TORONTO DOMINION BANK
Form SUPPL
March 11, 2015
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Filed Pursuant to General Instruction ILL of F-10
Registration No. 333-196343

Pricing Supplement to the Prospectus Supplement dated June 6, 2014 and the

Short Form Base Shelf Prospectus dated June 6, 2014

The Toronto-Dominion Bank

US$1,000,000,000 1.625% Senior Medium-Term Notes, Series A, Due 2018

We will pay interest on the 1.625% Senior Medium-Term Notes, Series A, due 2018 (the Notes), semi-annually on March 13 and September 13 of each year. We will make the first interest payment on the Notes on September 13, 2015. The Notes will mature on March 13, 2018. The Notes will be our unsecured obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. We will issue the Notes in minimum denominations of US$2,000 and integral multiples of US$1,000.

Other than as set forth under Terms of the Notes Redemption for Tax Reasons, we may not redeem the Notes prior to their maturity. There is no sinking fund for the Notes.

The Notes will not be listed on any securities exchange.

Investing in the Notes involves a number of risks. See Risk Factors beginning on page S-5 of the prospectus supplement dated June 6, 2014.

The Notes are unsecured and are not savings accounts or insured deposits of a bank. The Notes are not insured or guaranteed by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation or any other governmental agency or instrumentality of Canada or the United States.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or determined that this pricing supplement is truthful or complete. Any representation to the contrary is a criminal offense.

Notes

	Per Note	Total
Price to the public(1)	99.997%	US$ 999,970,000
Underwriting commissions	0.250%	US$ 2,500,000
Proceeds to The Toronto-Dominion Bank	99.747%	US$ 997,470,000

(1) The price to the public also will include interest accrued on the Notes after March 13, 2015, if any.

This pricing supplement may be used by certain of our affiliates in connection with offers and sales of the Notes in market-making transactions.

We will deliver the Notes in book-entry only form through the facilities of The Depository Trust Company (including through its indirect participants Euroclear and Clearstream, Luxembourg) on or about March 13, 2015, against payment in immediately available funds.

Joint Book-Runners

TD Securities **Goldman, Sachs & Co.** **UBS Investment Bank** **Wells Fargo Securities**

TD Securities (USA) LLC is our affiliate. See Underwriting (Conflicts of Interest) in this pricing supplement.

Pricing Supplement dated March 9, 2015

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WHERE YOU CAN FIND MORE INFORMATION

You should read this pricing supplement together with the prospectus supplement dated June 6, 2014 (the prospectus supplement) and the short form base shelf prospectus dated June 6, 2014 (the base prospectus) and the documents incorporated by reference therein (collectively, the prospectus). You should carefully consider, among other things, the matters set forth in Risk Factors in the prospectus supplement. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes.

You may access these documents on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

Prospectus Supplement dated June 6, 2014:
http://www.sec.gov/Archives/edgar/data/947263/000119312514228965/d717981dsuppl.htm

Short Form Base Shelf Prospectus dated June 6, 2014 (forming part of Amendment No. 1 to the Registration Statement on Form F-10 (File No. 333-196343)):
http://www.sec.gov/Archives/edgar/data/947263/000119312514228662/d713687df10a.htm

Our Central Index Key, or CIK, on the SEC website is 947263.

DOCUMENTS INCORPORATED BY REFERENCE

This pricing supplement is deemed to be incorporated by reference into the accompanying prospectus solely for the purpose of the Notes to be issued hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the accompanying prospectus and reference should be made to the accompanying prospectus for full particulars thereof.

The following documents with respect to TD filed with the securities commissions or similar authorities in Canada, are specifically incorporated by reference in and form an integral part of this pricing supplement:

- the 1st Quarter Report to Shareholders for the three months ended January 31, 2015 (the Q1 2015 Report), which includes comparative consolidated interim financial statements (unaudited) and Management s Discussion & Analysis (MD&A);

- the Management Proxy Circular dated as of January 22, 2015;

- the Annual Information Form dated December 3, 2014;

- the consolidated audited financial statements for the fiscal year ended October 31, 2014 with comparative consolidated financial statements for the fiscal year ended October 31, 2013, together with the auditors report thereon and MD&A as contained in the Annual Report to Shareholders for the year ended October 31, 2014; and

- the Reports on Form 6-K filed on December 4, 2014 (related to the 4th Quarter 2014 Earnings News Release), December 5, 2014, December 8, 2014, February 19, 2015, February 26, 2015 (related to the Q1 2015 Report), February 27, 2015 and March 2, 2015.

Any document of the type referred to above (excluding confidential material change reports) or business acquisitions reports, all as filed by TD with the various securities commissions or similar authorities in Canada pursuant to the requirements of applicable securities legislation after the

date of this pricing supplement and prior to the termination of the offering of Notes hereunder will be deemed to be incorporated by reference into this pricing supplement.

Updated earnings coverage ratios, as necessary, will be filed quarterly with the various securities commissions and similar authorities in Canada, either as prospectus supplements to the accompanying base prospectus or as exhibits to TD s unaudited interim and audited annual consolidated financial statements, and will be deemed to be incorporated by reference into this pricing supplement and the accompanying prospectus for the issuance of Notes hereunder.

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Any statement contained in the accompanying prospectus, in this pricing supplement or in any other document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this pricing supplement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this pricing supplement or the accompanying prospectus. You should not assume that the information in this pricing supplement, the accompanying prospectus or any document incorporated by reference herein or therein is accurate as of any date other than the date of the applicable document.

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TERMS OF THE NOTES

We describe the basic features of the Notes in the sections of the accompanying base prospectus called Description of the Debt Securities and prospectus supplement called Description of the Notes We May Offer, subject to and as modified by the provisions described below. References in this pricing supplement to we, us, our, TD or the Bank are to The Toronto-Dominion Bank.

Issuer:	The Toronto-Dominion Bank
Title of Series:	Senior Medium-Term Notes, Series A
Issue:	1.625% Senior Medium-Term Notes, Series A, due 2018
Ranking:	Senior
Aggregate Principal Amount Initially Being Issued:	US$1,000,000,000
Currency:	U.S. Dollars
Minimum Denominations:	US$2,000 and minimum denominations of US$1,000 in excess of US$2,000
Pricing Date:	March 9, 2015
Issue Date:	March 13, 2015
Maturity Date:	March 13, 2018
CUSIP/ISIN:	89114QAZ1/US89114QAZ19
Interest Rate:	1.625%
Interest Payment Dates:	Semi-annually on March 13 and September 13 of each year, beginning on September 13, 2015.
Day Count Fraction:	30/360
Record Dates for Interest Payments:	The fifteenth calendar day prior to the applicable Interest Payment Date.
Redemption at Our Option:	Not applicable, other than as set forth under Redemption for Tax Reasons.
Optional Redemption by Holders of Notes:	Not applicable.
Listing:	The Notes will not be listed on any securities exchange.
Clearance and Settlement:	DTC global (including through its indirect participants Euroclear and Clearstream, Luxembourg as described under Description of the Debt Securities Book-Entry Procedures and Settlement in the accompanying base prospectus).
Conflicts of Interest:	TD Securities (USA) LLC is our affiliate. The agents are members of the Financial Industry Regulatory Authority, Inc., or FINRA. Accordingly, the offering of the Notes will conform to the requirements of FINRA Rule 5121. TD Securities (USA) LLC is not permitted to sell the Notes to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

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Additional Amounts

All payments of principal and interest and other amounts payable in respect of the Notes by us will be made without us making any withholding of or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (Taxes), unless the withholding or deduction of such Taxes is required or authorized by law or the administration thereof. In that event, we will, subject to certain exceptions and limitations set forth below, pay such additional amounts (Additional Amounts) to the holder or beneficial owner of any Note as may be necessary in order that every net payment of the principal of and interest on such Note and any other amounts payable on such Note, after any withholding or deduction for Taxes imposed or levied by or on behalf of Canada or any political subdivision or taxing authority thereof or therein having the power to tax (each a Taxing Jurisdiction) (and Taxes imposed or levied by a Taxing Jurisdiction on such Additional Amounts), will not be less than the amount such holder or beneficial owner would have received if such Taxes imposed or levied by or on behalf of a Taxing Jurisdiction had not been withheld or deducted. We will not, however, be required to make any payment of Additional Amounts to any holder or beneficial owner for or on account of:

any Taxes that would not have been so imposed but for a present or former connection (including, without limitation, carrying on business in a Taxing Jurisdiction or having a permanent establishment or fixed base in a Taxing Jurisdiction) between such holder or beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, trust, partnership, limited liability company or corporation) and a Taxing Jurisdiction, other than merely holding such Note or receiving payments with respect to such Note;

any estate, inheritance, gift, sales, transfer or personal property Tax or any similar Tax with respect to a Note;

any Tax imposed by reason that such holder or beneficial owner of a Note or other person entitled to payment under the Note does not deal at arm s length within the meaning of the *Income Tax Act* (Canada) with us;

any Tax that is levied or collected otherwise than by withholding from payments on or in respect of a Note;

any Tax required to be withheld by any paying agent from any payment on a Note, if such payment can be made without such withholding by at least one other paying agent;

any Tax that would not have been imposed but for the failure of a holder or beneficial owner of a Note to comply with certification, identification, declaration, information or other reporting requirements, if such compliance is required by a Taxing Jurisdiction (including where required by statute, treaty, regulation or administrative pronouncement) as a precondition to relief or exemption from such Tax;

any Tax which would not have been imposed but for the presentation of a Note (where presentation is required) for payment on a date more than 30 days after (i) the date on which such payment became due and payable or (ii) the date on which payment thereof is duly provided for, whichever occurs later;

any withholding or deduction imposed pursuant to (i) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (FATCA), or any successor version thereof, or any similar legislation imposed by any other governmental authority, (ii) any treaty, law, regulation or other official guidance enacted by Canada implementing FATCA or an intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other governmental authority, or (iii) any agreement between us and the United States or any authority thereof implementing FATCA; or

any combination of the items listed above;

nor shall Additional Amounts be paid with respect to any payment on a Note to a holder who is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary, a member of such partnership or such beneficial owner would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner held its interest in the Note directly.

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Redemption for Tax Reasons

We may redeem the Notes, in whole but not in part, at our option at any time prior to maturity, upon the giving of a notice of redemption as described below, if:

(i) as a result of any change (including any announced prospective change) in or amendment to the laws or treaties (or any rules, regulations, rulings or administrative pronouncements thereunder) of Canada or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, treaties, rules, regulations, rulings or administrative pronouncements (including a holding by a court of competent jurisdiction), which change or amendment is announced or becomes effective on or after the date of this pricing supplement, in the written opinion of our legal counsel of recognized standing, we have or will become obligated to pay, on the next succeeding date on which interest is due, Additional Amounts (assuming, in the case of any announced prospective change, that such announced change will become effective as of the date specified in such announcement and in the form announced); or

(ii) on or after the date of this pricing supplement any action has been taken by any taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, Canada or any political subdivision or taxing authority thereof or therein, including any of those actions specified in the paragraph immediately above, whether or not such action was taken or decision was rendered with respect to us, or any change, amendment, application or interpretation shall be officially proposed, which, in any such case, in the written opinion of our legal counsel of recognized standing, will result in our becoming obligated to pay, on the next succeeding date on which interest is due, Additional Amounts (assuming, in the case of any announced prospective change, that such announced change will become effective as of the date specified in such announcement and in the form announced);

and, in any such case, we in our business judgment, determine that such obligation cannot be avoided by the use of reasonable measures available to us. For the avoidance of doubt, reasonable measures do not include a change in the terms of the Notes or a substitution of the debtor.

Prior to the giving of any notice of redemption pursuant to the above paragraph, we will deliver to the trustee:

- a certificate stating that we are entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to our right to so redeem have occurred; and

- an opinion of counsel prepared in accordance with the terms of the indenture.

Any Notes redeemed for tax reasons will be redeemed at 100% of their principal amount together with interest accrued up to, but excluding, the redemption date. Notice of redemption will be given not less than 30 nor more than 60 days prior to the date fixed for redemption, which date and the applicable redemption price will be specified in the notice.

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U.S. FEDERAL INCOME TAX CONSIDERATIONS

For a discussion of certain material U.S. federal income tax consequences of owning the Notes, please see the section Tax Consequences United States Taxation in the accompanying prospectus supplement.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

For a discussion of certain material Canadian federal income tax consequences of owning the Notes, please see the section Tax Consequences Canadian Taxation in the accompanying prospectus supplement.

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UNDERWRITING (CONFLICT OF INTERESTS)

On March 9, 2015, we entered into a terms agreement with the agents pursuant to the Distribution Agreement, dated June 6, 2014, among us and the agents party thereto for the purchase and sale of the Notes. We have agreed to sell to each of the agents, and each of the agents have agreed to purchase from us, as principal, the principal amount of the Notes shown opposite its name at the public offering price set forth above.

Agent		Principal Amount of Notes
TD Securities (USA) LLC	US$	310,000,000
Goldman, Sachs & Co.	$	210,000,000
UBS Securities LLC	$	210,000,000
Wells Fargo Securities, LLC	$	210,000,000
CIBC World Markets Corp.	$	20,000,000
Desjardins Securities Inc.	$	20,000,000
U.S. Bancorp Investments, Inc.	$	20,000,000
Total	US$	1,000,000,000

We estimate that the total offering expenses for the Notes, excluding underwriting commissions, will be approximately US$210,000.

We have agreed to indemnify the several agents against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

We expect that delivery of the Notes will be made against payment for the Notes on or about March 13, 2015, which is the fourth (4th) business day following the pricing date (this settlement cycle being referred to as T+4). Rule 15c6-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), generally requires that securities trades in the secondary market settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the pricing date will be required, by virtue of the fact that the Notes will settle in T+4, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Such purchasers should also consult their own advisors in this regard. See Supplemental Plan of Distribution (Conflicts of Interest) in the accompanying prospectus supplement.

The agents and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the agents and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Bank, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the agents and their respective affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and trading arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Bank. The agents and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Because Desjardins Securities Inc. is not registered with the SEC as a U.S. registered broker-dealer, it will effect offers and sales of the Notes solely outside of the United States or within the United States to the extent permitted by Rule 15a-6 under the Exchange Act through one or more U.S. registered broker-dealers and as permitted by the rules and regulations of FINRA.

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Conflicts of Interest

TD Securities (USA) LLC is our affiliate. The agents are members of FINRA. Accordingly, the offering of the Notes will conform to the requirements of FINRA Rule 5121. TD Securities (USA) LLC is not permitted to sell the Notes to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

Selling Restrictions

Australia

Each agent has represented and agreed that in connection with the distribution of the Notes, it:

(a) must not make any offer or invitation in Australia or which is received in Australia in relation to the issue, sale or purchase of any Notes unless the offeree or invitee is required to pay at least A$500,000 for the Notes (disregarding amounts, if any, lent by the Bank or any other person offering the Notes or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act 2001 (Cth) of the Commonwealth of Australia (the Corporations Act))), or it otherwise is an offer or invitation in respect of which, by virtue of s708 of the Corporations Act, no disclosure is required to be made under Part 6D.2 of the Corporations Act; and

(b) has not circulated or issued and will not circulate or issue this pricing supplement and the accompanying prospectus or any disclosure document relating to the Notes in Australia or received in Australia which requires lodging under Division 5 of Part 6D.2 of the Corporations Act.

The Bank is not authorized under the Banking Act 1959 of the Commonwealth of Australia (the Banking Act) to carry on banking business and is not subject to prudential supervision by the Australian Prudential Regulation Authority. The Notes are not Deposit Liabilities under the Banking Act.

The People s Republic of China

This pricing supplement and the accompanying prospectus have not been filed with or approved by the People s Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan) authorities, and is not an offer of securities (whether public offering or private placement) within the meaning of the Securities Law or other pertinent laws and regulations of the People s Republic of China. This pricing supplement and the accompanying prospectus shall not be offered to the general public if used within the People s Republic of China, and the Notes so offered cannot be sold to anyone that is not a qualified purchaser of the People s Republic of China. Each agent has represented, warranted and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People s Republic of China, except under circumstances that will result in compliance with applicable laws and regulations.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each agent has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this pricing supplement and the accompanying prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant agents nominated by the Bank for any such offer; or

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(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,
provided that no such offer of Notes referred to in (a) to (c) above shall require the Bank or any agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (as amended by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Hong Kong

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each agent has agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This pricing supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this pricing supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust

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(where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust will not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

United Kingdom

Each agent has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Bank; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

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No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement, together with the short form base shelf prospectus dated June 6, 2014 to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference in the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Prospectus Supplement to Short Form Base Shelf Prospectus Dated June 6, 2014

The Toronto-Dominion Bank

Senior Medium-Term Notes, Series A

Terms of Sale

The Toronto-Dominion Bank may from time to time offer and sell notes with various terms (the notes), including the following:

- stated maturity of 9 months or longer
- fixed interest rate, including zero-coupon, or floating interest rate, or a combination of both; a floating interest rate may be based on:
  - commercial paper rate
  - U.S. prime rate
  - LIBOR
  - EURIBOR
  - Treasury rate
  - CMT rate

CD rate

CMS rate

federal funds rate

ranked as senior indebtedness of The Toronto-Dominion Bank

book-entry form only through The Depository Trust Company

redemption at the option of The Toronto-Dominion Bank or the option of the holder

interest on notes paid monthly, quarterly, semi-annually or annually

unless otherwise set forth in the applicable pricing supplement, minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof

denominated in U.S. dollars, a currency other than U.S. dollars or in a composite currency

settlement in immediately available funds

may be issued with original issue discount

The final terms of each note will be included in a pricing supplement. For information regarding the agent s commissions, see Supplemental Plan of Distribution (Conflicts of Interest). The aggregate initial offering price of the notes is subject to reduction as a result of the sale by The Toronto-Dominion Bank of other debt securities pursuant to another prospectus supplement to the accompanying prospectus.

See Risk Factors beginning on page S-5 to read about factors you should consider before investing in any notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities or passed upon the adequacy or accuracy of this prospectus supplement and the accompanying prospectus. Any representation to the contrary is a criminal offense.

The notes will not constitute deposits insured under the Canada Deposit Insurance Corporation Act or by the United States Federal Deposit Insurance Corporation or any other Canadian or United States governmental agency or instrumentality.

The Toronto-Dominion Bank may sell the notes directly or through one or more agents or dealers, including the agents referred to in Supplemental Plan of Distribution. The agents are not required to sell any particular amount of the notes.

The Toronto-Dominion Bank may use this prospectus supplement in the initial sale of any notes. In addition, this prospectus supplement may be used by certain of our affiliates in connection with offers and sales of the notes in market-making transactions. In market-making transactions, our affiliates may resell notes they acquire from other holders, after the original offering and sale of the note. Resales of this kind may occur in the open market or may be privately negotiated, at prevailing market prices at the time of the resale or at related or negotiated prices. In these transactions, our affiliates may act as principal or as agent, including as agent for the counterparty in a transaction in which our affiliates act as principal. Our affiliates may receive compensation in the form of discounts and commissions including from both counterparties in some cases.

No underwriter, as defined under Canadian securities legislation, has been involved in the preparation of, or has performed any review of, the contents of this prospectus supplement or the accompanying prospectus.

Arranger

TD Securities

The date of this prospectus supplement is June 6, 2014.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus provide you with a general description of the notes we may offer. Each time we sell notes we will provide a pricing supplement containing specific information about the terms of the notes being offered. Each pricing supplement may include a discussion of any risk factors or other special considerations that apply to those notes. The pricing supplement may also add, update or change the information in this prospectus supplement. If there is any inconsistency between the information in this prospectus supplement or any pricing supplement, you should rely on the information in that pricing supplement.

THE TORONTO-DOMINION BANK

The Toronto-Dominion Bank, which we refer to as TD, we or us, is the sixth largest bank in North America by branches and serves over 22 million customers in three key businesses operating in a number of locations in financial centres around the globe: Canadian Retail, including TD Canada Trust, TD Auto Finance Canada, TD Wealth (Canada), TD Direct Investing and TD Insurance; U.S. Retail, including TD Bank, America s Most Convenient Bank, TD Auto Finance U.S., TD Wealth (U.S.) and an investment in TD Ameritrade; and Wholesale Banking, including TD Securities. TD also ranks among the world s leading online financial services firms, with approximately 8 million online and mobile customers. TD had $896 billion in assets on April 30, 2014. The Toronto-Dominion Bank trades under the symbol TD on the Toronto and New York Stock Exchanges. To find out how to obtain more information about us, see Available Information on page I-6 of the accompanying prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the accompanying prospectus solely for the purpose of the notes to be issued hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the accompanying prospectus and reference should be made to the accompanying prospectus for full particulars thereof.

Any management proxy circular, annual information form, consolidated audited financial statements, interim unaudited financial statements, material change reports (excluding confidential material change reports) or business acquisition reports, all as filed by TD with the various securities commissions or similar authorities in Canada pursuant to the requirements of applicable securities legislation after the date of this prospectus supplement and prior to the termination of the offering of notes hereunder will be deemed to be incorporated by reference into this prospectus supplement.

A pricing supplement describing the specific terms of an offering of notes and containing such other information that TD may elect to include will be delivered to purchasers of the notes together with this prospectus supplement and the accompanying prospectus and will be deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus as of the date of the applicable pricing supplement solely for the purpose of the notes issued thereunder.

Updated earnings coverage ratios, as necessary, will be filed quarterly with the various securities commissions and similar authorities in Canada, either as prospectus supplements to the accompanying prospectus or as exhibits to TD s unaudited interim and audited annual consolidated financial statements, and will be deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus for the issuance of notes thereunder.

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Any statement contained in the accompanying prospectus, in this prospectus supplement or in any other document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this prospectus supplement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

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SUMMARY

The information in this "Summary" section is qualified by the more detailed information set forth in this prospectus supplement and the accompanying prospectus, as well as the applicable pricing supplement.

Issuer:	The Toronto-Dominion Bank ("TD").
Interest Payment Dates:	The date or dates specified in the applicable pricing supplement. The applicable pricing supplement may specify that the interest dates are monthly, quarterly, semi-annually, annually or at other specified intervals, or that interest will be paid only at maturity.
Interest Payable:	Unless we specify otherwise in the applicable pricing supplement, the notes will bear interest at: a fixed rate, which may be zero; a floating rate; or a combination of both fixed and floating rates.
Payment at Maturity:	On the maturity date, you will receive the principal amount of your notes plus any accrued and unpaid interest.
Redemption:	If the applicable pricing supplement specifies that the notes are "Redeemable," we may redeem the notes at a price specified in the applicable pricing supplement plus accrued and unpaid interest to the redemption date on any payment date on or after the date or dates specified in the applicable pricing supplement.
Put Option:	You will only have the right to require us to repurchase your notes prior to maturity if so specified in the applicable pricing supplement.
Clearance and Settlement:	Unless we specify otherwise in the applicable pricing supplement, through DTC (including through its indirect participants Euroclear and Clearstream as described under "Book-Entry Procedures and Settlement" in the accompanying prospectus).
Listing:	The notes will not be listed on any securities exchange.
Calculation Agent:	Unless we specify otherwise in the applicable pricing supplement, The Bank of New York Mellon.
Conflicts of Interest:	TD Securities (USA) LLC is an affiliate of The Toronto-Dominion Bank. Accordingly, any offer or sale of the notes by TD Securities (USA) LLC will comply with the requirements of the Rule 5121 of the Financial Industry Regulatory Authority ("FINRA"). Because the notes to be offered will be rated investment grade, pursuant to Rule 5121, the appointment of a qualified independent underwriter will not be necessary. Neither TD Securities (USA) LLC nor any other FINRA member participating in an

offering of the notes that has a conflict of interest will confirm initial sales to any discretionary accounts over which it has authority without the prior specific written approval of the customer.

RISK FACTORS

An investment in your notes is subject to the risks described below, as well as the risks described under Risk Factors in the accompanying prospectus. You should carefully consider whether the notes are suited to your particular circumstances. This prospectus supplement should be read together with the prospectus and the applicable pricing supplement. The information in the prospectus is supplemented by, and to the extent inconsistent therewith replaced and superseded by, the information in this prospectus supplement and the applicable pricing supplement. This section describes the most significant risks relating to the terms of the notes. We urge you to read the following information about these risks, together with the other information in this prospectus supplement and the prospectus and the applicable pricing supplement, before investing in the notes.

Risks Relating to the Notes in General

An Investment in the Notes Is Subject to Our Credit Risk, and Changes in Our Credit Ratings Are Expected to Affect the Market Value of the Notes.

An investment in any of the notes issued under our medium-term note program, which are TD s senior unsecured debt securities, is subject to our credit risk. As a result, your receipt of each interest payment, if any, and the amount due on the maturity date is dependent upon TD s ability to repay its obligations as of each payment date. The existence of a trading market for, and the market value of, any of the notes may be impacted by market perception of our creditworthiness. If market perception of our creditworthiness were to decline for any reason, the market value of your notes, and availability of the trading markets generally, may be adversely affected. No assurance can be given as to what our financial condition will be at any time during the term of the notes, or at maturity.

The Interest Rate of Certain Types of Notes Is Not Certain for One or More Interest Periods, and May Be Zero or Very Low.

Except for any interest periods in which your notes will bear interest at a fixed rate, the interest rate for one or more interest periods during the term of the notes will not be known on the pricing date of your notes. Depending on the terms set forth in the applicable pricing supplement, it is possible that the applicable interest rate for one or more interest periods may be 0%, or if the rate is above 0%, it may be substantially less than the rate of interest that we would pay on conventional debt securities with a comparable term. You should carefully read the terms of the notes that will be set forth in the applicable pricing supplement and the information in this prospectus supplement in order to determine the extent to which the interest rate on your notes during any period may be so limited.

Even if your yield on the notes is positive, and even if your notes have a specified fixed rate of interest for one or more interest periods, your total yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of TD with the same maturity date. The return on your investment may not compensate you for the opportunity cost when you take into account factors, such as inflation, that affect the time value of money.

Depending on the terms of your notes, you should, therefore, be prepared to realize no return at maturity over the principal amount of your notes.

Your Notes May Be Subject to Early Redemption.

Depending upon the terms of your notes, we may have the right to redeem them, or the notes may be automatically redeemable under some circumstances. If we have the right to redeem them, we will be more likely to do so as the rate of interest payable on your notes increases. If we redeem your notes, depending on the market conditions at the time

of redemption, you may not be able to reinvest the redemption proceeds in a security with a comparable return.

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There May Not Be an Active Trading Market for the Notes Sales in the Secondary Market May Result in Significant Losses.

There may be little or no secondary market for the notes. The notes will not be listed on any securities exchange. TD Securities (USA) LLC and other affiliates of TD may make a market for the notes; however, they are not required to do so. TD Securities (USA) LLC or any other affiliate of TD may stop any market-making activities at any time. Even if a secondary market for the notes develops, it may not provide significant liquidity or trade at prices advantageous to you. We expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your notes in any secondary market could be substantial.

If you sell your notes before maturity, you may have to do so at a substantial discount from the issue price, and as a result, you may suffer substantial losses.

The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors.

The following factors, which are beyond our control, may influence the market value of your notes:

- Changes in the level of the interest rate basis. For example, if you purchase floating rate notes, an increase in the level of the interest rate basis could cause a decrease in the market value of the notes. Conversely, a decrease in the level of the interest rate basis for any of the notes could cause an increase in the market value of the notes. However, if the level of the interest rate basis decreases and remains low, the likelihood of the notes being redeemed (if the notes are redeemable) would increase. In all cases, the level of the interest rate basis itself will be influenced by complex and interrelated political, economic, financial and other factors that can affect the money markets generally and the London interbank market or other applicable market in particular.

- Changes in U.S. interest rates. In general, if U.S. interest rates increase, the market value of the notes may decrease, and if U.S. interest rates decrease, the market value of the notes may increase.

- Volatility of the interest rate basis. Depending on the terms of your notes, if the size and frequency of fluctuations of the interest rate basis changes, the market value of the notes may decrease.

These factors may influence the market value of your notes if you sell your notes before maturity. Our creditworthiness, as represented by our credit ratings or as otherwise perceived in the market will also affect the market value of your notes. If you sell your notes prior to maturity, you may receive less than the principal amount of your notes.

For Certain Types of Notes, the Interest Rate Payable During the Initial Interest Period May Not Be Indicative of the Interest Rate Payable During Subsequent Interest Periods.

The interest rate of certain notes that we may offer with this prospectus supplement, may be based on a different rate during the initial interest period than in subsequent interest periods. In particular, during the interest period(s) where a fixed rate of interest (or other financial measure) applies, this fixed rate of interest (or other financial measure) may be higher than the floating rate of interest (or other financial measure) that will be applicable during subsequent interest period(s). As noted above, the interest rate during the interest period where a floating rate of interest is applicable is

uncertain and could be as little as 0.0%.

The Interest Rate on the Notes Will Be Limited if the Notes have a Maximum Interest Rate.

If the applicable pricing supplement specifies that your notes have a maximum interest rate, the interest rate payable on your notes during any period will be limited to the maximum rate specified in the applicable pricing supplement. Therefore, the return you receive during any interest period may be less than what you would have received had you invested in a security that was not subject to a maximum interest rate.

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Trading Activities by TD or its Affiliates May Adversely Affect the Market Value of the Notes.

We or one or more affiliates may hedge our obligations under the notes by purchasing securities, futures, options or other derivative instruments with returns linked or related to changes in the level of the interest rate basis, and we may adjust these hedge>

Total U.S. Government sales
$ 754.5 $ 664.5 $ 569.4

As described on pages 17 through 20, there are risks associated with doing business with the U.S. Government. In 2008, approximately 48% of our U.S. Government prime contracts and subcontracts were fixed price type contracts, compared to 42% in 2007 and 47% in 2006. Under these types of contracts, we bear the inherent risk that actual performance cost may exceed the fixed contract price. Such contracts are typically not subject to renegotiation of profits if we fail to anticipate technical problems, estimate costs accurately or control costs during performance. Additionally, U.S. Government contracts are subject to termination by the U.S. Government at its convenience, without identification of any default. When contracts are terminated for convenience, we typically recover costs incurred or committed, settlement expenses and profit on work completed prior to termination. We had five U.S. Government contracts terminated for convenience in 2008, compared to four in 2007 and two in 2006.

Our total backlog of confirmed orders was approximately $842.8 million at December 28, 2008, $707.2 million at December 30, 2007 and $582.4 million at December 31, 2006. We expect to fulfill 98% of such backlog of confirmed orders during 2009.

Sales to international customers accounted for approximately 24% of total sales in 2008, compared with 22% in 2007 and 21% in 2006. In 2008, we sold products to customers in over 100 foreign countries. 90 percent of our sales to foreign customers were made to customers in 28 foreign countries.

Sales and Marketing

Our sales and marketing approach varies by segment and by products within our segments. A shared fundamental tenet is the commitment to work closely with our customers to understand their needs, with an aim to secure preferred supplier and longer-term relationships.

Our business segments use a combination of internal sales forces, distributors and commissioned sales representatives to market and sell our products and services. As part of on-going acquisition integration efforts,

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some of our Teledyne Instruments companies and other business units have been working to consolidate or share internal sales and servicing efforts.

Products are also advertised in appropriate trade journals and by means of various websites. To promote our products and other capabilities, our personnel regularly participate in relevant trade shows and professional associations.

Many of our government contracts are awarded after a competitive bidding process in which we seek to emphasize our ability to provide superior products and technical solutions in addition to competitive pricing.

Through Teledyne Technologies International Corp. and other subsidiaries, the Company has established offices in foreign countries to facilitate international sales for various businesses.

Competition

We believe that technological capabilities and innovation and the ability to invest in the development of new and enhanced products are critical to obtaining and maintaining leadership in our markets and the industries in which we compete. Although we have certain advantages that we believe help us compete effectively in our markets, each of our markets is highly competitive. Our businesses vigorously compete on the basis of quality, product performance and reliability, technical expertise, price and service. Many of our competitors have, and potential competitors could have, greater name recognition, a larger installed base of products, more extensive engineering, manufacturing, marketing and distribution capabilities and greater financial, technological and personnel resources than we do.

Research and Development

Our research and development efforts primarily involve engineering and design related to improving product lines and developing new products and technologies in the same or similar fields. We spent a total of $395.8 million, $355.1 million, and $307.0 million on research and development and bid and proposal costs for 2008, 2007, and 2006, respectively. Customer-funded research and development, most of which was attributable to work under contracts with the U.S. Government, represented approximately 83% of total research and development costs for each of 2008, 2007, and 2006.

In 2008, approximately 80.7% of the $65.6 million in Company-funded research and development and bid and proposal costs were incurred in our Electronics and Communications businesses. We expect the level of Company-funded research and development and bid and proposal costs to be approximately $71.6 million in 2009.

Intellectual Property

While we own and control various intellectual property rights, including patents, trade secrets, confidential information, trademarks, trade names, and copyrights, which, in the aggregate, are of material importance to our business, our management believes that our business as a whole is not materially dependent upon any one intellectual property or related group of such properties. We own several hundred active patents and are licensed to use certain patents, technology and other intellectual property rights owned and controlled by others. Similarly, other companies are licensed to use certain patents, technology and other intellectual property rights owned and controlled by us.

Patents, patent applications and license agreements will expire or terminate over time by operation of law, in accordance with their terms or otherwise. We do not expect the expiration or termination of these patents, patent applications and license agreements to have a material adverse effect on our business, results of operations or financial condition.

Employees

Our total current workforce consists of approximately 8,800 employees. The International Union of United Automobile, Aerospace and Agricultural Implement Workers of America represents approximately

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240 active employees in Mobile, Alabama under a collective bargaining agreement that expires by its terms on February 20, 2010. This union also represents approximately 20 of our active employees in Toledo, Ohio under a collective bargaining agreement that expires by its terms on November 10, 2009. We consider our relations with our employees to be good.

Executive Management

Teledyne s executive management includes:

Name and Title	Age	Principal Occupations Last 5 Years
Executive Officers:		
Robert Mehrabian* Chairman, President and Chief Executive Officer; Director	67	Dr. Mehrabian has served as Chairman, President and Chief Executive Officer of Teledyne for more than five years. He is a director of Teledyne, Bank of New York Mellon Corporation and PPG Industries, Inc.
John T. Kuelbs* Executive Vice President, General Counsel and Secretary	66	Mr. Kuelbs has been Executive Vice President, General Counsel and Secretary of Teledyne since September 1, 2005. Prior to that, he was Senior Vice President, General Counsel and Secretary of Teledyne.
Dale A. Schnittjer* Senior Vice President and Chief Financial Officer	64	Mr. Schnittjer has been Senior Vice President and Chief Financial Officer of the Company since September 1, 2005. From January 27, 2004 to September 1, 2005, he was Vice President and Chief Financial Officer of Teledyne. He had served as interim Chief Financial Officer since July 7, 2003. Mr. Schnittjer first became a Vice President on December 19, 2001, and had been the Controller of Teledyne from November 29, 1999 to January 27, 2004.
Susan L. Main* Vice President and Controller	50	Ms. Main has been Vice President and Controller of the Company since March 2004. Prior to joining the Company, Ms. Main served as Vice President Controller of Water Pik Technologies, Inc. from November 29, 1999 to March 2004.
Segment Management:		
Aldo Pichelli* President and Chief Operating Officer, Electronics and Communications Segment	56	Mr. Pichelli has been President and Chief Operating Officer of Teledyne s Electronics and Communications segment since September 1, 2007. From July 22, 2003 to that date, he was Senior Vice President and Chief Operating Officer of that segment. Prior to that, he served as Vice President and General Manager of Teledyne Instruments.
Rex D. Geveden* President, Engineered Systems and Energy and Power Systems Segments	47	Mr. Geveden has been the President of Teledyne Brown Engineering, Inc. and the Engineered Systems segment (formerly known as the Systems Engineering Solutions segment) since August 1, 2007. Since January 1, 2008, he has also been the President of the Energy and Power Systems segment. Prior to that, Mr. Geveden served as the Associate Administrator of the National Aeronautics and Space Administration (NASA) where he functioned as the agency s chief operating officer. Prior to that, he served as NASA s

		Chief Engineer and Deputy Director of NASA s Marshall Space Flight Center in Huntsville, Alabama.
Rhett C. Ross President, Aerospace Engines and Components Segment	44	Mr. Ross has been the President of Teledyne Continental Motors, Inc. since November 5, 2007. Mr. Ross is also referred to as the President of the Aerospace Engines and Components segment. Prior to that he was the President of Teledyne Energy Systems, Inc. since its formation in June 2001 for the purposes of the transaction with Energy Partners, Inc.

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Name and Title	Age	Principal Occupations Last 5 Years
Other Officers:		
Stephen F. Blackwood Vice President and Treasurer	46	Mr. Blackwood has been Vice President and Treasurer of Teledyne since April 23, 2008. From March 2007 to April 2008, he was Treasurer and Senior Director of Investor Relations of MannKind Corporation, a biotechnology company. From September 2005 until the sale of the company in December 2006, he was Vice President and Treasurer of Pacific Energy Partners, L.P., a MLP holding company. Prior to that, he was Director of Global Treasury at Amgen, Inc., a biotechnology company.
Ivars R. Blukis Chief Business Risk Assurance Officer	66	Mr. Blukis has been the Chief Business Risk Assurance Officer since January 22, 2002 and is responsible for the internal audit function. Prior to that, Mr. Blukis was the Vice President, Finance and Administration, for Teledyne Electronic Technologies.
Melanie S. Cibik Vice President, Associate General Counsel and Assistant Secretary	49	Miss Cibik has been Vice President, Associate General Counsel and Assistant Secretary of the Company for more than five years.
Robyn E. McGowan Vice President, Administration and Human Resources and Assistant Secretary	44	Ms. McGowan has been Vice President Administration and Human Resources of the Company since April 2003 and Vice President Administration since December 2000. Prior to becoming a Vice President, she served as Director of Administration. She has been an Assistant Secretary of Teledyne since November 29, 1999.
Robert L. Schaefer Associate General Counsel and Assistant Secretary, General Counsel of the Electronics and Communications Segment	63	Mr. Schaefer has been an Associate General Counsel and an Assistant Secretary of Teledyne and the General Counsel of Teledyne s Electronics and Communications segment for more than five years.
Robert W. Steenberge Vice President and Chief Technology Officer	61	Mr. Steenberge became a Vice President of the Company on February 21, 2006, and has been Teledyne s Chief Technology Officer for more than five years.
Jason VanWees Vice President, Corporate Development and Investor Relations	37	Mr. VanWees has been Vice President, Corporate Development and Investor Relations since February 21, 2006. Prior to that, he was Director of Corporate Development and Investor Relations of Teledyne for more than five years.

* Such officers are subject to the reporting and other requirements of Section 16 of the Securities Exchange Act of 1934, as amended.

Dr. Mehrabian and Teledyne have entered into a Fourth Amended and Restated Employment Agreement dated as of January 21, 2009. Under the agreement, we will employ Dr. Mehrabian as the Chairman, President and Chief Executive Officer through at least December 31, 2010, because 12 months notice of nonrenewal has not been given prior to the expiration of the current term of December 31, 2009. The agreement automatically renews for a successive one year unless either party gives the other written notice of its election not to renew at least 12 months before the expiration of the current term or any successive renewal terms. If notice is given, Dr. Mehrabian would then retire on

December 31st of the year following the 12th month after receipt of the notice. Under the agreement, Dr. Mehrabian s annual base salary is $840,000. The agreement provides that Dr. Mehrabian is entitled to participate in Teledyne s annual incentive bonus plan and other executive compensation and benefit programs. The agreement provides Dr. Mehrabian with a non-qualified pension arrangement, under which Teledyne will pay him annually starting six months following his retirement and for a period of 10 years, as payments supplemental to any accrued pension under our qualified pension plan, an amount equal to 50% of his base compensation as in effect at retirement.

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Sixteen current members of management have entered into Change in Control Severance Agreements with Teledyne. The agreements have a three-year, automatically renewing term. Under the agreements, the executive is entitled to severance benefits if (1) there is a change in control of Teledyne and (2) within three months before or 24 months after the change in control, either we terminate the executive s employment for reasons other than for cause or the executive terminates employment for good reason. Severance benefits consist of:

A cash payment equal to three times (in the case of Dr. Mehrabian, Messrs. Kuelbs and Schnittjer) or two times (in the case of Mr. Pichelli, Ms. Main and 11 other executives) the sum of (i) the executive s highest annual base salary within the year preceding the change in control and (ii) the AIP bonus target for the year in which the change in control occurs or the actual bonus payout for the year immediately preceding the change in control, whichever is higher.

A cash payment for the current AIP bonus cycle based on the fraction of the year worked times the AIP target objectives at 120% (with payment of the prior year bonus if not yet paid).

Payment in cash for unpaid Performance Share Program awards, assuming applicable goals are met at 120% of performance.

Continued equivalent health and welfare (e.g., medical, dental, vision, life insurance and disability) benefits at Teledyne s expense for a period of up to 36 months (24 months in some agreements) after termination (with the executive bearing any portion of the cost the executive bore prior to the change in control); provided, however, such benefits would be discontinued to the extent the executive receives similar benefits from a subsequent employer.

Immediate vesting of all stock options, with options being exercisable for the full remaining term.

Removal of restrictions on restricted stock issued by the Company under our Restricted Stock Award Programs.

Full vesting under the Company s pension plans (within legal parameters) such that the executive shall be entitled to receive the full accrued benefit under all such plans in effect as of the date of the change in control, without any actuarial reduction for early payment.

Up to $25,000 ($15,000 in some agreements) reimbursement for actual professional outplacement services.

A gross-up-payment to hold the executive harmless against the impact, if any, of federal excise taxes imposed on the executive as a result of the payments constituting an excess parachute as defined in Section 280G of the Internal Revenue Code.

The agreements were amended as of December 31, 2008 to defer certain payments for six months following a separation of service to assure compliance with Section 409A of the Internal Revenue Code.

Item 1A. Risk Factors.

Risk Factors; Cautionary Statement as to Forward-Looking Statements

The following text highlights various risks and uncertainties associated with Teledyne. These factors could materially affect forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that we may from time to time make, including forward-looking statements contained in Item 1. Business and Item 7.

Management s Discussion and Analysis of Financial Condition and Results of Operations of this Form 10-K and in Teledyne s 2008 Annual Report to Stockholders. It is not possible for management to predict all of such factors, and new factors may emerge. Additionally, management cannot assess the impact of each such factor on Teledyne or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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Continuing disruptions in the global economy, the financial markets, the currency markets and the energy markets, as well as government responses to these disruptions, may adversely impact our business and results of operations.

Continuing distress in the financial markets has had an adverse impact on the availability of credit and liquidity resources, although we do not believe that any lender commitments under our current $590 million credit facility, which expires in July 2011, have been adversely affected. Continued market deterioration, however, could jeopardize certain counterparty obligations, including those of the insurers and financial institutions with which we do business. Some of our customers may face issues gaining access to sufficient credit, which could result in an impairment of their ability to make timely payments to us or a determination to cancel, delay or otherwise not purchase our products. Due to reduced credit availability, many of our marine survey customers have been delaying the building of new exploration vessels and also reducing maintenance expenditures on their existing fleet, which would adversely affect sales of our geophysical streamer cables and hydrophones. Lack of availability of consumer credit and the general economic downturn have adversely impacted the market for general aviation aircraft, which generally means lower sales of piston engines and related components by us. Some of our suppliers may also face issues gaining access to sufficient credit to maintain their businesses, which could reduce the availability of some components and, to the extent such suppliers are single source suppliers, could adversely affect our ability to continue to manufacture and sell our products. As a result of recent fluctuations in currency markets and the stronger U.S. Dollar relative to many other major currencies, our products priced in U.S. Dollars may be more expensive relative to products of our foreign competitors, which could result in lower sales. In addition, the non-dollar denominated earnings of our foreign operations may be lower when reported by us in U.S. Dollars. A slowdown in economic activity caused by a recession would likely reduce worldwide demand for energy and result in lower oil and natural gas prices, which could result in lower sales at our business units that supply the oil and gas industry. Government responses to these market disruptions, such as the approved emergency economic stabilization and stimulus legislation, could result in reductions in spending for defense programs and other government programs in which we participate.

Our pension expenses and the value of our pension assets are affected by factors outside of our control, including the performance of plan assets, the stock market, interest rates and actuarial data.

We have a defined benefit pension plan covering most of our employees hired prior to 2004. The value of the combined pension assets is currently less than our accumulated pension benefit obligation. Given our pension plan s underfunded status, in 2004 we began making required cash contributions to our pension plan. In 2008, given the market conditions and the reduction in pension asset values, we made additional contributions of $50.0 million beyond what was required under ERISA. In February 2009, we made voluntary cash contributions of $80.0 million and currently anticipate making additional contributions of about $37.1 million during the year. For 2008, 2007 and 2006, cash contributions totaled $58.7 million, $7.5 million and $20.9 million, respectively. The lower contribution level in 2007 is due primarily to the merger into our pension plan of the overfunded Rockwell Scientific Company pension plan in September 2006, which was part of our September 2006 acquisition of Rockwell Scientific Company. The accounting rules applicable to our pension plan require that amounts recognized in the financial statements be determined on an actuarial basis, rather than as contributions are made to the plan. Two significant elements in determining our pension income or pension expense are the expected return on plan assets and the discount rate used in projecting pension benefit obligations. Declines in the stock market and lower rates of return could increase required contributions to our pension plan. Any decreases or increases in market interest rates will affect the discount rate assumption used in projecting pension benefit obligations. If and to the extent decreases are not offset by contributions and asset returns, our cash contributions and SFAS No. 87 expense could increase under the plans. For additional discussion of pension matters, see the discussion under Item 7. Management s Discussion and Analysis of Results of Operations and Financial Condition and Notes 2 and 12 to Notes to Consolidated Financial Statements. At the end of 2007, we changed some investment allocations to reduce exposure to deterioration in the subprime mortgage market. In 2008, given market disruptions and volatility, we maintained a greater amount in fixed income

investments, including in U.S. Treasury notes, to achieve some stability in our pension assets. However, our investment strategy may not be successful if problems in the credit, financial

and stock markets persist. Due to timing of investment allocation changes, we also may not benefit from any upswings in certain investments.

We sell products and services to customers in industries that are cyclical and sensitive to changes in general economic activity.

We develop and manufacture products for customers in the energy exploration and production markets, each of which has been cyclical and suffered from fluctuating market demands. Strong demand and increased prices for oil and natural gas contributed to substantial revenue growth at Teledyne Geophysical Instruments, ODI and other members of our Marine Group. A cyclical downturn in these markets may materially affect future operating results, particularly given our broader range of marine instrumentation businesses acquired since 2003.

Domestic and international commercial aerospace markets are cyclical in nature. Historic demand for new commercial aircraft has been related to the stability and health of domestic and international economies. As a result of economic conditions and significant tightening of the credit markets, it may be difficult for the commercial airlines and aircraft leasing companies to obtain credit to buy new airplanes. Delays or changes in aircraft and component orders could impact the future demand for our Teledyne Controls and other products and have a material adverse effect on our business, results of operations and financial condition.

Many of the OEM customers of our Aerospace Engines and Components segment are privately-held and may not be well-capitalized. In 2007, one of the airplane manufacturer customers of Teledyne Continental Motors filed a petition for bankruptcy, resulting in a $1.7 million write down of our accounts receivable. In February 2008, Adam Aircraft filed for bankruptcy protection. While at the time of filing, we had no unpaid receivables from Adam Aircraft, we recently had to pay back a small amount to the bankruptcy administrator due to the purported preferential timing of payments from Adam Aircraft to us. Any future credit problems with our customers could result in similar or larger write downs or reimbursements, and have a material adverse effect on the business, results of operations and financial condition of our Aerospace Engines and Components segment.

Some of our businesses are also suppliers to the semiconductor industry, which is highly cyclical by nature. The semiconductor industry has experienced significant, and sometimes prolonged, downturns. Any downturn in the semiconductor industry or any other industry that uses a significant number of semiconductor devices, such as consumer electronic products, telecommunication devices, or computing devices could have a material adverse effect on our business and operating results.

In addition, we sell products and services to customers in industries that are sensitive to the level of general economic activity and consumer spending habits and in mature industries that are sensitive to capacity. Adverse economic conditions affecting these industries may reduce demand for our products and services, which may reduce our profits, or our production levels, or both. Some of our businesses serve industries such as power generation and petrochemical refining, which may be negatively impacted by reductions in global capital expenditures and manufacturing capacity.

Our dependence on revenue from government contracts subjects us to many risks:

Our revenue from government contracts depends on the continued availability of funding from the U.S. Government, and, accordingly, we have the risk that funding for our existing contracts may be diverted to other uses or delayed.

We perform work on a number of contracts with the Department of Defense and other agencies and departments of the U.S. Government including sub-contracts with government prime contractors. Sales under contracts with the U.S. Government as a whole, including sales under contracts with the Department of Defense, as prime contractor or

subcontractor, represented approximately 40% of our total revenue for 2008, as compared to 41% and 40% of our total revenue for 2007 and 2006, respectively. Performance under government contracts has certain inherent risks that could have a material effect on our business, results of operations, and financial condition.

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Government contracts are conditioned upon the continuing availability of Congressional appropriations. Congress typically appropriates funds for a given program on a fiscal-year basis even though contract performance may take more than one year. As a result, at the beginning of a major program, a contract is typically only partially funded, and additional monies are normally committed to the contract by the procuring agency only as Congress makes appropriations available for future fiscal years. The timing of program cycles can also affect our results of operations for a particular quarter or year. It is not uncommon for the Department of Defense to delay the timing of awards for major programs for six to twelve months, or more, beyond the original anticipated timeframe.

While U.S. defense spending increased as a result of the September 11th terrorist attacks and the war in Iraq, it is currently expected to moderate and then decline over the next few years. The continued war on terrorism and the Iraqi and Afghanistan situations could result in a diversion of funds from programs in which Teledyne participates. In addition, continued defense spending does not necessarily correlate to continued business for us, because not all of the programs in which we participate or have current capabilities may be provided with continued funding. Further, our new President and leadership of the U.S. Government could implement, over time, reductions in defense spending and further changes in programs in which we participate.

Changes in policy and budget priorities by our new President, Administration and Congress for various Defense and NASA programs could impact our Engineered Systems segment. For example, changes in national space policy that affect NASA s budget are likely and we anticipate significant scrutiny of missile defense budgets.

Our Electronics and Communications segment provides a variety of products for newer military platforms such as the F/A-22 and F-35 aircraft. Development and production of these aircraft are very expensive and there is no guarantee that the Department of Defense, as it balances budget priorities, will continue to provide funding to manufacture and support these platforms. Reallocation of funding priorities within the Department of Defense could also affect repair and spares sales for older military platforms, including, by way of example, sales of our traveling wave tubes for F-15, F-16, F-18, EA-6B, B-52, B-1, C-130 and U-2 aircraft. The late 2007 grounding of the Air Force s F-15 fleet as a result of apparent structural failures resulted in decreased 2008 sales for products we supply to the F-15 program.

Our participation in government programs may decrease or be subject to renegotiation as those programs evolve over time.

The relocation to Huntsville, Alabama of the Missile Defense Agency or MDA has resulted in the transfer to the MDA of certain missions and functions from the U.S. Army Space and Missile Defense Command or SMDC. New leadership at the MDA is conducting solicitations that could impact support by our Engineered Systems segment to the Agency. For example, all MDA government engineering support services work is now to be recompeted at the conclusion of each existing contract, and several major prime contracts under which we perform such services are nearing the end of their respective periods of performance. MDA is also reconsidering its policy on Organizational Conflict of Interest or OCI. It is reviewing all OCI mitigation plans and may be more restrictive of the risk of successful mitigation which the Agency accepts going forward, potentially limiting our participation in certain major MDA programs, such as Ground Based Midcourse Defense. Additionally, the General Accounting Office or GAO has issued rulings which favor small businesses interests under multiple award IDIQ or Indefinite Delivery/Indefinite Quantity contracts. Several of the contracts under which we perform engineering support services for MDA are this type and, as a result, our engineering services business could be significantly impacted.

Over time, and for a variety of reasons, programs can evolve and affect the extent of our participation. For example, Teledyne Brown Engineering s Ground-based Midcourse Defense (GMD) program has been moving toward the end of the program cycle resulting in declining revenues. Revenues from this contract in 2006 and 2007 totaled approximately $48 million and $45 million, respectively. In 2008, revenues related to this program declined to $43 million, and are expected to continue to decline in 2009 and 2010, even though Teledyne Brown Engineering

remains a major subcontractor. This anticipated decline is due to a number of factors including the completion of the current GMD deployment cycle, the change in political environment

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which might impact the proposed European GMD defense sites and a possible refocus of MDA resources towards Ballistic Missile Defense Systems research and development applications.

We have been a significant participant in NASA programs, traditionally through our Engineered Systems segment and through Teledyne Scientific Company. Our current NASA activities focus on the International Space Station and the James Webb Space Telescope. As NASA approaches completion of the International Space Station and retirement of the Space Shuttle, our Engineered Systems segment has moved away from its historical role in scientific payload development and integration and toward supporting NASA with concept development, engineering services, and prototype development for the new Ares vehicles for space exploration. It is possible that the new President, Administration and Congress will shift funding away from exploration toward other priorities such as Earth Science and aeronautics. Such policy and priority changes would likely negatively impact our business.

We may not be successful in bidding for future contracts, which would reduce our revenues or slow our growth.

We obtain many U.S. Government prime contracts and subcontracts through the process of competitive bidding. We may not be successful in having our bids accepted. In addition, we may spend substantial amounts of time, money and effort, including design, development and marketing activities, required to prepare bids and proposals for contracts that may not be awarded to us.

Our contracts with the U.S. Government are subject to termination rights that could adversely affect us.

Most of our U.S. Government contracts are subject to termination by the U.S. Government either at its convenience or upon the default of the contractor. Even when not expressly included in a U.S. Government contract, courts have found termination for convenience to be present as a matter of public procurement policy. Termination-for-convenience provisions provide only for the recovery of costs incurred or committed, settlement expenses, and profit on work completed prior to termination. Termination-for-default clauses impose liability on the contractor for excess costs incurred by the U.S. Government in reprocuring undelivered items from another source. During 2008, Teledyne had five U.S. Government contracts terminated for convenience. We did not have any of our U.S. Government contracts terminated for default during 2008.

We may lose money or generate less than expected profits on our fixed-price government contracts and we may lose money if we fail to meet certain pre-specified targets in government contracts.

There is no guarantee that U.S. Government contracts will be profitable. A number of our U.S. Government prime contracts and subcontracts are fixed-price type contracts (48% in 2008, 42% in 2007 and 47% in 2006). Under these types of contracts, we bear the inherent risk that actual performance cost may exceed the fixed contract price. This is particularly true where the contract was awarded and the price finalized in advance of final completion of design. Under such contracts, we must absorb cost overruns, notwithstanding the difficulty of estimating all of the costs we will incur in performing these contracts. Our failure to anticipate technical problems, estimate costs accurately or control costs during performance of a fixed-price contract may reduce the profitability of a fixed-price contract or cause a loss. We have also experienced some volatility in the pricing of certain raw materials and components underlying our fixed price contracts. Such contracts are typically not subject to renegotiation of profits if we fail to anticipate technical problems, estimate costs accurately or control costs during performance. We cannot assure that our contract loss provisions in our financial statements will be adequate to cover all actual future losses. We may lose money on some contracts if we fail to meet these estimates.

Certain fees under some of our U.S. Government contracts are linked to meeting specified technical, cost and/or schedule targets, including development or testing deadlines. Fees may also be influenced or be dependent on the

collective efforts and success of other defense contractors over which we had no or limited control.

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Our business is subject to government contracting regulations and our failure to comply with such laws and regulations could harm our operating results and prospects.

We, like other government contractors, are subject to various audits, reviews and investigations (including private party whistleblower lawsuits) relating to our compliance with federal and state laws. Generally, claims arising out of these U.S. Government inquiries and voluntary disclosures can be resolved without resorting to litigation. However, should the business unit or division involved be charged with wrongdoing, or should the U.S. Government determine that the business unit or division is not a presently responsible contractor, that business unit or division, and conceivably our Company as a whole, could be temporarily suspended or, in the event of a conviction, could be debarred for up to three years from receiving new government contracts or government-approved subcontracts. In addition, we could expend substantial amounts in defending against such charges and in damages, fines and penalties if such charges are proven or result in negotiated settlements.

United States and global responses to terrorism, the Iraq situation, Mexican border town violence and nuclear proliferation concerns increase uncertainties with respect to many of our businesses and may adversely affect our business and results of operations.

United States and global responses to terrorism, the Iraq situation, Mexican border town violence and nuclear proliferation concerns increase uncertainties with respect to U.S. and other business and financial markets. Several factors associated, directly or indirectly, with terrorism, the Iraq situation and perceived nuclear threats and responses may adversely affect us. The reaction to Iran s continuing desire to explore nuclear capabilities could affect adversely oil prices and some of our businesses.

While some of our businesses that provide products or services to the U.S. Government experienced greater demand for their products and services as a result of increased U.S. Government defense spending, various responses could realign government programs and affect the composition, funding or timing of our government programs. Our new President, Administration and Congress could also further affect responses and government programs. Government spending could shift to the Department of Defense or Homeland Security programs in which we may not participate or may not have current capabilities and curtail less pressing non-defense programs in which we do participate, including Department of Energy or NASA programs. Government spending could also shift towards non-defense programs in which we do not currently participate, such as medical research programs of the National Institutes of Health.

Air travel declines have occurred after terrorist attacks and heightened security alerts, as well as after the SARS and bird flu scares. Additional declines in air travel resulting from such factors and other factors could adversely affect the financial condition of many of our commercial airline and aircraft manufacturer customers and in turn could adversely affect our Electronics and Communications segment.

Deterioration of financial performance of airlines could result in a reduction of discretionary spending for upgrades of avionics and in-flight communications equipment, which would adversely affect our Electronics and Communications segment.

The government continues to evaluate potential security issues associated with general aviation. Increased government regulations, including but not limited to increased airspace regulations (including user fees), could lead to an overall decline in air travel and have an adverse affect on our Aerospace Engines and Components and Energy & Power Systems segments. As happened after the September 11th terrorist attacks, reinstatement of flight restrictions would negatively impact the market for general aviation aircraft piston engines and components of our Aerospace Engines and Components segment and associated products of Teledyne Battery Products. Potential reductions in the need for general aviation aircraft maintenance as a result of declines in air travel could also adversely affect our Aerospace Engines and Components segment.

Higher oil prices could reduce general aviation air travel, negatively affecting our Aerospace Engines and Components segment. Higher oil prices could also adversely affect commercial airline-related customers of our Electronics and Communications segment. Conversely, lower oil prices could decrease oil exploration and petrochemical refining activities and hinder our marine and other instrumentation businesses, including Teledyne Geophysical Instruments, Teledyne TSS Limited, Teledyne Benthos, Teledyne D.G. O Brien and

majority-owned ODI, as well as some of our other businesses such as Teledyne Storm Products. In addition, instability in the Middle East or other oil-producing regions could adversely affect expansion plans of the oil and gas industry customers of our instrumentation and cable solutions businesses.

Violence and crime in Mexico, particularly in border towns where we conduct some manufacturing activities, could adversely affect our relays and cable solutions businesses.

Acquisitions involve inherent risks that may adversely affect our operating results and financial condition.

Our growth strategy includes acquisitions. Acquisitions involve various inherent risks, such as:

- our ability to assess accurately the value, strengths, weaknesses, internal controls, contingent and other liabilities and potential profitability of acquisition candidates;
- the potential loss of key personnel of an acquired business;
- our ability to integrate acquired businesses and to achieve identified financial, operating and other synergies anticipated to result from an acquisition;
- our ability to assess, integrate and implement internal controls of acquired businesses in accordance with Section 404 of the Sarbanes-Oxley Act of 2002;
- the distraction of management resulting from the need to integrate acquired businesses;
- increased competition for acquisition targets, which may increase acquisition costs; and
- unanticipated changes in business and economic conditions affecting an acquired business.

While we conduct financial and other due diligence in connection with our acquisitions and generally seek some form of protection, including indemnification from a seller and sometimes an escrow of a portion of the purchase price to cover potential issues, such acquired companies may have weaknesses or liabilities that are not accurately assessed or brought to our attention at the time of the acquisition. Further, indemnities or escrows may not fully cover such matters, particularly matters identified after a closing.

We also have acquired several private companies, including the recent acquisitions of Cormon Limited and Odom Hydrographic Systems, Inc. and the assets of Webb Research Corp. and Demo Systems LLC. Private companies generally may not have as formal or comprehensive internal controls and compliance systems in place as public companies. While we have required various sellers to take certain compliance actions prior to the closing of an acquisition, including making voluntary disclosures under various export control laws and regulations, and have sought protections in the purchase agreement for such matters, there is no assurance that we have identified all issues or will be fully protected from historic liabilities. After acquiring a company, notwithstanding pre-closing due diligence, we have discovered issues that required further action, including making voluntary disclosures under various defense and export control laws and regulations.

While the products and customer base of the companies we acquired in 2008 are complementary to some of Teledyne s existing businesses, there is no assurance that we will achieve all identified financial, operating and marketing synergies. We may also experience problems that arise in entering new markets through acquisitions in which we may have little or no experience.

Additionally, in 2008, we expanded our United Kingdom presence with the acquisitions of TSS (International) Limited, Filtronic Defence Limited and Cormon Limited. There are additional risks associated with owning and operating businesses internationally, including those arising from U.S. and foreign government policy changes or actions and exchange rate fluctuations.

In connection with acquisitions, we may consolidate one or more acquired facilities with other Teledyne facilities to obtain synergies and cost-savings. For example, we have recently combined and relocated, with minimal disruption, the operations of the 2008-acquired Teledyne Impulse and long-time owned Teledyne Interconnect Devices to a new leased facility in San Diego, CA. In 2009, we plan to consolidate the

2008-acquired Moorpark, CA-based operations and assets of Demo Systems LLC, principally with Teledyne Controls, El Segundo, CA. We also plan to relocate the principal operations of both 2008-acquired Teledyne TSS Limited and Teledyne Cormon Limited to more modern and larger facilities close to their current locations. Nonetheless, despite planning, relocation and consolidation of manufacturing operations has inherent risks, as it tends to involve, among other things, change of personnel, application of a new business system software and learning or adaptation of manufacturing processes and techniques. As a result, production delays at a new operating location may occur.

As permitted by SEC rules, our current management s report as to our assessment of the effectiveness of internal controls over financial reporting excludes in its scope and coverage our 2008 acquisitions of Filtronic Defence Limited, Cormon Limited and Odom Hydrographic Systems, Inc. and the assets of Webb Research Corp. and Demo Systems LLC. We plan to evaluate more fully the internal controls of such companies and subsequently acquired companies and implement a formal and rigorous system of internal controls at those acquired companies. We can provide no assurance that we will be able to provide a report that contains no significant deficiencies or material weaknesses with respect to these acquired companies or other acquisitions.

Our future financial results could be adversely impacted by asset impairment charges.

Under Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets , we are required to test both acquired goodwill and other indefinite-lived intangible assets for impairment on an annual basis based upon a fair value approach, rather than amortizing them over time. We have chosen to perform our annual impairment reviews of goodwill and other indefinite- lived intangible assets during the fourth quarter of each fiscal year. We also are required to test goodwill for impairment between annual tests if events occur or circumstances change that would more likely than not reduce our enterprise fair value below its book value. These events or circumstances could include a significant change in the business climate, including a significant sustained decline in an entity s market value, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business, or other factors. If the fair market value is less than the book value of goodwill, we could be required to record an impairment charge. The valuation of reporting units requires judgment in estimating future cash flows, discount rates and estimated product life cycles. In making these judgments, we evaluate the financial health of the business, including such factors as industry performance, changes in technology and operating cash flows. As we have grown through acquisitions, we have accumulated $502.5 million of goodwill, and have $117.0 million of acquired intangible assets, which includes $30.1 million of indefinite-lived intangible assets, out of total assets of $1,534.5 million at December 28, 2008. As a result, the amount of any annual or interim impairment could be significant and could have a material adverse effect on our reported financial results for the period in which the charge is taken. We also may be required to record an earnings charge or incur unanticipated expenses if, as a result of a change in strategy or other reason, we determined the value of other assets has been impaired.

We account for the impairment of long-lived assets to be held and used in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets (SFAS No. 144). SFAS No. 144 requires that a long-lived asset to be disposed of be reported at the lower of its carrying amount or fair value less cost to sell. An asset (other than goodwill and indefinite-lived intangible assets) is considered impaired when estimated future cash flows are less than the carrying amount of the asset. In the event the carrying amount of such asset is not deemed recoverable, the asset is adjusted to its estimated fair value. Fair value is generally determined based upon estimated discounted future cash flows.

We may not have sufficient resources to fund all future research and development and capital expenditures or possible acquisitions.

In order to remain competitive, we must make substantial investments in research and development of new or enhanced products and continuously upgrade our process technology and manufacturing capabilities. Although we

believe that anticipated cash flows from operations and available borrowings under our $590.0 million credit facility will be sufficient to satisfy our anticipated working capital, research and development and capital investment needs, we may be unable to fund all of these needs or possible

acquisitions. Our ability to raise additional capital will depend on a variety of factors, some of which will not be within our control, including the existence of a public offering market, investor perceptions of us, our businesses and the industries in which we operate, and general economic conditions. We may be unable to successfully raise additional capital, if needed. Failure to successfully raise needed capital on a timely or cost-effective basis could have a material adverse effect on our business, results of operations and financial condition.

Our indebtedness could materially and adversely affect our business.

As of December 28, 2008, we had $333.2 million in total outstanding indebtedness, including $326.0 million under our $590.0 million credit facility. On February 24, 2009, we had $403.6 million outstanding under our $590.0 million credit facility. Our indebtedness could harm our business by, among other things, reducing the funds available to make new strategic acquisitions. Our indebtedness could also have a material adverse effect on our business by increasing our vulnerability to general adverse economic and industry conditions or a downturn in our business. General adverse economic and industry conditions or a downturn in our business could result in our inability to repay this indebtedness in a timely manner.

We may be unsuccessful in our efforts to increase our participation in certain new markets.

We intend to both adapt our existing technologies and develop new products to expand into new market segments. For example, we continue to work towards developing new fuel cell related technologies. The market for fuel cell technologies is not well established and there are a number of companies that have announced intentions to develop and market fuel cell products. Some of these companies have greater financial and/or technological resources than we do.

We have also been developing new electronic products, including high-power millimeter traveling wave tubes and imaging sonar systems, which are intended to access markets in which Teledyne does not currently participate or has limited participation. We may be unsuccessful in accessing these and other new markets if our products do not meet our customers requirements, as a result of changes in either technology and industry standards or because of actions taken by our competitors.

Limitations in funding for applied research and development and technology insertion projects due to the present economic downturn and the significant expenditures in Iraq and Afghanistan may reduce our ability to apply our ongoing investments in nascent market areas. For example, our Engineered Systems segment s development of Service Oriented Architectures for Department of Defense applications relies heavily on funding from customers who are actively competing for resources with war driven recapitalization, resupply and modernization requirements.

Our Engineered Systems segment is also actively pursuing engineered systems work and associated manufacturing opportunities in support of the aviation refurbishment market that is driven by ongoing global conflict. Limitations on capital investment for facilities and/or equipment would reduce the likelihood of significant penetration into this market area.

As discussed elsewhere herein, there has been a deterioration in the general aviation market as a direct result of the current economic and credit conditions plaguing the United States and the world generally. In addition to our Aerospace Engines and Components segment, as previously stated, this deterioration could impact battery sales of our Energy and Power Systems segment. While we will try to offset such impact with potential battery sales to the military and in other ways, we may not be able to offset any such impact.

We may be unable to successfully introduce new and enhanced products in a timely and cost-effective manner, which could harm our growth and prospects.

Our operating results depend in part on our ability to introduce new and enhanced products on a timely basis. Successful product development and introduction depend on numerous factors, including our ability to anticipate customer and market requirements, changes in technology and industry standards, our ability to differentiate our offerings from offerings of our competitors, and market acceptance. We may not be able to

develop and introduce new or enhanced products in a timely and cost-effective manner or to develop and introduce products that satisfy customer requirements. For example, sales of our Total Organic Carbon or TOC laboratory instruments have been adversely affected by enhanced products of several competitors.

Our new products also may not achieve market acceptance or correctly anticipate new industry standards and technological changes. As an example, we have been working to develop high power solid state power amplifiers, which could replace our traveling wave tubes in some applications, and, in this area, there is a larger base of potential competitors than for tube amplifiers. As a result, it may be more difficult for our solid state power amplifier products to gain market acceptance. We may also lose any technological advantage to competitors if we fail to develop new products in a timely manner. For example, if Teledyne Continental Motors fails to fully launch Aerosance s PowerLink FADEC, its electronic engine control product, competitors may be able to introduce similar products that are able to gain market acceptance to the disadvantage of Teledyne s product. However, in today s economy, general aviation aircraft owners may disregard technological advancements for upfront costs-savings and determine that they do yet need such electronic engine controls.

Additionally, new products may trigger increased warranty costs as such products are tested further by actual usage. Accelerated entry of new products to meet heightened market demand and competitive pressures may cause additional warranty costs as development and testing time periods might be condensed. In 2009, for example, Teledyne Energy Systems, Inc. currently believes it will continue to incur additional warranty costs as it continues to roll out two new hydrogen generation product lines.

Technological change and evolving industry and regulatory standards could cause certain of our products or services to become obsolete or non-competitive.

The markets for a number of our products and services are generally characterized by rapid technological development, evolving industry standards, changes in customer requirements and new product introductions and enhancements. A faster than anticipated change in one or more of the technologies related to our products or services, or in market demand for products or services based on a particular technology, could result in faster than anticipated obsolescence of certain of our products or services and could have a material adverse effect on our business, results of operations and financial condition. For example, Teledyne Reynolds high voltage connector business could be negatively impacted by marketplace shifts to lower voltage requirements where the number of competitors is larger. Most lighting displays in legacy aircraft use tubes that require high voltage connectors. LED backlights, which are increasingly being used for aircraft lighting displays, have substantially lower voltage requirements.

Currently accepted industry and regulatory standards are also subject to change, which may contribute to the obsolescence of our products or services. For example, a European directive that certain electronic products must not contain impermissible levels of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls or polybrominated diphenyl ethers, took effect on July 1, 2006. As a result, we must make sure that certain of our electronic products sold into European member states comply with this new directive. Although many of our products are exempt from the European directive, we expect that, over time, component manufacturers may discontinue selling components that have the restricted substances. This will, in turn, require us to accommodate changes in parameters, such as the way parts are soldered, and may, in some cases, require redesign of certain products. This could lead to increased costs, which we may not be able to recover from our customers, delays in product shipments and loss of market share to competitors. Our sales of environmental monitoring equipment could be negatively impacted if regulatory requirements change to deemphasize environmental monitoring. Similarly, revenues of our Teledyne Test Services business, which provides testing and certification for products used in nuclear power plants, could be negatively impacted in the event of any changes in certification standards by the Nuclear Regulatory Commission. Additionally, the U.S. Environmental Protection Agency has targeted general aviation fuel as a key contributor to lead in the atmosphere and could try to impose lead-free fuel regulations on general aviation. Such a change in the fuel

standard could have an adverse impact on sales of our Aerospace Engines and Components segment and also require a significant investment in engine research and development.

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We may not be able to reduce the costs of our products to satisfy customers cost reduction mandates, which could harm our sales or margins.

Given the current economic situation, more and more customers are seeking price reductions of our products. While we continually try to reduce our manufacturing and other costs of our products, without affecting product quality and reliability, there is no assurance that we will be able to do so and do so in a timely manner to satisfy the pricing pressures of our customers. Cost reductions of raw materials and other components used in our products may be beyond our control depending on market, credit and economic conditions. Customers may seek lower cost products from China and other developing countries where manufacturing costs are already lower.

The airline industry is heavily regulated, and if we fail to comply with applicable requirements, our results of operations could suffer.

Governmental agencies throughout the world, including the U.S. Federal Aviation Administration, or the FAA, prescribe standards and qualification requirements for aircraft components, including virtually all commercial airline and general aviation products, as well as regulations regarding the repair and overhaul of aircraft engines. Specific regulations vary from country to country, although compliance with FAA requirements generally satisfies regulatory requirements in other countries. We include, with the products and replacement parts that we sell to our aircraft manufacturing industry customers, documentation certifying that each part complies with applicable regulatory requirements and meets applicable standards of airworthiness established by the FAA or the equivalent regulatory agencies in other countries. In order to sell our products, we and the products we manufacture must also be certified by our individual original equipment manufacturer, or OEM, customers. If any material authorization or approval qualifying us to supply our products is revoked or suspended, then the sale of the subject product would be prohibited by law, which would have an adverse effect on our business, financial condition and results of operations.

From time to time, the FAA or equivalent regulatory agencies in other countries propose new regulations or changes to existing regulations, which are usually more stringent than existing regulations. If these proposed regulations are adopted and enacted, we may incur significant additional costs to achieve compliance, which could have a material adverse effect on our business, financial condition and results of operations.

Product liability claims, product recalls and field service actions could have a material adverse effect on our reputation, business, results of operations and financial condition.

As a manufacturer and distributor of a wide variety of products, including aircraft engines and medical devices, our results of operations are susceptible to adverse publicity regarding the quality or safety of our products. In part, product liability claims challenging the safety of our products may result in a decline in sales for a particular product, which could adversely affect our results of operations. This could be the case even if the claims themselves are proven untrue or settled for immaterial amounts.

While we have general liability and other insurance policies concerning product liabilities, we have self-insured retentions or deductibles under such policies with respect to a portion of these liabilities. For example, our current annual self-insured retention for general aviation aircraft liabilities incurred in connection with products manufactured by Teledyne Continental Motors, Inc., is approximately $20.1 million, a decrease from $21.0 million for the prior annual period. Our existing aircraft product liability insurance policy expires on May 31, 2009. Additionally, based on facts and circumstances of claims, we have not always accrued amounts up to the applicable annual self-insured retentions. Awarded damages could be more than our accruals.

Product recalls can be expensive and tarnish our reputation and have a material adverse effect on the sales of our products. In February 2009, Teledyne Continental Motors commenced a voluntary recall of certain aircraft piston

engine cylinders produced since November 2007. We recorded a pretax charge of $18.0 million during the fourth quarter of 2008 to cover estimated costs related to the recall and replacement of affected cylinders. In 2000, Teledyne Continental Motors engaged in a product recall of piston engine crankshafts as a result of which we recorded a $12.0 million pretax charge in the second quarter of 2000.

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Through Aerosance, Inc., we have developed electronic controls, known as PowerLink FADEC, for piston aircraft engines that automate many functions requiring manual control, such as fuel flow and power management. While such control systems should improve engine management and facilitate maintenance of engines, we could face additional claims as they become standard equipment on selected new piston engine aircraft or are retrofitted on some piston engine aircraft. New products can trigger additional product liability claims as such products are further tested by actual usage. Additionally, general aviation aircraft crash lawsuits tend to name as defendants manufacturers of a multitude of aircraft-related products as discovery and recoveries are pursued.

We have been joined, among a number of defendants (often over 100), in lawsuits alleging injury or death as a result of exposure to asbestos. We have not incurred material liabilities in connection with these lawsuits. The filings typically do not identify any of our products as a source of asbestos exposure, and we have been dismissed from cases for lack of product identification, but only after some defense costs have been incurred. Also, because of the prominent Teledyne name, we may be mistakenly joined in lawsuits involving a company or business that was not assumed by us as part of our 1999 spin-off. Our historic insurance coverage, including that of its predecessors, may not fully cover such claims and defense of such matters, as coverage depends on the year of purported exposure and other factors. Nonetheless, we intend to defend these claims vigorously. Congress from time to time has considered tort reform to deal with asbestos-related claims, but to date nothing has materialized.

Certain gas generators manufactured by Teledyne Energy Systems, Inc. contain a sealed, wetted asbestos component. While the company has been transitioning to a replacement material, has placed warning labels on its products and takes care in handling of this material by employees, there is no assurance that the Company will not face product liability claims involving this component.

Our Teledyne Brown Engineering s laboratory in Knoxville, Tennessee performs radiological analyses. While the laboratory is certified by the Department of Energy and the Nuclear Procurement Issues Committee, also known as NUPIC, and has other nuclear-related certifications and internal quality controls in place, errors and omissions in analyses may occur. We currently have errors and omissions insurance coverage and nuclear liability insurance coverage that might apply depending on the circumstances. We also have sought indemnities from some of our customers. Our insurance coverage or indemnities, however, may not be adequate to cover potential problems associated with faulty radiological analyses.

We cannot assure that we will not have additional product liability claims or that we will not recall any additional products.

We may have difficulty obtaining product liability and other insurance coverages, or be subject to increased costs for such coverage.

As a manufacturer of a variety of products including aircraft engines used in general aviation aircraft, we have general liability and other insurance policies that provide coverage beyond self-insured retentions or deductibles. We cannot assure that, for 2009 and in future years, insurance carriers will be willing to renew coverage or provide new coverage for product liability, especially as it relates to general aviation. Over the last several years, the number of insurance companies providing general aviation product liability insurance coverage has decreased. If such insurance is available, we may be required to pay substantially higher prices for coverage and/or increase our levels of self-insured retentions or reserves. Our current aircraft product liability insurance policy expires in May 2009 and has an annual self-insured retention of approximately $20.1 million.

To offset aircraft product liability insurance costs, we continue to try to reduce manufacturing and other costs and also to pass on such insurance costs through price increases on its aircraft engines and spare parts. We cannot provide assurances that further cost reduction efforts will prove successful or that customers will accept additional price

increases. Aircraft engines and spare part cost increases, coupled with increased costs of insurance for general aviation aircraft owners, tend to result in decreasing aftermarket sales of our piston engines and component parts. This, in turn, leaves our Aerospace Engines and Components segment more dependent on sales to OEMs, which is more dependent on general economic conditions.

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For certain electronic components for medical applications that we manufacture, such as those that go into cardiac defibrillators, we have asked for indemnities from our customers and/or to be included under their insurance policies. We cannot, however, provide any assurance that such indemnities or insurance will offset potential liabilities that we may incur as a result of our manufacture of such components.

Aside from the uncertainties created by external events that can affect insurance coverages, such as the American International Group, Inc. 2008 failure and bailout, the devastating 2005 hurricane season or September 11th events, our ability to obtain product liability insurance and the cost for such insurance are affected by our historical claims experience. While we have taken steps to improve our claims management process over the last few years, we cannot assure that, for 2009 and in future years, our ability to obtain insurance, or the cost for such insurance, or the amount of self-insured retentions or reserves will not be negatively impacted by our experience in prior years.

Increasing competition could reduce the demand for our products and services.

Although we believe that we have certain advantages that help us compete in our markets, each of our markets is highly competitive. Many of our competitors have, and potential competitors could have, greater name recognition, a larger installed base of products, more extensive engineering, manufacturing, marketing and distribution capabilities and greater financial, technological and personnel resources than we do. New or existing competitors may also develop new technologies that could adversely affect the demand for our products and services. Industry consolidation trends, particularly among aerospace and defense contractors, could adversely affect demand for our products and services if prime contractors seek to control more aspects of vertically integrated projects. For example, the combination of the network activities of Nokia and Siemens negatively impacted our wireless transceivers business. Low-cost competition from China and other developing countries could also result in decreased demand for our products.

We sell products to customers in industries that may undergo rapid and unpredictable changes, which could adversely affect our operations results or production levels.

We develop and manufacture products for customers in industries that have undergone rapid changes in the past. For example, we manufacture products and provide manufacturing services to companies that serve telecommunications markets. During 2001, many segments of the telecommunications market experienced a dramatic and rapid downturn that resulted in cancellations or deferrals of orders for our products and services. This market, or others that we serve, may exhibit rapid changes in the future and may adversely affect our operating results, or our production levels, or both. We also manufacture products using fuel cell technology, which is a market that is not well established and subject to significant change and evolution.

Our Engineered Systems segment would be severely impacted if United States Enrichment Corporation (USEC) were unable to continue the American Centrifuge Project as planned. USEC is the ultimate customer for the gas centrifuge service modules being manufactured by us. USEC has been anticipating approval of about $2 billion in U.S. Government loan guarantees through the Department of Energy to secure the balance of funding required to complete the American Centrifuge Project. Failure to secure such guarantees would seriously jeopardize USEC s ability to finance, and therefore complete, the project.

We are subject to the risks associated with international sales.

During 2008, sales to international customers accounted for approximately 24% of our total revenues, as compared to 22% in 2007 and 21% in 2006. We anticipate that future sales to international customers will continue to account for a significant percentage of our revenues. Risks associated with these sales include:

political and economic instability;

international terrorism;

export controls, including U.S. export controls related to China;

changes in legal and regulatory requirements;

U.S. and foreign government policy changes affecting the markets for our products;

changes in tax laws and tariffs;

changes in U.S.-China relations; and

exchange rate fluctuations.

Any of these factors could have a material adverse effect on our business, results of operations and financial condition. Exchange rate fluctuations may negatively affect the cost of our products to international customers and therefore reduce our competitive position. If the U.S. Dollar continues to strengthen against the British Pound Sterling or Euro, our European customers may no longer find our product prices more attractive than European competitors.

Sales of our products and services internationally are subject to U.S. and local government regulations and procurement policies and practices including regulations relating to import-export control. Violations of export control rules could result in suspension of our ability to export items from one or more business units or the entire corporation. Depending on the scope of the suspension, this could have a material effect on our ability to perform certain international contracts. Concerns over theft of technology for military uses, nuclear proliferation concerns, terrorism and other factors have resulted in increased export scrutiny of international sales, including some of our products to international customers. There has also been increasing export oversight and regulation of sales to China. Travel restrictions to Middle Eastern and other countries may negatively affect continuing international sales or service revenues from such regions. There are also U.S. and international regulations relating to investments, exchange controls and repatriation of earnings, as well as varying currency, political and economic risks.

Among other things, we are subject to the Foreign Corrupt Practices Act, or FCPA, which generally prohibits U.S. companies and their intermediaries from bribing foreign officials for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment. In particular, we may be held liable for actions taken by our strategic or local partners even though our partners are not subject to the FCPA. Any determination that we have violated the FCPA could result in sanctions that could have a material adverse effect on our business, financial condition and results of operations.

Compliance with increasing environmental regulations and the effects of potential environmental liabilities could have a material adverse financial effect on us.

We, like other industry participants, are subject to various federal, state, local and international environmental laws and regulations. We may be subject to increasingly stringent environmental standards in the future, particularly as climate change initiatives increase in focus. Future developments, administrative actions or liabilities relating to environmental and climate change matters could have a material adverse effect on our business, results of operations or financial condition.

While we have, as part of our overall risk management program, an environmental management and compliance program applicable to our operating facilities, including a review and audit program to monitor compliance where each facility is reviewed and audited by an internal environmental team every three years, such program does not eliminate potential environmental liabilities. In addition, while we conduct environmental-related due diligence in acquisitions and generally seek some form of protection, including indemnification from a seller, companies we acquire may have environmental liabilities that are not accurately assessed or brought to our attention at the time of the acquisition.

For additional discussion of environmental matters, see the discussion under the caption Other Matters Environmental of Item 7. Management s Discussion and Analysis of Results of Operation and Financial Condition and Note 15 to

Notes to Consolidated Financial Statements.

Increased environmental regulatory monitoring requirements of the air we breathe and the water we drink could have a favorable effect on the results of operations or financial condition of our instrumentation businesses, including the sulfur dioxide, carbon monoxide and ozone gas monitoring business of Teledyne Advanced Pollution Instrumentation, Inc. and the water quality monitoring business of Teledyne Isco, Inc. In contrast, the U.S. Environmental Protection Agency s efforts to limit lead emissions from general aviation

gasoline could adversely affect our Aerospace Engines and Components segment unless we develop an engine that uses unleaded fuel or diesel fuel.

Our inability to attract and retain key personnel could have a material adverse effect on our future success.

Our future success depends to a significant extent upon the continued service of our executive officers and other key management and technical personnel and on our ability to continue to attract, retain and motivate qualified personnel. Recruiting and retaining skilled technical and engineering personnel has become even more competitive as the domestic economy has improved in recent years. Also, our Engineered Systems segment has already begun to face increasing competition for qualified engineering personnel as a result of the Department of Defense 2005 Base Realignment and Closure (also known as BRAC) decisions, particularly as positions continue to move to Huntsville, Alabama over the next several years. While we have engaged in succession planning, the loss of the services of one or more of our key employees or our failure to attract, retain and motivate qualified personnel could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to sell, or exit on acceptable terms, product lines that we determine no longer meet with our growth strategy.

Consistent with our growth strategy to focus on markets to expand our profitable niche businesses, we continually evaluate our product lines to ensure that they are aligned with our strategy. For example, after the June 2004 acquisition of Isco, Inc., we determined that the on-line process control instrumentation business of its German subsidiary was not aligned with our strategy, and in March 2005, we sold this non-strategic business. In 2007, principally because of the decision of a customer to manufacture certain medical products at its facilities in India, we closed our contract manufacturing operations in El Rubi, Mexico and transferred the remaining operations to our La Mesa, Mexico facility and our Lewisburg, Tennessee facility.

Our ability to dispose of or exit product lines that may no longer be aligned with our growth strategy will depend on many factors, including the terms and conditions of any asset purchase and sale agreement, as well as industry, business and economic conditions. We cannot provide any assurance that we will be able to sell non-strategic product lines on terms that are acceptable to us, or at all. Also, if the sale of any non-strategic product line cannot be consummated or is not practical, alternative courses of action, including closure, may not be available to us or may be more costly than anticipated.

Provisions of our governing documents, applicable law, and our Change in Control Severance Agreements could make an acquisition of Teledyne Technologies more difficult.

Our Restated Certificate of Incorporation, Amended and Restated Bylaws and Rights Agreement and the General Corporation Law of the State of Delaware contain several provisions that could make the acquisition of control of Teledyne Technologies in a transaction not approved by our board of directors more difficult. We have also entered into Change in Control Severance Agreements with 16 members of our management, which could have an anti-takeover effect.

The market price of our Common Stock has fluctuated significantly since our spin-off from ATI, and could continue to do so.

Since the spin-off from ATI on November 29, 1999, the market price of our Common Stock has ranged from a low of $7.6875 to a high of $66.21 per share. During 2008 alone, the market price of our Common Stock ranged from $33.90 to $66.21 per share. At February 24, 2009, our closing stock price was $23.29. Fluctuations in our stock price could continue. Among the factors that could affect our stock price are:

quarterly variations in our operating results;

strategic actions by us or our competitors;

acquisitions;

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adverse business developments;

war in the Middle East or elsewhere;

additional terrorist activities;

increased military or homeland defense activities;

changes to the Federal budget;

changes in the energy exploration or production, semiconductor, telecommunications, commercial and general aviation, and electronic manufacturing services markets;

general market conditions;

changes in tax laws;

general economic factors unrelated to our performance; and

one or more of the other risk factors described in this report.

The stock markets in general, and the markets for high technology companies in particular, have experienced a high degree of volatility not necessarily related to the operating performance of these companies. We cannot provide assurances as to our stock price.

Our financial statements are based on estimates required by GAAP, and actual results may differ materially from those estimated under different assumptions or conditions.

Our financial statements are prepared in conformity with generally accepted accounting principles in the United States. These principles require our management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. For example, estimates are used when accounting for items such as asset valuations, allowances for doubtful accounts, depreciation and amortization, impairment assessments, employee benefits, taxes, recall costs, aircraft product and general liability and contingencies. While we base our estimates on historical experience and on various assumptions that we believe to be reasonable under the circumstances at the time made, actual results may differ materially from those estimated.

While we believe our control systems are effective, there are inherent limitations in all control systems, and misstatements due to error or fraud may occur and not be detected.

We continue to take action to assure compliance with the internal controls, disclosure controls and other requirements of the Sarbanes-Oxley Act of 2002. Our management, including our Chief Executive Officer and Chief Financial Officer, cannot guarantee that our internal controls and disclosure controls will prevent all possible errors or all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, no system of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that

judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Further, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls also is based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may be inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements resulting from error or fraud may occur and may not be detected.

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Natural disasters, such as a serious earthquake or wildfire in California or a major hurricane in Alabama or Florida, could adversely affect our business, results of operations and financial condition.

Several of our facilities, as a result of their locations could be subject to a catastrophic loss caused by an earthquake, a hurricane or a tornado. Many of our production facilities and our headquarters are located in California and thus are in areas with above average seismic activity and may also be at risk of damage in wildfires. In addition, we have manufacturing facilities in the Southeastern United States and Texas that have been threatened and struck by major hurricanes. Our facilities in Alabama, Florida, Kansas, Nebraska and Tennessee have also been threatened by tornados. In 2007, prior to our acquisition of Storm Products Co., a tornado caused minor damage to one of its Dallas, Texas facilities. While Teledyne Continental Motors piston-engines manufacturing facility and Teledyne Turbine Engines advanced manufacturing cell, each located in Mobile, Alabama, Teledyne Geophysical Instruments facility in Houston, Texas, ODI s facility in Daytona Beach, Florida and Teledyne Odom s facility in Baton Rouge, Louisiana were relatively fortunate with respect to the building damage and business interruption they suffered during the severe 2005 hurricane season, there can be no assurance that any one of them will be as fortunate in the future. If any of our California facilities, including our California headquarters, were to experience a catastrophic earthquake or wildfire loss or if any of our Alabama, Florida, Louisiana, Nebraska, Kansas, Tennessee or Texas facilities were to experience a catastrophic hurricane, storm or tornado, such event could disrupt our operations, delay production, shipments and revenue and result in large expenses to repair or replace the facility or facilities. While Teledyne has property insurance to partially reimburse it for losses caused by windstorm and earth movement, such insurance would not cover all possible losses. In addition, our existing disaster recovery plans (including those relating to our information technology systems) may not be fully responsive to, or minimize losses associated with, catastrophic events.

Item 1B. Unresolved Staff Comments.

None.

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Item 2. ***Properties.***

Our principal U.S. facilities as of February 24, 2009 are listed below. Although the facilities vary in terms of age and condition, our management believes that these facilities have generally been well maintained and are adequate for current operations.

Facility Location	Principal Use	Owned/Leased
Electronics and Communications Segment		
Electronic Instruments		
City of Industry, California	Development and production of precision oxygen analyzers	Owned
San Diego, California	Development and production of environmental monitoring instrumentation	Leased
San Diego, California	Development and production of electrical interconnection systems	Leased
Poway, California	Development and production of underwater acoustic instrumentation	Leased
Englewood, Colorado	Development and production of environmental monitoring systems	Leased
Daytona Beach, Florida	Development of subsea, wet-mateable electrical and fiber-optic interconnect systems	Leased
Baton Rouge, Louisiana	Development and production of hydrographic survey instrumentation	Leased
East Falmouth, Massachusetts	Development and production of autonomous underwater gliding vehicles, profilers, drifters and floats	Leased
North Falmouth, Massachusetts	Development and production of underwater acoustic instrumentation and package inspection systems	Owned
Lincoln, Nebraska	Development and production of water quality monitoring products, chemical separation instruments and flash chromatography instruments and consumables	Owned
Hudson, New Hampshire	Development and production of elemental analysis instruments	Leased
Seabrook, New Hampshire	Development and production of electrical and fiber optic interconnect systems	Leased
Mason, Ohio	Development and production of chemical analysis instruments	Leased
Dallas, Texas	Development and production of specialty wire and cable assemblies	Leased
Houston, Texas	Development and production of geophysical streamer cables and hydrophones for seismic monitoring	Owned
Hampton, Virginia	Development and production of vacuum and flow measurement instruments	Owned

Defense Electronics, Products and Services		
Camarillo, California	Production of focal plane arrays and imaging sensors and systems	Leased
Los Angeles, California	Development and production of electronic components and subsystems	Owned and Leased
Los Angeles, California	Development and production of high voltage connectors and subassemblies and pilot helmet mounted display components and subsystems	Leased
Mountain View, California	Production of microwave integrated circuits and systems	Owned
Northridge, California	Production of electronic seat ejection sequencers	Leased
Poway, California	Development and production of defense microwave components and subsystems	Leased
Rancho Cordova, California	Development and production of traveling wave tubes	Owned
Santa Maria, California	Development and production of high voltage capacitor products	Leased
Sunnyvale, California	Development and production of RF and microwave amplifiers and components	Owned and Leased
Thousand Oaks, California	Provision of research and development services	Owned

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Facility Location	Principal Use	Owned/Leased
Tracy, California	Development and production of precision secondary explosive components	Leased
Woodridge, Illinois	Development and production of microwave cable and interconnect products	Leased
Hudson, New Hampshire	Production of circuit boards	Owned
Montgomeryville, Pennsylvania	Development and production of infrared devices and accessory products	Owned and Leased
Lewisburg, Tennessee	Development and manufacturing of electronic components and subsystems	Owned
Avionics and Other Commercial Electronics		
El Segundo, California	Development and production of digital data acquisition systems for monitoring commercial aircraft and engines	Leased
Hawthorne, California	Production of electromechanical relays	Owned
Engineered Systems Segment		
Huntsville, Alabama	Provision of engineering services and products, including systems engineering, optical engineering, software and hardware engineering, and instrumentation technology	Owned and Leased
Huntsville, Alabama	Production of gas centrifuge modules	Leased
Colorado Springs, Colorado	Provision of engineering services	Leased
Knoxville, Tennessee	Laboratories and offices in support of environmental services	Leased
Arlington, Virginia	Defense program offices supporting governmental customers	Leased
Aerospace Engines and Components Segment		
Mobile, Alabama	Design, development and production of new and rebuilt piston engines, ignition systems and spare parts for the general aviation market	Leased
Mattituck, New York	Supply of aftermarket parts, services and engine overhauls for the general aviation market	Leased
Energy and Power Systems Segment		
Redlands, California	Manufacturing of batteries for the general aviation and business jet market	Owned
Hunt Valley, Maryland	Manufacturing, assembling and maintenance of hydrogen gas generators, power generating systems and fuel cell test stations	Leased
Toledo, Ohio	Design, development and production of small turbine engines for aerospace and military markets	Leased

We also own or lease facilities and offices elsewhere in the United States and outside the United States, including facilities in: Tijuana, Mexico; Mitcheldean, Lancing, Newbury, Shipley, Surrey, West Drayton and Watford, England; Cumbernauld and Aberdeen, Scotland; Singapore; Cwmbran, Wales; Kreuztal, Germany; La Gaude, France;

Shanghai, China; and Ottawa, Canada. Our corporate executive offices are located at 1049 Camino Dos Rios, Thousand Oaks, California 91360-2362.

Item 3. Legal Proceedings.

From time to time, we become involved in various lawsuits, claims and proceedings related to the conduct of our business, including those pertaining to product liability, patent infringement, commercial, employment and employee benefits. While we cannot predict the outcome of any lawsuit, claim or proceeding, our management does not believe that the disposition of any pending matters is likely to have a material adverse effect on our financial condition or liquidity. The resolution in any reporting period of one or more of these matters, however, could have a material adverse effect on the results of operations for that period.

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

No matters were submitted to a vote of Teledyne s stockholders during the fourth quarter of 2008.

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PART II

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

Price Range of Common Stock and Dividend Policy

Our Common Stock is listed on the New York Stock Exchange and traded under the symbol TDY. The following table sets forth, for the periods indicated, the high and low sale prices for the Common Stock as reported by the New York Stock Exchange.

	High	Low
2007		
1st Quarter	$ 40.73	$ 35.75
2nd Quarter	$ 48.95	$ 36.91
3rd Quarter	$ 55.00	$ 42.86
4th Quarter	$ 57.21	$ 47.68
2008		
1st Quarter	$ 54.65	$ 42.89
2nd Quarter	$ 59.98	$ 46.71
3rd Quarter	$ 66.21	$ 47.96
4th Quarter	$ 57.38	$ 34.70
2009		
1st Quarter (through February 24, 2009)	$ 46.75	$ 22.52

On February 24, 2009, the closing sale price of our Common Stock as reported by the New York Stock Exchange was $23.29 per share. As of February 24, 2009, there were 5,595 holders of record of the Common Stock.

We currently intend to retain any future earnings to fund the development and growth of our businesses, including through acquisitions. Therefore, we do not anticipate paying any cash dividends in the foreseeable future.

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Item 6. Selected Financial Data.

The following table presents our summary consolidated financial data. We derived the following historical selected financial data from our audited consolidated financial statements. Our fiscal year is determined based on a 52 or 53-week convention ending on the Sunday nearest to December 31. The five-year summary of selected financial data should be read in conjunction with the discussion under Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operation.

Five-Year Summary of Selected Financial Data

	2008	2007	2006	2005	2004
	(In millions, except per-share amounts)				
Sales	**$ 1,893.0**	$ 1,622.3	$ 1,433.2	$ 1,206.5	$ 1,016.6
Net income	**$ 111.3**	$ 98.5	$ 80.3	$ 64.2	$ 41.7
Working capital	**$ 281.3**	$ 213.7	$ 216.4	$ 154.0	$ 124.4
Total assets	**$ 1,534.5**	$ 1,159.4	$ 1,061.4	$ 728.2	$ 624.8
Long-term debt and capital lease obligations	**$ 332.1**	$ 142.4	$ 230.7	$ 47.0	$ 74.4
Stockholders equity	**$ 530.0**	$ 530.2	$ 431.8	$ 326.0	$ 262.1
Basic earnings per common share	**$ 3.14**	$ 2.82	$ 2.34	$ 1.93	$ 1.29
Diluted earnings per common share	**$ 3.05**	$ 2.72	$ 2.26	$ 1.85	$ 1.24

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

Teledyne Technologies Incorporated is a leading provider of sophisticated electronic components and subsystems, instrumentation and communications products, including defense electronics, monitoring and control instrumentation for marine, environmental and industrial applications, harsh environment interconnect products, data acquisition and communications equipment for air transport and business aircraft, and components and subsystems for wireless and satellite communications. We also provide engineered systems and information technology services for defense, space and environmental applications, manufacture general aviation engines and components, and supply energy generation, energy storage and small propulsion products.

We serve niche market segments where performance, precision and reliability are critical. Our customers include government agencies, aerospace prime contractors, energy exploration and production companies, major industrial companies, and airlines and general aviation companies.

Strategy

Our strategy continues to emphasize growth in our core markets of instrumentation, defense electronics and government engineered systems. Our core markets are characterized by high barriers to entry and include specialized products and services not likely to be commoditized. We intend to strengthen and expand our core businesses with targeted acquisitions. We aggressively pursue operational excellence to continually improve our margins and earnings. At Teledyne, operational excellence includes the rapid integration of the businesses we acquire. Over time, our goal is to create a set of businesses that are truly superior in their niches. We intend to continue to evaluate our product lines to ensure that they are aligned with our strategy.

Recent Acquisitions

The table below summarizes the acquisitions we made during fiscal years 2008, 2007 and 2006. See also Note 3 to our Consolidated Financial Statements for additional information about these acquisitions.

Name and Description(1)	Date Acquired	Primary Location	Pre-acquisition Sales Volume	Transaction Type	Purchase Price (2)(6) (In millions)
2008					
Impulse Enterprise (Impulse) Manufactures underwater electrical interconnection systems for harsh environments.	December 31, 2007	San Diego, CA	$16.8 million for its fiscal year ended December 31, 2006	Asset	$ 35.0
Storm Products Co. (Storm) Supplies custom, high-reliability bulk wire and cable assemblies to a number of markets, including energy exploration, environmental	December 31, 2007	Dallas, TX Woodridge, IL	$45.7 million for its fiscal year ended March 31, 2007	Stock	47.7

monitoring and industrial equipment. Also provides coax microwave cable and interconnect products primarily to defense customers for radar, electronic warfare and communications applications.					
SG Brown Limited and its wholly owned subsidiary TSS (International) Limited (together TSS) Designs and manufactures inertial sensing, gyrocompass navigation and subsea pipe and cable detection systems for offshore energy, oceanographic and military marine markets.	January 31, 2008	Watford, United Kingdom	£12.0 million for its fiscal year ended March 31, 2007	Stock	54.8
Judson Technologies, LLC (Judson) Supplies custom, high-reliability bulk wire and cable assemblies to a number of markets, including energy exploration, environmental monitoring and industrial equipment. Also provides coax microwave cable and interconnect products primarily to defense customers for radar, electronic warfare and communications applications.	February 1, 2008	Montgomeryville, PA	$13.8 million for its fiscal year ended December 31, 2006	Asset	27.0
Webb Research Corp. (Webb) Manufactures autonomous underwater gliding vehicles and autonomous profiling drifters and floats.	July 7, 2008	East Falmouth, MA	$12.2 million for its fiscal year ended December 31, 2007	Asset	24.3
Defense Electronics business of Filtronic PLC (Filtronic) Provides customized microwave subassemblies and integrated subsystems to the global defense industry.	August 15, 2008	Shipley, United Kingdom	£14.5 million for its fiscal year ended May 31, 2008	Stock	24.1
Cormon Limited and Cormon Technology Limited (together Cormon)	October 16, 2008	Lancing, United Kingdom	£6.8 million for its fiscal year ended	Stock	20.9(3)

Designs and manufactures subsea and surface sand and corrosion sensors, as well as flow integrity monitoring systems, used in oil and gas production systems.			March 31, 2008		
Odom Hydrographic Systems, Inc. (Odom) Designs and manufactures hydrographic survey instrumentation used in port survey, dredging, offshore energy and other applications.	December 19, 2008	Baton Rouge, LA	$10.9 million for its fiscal year ended September 30, 2008	Stock	7.0(3)

Name and Description(1)	Date Acquired	Primary Location	Pre-acquisition Sales Volume	Transaction Type	Purchase Price (2)(6) (In millions)
Demo Systems LLC (Demo) Designs and manufactures aircraft data loading equipment, flight line maintenance terminals, and data distribution software used by commercial airlines, the U.S. military and aircraft manufacturers.	December 24, 2008	Moorpark, CA	$7.3 million for its fiscal year ended December 31, 2007	Asset	$ 5.3(3)
2007					
D.G. O Brien, Inc. (DGO) Manufactures highly reliable electrical and fiber-optic interconnect systems, primarily for subsea military and offshore oil and gas applications.	March 30, 2007	Seabrook, NH	$26.2 million for its fiscal year ended September 30, 2006	Asset	37.1
Tindall Technologies, Inc. (Tindall) Designs and supplies microwave subsystems for defense applications.	June 30, 2007	Sunnyvale, CA	$2.7 million for its fiscal year ended December 31, 2006	Stock	5.9(4)
2006					
Benthos, Inc. (Benthos) Manufactures oceanographic products and package inspection systems.	January 27, 2006	North Falmouth, MA	$24.0 million for its fiscal year ended September 30, 2005	Stock	32.2
KW Microwave Corporation (KW) Manufactures defense microwave components and subsystems.	April 28, 2006	Poway, CA	$6.7 million for its fiscal year ended December 31, 2005	Asset	10.3

Ocean Design, Inc. (ODI) Manufactures subsea, wet-mateable electrical and fiber-optic interconnect systems used in offshore oil and gas production, oceanographic research, and military applications.	August 16, 2006	Daytona Beach, FL	$31.6 million for its fiscal year ended December 31, 2005	A majority of stock(5)	73.8
CollaborX, Inc. (CollaborX) Provides government engineering services primarily to the U.S. Air Force and also to select joint military commands, such as the Missile Defense Agency, the United States Joint Forces Command and the United States Northern Command.	August 16, 2006	Colorado Springs, CO	$13.6 million for its fiscal year ended December 31, 2005	Stock	14.9
Rockwell Scientific Company LLC (Teledyne Scientific and Imaging) Provides research and development services to the Department of Defense, NASA and major defense and aerospace companies, as well as develops and manufactures infrared and visible light imaging sensors for surveillance applications.	September 15, 2006	Thousand Oaks, CA	$114.0 million for its fiscal year ended September 30, 2005	Stock	158.6

(1) Each of the acquisitions, except for CollaborX, Inc. is part of the Electronics and Communications segment. CollaborX, Inc. is part of the Engineered Systems segment.

(2) The purchase price represents the contractual consideration for the acquired business, net of cash acquired, including adjustments for certain paid acquisition transactions costs.

(3) The final purchase price is subject to adjustment based on the final closing date net working capital of the acquired business.

(4) Includes $0.3 million paid in 2008 as a final purchase price adjustment based on the final closing date net working capital.

(5) The initial majority interest of 51.0% was purchased August 16, 2006 for $30.0 million. Subsequent purchases, net of cash acquired were as follows: additional 9.9% of ownership for $4.4 million in 2006, additional 0.9% of ownership for $0.9 million in 2007 and an additional 24.1% of ownership for $38.5 million in 2008.

(6)

We increased our ownership interest in Aerosance, Inc. to 100% for $0.2 million in 2008. In 2007, we paid $4.5 million of purchase price payments on businesses acquired before 2006. In 2006, we paid $0.8 million for the purchase of assets of a repair facility in Singapore and $0.8 million in purchase price payment on a business acquired before 2006.

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Financial Highlights

Our fiscal year is determined based on a 52 or 53-week convention ending on the Sunday nearest to December 31. The following is our financial information for 2008, 2007 and 2006 (in millions, except per-share amounts):

	2008	2007	2006
Sales	**$ 1,893.0**	$ 1,622.3	$ 1,433.2
Costs and Expenses			
Cost of sales	**1,339.5**	1,136.4	1,020.2
Selling, general and administrative expenses	**364.6**	323.6	287.9
Total costs and expenses	**1,704.1**	1,460.0	1,308.1
Income before other income and expense and income taxes	**188.9**	162.3	125.1
Interest and debt expense, net	**(10.9)**	(12.5)	(7.4)
Minority interest	**(2.3)**	(3.4)	(1.0)
Other income, net(a)	**0.6**	2.9	5.0
Income before income taxes	**176.3**	149.3	121.7
Provision for income taxes(b)	**65.0**	50.8	41.4
Net income	**$ 111.3**	$ 98.5	$ 80.3
Basic earnings per common share	**$ 3.14**	$ 2.82	$ 2.34
Diluted earnings per common share	**$ 3.05**	$ 2.72	$ 2.26

(a) Fiscal year 2006 include the receipt of $2.5 million, pursuant to an agreement that expired in 2006 with Honda Motor Co., Ltd. related to the piston engine business.

(b) Fiscal year 2008 includes income tax credits of $2.5 million and the reversal of $0.8 million in income tax contingency reserves which were determined to be no longer needed due to the expiration of applicable statutes of limitations. Fiscal year 2007 includes income tax credits of $4.4 million and also reflects the reversal of $1.1 million in income tax contingency reserves which were determined to be no longer needed due to the completion of state tax audits and the expiration of applicable statutes of limitations. Fiscal year 2006 includes the reversal of income tax contingency reserves of $3.3 million which were determined to be no longer needed due to the expiration of applicable statutes of limitations.

Our businesses are divided into and managed as four business segments; namely, Electronics and Communications, Engineered Systems, Aerospace Engines and Components and Energy and Power Systems. Our four business segments and their respective contributions to our total sales in 2008, 2007 and 2006 are summarized in the following table:

Percentage of Sales

Segment	**2008**	**2007**	**2006**
Electronics and Communications	**68%**	66%	63%
Engineered Systems	**19%**	19%	20%
Aerospace Engines and Components	**9%**	11%	12%
Energy and Power Systems	**4%**	4%	5%
	100%	100%	100%

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Results of Operations

2008 Compared with 2007 (in millions)

Sales	2008	2007	% Change
Electronics and Communications	**$ 1,276.6**	$ 1,071.6	19.1%
Engineered Systems	**361.2**	301.7	19.7%
Aerospace Engines and Components	**171.0**	180.7	(5.4)%
Energy and Power Systems	**84.2**	68.3	23.3%
Total sales	**$ 1,893.0**	$ 1,622.3	16.7%

Operating Profit (Loss) and Other Segment Income	2008	2007	% Change
Electronics and Communications	**$ 183.0**	$ 143.2	27.8%
Engineered Systems	**35.0**	26.2	33.6%
Aerospace Engines and Components	**(9.7)**	19.2	*
Energy and Power Systems	**10.2**	6.3	61.9%
Segment operating profit and other segment income	**218.5**	194.9	12.1%
Corporate expense	**(29.6)**	(32.6)	(9.2)%
Interest and debt expense, net	**(10.9)**	(12.5)	(12.8)%
Minority interest	**(2.3)**	(3.4)	(32.4)%
Other income, net	**0.6**	2.9	(79.3)%
Income before taxes	**176.3**	149.3	18.1%
Provision for income taxes(a)	**65.0**	50.8	28.0%
Net income	**$ 111.3**	$ 98.5	13.0%

* not meaningful

(a) Fiscal year 2008 includes income tax credits of $2.5 million and the reversal of $0.8 million in income tax contingency reserves which were determined to be no longer needed due to the expiration of applicable statutes of limitations. Fiscal year 2007 includes income tax credits of $4.4 million and also reflects the reversal of $1.1 million in income tax contingency reserves which were determined to be no longer needed due to the completion of state tax audits and the expiration of applicable statutes of limitations.

We reported 2008 sales of $1,893.0 million, compared with sales of $1,622.3 million for 2007, an increase of 16.7%. Net income was $111.3 million ($3.05 per diluted share) for 2008, compared with $98.5 million ($2.72 per diluted share) for 2007, an increase of 13.0%.

The increase in sales in 2008, compared with 2007, reflected improvement in the Electronic and Communications, Engineered Systems and Energy and Power Systems segments. The largest increase in sales was in the Electronic and Communications segment which grew both organically and through strategic acquisitions made in 2008 and in 2007. The incremental increase in revenue in 2008 from businesses acquired since 2006 was $142.9 million (see Recent Acquisitions table).

The increase in segment operating profit and other segment income for 2008, compared with 2007, reflected the impact of higher sales. Operating profit and other segment income was higher in each operating segment except the Aerospace Engines and Components segment. The $39.8 million increase in operating profit in the Electronics and Communications segment included incremental operating profit from acquisitions and related synergies of $17.8 million. The Aerospace Engines and Components segment includes the impact of an $18.0 million estimated charge for a voluntary product recall and replacement program.

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Cost of sales in total dollars was higher in 2008, compared with 2007, primarily due to higher sales which resulted from organic growth and acquisitions. Fiscal year 2008 included $0.9 million in LIFO expense, compared with $1.3 million in LIFO expense in 2007. Cost of sales as a percentage of sales for 2008 was 70.8%, compared with 70.0% for 2007. The higher cost of sales percentage reflects the impact of the estimated $18.0 million voluntary product recall and replacement charge for the Aerospace Engines and Components segment. Of the total $18.0 million charge, $15.8 million was related to the costs associated with the return and replacement of product and $1.4 million was related to the disposal and write-off of inventory which were recorded as cost of sales; $0.8 million was related to estimated customer returns and was recorded as a reduction to sales.

Selling, general and administrative expenses, including research and development and bid and proposal expense, in total dollars were higher in 2008 compared with 2007. This $41.0 million increase was primarily due to higher sales which resulted from organic growth and acquisitions and also reflected higher acquired intangible asset amortization of $15.8 million in 2008, compared with $6.4 million in 2007. Corporate administrative expense in 2008 was lower by $3.0 million compared with 2007 and reflected lower employee compensation and relocation expense and lower professional fee expenses. For fiscal year 2008, we recorded a total of $7.5 million in stock option expense, of which $2.5 million was recorded as corporate expense and $5.0 million was recorded in the operating segment results. For fiscal year 2007, we recorded a total of $6.8 million in stock option expense, of which $2.3 million was recorded as corporate expense and $4.5 million was recorded in the operating segment results. Selling, general and administrative expenses for 2008, as a percentage of sales, were 19.3%, compared with 19.9% for 2007, which reflected the impact of higher sales while controlling general and administrative expenses.

Included in operating profit in 2008 was pension expense of $9.6 million, in accordance with the pension accounting requirements of SFAS No. 87, Employers Accounting for Pensions, (SFAS No. 87) offset by $9.8 million recoverable in accordance with U.S. Government Cost Accounting Standards (CAS) from certain government contracts. Included in operating profit in 2007 was pension expense of $11.9 million, of which $10.2 million was recoverable in accordance with CAS. Pension expense determined under CAS can generally be recovered through the pricing of products and services sold to the U.S. Government.

The Company s effective tax rate for 2008 was 36.9%, compared with 34.1% for 2007. The effective tax rate for 2008 reflects the impact of expected research and development income tax credits of $2.5 million and also reflects the reversal of $0.8 million in income tax contingency reserves that were determined to be no longer needed due to the expiration of applicable statutes of limitations. Excluding these items the effective tax rate for 2008 would have been 38.7%. The effective tax rate for 2007 reflects the impact of expected research and development income tax credits of $4.4 million and also reflects the reversal of $1.1 million in income tax contingency reserves. The reserves were determined to be no longer needed due to the completion of state tax audits and the expiration of applicable statutes of limitations. Excluding these items the effective tax rate for 2007 would have been 37.7%.

Sales under contracts with the U.S. Government were approximately 40% of sales in 2008 and 41% of sales in 2007. Sales to international customers represented approximately 24% of sales in 2008, compared with 22% of sales in 2007.

Total interest expense, including credit facility fees and other bank charges, was $11.7 million in 2008 and $13.1 million in 2007. Interest income was $0.8 million in 2008 and $0.6 million in 2007. The decrease in interest expense in 2008 primarily reflected lower average interest rates, partially offset by higher outstanding debt levels due to acquisitions.

Minority interest reflects the minority ownership interests in Ocean Design, Inc. and Teledyne Energy Systems, Inc. The minority interest ownership percentage in ODI decreased to 14% at year-end 2008 since the initial 51% purchase of ODI in August 2006.

Fiscal years 2008 and 2007 include sublease rental income and royalty income in other income. Other income in 2007 included $0.8 million received for the early return of leased property.

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2007 Compared with 2006 (in millions)

Sales	2007	2006	% Change
Electronics and Communications	$ 1,071.6	$ 899.4	19.1%
Engineered Systems	301.7	283.0	6.6%
Aerospace Engines and Components	180.7	181.6	(0.5)%
Energy and Power Systems	68.3	69.2	(1.3)%
Total sales	$ 1,622.3	$ 1,433.2	13.2%

Operating Profit (Loss) and Other Segment Income	2007	2006	% Change
Electronics and Communications	$ 143.2	$ 109.3	31.0%
Engineered Systems	26.2	24.5	6.9%
Aerospace Engines and Components(a)	19.2	15.5	23.9%
Energy and Power Systems	6.3	6.0	5.0%
Segment operating profit and other segment income	194.9	155.3	25.5%
Corporate expense	(32.6)	(27.7)	17.7%
Interest and debt expense, net	(12.5)	(7.4)	68.9%
Minority interest	(3.4)	(1.0)	240.0%
Other income, net	2.9	2.5	16.0%
Income before taxes(b)	149.3	121.7	22.7%
Provision for income taxes	50.8	41.4	22.7%
Net income	$ 98.5	$ 80.3	22.7%

(a) Fiscal year 2006 include the receipt of $2.5 million, pursuant to an agreement that expired in 2006 with Honda Motor Co., Ltd. related to the piston engine business.

(b) Fiscal year 2007 includes income tax credits of $4.4 million and also reflects the reversal of $1.1 million in income tax contingency reserves which were determined to be no longer needed due to the completion of state tax audits and the expiration of applicable statutes of limitations. Fiscal year 2006 includes the reversal of income tax contingency reserves of $3.3 million, which were determined to be no longer needed due to the expiration of applicable statutes of limitations.

We reported 2007 sales of $1,622.3 million, compared with sales of $1,433.2 million for 2006, an increase of 13.2%. Net income was $98.5 million ($2.72 per diluted share) for 2007, compared with $80.3 million ($2.26 per diluted share) for 2006, an increase of 22.7%.

The increase in sales in 2007, compared with 2006, reflected improvement in the Electronic and Communications and Engineered Systems segments. The largest increase in sales was in the Electronic and Communications segment which grew both organically and through strategic acquisitions. The increase in sales for the Engineered Systems segment included the acquisition of CollaborX in August 2006. The incremental increase in revenue in 2007 from businesses acquired since 2005 was $161.5 million (see Recent Acquisitions table).

The increase in segment operating profit and other segment income for 2007, compared with 2006, reflected the impact of higher sales. Operating profit and other segment income was higher in each operating segment. The $33.9 million increase in operating profit in the Electronics and Communications segment, included incremental operating profit from acquisitions and related synergies of $15.5 million. Fiscal year 2006 included the receipt of $2.5 million pursuant to an agreement that expired in 2006 with Honda Motor Co., Ltd.

Cost of sales in total dollars was higher in 2007, compared with 2006, primarily due to higher sales which resulted from organic growth and acquisitions. Fiscal year 2007 included $1.3 million in LIFO expense, compared with $0.7 million in LIFO expense in 2006. Cost of sales as a percentage of sales for 2007 was 70.0%, compared with 71.2% for 2006. The lower cost of sales percentage in 2007 primarily reflected sales mix differences and a continued emphasis on margin improvement and cost control.

Selling, general and administrative expenses, including research and development and bid and proposal expense, in total dollars were higher in 2007 compared with 2006. This $35.7 million increase was primarily due to higher sales which resulted from organic growth and acquisitions and also reflected higher corporate expense of $4.9 million compared with 2006 due to higher employee compensation and relocation expense and higher professional fee expenses. For fiscal year 2007, we recorded a total of $6.8 million in stock option expense, of which $2.3 million was recorded as corporate expense and $4.5 million was recorded in the operating segment results. For fiscal year 2006, we recorded a total of $5.9 million in stock option expense, of which $2.2 million was recorded as corporate expense and $3.7 million was recorded in the operating segment results. Selling, general and administrative expenses for 2007, as a percentage of sales, decreased slightly to 19.9%, compared with 20.1% for 2006.

Included in operating profit in 2007 was pension expense of $11.9 million, in accordance with the pension accounting requirements of SFAS No. 87, of which $10.2 million was recoverable in accordance with CAS from certain government contracts. Included in operating profit in 2006 was pension expense of $15.4 million, of which $10.5 million was recoverable in accordance with CAS. The decrease in pension expense in 2007, compared with 2006, reflects, in part, pension contributions made in 2006, the impact of favorable market returns on plan assets in 2006 and changes to the Company s pension assets and liabilities resulting from the merger of the Teledyne Scientific & Imaging pension plan with Teledyne Technologies pension plan.

The Company s effective tax rate for 2007 was 34.1%, compared with 34.0% for 2006. The Company completed an analysis of research and development spending for 2000 through 2006, as well as the base period years, and anticipates the receipt of income tax refunds for those years. The effective tax rate for 2007 reflects the impact of expected research and development income tax refunds of $4.4 million and also reflects the reversal of $1.1 million in income tax contingency reserves which were determined to be no longer needed due to the completion of state tax audits and the expiration of applicable statutes of limitations. Excluding these items the effective tax rate for 2007 would have been 37.7%. The effective tax rate for the 2006 reflects the impact of the reversal of income tax contingency reserves of $3.3 million which were determined to be no longer needed due to the expiration of applicable statutes of limitations. Excluding the impact of the reversal, the effective tax rate for 2006 would have been 36.7%.

Sales under contracts with the U.S. Government were approximately 41% of sales in 2007 and 40% of sales in 2006. Sales to international customers represented approximately 22% of sales in 2007, compared with 21% of sales in 2006.

Total interest expense, including credit facility fees and other bank charges, was $13.1 million in 2007 and $7.7 million in 2006. Interest income was $0.6 million in 2007 and $0.3 million in 2006. The higher interest expense in 2007 primarily reflected higher outstanding debt levels due to acquisitions.

Minority interest reflects the minority ownership interests in Ocean Design, Inc. and Teledyne Energy Systems, Inc. The minority interest ownership percentage in ODI decreased to 38% at year-end 2007, since the initial 51% purchase of ODI in August 2006.

Other income for 2006 included the receipt of $2.5 million pursuant to an agreement that expired in 2006 with Honda Motor Co., Ltd. which is included as part of the Aerospace Engines and Components segment operating profit and

other segment income for segment reporting purposes. Fiscal years 2007 and 2006 also include sublease rental income and royalty income in other income. Other income in 2007 included $0.8 million received for the early return of leased property.

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Segments

The following discussion of our four segments should be read in conjunction with Note 13 to the Notes to Consolidated Financial Statements.

Electronics and Communications

	2008	2007	2006
		(Dollars in millions)	
Sales	**$ 1,276.6**	$ 1,071.6	$ 899.4
Operating profit	**$ 183.0**	$ 143.2	$ 109.3
Operating profit % of sales	**14.3%**	13.4%	12.2%
International sales % of sales	**30.5%**	29.0%	29.1%
Governmental sales % of sales	**30.2%**	31.2%	27.7%
Capital expenditures	**$ 33.8**	$ 33.7	$ 17.9

Our Electronics and Communications segment provides sophisticated electronic components and subsystems, instrumentation and communications products, including defense electronics, monitoring and control instrumentation for marine, environmental, laboratory and industrial applications, harsh environment interconnect products, data acquisition and communications equipment for air transport and business aircraft, and components and subsystems for wireless and satellite communications.

2008 compared with 2007

Our Electronics and Communications segment sales were $1,276.6 million in 2008, compared with sales of $1,071.6 million in 2007, an increase of 19.1%. Operating profit was $183.0 million in 2008, compared with $143.2 million in 2007, an increase of 27.8%.

The 2008 sales growth of $205.0 million resulted primarily from revenue growth in electronic instruments and defense electronics, partially offset by lower sales of other commercial electronics. The revenue growth of $141.9 million in electronic instruments was driven by organic sales growth and the acquisitions, including DGO, Impulse, Storm, TSS, Webb and Cormon. Organic sales growth in electronic instruments reflected increased sales of geophysical sensors for the energy exploration market, other marine instruments and environmental instruments for the air and water monitoring markets. We currently expect a contraction in the second half of 2009 in sales of marine instruments that serve the offshore exploration market. The incremental increase in revenue from acquisitions in electronic instruments for 2008, compared with 2007, was $98.0 million. The revenue growth of $66.9 million in defense electronics was driven by organic sales growth and acquisitions, including Storm, Judson and the Defense Electronics business of Filtronic PLC. The increase in revenue from acquisitions in defense electronics products for 2008, compared with 2007, was $44.9 million. Organic growth of defense electronics for 2008 was primarily due to higher sales of defense manufacturing services, as well as increased sales of imaging sensors and subsystems and greater sales of microwave components and subsystems. Revenue in avionics and other commercial electronics decreased by $3.8 million and primarily reflected decreased sales of medical electronic manufacturing services. In 2008, for the Electronics and Communications segment, revenues increased by $142.9 million and operating profit, including synergies, increased by $17.8 million due to the incremental impact of acquisitions that we acquired since 2006. Segment operating profit was favorably impacted by the increase in revenue and sales mix. Segment operating profit was negatively impacted by $3.5 million of stock option compensation expense in 2008 compared with $3.1 million of stock option compensation expense in 2007. Fiscal year 2008 also reflected lower LIFO expense of $1.0 million compared with

fiscal year 2007. Pension expense, in accordance with the pension accounting requirements of SFAS No. 87, was $3.5 million in 2008 compared with $4.0 million in 2007. Pension expense allocated to contracts pursuant to CAS was $1.9 million in 2008, compared with $1.7 million for 2007.

2007 compared with 2006

Our Electronics and Communications segment sales were $1,071.6 million in 2007, compared with sales of $899.4 million in 2006, an increase of 19.1%. Operating profit was $143.2 million in 2007, compared with $109.3 million in 2006, an increase of 31.0%.

The 2007 sales growth of $172.2 million resulted primarily from revenue growth in defense electronics and electronic instruments, partially offset by lower sales of other commercial electronics. The revenue growth of $98.0 million in defense electronics was primarily driven by the acquisition of Teledyne Scientific & Imaging. The increase in revenue from acquisitions in defense electronics products for 2007, compared with 2006, was $89.7 million. Organic growth of defense electronics for 2007 was due to higher sales of microwave components and subsystems. The revenue growth of $88.6 million in electronic instruments was driven by acquisitions and organic growth. Revenue growth in electronic instruments included the acquisition of the majority interest in ODI, Benthos and DGO. The increase in revenue from acquisitions in electronic instruments for 2007, compared with 2006, was $63.1 million. Sales of electronic instruments for 2007 increased due to organic sales growth of instruments for the industrial and environmental monitoring instrumentation markets. Revenue in avionics and other commercial electronics decreased by $14.4 million and primarily reflected decreased sales of medical electronic manufacturing services. In 2007, for the Electronics and Communications segment, revenues increased by $152.8 million and operating profit, including synergies, increased by $15.5 million due to the incremental impact of acquisitions that we acquired since 2005. Segment operating profit was favorably impacted by the increase in revenue and margin improvement from cost control initiatives. Segment operating profit was negatively impacted by $3.1 million of stock option compensation expense in 2007 compared with $2.4 million of stock option compensation expense in 2006. Fiscal year 2007 also reflected higher LIFO expense of $0.2 million compared with fiscal year 2006. Pension expense, in accordance with the pension accounting requirements of SFAS No. 87, was $4.0 million in 2007, compared with $3.8 million in 2006. Pension expense allocated to contracts pursuant to CAS was $1.7 million in 2007, compared with $1.6 million for 2006. Fiscal year 2006 also included $0.7 million in charges in our commercial electronics business for warranty reserves and inventory obsolescence related to the termination of a product line.

Engineered Systems

	2008	2007	2006
	(Dollars in millions)		
Sales	**$ 361.2**	$ 301.7	$ 283.0
Operating profit	**$ 35.0**	$ 26.2	$ 24.5
Operating profit % of sales	**9.7%**	8.7%	8.7%
International sales % of sales	**0.3%**	0.5%	0.6%
Governmental sales % of sales	**89.3%**	98.8%	98.6%
Capital expenditures	**$ 2.2**	$ 1.5	$ 1.4

Our Engineered Systems segment, principally through Teledyne Brown Engineering, Inc., applies the skills of its extensive staff of engineers and scientists to provide innovative engineered and information technology services for defense, space, environmental and nuclear applications.

2008 compared with 2007

Our Engineered Systems segment sales were $361.2 million in 2008, compared with sales of $301.7 million in 2007, an increase of 19.7%. Operating profit was $35.0 million in 2008, compared with $26.2 million in 2007, an increase of

33.6%.

Sales for 2008, compared with 2007, reflected revenue growth in aerospace and defense programs and higher environmental sales. The revenue growth of $51.1 million in aerospace and defense programs primarily reflected revenue growth in certain manufacturing programs including gas centrifuge service modules for nuclear power applications, as well as other aerospace programs and specialized engineering and project

support for NASA. The revenue growth in environmental programs reflected engineering support for the gas centrifuge service modules program. Operating profit for 2008 reflected the impact of higher revenue and higher margins in aerospace programs and certain manufacturing programs, increased award fees and improved overhead rates. Segment operating profit also included pension expense under SFAS No. 87 of $5.0 million in 2008 compared with $6.4 million of pension expense in 2007. Pension expense allocated to contracts pursuant to CAS was $7.7 million in 2008 compared with $8.1 million in 2007.

2007 compared with 2006

Our Engineered Systems segment sales were $301.7 million in 2007, compared with sales of $283.0 million in 2006, an increase of 6.6%. Operating profit was $26.2 million in 2007, compared with $24.5 million in 2006, an increase of 6.9%.

Sales for 2007, compared with 2006, reflected revenue growth in aerospace and defense programs, partially offset by lower environmental sales. The revenue growth of $31.7 million in aerospace and defense programs included $8.7 million in incremental revenue from the acquisition of CollaborX. The revenue growth in aerospace programs was primarily due to increased support for NASA. The revenue decrease of $13.0 million in environmental programs was primarily due to decreased support of the U.S. Army at Pine Bluff Arsenal. Operating profit for 2007, compared with 2006, was favorably impacted by higher segment revenue in 2007, and incremental operating profit of $0.5 million from CollaborX, partially offset by lower margins in certain defense programs. Segment operating profit also included pension expense under SFAS No. 87 of $6.4 million in 2007 compared with $9.5 million of pension expense in 2006. Pension expense allocated to contracts pursuant to CAS was $8.1 million in 2007 compared with $8.6 million in 2006. Fiscal year 2006 included a favorable overhead claim settlement of $1.3 million.

Aerospace Engines and Components

	2008	**2007**	**2006**
		(Dollars in millions)	
Sales	**$ 171.0**	$ 180.7	$ 181.6
Operating profit (loss)	**$ (9.7)**	$ 19.2	$ 15.5
Operating profit (loss) % of sales	**(5.7)%**	10.6%	8.5%
International sales % of sales	**18.2%**	16.0%	15.2%
Capital expenditures	**$ 3.7**	$ 3.5	$ 5.1

Our Aerospace Engines and Components segment, principally through Teledyne Continental Motors, Inc., focuses on the design, development and manufacture of piston engines, aftermarket support and electronic engine controls.

2008 compared with 2007

Our Aerospace Engines and Components segment sales were $171.0 million in 2008, compared with sales of $180.7 million in 2007, a decrease of 5.4%. The 2008 operating loss was $9.7 million, compared with operating income of $19.2 million in 2007. We currently expect sales in this segment to decrease further in 2009.

Sales for 2008, compared with 2007, reflected reduced OEM piston engine and spare parts sales. The decrease in operating profit in 2008, compared with 2007, reflected an estimated charge of $18.0 million for product recall and replacement costs, the impact of lower sales and higher defense and settlement fees. The charge was required to replace certain aircraft piston engine cylinders produced since November 2007. The replacement program should be

completed by the end of 2009. Operating profit in 2007 included the receipt of a litigation settlement of $1.4 million, net of expenses and the $1.7 million writedown of accounts receivable related to a customer bankruptcy. Segment operating profit also included pension expense, under SFAS No. 87 of $0.6 million in 2008 compared with $0.7 million for 2007. Segment operating profit for 2008 also reflected higher LIFO expense of $0.5 million.

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2007 compared with 2006

Our Aerospace Engines and Components segment sales were $180.7 million in 2007, compared with sales of $181.6 million in 2006, a decrease of 0.5%. Operating profit was $19.2 million in 2007, compared with $15.5 million in 2006, an increase of 23.9%.

Sales for 2007, compared with 2006, reflected slightly lower OEM engine sales. The improvement in operating profit in 2007, compared with 2006 reflected the impact of improved operating performance including lower aircraft product liability expense, the receipt of a litigation settlement of $1.4 million, net of expenses, partially offset by a $1.7 million writedown of accounts receivable related to a customer bankruptcy. Segment operating profit for 2006, included the receipt of $2.5 million, pursuant to an agreement that expired in 2006 with Honda Motor Co., Ltd. related to the piston engine business. Segment operating profit also included pension expense, under SFAS No. 87 of $0.7 million in 2007, compared with $1.2 million for 2006. Segment operating profit for 2007 also reflected lower LIFO expense of $0.5 million.

Energy and Power Systems

	2008	2007	2006
	(Dollars in millions)		
Sales	**$ 84.2**	$ 68.3	$ 69.2
Operating profit	**$ 10.2**	$ 6.3	$ 6.0
Operating profit % of sales	**12.1%**	9.3%	8.7%
International sales % of sales	**34.3%**	31.2%	14.9%
Governmental sales % of sales	**54.8%**	47.0%	59.8%
Capital expenditures	**$ 2.1**	$ 1.0	$ 1.9

Our Energy and Power Systems segment provides hydrogen gas generators, thermoelectric and fuel cell-based power sources, turbine engines and aviation batteries.

2008 compared with 2007

Our Energy and Power Systems segment sales were $84.2 million in 2008, compared with sales of $68.3 million in 2007, an increase of 23.3%. Operating income was $10.2 million in 2008, compared with $6.3 million in 2007, an increase of 61.9%.

The increase in sales for 2008, compared with 2007, primarily resulted from higher government power systems sales and higher turbine engine sales, primarily due to Joint Air-to-Surface Standoff Missile (JASSM) engines. Commercial hydrogen generator sales increased slightly. Operating profit reflected the impact of higher sales, higher margins in the turbine engine business and the reversal of $1.3 million for environmental reserves no longer needed due to a final settlement.

2007 compared with 2006

Our Energy and Power Systems segment sales were $68.3 million in 2007, compared with sales of $69.2 million in 2006, a decrease of 1.3%. Operating income was $6.3 million in 2007, compared with $6.0 million in 2006, an increase of 5.0%.

The decrease in sales for 2007, compared with 2006, primarily resulted from higher commercial hydrogen generator sales and higher aviation battery sales, which were more than offset by lower turbine engine sales. Operating profit reflected higher margins and sales in the hydrogen generator business, which were partially offset by the impact of lower sales and lower margins in the turbine engine business. Segment operating profit for 2007 also reflected higher LIFO expense of $0.9 million. Turbine engine sales and operating profit for 2007 were unfavorable, compared with 2006, due to lower JASSM engine sales, partially offset by higher research and development sales.

Financial Condition, Liquidity and Capital Resources

Principal Capital Requirements

Our principal capital requirements are to fund working capital needs, capital expenditures, voluntary and required pension contributions and debt service requirements, as well as to fund our stock repurchase program and acquisitions, including the purchase of the remaining minority shares of ODI which we expect to complete by the third quarter of 2009. It is anticipated that operating cash flow, together with available borrowings under the credit facility described below, will be sufficient to meet these requirements and could be used to fund some acquisitions in the year 2009. To support acquisitions, we may need to raise additional capital. Our liquidity is not dependent upon the use of off-balance sheet financial arrangements. We have no off-balance sheet financing arrangements that incorporate the use of special purpose entities or unconsolidated entities.

Revolving Credit Agreement

On February 8, 2008, Teledyne Technologies entered into a First Amendment to its Amended and Restated Credit Agreement dated as of July 14, 2006. The amended and restated credit facility has lender commitments totaling $590.0 million and expires on July 14, 2011. Excluding interest and fees, no payments are due under the amended and restated credit facility until it matures. The credit agreement requires the Company to comply with various financial and operating covenants, including maintaining certain consolidated leverage and interest coverage ratios, as well as minimum net worth levels and limits on acquired debt. At December 28, 2008, the Company was in compliance with these covenants. Available borrowing capacity under the $590.0 million credit facility, which is reduced by borrowings, outstanding letters of credit and certain guarantees was $254.8 million at December 28, 2008. In February 2009, Teledyne made a pretax $80.0 million voluntary contribution to its pension plan, funded from its credit facility and cash on hand. For a description of some terms of our credit facility, see Financing Activities beginning on page 51.

Contractual Obligations

The following table summarizes our expected cash outflows resulting from financial contracts and commitments at December 28, 2008. We have not included information on our normal recurring purchases of materials for use in our operations. These amounts are generally consistent from year to year, closely reflect our levels of production, and are not long-term in nature (in millions):

	2009	2010	2011	2012	2013	2014 and beyond	Total
Long-term debt obligations(a)	$ 0.6	$	$ 326.0	$	$	$	$ 326.6
Interest expense(b)	7.2	7.2	3.7				18.1
Operating lease obligations	17.9	16.2	12.4	10.5	7.9	28.9	93.8
Capital lease obligations(c)	0.7	0.7	0.6	0.6	0.6	6.9	10.1
Purchase obligations(d)	34.3	2.8	0.8	0.1		0.3	38.3
Total	$ 60.7	$ 26.9	$ 343.5	$ 11.2	$ 8.5	$ 36.1	$ 486.9

(a) Includes short-term portion.

(b) Interest expense, including facility fees, is assumed to accrue at the rates in effect at year-end 2008 and is assumed to be paid at the end of each quarter with the final payment in July 2011 when the credit facility expires.

(c) Includes imputed interest and short-term portion.

(d) Purchase obligations generally include long-term contractual obligations for the purchase of goods and services.

At December 28, 2008, the Company had a minimum pension plan funding requirement of $13.8 million for 2009. In February 2009, Teledyne made a pretax $80.0 million voluntary contribution to its pension plan, funded primarily from its credit facility. The Company expects to make an additional contribution to its

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pension plan of $37.1 million in 2009. Based on current assumptions and actual and expected contributions made in 2009, the Company would not have a minimum pension plan funding requirement, as set forth by ERISA, in 2010. Our minimum funding requirements after 2008 are dependent on several factors as discussed under Accounting for Pension Plans in the Critical Accounting Policies section of this Management s Discussion and Analysis of Financial Condition and Results of Operation. Estimates beyond 2010 have not been provided due to the significant uncertainty of these amounts, which are subject to change until the Company s SFAS No. 87 assumptions can be updated at the appropriate times. In addition, certain pension contributions are eligible for future recovery through the pricing of products and services to the U.S. government under certain government contracts, therefore, the amounts noted are not necessarily indicative of the impact these contributions may have on the Company s liquidity. We also have payments due under our other postretirement benefits plans. These plans are not required to be funded in advance, but are pay as you go. See further discussion in Note 12 of the Notes to Consolidated Financial Statements.

Pursuant to agreements in connection with our August 2006 acquisition of an initial majority interest in ODI, the ODI minority stockholders have the contractual option to sell their shares to Teledyne Instruments following the end of each quarter through the quarter ended March 31, 2009, at a formula-determined price based principally on ODI s earnings before interest, taxes, depreciation and amortization (EBITDA) for the twelve months preceding each applicable quarter end. All shares not sold to Teledyne Instruments following the quarter ended March 31, 2009, are required to be purchased by Teledyne Instruments following the quarter ended June 30, 2009, at a same formula-determined price, at which time Teledyne Instruments will own all of the ODI shares held by the participating stockholders. At December 28, 2008, total cash paid, including the initial investment and subsequent share purchases, for Teledyne s interest in ODI, net of cash acquired, was $73.8 million. Based on the formula-determined purchase price as of the quarter ended December 28, 2008, the aggregate amount of funds required to purchase all the shares held by the remaining minority ODI stockholders would be approximately $24.3 million. However, the actual aggregate amount of funds that we will spend to purchase the shares held by minority stockholders through June 30, 2009, could be significantly higher or lower than this amount, as that amount will depend on when individual stockholders elect to exercise their put options and on the financial performance of ODI. Teledyne Technologies has guaranteed the payment obligation of its subsidiary, Teledyne Instruments.

Operating Activities

In 2008, net cash provided from operations was $120.4 million, compared with $166.7 million in 2007 and $78.4 million in 2006.

The lower net cash provided for 2008, compared with 2007, was primarily due to higher pretax pension contributions of $52.4 million, higher aircraft product defense and settlement payments of $25.5 million and higher working capital requirements, partially offset by higher net income, the incremental cash contribution from recent acquisitions and lower income tax payments of $22.5 million.

The higher net cash provided for 2007, compared with 2006, was primarily due to incremental cash contribution from recent acquisitions, higher net income, higher customer advance payments and deposits, improved accounts receivable collections due to timing and $12.4 million in lower pension contributions.

Free cash flow (cash from operating activities less capital expenditures) was $78.5 million compared with $126.4 million in 2007 and $52.0 million in 2006.

		Fiscal Year	
Free Cash Flow(a)	**2008**	**2007**	**2006**
		(In millions,	

	brackets indicate use of funds)		
Cash provided by operating activities	**$ 120.4**	$ 166.7	$ 78.4
Capital expenditures for property, plant and equipment	**(41.9)**	(40.3)	(26.4)
Free cash flow	**$ 78.5**	$ 126.4	$ 52.0

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(a) The Company defines free cash flow as cash provided by operating activities (a measure prescribed by generally accepted accounting principles) less capital expenditures for property, plant and equipment. The company believes that this supplemental non-GAAP information is useful to assist management and the investment community in analyzing the company s ability to generate cash flow.

Working Capital

Working capital increased to $281.3 million at year-end 2008, compared with $213.7 million at year-end 2007. The increase in working capital reflects working capital from businesses acquired in fiscal 2008, higher income taxes receivable, higher accounts receivable due to increased fourth quarter 2008 sales and higher inventory balances.

Balance Sheet Changes

The changes in the following selected components of Teledyne s balance sheet are discussed below (in millions):

	2008	2007
Accounts receivable, net	**$ 281.4**	$ 241.1
Inventories, net	**$ 207.0**	$ 174.6
Prepaid expenses and other current assets	**$ 41.6**	$ 13.1
Long-term deferred income taxes, net	**$ 89.2**	$ 56.9
Goodwill, net	**$ 502.5**	$ 351.6
Acquired intangible assets, net	**$ 117.0**	$ 61.7
Accrued liabilities short term	**$ 202.4**	$ 157.1
Long-term debt and capital lease obligations, net of current portion	**$ 332.1**	$ 142.4
Accrued pension obligation	**$ 227.9**	$ 74.3
Accumulated other comprehensive loss	**$ (205.8)**	$ (61.2)

The higher balances in accounts receivable, inventory and short-term accrued liabilities reflected the impact of organic sales growth, as well as businesses acquired in fiscal 2008. The higher balance in short-term accrued liabilities also includes $15.8 million in product recall and replacement reserves in 2008. The increase in prepaid expenses and other current assets reflects higher income tax receivables of $19.6 million. Long-term deferred income taxes reflected a $78.5 million increase related to the minimum benefit plan liability adjustment in 2008. The increase in goodwill primarily reflected the acquisitions made in fiscal 2008. The increase in acquired intangible assets primarily reflected the acquisitions made in fiscal 2008, partially offset by current year amortization. The increase in long-term debt and capital lease obligations primarily reflected the use of cash flow to purchase businesses and to make pension contributions. The accrued pension obligation increased primarily as a result of an increase in the unfunded pension liability in 2008 due, in part, to lower returns on pension assets, partially offset by higher pension contributions. The change in the accumulated other comprehensive loss reflected the $121.2 million non-cash adjustment related to the increase in the unfunded pension liability in 2008 and higher foreign currency translation adjustments.

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Investing Activities

Net cash used in investing activities included capital expenditures as presented below:

Capital Expenditures

Capital Expenditures	2008	2007	2006
		(In millions)	
Electronics and Communications	**$ 33.8**	$ 33.7	$ 17.9
Engineered Systems	**2.2**	1.5	1.4
Aerospace Engines and Components	**3.7**	3.5	5.1
Energy and Power Systems	**2.1**	1.0	1.9
Corporate	**0.1**	0.6	0.1
	$ 41.9	$ 40.3	$ 26.4

During 2009 we plan to invest approximately $45.0 million in capital expenditures, principally to upgrade capital equipment, reduce manufacturing costs and introduce new products. Commitments at December 28, 2008 for capital expenditures were approximately $4.8 million.

Investing activities used cash for acquisitions of $285.1 million, $48.1 million and $252.0 million, in fiscal 2008, 2007 and 2006, respectively (see Recent Acquisitions table). We received $0.4 million, $0.8 million and $0.7 million, in 2008, 2007 and 2006, respectively, from the sale of assets.

Teledyne funded the acquisitions primarily from borrowings under its credit facility and cash on hand.

In all acquisitions, the results of operations and cash flows are included in the Company s consolidated financial statements from the date of each respective acquisition. Each of the companies acquired, except for CollaborX, is part of the Electronics and Communications segment. CollaborX is part of the Engineered Systems segment. During 2008, the Company completed the process of specifically identifying the amount to be assigned to intangible assets, as well as certain assets and liabilities for the Storm, Impulse, Judson and TSS International acquisitions. The Company is in the process of specifically identifying the amount to be assigned to intangible assets, as well as certain assets and liabilities for the Webb, Filtronic, Cormon, Odom and Demo acquisitions made in fiscal 2008. The Company made preliminary estimates as of December 28, 2008, since there was insufficient time between the acquisition dates and the end of the period to finalize the valuations.

The following table shows the purchase price, goodwill acquired and intangible assets acquired for the acquisitions made in fiscal 2008 (in millions):

Acquisition Date	Name	Purchase Price	Goodwill Acquired	Acquired Intangible Assets
December 31, 2007	Impulse	$ 35.0	$ 15.3	$ 16.2
December 31, 2007	Storm	47.7	31.4	10.0

January 31, 2008	TSS	54.8	28.6	23.0
February 1, 2008	Judson	27.0	13.9	7.9
July 7, 2008	Webb	24.3	14.6(a)	7.0(a)
August 15, 2008	Filtronic	24.1	4.6(a)	6.5(a)
August 16, 2008	Cormon	20.9	17.0(a)	3.0(a)
December 19, 2008	Odom	7.0	5.3(a)	1.5(a)
December 24, 2008	Demo	5.3	3.1(a)	1.2(a)
		$ 246.1	$ 133.8	$ 76.3

(a) These preliminary amounts were based on estimates that are subject to change pending the completion of the Company s internal review and the receipt of certain third party valuation reports as there was insufficient time between the acquisition dates and the end of the period to finalize the valuations.

Except for the Storm and Demo acquisitions, goodwill resulting from the acquisitions made in fiscal 2008 will be deductible for tax purposes.

The following is a summary at the acquisition date of the estimated fair values of the assets acquired and liabilities assumed for the acquisitions made in fiscal 2008 (in millions):

Current assets, excluding cash acquired	$ 62.5
Property, plant and equipment	18.0
Goodwill	133.8
Intangible assets	76.3
Total assets acquired	290.6
Current liabilities, including short-term debt	32.8
Other long-term liabilities	11.7
Total liabilities assumed	44.5
Purchase price, net of cash acquired	$ 246.1

Financing Activities

Cash provided by financing activities for 2008 reflected net borrowings of $189.9 million, primarily under our revolving credit agreement, to acquire businesses and fund the pension plan. Cash used by financing activities for 2007 reflected the net repayments of borrowings of $88.8 million. Cash provided by financing activities for 2006 reflected net borrowings of $182.1 million, primarily under our revolving credit agreement, to acquire businesses. Fiscal years 2008, 2007 and 2006 all reflect proceeds from the exercise of stock options of $13.0 million, $6.5 million and $12.3 million, respectively. Fiscal years 2008, 2007 and 2006 included $10.3 million, $3.6 million and $8.6 million, respectively, in excess tax benefits related to stock-based compensation.

On February 8, 2008, Teledyne Technologies entered into a First Amendment to its $400.0 million Amended and Restated Credit Agreement dated as of July 14, 2006. The amended and restated credit facility has lender commitments of $590.0 million and expires in July 2011. At year-end 2008, we had $254.8 million of available committed credit under the credit facility, which can be utilized, as needed, for daily operating and periodic cash needs, including acquisitions. In February 2009, Teledyne made a pretax $80.0 million voluntary contribution to its pension plan, funded primarily from its credit facility. Excluding interest and fees, no payments are due under the amended and restated credit facility until it matures. Borrowings under our credit facility are at variable rates which are, at our option, tied to a eurodollar base rate equal to LIBOR (London Interbank Offered Rate) plus an applicable rate or a base rate as defined in our credit agreement. LIBOR based loans under the facility typically have terms of one, two, three or six months and the interest rate for each such loan is subject to change if the loan is continued or converted following the applicable maturity date. Base rate loans have interest rates that primarily fluctuate with changes in the prime rate. Interest rates are also subject to change based on our debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio. The credit agreement also provides for facility fees that vary between

0.10% and 0.25% of the credit line, depending on our consolidated leverage ratio as calculated from time to time. The credit agreement requires the Company to comply with various financial and operating covenants, including maintaining certain consolidated leverage and interest coverage ratios, as well as minimum net worth levels and limits on acquired debt. We also have a $5.0 million uncommitted credit line available. This credit line is utilized, as needed, for periodic cash needs. Total debt at year-end 2008 includes $326.0 million outstanding under the $590.0 million credit facility and $0.6 million in other debt. No amounts were outstanding under the uncommitted bank facility at December 28, 2008. The Company also has a $6.6 million

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outstanding under capital leases, of which $0.5 million is current. At year-end 2008, Teledyne had $9.2 million in outstanding letters of credit.

On February 24, 2009, our Board of Directors approved a stock repurchase program authorizing the company to repurchase up to 1,500,000 shares of its common stock. At February 24, 2009, the Company had outstanding 36,019,970 shares of its common stock. Under the program, shares may be repurchased from time to time in open market transactions at prevailing market prices or in privately negotiated transactions through February 28, 2010. The timing and actual number of shares purchased will depend on a variety of factors, such as price, corporate and regulatory requirements, alternative investment opportunities, and other market and economic conditions. Repurchases will be funded with cash on hand and borrowings under our credit facility.

Pension and Postretirement Plans

As of January 1, 2004, non-union new hires participate in an enhanced defined contribution plan as opposed to the Company s existing defined benefit pension plan. Teledyne anticipates making after-tax cash contributions of approximately $71.1 million to its pension plans in 2009 before recovery from the U.S. Government, of which an after-tax cash contribution of $48.6 million was made in February 2009.

Other Matters

Income Taxes

The Company s effective tax rate for 2008 was 36.9%, compared with 34.1% for 2007 and 34.0% for 2006. The Company completed an analysis of research and development spending for 2000 through 2006, as well as the base period years, and anticipates the receipt of income tax refunds for those years. The effective tax rate for 2008 reflects the impact of expected research and development income tax credits of $2.5 million and also reflects the reversal of $0.8 million in income tax contingency reserves which were determined to be no longer needed due to the expiration of applicable statutes of limitations. Excluding these items the effective tax rate for 2008 would have been 38.7%. The effective tax rate for 2007 reflects the impact of expected research and development income tax refunds of $4.4 million and also reflects the reversal of $1.1 million in income tax contingency reserves which were determined to be no longer needed due to the completion of state tax audits and the expiration of applicable statutes of limitations. Excluding these items the effective tax rate for 2007 would have been 37.7%. The effective tax rate for the 2006 reflects the impact of the reversal of income tax contingency reserves of $3.3 million which were determined to be no longer needed due to the expiration of applicable statutes of limitations. Excluding the impact of the reversal, the effective tax rate for 2006 would have been 36.7%. Based on the Company s history of operating earnings, expectations of future operating earnings and potential tax planning strategies, it is more likely than not that the deferred income tax assets at December 28, 2008 will be realized.

Costs and Pricing

Inflationary trends in recent years have been moderate. Current inventory costs, the increasing costs of equipment and other costs are considered in establishing sales pricing polices. The Company emphasizes cost containment in all aspects of its business.

Hedging Activities; Market Risk Disclosures

We have not entered into any derivative financial instruments such as futures contracts, options and swaps, forward foreign exchange contracts or interest rate swaps and futures during 2008 or 2007. We have no derivative financial instruments outstanding at December 28, 2008. We believe that adequate controls are in place to monitor any hedging

activities. Our primary exposure to market risk relates to changes in interest rates and foreign currency exchange rates. We periodically evaluate these risks and have taken measures to mitigate these risks. We own assets and operate facilities in countries that have been politically stable. Also, our foreign risk management objectives are geared towards stabilizing cash flow from the effects of foreign currency fluctuations. Most of the Company s sales are denominated in U.S. dollars which mitigates the effect

of exchange rate changes. Borrowings under our credit facility are at fixed rates that vary with the term and timing of each loan under the facility. Loans under the facility typically have terms of one, two, three or six months and the interest rate for each such loan is subject to change if the loan is continued or converted following the applicable maturity date. Interest rates are also subject to change based on our debt to earnings before interest, taxes, depreciation and amortization ratio. As of December 28, 2008, we had $326.0 million in outstanding indebtedness under our amended and restated credit facility. A 100 basis point change in interest rates would result in an increase in annual interest expense of approximately $3.3 million, assuming the $326.0 million in debt was outstanding for the full year. Any borrowings under the Company s revolving credit line are based on a fluctuating market interest rate and, consequently, the fair value of any outstanding debt should not be affected materially by changes in market interest rates. Overall, we believe that our exposure to interest rate risk and foreign currency exchange rate changes is not material to our financial condition or results of operations.

Related Party Transactions

Our Chairman, President and Chief Executive Officer is a director of The Bank of New York Mellon Corporation, as is one of our other directors. The Bank of New York Mellon Corporation is the successor to Mellon Financial Corporation following its merger with The Bank of New York in 2007. Another of our directors was a former chief executive officer of Mellon Financial Corporation. All transactions with The Bank of New York Mellon Corporation and its respective affiliates are effected under normal commercial terms, and we believe that our relationships with The Bank of New York Mellon Corporation and its respective affiliates are arms-length. The Bank of New York Mellon Corporation is one of 13 lenders under our $590.0 million credit facility, having committed up to $90.0 million under the facility. The Bank of New York Mellon Corporation also provides cash management services, serves as trustee for the Teledyne Technologies Incorporated Pension Plan and, through its subsidiaries and affiliates, provides asset management and transition management services for the Pension Plan. Mellon Investor Services LLC, dba BNY Mellon Shareowner Services, serves as our transfer agent and registrar, as well as the agent under our stockholders rights plan and also handles administration of our stock options.

Environmental

We are subject to various federal, state, local and international environmental laws and regulations which require that we investigate and remediate the effects of the release or disposal of materials at sites associated with past and present operations. These include sites at which Teledyne has been identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act, commonly known as Superfund, and comparable state laws. We are currently involved in the investigation and remediation of a number of sites. Reserves for environmental investigation and remediation totaled approximately $2.9 million at December 28, 2008 and $4.4 million at December 30, 2007. As investigation and remediation of these sites proceed and new information is received, the Company expects that accruals will be adjusted to reflect new information. Based on current information, we do not believe that future environmental costs, in excess of those already accrued, will materially and adversely affect our financial condition or liquidity. However, resolution of one or more of these environmental matters or future accrual adjustments in any one reporting period could have a material adverse effect on our results of operations for that period.

For additional discussion of environmental matters, see Notes 2 and 15 to the Notes to Consolidated Financial Statements.

Government Contracts

We perform work on a number of contracts with the Department of Defense and other agencies and departments of the U.S. Government including sub-contracts with government prime contractors. Sales under these contracts with the

U.S. Government, which included contracts with the Department of Defense, were approximately 40% of total sales in 2008, 41% of total sales in 2007 and 40% of total sales in 2006. For a summary of sales to the U.S. Government by segment, see Note 13 to the Notes to Consolidated Financial

Statements. Sales to the Department of Defense represented approximately 29%, 30% and 30% of total sales for 2008, 2007 and 2006, respectively.

Performance under government contracts has certain inherent risks that could have a material adverse effect on the Company s business, results of operations and financial condition. Government contracts are conditioned upon the continuing availability of Congressional appropriations, which usually occurs on a fiscal year basis even though contract performance may take more than one year. See also our government contracts risk factor disclosure beginning at page 17.

For information on accounts receivable from the U.S. Government, see Note 5 to the Notes to Consolidated Financial Statements.

Estimates and Reserves

Our discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. On an ongoing basis, we evaluate our estimates, including those related to product returns and replacements, allowance for doubtful accounts, inventories, intangible assets, income taxes, warranty obligations, pension and other postretirement benefits, long-term contracts, environmental, workers compensation and general liability, aircraft product liability, employee dental and medical benefits and other contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances at the time, the results of which form the basis for making our judgments. Actual results may differ materially from these estimates under different assumptions or conditions. In some cases, such differences may be material. See Other Matters Critical Accounting Policies .

The following table reflects significant reserves and valuation accounts, which are estimates and based on judgments as described above, at December 28, 2008 and December 30, 2007:

Reserves and Valuation Accounts (a)

	2008	2007
	(In millions)	
Allowance for doubtful accounts	**$ 3.2**	$ 4.6
LIFO reserves	**$ 26.5**	$ 25.6
Other inventory reserves	**$ 31.6**	$ 23.6
Aircraft product liability reserves(b)	**$ 39.6**	$ 53.8
Workers compensation and general liability reserves(b)	**$ 12.0**	$ 10.7
Warranty reserves	**$ 14.0**	$ 11.4
Environmental reserves(b)	**$ 2.9**	$ 4.4
Other accrued liability reserves(b)	**$ 20.6**	$ 5.8

(a) This table should be read in conjunction with the Notes to Consolidated Financial Statements.

(b) Includes both long-term and short-term reserves.

Some of the Company s products are subject to specified warranties and the Company provides for the estimated cost of product warranties. We regularly assess the adequacy of our pre-existing warranty liabilities and adjust amounts as necessary based on a review of historic warranty experience with respect to the applicable business or products, as well as the length and actual terms of the warranties, which are typically

one year. The product warranty reserve is included in current accrued liabilities on the balance sheet. Changes in the Company s product warranty reserve are as follows (in millions):

	2008	2007	2006
Balance at beginning of year	**$ 11.4**	$ 11.4	$ 10.3
Accruals for product warranties charged to expense	**9.0**	7.4	9.7
Cost of product warranty claims	**(8.7)**	(7.6)	(9.1)
Acquisitions	**2.3**	0.2	0.5
Balance at year-end	**$ 14.0**	$ 11.4	$ 11.4

Critical Accounting Policies

The preparation of our consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes to the financial statements. Some of those judgments can be subjective and complex, and therefore, actual results could differ materially from those estimates under different assumptions or conditions. Our critical accounting policies are those that are reflective of significant judgment, complexity and uncertainty, and may potentially result in materially different results under different assumptions and conditions. We have identified the following as critical accounting policies: revenue recognition; aircraft product liability reserve; accounting for pension plans; accounting for business combinations, goodwill and other long-lived assets; and accounting for income taxes. For additional discussion of the application of these and other accounting policies, see Note 2 of the Notes to Consolidated Financial Statements.

Revenue Recognition

Commercial sales and sales from U.S. Government fixed-price type contracts are generally recorded as shipments are made or as services are rendered. We account for these contracts in accordance with the Securities and Exchange Commissions Staff Accounting Bulletin (SAB) No. 104, Revenue Recognition , or other relevant revenue recognition accounting literature. Occasionally, for certain fixed-price type contracts that require substantial performance over a long time period (generally one or more years), in accordance with the requirements of American Institute of Certified Public Accountants Statement of Position 81-1 Accounting for Performance of Construction-Type and Certain Production-Type Contracts, (SOP 81-1) revenues are recorded under the percentage-of-completion method. We measure the extent of progress toward completion using the units-of-delivery method, cost-to-cost method or upon attainment of scheduled performance milestones which could be time, event or expense driven. Occasionally, invoices are submitted to and paid by the customer under a contractual agreement which has a different time schedule than the related revenue recognition. Sales under cost-reimbursement contracts, usually from the U.S. Government, are recorded as allowable costs are incurred and fees are earned.

The development of cost of sales percentages used to record costs under certain fixed-price type contracts and fees under certain cost-reimbursement type contracts requires management s judgment to make reasonably dependable cost estimates for the design, manufacture and delivery of products and services, generally over a long time period. Since certain fixed-price and cost-reimbursement type contracts extend over a long period of time, the impact of revisions in cost and revenue estimates during the progress of work may adjust the current period earnings on a cumulative catch-up basis. This method recognizes in the current period the cumulative effect of the changes on current and prior quarters. For fixed-price contracts, if the current contract estimate indicates a loss, a provision is made for the total

anticipated loss in the period that it becomes evident. Contract cost and revenue estimates for significant contracts are generally reviewed and reassessed quarterly. These types of contracts and estimates are most frequently related to our sales to the U.S. Government or sales to other defense contractors for ultimate sale to the U.S. Government. For our sales to the U.S. Government in 2008, 2007 and 2006, operating income as a percent of sales did not vary by more than 0.5%. If operating income as a percent of sales to the U.S. Government had been higher or lower by 0.5% in 2008, the Company s operating income would have changed by approximately $4.7 million.

Aircraft Product Liability Reserve

We are currently involved in certain legal proceedings related to aircraft product liability claims. We have accrued an estimate for the probable costs for the resolution of these claims. At December 28, 2008, we have a reserve of $39.6 million for aircraft product liability claims, of which $2.5 is current. This estimate has been developed in consultation with our insurers, outside counsel handling our defense in these matters, historical experience, the number and nature of claims, the level of annual self-insurance retentions, past payment history and is based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. We do not believe these proceedings will have a material adverse effect on our consolidated financial position. It is possible, however, that future results of operations for any particular quarterly or annual period could be materially affected by specific events occurring in the period, changes in our assumptions, or the effectiveness of our strategies, related to these proceedings. The Company has aircraft and product liability insurance. The current annual self-insurance retention is $20.1 million compared with $21.0 million in 2007. If a significant liability claim or combination of claims were identified, even taking into account insurance coverage, operating profit in a given period could be reduced significantly. Accruals could be made in a given period for amounts up to our annual self-insurance retention. Based on the facts and circumstances of the claims, we have not always accrued amounts up to our annual self-insurance retention. Also, we cannot assure that, for 2009 and in future years, our ability to obtain insurance, or the premiums for such insurance, or the amount of our self-insured retention or reserves will not be negatively impacted by our experience in prior years or other factors. Our current aircraft product liability insurance policy expires in May 2009.

Accounting for Pension Plans

The Company accounts for its defined benefit pension plan in accordance with SFAS No. 87, Employers Accounting for Pensions, and SFAS No. 158 Employers Accounting for Defined Benefit Pension and Other Postretirement Plans An Amendment of FASB Statements No. 87, 88, 106, and 132(R), which requires that amounts recognized in financial statements be determined on an actuarial basis, rather than as contributions are made to the plan. A significant element in determining the Company s pension income or expense is the expected return on plan assets, as well as the assumed discount rate on pension liabilities. The Company has assumed, based upon the types of securities the plan assets are invested in and the long-term historical returns of these investments, that the long-term expected return on pension assets will be 8.25% in 2009 and its assumed discount rate will be 6.25% in 2009. The Company long-term expected return on pension assets used in 2008 was 8.5% and the assumed discount rate used in 2008 was 6.0%. The actual rate of return on pension assets was a negative 28.2% in 2008 and 2.5% in 2007. If the actual rate of return on pension assets is above the projection, the Company may be able to reduce its contributions to the pension trust. If the actual rate of return on pension assets is below the projection, the Company may be required to make additional contributions to the pension trust. The Company made after-tax contributions of $36.2 million to its pension benefit plans in 2008 and currently anticipates making an after-tax cash contribution of approximately $71.1 million to its pension benefit plans in 2009, before recovery from the U.S. Government, of which an after-tax cash contribution of $48.6 million was made in February 2009. The assumed long-term rate of return on assets is applied to the market-related value of plan assets at the end of the previous year. This produces the expected return on plan assets that is included in annual pension income or expense calculation for the current year. The cumulative difference between this expected return and the actual return on plan assets is deferred and amortized into pension income or expense over future periods. In accordance with the requirements of SFAS No. 158, at year-end 2008 the Company has a $191.3 million non-cash reduction to stockholders equity and a long-term additional liability of $315.0 million related to its pension plans. At year-end 2007, the Company had a $67.6 million non-cash reduction to stockholders equity and a long-term additional liability of $111.1 million related to its pension plans. See Note 12 of the Notes to Consolidated Financial Statements for additional pension disclosures.

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Differences in the discount rate and expected long-term rate of return on assets within the indicated range would have had the following impact on 2008 pension expense:

	0.25 Percentage Point Increase	0.25 Percentage Point Decrease
	$ in millions	
Increase (decrease) to pension expense resulting from:		
Change in discount rate	$ (2.1)	$ 2.2
Change in long-term rate of return on plan assets	$ (1.5)	$ (1.5)

See Note 12 of the Notes to Consolidated Financial Statements for additional pension disclosures.

Accounting for Business Combinations, Goodwill, Acquired Intangible Assets and Other Long-Lived Assets

The Company accounts for goodwill and purchased intangible assets under SFAS No. 141 Business Combinations and SFAS No. 142 Goodwill and Other Intangible Assets . In all acquisitions, the results are generally included in the Company s consolidated financial statements from the date of each respective acquisition. Business acquisitions are accounted for under the purchase method by assigning the purchase price to tangible and intangible assets acquired and liabilities assumed. Assets acquired and liabilities assumed are recorded at their fair values and the excess of the purchase price over the amounts assigned is recorded as goodwill. Purchased intangible assets with finite lives are amortized over their estimated useful lives. Adjustments to fair value assessments are recorded to goodwill over the purchase price allocation period (generally not longer than twelve months) with the exception of certain adjustments related to income tax uncertainties, the resolution of which may extend beyond the purchase price allocation period.

Goodwill and acquired intangible assets with indefinite lives are not amortized. We review goodwill and acquired indefinite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Company also performs an annual impairment test in the fourth quarter of each year. Based on the annual impairment test completed in the fourth quarter of 2008, no impairment of goodwill or intangible assets with indefinite lives was indicated. The Company estimates the fair value of the reporting units, which are our four business segments, using a discounted cash flow model based on our best estimate of amounts and timing of future revenues and cash flows and our most recent business and strategic plans, and compares the estimated fair value to the net book value of the reporting unit, including goodwill. The development of future revenue and cash flow projections for our business and strategic plan, and the annual impairment test involve significant judgments. Changes in these projections could affect the estimated fair value of certain of the Company s reporting units and could result in a goodwill impairment charge in a future period. However, a 10 percent decrease in the current fair value estimate of each of the Company s reporting units would not result in a goodwill impairment charge.

We monitor the recoverability of the carrying value of our long-lived assets. An impairment charge is recognized when events and circumstances indicate that the undiscounted cash flows expected to be generated by an asset (including any proceeds from dispositions) are less than the carrying value of the asset and the asset s carrying value is less than its fair value. Our cash flow estimates are based on historical results adjusted to reflect our best estimate of future market and operating conditions. The net carrying value of assets not recoverable is reduced to fair value. Our estimates of fair value represent our best estimate based on industry trends and reference to market rates and transactions. Our determination of what constitutes an indication of possible impairment, the estimation of future cash

flows and the determination of estimated fair value are all significant judgments.

Accounting for Income Taxes

Income tax expense and deferred tax assets and liabilities reflect management s assessment of actual future taxes to be paid on items reflected in the financial statements. Significant judgment is required in evaluating our tax positions and determining our provision for income taxes. Uncertainty exists regarding tax positions taken in previously filed tax returns still under examination and positions expected to be taken in

future returns. Deferred tax assets and liabilities arise due to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax carryforwards. Although we believe our income tax expense and deferred tax assets and liabilities are reasonable, no assurance can be given that the final tax outcome will not be different from that which is reflected in our historical income tax provisions and accruals. To the extent that the final tax outcome is different than the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate, as well as the related net interest.

Significant judgment is required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence including past operating results, estimates of future taxable income and the feasibility of tax planning strategies. In the event that we change our determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

Our effective tax rates differ from the statutory rate primarily due to the tax impact of the research and development tax credits, state taxes and tax audit settlements. The effective tax rate was 36.9%, 34.1% and 34.0% in fiscal 2008, 2007 and 2006, respectively. See New Accounting Pronouncements Adopted and Note 11 of the Notes to Consolidated Financial Statements for disclosures regarding the adoption of FIN No. 48.

Accounting Pronouncements Adopted

SFAS No. 159

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115. SFAS No. 159 permits entities to choose to measure eligible items at fair value at specified election dates and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company adopted SFAS No. 159 effective, December 31, 2007 and did not elect the fair value measurement option for any of our financial assets or liabilities.

EITF No. 07-3

In June 2007 the FASB ratified EITF No. 07-3, (EITF 07-3), Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities . EITF 07-3 requires non-refundable advance payments for goods and services to be used in future research and development activities to be recorded as an asset and the payments to be expensed when the research and development activities are performed. EITF 07-3 is effective for fiscal years beginning after December 15, 2007. The Company adopted EITF 07-3 effective December 31, 2007 and it did not have an effect on the Company s consolidated results of operations or financial position.

FIN No. 48

On January 1, 2007, Teledyne Technologies adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN No. 48). FIN No. 48 prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As a result of the implementation the Company recognized a $0.2 million increase in the liability for unrecognized tax benefits, which were accounted for as a cumulative-effect adjustment

(decrease) to the beginning balance of retained earnings. As of the date of adoption and after the impact of recognizing the increase in the liability noted above, the Company s total gross unrecognized tax benefits and related interest totaled $5.5 million.

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The following presents a rollforward of our unrecognized tax benefits (in millions):

	2008 Unrecognized Tax Benefits	2008 Interest	2007 Unrecognized Tax Benefits	2007 Interest
Beginning of year	$ 27.8	$ 0.5	$ 4.8	$ 0.7
Increase in prior year tax positions	0.2	0.3	0.3	0.3
Increase for tax positions taken during the current period	9.8	0.2	24.5	
Reduction related to settlements with taxing authorities			(0.8)	(0.2)
Reduction related to lapse of the statue of limitations	(1.0)	(0.2)	(1.0)	(0.3)
End of year	$ 36.8	$ 0.8	$ 27.8	$ 0.5

We recognized interest related to unrecognized tax benefits of $0.5 million and $0.3 million within the provision for income taxes in our statements of operations for fiscal year 2008 and 2007, respectively. As of December 28, 2008, we estimated that the entire balance of unrecognized tax benefits, if resolved in our favor, would positively impact the effective tax rate and, therefore, be recognized as additional tax benefits in our income statement.

We file income tax returns in the United States federal jurisdiction and in various states and foreign jurisdictions. Except for refund claims related to credits for research activities, the Company has substantially concluded on all U.S. federal and California income tax matters for all years through 2004. Substantially all other material state and local and foreign income tax matters have been concluded for years through 2003.

The Company anticipates the total unrecognized tax benefit may be reduced by $1.5 million due to the expiration of statutes of limitation for various federal and state tax issues in the next 12 months.

Pending Accounting Pronouncements

SFAS No. 141R

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141R, Business Combinations (SFAS No. 141R). This statement replaces FASB Statement No. 141, Business Combinations . SFAS No. 141R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statement to evaluate the nature and financial effects of the business combination. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, and accordingly will not impact the accounting for acquisitions made prior to its adoption, except for the accounting for any deferred tax valuation allowances and acquired tax contingencies related to acquisitions completed before the effective date. SFAS No. 141R, amends SFAS No. 109 to require adjustments, made after the adoption of SFAS No. 141R, for acquired deferred tax assets and income tax positions to be recognized in the income statement. For any acquisitions completed after our 2008 fiscal year, we expect SFAS No. 141R will have an impact on our consolidated financial statements, however the nature and magnitude of the specific effects will depend upon the nature, terms and size of the acquisitions we consummate.

SFAS No. 160

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (SFAS No. 160). SFAS No. 160 changes the way the consolidated income statement is presented and establishes a single method of accounting for changes in a

parent s ownership interest in a subsidiary that does not result in deconsolidation. It also requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Under the new standard, noncontrolling interests are considered equity and are to be reported as an element of stockholders equity rather than within the liability section of the balance sheet. In addition, the current practice of reporting minority interest expense or benefit also will change. Under the new standard, net income will be shown before minority interest income or expense. The income statement will include separate disclosure of the attribution of income between the controlling and noncontrolling interests. Increases and decreases in the noncontrolling ownership interest amount are to be accounted for as equity transactions. This Statement will be effective for Teledyne s 2009 fiscal year and interim periods within that fiscal year. SFAS No. 160 will be applied prospectively as of the beginning of the fiscal year 2009, except for the presentation and disclosure requirements. The presentation and disclosure requirements must be applied retrospectively for all periods presented. As of December 28, 2008, other long-term liabilities included $5.2 million for minority interests. The Company is currently evaluating the impact of adopting this Statement.

SFAS No. 157

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, (SFAS No. 157) which defines fair value, establishes a framework in generally accepted accounting principles for measuring fair value, and expands disclosures about fair value measurements. This standard only applies when other standards require or permit the fair value measurement of assets and liabilities. It does not increase the use of fair value measurement. SFAS No. 157 is effective for financial assets and financial liabilities for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FASB Staff Position 157-1 Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13 (FSP 157-1) which removed leasing transactions accounted for under SFAS No. 13 and related guidance from the scope of SFAS No. 157. Also in February 2008, the FASB issued FSP 157-2 Partial Deferral of the Effective Date of Statement No. 157 (FSP 157-2), deferred the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008. The implementation of SFAS No. 157 for financial assets and financial liabilities, effective December 31, 2007, did not have a material impact on our consolidated financial position and results of operations. The Company is currently assessing the impact of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities on its consolidated financial position and results of operations.

Safe Harbor Cautionary Statement Regarding Forward-Looking Data

This Management s Discussion and Analysis of Financial Condition and Results of Operation contains forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, directly and indirectly relating to earnings, growth opportunities, capital expenditures, pension matters, stock option compensation expense, taxes and strategic plans. All statements made in this Management s Discussion and Analysis of Financial Condition and Results of Operation that are not historical in nature should be considered forward-looking. Actual results could differ materially from these forward-looking statements. Many factors, including continuing disruptions in the global economy and insurance and credit markets, changes in demand for products sold to the defense electronics, instrumentation and energy exploration and production, commercial aviation, semiconductor and communications markets, funding, continuation and award of government programs, continued liquidity of our customers (including commercial and military aviation customers) and availability of credit to our customers, could change the anticipated results. Increasing fuel costs could negatively affect the markets of our commercial aviation businesses. In addition, financial market fluctuations affect the value of our pension assets.

Global responses to terrorism and other perceived threats increase uncertainties associated with forward-looking statements about our businesses. Various responses to terrorism and perceived threats could realign government programs, and affect the composition, funding or timing of our programs. Flight restrictions would negatively impact

the market for general aviation aircraft piston engines and components. The new leadership

of the U.S. Government could result, over time, in reductions in defense spending and further changes in programs in which the Company participates.

The Company continues to take action to assure compliance with the internal controls, disclosure controls and other requirements of the Sarbanes-Oxley Act of 2002. While we believe our control systems are effective, there are inherent limitations in all control systems, and misstatements due to error or fraud may occur and may not be detected.

While Teledyne Technologies growth strategy includes possible acquisitions, we cannot provide any assurance as to when, if or on what terms any acquisitions will be made. Acquisitions involve various inherent risks, such as, among others, our ability to integrate acquired businesses, retain customers and achieve identified financial and operating synergies. There are additional risks associated with acquiring, owning and operating businesses outside of the United States, including those arising from U.S. and foreign government policy changes or actions and exchange rate fluctuations.

Additional information concerning factors that could cause actual results to differ materially from those projected in the forward-looking statements is contained beginning on page 15 of this Form 10-K under the caption Risk Factors; Cautionary Statements as to Forward-Looking Statements. Forward-looking statements are generally accompanied by words such as estimate , project , predict , believes or expect , that convey the uncertainty of future events or outco We assume no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or otherwise.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The information required by this item is included in this Report at page 52 under the caption Other Matters Hedging Activities; Market Risk Disclosures of Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operation.

Item 8. Financial Statements and Supplementary Data.

The information required by this item is included in this Report at pages 67 through 106. See the Index to Financial Statements and Related Information at page 66.

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

None.

Item 9A. Controls and Procedures.

Disclosure Controls

Teledyne s disclosure controls and procedures are designed to ensure that information required to be disclosed in reports that it files or submits, under the Securities Exchange Act of 1934, was recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and to provide reasonable assurance that information required to be disclosed by us in such reports is accumulated and communicated to the Company s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. The Company s Chairman, President and Chief Executive Officer and Senior Vice President and Chief Financial Officer, with the participation and assistance of other members of management, have evaluated the effectiveness, as of December 28, 2008, of the Company s disclosure controls and procedures, as that term is defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934, as

amended (the Exchange Act). Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that the disclosure controls and procedures as of December 28, 2008, are effective.

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Internal Controls

See Management Statement on page 67 for management s annual report on internal control over financial reporting. See Report of Independent Registered Public Accounting Firm on page 68 for Ernst & Young LLP s attestation report on management s assessment of internal control over financial reporting.

There was no change in the Company s internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended December 28, 2008, that has materially affected, or is reasonably likely to materially effect, the Company s internal control over financial reporting. There also were no significant deficiencies or material weaknesses identified for which corrective action needed to be taken.

Sarbanes-Oxley Disclosure Committee

The Company s Sarbanes-Oxley Disclosure Committee include the following members:

Stephen F. Blackwood, Vice President and Treasurer
Ivars R. Blukis, Chief Business Risk Assurance Officer (Internal Audit)
Melanie S. Cibik, Vice President, Associate General Counsel and Assistant Secretary
John T. Kuelbs, Executive Vice President, General Counsel and Secretary
Brian A. Levan, Director of External Financial Reporting and Assistant Controller
Susan L. Main, Vice President and Controller
Robyn E. McGowan, Vice President, Administration and Human Resources and Assistant Secretary
S. Paul Sassalos, Senior Corporate Counsel
Dale A. Schnittjer, Senior Vice President and Chief Financial Officer
Jason VanWees, Vice President, Corporate Development and Investor Relations

Among its tasks, the Sarbanes-Oxley Disclosure Committee discusses and reviews disclosure issues to help us fulfill our disclosure obligations on a timely basis in accordance with SEC rules and regulations and is intended to be used as an additional resource for employees to raise questions regarding accounting, auditing, internal controls and disclosure matters. Our toll-free Ethics Help Line (1-877-666-6968) continues to be an alternative means to communicate concerns to the Company s management.

Item 9B. Other Information.

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

In addition to the information set forth under the caption Executive Management beginning at page 13 in Part I of this Report, the information required by this item is set forth in the 2009 Proxy Statement under the captions Item 1 on Proxy Card Election of Directors, Board Composition and Practices, Corporate Governance, Committees of Our Board of Directors Audit Committee and Report of the Audit Committee and Stock Ownership Sections 16(a) Beneficial Ownership Reporting Compliance. Other than the Report of the Audit Committee, this information is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this item is set forth in the 2009 Proxy Statement under the captions Executive and Director Compensation Compensation Committee Interlocks and Insider Participation and Personnel and Compensation Committee Report. Other than the Personnel and Compensation Committee Report, this information is incorporated herein by reference.

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

Except for the table below, the information required by this item is set forth in the 2009 Proxy Statement under the caption Stock Ownership Information.

Equity Compensation Plans Information

The following table summarizes information with respect to equity compensation plans as of December 28, 2008:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Options, Warrants or Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans [excluding securities reflected in column (a)] (c)

Equity compensation plans approved by security holders:				
1999 Incentive Plan(1)	1,086,607	$	32.65	
2002 Stock Incentive Plan(1)	1,321,863		29.54	
2008 Incentive Plan(2)	7,426		42.23	1,600,402
1999 Non-Employee Director Stock Compensation Plan(1)	316,076		20.17	
Employee Stock Purchase Plan(3)				1,000,000
Equity compensation plans not approved by security holders				
Total	2,731,972	$	29.73	2,600,402

(1) The 1999 Incentive Plan, the 2002 Stock Incentive Plan and the 1999 Non-Employee Director Stock Compensation Plan terminated following stockholder approval of the 2008 Incentive Award Plan at our 2008 Annual Meeting of Stockholders, and no additional awards under these plans may be made thereafter.

(2) The amount includes: up to 285,301 shares of our common stock potentially issuable at December 28, 2008 under our Performance Share Plan (PSP) for the 2006-2008 performance cycle, of which 53,834 shares were issued on February 2, 2009 with respect to the first installment thereto.

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(3) We maintain an Employee Stock Purchase Plan (commonly known as The Stock Advantage Plan) for eligible employees. It enables employees to invest in our common stock through automatic, after-tax payroll deductions, within specified limits. We add a 25% matching company contribution up to $1,200 annually. Our contribution is currently paid in cash and the plan administrator purchases shares of our common stock in the open market.

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

The information required by this item is set forth in the 2009 Proxy Statement under the captions Corporate Governance and Certain Transactions and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information required by this item is set forth in the 2009 Proxy Statement under the captions Fees Billed by Independent Registered Public Accounting Firm and Audit Committee Pre-Approval Policies under Item 2 on Proxy Card Ratification of Appointment of Independent Registered Public Accounting Firm and is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Exhibits and Financial Statement Schedules:

(1) Financial Statements

See the Index to Financial Statements and Related Information at page 66 of this Report, which is incorporated herein by reference.

(2) Financial Statement Schedules

See Schedule II captioned Valuation and Qualifying Accounts at page 106 of this Report, which is incorporated herein by reference.

(3) Exhibits

A list of exhibits filed with this Form 10-K or incorporated by reference is found in the Exhibit Index immediately following the certifications of this Report and incorporated herein by reference.

(b) Exhibits:

See Item 15(a)(3) above.

(c) Financial Schedules:

See Item 15(a)(2) above.

INDEX TO FINANCIAL STATEMENTS AND RELATED INFORMATION

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MANAGEMENT STATEMENT

RESPONSIBILITY FOR PREPARATION OF THE FINANCIAL STATEMENTS AND ESTABLISHING AND MAINTAINING ADEQUATE INTERNAL CONTROL OVER FINANCIAL REPORTING

We are responsible for the preparation of the financial statements included in this Annual Report. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and include amounts that are based on the best estimates and judgments of management. The other financial information contained in this Annual Report is consistent with the financial statements.

Our internal control system is designed to provide reasonable assurance concerning the reliability of the financial data used in the preparation of Teledyne Technologies financial statements, as well as to safeguard the Company s assets from unauthorized use or disposition.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement presentation.

REPORT OF MANAGEMENT ON TELEDYNE TECHNOLOGIES INCORPORATED S INTERNAL CONTROL OVER FINANCIAL REPORTING

We are also responsible for establishing and maintaining adequate internal control over financial reporting. We conducted an evaluation of the effectiveness of the Company s internal control over financial reporting as of December 28, 2008. In making this evaluation, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control Integrated Framework. Our evaluation included reviewing the documentation of our controls, evaluating the design effectiveness of our controls and testing their operating effectiveness. Our evaluation did not include assessing the effectiveness of internal control over financial reporting for the 2008 acquisitions of assets of Webb, Filtronic, Cormon, Odom and Demo, which are included in the 2008 consolidated financial statements of the Company and constituted: $86.7 million and $74.3 million of total and net assets, respectively, as of December 28, 2008 and: $17.0 million and $0.8 million of total revenues and net loss, respectively, for the year then ended. We did not assess the effectiveness of internal control over financial reporting at these newly acquired entities due to the insufficient time between the date acquired and year-end and the complexity associated with assessing internal controls during integration efforts making the process impractical. Based on this evaluation we believe that, as of December 28, 2008, the Company s internal controls over financial reporting were effective.

Ernst and Young LLP, an independent registered public accounting firm, has issued their report on the effectiveness of Teledyne Technologies internal control over financial reporting. Their report appears on page 68 of this Annual Report.

Date: February 23, 2009

/s/ Robert Mehrabian
Robert Mehrabian
Chairman, President and Chief Executive Officer

Date: February 23, 2009

/s/ Dale A. Schnittjer
Dale A. Schnittjer
Senior Vice President and Chief Financial Officer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Stockholders of
Teledyne Technologies Incorporated

We have audited Teledyne Technologies Incorporated s internal control over financial reporting as of December 28, 2008, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Teledyne Technologies Incorporated s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Teledyne Technologies Incorporated s Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

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

As indicated in the accompanying Report of Management on Teledyne Technologies Incorporated s Internal Control Over Financial Reporting, management s assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the recent acquisitions of assets of Webb Research Corp., the Defense Electronics business of Filtronic PLC, Cormon Limited and Cormon Technology Limited, Odom Hydrographic Systems, Inc. and Demo Systems LLC, which are included in the 2008 consolidated financial statements of Teledyne Technologies Incorporated and constituted $86.7 million and $74.3 million of total and net assets, respectively, as of December 28, 2008 and $17.0 million and $0.8 million of revenues and net loss, respectively, for the year then ended. Our audit of internal control over financial reporting of Teledyne Technologies Incorporated also did not include an evaluation of the internal control over financial reporting of Webb, the Defense

Electronics business of Filtronic PLC, Cormon, Odom and Demo.

In our opinion, Teledyne Technologies Incorporated maintained, in all material respects, effective internal control over financial reporting as of December 28, 2008, based on the COSO criteria.

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We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Teledyne Technologies Incorporated as of December 28, 2008 and December 30, 2007, and the related consolidated statements of income, stockholders equity, and cash flows for each of the three years in the period ended December 28, 2008 of Teledyne Technologies Incorporated and our report dated February 23, 2009 expressed an unqualified opinion thereon. Our audits also included the financial statement schedule listed in the index at Item 15(a) and our report dated February 23, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
February 23, 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Teledyne Technologies Incorporated

We have audited the accompanying consolidated balance sheets of Teledyne Technologies Incorporated as of December 28, 2008 and December 30, 2007, and the related consolidated statements of income, stockholders equity, and cash flows for each of the three years in the period ended December 28, 2008. Our audits also included the financial statement schedule listed in the index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Teledyne Technologies Incorporated at December 28, 2008 and December 30, 2007, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 28, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 8 to the consolidated financial statements, the Company changed its method of accounting for Share-Based Payments in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004) on January 2, 2006. As discussed in Note 12 to the consolidated financial statements, the Company changed its method of accounting for its defined-benefit pension and other postretirement plans in accordance with Statement of Financial Accounting Standards No. 158 on December 31, 2006. As discussed in Note 2 to the consolidated financial statements, the Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN No. 48) on January 1, 2007.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Teledyne Technologies Incorporated s internal control over financial reporting as of December 28, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
February 23, 2009

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TELEDYNE TECHNOLOGIES INCORPORATED

CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per-share amounts)

	2008	2007	2006
Sales	**$ 1,893.0**	$ 1,622.3	$ 1,433.2
Costs and Expenses			
Cost of sales	**1,339.5**	1,136.4	1,020.2
Selling, general and administrative expenses	**364.6**	323.6	287.9
Total costs and expenses	**1,704.1**	1,460.0	1,308.1
Income before other income and expense and income taxes	**188.9**	162.3	125.1
Interest and debt expense, net	**(10.9)**	(12.5)	(7.4)
Minority interest	**(2.3)**	(3.4)	(1.0)
Other income, net	**0.6**	2.9	5.0
Income before income taxes	**176.3**	149.3	121.7
Provision for income taxes	**65.0**	50.8	41.4
Net income	**$ 111.3**	$ 98.5	$ 80.3
Basic earnings per common share	**$ 3.14**	$ 2.82	$ 2.34
Diluted earnings per common share	**$ 3.05**	$ 2.72	$ 2.26

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

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TELEDYNE TECHNOLOGIES INCORPORATED

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	2008	2007
Assets		
Cash and cash equivalents	**$ 20.4**	$ 13.4
Accounts receivable, net	**281.4**	241.1
Inventories, net	**207.0**	174.6
Deferred income taxes, net	**42.6**	34.5
Prepaid expenses and other current assets	**41.6**	13.1
Total current assets	**593.0**	476.7
Property, plant and equipment, net	**202.6**	177.2
Deferred income taxes, net	**89.2**	56.9
Goodwill, net	**502.5**	351.6
Acquired intangibles, net	**117.0**	61.7
Other assets, net	**30.2**	35.3
Total Assets	**$ 1,534.5**	$ 1,159.4
Liabilities and Stockholders Equity		
Accounts payable	**$ 108.2**	$ 105.1
Accrued liabilities	**202.4**	157.1
Current portion of long-term debt and capital lease	**1.1**	0.8
Total current liabilities	**311.7**	263.0
Long-term debt and capital lease obligations	**332.1**	142.4
Accrued pension obligation	**227.9**	74.3
Accrued postretirement benefits	**16.7**	22.9
Other long-term liabilities	**116.1**	126.6
Total Liabilities	**1,004.5**	629.2
Commitments and Contingencies		
Stockholders equity		
Preferred stock, $0.01 par value; outstanding shares none		
Common stock, $0.01 par value; authorized 125 million shares; Outstanding shares: 2008 35,926,224 and 2007 35,150,117	**0.4**	0.4
Additional paid-in capital	**240.0**	206.9
Retained earnings	**495.4**	384.1
Accumulated other comprehensive loss	**(205.8)**	(61.2)
Total Stockholders Equity	**530.0**	530.2

Total Liabilities and Stockholders Equity	**$ 1,534.5**	$ 1,159.4

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

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TELEDYNE TECHNOLOGIES INCORPORATED

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
(In millions)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders Equity
Balance, January 1, 2006	$ 0.3	$ 159.4	$ 205.5	$ (39.2)	$ 326.0
Net income			80.3		80.3
Other comprehensive loss, net of tax:					
Foreign currency translation losses				1.4	1.4
Minimum pension liability adjustment				36.6	36.6
Comprehensive income			80.3	38.0	118.3
Cumulative effect of the adoption of SFAS No. 158				(41.1)	(41.1)
Stock option compensation expense		5.9			5.9
Exercise of stock options and other, net		22.7			22.7
Balance, December 31, 2006	0.3	188.0	285.8	(42.3)	431.8
Net income			98.5		98.5
Cumulative effect of the adoption of FIN No. 48			(0.2)		(0.2)
Other comprehensive loss, net of tax:					
Foreign currency translation gains				0.4	0.4
Minimum benefit plan liability adjustment				(19.3)	(19.3)
Comprehensive income			98.3	(18.9)	79.4
Stock option compensation expense		6.8			6.8
Exercise of stock options and other, net	0.1	12.1			12.2
Balance, December 30, 2007	**0.4**	**206.9**	**384.1**	**(61.2)**	**530.2**
Net income			**111.3**		**111.3**
Other comprehensive loss, net of tax:					
Foreign currency translation losses				**(23.4)**	**(23.4)**
Minimum benefit plan liability adjustment				**(121.2)**	**(121.2)**
Comprehensive loss			**111.3**	**(144.6)**	**(33.3)**
Stock option compensation expense		**7.5**			**7.5**
Exercise of stock options and other, net		**25.6**			**25.6**

Balance, December 28, 2008	$	**0.4**	**$**	**240.0**	**$**	**495.4**	**$**	**(205.8)**	**$**	**530.0**

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

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TELEDYNE TECHNOLOGIES INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	2008	2007	2006
Operating activities			
Net income	**$ 111.3**	$ 98.5	$ 80.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of assets	**47.3**	34.7	32.0
Deferred income taxes	**(41.0)**	(21.3)	(12.1)
Stock option expense	**7.5**	6.8	5.9
Minority interest	**2.3**	3.2	1.0
Excess income tax benefits from stock options	**(10.3)**	(3.6)	(8.6)
Changes in operating assets and liabilities, excluding the effect of businesses acquired:			
Increase in accounts receivable	**(16.0)**	(8.7)	(17.5)
Increase in inventories	**(2.3)**	(10.2)	(23.2)
Decrease (increase) in prepaid expenses and other assets	**(2.0)**	0.8	1.7
Decrease (increase) in long-term assets	**5.2**	(6.9)	(3.2)
Increase (decrease) in accounts payable	**(6.1)**	8.7	8.7
Increase in accrued liabilities	**25.3**	25.0	8.3
Decrease (increase) in current income taxes payable, net	**(6.7)**	6.3	3.8
Increase (decrease) in other long-term liabilities	**(16.2)**	17.2	6.4
Decrease in accrued postretirement benefits	**(6.2)**	(1.5)	(3.7)
Increase (decrease) in accrued pension obligation	**32.4**	17.0	(1.6)
Other operating, net	**(4.1)**	0.7	0.2
Net cash provided by operating activities	**120.4**	166.7	78.4
Investing activities			
Purchases of property, plant and equipment	**(41.9)**	(40.3)	(26.4)
Purchase of businesses and other investments, net of cash acquired	**(285.1)**	(48.1)	(252.0)
Proceeds from sale of assets	**0.4**	0.8	0.7
Net cash used by investing activities	**(326.6)**	(87.6)	(277.7)
Financing activities			
Net proceeds from (repayments of) long-term debt	**189.9**	(88.8)	182.1
Tax benefit from stock options exercised	**10.3**	3.6	8.6
Proceeds from exercise of stock options	**13.0**	6.5	12.3
Net cash provided (used) by financing activities	**213.2**	(78.7)	203.0

Increase (decrease) in cash and cash equivalents		**7.0**		0.4		3.7
Cash and cash equivalents beginning of year		**13.4**		13.0		9.3
Cash and cash equivalents end of year	**$**	**20.4**	$	13.4	$	13.0

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

TELEDYNE TECHNOLOGIES INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of Business

Effective November 29, 1999 (the Distribution Date), Teledyne Technologies Incorporated (Teledyne or the Company), became an independent, public company as a result of the distribution by Allegheny Teledyne Incorporated, now known as Allegheny Technologies Incorporated (ATI), of the Company s Common Stock, $.01 par value per share, to holders of ATI Common Stock at a distribution ratio of one for seven (the spin-off). The spin-off has been treated as a tax-free distribution for federal income tax purposes. The spin-off included the transfer of certain of the businesses of ATI s Aerospace and Electronics segment to the new corporation, immediately prior to the Distribution Date. ATI no longer has a financial investment in Teledyne.

Teledyne is a leading provider of sophisticated electronic components and subsystems, instrumentation and communications products, including defense electronics, monitoring and control instrumentation for marine, environmental and industrial applications, harsh environment interconnect products, data acquisition and communications equipment for air transport and business aircraft, and components and subsystems for wireless and satellite communications. We also provide engineered systems and information technology services for defense, space, environmental and nuclear applications, manufacture general aviation engines and components, and supply energy generation, energy storage and small propulsion products.

Teledyne serves niche market segments where performance, precision and reliability are critical. Teledyne s customers include government agencies, aerospace prime contractors, energy exploration and production companies, major industrial companies, and airlines and general aviation companies.

Teledyne consists of the operations of the Electronics and Communications segment with operations in the United States, United Kingdom, Mexico, Singapore, China and France; the Engineered Systems segment with operations in the United States; the Aerospace Engines and Components segment with operations in the United States; and the Energy and Power Systems segment with operations in the United States.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Teledyne and all wholly-owned and majority-owned domestic and foreign subsidiaries. Intercompany accounts and transactions have been eliminated.

Fiscal Year

The Company operates on a 52 or 53-week fiscal year convention ending on the Sunday nearest to December 31. Fiscal year 2008 was a 52-week fiscal year and ended on December 28, 2008. Fiscal year 2007 was a 52-week fiscal year and ended on December 30, 2007. Fiscal year 2006 was a 52-week fiscal year and ended on December 31, 2006. References to the years 2008, 2007 and 2006 are intended to refer to the respective fiscal year unless otherwise noted.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to product returns and replacements, allowance for doubtful accounts, inventories, intangible assets, income taxes, warranty obligations, pension and other postretirement benefits, long-term contracts, environmental, workers compensation and general liability, aircraft product liability, employee dental and medical benefits and other contingencies, and litigation. The Company bases its

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estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances at the time, the results of which form the basis for making its judgments. Actual results may differ materially from these estimates under different assumptions or conditions. Management believes that the estimates are reasonable.

Revenue Recognition

Commercial sales and revenue from U.S. Government fixed-price-type contracts generally are recorded as shipments are made, as services are rendered or in some cases, on a percentage-of-completion basis. Sales under cost-reimbursement contracts are recorded as work is performed. The Company follows the requirements of Securities and Exchange Commission Staff Accounting Bulletin No. 104 on revenue recognition. Occasionally, for certain fixed-price type contracts that require substantial performance over a long time period (generally one or more years), in accordance with the requirements of Statement of Position 81-1 Accounting for Performance of Construction-Type and Certain Production-Type Contracts, revenues are recorded under the percentage-of-completion method. We measure the extent of progress toward completion using the units-of-delivery method, cost-to-cost method or based upon attainment of scheduled performance milestones which could be time, event or expense driven. Occasionally, invoices are submitted to be paid by the customer under a contractual agreement which has a different time schedule than the related revenue recognition. Since certain contracts extend over a long period of time, all revisions in cost and revenue estimates during the progress of work have the effect of adjusting the current period earnings on a cumulative catch-up basis. If the current contract estimate indicates a loss, provision is made for the total anticipated loss in the period that it becomes evident. Sales under cost-reimbursement contracts are recorded as allowable costs are incurred and fees are earned.

Shipping and Handling

Shipping and handling fees charged to customers are classified as revenue while shipping and handling costs retained by Teledyne are classified as cost of sales in the accompanying consolidated statements of income.

Product Warranty and Recall and Replacement Costs

Some of the Company s products are subject to specified warranties and the Company provides for the estimated cost of product warranties. The adequacy of the preexisting warranty liabilities is assessed regularly and the reserve is adjusted as necessary based on a review of historic warranty experience with respect to the applicable business or products, as well as the length and actual terms of the warranties, which are typically one year. The product warranty reserve is included in current accrued liabilities on the balance sheet. Changes in the Company s product warranty reserve are as follows (in millions):

	2008	2007	2006
Balance at beginning of year	**$ 11.4**	$ 11.4	$ 10.3
Accruals for product warranties charged to expense	**9.0**	7.4	9.7
Cost of product warranty claims	**(8.7)**	(7.6)	(9.1)
Acquisitions	**2.3**	0.2	0.5
Balance at year-end	**$ 14.0**	$ 11.4	$ 11.4

The Company establishes reserves for product returns and replacements on a product-specific basis when circumstances giving rise to the return become known. Facts and circumstances related to a return, including where the product affected by the return is located (e.g., the end user, customers inventory, or in Teledyne s inventory), cost estimates to return, repair and/or replace the product are considered when establishing a product return reserve. The reserve is reevaluated each period and is adjusted when the reserve is either not sufficient to cover or exceeds the estimated product return expenses. The Company recorded an $18.0 million charge in 2008 for a product recall and replacement program. The Company had no such charges in 2007 or 2006.

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Research and Development

Selling, general and administrative expenses include company-funded research and development and bid and proposal costs which are expensed as incurred and were $65.6 million in 2008, $59.7 million in 2007, and $52.5 million in 2006. Costs related to customer-funded research and development contracts were $330.2 million in 2008, $295.4 million in 2007, and $254.5 million in 2006 and are charged to cost of sales as the related sales are recorded. A portion of the costs incurred for company-funded research and development is recoverable through overhead cost allocations on government contracts.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes. Under this method, deferred income tax assets and liabilities are determined on the estimated future tax effects of differences between the financial reporting and tax basis of assets and liabilities given the application of enacted tax laws. Deferred income tax provisions and benefits are based on changes to the asset or liability from year to year. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized.

In July 2006 the FASB issued Interpretation FIN No. 48, Accounting for Uncertainty in Income Taxes An Interpretation of FASB Statement No. 109, (FIN No. 48). FIN No. 48 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise s financial statements in accordance with SFAS No. 109. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of FIN No. 48 and in subsequent periods. We adopted FIN No. 48 effective January 1, 2007 and the provisions of FIN No. 48 have been applied to all income tax positions commencing from that date. We recognize potential accrued interest and penalties related to unrecognized tax benefits within operations as income tax expense. As a result of the implementation the Company recognized a $0.2 million increase in the liability for unrecognized tax benefits, which was accounted for as a cumulative-effect adjustment (decrease) to the beginning balance of retained earnings.

Prior to 2007 we determined our tax contingencies in accordance with SFAS No. 5, Accounting for Contingencies. We recorded estimated tax liabilities to the extent the contingencies were probable and could be reasonably estimated.

Net Income Per Common Share

Basic and diluted earnings per share were computed based on net earnings. The weighted average number of common shares outstanding during the period was used in the calculation of basic earnings per share. This number of shares was increased by contingent shares that could be issued under various compensation plans as well as by the dilutive effect of stock options based on the treasury stock method in the calculation of diluted earnings per share.

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The following table sets forth the computations of basic and diluted earnings per share (amounts in millions, except per share data):

	2008	2007	2006
Basic earnings per share			
Net income	**$ 111.3**	$ 98.5	$ 80.3
Weighted average common shares outstanding	**35.5**	34.9	34.3
Basic earnings per common share	**$ 3.14**	$ 2.82	$ 2.34
Diluted earnings per share			
Net income	**$ 111.3**	$ 98.5	$ 80.3
Weighted average common shares outstanding	**35.5**	34.9	34.3
Dilutive effect of contingently issuable shares	**1.0**	1.3	1.2
Weighted average diluted common shares outstanding	**36.5**	36.2	35.5
Diluted earnings per common share	**$ 3.05**	$ 2.72	$ 2.26

For 2008, 194,897 stock options were excluded in the computation of diluted earnings per share because they had exercise prices that were greater than the average market price of the Company s common stock during 2008. For 2007 and 2006, no stock options were excluded in the computation of diluted earnings per share.

Stock options to purchase 2.5 million, 3.0 million and 2.8 million shares of common stock at fiscal year-end 2008, 2007, and 2006, respectively, had exercise prices that were less than the average market price of the Company s common stock during the respective periods and are included in the computation of diluted earnings per share.

In addition 5,902 and 85,608 contingent shares of the Company s common stock under a compensation plan were excluded from fully diluted shares outstanding for 2008 and 2006, respectively, since performance and other conditions for issuance have not yet been met. No shares were excluded for 2007.

Accounts Receivable

Receivables are presented net of a reserve for doubtful accounts of $3.2 million at December 28, 2008 and $4.6 million at December 30, 2007. Expense recorded for the reserve for doubtful accounts was $1.0 million, $2.3 million, and $1.3 million for 2008, 2007, and 2006, respectively. An allowance for doubtful accounts is established for losses expected to be incurred on accounts receivable balances. Judgment is required in the estimation of the allowance and is based upon specific identification, collection history and creditworthiness of the debtor. The Company markets its products and services principally throughout the United States, Europe, Japan and Canada to commercial customers and agencies of, and prime contractors to, the U.S. Government. Trade credit is extended based upon evaluations of each customer s ability to perform its obligations, which are updated periodically.

Cash Equivalents

Cash equivalents consist of highly liquid money-market mutual funds and bank deposits with initial maturities of three months or less. Cash equivalents totaled $0.6 million at December 28, 2008 and $1.0 million at December 30, 2007.

Inventories

Inventories are stated at the lower of cost or market, less progress payments. The majority of inventory values are stated at cost based on the last-in, first-out method, while the remainder are principally valued on

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an average cost, or first-in, first-out method. Costs include direct material, direct labor, applicable manufacturing and engineering overhead, and other direct costs.

Property, Plant and Equipment

Property, plant and equipment is capitalized at cost. Property, plant and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization are determined using a combination of accelerated and straight-line methods over the estimated useful lives of the various asset classes. Buildings are depreciated over periods not exceeding 45 years, equipment over 5 to 18 years, computer hardware and software over 3 to 5 years and leasehold improvements over the shorter of their estimated remaining lives or lease terms. Significant improvements are capitalized while maintenance and repairs are charged to operations as incurred. Depreciation expense on property, plant and equipment, including assets under capital leases, was $31.5 million in 2008, $28.3 million in 2007 and $24.3 million in 2006.

Goodwill and Other Intangible Assets

The Company accounts for goodwill and purchased intangible assets under SFAS No. 141 Business Combinations and SFAS No. 142 Goodwill and Other Intangible Assets . Using the two-step goodwill impairment model approach outlined in SFAS No. 142, the Company performs an annual impairment test in the fourth quarter of each year, or more often as circumstances require. The two-step impairment test is used to first identify potential goodwill impairment and then measure the amount of goodwill impairment loss, if any. When it is determined that an impairment has occurred, an appropriate charge to operations is recorded. Based on the annual impairment test completed in the fourth quarter of 2008, no impairment of goodwill or intangible assets was indicated.

Business acquisitions are accounted for under the purchase method by assigning the purchase price to tangible and intangible assets acquired and liabilities assumed. Assets acquired and liabilities assumed are recorded at their fair values and the excess of the purchase price over the amounts assigned is recorded as goodwill. Purchased intangible assets with finite lives are amortized over their estimated useful lives. Goodwill and intangible assets with indefinite lives are not amortized, but tested at least annually for impairment.

Other Long-Lived Assets

The carrying value of long-lived assets is periodically evaluated in relation to the operating performance and sum of undiscounted future cash flows of the underlying businesses. An impairment loss is recognized when the sum of expected undiscounted future net cash flows is less than book value.

Environmental

Costs that mitigate or prevent future environmental contamination or extend the life, increase the capacity or improve the safety or efficiency of property utilized in current operations are capitalized. Other costs that relate to current operations or an existing condition caused by past operations are expensed. Environmental liabilities are recorded when the Company s liability is probable and the costs are reasonably estimable, but generally not later than the completion of the feasibility study or the Company s recommendation of a remedy or commitment to an appropriate plan of action. The accruals are reviewed periodically and, as investigations and remediations proceed, adjustments are made as necessary. Accruals for losses from environmental remediation obligations do not consider the effects of inflation, and anticipated expenditures are not discounted to their present value. The accruals are not reduced by possible recoveries from insurance carriers or other third parties, but do reflect anticipated allocations among potentially responsible parties at federal Superfund sites or similar state-managed sites and an assessment of the likelihood that such parties will fulfill their obligations at such sites. The measurement of environmental liabilities by

the Company is based on currently available facts, present laws and regulations, and current technology. Such estimates take into consideration the Company s prior experience in site investigation and remediation, the data concerning cleanup costs available from other companies and regulatory authorities, and the professional judgment of the Company s environmental personnel in consultation with outside environmental specialists, when necessary.

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Foreign Currency Translation

The Company s foreign entities accounts are generally measured using local currency as the functional currency. Assets and liabilities of these entities are translated at the exchange rate in effect at year-end. Revenues and expenses are translated at average month end rates of exchange prevailing during the year. Unrealized translation gains and losses arising from differences in exchange rates from period to period are included as a component of accumulated other comprehensive income in stockholders equity. Most of the Company s sales are denominated in U.S. dollars which mitigates the effect of exchange rate changes.

Accounting Pronouncements Adopted

SFAS No. 159

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115. SFAS No. 159 permits entities to choose to measure eligible items at fair value at specified election dates and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company adopted SFAS No. 159 effective, December 31, 2007 and did not elect the fair value measurement option for any of its financial assets or liabilities.

EITF No. 07-3

In June 2007 the FASB ratified EITF No. 07-3, (EITF 07-3), Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities . EITF 07-3 requires non-refundable advance payments for goods and services to be used in future research and development activities to be recorded as an asset and the payments to be expensed when the research and development activities are performed. EITF 07-3 is effective for fiscal years beginning after December 15, 2007. The Company adopted EITF 07-3 effective December 31, 2007 and it did not have an effect on the Company s consolidated results of operations or financial position.

Pending Accounting Pronouncements

SFAS No. 141R

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141R, Business Combinations (SFAS No. 141R). This statement replaces FASB Statement No. 141, Business Combinations . SFAS No. 141R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, and accordingly will not impact the accounting for acquisitions made prior to its adoption, except for the accounting for any deferred tax valuation allowances and acquired tax contingencies related to acquisitions completed before the effective date. SFAS No. 141R, amends SFAS No. 109 to require adjustments, made after the adoption of SFAS No. 141R, for acquired deferred tax assets and income tax positions to be recognized in the income statement. For any acquisitions completed after our 2008 fiscal year, we expect SFAS No. 141R will have an impact on our consolidated financial statements, however the nature and magnitude of the specific effects will depend upon the nature, terms and size of the acquisitions we consummate.

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SFAS No. 160

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (SFAS No. 160). SFAS No. 160 changes the way the consolidated income statement is presented and establishes a single method of accounting for changes in a parent s ownership interest in a subsidiary that does not result in deconsolidation. It also requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Under the new standard, noncontrolling interests are considered equity and are to be reported as an element of stockholders equity rather than within the liability section of the balance sheet. In addition, the current practice of reporting minority interest expense or benefit also will change. Under the new standard, net income will be shown before minority interest income or expense. The income statement will include separate disclosure of the attribution of income between the controlling and noncontrolling interests. Increases and decreases in the noncontrolling ownership interest amount are to be accounted for as equity transactions. This Statement will be effective for Teledyne s 2009 fiscal year and interim periods within that fiscal year. SFAS No. 160 will be applied prospectively as of the beginning of the fiscal year 2009, except for the presentation and disclosure requirements. The presentation and disclosure requirements must be applied retrospectively for all periods presented. As of December 28, 2008, other long-term liabilities included $5.2 million for minority interests. The Company is currently evaluating the impact of adopting this Statement.

SFAS No. 157

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, (SFAS No. 157) which defines fair value, establishes a framework in generally accepted accounting principles for measuring fair value, and expands disclosures about fair value measurements. This standard only applies when other standards require or permit the fair value measurement of assets and liabilities. It does not increase the use of fair value measurement. SFAS No. 157 is effective for financial assets and financial liabilities for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FASB Staff Position 157-1 Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13 (FSP 157-1) which removed leasing transactions accounted for under SFAS No. 13 and related guidance from the scope of SFAS No. 157. Also in February 2008, the FASB issued FSP 157-2 Partial Deferral of the Effective Date of Statement No. 157 (FSP 157-2), deferred the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008. The implementation of SFAS No. 157 for financial assets and financial liabilities, effective December 31, 2007, did not have a material impact on our consolidated financial position and results of operations. The Company is currently assessing the impact of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities on its consolidated financial position and results of operations.

Hedging Activities

The Company has not entered into any derivative financial instruments such as futures contracts, options and swaps, forward foreign exchange contracts or interest rate swaps and futures during 2008 or 2007. We have no derivative financial instruments outstanding at December 28, 2008.

Supplemental Cash Flow Information

Cash payments for federal, foreign and state income taxes were $29.3 million for 2008 which is net of refunds of $0.5 million. Cash payments for federal, foreign and state income taxes were $52.0 million for 2007 which is net of refunds of $0.2 million. Cash payments for federal, foreign and state income taxes were $49.5 million for 2006 which is net of refunds of $0.1 million. Cash payments for interest and credit facility fees totaled approximately $10.4 million, $12.7 million and $6.2 million for 2008, 2007 and 2006, respectively.

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Comprehensive Income (Loss)

The Company s comprehensive income consists of net income, the minimum benefit plan liability adjustment, foreign currency translation adjustments and for 2006 only, the cumulative effect of the adoption of FIN No. 48. See Note 12 for a further discussion of the minimum benefit plan liability adjustment. The Company s comprehensive income (loss) was a loss of $33.3 million for 2008, compared with comprehensive income of $79.4 million for 2007 and $118.3 million for 2006.

The year-end components of accumulated other comprehensive loss are shown in the following table (in millions):

Balance at year end	2008	2007	2006
Foreign currency translation gains (losses)	**$ (21.9)**	$ 1.5	$ 1.1
Minimum benefit plan liability adjustment(a)	**(183.9)**	(62.7)	(43.4)
Accumulated other comprehensive loss	**$ (205.8)**	$ (61.2)	$ (42.3)

(a) Net of deferred taxes of $118.9 million in 2008, $40.4 million in 2007 and $27.9 million in 2006.

Note 3. Business Acquisitions, Goodwill and Intangible Assets

The table below summarizes the acquisitions we made during fiscal years 2008, 2007 and 2006.

Name and Description(1)	Date Acquired	Primary Location	Pre-acquisition Sales Volume	Transaction Type	Purchase Price (2)(6) (In millions)
2008					
Impulse Enterprise (Impulse) Manufactures underwater electrical interconnection systems for harsh environments.	December 31, 2007	San Diego, CA	$16.8 million for its fiscal year ended December 31, 2006	Asset	$ 35.0
Storm Products Co. (Storm) Supplies custom, high-reliability bulk wire and cable assemblies to a number of markets, including energy exploration, environmental monitoring and industrial equipment. Also provides coax microwave cable and	December 31, 2007	Dallas, TX Woodridge, IL	$45.7 million for its fiscal year ended March 31, 2007	Stock	47.7

interconnect products primarily to defense customers for radar, electronic warfare and communications applications.					
SG BrownLimited and its wholly owned subsidiary TSS (International) Limited (together TSS) Designs and manufactures inertial sensing, gyrocompass navigation and subsea pipe and cable detection systems for offshore energy, oceanographic and military marine markets.	January 31, 2008	Watford, United Kingdom	£12.0 million for its fiscal year ended March 31, 2007	Stock	54.8
Judson Technologies, LLC (Judson) Supplies custom, high-reliability bulk wire and cable assemblies to a number of markets, including energy exploration, environmental monitoring and industrial equipment. Also provides coax microwave cable and interconnect products primarily to defense customers for radar, electronic warfare and communications applications.	February 1, 2008	Montgomeryville, PA	$13.8 million for its fiscal year ended December 31, 2006	Asset	27.0
Webb Research Corp. (Webb) Manufactures autonomous underwater gliding vehicles and autonomous profiling drifters and floats.	July 7, 2008	East Falmouth, MA	$12.2 million for its fiscal year ended December 31, 2007	Asset	24.3
Defense Electronics business of Filtronic PLC (Filtronic) Provides customized microwave subassemblies and integrated subsystems to the global defense industry.	August 15, 2008	Shipley, United Kingdom	£14.5 million for its fiscal year ended May 31, 2008	Stock	24.1
Cormon Limited and Cormon Technology Limited (together Cormon) Designs and manufactures subsea and surface sand and corrosion sensors, as well as	October 16, 2008	Lancing, United Kingdom	£6.8 million for its fiscal year ended March 31, 2008	Stock	20.9(3)

flow integrity monitoring systems, used in oil and gas production systems.					
Odom Hydrographic Systems, Inc. (Odom) Designs and manufactures hydrographic survey instrumentation used in port survey, dredging, offshore energy and other applications.	December 19, 2008	Baton Rouge, LA	$10.9 million for its fiscal year ended September 30, 2008	Stock	7.0(3)
Demo Systems LLC (Demo) Designs and manufactures aircraft data loading equipment, flight line maintenance terminals, and data distribution software used by commercial airlines, the U.S. military and aircraft manufacturers.	December 24, 2008	Moorpark, CA	$7.3 million for its fiscal year ended December 31, 2007	Asset	5.3(3)

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Name and Description(1)	Date Acquired	Primary Location	Pre-acquisition Sales Volume	Transaction Type	Purchase Price (2)(6) (In millions)
2007					
D.G. O Brien, Inc. (DGO) Manufactures highly reliable electrical and fiber-optic interconnect systems, primarily for subsea military and offshore oil and gas applications.	March 30, 2007	Seabrook, NH	$26.2 million for its fiscal year ended September 30, 2006	Asset	$ 37.1
Tindall Technologies, Inc. (Tindall) Designs and supplies microwave subsystems for defense applications.	June 30, 2007	Sunnyvale, CA	$2.7 million for its fiscal year ended December 31, 2006	Stock	5.9(4)
2006					
Benthos, Inc. (Benthos) Manufactures oceanographic products and package inspection systems.	January 27, 2006	North Falmouth, MA	$24.0 million for its fiscal year ended September 30, 2005	Stock	32.2
KW Microwave Corporation (KW) Manufactures defense microwave components and subsystems.	April 28, 2006	Poway, CA	$6.7 million for its fiscal year ended December 31, 2005	Asset	10.3
Ocean Design, Inc. (ODI) Manufactures subsea, wet-mateable electrical and fiber-optic interconnect systems used in offshore oil and gas production, oceanographic research, and military applications.	August 16, 2006	Daytona Beach, FL	$31.6 million for its fiscal year ended December 31, 2005	A majority of stock(5)	73.8
CollaborX, Inc. (CollaborX) Provides government	August 16, 2006	Colorado Springs, CO	$13.6 million for its	Stock	14.9

engineering services primarily to the U.S. Air Force and also to select joint military commands, such as the Missile Defense Agency, the United States Joint Forces Command and the United States Northern Command.			fiscal year ended December 31, 2005		
Rockwell Scientific Company LLC (Teledyne Scientific and Imaging) Provides research and development services to the Department of Defense, NASA and major defense and aerospace companies, as well as develops and manufactures infrared and visible light imaging sensors for surveillance applications.	September 15, 2006	Thousand Oaks, CA	$114.0 million for its fiscal year ended September 30, 2005	Stock	158.6

(1) Each of the acquisitions, except for CollaborX, Inc. is part of the Electronics and Communications segment. CollaborX, Inc. is part of the Engineered Systems segment.

(2) The purchase price represents the contractual consideration for the acquired business, net of cash acquired, including adjustments for certain paid acquisition transactions costs.

(3) The final purchase price is subject to adjustment based on the final closing date net working capital of the acquired business.

(4) Includes $0.3 million paid in 2008 as a final purchase price adjustment based on the final closing date net working capital.

(5) The initial majority interest of 51.0% was purchased August 16, 2006 for $30.0 million. Subsequent purchases, net of cash acquired were as follows: additional 9.9% of ownership for $4.4 million in 2006, additional 0.9% of ownership for $0.9 million in 2007 and an additional 24.1% of ownership for $38.5 million in 2008.

(6) We increased our ownership interest in Aerosance, Inc. to 100% for $0.2 million in 2008. In 2007, we paid $4.5 million of purchase price payments on businesses acquired before 2006. In 2006, we paid $0.8 million for the purchase of assets of a repair facility in Singapore and $0.8 million in purchase price payment on a business acquired before 2006.

The unaudited pro forma information for the periods set forth below gives effect to the nine acquisitions made in fiscal year 2008 as if they had been acquired at the beginning of each fiscal year and includes the effect of estimated amortization of acquired identifiable intangible assets, increased depreciation expense for fixed assets, as well as increased interest expense on acquisition debt. This pro forma financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have resulted had the acquisition been in effect at the beginning of the respective periods. In addition, the pro forma results are not intended to be a projection of future results and do not reflect any operating efficiencies or cost savings that might be

achievable.

	2008	2007
	(unaudited in millions, except per-share amounts)	
Sales	$ 1,942.6	$ 1,789.9
Net income	$ 108.9	$ 93.0
Basic earnings per common share	$ 3.07	$ 2.66
Diluted earning per common share	$ 2.98	$ 2.57

On September 15, 2006, Teledyne Technologies through its subsidiary, Teledyne Brown Engineering, Inc. acquired Rockwell Scientific. The unaudited pro forma information below assumes that Teledyne Scientific & Imaging had been acquired at the beginning of each fiscal year and includes the effect of estimated amortization of acquired identifiable intangible assets, increased depreciation expense for fixed assets, as well as increased interest expense on acquisition debt. This pro forma financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have resulted had the acquisition been in effect at the beginning of the respective periods. In addition, the pro forma results are not intended to be a projection of future results and do not reflect any operating efficiencies or cost savings that might be achievable.

	2006
	(unaudited in millions, except per-share amounts)
Sales	$ 1,519.2
Net income	$ 77.1
Basic earnings per common share	$ 2.23
Diluted earning per common share	$ 2.17

The primary reason for the above acquisitions was to strengthen and expand our core businesses through adding complementary product and service offerings, allowing greater integrated products and services, enhancing our technical capabilities or increasing our addressable markets. The significant factors that resulted in recognition of goodwill were: (a) the purchase price was based on cash flow and return on capital projections assuming integration with our businesses and (b) the calculation of the fair value of tangible and intangible assets acquired that qualified for recognition.

Teledyne s goodwill was $502.5 million at December 28, 2008 and $351.6 million at December 30, 2007. Teledyne s acquired intangible assets were $117.0 million at December 28, 2008 and $61.7 million at December 30, 2007. The increase in goodwill in 2008 reflected acquisitions made in fiscal 2008, a $32.4 increase related to the additional share purchases of ODI, a decrease for foreign currency changes and a decrease for adjustments for acquisitions made prior to fiscal 2008. The change in the balance of acquired intangible assets in 2008 resulted from the acquisitions made in fiscal 2008 and amortization of acquired intangible assets.

The Company is in the process of specifically identifying the amount to be assigned to intangible assets, as well as certain assets and liabilities for the Webb, Filtronic, Cormon, Odom and Demo acquisitions made in 2008. The Company made preliminary estimates as of December 28, 2008, since there was insufficient time between the acquisition dates and the end of the period to finalize the valuations.

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The following table shows the purchase price, goodwill acquired and intangible assets acquired for the acquisitions made in fiscal 2008 (in millions):

Acquisition Date	**Name**	**Purchase Price**	**Goodwill Acquired**	**Acquired Intangible Assets**
December 31, 2007	Impulse	$ 35.0	$ 15.3	$ 16.2
December 31, 2007	Storm	47.7	31.4	10.0
January 31, 2008	TSS	54.8	28.6	23.0
February 1, 2008	Judson	27.0	13.9	7.9
July 7, 2008	Webb	24.3	14.6(a)	7.0(a)
August 15, 2008	Filtronic	24.1	4.6(a)	6.5(a)
August 16, 2008	Cormon	20.9	17.0(a)	3.0(a)
December 19, 2008	Odom	7.0	5.3(a)	1.5(a)
December 24, 2008	Demo	5.3	3.1(a)	1.2(a)
		$ 246.1	$ 133.8	$ 76.3

(a) These preliminary amounts were based on estimates that are subject to change pending the receipt of certain valuation information and the completion of the Company s internal review.

Goodwill resulting from the acquisitions made in fiscal 2008 will be deductible for tax purposes, except for the Storm and Demo acquisitions.

The following table summarized the changes in the carrying value of goodwill (in millions):

	Electronics and Communications	**Engineered Systems**	**Aerospace Engines and Components**	**Energy and Power Systems**	**Total**
Balance at December 31, 2006	**$** 297.1	$ 15.8	$ 0.7	$	$ 313.6
Current year acquisitions, including ODI	21.8				21.8
Adjustment to prior year acquisitions(a)	16.2				16.2
Balance at December 30, 2007	**335.1**	**15.8**	**0.7**		**351.6**
Current year acquisitions, including ODI	**165.9**		**0.3**		**166.2**
Impact of foreign currency changes	**(10.7)**				**(10.7)**
Adjustment to prior year acquisitions(b)	**(4.6)**				**(4.6)**

Balance at December 28, 2008	**$**	**485.7**	**$**	**15.8**	**$**	**1.0**	**$**	**$**	**502.5**

(a) The adjustments to prior year acquisitions primarily related to final estimates of fair value for assets acquired and liabilities assumed in connection with business acquisitions completed prior to 2007, including a $10.7 million increase to reflect changes in the estimated amount of acquired intangible assets based on the completed appraisal report for the valuation of acquired intangible assets for the 2006 Teledyne Scientific & Imaging acquisition.

(b) The adjustments to prior year acquisitions primarily related to final estimates of fair value for assets acquired and liabilities assumed in connection with business acquisitions completed prior to 2008.

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The following table summarizes the carrying value of other acquired intangible assets (in millions):

	2008			2007		
	Gross carrying amount	**Accumulated amortization**	**Net Carrying Amount**	**Gross carrying amount**	**Accumulated amortization**	**Net Carrying Amount**
Other acquired intangible assets:						
Proprietary Technology	**$ 70.5**	**$ 17.0**	**$ 53.5**	$ 43.6	$ 10.1	$ 33.5
Customer List/Relationships	**37.9**	**8.4**	**29.5**	16.9	4.1	12.8
Patents	**0.7**	**0.4**	**0.3**	0.3	0.1	0.2
Non-compete agreements	**0.9**	**0.6**	**0.3**	0.8	0.3	0.5
Trademarks	**3.2**	**0.5**	**2.7**	3.6	0.3	3.3
Backlog	**8.0**	**7.4**	**0.6**	4.4	4.3	0.1
Other acquired intangible assets subject to amortization	**$ 121.2**	**$ 34.3**	**86.9**	$ 69.6	$ 19.2	$ 50.4
Other acquired intangible assets not subject to amortization						
Trademarks	**30.1**		**30.1**	11.3		11.3
Total other acquired intangible assets:	**$ 151.3**	**$ 34.3**	**$ 117.0**	$ 80.9	$ 19.2	$ 61.7

Amortizable other intangible assets are amortized on a straight-line basis over their estimated useful lives ranging from one to 20 years. The Company recorded $15.8 million and $6.4 million in amortization expense in 2008 and 2007, respectively, for other acquired intangible assets. The expected future amortization expense for the next five years is as follows (in millions): 2009 $13.6; 2010 $13.0; 2011 $12.3; 2012 $10.7; 2013 $9.4.

The estimated remaining useful lives by asset category as of December 28, 2008 are as follows:

Intangibles subject to amortization	**Weighted average remaining useful life in years**
Proprietary Technology	6.5
Customer List/Relationships	6.5
Patents	5.1
Non-compete	2.7
Trademarks	12.7
Backlog	0.5
Total intangibles subject to amortization	6.4

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The following is a summary at the acquisition date of the estimated fair values of the assets acquired and liabilities assumed for the acquisitions made in 2008 (in millions):

Current assets, excluding cash acquired	$ 62.5
Property, plant and equipment	18.0
Goodwill	133.8
Intangible assets	76.3
Total assets acquired	290.6
Current liabilities, including short-term debt	32.8
Other long-term liabilities	11.7
Total liabilities assumed	44.5
Purchase price, net of cash acquired	$ 246.1

The following table summarizes the intangible assets acquired as part of the acquisitions made in 2008 (dollars in millions):

		Weighted average remaining useful life in years
Intangibles assets not subject to amortization:		
Goodwill	$ 133.8	n/a
Trademarks	$ 18.4	n/a
Intangibles assets subject to amortization:		
Proprietary Technology	$ 31.9	8.4
Customer List/Relationships	22.0	7.2
Trademarks	0.2	0.2
Backlog	3.8	0.7
	$ 57.9	5.5

Note 4. Financial Instruments

Teledyne values financial instruments as required by SFAS No. 107 Disclosures about Fair Value of Financial Instruments, as amended. The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of those instruments. Teledyne estimates the fair value of its long-term debt based on the quoted market prices for debt of similar rating and similar maturity and at comparable interest rates. The estimated fair value of Teledyne s long-term debt at December 28, 2008 approximated the carrying value of $326.0 million. The estimated fair value of Teledyne s long-term debt at December 30, 2007 approximated the carrying value of $138.0 million. The

estimated fair value of Teledyne s long-term debt at December 31, 2006 approximated the carrying value of $226.9 million.

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The carrying value of other on-balance-sheet financial instruments approximates fair value, and the cost, if any, to terminate off-balance sheet financial instruments (primarily letters of credit) is not significant.

Note 5. Accounts Receivable

Accounts receivable are summarized as follows (in millions):

	Balance at year-end	
	2008	**2007**
U.S. Government and prime contractors contract receivables:		
Billed receivables	**$ 28.1**	$ 28.3
Unbilled receivables	**39.4**	39.2
Commercial and other receivables	**217.1**	178.2
	284.6	245.7
Reserve for doubtful accounts	**(3.2)**	(4.6)
Total accounts receivable, net	**$ 281.4**	$ 241.1

The billed contract receivables from the U.S. Government and prime contractors contain $17.9 million and $20.8 million at December 28, 2008 and December 30, 2007, respectively, due to long-term contracts. The unbilled contract receivables from the U.S. Government and prime contractors contain $22.4 million and $36.3 million at December 28, 2008 and December 30, 2007, respectively, due to long-term contracts.

Unbilled contract receivables represent accumulated costs and profits earned but not yet billed to customers. The Company believes that substantially all such amounts will be billed and collected within one year.

Note 6. Inventories

Inventories consisted of the following (in millions):

	Balance at year-end	
	2008	**2007**
Raw materials and supplies	**$ 89.8**	$ 64.7
Work in process	**125.8**	122.6
Finished goods	**22.2**	17.6
Total inventories at cost, net	**237.8**	204.9
LIFO reserve	**(26.5)**	(25.6)
Progress payments	**(4.3)**	(4.7)
Total inventories, net	**$ 207.0**	$ 174.6

Inventories at cost determined on the last-in, first-out method were $126.2 million at December 28, 2008 and $123.9 million at December 30, 2007. The remainder of the inventories using average cost or the first-in, first-out methods, were $111.6 million at December 28, 2008 and $81.0 million at December 30, 2007.

The Company recorded LIFO expense of $0.9 million, $1.3 million and $0.7 million in 2008, 2007 and 2006, respectively, which resulted from higher inventory levels in each year.

Total inventories at current cost were net of reserves for excess, slow moving and obsolete inventory of $30.2 million and $23.6 million at December 28, 2008 and December 30, 2007, respectively. The reserve for excess, slow moving and obsolete inventory at December 28, 2008 reflected reserves of $6.2 million acquired as part of the acquisitions made in 2008.

Inventories, before progress payments, related to long-term contracts were $24.0 million and $25.6 million at December 28, 2008 and December 30, 2007, respectively. Progress payments related to long-term contracts

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were $0.8 million and $4.3 million at December 28, 2008 and December 30, 2007, respectively. Under the contractual arrangements by which progress payments are received, the customer has an ownership right in the inventories associated with specific contracts.

Note 7. Supplemental Balance Sheet Information

Property, plant and equipment were as follows (in millions):

	Balance at year-end 2008	2007
Land	**$ 20.9**	$ 19.4
Buildings	**96.8**	85.3
Equipment and software	**329.7**	290.8
	447.4	395.5
Accumulated depreciation and amortization	**(244.8)**	(218.3)
Total property, plant and equipment, net	**$ 202.6**	$ 177.2

Other long-term assets included amounts related to deferred compensation of $18.6 million and $24.2 million at December 28, 2008 and December 30, 2007, respectively. Accrued liabilities included salaries and wages and other related compensation reserves of $77.8 million and $69.9 million at December 28, 2008 and December 30, 2007, respectively. Accrued liabilities also included customer related deposits and credits of $42.4 million and $28.1 million at December 28, 2008 and December 30, 2007, respectively and a product replacement reserve of $15.8 million at December 28, 2008. Other long-term liabilities included aircraft product liability reserves of $37.1 million and $50.6 million at December 28, 2008 and December 30, 2007, respectively and deferred compensation liabilities of $19.2 million and $23.8 million at December 28, 2008 and December 30, 2007, respectively. Other long-term liabilities also included reserves for self-insurance, environmental liabilities and the long-term portion of compensation reserves.

Note 8. Stockholders Equity

The following is an analysis of Teledyne s common stock share activity:

Balance, January 1, 2006	33,683,671
Stock options exercised and other	1,036,029
Balance, December 31, 2006	34,719,700
Stock options exercised and other	430,417
Balance, December 30, 2007	**35,150,117**
Stock options exercised and other	**776,107**
Balance, December 28, 2008	**35,926,224**

Shares issued in all three fiscal years include stock options exercised as well as shares issued under certain compensation plans.

Preferred Stock

Authorized preferred stock may be issued with designations, powers and preferences designated by the Board of Directors. There were no shares of preferred stock issued or outstanding in 2008, 2007 or 2006.

Stockholder Rights Plan

On November 12, 1999, the Company s Board of Directors unanimously adopted a stockholder rights plan under which preferred share purchase rights were distributed as a dividend on each share of Teledyne s Common Stock distributed to ATI s stockholders in connection with the spin-off and each share to become

outstanding between the effective date of the spin-off and the earliest of the distribution date, redemption date and final expiration date. The rights will be exercisable only if a person or group acquires 15 percent or more of the Company s Common Stock or announces a tender offer, the consummation of which would result in ownership by a person or group of 15 percent or more of the Common Stock. Each right will entitle stockholders to then buy one-hundredth of a share of a new series of junior participating preferred stock at an exercise price of $60 per share. There are 1,250,000 shares of Series A Junior Participating Preferred Stock authorized for issuance under the plan. The record date for the distribution was the close of business of November 22, 1999. The rights will expire on November 12, 2009, subject to earlier redemption or exchange by Teledyne as described in the plan. The rights distribution is not taxable to stockholders.

Stock Incentive Plan

ATI sponsored an incentive plan that provided for ATI stock option awards to officers and key employees. Teledyne had officers and key employees that participated in this plan prior to the spin-off. In connection with the spin-off, outstanding stock options held by Teledyne s employees were converted into options to purchase Teledyne s Common Stock. The number of shares and the exercise price of each ATI option that was converted to a Teledyne option was based upon a formula designed to preserve the inherent economic value, vesting and term provisions of such ATI options as of the Distribution Date. The exchange ratio and fair market value of the Teledyne s Common Stock, upon active trading, also impacted the number of options issued to Teledyne s employees.

Teledyne has established its own long-term incentive plans which provide its Board of Directors the flexibility to grant restricted stock, performance shares, non-qualified stock options, incentive stock options and stock appreciation rights to officers and employees of Teledyne. Stock options become exercisable in one-third increments on the first, second and third anniversary of the grant and have a maximum 10 year life.

The following disclosures are based on stock options held by Teledyne s employees and include the stock options that have been converted from ATI options to Teledyne s options as noted above. The Company adopted SFAS No. 123(R) effective January 2, 2006, using the modified prospective method. No modifications to outstanding stock options were made prior to the adoption of SFAS No. 123(R). The valuation methodologies and assumptions in estimating the fair value of stock options granted in 2008 were similar to those used in estimating the fair value of stock options granted in 2007 and 2006. Stock option compensation expense is recorded on a straight line basis over the appropriate vesting period, generally three years. The Company recorded $7.5 million, $6.8 million and $5.9 million for stock option expense, for 2008, 2007 and 2006, respectively. The Company issues shares of common stock upon the exercise of stock options.

The Company used a combination of its historical stock price volatility and the volatility of exchange traded options on the Company stock to compute the expected volatility for purposes of valuing stock options issued. The period used for the historical stock price corresponded to the expected term of the options and was between five and six years. The period used for the exchange traded options extended to the longest-dated options publicly available, generally six to nine months. The expected dividend yield is based on Teledyne s practice of not paying dividends. The risk-free rate of return is based on the yield of U.S. Treasury Strips with terms equal to the expected life of the option as of the grant date. The expected life in years is based on historical actual stock option exercise experience. The following assumptions were used in the valuation of stock options granted in 2008, 2007 and 2006:

For the year	**2008**	**2007**	**2006**
Expected dividend yield			
Expected volatility	**34.7%**	33.0%	36.0%

Risk-free interest rate	**3.3%**	4.9%	4.7%
Expected lives	**5.6**	5.6	5.5

Based on the assumptions in the table above, the grant date fair value of stock options granted in 2008, 2007 and 2006 was $19.35, $15.54 and $13.30, respectively.

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Stock option transactions for Teledyne s employee stock option plans are summarized as follows:

	2008		2007		2006	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Beginning balance	**2,702,157**	**$ 24.71**	2,537,559	$ 20.97	3,039,311	$ 16.82
Granted	**356,298**	**$ 50.81**	533,153	$ 39.48	466,063	$ 32.36
Exercised	**(693,197)**	**$ 18.66**	(345,487)	$ 18.82	(942,196)	$ 13.02
Canceled or expired	**(25,288)**	**$ 31.91**	(23,068)	$ 24.46	(25,619)	$ 27.76
Ending balance	**2,339,970**	**$ 30.39**	2,702,157	$ 24.71	2,537,559	$ 20.97
Options exercisable at year-end	**1,513,815**	**$ 23.39**	1,752,624	$ 18.90	1,649,681	$ 16.92

The following table provides certain information with respect to stock options outstanding and stock options exercisable at December 28, 2008 under the employee stock option plans:

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	**Shares**	**Weighted Average Exercise Price**	**Remaining Life**	**Shares**	**Weighted Average Exercise Price**
$8.42-$10.00	67,833	$ 9.67	1.1	67,833	$ 9.67
$10.01-$20.00	722,886	$ 16.70	3.8	722,886	$ 16.70
$20.01-$30.00	321,504	$ 26.97	6.1	321,504	$ 26.97
$30.01-$40.00	874,204	$ 36.32	7.7	398,926	$ 35.07
$40.01-$50.00	2,000	$ 45.41	8.4	668	$ 45.41
$50.01-$59.05	351,543	$ 50.85	9.1	1,998	$ 50.79
	2,339,970	$ 30.39	6.3	1,513,815	$ 23.46

Non-Employee Director Stock Compensation Plan

Teledyne also sponsors a stock plan for non-employee directors pursuant to which non-employee directors receive annual stock options and may receive stock or stock options in lieu of their respective retainer and meeting fees. The options become exercisable one year after issuance and have a maximum 10 year life.

Stock option transactions for Teledyne s non-employee director stock option plan are summarized as follows:

	2008		2007		2006	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Beginning balance	**348,266**	**$ 22.44**	301,186	$ 19.32	246,412	$ 16.33
Granted	**43,736**	**$ 50.15**	48,271	$ 41.59	55,464	$ 32.52
Exercised		**$**	(1,191)	$ 10.08	(690)	$ 10.86
Ending balance	**392,002**	**$ 25.53**	348,266	$ 22.44	301,186	$ 19.32
Options exercisable at year-end	**348,266**	**$ 22.44**	299,995	$ 19.36	247,474	$ 16.38

The following table provides certain information with respect to stock options outstanding and stock options exercisable at December 28, 2008 under the non-employee director stock option plan:

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Exercise Price	Remaining Life	Shares	Weighted Average Exercise Price
$6.31-$10.00	32,776	$ 8.90	2.7	32,776	$ 8.90
$10.01-$20.00	174,753	$ 15.14	4.1	174,753	$ 15.14
$20.01-$30.00	59,965	$ 26.87	6.7	59,321	$ 26.86
$30.01-$40.00	50,508	$ 35.33	7.7	43,416	$ 35.58
$40.01-$50.00	38,000	$ 45.79	8.4	38,000	$ 45.79
$50.01-$53.76	36,000	$ 53.76	9.4		$
	392,002	$ 25.53	5.7	348,266	$ 22.44

The total pretax intrinsic value of options exercised during 2008 and 2007 (which is the amount by which the stock price exceeded the exercise price of the options on the date of exercise) was $26.8 million and $9.3 million, respectively. At December 28, 2008, the intrinsic value of stock options outstanding was $33.7 million and the intrinsic value of stock options exercisable was $32.5 million. During 2008 and 2007, the amount of cash received from the exercise of stock options was $13.0 million and $6.5 million, respectively.

At December 28, 2008, there was $8.0 million of total unrecognized compensation cost related to non-vested stock option awards which is expected to be recognized over a weighted-average period of 1.3 years.

Performance Share Plan

Teledyne s Performance Share Plan (PSP) provides grants of performance share units, which key officers and executives may earn if Teledyne meets specified performance objectives over a three-year period. Awards are payable in cash and shares of Teledyne common stock. Awards are generally paid to the participants in three annual installments after the end of the performance cycle so long as they remain employed by Teledyne (with exceptions for retirement, disability and death).

In January 2006, the performance cycle for the three-year period ending December 28, 2008 was set. Based on the estimated performance over the three-year period, an aggregate of 169,713 shares are expected to be issued in three equal installments during 2009, 2010 and 2011.

The calculated expense for each plan year was based on the expected cash payout and the expected shares to be issued, valued at the share price at the inception of the performance cycle, except for the shares that can be issued based on a market comparison. The expected expense for these shares was calculated using a Monte-Carlo type simulation which takes into consideration several factors including volatility, risk free interest rates and correlation of Teledyne s stock price with the comparator, the Russell 2000 Index. No adjustment to the calculated expense for the shares issued based on a market based comparison will be made regardless of the actual performance. The Company recorded $3.9 million, $5.3 million and $3.8 million in compensation expense related to the PSP program for fiscal

years 2008, 2007 and 2006, respectively. At December 28, 2008, there was no unrecognized compensation cost related to the PSP program.

Restricted Stock Award Program

Under Teledyne s restricted stock award program selected officers and key executives receive a grant of stock equal to 30% of the participant s annual base salary at the date of grant. The Restricted Stock is subject to transfer and forfeiture restrictions during an applicable restricted period . The restrictions have both time-based and performance-based components. The restricted period expires (and the restrictions lapse) on the third anniversary of the date of grant, subject to the achievement of stated performance objectives over a

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specified three-year performance period. If employment is terminated (other than via death, retirement or disability) during the restricted period, stock is forfeited. Under the 2005 to 2007 and 2006 to 2008 and 2007 to 2009 performance periods an aggregate of 100,903 shares of restricted stock were issued and outstanding at year-end 2008.

The following table summarizes Teledyne s restricted stock activity:

	Shares	Weighted average fair value per share
Balance, January 1, 2006	157,164	$ 18.98
Granted	38,812	$ 21.24
Issued	(65,526)	$ 13.10
Balance, December 31, 2006	130,450	$ 22.61
Granted	34,223	$ 27.43
Issued	(52,368)	$ 19.18
Balance, December 30, 2007	112,305	$ 25.68
Granted	27,868	$ 37.89
Issued	(39,270)	$ 28.54
Balance, December 28, 2008	100,903	$ 27.94

Prior to 2006, the calculated expense for each plan year was based on the expected number of shares to be issued valued at the share price at the grant inception date. This calculated expense was adjusted downward if performance conditions were not met. Under SFAS No. 123(R), the calculated expense for each plan year is based on a Monte-Carlo type simulation which takes into consideration several factors including volatility, risk free interest rates and the correlation of Teledyne s stock price with the comparator, the Russell 2000 Index. No adjustment to the calculated expense will be made regardless of actual performance. The Company recorded $0.9 million, $1.0 million and $1.0 million in compensation expense related to the restricted stock award program for fiscal years 2008, 2007 and 2006, respectively. At December 28, 2008, there was $1.0 million of total unrecognized compensation cost related to non-vested awards which is expected to be recognized over a weighted-average period of 1.3 years.

Note 9. Related Party Transactions

The Company s Chairman, President and Chief Executive Officer is a director of The Bank of New York Mellon Corporation, as is one of our other directors. The Bank of New York Mellon Corporation is the successor to Mellon Financial Corporation following its merger with The Bank of New York in 2007. Another of the Company s directors was a former chief executive officer and director of Mellon Financial Corporation. The Bank of New York Mellon Corporation is one of 13 lenders under the Company s $590.0 million credit facility, having committed up to $90.0 million under the facility. The Bank of New York Mellon Corporation also provides cash management services, serves as trustee for the Teledyne Technologies Incorporated Pension Plan and, through its subsidiaries and affiliates, provides asset management and transition management services for the Pension Plan. Mellon Investor Services LLC, dba BNY Mellon Shareowner Services, serves as our transfer agent and registrar, as well as the agent under our stockholders rights plan and also handles administration of our stock options.

Note 10. Long-Term Debt

At December 28, 2008, Teledyne had $326.0 million in long-term debt outstanding. At December 30, 2007, Teledyne had $138.6 million in long-term debt outstanding.

In February 2008, Teledyne Technologies entered into a First Amendment to its $400.0 million Amended and Restated Credit Agreement dated as of July 14, 2006. The amended and restated credit facility has lender

commitments of $590.0 million and expires in July 2011. At year-end 2008, we had $254.8 million of available committed credit under the credit facility, which can be utilized, as needed, for daily operating and periodic cash needs, including acquisitions. In February 2009, Teledyne made an $80.0 million voluntary contribution to its pension plan, funded primarily from its credit facility. Excluding interest and fees, no payments are due under the amended and restated credit facility until it matures. Borrowings under our credit facility are at variable rates which are at our option tied to a eurodollar base rate equal to LIBOR (London Interbank Offered Rate) plus an applicable rate or a base rate as defined in our credit agreement. LIBOR based loans under the facility typically have terms of one, two, three or six months and the interest rate for each such loan is subject to change if the loan is continued or converted following the applicable maturity date. Base rate loans have interest rates that primarily fluctuate with changes in the prime rate. Interest rates are also subject to change based on our debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio. Borrowings under the credit facility bear interest, at our option, at a rate based on either a defined base rate or the London Interbank Offered Rate (LIBOR), plus applicable margins. The credit agreement also provides for facility fees that vary between 0.10% and 0.25% of the credit line, depending on our consolidated leverage ratio as calculated from time to time. The credit agreement requires the Company to comply with various financial and operating covenants, including maintaining certain consolidated leverage and interest coverage ratios, as well as minimum net worth levels and limits on acquired debt. At December 28, 2008, the company was in compliance with these covenants. We also have a $5.0 million uncommitted credit line available. This credit line is utilized, as needed, for periodic cash needs. Total debt at year-end 2008 includes $326.0 million outstanding under the $590.0 million credit facility and $0.6 million in other debt. No amounts were outstanding under the uncommitted bank facility at December 28, 2008. The Company also has a $6.6 million outstanding under capital leases, of which $0.5 million is current. At year-end 2008, Teledyne had $9.2 million in outstanding letters of credit.

Total interest expense including credit facility fees and other bank charges was $11.7 million in 2008, $13.1 million in 2007 and $7.7 million in 2006.

At December 28, 2008 and December 30, 2007, long-term debt consisted of the following (in millions):

	2008	2007
Revolving credit facility, at a weighted average rate of 2.0% at December 28, 2008	**$ 326.0**	$ 138.0
Other unsecured debt due through 2009 at varying rates	**0.6**	1.3
Total	**326.6**	139.3
Less:		
Current portion	**(0.6)**	(0.7)
Total long-term debt	**$ 326.0**	$ 138.6

At December 28, 2008, future minimum principal payments on long-term debt subsequent to December 28, 2008 were as follows: $0.6 million in 2009 and $326.0 million in 2011.

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Note 11. Income Taxes

Provision for income taxes was as follows (in millions):

	2008	2007	2006
Current			
Federal	**$ 30.1**	$ 46.2	$ 42.8
State	**6.7**	7.9	8.7
Foreign	**4.2**	2.5	1.6
Total current	**41.0**	56.6	53.1
Deferred			
Federal	**20.0**	(4.8)	(9.3)
State	**4.0**	(1.0)	(2.4)
Total deferred	**24.0**	(5.8)	(11.7)
Provision for income taxes	**$ 65.0**	$ 50.8	$ 41.4

Income before income taxes included income from domestic operations of $165.1 million for 2008, $141.9 million for 2007 and $115.4 million for 2006. In 2008, 2007 and 2006, Teledyne reversed income tax contingency reserves of $0.8 million, $1.1 million and $3.3 million, respectively. These reserves were determined to be no longer needed due to the expiration of applicable statutes of limitations. The following is a reconciliation of the statutory federal income tax rate to the actual effective income tax rate:

	2008	2007	2006
U.S. federal statutory tax rate	**35.0%**	35.0%	35.0%
State and local taxes, net of federal benefit	**4.3**	4.0	3.9
Reseach and development tax credits	**(1.4)**	(2.9)	
Reserve reversal	**(0.5)**	(0.8)	(2.7)
Qualified production activity deduction	**(1.4)**	(1.6)	(0.7)
Extraterritorial income exclusion			(1.4)
Other	**0.9**	0.4	(0.1)
Effective income tax rate	**36.9%**	34.1%	34.0%

Deferred income taxes result from temporary differences in the recognition of income and expense for financial and income tax reporting purposes, and differences between the fair value of assets acquired in business combinations accounted for as purchases for financial reporting purposes and their corresponding tax bases. Deferred income taxes represent future tax benefits or costs to be recognized when those temporary differences reverse. A valuation allowance of $0.6 million exists against deferred tax assets for 2008. A valuation allowance of $0.8 million exists against deferred tax assets for 2007. A valuation allowance of $0.7 million exists against deferred tax assets for 2006.

Teledyne had net deferred tax assets of $131.8 million at the end of 2008 and $91.4 million at the end of 2007. The amount of future taxable income required to realize the deferred tax assets was $335.5 million and $232.7 million respectively.

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The categories of assets and liabilities that have resulted in differences in the timing of the recognition of income and expense were as follows (in millions):

	2008	2007
Deferred income tax assets:		
Current		
Reserves	**$ 22.4**	$ 20.0
Inventory valuation	**9.9**	6.9
Accrued vacation	**10.3**	9.3
Long-term		
Postretirement benefits other than pensions	**9.1**	9.0
Reserves	**20.8**	27.7
Deferred compensation and other benefit plans	**96.4**	43.0
Other items	**0.9**	
Total deferred income tax assets	**169.8**	115.9
Deferred income tax liabilities:		
Current		
Other items	**1.8**	1.7
Long-term		
Property, plant and equipment differences	**10.3**	5.1
Intangible amortization	**25.9**	17.0
Other items		0.7
Total deferred income tax liabilities	**38.0**	24.5
Net deferred income tax assets	**$ 131.8**	$ 91.4

Additional paid in capital was credited $10.3 million in 2008, $3.6 million in 2007 and $8.4 million in 2006 for the tax benefit resulting from the exercise of stock options.

On January 1, 2007, Teledyne Technologies adopted FIN No. 48. As a result of the implementation the Company recognized a $0.2 million increase in the liability for unrecognized tax benefits, which were accounted for as a cumulative-effect adjustment (decrease) to the beginning balance of retained earnings. As of the date of adoption and after the impact of recognizing the increase in the liability noted above, the Company s total gross unrecognized tax benefits and related interest totaled $5.5 million.

The following presents a rollforward of our unrecognized tax benefits (in millions):

	2008		2007	
	Unrecognized Tax Benefits	Interest	Unrecognized Tax Benefits	Interest
Beginning of year	$ 27.8	$ 0.5	$ 4.8	$ 0.7

Increase in prior year tax positions		0.2		0.3		0.3		0.3
Increase for tax positions taken during the current period		9.8		0.2		24.5		
Reduction related to settlements with taxing authorities						(0.8)		(0.2)
Reduction related to lapse of the statue of limitations		(1.0)		(0.2)		(1.0)		(0.3)
End of year	$	36.8	$	0.8	$	27.8	$	0.5

We recognized interest related to unrecognized tax benefits of $0.5 million and $0.3 million within the provision for income taxes in our statements of operations for fiscal year 2008 and 2007, respectively.

As of December 28, 2008, we estimated that the entire balance of unrecognized tax benefits, if resolved in our favor, would positively impact the effective tax rate and, therefore, be recognized as additional tax benefits in our income statement.

We file income tax returns in the United States federal jurisdiction and in various states and foreign jurisdictions. Except for refund claims related to credits for research activities, the Company has substantially concluded on all U.S. federal and California income tax matters for all years through 2004. Substantially all other material state and local and foreign income tax matters have been concluded for years through 2003.

The Company anticipates the total unrecognized tax benefit may be reduced by $1.5 million due to the expiration of statutes of limitation for various federal and state tax issues in the next 12 months.

The Economic Stimulus Act allowed 50-percent first-year bonus depreciation for new assets acquired in 2008. The 2008 Extenders Act extended the 20-percent research credit for the 2008 and 2009 tax years. The American Recovery and Reinvestment Act of 2009 extended 50-percent first-year bonus depreciation to 2009 for the types of assets which Teledyne purchases for its operations.

Note 12. Pension Plans and Postretirement Benefits

Prior to the spin-off, certain Teledyne s employees participated in the defined benefit plan sponsored by ATI. Benefits under the defined benefit plan are generally based on years of service and/or final average pay. ATI funded the pension plan in accordance with the requirements of the Employee Retirement Income Security Act of 1974, as amended, and the Internal Revenue Code.

As of the spin-off date, Teledyne assumed the existing defined benefit plan obligations for all of Teledyne s employees, both active and inactive, at its companies that perform government contract work and for Teledyne s active employees at its companies that do not perform government contract work. As of January 1, 2004, non-union new hires participate in an enhanced defined contribution plan as opposed to the Company s existing defined benefit plan.

Teledyne s FAS 87 pension expense was $9.6 million in 2008 of which $9.8 million was recoverable in accordance with U.S. Government Cost Accounting Standards (CAS) from certain government contracts compared with FAS 87 pension expense of $11.9 million in 2007 of which $10.2 million was recoverable in accordance with CAS and FAS 87 pension expense of $15.4 million in 2006 of which $10.5 million was recoverable in accordance with CAS. Teledyne made pretax contributions to its pension plans of $58.7 million in 2008 and $7.5 million in 2007, prior to any recovery from the U.S. Government. The Company anticipates making total pretax contributions, before any recovery from the U.S. Government, of approximately $117.1 million to its pension plans in 2009 of which $80.0 million was made in February 2009.

The Company s contribution associated with 401(k) plans were $7.5 million, $5.6 million and $5.1 million, for 2008, 2007 and 2006, respectively.

The Company sponsors several postretirement defined benefit plans covering certain salaried and hourly employees. The plans provide health care and life insurance benefits for certain eligible retirees.

The following table sets forth the components of net period pension benefit expense for Teledyne s defined benefit pension plans and postretirement benefit plans for 2008, 2007 and 2006 (in millions):

	Pension Benefits			Postretirement Benefits		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
Service cost benefits earned during the period	**$ 17.1**	$ 16.6	$ 14.9	$ 0.1	$ 0.1	$ 0.1
Interest cost on benefit obligation	**38.4**	36.8	32.2	1.4	1.5	1.3
Expected return on plan assets	**(49.7)**	(46.9)	(38.2)			
Amortization of prior service cost	**0.7**	1.6	2.0	(0.5)	(0.5)	
Recognized actuarial (gain) loss	**3.1**	3.8	4.5	(0.8)	(0.7)	(0.6)
Net periodic benefit expense	**$ 9.6**	$ 11.9	$ 15.4	$ 0.2	$ 0.4	$ 0.8

The following table sets forth the reconciliation of the beginning and ending balances of the benefit obligation of the defined benefit pension and postretirement benefit plans (in millions):

	2008	**2007**	**2008**	**2007**
Changes in benefit obligation:				
Benefit obligation beginning of year	**$ 655.6**	$ 629.2	**$ 25.1**	$ 26.8
Service cost benefits earned during the year	**17.1**	16.6	**0.1**	0.1
Interest cost on projected benefit obligation	**38.4**	36.8	**1.4**	1.5
Actuarial (gain) loss	**(12.0)**	2.4	**(6.2)**	(1.3)
Benefits paid	**(32.2)**	(29.5)	**(1.5)**	(2.0)
Plan amendments	**0.9**	0.1		
Benefit obligation end of year	**$ 667.8**	$ 655.6	**$ 18.9**	$ 25.1
Accumulated benefit obligation end of year	**$ 611.3**	$ 593.4		

The measurement date for the Company s pension and postretirement plans is December 31.

The following table presents the estimated future benefit payments for the Company s pension and postretirement plans (in millions):

	Pension Plan	**Postretirement Benefit Plan**
2009	$ 35.7	$ 1.9
2010	38.2	1.9
2011	39.9	1.9
2012	42.0	1.8
2013	49.0	1.8

2014-2018	254.0	8.8
Total	$ 458.8	$ 18.1

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The following tables set forth the reconciliation of the beginning and ending balances of the fair value of plan assets for Teledyne s defined benefit pension plans and the percentage of year-end market value by asset class (in millions):

	Pension Benefits	
	2008	**2007**
Changes in plan assets:		
Fair value of plan assets beginning of year	**$ 577.5**	$ 587.3
Actual return on plan assets	**(169.0)**	12.2
Employer contribution defined benefit plan	**58.7**	6.3
Employer contribution other benefit plan	**1.0**	1.2
Benefits paid	**(32.2)**	(29.5)
Fair value of plan assets end of year	**$ 436.0**	$ 577.5

	Plan Assets % to Total	
	2008	**2007**
Equity instruments	**55.0%**	68.3%
Domestic fixed income instruments	**44.0%**	30.7%
Cash	**1.0%**	1.0%
Total	**100.0%**	100.0%

The Company has an active management policy for a portion of its pension assets. The investment policy includes a target allocation percentage of 70% in equity instruments and 30% in domestic fixed income instruments. The balance in equity instruments can range from 65% to 75% before rebalancing is required under the Company s policy. In 2008 and at this time, Teledyne has elected not to rebalance the equity investment allocations of the pension assets due to the uncertainty in the equity markets and general economic conditions.

The expected long-term rate of return on plan assets is reviewed annually, taking into consideration the Company s asset allocation, historical returns on the types of assets held, and the current economic environment. We determined the discount rate based on a model which matches the timing and amount of expected benefit payments to maturities of quality bonds priced as of the pension plan measurement date. For some years, there were no bonds maturing. In these instances, we chose to estimate the missing bond by using bonds that have similar features as the prior year s bond. The yields on the bonds are used to derive a discount rate for the liability.

The following assumptions were used to determine the benefit obligation and the net benefit cost:

For the year	**2008**	**2007**	**2006**
Weighted average discount rate	**6.00%**	6.00%	6.00%
Weighted average increase in future compensation levels	**3.66%**	3.66%	3.66%

Expected weighted-average long-term rate of return	**8.50%**	8.50%	8.50%

The Company is projecting a long-term rate of return on plan assets of 8.25% in 2009. The discount rate used in determining the benefit obligations is expected to be 6.25% in 2009 and the expected weighted average increase in future compensation levels is 3.50%.

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The following table sets forth the funded status and amounts recognized in Teledyne s consolidated balance sheets for the pension and postretirement plans at year-end 2008 and 2007 (in millions):

	Pension Benefits		Postretirement Benefits	
	2008	**2007**	**2008**	**2007**
Funded status	**$ (231.8)**	$ (78.1)	**$ (18.9)**	$ (25.1)
Unrecognized prior service cost	**2.2**	2.0	**(2.9)**	(3.4)
Unrecognized net (gain) loss	**312.7**	109.1	**(9.3)**	(4.7)
Prepaid (accrued) benefit cost	**$ 83.1**	$ 33.0	**$ (31.1)**	$ (33.2)
Accrued pension obligation (long-term)	**$ (227.9)**	$ (74.3)	**$**	$
Accrued pension obligation (short-term)	**(0.8)**	(0.8)		
Accrued postretirement benefits (long-term)			**(16.7)**	(22.9)
Accrued postretirement benefits (short-term)			**(2.2)**	(2.2)
Accumulated other comprehensive income	**315.0**	111.1	**(12.2)**	(8.1)
Other liabilities	**(3.2)**	(3.0)		
Net amount recognized	**$ 83.1**	$ 33.0	**$ (31.1)**	$ (33.2)

In accordance with the requirements of SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans An Amendment of FASB Statements No. 87, 88, 106, and 132(R), at year-end 2008 the Company had a $183.9 million non-cash reduction to stockholders equity and a long-term additional liability of $302.8 million. At year-end 2007, the Company had a $62.7 million non-cash reduction to stockholders equity and a long-term additional liability of $103.0 million. The adjustments to equity did not affect net income and are recorded net of deferred taxes.

At December 28, 2008, the amounts in the minimum liability adjustment that have not yet been recognized as components of net periodic benefit cost for the pension plans are: net loss $312.8 million and net prior service cost $2.2 million. At December 28, 2008, the amounts in the minimum liability adjustment that have not yet been recognized as components of net periodic benefit income for the retiree medical plans are: net gain $9.3 million and net prior service cost $2.9 million.

At December 28, 2008, the estimated amounts of the minimum liability adjustment that are expected to be recognized as components of net periodic benefit cost during 2009 for the pension plans are: net loss $16.9 million and net prior service cost $0.4 million. At December 28, 2008, the estimated amounts in the minimum liability expected to be recognized as components of net periodic benefit income during 2009 for the retiree medical plans are: net gain $1.3 million and net prior service cost $0.5 million.

The annual assumed rate of increase in the per capita cost of covered benefits (the health care cost trend rate) for health care plans was 9.0% in 2009 and was assumed to decrease to 5.0% by the year 2013 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point increase in the assumed health care cost trend rates would result in an increase in the annual service and interest costs by $0.1 million for 2008 and would result in an increase in the postretirement benefit obligation by $0.8 million at December 28, 2008. A one percentage point decrease in the assumed health care cost

trend rates would result in a decrease in the annual service and interest costs by $0.1 million for 2008 and would result in a decrease in the postretirement benefit obligation by $0.7 million at December 28, 2008.

Note 13. Business Segments

Teledyne is a leading provider of sophisticated electronic components and subsystems, instrumentation and communications products, engineered systems and information technology services, general aviation engines and components, and energy generation, energy storage and small propulsion products. Our customers

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include government agencies, aerospace prime contractors, energy exploration and production companies, major industrial companies, and airlines and general aviation companies.

Teledyne operates in four business segments: Electronics and Communications, Engineered Systems, Aerospace Engines and Components and Energy and Power Systems. The factors for determining the reportable segments were based on the distinct nature of their operations. They are managed as separate business units because each requires and is responsible for executing a unique business strategy. The Electronics and Communications segment provides a wide range of specialized electronic systems, instruments, components and services that address niche market applications in defense, commercial aerospace, communications, industrial and scientific markets. The Engineered Systems segment, principally through Teledyne Brown Engineering, Inc., applies the skills of its extensive staff of engineers and scientists to provide innovative systems engineering, advanced technology, software development and manufacturing solutions to defense, space, environmental, and homeland security requirements. The Aerospace Engines and Components segment, principally through Teledyne Continental Motors, Inc., focuses on the design, development and manufacture of piston engines and electronic engine controls. The Energy and Power Systems segment provides hydrogen gas generators, thermoelectric and fuel cell-based power sources, turbine engines and aviation batteries.

Segment operating profit includes other income and expense directly related to the segment, but excludes minority interest, interest income and expense, gains and losses on the disposition of assets, sublease rental income and non-revenue licensing and royalty income, domestic and foreign income taxes and corporate office expenses.

Identifiable assets are those assets used in the operations of the segments. Corporate assets primarily consist of cash and cash equivalents, deferred tax assets, net pension assets/liabilities and other assets.

Information on the Company s business segments was as follows (in millions):

	2008	2007	2006
Sales			
Electronics and Communications	**$ 1,276.6**	$ 1,071.6	$ 899.4
Engineered Systems	**361.2**	301.7	283.0
Aerospace Engines and Components	**171.0**	180.7	181.6
Energy and Power Systems	**84.2**	68.3	69.2
Total sales	**$ 1,893.0**	$ 1,622.3	$ 1,433.2

	2008	2007	2006(a)
Income before taxes			
Electronics and Communications	**$ 183.0**	$ 143.2	$ 109.3
Engineered Systems	**35.0**	26.2	24.5
Aerospace Engines and Components	**(9.7)**	19.2	15.5
Energy and Power Systems	**10.2**	6.3	6.0
Segment operating profit and other segment income	**218.5**	194.9	155.3
Corporate expense	**(29.6)**	(32.6)	(27.7)

Interest and debt expense, net	**(10.9)**	(12.5)	(7.4)
Minority interest	**(2.3)**	(3.4)	(1.0)
Other income, net	**0.6**	2.9	2.5
Income before taxes	**$ 176.3**	$ 149.3	$ 121.7

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a) Total year 2006 segment operating profit includes receipts of $2.5 million, pursuant to an agreement that expired in 2006 with Honda Motor Co., Ltd., related to the piston engine business. This amount is included as part of other income on the income statement table.

	2008	2007	2006
Depreciation and amortization			
Electronics and Communications	**$ 41.8**	$ 29.0	$ 25.9
Engineered Systems	**1.6**	1.5	1.8
Aerospace Engines and Components	**2.3**	2.7	2.8
Energy and Power Systems	**1.5**	1.4	1.5
Corporate	**0.1**	0.1	
Total depreciation and amortization	**$ 47.3**	$ 34.7	$ 32.0

	2008	2007	2006
Capital expenditures			
Electronics and Communications	**$ 33.8**	$ 33.7	$ 17.9
Engineered Systems	**2.2**	1.5	1.4
Aerospace Engines and Components	**3.7**	3.5	5.1
Energy and Power Systems	**2.1**	1.0	1.9
Corporate	**0.1**	0.6	0.1
Total capital expenditures	**$ 41.9**	$ 40.3	$ 26.4

	2008	2007	2006
Identifiable assets			
Electronics and Communications	**$ 1,184.5**	$ 861.4	$ 804.4
Engineered Systems	**91.3**	79.3	70.8
Aerospace Engines and Components	**58.1**	66.2	67.2
Energy and Power Systems	**30.2**	27.2	24.6
Corporate	**170.4**	125.3	94.4
Total identifiable assets	**$ 1,534.5**	$ 1,159.4	$ 1,061.4

Information on the Company s sales to the U.S. Government, including direct sales as a prime contractor and indirect sales as a subcontractor, were as follows (in millions):

2008	2007	2006

Electronics and Communications	**$ 386.0**	$ 334.4	$ 249.1
Engineered Systems	**322.4**	298.0	278.9
Energy and Power Systems	**46.1**	32.1	41.4
Total U.S. Government sales	**$ 754.5**	$ 664.5	$ 569.4

Sales to the U.S. Government included sales to the Department of Defense of $557.1 million in 2008, $481.5 million in 2007, and $431.4 million in 2006. Total sales to international customers were $450.3 million in 2008, $362.7 million in 2007, and $301.0 million in 2006. Of these amounts, sales by operations in the United States to customers in other countries were $329.4 million in 2008, $315.1 million in 2007, and $270.7 million in 2006. There were no sales to individual countries outside of the United States in excess of 10 percent of the Company s sales. More than 95 percent of our total sales were made by our operations located in the United States. Sales between business segments, which were not material, generally were priced at prevailing market prices.

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Note 14. Lease Commitments

The Company leases buildings and equipment under capital and operating leases. The present value of the minimum capital lease payments, net of the current portion, totaled $6.1 million at December 28, 2008. Operating lease agreements, which include leases for manufacturing facilities and office space frequently include renewal options and require the Company to pay for utilities, taxes, insurance and maintenance expense.

At December 28, 2008, future minimum lease payments for capital leases and for operating leases with non-cancelable terms of more than one year were as follows (in millions):

	Capital	Operating
2009	$ 0.7	$ 17.9
2010	0.7	16.2
2011	0.6	12.4
2012	0.6	10.5
2013	0.6	7.9
Thereafter	6.9	28.9
Total minimum lease payments	10.1	$ 93.8
Less:		
Imputed interest	(3.5)	
Current portion	(0.5)	
Present value of minimum capital lease payments, net of current portion	$ 6.1	

The 2008 property, plant and equipment accounts included $6.3 million of property leased under a capital lease and $0.6 million of related accumulated depreciation. The 2007 property, plant and equipment accounts included $3.7 million of property leased under a capital lease and $0.6 million of related accumulated depreciation. Rental expense under operating leases, net of sublease income, was $20.9 million in 2008, $17.8 million in 2007, and $13.2 million in 2006.

Note 15. Commitments and Contingencies

The Company is subject to federal, state and local environmental laws and regulations which require that it investigate and remediate the effects of the release or disposal of materials at sites associated with past and present operations, including sites at which the Company has been identified as a potentially responsible party under the federal Superfund laws and comparable state laws.

In accordance with the Company s accounting policy disclosed in Note 2, environmental liabilities are recorded when the Company s liability is probable and the costs are reasonably estimable. In many cases, however, investigations are not yet at a stage where the Company has been able to determine whether it is liable or, if liability is probable, to reasonably estimate the loss or range of loss, or certain components thereof. Estimates of the Company s liability are further subject to uncertainties regarding the nature and extent of site contamination, the range of remediation alternatives available, evolving remediation standards, imprecise engineering evaluations and estimates of appropriate cleanup technology, methodology and cost, the extent of corrective actions that may be required, and the number and

financial condition of other potentially responsible parties, as well as the extent of their responsibility for the remediation. Accordingly, as investigation and remediation of these sites proceeds, it is likely that adjustments in the Company s accruals will be necessary to reflect new information. The amounts of any such adjustments could have a material adverse effect on the Company s results of operations in a given period, but the amounts, and the possible range of loss in excess of the amounts accrued, are not reasonably estimable. Based on currently available information, however, management does not believe that future environmental costs in excess of those accrued with respect to sites with which the Company has been identified are likely to have a material adverse effect on the Company s

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financial condition or liquidity. However, there can be no assurance that additional future developments, administrative actions or liabilities relating to environmental matters will not have a material adverse effect on the Company s financial condition or results of operations.

At December 28, 2008, the Company s reserves for environmental remediation obligations totaled approximately $2.9 million, of which approximately $0.4 million was included in other current liabilities. The Company is evaluating whether it may be able to recover a portion of future costs for environmental liabilities from its insurance carriers and from third parties.

The timing of expenditures depends on a number of factors that vary by site, including the nature and extent of contamination, the number of potentially responsible parties, the timing of regulatory approvals, the complexity of the investigation and remediation, and the standards for remediation. The Company expects that it will expend present accruals over many years, and will complete remediation of all sites with which it has been identified in up to thirty years.

Various claims (whether based on U.S. Government or Company audits and investigations or otherwise) may be asserted against the Company related to its U.S. Government contract work, including claims based on business practices and cost classifications and actions under the False Claims Act. Although such claims are generally resolved by detailed fact-finding and negotiation, on those occasions when they are not so resolved, civil or criminal legal or administrative proceedings may ensue. Depending on the circumstances and the outcome, such proceedings could result in fines, penalties, compensatory and treble damages or the cancellation or suspension of payments under one or more U.S. Government contracts. Under government regulations, a company, or one or more of its operating divisions or units, can also be suspended or debarred from government contracts based on the results of investigations. However, although the outcome of these matters cannot be predicted with certainty, management does not believe there is any audit, review or investigation currently pending against the Company of which management is aware that is likely to result in suspension or debarment of the Company, or that is otherwise likely to have a material adverse effect on the Company s financial condition or liquidity, although the resolution in any reporting period of one or more of these matters could have a material adverse effect on the Company s results of operations for that period.

A number of other lawsuits, claims and proceedings have been or may be asserted against the Company relating to the conduct of its business, including those pertaining to product liability, patent infringement, commercial, employment and employee benefits. While the outcome of litigation cannot be predicted with certainty, and some of these lawsuits, claims or proceedings may be determined adversely to the Company, management does not believe that the disposition of any such pending matters is likely to have a material adverse effect on the Company s financial condition or liquidity, although the resolution in any reporting period of one or more of these matters could have a material adverse effect on the Company s results of operations for that period. Teledyne has aircraft and product liability insurance with an annual self-insured retention for general aviation aircraft liabilities incurred in connection with products manufactured by Teledyne Continental Motors of $20.1 million. The Company s current aircraft product liability insurance policy expires in May 2009.

Note 16. Quarterly Financial Data (Unaudited)

The following is Teledyne s quarterly information (in millions, except per-share amounts):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Fiscal year 2008(a)				

Sales	**$**	**451.8**	**$**	**478.8**	**$**	**497.6**	**$**	**464.8**
Gross profit	**$**	**136.5**	**$**	**147.9**	**$**	**149.1**	**$**	**120.0(c)**
Net income(b)	**$**	**27.9**	**$**	**32.6**	**$**	**30.9**	**$**	**19.9**
Basic earnings per share	**$**	**0.79**	**$**	**0.92**	**$**	**0.87**	**$**	**0.56**
Diluted earnings per share	**$**	**0.77**	**$**	**0.89**	**$**	**0.84**	**$**	**0.54**

(a) Fiscal year 2008 was a 52-week year, each quarter contained 13 weeks.

(b) Includes income tax credits of $2.5 million of which $1.3 million was recorded in the first quarter and $1.2 million was recorded in the fourth quarter. Includes the third quarter reversal of $0.8 million in income tax contingency reserves which were determined to be no longer needed due to the completion of state tax audits and the expiration of applicable statutes of limitations.

(c) Includes an $18.0 million pretax charge for a product recall and replacement program.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Fiscal year 2007(a)				
Sales	$ 385.6	$ 400.3	$ 408.9	$ 427.5
Gross profit	$ 113.6	$ 125.4	$ 124.0	$ 122.9
Net income(b)	$ 20.5	$ 24.3	$ 27.1	$ 26.6
Basic earnings per share	$ 0.59	$ 0.69	$ 0.77	$ 0.76
Diluted earnings per share	$ 0.57	$ 0.67	$ 0.75	$ 0.73

(a) Fiscal year 2007 was a 52-week year, each quarter contained 13 weeks.

(b) Includes income tax credits of $4.4 million of which $4.0 million was recorded in the third quarter and $0.4 million was recorded in the fourth quarter. Includes the reversal of $1.1 million in income tax contingency reserves which were determined to be no longer needed due to the completion of state tax audits and the expiration of applicable statutes of limitations, of which $0.5 million was recorded in the first quarter, $0.5 million was recorded in the third quarter and $0.1 million was recorded in the fourth quarter.

Note 17. Subsequent Events

In February 2009, the Company made an $80.0 million voluntary contribution to its pension plan, funded primarily from its credit facility.

On February 12, 2009, Teledyne Technologies Incorporated through its subsidiary, Teledyne Continental Motors, Inc. issued a voluntary product recall of certain aircraft piston engine cylinders produced since November 2007. The total cost of the recall program is approximately $18.0 million to cover estimated costs related to the recall and replacement of affected cylinders. Although the company did not learn about the cylinder production matter until after the issuance of our fourth quarter earning press release, in accordance with Generally Accepted Accounting Principals we are required to recognize this subsequent event in our 2008 fiscal year results since it related to conditions that existed at the balance sheet date of December 28, 2008 but prior to the filing of our 2008 Form 10K. Of the total $18.0 million charge, $15.8 million was related to the costs associated with the return and replacement of product and $1.4 million was related to the disposal and write-off of inventory which were recorded as cost of sales; $0.8 million was related to estimated customer returns and was recorded as a reduction to sales. The recall program is expected to be completed by year end 2009.

On February 24, 2009, our Board of Directors approved a stock repurchase program authorizing the company to repurchase up to 1,500,000 shares of its common stock. At February 24, 2009, the Company had outstanding 36,019,970 shares of its common stock. Under the program, shares may be repurchased from time to time in open market transactions at prevailing market prices or in privately negotiated transactions through February 28, 2010. The

timing and actual number of shares purchased will depend on a variety of factors, such as price, corporate and regulatory requirements, alternative investment opportunities, and other market and economic conditions. Repurchases will be funded with cash on hand and borrowings under our credit facility. (unaudited)

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Schedule II

VALUATION AND QUALIFYING ACCOUNTS

For the Fiscal Years Ended December 28, 2008, December 30, 2007 and December 31, 2006
(In millions)

Description	Balance at beginning of period	Additions: Charged to costs and expenses	Additions: Acquisitions	Deductions(a)	Balance at end of period
Fiscal 2008					
Reserve for doubtful accounts	**$ 4.6**	**1.0**		**(2.4)**	**$ 3.2**
Aircraft product liability reserve	**$ 53.8**	**11.8**		**(26.0)**	**$ 39.6**
Product recall and replacement reserve	**$**	**15.8**			**$ 15.8**
Environmental reserves	**$ 4.4**	**0.5**		**(2.0)**	**$ 2.9**
Fiscal 2007					
Reserve for doubtful accounts	$ 2.7	2.3		(0.4)	$ 4.6
Aircraft product liability reserve	$ 46.9	12.0		(5.1)	$ 53.8
Environmental reserves	$ 5.1	(0.5)		(0.2)	$ 4.4
Fiscal 2006					
Reserve for doubtful accounts	$ 2.1	1.3		(0.7)	$ 2.7
Aircraft product liability reserve	$ 37.1	16.3		(6.5)	$ 46.9
Environmental reserves	$ 3.5	0.3	1.4	(0.1)	$ 5.1

(a) Represents payments except the amounts for allowance for doubtful accounts primarily represents uncollectible accounts written off, net of recoveries.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized as of February 26, 2009.

Teledyne Technologies Incorporated (Registrant)

By: /s/ Robert Mehrabian

Robert Mehrabian
Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Robert Mehrabian Robert Mehrabian	Chairman, President and Chief Executive Officer (Principal Executive Officer) and Director	February 26, 2009
/s/ Dale A. Schnittjer Dale A. Schnittjer	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2009
/s/ Susan L. Main Susan L. Main	Vice President and Controller (Principal Accounting Officer)	February 26, 2009
* Roxanne S. Austin	Director	February 26, 2009
* Robert P. Bozzone	Director	February 26, 2009
* Frank V. Cahouet	Director	February 26, 2009
* Charles Crocker	Director	February 26, 2009
*	Director	February 26, 2009

Kenneth C. Dahlberg		
*	Director	February 26, 2009
Simon M. Lorne		
*	Director	February 26, 2009
Paul D. Miller		
*	Director	February 26, 2009
Michael T. Smith		
*	Director	February 26, 2009
Wesley W. von Schack		

*By: /s/ Melanie S. Cibik

Melanie S. Cibik
Pursuant to Power of Attorney
filed as Exhibit 24.1

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EXHIBIT INDEX

Exhibit No.	Description
2.1	Separation and Distribution Agreement dated as of November 29, 1999 by and among Allegheny Teledyne Incorporated, TDY Holdings, LLC, Teledyne Industries, Inc. and Teledyne Technologies Incorporated (incorporated by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K dated as of November 29, 1999 (File No. 1-15295))
2.2	Purchase Agreement dated as of July 26, 2006, by and among Rockwell Automation, Inc., Rockwell Collins, Inc. and Teledyne Brown Engineering, Inc. (incorporated by reference to Exhibit 10.1 of Teledyne Technologies Incorporated Current Report on Form 8-K dated July 25, 2006)
2.3	Guarantee of Teledyne Technologies Incorporated relating to the Purchase Agreement (incorporated by reference to Exhibit 10.2 of Teledyne Technologies Incorporated Current Report on Form 8-K dated July 25, 2006)
3.1	Restated Certificate of Incorporation of Teledyne Technologies Incorporated (including Certificate of Designation of Series A Junior Participating Preferred Stock) (incorporated by reference to Exhibit 3.1 to the Company s Annual Report on Form 10-K for the year ended January 2, 2000 (File No. 1-15295))
3.2	Amended and Restated Bylaws of Teledyne Technologies Incorporated (incorporated by reference to Exhibit 3.2 to the Company s Annual Report on Form 10-K for the year ended January 2, 2000 (File No. 1-15295))
4.1	Rights Agreement dated as of November 29, 1999 between Teledyne Technologies Incorporated and ChaseMellon Shareholder Services, L.L.C. (incorporated by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K dated as of November 29, 1999 (File No. 1-15295))
10.1	Tax Sharing and Indemnification Agreement between Allegheny Teledyne Incorporated and Teledyne Technologies Incorporated (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K dated as of November 29, 1999 (File No. 1-15295))
10.2	Employee Benefits Agreement between Allegheny Teledyne Incorporated and Teledyne Technologies Incorporated (incorporated by reference to Exhibit 10.3 to the Company s Current Report on Form 8-K/A (Amendment No. 1) dated as of November 29, 1999 (File No. 1-15295))
10.3	Teledyne Technologies Incorporated 1999 Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company s Annual Report on Form 10-K for the year ended January 2, 2000 (File No. 1-15295))
10.4	Teledyne Technologies Incorporated 1999 Non-Employee Director Stock Compensation Plan (incorporated by reference to Exhibit 10.6 to the Company s Annual Report on Form 10-K for the year ended January 2, 2000 (File No. 1-15295))
10.5	Amendment No. 1 to Teledyne Technologies Incorporated 1999 Non-Employee Director Stock Compensation Plan (incorporated by reference to Exhibit 10.7 to the Company s Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 1-15295)
10.6	Amendment No. 2 to Teledyne Technologies Incorporated 1999 Non-Employee Director Stock Compensation Plan (incorporated by reference to Exhibit 10.8 to the Company s Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 1-15295)
10.7	Amendment No. 3 to Teledyne Technologies Incorporated 1999 Non-Employee Director Stock Compensation Plan (incorporated by reference to Exhibit 10.8 to the Company s Annual Report on Form 10-K for the year ended December 29, 2002 (File No. 1-15295)
10.8	Amendment No. 4 to Teledyne Technologies Incorporated 1999 Non-Employee Director Stock Compensation Plan (incorporated by reference to Exhibit 10.2 to the Company s Form 10-Q for the period

	ended September 28, 2003) (File No. 1-15295)
10.9	Fourth Amended and Restated Employment Agreement, dated as of January 21, 2009, by and between Teledyne Technologies Incorporated and Dr. Robert Mehrabian (incorporated by reference to Exhibit 10.4 to the Company s Current Report on Form 8-K dated January 20, 2009 (File No. 1-15295))

Exhibit No.	Description
10.10	Form of Change of Control Severance Agreement (incorporated by reference to Exhibit 10.9 to the Company s Annual Report on Form 10-K for the year ended January 2, 2000 (File No. 1-15295) with regard to Dale A. Schnittjer (incorporated by reference to Exhibit 10 to the Company s Quarterly Report on Form 10-Q for the period ended June 29, 2003 (File No. 1-15295)) and with regard to Susan L. Main (incorporated by reference to Exhibit 99.2 to the Company s Current Report on Form 8-K dated March 29, 2004 (File No. 1-15295))
10.11	Form of Amendment to the Change of Control Severance Agreement (incorporated by reference to Exhibit 10.3 to the Company s Current Report on Form 8-K dated December 31, 2008 (File No. 1-15295))
10.12	Teledyne Technologies Incorporated Executive Deferred Compensation Plan, as originally effective as of November 29, 1999, as amended and restated effective December 31, 2004 (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K dated December 31, 2008) (File No. 1-15295)
10.13	Teledyne Technologies Incorporated Pension Equalization/Benefit Restoration Plan, as originally effective as of November 29, 1999, as amended and restated effective December 31, 2004 (incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K dated December 31, 2008) (File No. 1-15295))
10.14	Teledyne Technologies Incorporated 2002 Stock Incentive Plan (incorporated by reference to Exhibit 10.14 to the Company s Annual Report on Form 10-K for the year ended December 30, 2001 (File No. 1-15295))
10.15	Administrative Rules of the 2002 Stock Incentive Plan Related to Non-Employee Director Stock Compensation (incorporated by reference to Exhibit 99.2 to the Company s Current Report on Form 8-K dated January 23, 2007)
10.16	Teledyne Technologies Incorporated 2008 Incentive Award Plan (incorporated by reference to Annex A of the Company s Definitive Proxy Statement filed March 7, 2008 (File No. 1-15295))
10.17	Teledyne Technologies Incorporated Adminstrative Rules of the 2008 Incentive Award Plan Related to Non-Employee Director Stock Compensation (incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2008 (File No. 1-15295))
10.18	Form of Restricted Stock Award Agreement January 23, 2007 Award (incorporated by reference to Exhibit 10.21 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007(File No. 1-15295))
10.19	Form of Restricted Stock Award Agreement January 22, 2008 Award (incorporated by reference to Exhibit 10.21 to the Company s Annual Report on Form 10-K for the year ended December 30, 2008 (File No. 1-15295))
10.20	Form of Restricted Stock Award Agreement January 20, 2009 Award (incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K dated January 20, 2009 (File No. 1-15295))
10.21	Administrative Rules for the Teledyne Technologies Incorporated Restricted Stock Award Program under the 2008 Incentive Award Plan, effective as of January 20, 2009 (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K dated January 20, 2009 (File No. 1-15295))
10.22	Summary Plan Description for the Teledyne Technologies Incorporated Performance Share Plan under the 2008 Incentive Award Plan (incorporated by reference to Exhibit 10.3 to the Company s Current Report on Form 8-K dated January 20, 2009 (File No. 1-15295))
10.23	Amended and Restated Credit Agreement, dated as of July 14, 2006, among Teledyne Technologies Incorporated, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, certain lenders thereunder and certain subsidiaries of Teledyne Technologies Incorporated as guarantors (incorporated by reference to Exhibit 10.1 of the Company s Current Report on Form 8-K dated July 14, 2006 (File No. 1-15295))

10.24 First Amendment to the Amended and Restated Credit Agreement, dated as of February 8, 2008, by and among Teledyne Technologies Incorporated, certain subsidiaries of Teledyne as Guarantors, the Lender parties thereto and Bank of America, N.A. as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K dated February 8, 2008 (File No. 1-15295))

Exhibit No.	Description
10.25	Form of Amendment to Stock Options, dated October 1, 2007, by and between Teledyne Technologies Incorporated and directors Frank V. Cahouet, Charles Crocker, Simon M. Lorne, Paul D. Miller and Michael T. Smith (incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2007 (File No. 1-15295))
14.1	Teledyne Technologies Incorporated Corporate Objectives and Guidelines for Employee Conduct this code of ethics may be accessed via the Company s website at www.teledyne.com/aboutus/ethics.asp
14.2	Code of Ethics for Financial Executives this code of ethics may be accessed via the Company s website at www.teledyne.com/aboutus/ethics.asp
14.3	Directors Code of Business Conduct and Ethics this code of ethics may be accessed via the Company s website at www.teledyne.com/aboutus/ethics.asp
21	Subsidiaries of Teledyne Technologies Incorporated*
23	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm*
24.1	Power of Attorney Directors*
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

* Submitted electronically herewith.

Denotes management contract or compensatory plan or arrangement required to be filed as an Exhibit to this Form 10-K.