

METTLER TOLEDO INTERNATIONAL INC/

Form DEF 14A

March 15, 2007

Table of Contents

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

SCHEDULE 14A

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

METTLER-TOLEDO INTERNATIONAL INC.
(Name of Registrant as Specified in its Charter)

(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:
 - (2) Aggregate number of securities to which transaction applies:
 - (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):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

Mettler-Toledo International Inc.
1900 Polaris Parkway
Columbus, OH 43240

March 15, 2007

Dear Fellow Shareholder:

You are cordially invited to attend the 2007 Annual Meeting of Shareholders of Mettler-Toledo International Inc. to be held on Thursday, April 26, 2007, at 8:00 a.m. at the offices of Fried, Frank, Harris, Shriver & Jacobson LLP on 375 Park Avenue (between 52nd and 53rd Street), 36th Floor, New York, New York.

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

Table of Contents

| | Page |
|--|-------------|
| <u>Notice to Shareholders of Annual Meeting</u> | iii |
| <u>About the Meeting and Voting</u> | 1 |
| <u>Board of Directors – General Information</u> | 3 |
| <u>Board of Directors – Operation</u> | 6 |
| <u>Audit Committee Report</u> | 7 |
| <u>Compensation Committee Report</u> | 9 |
| <u>Nominating and Corporate Governance Committee Report</u> | 10 |
| <u>Compensation Discussion and Analysis</u> | 12 |
| <u>Share Ownership</u> | 22 |
| <u>Share Performance Graph</u> | 23 |
| <u>Proposal One: Election of Directors</u> | 24 |
| <u>Proposal Two: Ratification of Independent Registered Public Accounting Firm</u> | 26 |
| <u>Additional Information</u> | 27 |

Table of Contents

Mettler-Toledo International Inc.

Notice to Shareholders of Annual Meeting

- Time:** 8:00 a.m. on Thursday, April 26, 2007
- Place:** Fried, Frank, Harris, Shriver & Jacobson LLP
375 Park Avenue (between 52nd and 53rd Street), 36th Floor
New York, New York
- Items of Business:**
1. To elect eight directors
 2. To ratify the appointment of PricewaterhouseCoopers as independent registered public accounting firm
 3. To transact any other business properly brought before the meeting
- Who Can Vote:** You can vote if you were a shareholder of record on February 28, 2007
- Annual Report:** A copy of our 2006 Annual Report is enclosed
- Date of Mailing:** On or about March 15, 2007

By order of the Board of Directors

James T. Bellerjeau
General Counsel and Secretary

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.

This proxy statement is furnished in connection with the solicitation of proxies by Mettler-Toledo International Inc. on behalf of the Board of Directors for the 2007 Annual Meeting of Shareholders.

Table of Contents

ABOUT THE MEETING AND VOTING

Purpose of the Annual Meeting

The purpose of the annual meeting is to provide Mettler-Toledo International Inc. shareholders with an opportunity to vote on the proposals and any other business properly brought before the meeting.

Shareholders Entitled to Vote

Each share of common stock outstanding as of the close of business on February 28, 2007 (the record date), is entitled to one vote at the annual meeting on each matter properly brought before the meeting. As of the record date, 38,041,465 shares of common stock were outstanding.

Proposals to be Voted on and the Board's Voting Recommendations

The following proposals will be voted on at the meeting. The board recommends that you vote your shares as indicated below. The board has not received proper notice of, and is not aware of, any additional business to be transacted at the meeting other than as indicated below.

Proposals

The Board's Recommendation

1. The election of eight directors for one-year terms

FOR each nominee

2. The ratification of the appointment of PricewaterhouseCoopers as the company's independent registered public accounting firm

FOR

How to Vote

BY PROXY You may vote your shares by proxy. If you vote your shares by proxy, you are legally designating another person to vote the stock you own in accordance with your desired vote. To vote by proxy, complete, sign and return the enclosed proxy card by mail to the address stated on your proxy card. You may also vote by telephone or over the Internet by following the instructions on your proxy card.

IN PERSON You may vote your shares by attending the meeting and voting your shares in person. The meeting is being held at the offices of Fried, Frank, Harris, Shriver & Jacobson LLP, the address of which is indicated in the foregoing Notice to Shareholders.

Even if you plan to attend the meeting, we encourage you to vote your shares by proxy. This will enable us to receive votes in advance of the meeting to ensure that a quorum (defined below) is present for the meeting.

Changing Your Vote

If you vote by proxy and subsequently decide to change your 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.

Votes Needed to Hold the Meeting

A quorum needs to be present at the meeting in order to hold the meeting. A quorum is a majority of the company's outstanding shares of common stock as of the record date. Your shares are counted as present at the meeting if you attend the meeting and vote in person; vote by telephone or Internet; or properly return a proxy card by mail. Abstentions and broker non-votes shall also be counted in determining whether a quorum is present.

Effect of not Providing 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

Table of Contents

ABOUT THE MEETING AND VOTING

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 auditors (broker non-votes). 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.

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.

How to Vote on Proposal 1

A majority of shares present at the meeting and entitled to vote must vote FOR the election of each director. Votes cast shall include votes for or against a director. An abstention or broker non-vote shall not count as a vote cast with respect to a director.

How to Vote on Proposal 2

A majority of shares present at the meeting and entitled to vote must vote FOR the appointment of PricewaterhouseCoopers as the company's independent registered public accounting firm for the proposal to be ratified. 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.

No Dissenters' Rights

In the event of certain corporate actions, such as a merger subject to shareholder approval, shareholders have the right to dissent from such action and obtain payment of the fair value of his/her shares. This is referred to as dissenters' rights. The proposals in this proxy statement do not give rise to dissenters' rights.

Receiving More than One Proxy Card

If you have received more than one proxy card, 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.

Shareholder Questions

At the end of the meeting, shareholders appearing at the meeting may ask questions of general interest.

Vote Tabulation; Voting Results

The company appoints an independent inspector of election, who also tabulates the voting results. The meeting's voting results will be disclosed promptly following the meeting on the company's web site and in the company's second quarter Form 10-Q filed with the Securities and Exchange Commission.

Table of Contents

BOARD OF DIRECTORS GENERAL INFORMATION

Responsibility of the Board of Directors

It is the responsibility of the Board of Directors to establish and monitor the company's internal governance practices and work towards the long-term success of the company. All actions of the company's Board of Directors, executive officers and employees are governed by the company's code of conduct. No waiver of the code of conduct by an executive officer or director was approved by the board in 2006. A copy of the code of conduct is available at www.mt.com on the Investor Relations/Corporate Governance web page and is available in print to any shareholder who requests it.

Corporate Governance Guidelines

The board has established corporate governance guidelines that contribute to the overall operating framework of the board and the company. These guidelines cover topics including director qualifications and the director nomination process, the responsibilities of directors, including with respect to leadership development and management succession, meetings of non-management directors, and director compensation. The guidelines are available on the company's web site at www.mt.com on the Investor Relations/Corporate Governance web page and are available in print to any shareholder who requests them.

Composition of the Board; Presiding (Lead) Director

In accordance with the company's by-laws, the board consists of between five and ten directors, with the exact number currently fixed at eight. Each director holds a one-year term until the next annual meeting of shareholders. The board has established the position of Presiding Director, who oversees executive sessions of the non-management directors and all meetings of directors at which the Chairman is not present. The Presiding Director also coordinates with the Nominating and Corporate Governance Committee relating to director nominations as described in the Nominating and Corporate Governance Committee report below. Mr. Salice is currently serving as the Presiding Director.

The board has three committees:

- (i) the Audit Committee;
- (ii) the Compensation Committee; and
- (iii) the Nominating and Corporate Governance Committee.

Minimum Qualifications for Directors

Members of the Board of Directors must demonstrate integrity, reliability, knowledge of corporate affairs, and an ability to work well together. Diversity in business background, area of expertise, gender and ethnicity are also considered when selecting board nominees. Additional details are contained in the company's corporate governance guidelines available at www.mt.com on the Investor Relations/Corporate Governance web page.

Independence of the Board

The board uses the following criteria in evaluating independence: (i) independence under the rules of the New York Stock Exchange; and (ii) no relationships with the company (other than as a director or shareholder) or only immaterial relationships. 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 light of these criteria, the board has determined that Messrs. Chu, Contino, Dickson, Geier, Maerki, Milne and Salice are independent under the rules of the New York Stock Exchange and either have no relationships with the company (other than as director and shareholder) or have only immaterial relationships with the company.

Table of Contents

BOARD OF DIRECTORS GENERAL INFORMATION

Mr. Spoerry, Chairman of the Board, is not independent under the rules of the New York Stock Exchange, as he is also the company's President and Chief Executive Officer.

The Board of Directors has determined that the following types of relationships are categorically immaterial:

Commercial business relationships where METTLER TOLEDO buys from or sells to companies where directors serve as employees, or where their immediate family members serve as executive officers, and where the annual purchases or sales are less than the greater of \$1 million or 2% of either company's consolidated gross revenues.

Meeting of Non-Management Directors

The board schedules regular executive sessions for its non-management members, typically as part of each board meeting. The Presiding Director acts as chairman of these meetings.

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 six times in 2006. Each director attended at least 75% of all board and committee meetings of which the director is a member, except Mr. Geier who missed two board and Compensation Committee meetings due to health problems. Mr. Geier is expected to be able to attend all meetings again in 2007.

The company expects that all directors will attend the annual meeting of shareholders. All directors attended the 2006 annual meeting of shareholders.

Director Compensation

Non-employee directors are compensated by an annual cash retainer, committee member fees, and per meeting fees for board and committee meetings attended. The board and its committees sometimes forego per meeting fees at their discretion, for example for shorter or telephonic meetings. Members of the Board of Directors receive reimbursement for traveling costs and other out-of-pocket expenses incurred in attending board and committee meetings. Each director also receives an annual stock option grant and a grant of restricted stock units. The following provides an overview of the elements of 2006 director compensation:

| | |
|--|-----------|
| Annual cash retainer | \$ 30,000 |
| Fee per board meeting attended | \$ 1,000 |
| Fee per committee meeting attended | \$ 750 |
| Annual grant of stock options | 3,000 |
| Annual grant of restricted stock units | 200 |
| Committee member fees: | |
| Audit | \$ 10,000 |
| Compensation | \$ 5,000 |
| Nominating and Corporate Governance | \$ 3,000 |
| Committee Chair fees (in addition to member fees): | |
| Audit | \$ 10,000 |

| | |
|-------------------------------------|----------|
| Compensation | \$ 5,000 |
| Nominating and Corporate Governance | \$ 3,000 |

Table of Contents**BOARD OF DIRECTORS GENERAL INFORMATION**

The exact amounts paid to each non-employee director with respect to 2006 are set out in the following table.

2006 Director Compensation(1)

| Name | Fees Earned or Paid in Cash | Stock Awards(2) | Option Awards(2) | All Other Compensation | Total |
|--------------------|--|----------------------------|-----------------------------|-----------------------------------|--------------|
| Francis A. Contino | \$ 58,000 | \$ 2,549 | \$ 20,281 | \$ 0 | \$ 80,830 |
| John T. Dickson | 46,750 | 2,549 | 40,834 | 0 | 90,133 |
| Philip H. Geier | 39,500 | 2,549 | 40,834 | 0 | 82,883 |
| John Macomber | 48,000 | 2,549 | 40,834 | 0 | 91,383 |
| Hans Ulrich Maerki | 39,500 | 2,549 | 32,293 | 0 | 74,342 |
| George M. Milne | 42,500 | 2,549 | 40,834 | 0 | 85,883 |
| Thomas P. Salice | 60,250 | 2,549 | 40,834 | 0 | 103,633 |

(1) Mr. Wah-Hui Chu is not listed in this table because he joined the board on January 1, 2007.

(2) Represents the compensation cost recognized by the company in 2006 pursuant to FAS 123R relating to restricted stock unit awards and option awards, respectively. The valuation assumptions associated with such awards are discussed Note 10 to the company's financial statements included in the Form 10-K for the fiscal year ending December 31, 2006. At December 31, 2006, each director held a total of 400 restricted stock units (vested and unvested) and stock options (vested and unvested) to purchase the following number of shares:

| | |
|--------------------|--------|
| Francis A. Contino | 9,000 |
| John T. Dickson | 22,000 |
| Philip H. Geier | 18,000 |
| John Macomber | 21,000 |
| Hans Ulrich Maerki | 15,000 |
| George M. Milne | 22,000 |
| Thomas P. Salice | 23,600 |

Contacting the Board of Directors

Interested parties, including shareholders, may contact the Board of Directors, the Presiding Director individually or the non-management directors as a group by:

EMAIL PresidingDirector@mt.com.

REGULAR MAIL Mettler-Toledo International Inc., Im Langacher, CH-8606 Greifensee, Switzerland, Attention: Presiding Director.

All communications will be reviewed by the Presiding Director.

Table of Contents

BOARD OF DIRECTORS OPERATION

The Board of Directors has three committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Further information regarding the membership, function and meetings of the committees is contained in the table below.

| Committees | Committee Functions |
|---|--|
| Audit(1) | Meetings in 2006: 4 |
| Francis A. Contino, Chairman | Oversees the accounting and financial reporting process of the company |
| Wah-Hui Chu (as of January 1, 2007) | Assists with board oversight of the integrity of the company's financial statements, and the sufficiency of the independent registered public accounting firm's review of the company's financial statements |
| John Macomber (retired February 9, 2007) | Assists with board oversight of the performance of the company's internal audit function and independent registered public accounting firm, and the accounting firm's qualifications and independence |
| Thomas P. Salice | Assists with board oversight of the company's compliance with legal and regulatory requirements |
| Compensation(2) | Meetings in 2006: 4 |
| Thomas P. Salice, Chairman | Discharges the responsibilities of the company's Board of Directors relating to compensation of the company's executives |
| John T. Dickson | Reviews and monitors compensation arrangements so that the company continues to retain, attract and motivate quality employees |
| Philip H. Geier | Produces an annual report on executive compensation for inclusion in the company's proxy statement |
| Hans Ulrich Maerki (as of January 1, 2007) | Reviews the Compensation Discussion and Analysis included in the company's proxy statement |
| Nominating and Corporate Governance | Meetings in 2006: 3 |
| George M. Milne, Chairman | Identifies, screens and recommends qualified candidates to serve as directors of the company |
| John T. Dickson | Advises the board on the structure and membership of committees of the board |
| Hans Ulrich Maerki | Develops and recommends to the board corporate governance guidelines applicable to the company |

(1) Mr. Contino and Mr. Salice are both considered financial experts as determined by the Board of Directors pursuant to the relevant SEC definition, and both are independent. No Audit Committee member serves on more than two other public company audit committees. Our Chief Financial Officer, Chief Executive Officer and

General Counsel attend Audit Committee meetings at the request of the Audit Committee and give reports to and answer inquiries from the Audit Committee.

- (2) No member of the Compensation Committee was at any time during 2006 an officer or employee of the company or any of its subsidiaries, and no interlocks exist with respect to Compensation Committee members.

Committee Charters

Each committee of the Board of Directors has a written charter, setting forth the responsibilities of the committee in detail. The committee charters can be found on the company's web site at www.mt.com on the Investor Relations/Corporate Governance web page and are available in print to any shareholder who requests them.

Table of Contents

AUDIT COMMITTEE REPORT

The Audit Committee assists the board in overseeing the accounting and financial reporting processes of the company. The Audit Committee operates pursuant to a written charter, a copy of which can be found on the company's website at www.mt.com. The committee is responsible for overseeing the accounting and financial reporting processes of the company and audits of the financial statements of the company. In discharging its oversight role, the Audit Committee discussed the audited financial statements contained in the 2006 annual report separately with the company's independent registered public accounting firm and the company's management and reviewed the company's internal controls and financial reporting.

The company's independent registered public accounting firm, PricewaterhouseCoopers (PwC), is responsible for auditing the company's consolidated financial statements as well as the company's internal control over financial reporting. PwC issues opinions as to (1) whether the financial statements present fairly, in all material respects, the financial position of the company and its subsidiaries in accordance with accounting principles generally accepted in the United States of America; (2) management's assessment that the company maintained effective internal control over financial reporting; and (3) whether the company maintained, in all material respects, effective control over financial reporting.

Audited Financial Statements

In reviewing the company's audited financial statements with the independent registered public accounting firm, the Audit Committee discussed with PwC the matters required to be discussed by the Auditing Standards Board Statement on Auditing Standards No. 61, as amended, and other matters including, without limitation:

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

the written disclosures and confirming letter from PwC regarding their independence required under the Independence Standards Board Standard No. 1;

significant accounting policies, such as revenue recognition, goodwill and other intangible assets, and income taxes;

management judgments and accounting estimates;

any material weaknesses and significant deficiencies in internal controls over financial reporting; and

the extent of any significant accounting adjustments.

In reviewing the company's audited financial statements with the company's management, the Audit Committee discussed the same topics listed above with management, including, without limitation, the process used by management in formulating accounting estimates and the reasonableness of those estimates.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the board approved, that the audited financial statements be included in the company's Annual Report on Form 10-K for the year ended December 31, 2006.

Independent Registered Public Accounting Firm Fees

| | Audit Fees | Audit-Related Fees | Tax Fees | All Other Fees |
|-------------|-------------------|-------------------------------|-----------------|---------------------------|
| 2006 | \$ 2,881,000 | \$ 83,000 | \$ 197,000 | \$ 0 |
| 2005 | \$ 2,770,000 | \$ 167,000 | \$ 152,000 | \$ 82,000 |

Audit Fees Represents fees for the audit of the annual financial statements, including the Sarbanes-Oxley §404 attestation opinion, and review of financial statements included in quarterly reports on Form 10-Q.

Audit-Related Fees Substantially all of the audit-related fees in 2006 and \$124,000 of the 2005 audit-related fees relate to due diligence work in connection with acquisition transactions.

Tax Fees The 2006 and 2005 tax fees were primarily for compliance-related services.

Table of Contents

AUDIT COMMITTEE REPORT

Other Fees No significant other services were performed by PwC for the company in 2006 or 2005.

The Audit Committee has determined that PwC's provision of the services included in the categories Tax Fees and Other Fees is compatible with maintaining PwC's independence. All non-audit services were approved in advance by the Audit Committee pursuant to the procedures described below.

Audit Committee Approval of Non-Audit Services

The Audit Committee approves all non-audit services provided by PwC in accordance with the following framework:

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 and any potential projects not included in the pre-approval framework are presented to the full Audit Committee for their advance approval.

On a quarterly basis, PwC reports all non-audit projects outside of the pre-approval framework to the Audit Committee and any proposals for non-audit services in the upcoming quarter.

All non-audit fees are reviewed at least annually by the Audit Committee.

The independent registered public accounting firm must ensure that all audit and non-audit services provided to the company have been approved by the Audit Committee. Each year, the company's management and the independent registered public accounting firm confirm to the Audit Committee that every non-audit service being proposed is permissible and estimate a budget for the next year's non-audit services.

Independent Registered Public Accounting Firm for 2007

The Audit Committee has recommended to the board that PwC be engaged as the company's independent registered public accounting firm for the fiscal year ending December 31, 2007.

Respectfully submitted by the members of the
Audit Committee:

Francis A. Contino, *Chairman*
Wah-Hui Chu
Thomas P. Salice

Table of Contents

COMPENSATION COMMITTEE REPORT

The Compensation Committee assists the board in reviewing and monitoring the compensation of the company's executives. The Compensation Committee operates pursuant to a written charter, a copy of which can be found on the company's website at www.mt.com.

The Compensation Committee is responsible for establishing compensation arrangements that allow the company to retain, attract and motivate high-quality employees. The Compensation Committee reviews the company's total compensation budget, and sets the annual compensation of the company's executive officers, including the Chief Executive Officer. It also evaluates and sets the compensation of the directors. In carrying out its duties, the Compensation Committee receives input and recommendations from both the Head of Human Resources and the Chief Executive Officer regarding the amount and form of executive and director compensation.

The Compensation Committee also makes use of compensation consultants, who are typically engaged by the company at the direction of the Committee. In 2006, the Compensation Committee engaged the firm Pearl Meyer & Partners to assist it in the following areas: tally sheet composition and processes, review of long-term incentive vesting practices, and market surveys of executive compensation in technology firms in comparable industries (including scientific instrument firms).

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement. On the basis of such review and discussions, the Compensation Committee recommended to the Board of Directors, and the board approved, that the Compensation Discussion and Analysis be included in this Proxy Statement.

Respectfully submitted by the members of the
Compensation Committee:

Thomas P. Salice, *Chairman*
John T. Dickson
Philip H. Geier
Hans Ulrich Maerki

Table of Contents

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE REPORT

The Nominating and Corporate Governance Committee assists the board in identifying and recommending individuals to be nominated for election to the Board of Directors by shareholders. The Nominating and Corporate Governance Committee operates pursuant to a written charter, a copy of which can be found on the company's website at www.mt.com. The committee is responsible for advising the board on the structure and membership of committees of the board as well as developing corporate governance guidelines applicable to the operation of the company. We describe below the process established by the committee to nominate directors to the Board of Directors as well as some of the recent corporate governance activities undertaken by the committee.

Director Nomination Process

When there is an actual or anticipated board vacancy, candidates for the Board of Directors may be recommended by (i) any member of the Nominating and Corporate Governance Committee, (ii) other board members, (iii) third parties engaged for that purpose by the committee, and/or (iv) the company's shareholders. The Nominating and Corporate Governance Committee will consider candidates recommended by shareholders and evaluate