

METTLER TOLEDO INTERNATIONAL INC/

Form DEF 14A

March 29, 2004

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**SCHEDULE 14A**

**INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION**

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

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement  
(as permitted by  
Rule 14a-6(e)(2))☒  
Definitive Proxy  
Statement

☐ Confidential, for Use of the Commission Only

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

**METTLER-TOLEDO INTERNATIONAL INC.**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

☒ No Fee Required.

☐ Fee computed on table below per exchange Act Rules 14a-6(i)(1) and 0-11.

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

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(4) Date Filed:

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**Mettler-Toledo International Inc.**

Im Langacher  
CH-8606 Greifensee  
Switzerland

March 15, 2004

Dear Fellow Shareholder:

You are cordially invited to attend the 2004 Annual Meeting of Shareholders of Mettler-Toledo International Inc. to be held on Thursday, May 6, 2004, at 10:00 a.m. at the offices of Fried, Frank, Harris, Shriver & Jacobson LLP, One New York Plaza (corner of Water Street and Broad Street), 29th Floor, New York, New York 10004.

The Secretary's notice of the meeting and the proxy statement which appear on the following pages describe the matters to be acted upon at the meeting.

We hope you will be able to attend the meeting. In any event, please sign and return your proxy as soon as possible so that your vote will be counted. You may also vote by telephone or over the Internet by following the instructions on your proxy card.

Sincerely yours,

Robert F. Spoerry  
*Chairman of the Board*

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**Mettler-Toledo International Inc.**

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**Notice of Annual Meeting of Shareholders**

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**Time:** 10:00 a.m. on Thursday, May 6, 2004

**Place:** Fried, Frank, Harris, Shriver & Jacobson LLP  
One New York Plaza, 29th Floor  
New York, NY 10004

**Items of Business:**

1. To elect eight Directors
2. To ratify the appointment of PricewaterhouseCoopers as independent auditors
3. To approve the adoption of the 2004 Equity Incentive Plan
4. To transact any other business properly brought before the meeting

**Who Can Vote:** You can vote if you were a shareholder of record on March 8, 2004

**Annual Report:** A copy of our 2003 Annual Report is enclosed

**Date of Mailing:** On or about March 31, 2004

By Order of the Board of Directors

James T. Bellerjeau  
*Secretary*

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**Whether or not you plan to attend this annual meeting, please complete the enclosed proxy card and promptly return it in the accompanying envelope. You may also vote by telephone or over the Internet by following the instructions on your proxy card.**

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**ABOUT THE MEETING**

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**Who is entitled to vote?**

Each share of common stock is entitled to vote. You may vote if you owned shares as of the close of business on the record date, March 8, 2004. As of this date, we had 44,497,811 shares of common stock outstanding.

**How many votes must be present to hold the meeting?**

Your shares are counted as present at the meeting if you attend the meeting and vote in person, or if you vote by telephone or Internet, or if you properly return a proxy card by mail. In order for us to conduct the meeting, a majority of our outstanding shares of common stock as of the record date must be present in person or by proxy at the meeting. This is referred to as a quorum. Abstentions and broker non-votes are included in determining whether a quorum is present.

**How do I vote before the meeting? Can I vote at the meeting?**

You can vote by mail by completing, signing and returning the enclosed proxy card. You may also vote by telephone or over the Internet by following the instructions on your proxy card. You may vote your shares at the meeting if you attend in person. Even if you plan to attend the meeting, we encourage you to vote your shares by proxy.

**Can I change my mind after I vote?**

You may revoke your proxy at any time before the polls close at the meeting. However, you may only do this by signing another proxy with a later date, completing a written notice of revocation and returning it to the address on the proxy card before the meeting, or voting in person at the meeting.

**What does it mean if I receive more than one proxy card?**

It means that you have multiple accounts with brokers and/or our transfer agent. Please vote all of these shares. We recommend that you contact your broker and/or our transfer agent to consolidate as many accounts as possible under the same name and address. Our transfer agent is Mellon Investor Services and may be reached by phone at +1 (800) 526-0801 and on the web at [www.melloninvestor.com](http://www.melloninvestor.com).

**How can I attend the meeting?**

The annual meeting is open to all holders of our common stock. It is being held at the offices of Fried, Frank, Harris, Shriver & Jacobson LLP, One New York Plaza, 29th Floor, New York, New York 10004. We will answer shareholders' questions of general interest at the end of the meeting.

**Will my shares be voted if I do not provide my proxy or do not provide voting instructions?**

If your shares are held in the name of a brokerage firm and you have not provided your broker with voting instructions, the brokerage firm may vote your shares under certain circumstances. New York Stock Exchange rules allow brokers to vote your shares without your instructions only on routine matters, such as the election of directors and ratification of the appointment of independent accountants. On non-routine matters, such as those that change the rights of your shares, the brokerage firm may not vote your shares unless they receive voting instructions from you. These are referred to as broker non-votes.

If you hold your shares directly in your own name, they will not be voted if you do not provide a proxy or vote the shares yourself. Proxies that are signed and returned but do not contain instructions will be voted FOR the items of business described in the proxy.

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**ABOUT THE MEETING**

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**How many votes are needed to elect directors and transact other business?**

Assuming a quorum is present, the affirmative vote of a plurality of the votes cast at the meeting and entitled to vote in the election is required for the election of directors and to transact other business.

**How many votes are needed to ratify the appointment of PricewaterhouseCoopers?**

The proposal must receive the for vote of a majority of our outstanding shares of common stock as of the record date. A properly executed proxy card marked abstain with respect to this proposal will not be voted. Accordingly, abstentions will have the effect of a vote against this proposal.

For purposes of determining whether the affirmative vote of a majority of the votes cast at the meeting and entitled to vote has been obtained, abstentions will be included in, and broker non-votes will be excluded from, the number of shares present and entitled to vote.

**Can my shares be voted on matters other than those described in this proxy?**

Yes. However, we have not received proper notice of, and are not aware of, any business to be transacted at the meeting other than as indicated in this proxy statement. If any other item or proposal properly comes before the meeting, the proxies received will be voted in accordance with the discretion of the proxy holders.

**Are dissenters' rights applicable to any of the proposals?**

No. Dissenters' rights do not apply to any of the proposals.

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**PROPOSAL ONE:**

**ELECTION OF DIRECTORS**

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**What is the makeup of the Board? How long will this year's nominees serve?**

Our by-laws provide for eight Directors. In the event that a nominee is unable to serve, the person designated as proxyholder for the company will vote for the remaining nominees and for such other person as the Board of Directors may nominate.

Each nominee will hold office until next year's annual meeting of shareholders and until their successors have been duly elected and qualified. All nominees are currently Directors. This year's nominees are as follows.

**Robert F. Spoerry** is 48 years old and has been a Director since October 1996. Mr. 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 Chairman of the Board of Directors since May 1998.

**Philip Caldwell** is 84 years old and 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 1979 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.

**John T. Dickson** is 58 years old and 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** is 69 years old and 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 LLC, Alcon, Inc., Fiduciary Trust Co. International, Foot Locker, Inc. and Intermedia Advertising Group.

**John D. Macomber** is 76 years old and 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 LLC, Lehman Brothers Holdings Inc., Mirror Worlds Technology, Sovereign Specialty Chemicals, Inc. and Textron Inc.

**Hans Ulrich Maerki** is 57 years old and has been a Director since September 2002. Mr. Maerki has been the General Manager of IBM Europe/ Middle East/Africa since July 2003. He is also a member of the World Wide Management Council of IBM Corporation. From August 2001 to July 2003, Mr. Maerki was Chairman of IBM Europe/Middle East/Africa and from 1996 to July 2001, Mr. Maerki was General Manager of IBM Global Services, Europe/ Middle East/Africa. Mr. Maerki has been with IBM in various positions since 1973. Mr. Maerki is also a Director of ABB Ltd.

**George M. Milne, Jr., Ph.D.**, is 60 years old and has been a Director since September 1999. From 1970 to July 2002, Mr. Milne held various management positions with Pfizer Corporation, including most recently Executive Vice President, Pfizer Global Research and Development and President, Worldwide Strategic and Operations Management. Dr. Milne was also a Senior Vice President of Pfizer Inc. and a member of the Pfizer Management Council. He was President of Central Research from 1993 to July 2002 with global responsibility for Pfizer's Human and Veterinary Medicine Research and Development. Mr. Milne is also a Director of Athersys, Inc. and Charles River Laboratories, Inc.

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**PROPOSAL ONE:**

**ELECTION OF DIRECTORS**

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**Thomas P. Salice** is 44 years old and has been a Director since October 1996. Mr. Salice joined AEA Investors LLC, a private equity firm, in July 1989 and became President and a Director in January 1999, Chief Executive Officer in 2000 and Vice Chairman in September 2002. Mr. Salice is also a Director of Agere Systems Inc., Marbo, Inc., Sovereign Specialty Chemicals, Inc. and Waters Corporation. He also serves on the Board of Trustees of Fordham University.

**We recommend that you vote *FOR* the election of the Directors listed above. Proxies will be voted **FOR** each nominee unless otherwise specified in the proxy.**

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**INFORMATION ABOUT THE  
BOARD OF DIRECTORS AND ITS COMMITTEES**

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**What is the company's policy on Director attendance at Board meetings and the annual meeting?**

The Board expects that its members will attend all meetings of the Board. The Board of Directors met four times in 2003. Each of the Directors attended all of the meetings of the Board.

We seek to have at least a majority of Board members attend the annual meeting. Because we typically hold a regular Board meeting shortly before the annual meeting, we have not required all Board members to attend the annual meeting. In 2003, Messrs. Caldwell, Dickson, Macomber, Salice and Spoerry attended the annual meeting.

**How are the Directors compensated?**

Members of our Board of Directors receive reimbursement for traveling costs and other out-of-pocket expenses incurred in attending Board and committee meetings. Non-employee Directors receive an annual fee of \$30,000 (\$24,000 in 2003), as well as \$1,000 for each Board meeting attended and \$750 for each committee meeting attended (\$500 in 2003). Each Committee Chairman receives an additional annual fee of \$3,000. Each non-employee Director receives an annual grant of 3,000 options per year. The options granted in 2003 had an exercise price of \$37.56.

**Which Board members are considered independent?**

The Board uses a number of criteria in evaluating independence. The Board solicits information from Directors as to any relationship the Director or his immediate family member has with the company that might affect the Director's independence. The Board also evaluates Directors' independence pursuant to current NYSE rules. In addition, the Board has adopted the following standard with respect to commercial business relationships, which all non-employee Directors satisfy:

If METTLER TOLEDO buys from or sells to companies where directors serve as employees, or where their immediate family members serve as executive officers, the director will be considered independent if the annual purchases or sales are less than the greater of \$1 million or 2% of the other company's consolidated gross revenues.

In light of these criteria, the Board has determined that there are no relationships that would impair independence and that all Directors are independent, except for the Chairman of the Board, who is also the President and Chief Executive Officer.

**Do non-management Directors meet without management?**

The Board schedules regular executive sessions for its non-management members, typically after each Board meeting. At these meetings, one Director acts as Presiding Director. The function of Presiding Director rotates bi-annually among each of the non-management Directors.

**How can I contact the Board of Directors?**

Interested parties may contact the Presiding Director individually or the non-management Directors as a group by writing an e-mail to [PresidingDirector@mt.com](mailto:PresidingDirector@mt.com) or by sending a letter to Presiding Director, Mettler-Toledo International Inc., Im Langacher, CH-8606 Greifensee, Switzerland.

**What are the committees of the Board? Where are the committee charters?**

Our Board of Directors has three committees: Audit, Compensation and Nominating and Corporate Governance. The charters for each committee are available on the Investor Relations/ Corporate Governance page of the company's web site under [www.mt.com](http://www.mt.com).

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**INFORMATION ABOUT THE  
BOARD OF DIRECTORS AND ITS COMMITTEES**

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**Which committee members are independent?**

All of the members of each of the committees are considered independent.

**Audit Committee**

John D. Macomber (Chairman)

Philip Caldwell

Thomas P. Salice

None of the Audit Committee members serve on more than two other public company audit committees. The Audit Committee met four times in 2003. Our Chief Financial Officer, Chief Executive Officer and General Counsel attend Audit Committee meetings and give reports to and answer inquiries from the Audit Committee.

The purpose of the Audit Committee is overseeing the accounting and financial reporting process of the company and audits of the financial statements of the company and assisting Board oversight of:

the integrity of the company's financial statements and the appropriateness of the company's accounting policies and procedures;

the company's compliance with legal and regulatory requirements;

the external auditor's qualifications and independence;

the performance of the company's internal audit function and external auditor; and

the sufficiency of the external auditor's review of the company's financial statements.

It is not the duty of the Audit Committee to certify the company's financial statements or to guarantee the auditor's report.

**Compensation Committee**

Thomas P. Salice (Chairman)

John T. Dickson

Philip H. Geier

The Compensation Committee met five times in 2003. The purpose of the Compensation Committee is to discharge the responsibilities of the company's Board of Directors relating to compensation of the company's executives and to review and monitor compensation arrangements so that the company continues to retain, attract and motivate quality employees.

**Nominating and Corporate Governance Committee**

George M. Milne (Chairman)

John T. Dickson

Hans Ulrich Maerki

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The Nominating and Corporate Governance Committee met two times in 2003. The purpose of the Committee is to:

identify, screen and recommend qualified candidates to serve as directors of the company;

advise the Board on the structure and membership of committees of the Board; and

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**INFORMATION ABOUT THE  
BOARD OF DIRECTORS AND ITS COMMITTEES**

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develop and recommend to the Board corporate governance guidelines applicable to the company.

**What is the company's Director nomination process?**

When there is an actual or anticipated Board vacancy, the Nominating and Corporate Governance Committee will, together with the Presiding Director and Chairman of the Board, determine the specific qualifications, qualities and skills that are desired for potential candidates to fill that vacancy.

Candidates' names may be recommended by any of the Nominating and Corporate Governance Committee or other Board members or by third parties engaged for that purpose by the Committee. Stockholders may also recommend a person to be a director by writing to the Secretary of the company at Mettler-Toledo International Inc., Im Langacher, CH-8606 Greifensee, Switzerland. Your letter should include the information and be sent within the time-frames specified in our by-laws, a copy of which can be obtained from the Secretary.

The Nominating and Corporate Governance Committee, Presiding Director and Chairman of the Board will receive all candidates' names. Candidates who meet the specific qualifications, qualities and skills relevant to the specific vacancy will be required to complete a questionnaire that solicits information regarding their background, experience, independence and other information.

A member of the Nominating and Corporate Governance Committee, the Presiding Director and the Chairman of the Board, and in appropriate cases other Board members, will interview those candidates who have completed the questionnaire.

Following these interviews, the full Nominating and Corporate Governance Committee will consider each candidate.

The Nominating and Corporate Governance Committee will ensure that each candidate meets the specific qualifications, qualities and skills that are desired for candidates to fill the relevant vacancy. The Committee will also ensure that all candidates otherwise satisfy the Director Qualifications set out below.

The Board will then consider candidates that have been forwarded by the Nominating and Corporate Governance Committee.

**What are the minimum qualifications for Director nominees?**

The Board of Directors should be composed of successful individuals who demonstrate integrity, reliability, knowledge of corporate affairs, and an ability to work well together. Diversity in business background, area of expertise, gender and ethnicity should be considered.

The Board should be composed of individuals who satisfy *at least one* of the following criteria:

Demonstrated management ability at senior levels in successful organizations;

Current or recent employment in positions of significant responsibility and decision-making;

Expertise in leading or advising rapidly growing multi-national organizations; and

Current and prior experience related to anticipated Board and committee responsibilities in areas of importance to the Company, and *all* of the following criteria:

a strong desire to make a contribution to the company, reflected in part through the commitment and ability to attend all scheduled Board and committee meetings, and to devote a reasonable amount of time outside of meetings to company business;

independence from the company and management;



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**INFORMATION ABOUT THE  
BOARD OF DIRECTORS AND ITS COMMITTEES**

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the ability to understand and analyze the company's business, including its financial condition and public disclosure documents;

integrity with a code of personal honor and ethics above reproach;

wisdom and breadth of vision;

an inquiring mind and ability to speak it articulately and succinctly;

the ability to challenge, support and motivate senior management;

the potential to contribute with different specialization, viewpoints and creativity;

the capability and willingness to function as a member of a diverse group;

knowledge and experience that bear on the company's business;

a record of accomplishment in one's own life;

an understanding of the Board's role in corporate governance;

the ability to participate actively on one or more committees of the Board; and

Committee members must also comply with the specific requirements set out in the respective committee charters.

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**PROPOSAL TWO:**

**RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS**

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**What am I voting on?**

You are being asked to ratify the appointment of PricewaterhouseCoopers (PwC) as our independent auditors. Upon recommendation of the Audit Committee, the Board of Directors has appointed PwC, independent public accountants, to audit and report on our consolidated financial statements for the fiscal year ending December 31, 2004 and to perform such other services as may be required of them.

**Will representatives from PwC be present at the annual meeting?**

Representatives of PwC are expected to be present at the annual meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate shareholder questions.

**What agreements or understandings exist that limit the amounts PwC is being paid for their appointment?**

We have no existing direct or indirect understandings or agreements with PwC that place a limit on current or future years' audit fees.

Please see the Audit Committee Report later in this proxy statement for further details.

**We recommend that you vote *FOR* ratification of the appointment of PwC as independent auditors. Proxies will be voted *FOR* ratification of the appointment of PwC unless otherwise specified in the proxy.**

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**PROPOSAL THREE:**

**APPROVAL OF THE 2004 EQUITY INCENTIVE PLAN**

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**What am I voting on?**

The Compensation Committee of the Board of Directors of Mettler-Toledo International Inc. has recommended that the company seek shareholder approval of the 2004 Equity Incentive Plan (the 2004 Plan ) at its annual meeting. The full text of the 2004 Plan is set out in *Appendix A*.

**What is the need for a new plan?**

Shareholders last approved an equity plan in 2000 and the shares of stock that remain available under that plan are almost exhausted (with approximately 388,000 shares remaining at December 31, 2003). We believe the 2004 Plan will enable us to achieve the following objectives:

to align management's long-term interests with the long-term interests of shareholders;

to reward employees for creating long-term sustainable value for shareholders; and

to attract and retain talented employees.

**The 2004 Plan includes the following highlights:**

**The 2004 Plan permits the use of restricted stock and other equity-based instruments, which will allow us to reduce our reliance on stock options**

Today, we are only authorized to grant stock options under our existing plan, the Mettler-Toledo International Inc. 1997 Amended and Restated Stock Option Plan (the 1997 Plan ). Under the 2004 Plan, up to 60% of the total shares authorized under the plan may be made in the form of restricted stock, stock units, performance awards and share awards.

**Under the 2004 Plan, the company cannot reprice options or stock appreciation rights with a lower exercise price or grant discounted stock options without shareholder approval**

**Restricted stock, stock units and share awards will have minimum vesting periods of three years (except with respect to up to 5% of the total shares authorized, or 175,000 shares)**

**Performance-based awards will have minimum performance periods of at least one year**

**The 1997 Plan will be terminated and no further grants will be made under that plan**

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**PROPOSAL THREE:  
APPROVAL OF THE 2004 EQUITY INCENTIVE PLAN**

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**What is the company's compensation philosophy?**

We believe that

pay should be performance-based and align the long-term interests of employees with those of shareholders;

stock ownership should be encouraged; and

overall compensation must be competitive to attract and retain talented employees.

Base salaries for executive officers at METTLER TOLEDO are generally lower than those at peer companies. We combine these salaries with cash bonuses determined by overall company, business unit and individual performance. Executives earn above-average bonuses in years when our performance exceeds our goals, and below-average compensation when we do not meet our goals.

Long-term compensation has been entirely stock-based, with all grants to date being in the form of stock options under the 1997 Plan. Since our initial public offering in 1997, we have made modest option grants, with an average annual run rate of 2.0% of total shares outstanding over last six years. Our run rate in the last three years has averaged 2.2%.

**What is the effect of the buyout options?**

At the time of the spin-off of the company from Ciba-Geigy in 1996, management and employees were encouraged by the new owner to become direct shareholders in the newly-formed private company by participating directly in the buyout. At that time, a combined equity and option plan was put in place to further align the interests of management with those of shareholders.

These buyout options were only granted to individuals who made a direct equity investment in the company. Both the buyout options and the equity investment were in securities that were indefinitely illiquid at the time they were made. The buyout options and options granted in the following year before our initial public offering were fully disclosed and reflected in the valuation at the time of our IPO. Because of the special circumstances surrounding these options, we believe it is appropriate to exclude these options from dilution calculations.

Approximately 1.6 million buyout and pre-IPO options are outstanding, and executive officers hold 80% of these. These options have been fully vested for several years, and approximately 1.3 million will expire in 2006 and the remainder in 2007. Management's faith in the prospects of the company has been demonstrated by their holding of these options, even though they are all well in the money.

**What will dilution be following adoption of the 2004 Plan?**

Our total dilution following adoption of the plan will be 14.5%, which is calculated as follows:

**Dilution Calculation Upon Adoption of the 2004 Plan**

A. Options outstanding (as adjusted)(1)	4,055,095
B. Shares requested under 2004 Plan	3,500,000
C. Total shares outstanding	44,582,017
<b>Total dilution(2)</b>	<b>14.5%</b>

(1) Excludes 1,566,881 outstanding options that were granted at the time of the buyout and before the company's initial public offering in November 1997.

(2) Dilution is calculated as follows:  $A + B / A + B + C$ .



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**PROPOSAL THREE:  
APPROVAL OF THE 2004 EQUITY INCENTIVE PLAN**

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**How does the company's dilution and grants to senior management compare to peer companies?**

The company's annual run rate compared to our peer group demonstrates that our historic option grants have been modest. In addition, our total dilution following adoption of the 2004 Plan of 14.5% is less than the current peer group of 15.5%. Finally, our grants to both the CEO and the top five executive officers as a group over the last two years are considerably smaller than the average grants of our peer companies.

**Peer Company Comparisons(1)**

	<b>METTLER TOLEDO</b>	<b>Peer group</b>
3-Year Run Rate(2)	2.2%	3.1%
Total Dilution(3)	14.5%	15.5%
Grants to:(4)		
CEO	0.0%	0.3%
Top 5 executives including the CEO	0.4%	0.8%

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- (1) The peer group consists of the following companies (primarily those in SIC Code 3826 (Laboratory Analytical Instruments) with market capitalizations between \$1 billion and \$5 billion): Applied Biosystems, Beckman Coulter, Dionex, Fisher Scientific, Invitrogen, Millipore, PerkinElmer, Qiagen, Thermo Electron, Varian and Waters.
- (2) The 3-year run rate for our group is equal to the sum of all equity awards granted from 2000 to 2002 divided by total shares outstanding at the end of 2002, divided by three. Run rate for METTLER TOLEDO is for the most recent three year period ending 2003. Our 3-year run rate for the period 2000 to 2002 was 2.0%.
- (3) Total dilution is calculated as of the end of 2002 for the peer group. For METTLER TOLEDO, total dilution is calculated as of the end of 2003, and includes the 2004 Plan but excludes the buyout options described above.
- (4) Grants to CEO and top 5 executives represents the average grants over the most recent two years for which data is available as a percentage of total shares outstanding. The CEO of METTLER TOLEDO has declined an option grant in each of the last three years, and directed that the options he would otherwise have received be granted to other employees.

**What is the company planning to do to manage dilution from its equity plans?**

Upon approval of the 2004 Plan, the 1997 Plan will be terminated and all shares available for grant under the 1997 Plan will be terminated.

Under the 2004 Plan, we intend to start making use of restricted stock, which will help reduce the dilution from new grants. In addition, the company announced on February 5, 2004 that the Board of Directors had authorized a \$100 million share buyback program to be carried out over the next two years.

We believe the 2004 Plan, together with these actions, strike an appropriate balance between the company's objectives in maintaining a competitive compensation system and the interests of our shareholders in encouraging performance while managing dilution.

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**PROPOSAL THREE:  
APPROVAL OF THE 2004 EQUITY INCENTIVE PLAN**

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**Key Terms of the 2004 Plan**

**Shares Authorized.** 3,500,000 shares of the company's common stock plus any options outstanding granted under the prior plan that terminate without being exercised may be the subject of awards under the 2004 Plan. Of the total shares authorized, up to 60% (or 2,100,000 shares) may be granted in the form of restricted stock, stock units, performance awards and share awards.

**Re-Use of Shares From Terminated Awards.** If an award granted under the 2004 Plan expires, is canceled, is settled in cash (including the settlement of withholding obligations using shares) or is otherwise terminated without having been fully exercised or payment having been made in respect of the entire award, the shares allocable to the terminated portion of the award will be available for use again under the 2004 Plan. If a stock appreciation right is settled in shares, the excess of the number of shares covered by the stock appreciation right over the number of shares issued in settlement of the stock appreciation right will also be available for use again under the 2004 Plan.

**Individual Annual Limits.** In any one year, no participant may be granted awards in respect of more than 3,500,000 shares or the value of 3,500,000 shares in the form of dollar-denominated performance units.

**Grants to Non-Employee Directors.** Grants will only be made upon initial hire and annually as part of Directors' regular compensation.

**Administration.** The 2004 Plan will be administered by the Compensation Committee of the Board of Directors. The Committee will select the individuals who are eligible for options and/or awards, determine the number of options or amounts of awards, establish the terms, conditions and other provisions of the grants, and construe and interpret the terms of the 2004 Plan.

All decisions made by the Committee will be final, binding and conclusive. No member of the Committee will be liable for any action, failure to act, determination or interpretation made in good faith relating to the 2004 Plan or any transaction under the 2004 Plan.

The composition of the Committee is intended to permit the awards under the 2004 Plan to qualify for exemption under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

**Eligible Participants.** The Committee may select participants from among the Directors, officers, and employees of the company and its subsidiaries. Participants may also include individuals to whom the company or a subsidiary has extended a written offer of employment. As of the date of this proxy statement, there are seven non-employee Directors, ten executive officers, and approximately 8,600 other employees who would be eligible to receive awards under the 2004 Plan (i.e., all employees of the company and its subsidiaries).

**Award Types.**

Stock Options (Nonqualified and Incentive)

Stock Appreciation Rights

Dividend Equivalent Rights

Restricted Stock, Stock Units and Share Awards

Performance Shares and Performance Units

**Stock Options.** The exercise price of options may not be less than 100% of the fair market value of a share on the date of grant.

The Committee may grant non-qualified and incentive stock options to participants. Non-qualified stock options are options to purchase shares of common stock, which do not qualify for the special tax treatment accorded to incentive stock options under Section 422 of the Code.

Incentive stock options are options to

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purchase shares of common stock, which are intended to qualify for the special tax treatment accorded to incentive stock options under Section 422 of the Code.

Subject to the terms of the 2004 Plan, the terms and conditions of options, which include but are not limited to, exercise price, vesting, treatment of the award upon termination of employment, and expiration of the option, will be set forth in an award agreement.

**Stock Appreciation Rights.** The Committee may, either alone or in connection with the grant of an option, grant stock appreciation rights to participants under the 2004 Plan, the terms and conditions of which will be set forth in an award agreement. Stock appreciation rights granted alone may be exercised at such times and be subject to such terms and conditions as the Committee may impose. Stock appreciation rights that are granted in tandem with an option may only be exercised upon the surrender of the right to purchase an equivalent number of shares of the company's common stock under the related option and may be exercised only with respect to the shares of common stock for which the related option is then exercisable.

A stock appreciation right entitles the participant to surrender any then exercisable portion of the stock appreciation right and, if applicable, the related option, in exchange for an amount equal to the product of (i) the excess of the fair market value of a share of the company's common stock on the date preceding the date of surrender over the fair market value of a share of the company's common stock on the date the stock appreciation right was issued, or, if the stock appreciation right is related to an option, the per share exercise price of the option, and (ii) the number of shares of the company's common stock subject to the stock appreciation right.

**Dividend Equivalent Rights.** The Committee may grant dividend equivalent rights either in tandem with an award or as a separate award under the 2004 Plan, the terms and conditions of which will be specified in an award agreement. Amounts payable in respect of dividend equivalent rights may be payable currently or, if applicable, deferred until the lapsing of restrictions on the dividend equivalent rights or until the vesting, exercise, payment, settlement or other lapse of restrictions on the award to which the dividend equivalent rights relate.

**Restricted Stock.** The Committee may grant awards of restricted stock under the 2004 Plan, the terms and conditions of which will be set forth in an award agreement. Unrestricted shares will be delivered when the restrictions lapse. Unless the Committee determines otherwise at the time of grant, restricted stock carries with it full voting rights and other rights as a shareholder, including rights to receive dividends and other distributions.

**Stock Units.** The Committee may grant awards of stock units under the 2004 Plan, the terms and conditions of which will be set forth in an award agreement. Each stock unit represents the right of the participant to receive a payment upon vesting of the stock unit or on any later date specified by the Committee. Such payment would equal the fair market value of a share of common stock as of the date the stock unit was granted, the vesting date, or such other date as determined by the Committee at the time of grant.

**Share Awards.** The Committee may grant share awards under the 2004 Plan, the terms and conditions of which will be set forth in an award agreement. Such awards may be made as additional compensation for services rendered or in lieu of cash or other compensation to which the participant is entitled.

**Minimum Vesting.** Restricted stock, share awards and stock units will have minimum vesting periods of at least three years, except for up to 175,000 shares in the aggregate (5% of the total shares authorized).

**Performance Awards Performance Shares and Performance Units.** The Committee may grant awards of performance shares and performance units under the 2004 Plan, the terms and conditions of which will be set forth in an award agreement. Performance shares and performance units will be earned only if performance goals established for performance periods are met. Performance awards will be subject to a minimum one-year performance cycle.

Performance units are denominated in shares of common stock or a specified dollar amount and represent the right to receive: (i) in the case of share-denominated performance units, a payment in the amount of the fair market value on the date of grant, vesting or any other date specified by the Committee; (ii) in the case of dollar-



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denominated performance units, the specified dollar amount; or (iii) a percentage (which may exceed 100%) of the amount set forth in (i) or (ii), depending on the level of performance goals attained.

Unless the Committee determines otherwise at the time of grant, performance shares carry with them full voting rights and other rights as a shareholder, including rights to receive dividends and other distributions.

**Performance Objectives.** Performance shares and performance units awarded under the 2004 Plan may be made subject to the attainment of performance goals based on one or more of the following business criteria, either individually, alternatively or in any combination:

- cash flow;
- earnings (including gross margin, earnings before interest and taxes, earnings before taxes, and net earnings);
- earnings per share;
- growth in earnings or earnings per share;
- stock price;
- return on equity or average shareowners' equity;
- total shareowner return;
- return on capital;
- return on assets or net assets;
- return on investment;
- revenue;
- growth in revenue, including software and service revenue;
- income or net income;
- operating income or net operating income;
- Adjusted Operating Income (defined as gross profit less research and development, selling general and administrative expenses and restructuring charges, before amortization, interest expense and other charges);
- operating profit or net operating profit;
- operating margin;
- return on operating revenue;
- working capital management, including inventory turnover and days sales outstanding
- market share;
- entry into new markets, either geographically or by business line;
- contract awards or backlog;
- customer retention or customer satisfaction;
- new product development;
- overhead or other expense reduction;
- growth in shareowner value relative to the moving average of the S&P 500 Index or a peer group index;
- EVA (economic value added);
- credit rating;
- acquisition plan development and implementation;
- strategic plan development and implementation, including turnaround plans;
- leadership team development;
- employee retention; and
- improvement in workforce diversity.

Performance criteria may be used to measure the performance of the Company as a whole or a business unit, business segment or division, either individually, alternatively or in any combination, and may be measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Committee in the



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award. The Committee may adjust performance criteria to reflect the impact of specified corporate transactions, accounting or tax law changes or other extraordinary or nonrecurring events.

Performance goals must be established by the Committee before the earlier of the date on which 25% of the performance cycle has elapsed or 90 days after the performance cycle has commenced.

**Duration of Awards.** The Committee has the discretion to determine the term of options and stock appreciation rights granted under the 2004 Plan. However, the term cannot exceed 10 years for options and stock appreciation rights (10 years and six months in the case of non-qualified stock options).

**Transferability.** Options and stock appreciation rights are not transferable except as provided by will or the laws of descent and distribution or a qualified domestic relations order, or as the Committee may determine at or after grant. Restricted stock and performance awards may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of until the applicable restrictions lapse.

**Change of Control.** Unless otherwise provided in an award agreement, grants of options, stock appreciation rights, stock units and restricted stock will become exercisable and vested upon the occurrence of a change of control as defined in the 2004 Plan.

Unless otherwise provided in an award agreement, grants of performance units and performance shares will vest as if performance objectives were met at the maximum level and participants will be entitled to a cash payment in respect of performance units.

**Amendment and Termination of the 2004 Plan.** The Board of Directors has the right to terminate or amend the 2004 Plan at any time so long as doing so does not impair or adversely alter any outstanding awards or shares acquired under the plan without the award holder's consent. In addition, the Board may not amend the plan absent shareholder approval to the extent such approval is required by applicable law, regulation or exchange requirement. In the absence of any earlier termination, the 2004 Plan will terminate on the tenth anniversary of the date it is adopted by the Board.

**Adjustments.** In the event of a change in capitalization as defined in the 2004 Plan, adjustments and other substitutions will be made to the 2004 Plan, including adjustments in the maximum number of shares subject to the 2004 Plan and which may be granted to a participant in a calendar year, the number and class of shares subject to awards and, if applicable, the exercise price and other numerical limitations. Adjustments will also be made to awards under the 2004 Plan as the Committee in its discretion deems equitable or appropriate.

**Not Permitted Without Shareholder Approval.**

- (1) To increase number of authorized shares
- (2) To grant options at a price below fair market value
- (3) To reprice options or stock appreciation rights to a lower exercise price
- (4) To amend the plan in a way that impairs or adversely alters any options or awards previously granted

**Non-Exclusivity of the Plan.** Adoption of the 2004 Plan does not limit the power of the Board of Directors to adopt any other incentive arrangements.

**U.S. Federal Income Tax Consequences Relating to Issuance and Exercise of Options.**

*Nonqualified Stock Options.* An optionee does not recognize taxable income upon the grant of a nonqualified stock option. Upon the exercise of such options, the optionee recognizes ordinary income to the extent the fair market value of the shares received upon exercise of the nonqualified stock option on the date of exercise exceeds the exercise price. The Company receives an income tax deduction in an amount equal to the ordinary income that the optionee recognizes upon the exercise of the stock option.



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*Incentive Stock Options.* An optionee does not generally recognize taxable income upon the grant or exercise of an incentive stock option. Upon the sale of incentive stock option shares, the optionee recognizes income in an amount equal to the difference, if any, between the exercise price of the incentive stock option shares and the fair market value of those shares on the date of sale. The income is taxed at long-term capital gains rate if the optionee does not dispose of the stock within 2 years after the date of the grant of the incentive stock option and has held the shares for at least 1 year after the date of exercise. In such case, the Company is not entitled to a federal income tax deduction.

If an optionee sells incentive stock option shares before having held them for at least 1 year after the date of exercise and 2 years after the date of grant, the optionee recognizes ordinary income to the extent of the lesser of: (i) the gain realized upon the sale; or (ii) the difference between the exercise price and the fair market value of the shares on the date of exercise. Any additional gain is treated as long-term or short-term capital gain depending upon how long the optionee has held the incentive stock option shares prior to disposition. In the year of disposition, the Company receives a federal income tax deduction in an amount equal to the ordinary income that the optionee recognizes as a result of the disposition.

The exercise of incentive stock options may in some cases trigger liability for the alternative minimum tax.

**Miscellaneous.** A new benefits table is not provided because no grants have been made under the 2004 Plan, grants are discretionary and no determination has been made relating to future grants. On March 8, 2004, the closing price of Mettler-Toledo International Inc. was \$42.75.

**We recommend that you vote *FOR*** adoption of the 2004 Plan. Proxies will be voted **FOR** adoption of the 2004 Plan unless otherwise specified in the proxy.

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**AUDIT COMMITTEE REPORT**

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**Are all the Audit Committee members independent? Which members are financial experts?**

The Board of Directors has determined that all members of the Audit Committee are independent under the rules of the New York Stock Exchange. In addition, all members of the Audit Committee qualify as financial experts pursuant to the rules of the Securities and Exchange Commission.

**Where can I find the Audit Committee charter?**

The Audit Committee charter is available on the Investor Relations/ Corporate Governance page of company's web site under [www.mt.com](http://www.mt.com).

The purpose of the Audit Committee is overseeing the accounting and financial reporting processes of the company and audits of the financial statements of the company and assisting Board oversight of:

the integrity of the company's financial statements and the appropriateness of the company's accounting policies and procedures;

the company's compliance with legal and regulatory requirements;

the external auditor's qualifications and independence;

the performance of the company's internal audit function and external auditor; and

the sufficiency of the external auditor's review of the company's financial statements.

It is not the duty of the Audit Committee to certify the company's financial statements or to guarantee the auditor's report.

The Audit Committee shall prepare the Audit Committee report to be included in the company's annual proxy statement to shareholders.

**What did the Audit Committee discuss with PricewaterhouseCoopers (PwC) and management?**

The Audit Committee has discussed with PwC, the company's independent auditors, the matters required to be discussed in the Auditing Standards Board Statement on Auditing Standards No. 61, as amended, including, without limitation:

PwC's responsibility under generally accepted auditing standards, including the nature and scope of their audit;

significant accounting policies, such as revenue recognition and off-balance sheet financing;

management judgments and accounting estimates; and

the extent of any significant accounting adjustments.

As required by Independence Standards Board Standard No. 1, as amended, Independence Discussion with Audit Committees, the Audit Committee has received and reviewed the required written disclosures and a confirming letter from PwC regarding their independence, and has discussed the matter with the auditors.

The Audit Committee had the same discussions with management separately from these discussions with PwC. In particular, the Audit Committee discussed with management the process used by management in formulating accounting estimates and the reasonableness of those estimates.



**Table of Contents****AUDIT COMMITTEE REPORT****What fees did PwC receive from the company?**

	<b>Audit Services</b>	<b>Audit-Related Services</b>	<b>Tax Services</b>	<b>All Other Services</b>
<b>2003</b>	\$ 1,253,000	\$ 301,000	\$ 411,000	\$ 129,000
<b>2002</b>	\$ 1,065,000	\$ 115,000	\$ 200,000	\$ 642,000

*Audit services.* The fees for audit services billed to the company by PwC with respect to the 2003 and 2002 fiscal years for the audit of the annual financial statements and the review of the financial statements included in the company's quarterly reports on Form 10-Q are represented in this category.

*Audit-related services.* Of the 2003 audit-related services, \$117,000 related to pension audit compliance services.

*Tax services.* Of the 2003 tax services, approximately \$299,000 related to an R&D tax credit study.

*Other services.* Of the 2002 other services amount, approximately \$475,000 related to U.S. benefit plan consulting in connection with the defined benefit plan freeze and defined contribution plan modifications.

All non-audit services were pre-approved by the Audit Committee.

The Audit Committee has determined that PwC's provision of the services included in the categories "Tax services" and "Other services" is compatible with maintaining PwC's independence.

**Does the Audit Committee approve all non-audit services provided by PwC?**

The Audit Committee approves all non-audit services provided by PwC. The Audit Committee's specific policy for approval of non-audit services is set out in *Appendix B*.

The Committee has established categories of permissible services. If the project is in an approved category and less than \$50,000 in fees, it is considered pre-approved by the Audit Committee. Specific projects in excess of this amount will be presented to the full Audit Committee for their advance approval. On a quarterly basis, PwC will report actual fees to the Audit Committee and any proposals for non-audit services in the upcoming quarter.

**What recommendations did the Audit Committee make?**

The Audit Committee has reviewed and discussed with management the audited consolidated financial statements for the fiscal year ended December 31, 2003. Based on its review and discussions, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements for the fiscal year 2003 be included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003. Further, the Audit Committee recommended that the Board of Directors engage PwC as the company's independent auditors for the fiscal year ending December 31, 2004.

Audit Committee:

John D. Macomber (Chairman)  
Philip Caldwell  
Thomas P. Salice

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**COMPENSATION COMMITTEE REPORT**

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**What is the company's philosophy regarding executive compensation?**

The guiding principle of the company in compensation is to take into consideration the performance of the individual and the overall results achieved by the company. This is valid as well for executive compensation.

With regard to the overall compensation level, the company wants to be competitive in the global personnel market which is relevant to its activities: the instruments and electronics industries, and, in general, businesses with a certain high-tech orientation.

Within this environment, the company wants to pay competitive average base salaries.

The company believes in a strong pay/performance linkage and therefore wants to reward in particular fulfillment and overachievement of targets by a cash bonus.

The company wants to align the interests of its executives with those of its shareholders by linking the executives' long-term incentive compensation to the company's performance and by encouraging its executives to purchase equity in the company.

As a consequence, the company's compensation program consists of three basic elements: base salary, annual cash bonus and long-term compensation, which has historically been made in the form of stock options.

**How are the base salary amounts decided?**

Base salaries of executive officers for 2003 were unchanged, except for Mr. Donnelly and Mr. Filliol, whose salaries were increased in connection with their taking on new responsibilities and with consideration given to market levels in comparable industries.

**How is the annual cash bonus decided?**

The annual cash bonus is a key element of the incentive policy for senior management. The emphasis is on closely linking executive pay with achieving yearly financial performance targets and on giving greater rewards for achieving above-target results. In addition, between 10 and 20 percent of the bonus for each participant is based on individual performance objectives.

Within the first 60 days of the year, the Compensation Committee establishes the performance targets on which each participant's incentive is based. Performance targets are closely related to that fiscal year's budget and business plan and may be based upon any one or more of the following financial criteria: earnings per share, cash flow, operating profit and/or sales of the entire company and/or individual operating units.

**How are stock options granted?**

The company established a stock option plan which was combined with an equity purchase program at the time of the buyout. The basic philosophy of the stock option plan is to have key management's interests more closely aligned with those of the company and its shareholders and to create a long-term incentive. The number of stock options granted to an executive is predominantly a function of the importance of the executive's position and duties and the performance and abilities of that executive.

The company has granted options that vest over a period of five years and which terminate not longer than 10 years and six months after the date of grant. In 2003, the company also granted options that provided for vesting over a two-year period provided certain financial targets were met. The exercise price of each share of common stock subject to an option cannot be less than 100% of the fair market value of a share of common stock as of the date of grant.

**Has the company ever repriced stock options?**

No. The company has never repriced any options.



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**COMPENSATION COMMITTEE REPORT**

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**How is the CEO's compensation determined?**

The Compensation Committee determines Mr. Spoerry's compensation on the same basis and under the same philosophy it uses in determining the compensation of other executive officers. As discussed above, the goal of the Compensation Committee is to link a significant portion of the compensation of its executive officers, including Mr. Spoerry, to company performance.

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