	2,933
Comprehensive income:						
Net earnings.....	-	-	-	48,101	-	48,101
Change in currency translation adjustment.....	-	-	-	-	2,387	2,387
Minimum pension liability adjustment.....	-	-	-	-	4,759	4,759
Comprehensive income.....						55,247
Balance at December 31, 1999.....	38,674,768	\$386	\$288,092	\$(138,426)	\$(38,037)	\$112,015
Exercise of stock options.....	698,105	7	6,466	-	-	6,473
Comprehensive income:						
Net earnings.....	-	-	-	70,119	-	70,119
Change in currency translation adjustment.....	-	-	-	-	(9,767)	(9,767)
Comprehensive income.....						60,352
Balance at December 31, 2000.....	39,372,873	\$393	\$294,558	\$(68,307)	\$(47,804)	\$178,840
Issuance of shares.....	3,388,132	34	144,300	-	-	144,334
Exercise of stock options.....	1,384,737	14	16,826	-	-	16,840
Comprehensive income:						
Net earnings.....	-	-	-	72,264	-	72,264
Unrealized loss on cash flow hedging arrangements.....	-	-	-	-	(1,591)	(1,591)
Change in currency translation adjustment.....	-	-	-	-	(2,494)	(2,494)
Minimum pension liability adjustment	-	-	-	-	(20,009)	(20,009)
Comprehensive income.....						48,170
Balance at December 31, 2001.....	44,145,742	\$441	\$455,684	\$ 3,957	\$(71,898)	\$388,184

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

METTLER-TOLEDO INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(IN THOUSANDS)

	2001 -----	2000 -----	1999 -----
Cash flows from operating activities:			
Net earnings.....	\$72,264	\$70,119	\$48,101
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation.....	22,858	21,690	24,940
Amortization.....	14,114	11,564	10,359
Other.....	1,055	1,890	(3,529)
Increase (decrease) in cash resulting from changes in:			
Trade accounts receivable, net.....	(11,502)	(12,437)	(19,437)
Inventories.....	3,531	(17,274)	(9,540)
Other current assets.....	570	(1,778)	11,363
Trade accounts payable.....	(14,825)	(2,958)	16,239
Accruals and other liabilities.....	13,507 (a)	13,898 (a)	12,844 (a)
	-----	-----	-----
Net cash provided by operating activities.....	101,572	84,714	91,340
	-----	-----	-----
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment.....	3,518	1,468	10,151
Purchase of property, plant and equipment.....	(33,228)	(29,304)	(29,188)
Acquisitions, net of seller financings.....	(165,471) (b)	(26,377) (b)	(18,468) (b)
	-----	-----	-----
Net cash used in investing activities.....	(195,181)	(54,213)	(37,505)
	-----	-----	-----
Cash flows from financing activities:			
Proceeds from borrowings.....	188,448	29,239	20,640
Repayments of borrowings.....	(105,062)	(61,617)	(80,393)
Proceeds from options exercised.....	16,840	6,473	2,592
	-----	-----	-----
Net cash provided by (used in) financing activities	100,226	(25,905)	(57,161)
	-----	-----	-----
Effect of exchange rate changes on cash and cash equivalents	(621)	(50)	(686)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents.....	5,996	4,546	(4,012)
	-----	-----	-----
Cash and cash equivalents:			
Beginning of period.....	21,725	17,179	21,191
	-----	-----	-----
End of period.....	\$ 27,721	\$21,725	\$17,179
	=====	=====	=====
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest.....	\$15,504	\$20,014	\$21,642
Taxes.....	\$26,838	\$16,523	\$25,952
Non-cash financing and investing activities:			
Issuance of common stock on acquisitions.....	\$144,334	-	-
Seller financings on acquisitions.....	-	\$27,638	-

- (a) Accruals and other liabilities include payments for restructuring, certain acquisition integration activities and a one-time payment in 2000 associated with an early retirement plan from previous years. These amounts totalled \$10.7 million, \$10.3 million and \$5.9 million in 2001, 2000 and 1999, respectively.
- (b) Amounts paid for acquisitions including the issuance of common stock, seller financing, assumed debt and working capital retained by sellers were \$309.8 million, \$55.5 million and \$20.5 million in 2001, 2000 and 1999, respectively.

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

METTLER-TOLEDO INTERNATIONAL INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS UNLESS OTHERWISE STATED)

1. BUSINESS DESCRIPTION AND BASIS OF PRESENTATION

Mettler-Toledo International Inc. ("Mettler-Toledo" or the "Company") is a global manufacturer and marketer of precision instruments, including weighing and certain analytical and measurement technologies, for use in laboratory, industrial and food retailing applications. The Company is also a leading provider of automated chemistry solutions used in drug and chemical compound discovery and development. The Company's primary manufacturing facilities are located in Switzerland, the United States, Germany, the United Kingdom, France and China. The Company's principal executive offices are located in Greifensee, Switzerland.

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and include all entities in which the Company has control, including its majority owned subsidiaries. Certain amounts in the prior period financial statements have been reclassified to conform with current year presentation.

All intercompany transactions and balances have been eliminated. Investments in which the Company has voting rights between 20% to 50% are accounted for using the equity method of accounting.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturity dates of three months or less.

Inventories

Inventories are valued at the lower of cost or market. Cost, which includes direct materials, labor and overhead plus indirect overhead, is determined using the first in, first out (FIFO) or weighted average cost methods.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	15 to 50 years
Machinery and equipment	3 to 12 years
Computer software	3 to 5 years
Leasehold improvements	Shorter of useful life or lease term

In accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use", the Company expenses all costs incurred in the preliminary project stage and capitalizes certain direct costs associated with the development and purchase of internal-use software within other non-current assets. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of the software, generally not exceeding five years.

The Company reviews its property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount.

Excess of Cost over Net Assets Acquired and Other Intangible Assets

The excess of purchase price over the fair value of net assets acquired and other intangible assets are amortized on a straight-line basis over the expected period to be benefited. The Company assesses the recoverability of such amounts by determining whether the amortization of the balance over its remaining life can be recovered from the undiscounted future operating cash flows of the acquired operations.

Taxation

The Company files tax returns in each jurisdiction in which it operates. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in the respective jurisdictions in which the Company operates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Generally, deferred taxes are not provided on the unremitted earnings of subsidiaries outside of the United States because it is expected that these earnings are permanently reinvested and such determination is not practicable. Such earnings may become taxable upon the sale or liquidation of these subsidiaries or upon the remittance of dividends. Deferred taxes are provided in situations where the Company's subsidiaries plan to make future dividend distributions.

Currency Translation and Transactions

The reporting currency for the consolidated financial statements of the Company is the U.S. dollar. The functional currency for the Company's operations is generally the applicable local currency. Accordingly, the assets and liabilities of companies whose functional currency is other than the U.S. dollar are included in the consolidated financial statements by translating the assets and liabilities into the reporting currency at the exchange rates applicable at the end of the reporting period. The statements of operations and cash flows of such non-U.S. dollar functional currency operations are translated at the monthly average exchange rates during the year. Translation gains or losses are accumulated in other comprehensive income (loss) in the Consolidated Statements of Shareholders' Equity.

Revenue Recognition

Revenue is recognized when title to a product has transferred and any significant customer obligations have been fulfilled. Revenues from service contracts are recognized ratably over the contract period.

Research and Development

Research and development costs are expensed as incurred.

Earnings per Common Share

As described in Note 10, in accordance with the treasury stock method, the Company has included 2,369,179 and 3,243,669 equivalent shares relating to 4,379,575 outstanding options to purchase shares of common stock in the calculation of diluted weighted average number of common shares for years ending December 31, 2001 and 2000, respectively.

Derivative Financial Instruments

The Company adopted Statement of Financial Accounting Standards No.

133 "Accounting for Derivative Instruments and Hedging Activities", as amended, on January 1, 2001. This Statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognizes all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The cumulative effect of adopting SFAS 133 as of January 1, 2001 was not material to the Company's consolidated financial statements.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

The Company has only limited involvement with derivative financial instruments and does not use them for trading purposes. As described more fully in Note 5 below, the Company enters into foreign currency forward contracts to hedge short-term intercompany transactions with its foreign businesses. Such contracts limit the Company's exposure to both favorable and unfavorable currency fluctuations. These contracts are adjusted to reflect market values as of each balance sheet date, with the resulting changes in fair value being recognized in other charges, net.

The Company also enters into certain interest rate swap and cap agreements in order to reduce its exposure to changes in interest rates. The differential paid or received on interest rate swap agreements is recognized as interest expense over the life of the agreements as incurred. The fair value of outstanding interest rate swap and cap agreements that are effective cash flow hedges at December 31, 2001 are included in the Company's Consolidated Statement of Shareholders' Equity.

The Company has designated certain of its Swiss franc debt as a hedge of its net investments. Any changes in fair value of the debt are recorded in comprehensive income (loss) and offset the net investments they hedge.

Stock Based Compensation

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock option plan.

Concentration of Credit Risk

The Company's revenue base is widely diversified by geographic region and by individual customer. The Company's products are utilized in many different industries, although extensively in the pharmaceutical, food and beverage, transportation and logistics and chemicals industries. The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers.

3. BUSINESS COMBINATIONS

During 2001, the Company spent approximately \$309.8 million on acquisitions, including the issuance of shares and additional consideration related to earn-out periods associated with acquisitions consummated in prior years. The Company accounted for the acquisition payments using the purchase method of accounting. The Company may be required to make additional earn-out payments based upon the achievement of certain financial performance levels relating to certain of these acquisitions in the future. The fair value of any earn-out payments will be recorded as additional consideration of the acquired enterprise and recorded as goodwill and evaluated for impairment, when such payments are deemed issuable to the sellers.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

3. BUSINESS COMBINATIONS - (CONTINUED)

In November 2001, the Company acquired the issued and outstanding membership units of Rainin Instrument, LLC. for approximately \$294.2 million. Rainin is a developer and manufacturer of pipetting solutions used in pharmaceutical, biotechnology and medical research applications. As a result of the acquisition the Company is expected to be the leading provider of pipetting solutions in North America.

The aggregate purchase price for Rainin was \$294.2 million, including \$149.9 million of cash and the issuance of common stock valued at \$144.3 million, plus an additional contingent payment, if any, of up to \$60 million. The value of 3,388,132 common shares issued was determined based on the average five days closing price of Mettler-Toledo common shares before the announcement of the transaction. Up to half of any additional contingent payment may be paid in shares of the Company's common stock and the remainder will be paid in cash.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

Current assets.....	\$ 22,653
Property, plant and equipment.....	4,168
Intangible assets.....	127,074
Goodwill.....	148,624

Total assets acquired	302,519
Current liabilities.....	8,228
Non-current liabilities.....	57

Total liabilities assumed.....	8,285

Net assets acquired.....	\$294,234
	=====

The identifiable intangible assets are amortized on a straight-line basis over periods ranging from 11 to 45 years, and the annual aggregate amortization expense is estimated at \$3.1 million. The identifiable intangible assets include customer relationships of \$67.4 million, tradename of \$22.4 million, intellectual property license of \$19.9 million and technology and patents of \$17.4 million. The \$148.6 million of goodwill was assigned to the company's Principal U.S. Operations segment and is expected to be fully deductible for tax purposes. This goodwill and certain intangible assets with indefinite useful lives approximating \$42.3 million are not subject to amortization in accordance with current generally accepted accounting principles.

The following summarized unaudited pro forma information assumes the acquisition of Rainin occurred on January 1, 2000. The pro forma data reflects adjustments directly related to the acquisition, and does not include adjustments that may arise as a consequence of the acquisition. Accordingly, the unaudited pro forma information does not purport to be indicative of what the Company's combined results of operations would actually have been had the acquisition occurred on January 1, 2000 or to project the Company's combined results of operations for any future periods.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

3. BUSINESS COMBINATIONS - (CONTINUED)

Year ended December 31:

	2001	2000
	-----	-----
Net sales:		
As reported.....	\$1,148,022	\$1,095,547
Pro forma.....	1,212,587	1,159,129
	=====	=====
Net earnings:		
As reported.....	\$72,264	\$70,119
Pro forma.....	76,561	71,980
	=====	=====
Basic earnings per common share:		
As reported.....	\$1.78	\$1.80
Pro forma.....	1.76	1.70
	=====	=====
Diluted earnings per common share:		
As reported.....	\$1.68	\$1.66
Pro forma.....	1.67	1.58
	=====	=====

During 2000, the Company spent approximately \$55.5 million on acquisitions, including the acquisition of Thornton Inc., approximately \$10.2 million of additional consideration related to earn-out periods associated with acquisitions consummated in prior years, seller financing of \$27.6 million and working capital retained by sellers that has been excluded from the purchase price allocation. Thornton is the market leader in pure and ultra-pure industrial water monitoring instrumentation used in semi-conductor, micro-electronics, pharmaceutical and biotech applications. The Company accounted for the acquisition payments using the purchase method of accounting. The Company may be required to make additional earn-out payments based upon the achievement of certain financial performance levels relating to certain of these acquisitions in the future. The fair value of any earn-out payments will be recorded as additional consideration of the acquired enterprise and recorded as goodwill and evaluated for impairment, when such payments are deemed issuable to the sellers.

During 1999, the Company spent approximately \$20.5 million on acquisitions including the net assets of the Testut-Lutrana group, a leading manufacturer and marketer of industrial and retail weighing instruments in France. This amount includes approximately \$2.0 million of working capital retained by sellers that has been excluded from the purchase price allocation. The Company accounted for the acquisitions using the purchase method of accounting. Accordingly, the costs of the acquisitions were allocated to the assets acquired and liabilities assumed based upon their respective fair values. In this respect, the Company allocated \$1.0 million of the purchase price to revalue certain finished goods inventories to fair value. Substantially all of such inventories were sold in 1999.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

4. INVENTORIES, NET

Inventories, net consisted of the following at December 31:

	2001	2000
	-----	-----
Raw materials and parts.....	\$ 70,392	\$ 67,379
Work-in-progress.....	28,433	37,289
Finished goods.....	46,796	37,009
	-----	-----
	\$145,621	\$141,677
	=====	=====

5. FINANCIAL INSTRUMENTS

At December 31, 2001, the Company had certain interest rate swap agreements outstanding that fix the variable interest obligation associated with CHF 50 million of Swiss franc-based debt and \$260 million of USD-based debt. Certain of these agreements have forward starting dates commencing in 2002, with various maturities beginning in 2003. The fixed rates associated with the swap of Swiss franc debt are approximately 3.6%, while the rates associated with the USD are approximately 4.0% plus the Company's normal interest margin. The swaps are effective at three-month LIBOR rates. At December 31, 2001 and 2000, the fair market value of such financial instruments was approximately \$(1.7) million and \$(0.5) million, respectively.

At December 31, 2001, the Company had outstanding foreign currency forward contracts in the amount of \$47.8 million. The purpose of these contracts is to hedge short-term intercompany balances with its foreign businesses. The fair value of these contracts was not materially different from the carrying value at December 31, 2001 and 2000, respectively.

The Company may be exposed to credit losses in the event of nonperformance by the counterparties to its derivative financial instrument contracts. Counterparties are established banks and financial institutions with high credit ratings. The Company has no reason to believe that such counterparties will not be able to fully satisfy their obligations under these contracts.

The fair values of all derivative financial instruments are estimated based on current settlement prices of comparable contracts obtained from dealer quotes. The values represent the estimated amount the Company would pay or receive to terminate the agreements at the reporting date, taking into account current creditworthiness of the counterparties.

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, consisted of the following at December 31:

	2001	2000
	-----	-----
Land.....	\$ 38,690	\$ 40,580
Buildings and leasehold improvements.....	102,308	105,937
Machinery and equipment.....	155,777	133,072
Computer software.....	4,673	5,387
	-----	-----
	301,448	284,976
Less accumulated depreciation and amortization.....	(109,176)	(85,588)
	-----	-----
	\$192,272	\$199,388
	=====	=====

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

7. SHORT-TERM BORROWINGS AND CURRENT MATURITIES OF LONG-TERM DEBT

Short-term borrowings and current maturities of long-term debt consisted of the following for the years ended December 31:

	2001	2000
	-----	-----
Current maturities of long-term debt.....	\$31,455	\$31,900
Other short-term borrowings.....	18,784	18,660
	-----	-----
	\$50,239	\$50,560
	=====	=====

8. LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	2001	2000
	-----	-----
Credit Agreement Borrowings:		
Term A USD Loans, interest at LIBOR plus 0.45% (2.35% at December 31, 2001) payable in quarterly installments due May 19, 2004.....	\$ 52,065	\$ 69,420
Term A CHF Loans, interest at LIBOR plus 0.45% (2.33% at December 31, 2001) payable in quarterly installments due May 19, 2004.....	26,183	36,245
Term A GBP Loans, interest at LIBOR plus 0.45% (4.56% at December 31, 2001) payable in quarterly installments due May 19, 2004.....	16,106	22,096
Revolving credit facilities.....	238,459	109,907
Other.....	26,905	50,699
	-----	-----
	359,718	288,367
Less current maturities.....	(50,239)	(50,560)
	-----	-----
	\$ 309,479	\$ 237,807
	=====	=====

The Company has a multi-currency \$400.0 million revolving credit facility and a CDN \$26.3 million Canadian revolving credit facility under its credit agreement. Loans under these revolving credit facilities may be repaid and reborrowed and are due in full on May 19, 2004. At December 31, 2001, the Company had \$162.2 million of additional borrowing capacity under its credit agreement. The Company has the ability to refinance its short-term borrowings through its revolving facilities for an uninterrupted period extending beyond one year. Accordingly, approximately \$208 million of the Company's short-term borrowings at December 31, 2001 have been reclassified to long-term.

The aggregate maturities of the Company's term loan obligations during the years 2003 and 2004 are approximately \$35.9 million and \$27.0 million, respectively.

The Company is required to pay a facility fee based in part on its credit rating. The facility fee at December 31, 2001 was equal to 0.15%. At December 31, 2001, borrowings under the Company's revolving facilities carried an interest rate of LIBOR plus 0.3%. The Company's weighted average interest rate for the year ended December 31, 2001 was approximately 6.0%.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

8. LONG-TERM DEBT - (CONTINUED)

The Company's credit agreement contains covenants, including limitations on the Company's ability to pay dividends to shareholders, incur indebtedness, make investments, grant liens, sell financial assets and engage in certain other activities. The credit agreement also requires the Company to maintain a minimum net worth, a minimum fixed charge coverage ratio, and a ratio of total debt to EBITDA below a specified maximum.

The carrying value of the Company's obligations under its credit agreement approximates fair value due to the variable rate nature of the obligations.

9. SHAREHOLDERS' EQUITY

Common Stock

The number of authorized shares of the Company's common stock is 125,000,000 shares with a par value of \$0.01 per share. Holders of the Company's common stock are entitled to one vote per share. At December 31, 2001, 6,446,849 shares of the Company's common stock were reserved for grant pursuant to the Company's stock option plan.

Preferred Stock

The Board of Directors, without further shareholder authorization, is authorized to issue up to 10,000,000 shares of preferred stock, par value \$0.01 per share in one or more series and to determine and fix the rights, preferences and privileges of each series, including dividend rights and preferences over dividends on the common stock and one or more series of the preferred stock, conversion rights, voting rights (in addition to those provided by law), redemption rights and the terms of any sinking fund therefore, and rights upon liquidation, dissolution or winding up, including preferences over the common stock and one or more series of the preferred stock. The issuance of shares of preferred stock, or the issuance of rights to purchase such shares, may have the effect of delaying, deferring or preventing a change in control of the Company or an unsolicited acquisition proposal.

10. STOCK OPTION PLAN

The Company's stock option plan provides certain key employees and directors of the Company additional incentive to join and/or remain in the service of the Company as well as to maintain and enhance the long-term performance and profitability of the Company.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

10. STOCK OPTION PLAN - (CONTINUED)

Under the terms of the plan, options granted shall be nonqualified and the exercise price shall not be less than the fair market value of the common stock on the date of grant. Options vest equally over a five-year period from the date of grant.

Stock option activity is shown below:

	Number of Options -----	Weighted Average Exercise Price -----
Outstanding at December 31, 1998	4,871,842	\$11.30
Granted.....	647,500	28.56
Exercised.....	(274,405)	(8.87)
Forfeited.....	(209,290)	(13.74)
	-----	-----
Outstanding at December 31, 1999.....	5,035,647	\$13.45
Granted.....	887,000	43.72
Exercised.....	(698,105)	(10.68)
Forfeited.....	(50,765)	(13.12)
	-----	-----
Outstanding at December 31, 2000.....	5,173,777	\$19.02
Granted.....	901,000	45.09
Exercised.....	(1,384,737)	(12.02)
Forfeited.....	(310,465)	(30.44)
	-----	-----
Outstanding at December 31, 2001.....	4,379,575	\$25.79
	=====	=====
Options exercisable at December 31, 2001.....	2,112,471	\$14.29
	=====	=====

At December 31, 2001, 2,120,508 options were available for grant.

The following table details the weighted average remaining contractual life of options outstanding at December 31, 2001 by range of exercise prices:

Number of Options Outstanding -----	Weighted Average Exercise Price -----	Remaining Contractual Life of Options Outstanding -----	Options Exercisable -----
1,476,057	\$ 7.95	4.8	1,413,157
395,718	\$15.92	5.8	255,014
887,000	\$25.71	5.8	317,700
245,800	\$35.69	7.4	8,800
1,375,000	\$46.08	9.2	117,800
-----	-----	---	-----
4,379,575		6.5	2,112,471
=====			=====

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

10. STOCK OPTION PLAN - (CONTINUED)

As of the date granted, the weighted average grant-date fair value of the options granted during the years ended December 31, 2001, 2000 and 1999 was approximately \$16.72, \$18.31 and \$12.31 per share, respectively. Such weighted average grant-date fair value was determined using an option pricing model that incorporated the following assumptions:

	2001	2000	1999
	----	----	----
Risk-free interest rate.....	4.3%	5.0%	6.3%
Expected life in years.....	4	4	4
Expected volatility.....	40%	46%	45%
Expected dividend yield.....	--	--	--

The Company applies Accounting Standards Board Opinion No. 25 and related interpretations in accounting for its plan. Had compensation cost for the Company's stock option plan been determined based upon the fair value of such awards at the grant date, consistent with the methods of Statement of Financial Accounting Standards No. 123 "Accounting for Stock Based Compensation," the Company's net earnings and basic and diluted net earnings per common share for the years ended December 31 would have been as follows:

	2001	2000	1999
	-----	-----	-----
Net earnings:			
As reported.....	\$72,264	\$70,119	\$48,101
Pro forma.....	67,348	66,425	45,847
	=====	=====	=====
Basic earnings per common share:			
As reported.....	\$1.78	\$1.80	\$1.25
Pro forma.....	1.66	1.71	1.19
	=====	=====	=====
Diluted earnings per common share:			
As reported.....	\$1.68	\$1.66	\$1.16
Pro forma.....	1.57	1.58	1.11
	=====	=====	=====

11. BENEFIT PLANS

Mettler-Toledo maintains a number of retirement and other post-retirement employee benefit plans.

Certain companies sponsor defined contribution plans. Benefits are determined and funded annually based upon the terms of the plans. Amounts recognized as cost under these plans amounted to \$2.6 million for the years ended December 31, 2001 and 2000, and \$2.8 million for the year ended December 31, 1999, respectively.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

11. BENEFIT PLANS - (CONTINUED)

Certain companies sponsor defined benefit plans. Benefits are provided to employees primarily based upon years of service and employees' compensation for certain periods during the last years of employment. The Company's U.S. operations also provide postretirement medical benefits to their employees. Contributions for medical benefits are related to employee years of service.

The following table sets forth the change in benefit obligation, the change in plan assets, the funded status and amounts recognized in the consolidated financial statements for the Company's principal defined benefit plans and postretirement plans at December 31, 2001 and 2000:

	Pension Benefits		Other Benefits	
	2001	2000	2001	2000
Change in benefit obligation:				
Benefit obligation at beginning of year.....	\$ 394,037	\$ 394,250	\$ 33,380	\$ 35,464
Service cost, gross.....	18,671	19,250	495	461
Interest cost.....	19,995	18,572	2,480	2,460
Actuarial (gains) losses.....	18,132	(12,694)	4,833	(2,577)
Plan amendments and other.....	1,079	151	(1,797)	-
Benefits paid.....	(20,066)	(18,013)	(2,549)	(2,426)
Impact of foreign currency.....	(13,361)	(7,479)	(3)	(2)
Benefit obligation at end of year.....	418,487	394,037	36,839	33,380
Change in plan assets:				
Fair value of plan assets at beginning of year.....	384,085	368,674	-	-
Actual return on plan assets.....	(9,450)	18,244	-	-
Employer contributions.....	9,711	14,611	2,549	2,426
Plan participants' contributions.....	4,630	4,236	-	-
Benefits paid.....	(20,066)	(18,013)	(2,549)	(2,426)
Impact of foreign currency.....	(11,738)	(3,667)	-	-
Fair value of plan assets at end of year.....	357,172	384,085	-	-
Funded status.....	(61,315)	(9,952)	(36,839)	(33,380)
Unrecognized net actuarial (gain) loss.....	14,589	(37,826)	2,714	594
Net amount recognized.....	\$ (46,726)	\$ (47,778)	\$ (34,125)	\$ (32,786)

Amounts recognized in the Consolidated Balance Sheets consist of:

	Pension Benefits		Other Benefits	
	2001	2000	2001	2000
Other non-current assets.....	\$ 7,621	\$ 6,881	\$ -	\$ -
Other non-current liabilities.....	(74,356)	(54,659)	(34,125)	(32,786)
Accumulated other comprehensive income.....	20,009	-	-	-
Net amount recognized.....	\$ (46,726)	\$ (47,778)	\$ (34,125)	\$ (32,786)

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

11. BENEFIT PLANS - (CONTINUED)

The assumed discount rates and rates of increase in future compensation levels used in calculating the projected benefit obligations vary according to the economic conditions of the country in which the retirement plans are situated. The weighted average rates used for the purposes of the Company's U.S. plans are as follows:

	2001 -----	2000 -----	1999 -----
Discount rate.....	7.5%	7.8%	7.8%
Compensation increase rate.....	4.0%	5.0%	5.0%
Expected long-term rate of return on plan assets.....	9.5%	9.5%	9.5%

Plan assets relate principally to the Company's U.S. and Swiss companies and consist of equity investments, obligations of the U.S. Treasury or other governmental agencies, and other interest-bearing investments.

At December 31, 2001, the fair value of plan assets and the total projected benefit obligation for the Company's non-U.S. defined benefit plans were \$350.6 million and \$302.7 million, respectively. Actuarial assumptions for these plans ranged from 3.75% to 8.5% for the discount rate, 2.0% to 6.5% for the compensation increase rate and 5.0% to 9.5% for the expected long-term rate of return on plan assets for the years ended December 31, 2001, 2000 and 1999.

Net periodic pension cost for the defined benefit plans includes the following components for the year ended December 31:

	2001 -----	2000 -----	1999 -----
Service cost, net.....	\$ 14,276	\$ 15,438	\$16,842
Interest cost on projected benefit obligations.....	19,995	18,572	18,680
Expected return on plan assets.....	(23,857)	(22,491)	(22,420)
Recognition of actuarial losses.....	(726)	19	394
Net periodic pension cost.....	\$ 9,688 =====	\$ 11,538 =====	\$13,496 =====

Net periodic postretirement benefit cost for the U.S. postretirement plans includes the following components for the year ended December 31:

	2001 -----	2000 -----	1999 -----
Service cost.....	\$ 495	\$ 461	\$ 624
Interest cost on projected benefit obligations.....	2,480	2,460	2,489
Recognition of actuarial losses.....	-	-	189
Net amortization and deferral.....	-	-	21
Net periodic postretirement benefit cost	\$ 2,975 =====	\$ 2,921 =====	\$ 3,323 =====

The accumulated postretirement benefit obligation and net periodic postretirement benefit cost were principally determined using discount rates of 7.5% in 2001, 7.8% in 2000 and 7.2% in 1999 and health care cost trend rates ranging from 7.0% to 10.0% in 2001, 2000 and 1999, decreasing to 4.5% in 2006.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

11. BENEFIT PLANS - (CONTINUED)

The health care cost trend rate assumption has a significant effect on the accumulated postretirement benefit obligation and net periodic postretirement benefit cost. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	One-Percentage- Point Increase	One-Percentage- Point Decrease
	-----	-----
Effect on total of service and interest cost components.....	\$ 284	\$ (258)
Effect on postretirement benefit obligation.....	\$3,067	\$ (2,831)

12. TAXES

The sources of the Company's earnings before taxes and minority interest were as follows for the year ended December 31:

	2001	2000	1999
	-----	-----	-----
United States.....	\$ (3,202)	\$ 13,670	\$(1,906)
Non-United States.....	121,636	94,935	81,783
	-----	-----	-----
Earnings before taxes and minority interest.....	\$ 118,434	\$ 108,605	\$79,877
	=====	=====	=====

The provision for taxes consists of:

	Current	Deferred	Adjustments to Goodwill	Total
	-----	-----	-----	-----
Year ended December 31, 2001:				
United States federal.....	\$ 129	\$ 214	\$ -	\$ 343
State and local.....	553	-	-	553
Non-United States.....	42,564	1,749	961	45,274
	-----	-----	-----	-----
	\$ 43,246	\$1,963	\$ 961	\$46,170
	=====	=====	=====	=====

	Current	Deferred	Adjustments to Goodwill	Total
	-----	-----	-----	-----
Year ended December 31, 2000:				
United States federal.....	\$ 381	\$ (601)	\$ -	\$ (220)
State and local.....	519	-	-	519
Non-United States.....	36,123	1,052	1,036	38,211
	-----	-----	-----	-----
	\$ 37,023	\$ 451	\$1,036	\$38,510
	=====	=====	=====	=====

	Current	Deferred	Adjustments to Goodwill	Total
	-----	-----	-----	-----
Year ended December 31, 1999:				
United States federal.....	\$ (17)	\$ -	\$ -	\$ (17)
State and local.....	494	-	-	494
Non-United States.....	32,557	(10,260)	8,624	30,921
	-----	-----	-----	-----
	\$ 33,034	\$(10,260)	\$8,624	\$31,398
	=====	=====	=====	=====

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

12. TAXES - (CONTINUED)

The adjustments to goodwill during the years ending December 31, 2001, 2000 and 1999 relate to tax benefits utilized that were not previously recognized in the purchase price allocation pertaining to previous acquisitions.

The provision for tax expense for the years ended December 31, 2001, 2000 and 1999 differed from the amounts computed by applying the United States federal income tax rate of 35% to the earnings before taxes and minority interest as a result of the following:

	2001	2000	1999
	-----	-----	-----
Expected tax.....	\$41,453	\$38,012	\$27,957
United States state and local income taxes, net of federal income tax benefit.....	553	519	494
Non-deductible intangible amortization.....	2,222	2,227	2,254
Change in valuation allowance.....	1,288	(3,065)	(983)
Other non-United States income taxes at other than a 35% rate.....	373	455	1,165
Other, net.....	281	362	511
	-----	-----	-----
Total provision for taxes.....	\$46,170	\$38,510	\$31,398
	=====	=====	=====

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below at December 31:

	2001	2000
	-----	-----
Deferred tax assets:		
Inventory.....	\$ 4,132	\$ 2,042
Accrued and other liabilities.....	20,339	20,466
Deferred losses.....	2,099	6,524
Accrued postretirement benefit and pension costs.....	27,928	19,451
Net operating loss carryforwards.....	30,317	16,499
Other.....	4,065	1,942
	-----	-----
Total deferred tax assets.....	88,880	66,924
Less valuation allowance.....	(71,081)	(49,027)
	-----	-----
Total deferred tax assets less valuation allowance.....	17,799	17,897
	-----	-----
Deferred tax liabilities:		
Inventory.....	1,689	1,640
Property, plant and equipment.....	21,863	16,259
Other.....	5,132	8,221
	-----	-----
Total deferred tax liabilities.....	28,684	26,120
	-----	-----
Net deferred tax liability.....	\$10,885	\$ 8,223
	=====	=====

The Company has established valuation allowances primarily for net operating losses, deferred losses as well as postretirement and pension costs as follows as of December 31:

	2001	2000
	-----	-----
Summary of valuation allowances:		
Cumulative net operating losses.....	\$25,762	\$13,923
Deferred loss.....	2,099	6,524
Accrued postretirement and pension benefit costs.....	22,880	12,765
Other.....	20,340	15,815
	-----	-----
Total valuation allowance.....	\$71,081	\$49,027
	=====	=====

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

12. TAXES - (CONTINUED)

The Company has recorded valuation allowances related to its deferred income tax assets due to the uncertainty of the ultimate realization of future benefits from such assets. The 2001 net change in the valuation allowance is primarily attributable to the changes as enumerated above that are related to the increased uncertainty of the realization potential and/or increases in associated deferred tax assets.

The potential decrease or increase of the valuation allowance in the near term is dependent on the future realizability of the deferred tax assets that are affected by the future profitability of operations in various worldwide jurisdictions, but primarily in the United States. A valuation allowance has been provided on the Company's net deferred tax assets related to its United States operations because of the uncertainty regarding their realizability due to the expectation that deductions from future employee stock option exercises and related tax deductions will exceed future taxable income. Deferred tax assets of \$19.3 million at December 31, 2001 pertain to net operating loss carryforwards resulting from the exercise of certain employee stock options. When recognized, the tax benefit of these losses will be recorded in shareholders' equity.

The total valuation allowances relating to acquired businesses amount to \$14.3 million and \$15.5 million at December 31, 2001 and 2000, respectively. The reduction for the current year is primarily attributable to the utilization of net operating losses and the expiration of the useful life of various deferred tax assets. Future reductions of these valuation allowances will continue to be credited to goodwill when realized.

At December 31, 2001, for U.S. federal income tax purposes, the Company had net operating loss carryforwards of \$62.6 million that expire in various amounts through 2021 and other tax credits of \$0.4 million that have no expiration. The Company has various U.S. state net operating losses and various foreign operating losses that expire in varying amounts through 2021.

The Company is currently under examination in various taxing jurisdictions in which it conducts business operations. While the Company has not yet received any material assessments from these taxing authorities, the Company believes that adequate amounts of taxes and related interest and penalties have been provided for any adverse adjustments as a result of these examinations and that the ultimate outcome of these examinations will not result in an adverse material impact on the Company's consolidated results of operations or financial position.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

13. OTHER CHARGES, NET

Other charges, net consists primarily of foreign currency transactions, interest income, charges related to the Company's cost-reduction programs and gains on the sale of property, plant and equipment.

As part of its efforts to reduce costs, the Company recorded charges of approximately \$15.2 million, \$1.4 million, and \$8.0 million in 2001, 2000 and 1999, respectively, associated primarily with headcount reductions and manufacturing transfers in 2001, the close-down and consolidation of operations in 2000, and the transfer of production lines from the Americas to China and Europe, and the closure of facilities in 1999. The charges comprised primarily severance and other related benefits and costs of exiting facilities, including lease termination costs and the write-down of impaired assets.

The Company also incurred losses of \$4.1 million during 1999 in connection with the exit from its glass batching business based in Belgium. This amount primarily comprised severance and other costs of exiting this business. The Company completed its exit of this business by the end of 1999. These losses were offset by a gain of \$3.1 million recorded in connection with an asset sale.

A roll-forward of the Company's accrual for restructuring activities follows:

	Employee related	Asset write-downs	Lease termination	Other	Total
	-----	-----	-----	-----	-----
For the year ended December 31, 2001	(a)	(b)	(c)	(d)	
Beginning of period.....	\$ 2,141	\$ -	\$ 779	\$ 60	\$ 2,980
Restructuring expense.....	8,848	4,721	464	1,163	15,196
Cash payments.....	(6,856)	-	(964)	(899)	(8,719)
Increase in retirement benefit obligation....	(2,114)	-	-	-	(2,114)
Non-cash write-downs of impaired assets.....	-	(4,721)	-	-	(4,721)
Impact of foreign currency.....	(18)	-	-	-	(18)
	-----	-----	-----	-----	-----
End of period.....	\$ 2,001	\$ -	\$ 279	\$ 324	\$ 2,604
	=====	=====	=====	=====	=====

- (a) Employee related costs include severance and early retirement costs for 350 employees, of which most employees had been terminated as of December 31, 2001. These employees include positions primarily in manufacturing, as well as administrative and other personnel, primarily at the Company's Principal U.S. Operations. The remaining employee terminations and related cash outflows are expected to be completed during the first quarter of 2002.

The increase in the Company's retirement benefit obligation represents enhanced early retirement benefits provided to terminated employees.

- (b) The asset impairments primarily relate to plant and equipment, and production component disposals resulting from the exit of certain manufacturing facilities. Fair value of these assets was determined on the basis of their net realizable value on disposal. Substantially all of the impaired assets were physically disposed as of December 31, 2001.
- (c) Lease termination costs primarily relate to the early termination of leases on vacated property.
- (d) Other costs include expenses associated with equipment dismantling and disposal, legal costs and other exit costs.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

14. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases certain of its facilities and equipment under operating leases. The future minimum lease payments under non-cancelable operating leases are as follows at December 31, 2001:

2002.....	\$ 15,624
2003.....	12,232
2004.....	9,602
2005.....	7,017
2006.....	5,516
Thereafter.....	8,730

Total.....	\$ 58,721

Rent expense for operating leases amounted to \$20.0 million, \$21.2 million and \$18.5 million for the years ended December 31, 2001, 2000 and 1999, respectively.

Legal

The Company is party to various legal proceedings, including certain environmental matters, incidental to the normal course of business. Management does not expect that any of such proceedings will have a material adverse effect on the Company's financial condition or results of operations.

15. SEGMENT REPORTING

Operating segments are the individual reporting units within the Company. These units are managed separately, and it is at this level where the determination of resource allocation is made. The units have been aggregated based on operating segments in geographic regions that have similar economic characteristics and meet the aggregation criteria of SFAS

131. The Company has determined that there are five reportable segments:

Principal U.S. Operations, Principal Central European Operations, Swiss R&D and Manufacturing Operations, Other Western European Operations and Other. Principal U.S. Operations represent certain of the Company's marketing and producing organizations located in the United States. Principal Central European Operations primarily include the Company's German marketing and producing organizations that primarily serve the German market and, to a lesser extent, Europe. Swiss R&D and Manufacturing Operations consist of the organizations located in Switzerland that are responsible for the development, production and marketing of precision instruments, including weighing, analytical and measurement technologies for use in a variety of industrial and laboratory applications. Other Western European Operations include the Company's market organizations in Western Europe that are not included in Principal Central European Operations. The Company's market organizations are geographically focused and are responsible for all aspects of the Company's sales and service. Operating segments that exist outside these reportable segments are included in Other.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

15. SEGMENT REPORTING - (CONTINUED)

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on adjusted operating income (gross profit less research and development and selling, general and administrative expenses before amortization and non-recurring costs). Intersegment sales and transfers are priced to reflect consideration of market conditions and the regulations of the countries in which the transferring entities are located. The following tables show the operations of the Company's operating segments:

For the year ended December 31, 2001	Principal U.S. Operations	Principal Central European Operations	Swiss R&D and Mfg. Operations	Other Western European Operations	Other (a)	Eliminations and Corporate(b)	Total
Net sales to external customers.....	\$ 362,855	\$ 185,606	\$ 24,044	\$ 269,733	\$ 305,784	\$ -	\$ 1,148,022
Net sales to other segments.....	32,507	60,886	149,496	44,616	149,872	(437,377)	-
Total net sales.....	<u>\$ 395,362</u>	<u>\$ 246,492</u>	<u>\$ 173,540</u>	<u>\$ 314,349</u>	<u>\$ 455,656</u>	<u>\$(437,377)</u>	<u>\$ 1,148,022</u>
Adjusted operating income..	\$ 31,074	\$ 30,432	\$ 40,883	\$ 27,517	\$ 46,435	\$ (11,277)	\$ 165,064
Depreciation.....	6,762	2,283	1,880	2,962	8,520	451	22,858
Total assets.....	585,357	144,967	226,790	183,120	712,851	(663,673)	1,189,412
Purchase of property, plant and equipment.....	7,007	4,386	3,178	3,498	8,783	6,376	33,228
For the year ended December 31, 2000	Principal U.S. Operations	Principal Central European Operations	Swiss R&D and Mfg. Operations	Other Western European Operations	Other (a)	Eliminations and Corporate(b)	Total
Net sales to external customers.....	\$ 367,738	\$ 177,912	\$ 26,974	\$ 256,257	\$ 266,666	\$ -	\$ 1,095,547
Net sales to other segments.....	33,528	53,563	148,158	41,896	120,730	(397,875)	-
Total net sales.....	<u>\$ 401,266</u>	<u>\$ 231,475</u>	<u>\$ 175,132</u>	<u>\$ 298,153</u>	<u>\$ 387,396</u>	<u>\$(397,875)</u>	<u>\$ 1,095,547</u>
Adjusted operating income..	\$ 38,414	\$ 22,881	\$ 38,313	\$ 21,979	\$ 32,231	\$ (10,977)	\$ 142,841
Depreciation.....	6,692	2,364	1,962	2,803	7,488	381	21,690
Total assets.....	242,878	138,957	199,067	152,816	661,740	(507,876)	887,582
Purchase of property, plant and equipment.....	6,289	3,123	3,068	4,226	10,798	1,800	29,304
For the year ended December 31, 1999	Principal U.S. Operations	Principal Central European Operations	Swiss R&D and Mfg. Operations	Other Western European Operations	Other (a)	Eliminations and Corporate(b)	Total
Net sales to external customers.....	\$ 356,400	\$ 184,021	\$ 23,832	\$ 267,426	\$ 233,794	\$ -	\$ 1,065,473
Net sales to other segments.....	46,310	58,094	154,931	20,229	111,284	(390,848)	-
Total net sales.....	<u>\$ 402,710</u>	<u>\$ 242,115</u>	<u>\$ 178,763</u>	<u>\$ 287,655</u>	<u>\$ 345,078</u>	<u>\$(390,848)</u>	<u>\$ 1,065,473</u>
Adjusted operating income..	\$ 37,255	\$ 23,070	\$ 32,992	\$ 25,024	\$ 30,138	\$ (24,797)	\$ 123,682
Depreciation.....	7,807	2,912	2,748	3,176	7,903	394	24,940
Total assets.....	217,202	139,726	158,160	146,955	624,528	(465,598)	820,973
Purchase of property, plant and equipment.....	7,588	2,051	2,322	4,140	10,548	2,539	29,188

(a) Other includes reporting units in Asia, Eastern Europe, Latin America and segments from other countries that do not meet the aggregation criteria of SFAS 131.

(b) Eliminations and Corporate includes the elimination of intersegment transactions as well as certain corporate expenses, intercompany investments and certain goodwill, which are not included in the Company's operating segments.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

15. SEGMENT REPORTING - (CONTINUED)

A reconciliation of adjusted operating income to earnings before taxes and minority interest for the year ended December 31 follows:

	2001	2000	1999
	----	----	----
Adjusted operating income.....	\$ 165,064	\$ 142,841	\$ 123,682
Amortization.....	14,114	11,564	10,359
Interest expense.....	17,162	20,034	21,980
Other charges, net.....	15,354	2,638	10,468
Revaluation of acquisition inventories	--	--	998
Earnings before taxes and minority	-----	-----	-----
interest.....	\$ 118,434	\$ 108,605	\$ 79,877
	=====	=====	=====

The Company sells precision instruments, including weighing instruments and certain analytical and measurement technologies, and related after-market support to a variety of customers and industries. None of these customers account for more than 3% of net sales. After-market support revenues are primarily derived from parts and services such as calibration, certification and repair, much of which is provided under contracts. A breakdown of the Company's sales by product category for the years ended December 31 follows:

	2001	2000	1999
	-----	-----	-----
Weighing-related instruments.....	\$ 634,834	\$ 624,510	\$ 618,716
Non-weighing instruments.....	271,519	237,501	226,434
After-market.....	241,669	233,536	220,323
	-----	-----	-----
Total net sales.....	\$1,148,022	\$1,095,547	\$1,065,473
	=====	=====	=====

The breakdown of net sales by geographic customer destination and property, plant and equipment, net for the year ended December 31 is as follows:

	Net sales			Property, plant and equipment, net	
	2001	2000	1999	2001	2000
	-----	-----	-----	-----	-----
United States.....	\$ 417,886	\$ 411,484	\$ 386,452	\$ 41,543	\$ 41,050
Other Americas.....	74,020	76,522	74,701	2,157	2,222
	-----	-----	-----	-----	-----
Total Americas.....	491,906	488,006	461,153	43,700	43,272
Germany.....	130,641	122,570	132,302	22,920	22,504
France.....	104,206	97,345	94,557	5,606	5,863
United Kingdom.....	44,689	44,927	44,105	5,806	6,037
Switzerland.....	45,437	45,308	42,530	92,707	99,627
Other Europe.....	185,961	168,040	174,497	5,239	5,985
	-----	-----	-----	-----	-----
Total Europe.....	510,934	478,190	487,991	132,278	140,016
Rest of World.....	145,182	129,351	116,329	16,294	16,100
	-----	-----	-----	-----	-----
Totals.....	\$1,148,022	\$1,095,547	\$1,065,473	\$ 192,272	\$ 199,388
	=====	=====	=====	=====	=====

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(IN THOUSANDS UNLESS OTHERWISE STATED)

16. QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly financial data for the years ended December 31, 2001 and 2000 are as follows:

	First Quarter -----	Second Quarter (a) -----	Third Quarter -----	Fourth Quarter (a) -----
2001				
Net sales	\$ 265,644	\$ 279,033	\$ 285,064	\$ 318,281
Gross profit.....	118,310	126,849	131,024	152,699
Net earnings.....	\$ 14,498	\$ 6,682	\$ 20,384	\$ 30,700
Basic earnings per common share....	\$0.37	\$0.17	\$0.51	\$0.72
Diluted earnings per common share..	\$0.34	\$0.16	\$0.48	\$0.69
Market price per share:	\$53.92	\$52.20	\$49.20	\$51.98
High.....	\$36.50	\$37.95	\$37.00	\$39.98
Low.....				
2000				
Net sales	\$ 259,116	\$ 268,558	\$ 270,003	\$ 297,870
Gross profit.....	114,241	119,586	120,684	140,851
Net earnings.....	\$ 11,754	\$ 17,931	\$ 17,134	\$ 23,300
Basic earnings per common share....	\$0.30	\$0.46	\$0.44	\$0.59
Diluted earnings per common share..	\$0.28	\$0.43	\$0.41	\$0.55
Market price per share:				
High.....	\$44.50	\$45.75	\$48.81	\$56.00
Low.....	\$31.81	\$30.00	\$37.75	\$39.50

- (a) The financial data for the second quarter of 2001 includes a charge of \$14.6 million primarily related to headcount reductions and manufacturing transfers (Note 13). The financial data for the fourth quarter of 2000 includes a charge of \$1.4 million related to the close-down and consolidation of operations.

SCHEDULE II- VALUATION AND QUALIFYING ACCOUNTS (IN THOUSANDS)

Column A	Column B	Column C		Column D	Column E
Description	Balance at the beginning of period	Additions		-Deductions- Describe	Balance at end of period
		(1) Charged to costs and Expenses	(2) Charged to Other accounts Describe		
				Note (A)	
Accounts Receivable- allowance for doubtful accounts:					
Year ended December 31, 2001	9,097	996	-	643	9,450
Year ended December 31, 2000	9,827	1,008	-	1,738	9,097
Year ended December 31, 1999	9,443	1,867	-	1,483	9,827

Note A

Represents excess of uncollectable balances written off over recoveries of accounts previously written off. Additionally, amounts are net of foreign currency translation effect of \$(244), \$(253) and \$(691) for the years ended December 31, 2001, 2000, and 1999, respectively.

EXHIBIT 10.16

[Letterhead of Mettler-Toledo International Inc.]

Mr. Olivier A. Filliol
Englisacherstrasse 8
8966 Oberwil-Lieli

Date	May 21, 2001
Reference	PB/vg
Direct Dial	+41 1 944 22 85
Telefax	+41 1 944 22 55

EMPLOYMENT AGREEMENT

between METTLER-TOLEDO GMBH, Im Langacher, 8606 Greifensee, and OLIVIER A. FILLIOL, born January 30, 1967, citizen of Switzerland.

The parties enter into an employment agreement on the terms and conditions set forth below:

Function	Head of Process Analytics Division, Member of the Group Management Committee (GMC) of the METTLER TOLEDO Group
Employing Company/ Position Location	Mettler-Toledo GmbH, Process Analytics, Urdorf. If not otherwise stipulated in this agreement, the general rules of employment ("Allgemeine arbeitsvertragliche Bestimmungen (AVB)" of our Swiss operations) apply.
Remuneration	BASE SALARY of CHF 240'000.-- gross per annum, effective June 1, 2001, payable in twelve equal monthly installments of CHF 20'000.--. Participation in the INCENTIVE PLAN POBS PLUS for Members of the Group Management of METTLER TOLEDO. The BONUS, in addition to the yearly base salary, is based and calculated on the grade of target achievement at the end of the business year, as follows: - o 4.50% of base salary for the range of 90-110 target points; - o 3.75% of base salary for the range of 111-130 target points. For 100% target achievement, the bonus is CHF 108'000.-- gross (45% of the base salary).

Expenses	EXPENSE ALLOWANCE according to the "Spesenreglement - Ergänzung Gruppenleitung" of CHF 10'500.-- per annum, payable in twelve monthly installments of CHF 875.--. No commuting allowance will be paid.
Stock Options	Participation in the METTLER TOLEDO Stock Option Plan as may be amended from time to time. Olivier Filliol will be granted 50'000 Stock Options when taking up the GMC function.
Personnel Insurance	- o Participation in the Mettler-Toledo Fonds (pension plan for GMC members). - o Additional Accident Insurance, Disability Insurance (coverage of salary in case of illness and accident) The premiums for all these insurances are fully paid by METTLER TOLEDO
Holidays	30 working days per calendar year, including compensation for overtime ("Zeitregelung mit pauschaler Abgeltung").
Duration/ Notice Period	This employment agreement starts on June 1, 2001. It is of unlimited duration. The notice period is 6 months for both parties.
Non-Competition	While Olivier Filliol is employed by METTLER TOLEDO, and for a period of twelve months after the termination of his employment, Olivier Filliol shall not knowingly engage in or be employed in any business anywhere in the world which competes with the principal businesses of METTLER TOLEDO.
Previous Employment Agreements	With the effectiveness of this Employment Agreement, all previous agreements with METTLER TOLEDO shall be considered as cancelled. The acquired years of service since May 1, 1998 are taken into consideration where applicable.
Applicable Law and Jurisdiction	This agreement shall be governed by Swiss Law. All disputes concerning the terms and conditions of this agreement shall be brought before the ordinary courts in the Canton of Zurich, Switzerland.

Mettler-Toledo GmbH

The Employee

/S/
Robert F. Spoerry

/S/
Peter Burkert

/S/
Olivier Filliol

EXHIBIT 10.17

[Letterhead of Mettler-Toledo International Inc.]

Mr. Timothy P. Haynes
4562 Dunleary Drive
Dublin, OH 43017

USA

Date	December 11, 2001
Reference	PB/vg
Direct Dial	+41 1 944 22 85
Telefax	+41 1 944 22 55

EMPLOYMENT AGREEMENT

between METTLER-TOLEDO, INC., 1900 Polaris Parkway, Columbus / OH 43240, and MR. TIMOTHY P. HAYNES, born October 28, 1964, citizen of the USA.

The parties enter into an employment agreement on the terms and conditions set forth below:

Function	Head of the Retail Division, Member of the Group Management Committee (GMC) of the METTLER TOLEDO Group
Employing Company/ Position Location	Mettler-Toledo, Inc., Columbus / OH. If not otherwise stipulated in this agreement, the Human Resources Policy and the General Rules of Employment including Benefit Plans of Mettler-Toledo, Inc. apply.
Remuneration	BASE SALARY of USD 160'000.-- gross per annum, effective October 1, 2001, payable in twelve equal monthly installments of USD 13'333.--. This base salary remains unchanged until March 31, 2003. Participation in the INCENTIVE PLAN POBS PLUS for Members of the Group Management of METTLER TOLEDO (Regulations valid as of March 14, 2000 enclosed). The BONUS, in addition to the yearly base salary, is based and calculated on the grade of target achievement at the end of the business year, as follows: - o 4.50% of base salary for the range of 90-110 target points; - o 3.75% of base salary for the range of 111-130 target points. For 100% target achievement, the bonus is USD 72'000.-- gross (45% of the base salary).

Car Allowance	Tim Haynes shall be provided with a car allowance of USD 833.-- gross per month, always in line with the actually valid vehicle policy and rules for the senior management staff of Mettler-Toledo, Inc.
Stock Options	Participation in the METTLER TOLEDO Stock Option Plan as may be amended from time to time. Tim Haynes will be granted 50'000 Stock Options at the next ordinary grant date after taking up the GMC function.
Personnel Insurance	Participation in the Mettler-Toledo, Inc. insurance benefit plans and arrangements as actually valid or amended from time to time, in particular Retirement Plan, 401 (k) Retirement Savings Plan, Health Care Programs, Life, Accident and Disability Income Protection.
Vacations	Tim Haynes shall be entitled to no less than 20 paid vacation days in each calendar year. He shall also be entitled to all paid holidays and personal days given by Mettler-Toledo, Inc. to its employees.
Duration/ Notice Period/ Termination	This employment agreement starts on October 1, 2001. It is of unlimited duration. It may be terminated by either party without cause by giving six (6) months notice in writing to the end of a month, and shall terminate at the end of such notice period. METTLER TOLEDO may terminate the employee's employment hereunder without any breach of the employment agreement and without a six months notice period under the following circumstances. . Death: The employee's employment hereunder shall terminate upon his death. . Disability: If, as a result of the employee's incapacity due to physical or mental illness, the employee shall have been absent from his duties hereunder on a full-time basis for the entire period of twelve consecutive months, and within thirty (30) days after written notice of termination is given (which may occur before or after the end of such twelve month period) shall not have returned to the performance of his duties hereunder on a full-time basis, METTLER TOLEDO may terminate the employee's employment hereunder. . METTLER TOLEDO and Tim Haynes may terminate the employee's employment hereunder for cause, with immediate effect.
Non-Competition	While Tim Haynes is employed by METTLER TOLEDO, and for a period of twelve months after the termination of his employment, Tim Haynes shall not knowingly engage in or be employed in any business anywhere in the world which competes with the principal businesses of METTLER TOLEDO.

Previous Employment
Agreements

With the effectiveness of this Employment Agreement, all previous agreements with METTLER TOLEDO shall be considered as cancelled. The acquired years of service since September 7, 1999 are taken into consideration where applicable.

Applicable Law and
Jurisdiction

This agreement shall be governed by US Law. All disputes concerning the terms and conditions of this agreement shall be brought before the ordinary courts in the State of Ohio, USA.

Mettler-Toledo, Inc.

The Employee

/S/
Robert F. Spoerry

/S/
Peter Burkner

/S/
Timothy P. Haynes

Enclosure

EXHIBIT 10.18

[Letterhead of Mettler-Toledo International Inc.]

Mr. Urs Widmer
Fohrenweg 3
8133 Esslingen

Date	5. November 2001
Reference	PB/vg
Direct Dial	+41 1 944 22 85
Telefax	+41 1 944 22 55

EMPLOYMENT AGREEMENT

between METTLER-TOLEDO GMBH, Im Langacher, 8606 Greifensee, and URS WIDMER, born July 26, 1950, citizen of Switzerland.

The parties enter into an employment agreement on the terms and conditions set forth below:

Function	Head of the Industrial Division, Member of the Group Management Committee (GMC) of the METTLER TOLEDO Group
Employing Company/ Position Location	Mettler-Toledo GmbH, Greifensee. If not otherwise stipulated in this agreement, the general rules of employment ("Allgemeine arbeitsvertragliche Bestimmungen (AVB)" of our Swiss operations) apply.
Remuneration	BASE SALARY of CHF 240'000.-- gross per annum, effective October 1, 2001, payable in twelve equal monthly installments of CHF 20'000.--. This base salary remains unchanged until March 31, 2003. Participation in the INCENTIVE PLAN POBS PLUS for Members of the Group Management of METTLER TOLEDO (Regulations valid as of March 14, 2000 enclosed). The BONUS, in addition to the yearly base salary, is based and calculated on the grade of target achievement at the end of the business year, as follows: - o 4.50% of base salary for the range of 90-110 target points; - o 3.75% of base salary for the range of 111-130 target points. For 100% target achievement, the bonus is CHF 108'000.-- gross (45% of the base salary).

Expenses

EXPENSE ALLOWANCE according to the "Spesenreglementserganzung Gruppenleitung" (enclosed) of CHF 10'500.-- per annum, payable in twelve monthly installments of CHF 875.--. No commuting allowance will be paid.

Stock

Options

Participation in the METTLER TOLEDO Stock Option Plan as may be amended from time to time. Urs Widmer will be granted 30'000 Stock Options at the next ordinary grant date, after taking up the GMC function.

Personnel Insurance

o Participation in the Mettler-Toledo Fonds (pension plan for GMC members).
o Additional Accident Insurance, Disability Insurance (coverage of salary in case of illness and accident)
The premiums for all these insurances are fully paid by METTLER TOLEDO. The base for the insured salary in the Mettler-Toledo Fonds and other personnel insurances is CHF 268'909.-- (77.2727% of Target Salary).

Holidays

30 working days per calendar year, including compensation for overtime ("Zeitregelung mit pauschaler Abgeltung").

Duration/
Notice Period

This employment agreement starts on October 1, 2001. It is of unlimited duration. The notice period is 6 months for both parties.

Non-Competition

While Urs Widmer is employed by METTLER TOLEDO, and for a period of twelve months after the termination of his employment, Urs Widmer shall not knowingly engage in or be employed in any business anywhere in the world which competes with the principal businesses of METTLER TOLEDO.

Previous Employment
Agreements

With the effectiveness of this Employment Agreement, all previous agreements with METTLER TOLEDO shall be considered as cancelled. The acquired years of service since April 1, 1984 are taken into consideration where applicable.

Applicable Law and
Jurisdiction

This agreement shall be governed by Swiss Law. All disputes concerning the terms and conditions of this agreement shall be brought before the ordinary courts in the Canton of Zurich, Switzerland.

Mettler-Toledo GmbH

The Employee

/S/
Robert F. Spoerry

/S/
Peter Burkner

/S/
Urs Widmer

Enclosure

EXHIBIT 21

SUBSIDIARIES OF THE COMPANY

AUSTRALIA

Mettler-Toledo Limited

Mettler-Toledo Australia Holding Pty. Ltd.

AUSTRIA

Mettler-Toledo Ges.m.b.H.

BELGIUM

N.V. Mettler-Toledo B.V.

BERMUDA

Mettler-Toledo Finance Ltd.

BRAZIL

Mettler-Toledo Industria e Comercio Ltda Safeline do Brasil Limitada

CANADA

Mettler-Toledo Inc.

CHINA

Mettler-Toledo (Changzhou) Scale & System Limited Mettler-Toledo Instruments (Shanghai) Ltd. Mettler-Toledo International Trading (Shanghai) Corp. Ohaus International Trading (Shanghai) Ltd.

CROATIA

Mettler-Toledo d.o.o.

CZECH REPUBLIC

Mettler-Toledo spol. s.r.o.

DENMARK

Mettler-Toledo A/S

FRANCE

Flexilab SAS

High Tech Service Societe Anonyme

Mettler-Toledo Analyse Industrielle S.a.r.l. Mettler-Toledo Holding (France) SAS Mettler-Toledo S.A.

Mettler-Toledo Testut SAS

Ohaus S.a.r.l.

Safeline SA

GERMANY

Garvens Automation GmbH

Getmore Ges. für Marketing & Media Service m.b.H. Mesoma - Verpackungsmaschinen Anlagebau GmbH & Co. KG Mesoma Verwaltungs GmbH

Mettler-Toledo (Albstadt) GmbH

Mettler-Toledo GmbH

Mettler-Toledo Holding Deutschland GmbH Mettler-Toledo Management Holding Deutschland GmbH Mettler-Toledo Orga-P GmbH

Ohaus Waagen Vertriebsgesellschaft m.b.H. Safeline GmbH

HONG KONG

Mettler-Toledo (HK) Ltd.

HUNGARY

Mettler-Toledo Kereskedelmi Kft.

INDIA

Mettler-Toledo India Private Limited Turing Softwares Private Limited

ITALY

Mettler-Toledo S.p.A.

JAPAN

Mettler-Toledo K.K.

KOREA

Mettler-Toledo (Korea) Ltd.

MALAYSIA

Mettler-Toledo (M) Sdn. Bhd.

Ohaus (SEA) Sdn. Bhd.

MEXICO

Mettler-Toledo S.A. de C.V.

Ohaus de Mexico S.A. de C.V.

NETHERLANDS

Gelan Detectiesystemen B.V.

Gelan Holding B.V.

Mettler-Toledo B.V.

Mettler-Toledo Holding B.V.

Mettler-Toledo Investment C.V. (Tiel) Mettler-Toledo Investment B.V. (Tiel) Safeline (Benelux) B.V.

NORWAY

Cargoscan A/S

Mettler-Toledo A/S

POLAND

Mettler-Toledo sp.z.o.o.

RUSSIAN FEDERATION

Mettler-Toledo AO

SINGAPORE

Mettler-Toledo (S) Pte. Ltd.

SLOVAK REPUBLIC

Mettler-Toledo Spol s.r.o.

SLOVENIA

Mettler-Toledo d.o.o.

SPAIN

Mettler-Toledo S.A.E.

SWEDEN

Mettler-Toledo AB

SWITZERLAND

Mettler-Toledo GmbH

Mettler-Toledo Holding AG

Mettler-Toledo Logistik AG

Mettler-Toledo Pac Rim AG

Mettler-Toledo (Schweiz) AG

Microwa AG

Mettler-Toledo Instrumente AG

THAILAND

Mettler-Toledo (Thailand) Ltd.

UNITED KINGDOM

AVS Metrology Limited

AVS Raytech Limited

Bohdan Europe Limited

Mettler-Toledo Ltd.

Mettler-Toledo Myriad Limited

Mettler-Toledo UK Holding Company

Ohaus UK Ltd.

Safeline AVS Limited

Safeline Limited

UNITED STATES OF AMERICA

American Garvens Corporation [Delaware] ASI Applied Systems Inc. [Delaware] Automation Services Inc. [Kentucky] Berger Instruments Inc. [Delaware]

Exact Equipment Corporation [Delaware] Hi-Speed Checkweigher Co., Inc. [New York] Laser Sensor Technology Inc. [Washington] Mettler-Toledo Bohdan, Inc. [Illinois] Mettler-Toledo Chemistry Systems Holding Inc. [Delaware] Mettler-Toledo Ci LLC [Delaware]

Mettler Toledo Florida Inc. [Delaware] Mettler-Toledo Inc. [Delaware]

Mettler-Toledo Netherlands Investment I, [Delaware] Mettler-Toledo Netherlands Investment II, [Delaware] Mettler-Toledo Process Analytical Inc. [Massachusetts] Ohaus Corporation [New Jersey]

Rainin Instrument, LLC [Delaware]

Safeline AVS, Inc. [Florida]

Safeline Inc. [Delaware]

Thornton Inc. [Massachusetts]

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-52661, 333-31636 and 333-55820) of Mettler-Toledo International Inc. of our report dated February 7, 2002 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

PricewaterhouseCoopers AG (signed)

Zurich, Switzerland
March 4, 2002

EXHIBIT 99.1

FACTORS AFFECTING OUR FUTURE OPERATING RESULTS

Certain statements contained in our public filings, press releases and other documents and materials as well as certain statements in written or oral statements made by us or on our behalf are forward-looking statements based on our current expectations and projections about future events, including:

- o strategic plans
- o potential growth, including penetration of developed markets, use of e-commerce capabilities and opportunities in emerging markets
- o planned research and development efforts, product introductions and innovation
- o meeting customer expectations
- o planned operational changes, including productivity improvements
- o euro conversion issues
- o future financial performance, including expected capital expenditures
- o research and development expenditures
- o potential acquisitions
- o impact of completed acquisitions
- o future cash sources and requirements
- o liquidity
- o impact of environmental costs
- o potential cost savings, including from our procurement initiative

These forward-looking statements are subject to a number of risks and uncertainties, including those discussed below, which could cause our actual results to differ materially from historical results or those anticipated and certain of which are beyond our control. The words "believe," "expect," "anticipate" and similar expressions identify forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The risks included here are not exhaustive. Other sections of this report may describe additional factors that could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Investors should also be aware that while we do, from time to time, communicate with securities analysts, it is against our policy to disclose to them any material non-public information or other confidential commercial information. Accordingly, investors should not assume that we agree with any statement or report issued by any analyst irrespective of the content of the statement or report. Furthermore, we have a policy against issuing or confirming financial forecasts or projections issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

The following factors could cause actual results to differ materially from historical results or anticipated results:

CURRENCY FLUCTUATIONS MAY 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 operating expenses than Swiss franc-denominated sales represent of our net sales. In part, this is because most of our manufacturing costs in Switzerland relate to products that are sold outside of 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 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. In recent years, the Swiss franc and other European currencies have generally moved in a consistent manner versus the U.S. dollar. Therefore, because the two effects previously described have offset each other, our operating profits have not been materially affected by movements in the U.S. dollar exchange rate versus European currencies. However, there can be no assurance that these currencies will continue to move in a consistent manner in the future. 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.

WE ARE SUBJECT TO CERTAIN RISKS ASSOCIATED WITH OUR INTERNATIONAL OPERATIONS AND FLUCTUATING CONDITIONS IN EMERGING MARKETS

We do business in many countries, including emerging markets in Asia, Latin America and Eastern Europe. In addition to the currency risks discussed above, international operations pose substantial other 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:

- o tariffs and trade barriers
- o difficulties in staffing and managing local operations
- o credit risks arising from financial difficulties facing local customers and distributors
- o difficulties in protecting intellectual property
- o nationalization of private enterprises
- o restrictions on investments and/or limitations regarding foreign ownership
- o adverse tax consequences, including imposition or increase of withholding and other taxes on remittances and other payments by subsidiaries
- o uncertain local economic, political and social conditions, including hyper-inflationary conditions

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 such funds require governmental approvals. If we cannot comply with these or other applicable regulations, we may face increased difficulties in utilizing cash flow generated by these operations outside of China.

Economic conditions in emerging markets have from time to time deteriorated significantly and some emerging markets are experiencing recessionary trends, severe currency devaluations and inflationary prices. Moreover, economic problems in individual markets can spread to other economies, adding to the adverse conditions we face in emerging markets. We remain committed to emerging markets, particularly those in Asia, Latin America and Eastern Europe. However, we expect the fluctuating economic conditions will affect our financial results in these markets for the foreseeable future.

WE OPERATE IN HIGHLY COMPETITIVE MARKETS AND IT MAY BE DIFFICULT TO PRESERVE OPERATING MARGINS, GAIN MARKET SHARE AND MAINTAIN A TECHNOLOGICAL ADVANTAGE

Our markets are highly competitive. Weighing instruments markets are also fragmented both geographically and by application, particularly the industrial and food retailing market. 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. 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. In any event, 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.

A PROLONGED DOWNTURN OR ADDITIONAL CONSOLIDATION IN THE PHARMACEUTICAL, FOOD, FOOD RETAILING AND CHEMICALS INDUSTRIES COULD ADVERSELY AFFECT OUR OPERATING RESULTS

Our products are used extensively in the pharmaceutical, chemicals and food and beverage industries. Consolidation in the pharmaceutical and chemicals industries hurt our sales in prior years. A prolonged downturn or additional consolidation in any of these industries could adversely affect our operating results.

WE MAY FACE RISKS ASSOCIATED WITH FUTURE ACQUISITIONS

We plan to pursue acquisitions of complementary product lines, technologies or businesses. Acquisitions involve numerous risks, including:

- o difficulties in the assimilation of the acquired operations, technologies and products
- o diversion of management's attention from other business concerns
- o potential departures of key employees of the acquired company

If we successfully identify acquisitions in the future, completing such acquisitions may result in:

- o new issuances of our stock that may be dilutive to current owners
- o increases in our debt and contingent liabilities
- o additional amortization expenses related to goodwill and other intangible assets

Any of these risks could materially adversely affect our profitability. We continue to explore potential acquisitions. We may not be able to identify, successfully complete or integrate potential acquisitions in the future. However, even if we can, we cannot be sure that such acquisitions will have a positive impact on our business or operating results.

OUR CREDIT AGREEMENT RESTRICTS OUR ABILITY TO TAKE CERTAIN ACTIONS

Covenants in our debt obligations restrict our ability to incur additional indebtedness, dispose of certain assets and make capital expenditures. The covenants also restrict our other corporate activities. Our ability to comply with these covenants may be affected by events beyond our control, including economic, financial and industry conditions. A failure to comply with the covenants and restrictions contained in our debt obligations or any other agreements with respect to any additional financing could result in an acceleration of the amount we owe under our debt agreements.

DEPARTURES OF KEY EMPLOYEES COULD IMPAIR OUR OPERATIONS

We have employment contracts with each of our key employees. In addition, our key employees own shares of our common stock and have options to purchase additional shares. Nonetheless, such individuals could leave the Company. If any key employees stopped working for us, our operations could be harmed. We have no key man life insurance policies with respect to any of our senior executives.

WE MAY BE ADVERSELY AFFECTED BY THE ENVIRONMENTAL LAWS AND REGULATIONS TO WHICH WE ARE SUBJECT

We are subject to various environmental laws and regulations, including those relating to:

- o air emissions
- o wastewater discharges
- o the handling and disposal of solid and hazardous wastes
- o the remediation of contamination associated with the use and disposal of hazardous substances

We incur capital and operating expenditures in complying with environmental laws and regulations both in the United States and abroad. We are currently involved in, or have potential liability with respect to, the remediation of past contamination in facilities both in the United States and abroad. In addition, some of these facilities have or had 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. Such 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.

RECENT CHANGES TO FINANCIAL ACCOUNTING STANDARDS BOARD GUIDELINES RELATING TO ACCOUNTING FOR GOODWILL COULD MAKE OUR ACQUISITION-RELATED CHARGES LESS PREDICTABLE IN ANY GIVEN REPORTING PERIOD.

The Financial Accounting Standards Board recently adopted a new standard for accounting for goodwill acquired in a business combination,

which is effective for fiscal years beginning after December 31, 2001. It continues to require recognition of goodwill as an asset but does not permit amortization of goodwill as previously required. Under the new statement, goodwill is separately tested for impairment using a fair-value-based approach when an event occurs indicating the potential for impairment. The shift from an amortization approach to an impairment approach applies to previously recorded goodwill as well as goodwill arising from acquisitions completed after adoption of the new standard. As the new standard is implemented, our goodwill amortization charges will cease. However, it is possible that in the future, we would incur less frequent, but larger, impairment charges related to the goodwill already recorded as well as goodwill arising out of future acquisitions as we continue to expand our business.

WE DO NOT EXPECT TO PAY DIVIDENDS IN THE FORESEEABLE FUTURE

Our credit agreement restricts our ability to pay dividends. In any event, we do not intend to pay cash dividends on our common stock in the foreseeable future.

ANTI-TAKEOVER PROVISIONS IN OUR CERTIFICATE AND BY-LAWS AND UNDER DELAWARE LAW COULD INHIBIT A CHANGE OF CONTROL OF OUR COMPANY

Our certificate of incorporation and by-laws contain provisions that could make it more difficult for a third party to acquire the Company. Our certificate of incorporation authorizes the Board of Directors to issue preferred stock without shareholder approval and upon such terms as it may determine. The rights of the holders of our common stock are subject to, and may be adversely affected by, the rights of future holders of preferred stock. In addition, our by-laws require shareholders to provide advance notice to nominate candidates for election as directors and to submit proposals for consideration at shareholder meetings. Section 203 of the Delaware General Corporation Law makes it more difficult for an "interested stockholder" (generally a 15% stockholder) to effect various business combinations with a corporation for a three-year period after he becomes an "interested stockholder." In general, these provisions may discourage a third party from attempting to acquire the Company and therefore may inhibit a change of control of our company under circumstances that could give shareholders an opportunity to realize a premium over then-prevailing market prices.

WE COULD BE ADVERSELY AFFECTED BY THE INTRODUCTION OF THE EUROPEAN MONETARY UNION

We have recognized the introduction of the euro as a significant event with potential implications for existing operations. Currently, we operate in all of the participating countries in the European Monetary Union (the "EMU"). We expect nonparticipating European Union countries, where we also have operations, may eventually join the EMU.

We have committed resources to ensure we are prepared for the introduction of the euro. We were euro compliant within our accounting and business systems by the end of 1999 and expect to be compliant within our other business assets prior to the introduction of the euro bills and coins. Compliance in participating and nonparticipating countries will be achieved primarily through upgraded systems, which were previously planned to be upgraded. We do not currently expect to experience any significant operational disruptions or to incur any significant costs, including any currency risk, which could materially affect our liquidity or capital resources.

We are reviewing our pricing strategy throughout Europe due to the increased price transparency created by the euro. We do not believe that the effect of these adjustments will be material.

The statements set forth herein concerning the introduction of the euro which are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. In particular, the costs associated with our euro programs and the timeframe in which we plan to complete euro modifications are based upon management's best estimates. These estimates were derived from internal assessments and assumptions of future events. There can be no guarantee that any estimates or other forward-looking statements will be achieved, and actual results could differ significantly from those contemplated.

End of Filing

Powered By **EDGAR**
Online

© 2005 | EDGAR Online, Inc.