TELEDYNE TECHNOLOGIES INC
Form 10-Q
November 05, 2009

Table of Contents

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 27, 2009

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ___________

Commission file number 1-15295

TELEDYNE TECHNOLOGIES INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	**25-1843385**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1049 Camino Dos Rios Thousand Oaks, California	**91360-2362**
(Address of principal executive offices)	(Zip Code)

(805) 373-4545
(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	Outstanding at October 30, 2009
Common Stock, $.01 par value per share	36,031,102 shares

TELEDYNE TECHNOLOGIES INCORPORATED AND SUBSIDIARIES
TABLE OF CONTENTS

Table of Contents

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

TELEDYNE TECHNOLOGIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER, 27, 2009 AND SEPTEMBER 28, 2008
(Unaudited Amounts in millions, except per-share amounts)

	Three Months		Nine Months	
	2009	2008	2009	2008
Net sales	**$ 429.4**	$ 497.6	**$ 1,310.8**	$ 1,428.2
Costs and expenses				
Cost of sales	**304.2**	348.5	**931.8**	994.7
Selling, general and administrative expenses	**81.5**	97.2	**256.3**	278.1
Total costs and expenses	**385.7**	445.7	**1,188.1**	1,272.8
Income before other income and expense and income taxes	**43.7**	51.9	**122.7**	155.4
Other income (expense), net		(0.1)	**(0.2)**	0.4
Interest and debt expense, net	**(1.1)**	(2.5)	**(3.7)**	(8.0)
Income before income taxes	**42.6**	49.3	**118.8**	147.8
Provision for income taxes	**7.4**	18.2	**37.2**	54.5
Net income before noncontrolling interest	**35.2**	31.1	**81.6**	93.3
Less: Noncontrolling interest in subsidiaries earnings	**(0.1)**	(0.2)	**(0.5)**	(1.9)
Net income attributable to common stockholders	**$ 35.1**	$ 30.9	**$ 81.1**	$ 91.4
Basic earnings per common share	**$ 0.98**	$ 0.87	**$ 2.25**	$ 2.58
Weighted average common shares outstanding	**36.0**	35.6	**36.0**	35.4
Diluted earnings per common share	**$ 0.96**	$ 0.84	**$ 2.22**	$ 2.50
Weighted average diluted common shares outstanding	**36.6**	36.7	**36.5**	36.5

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

Table of Contents

TELEDYNE TECHNOLOGIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited Amounts in millions, except share amounts)

		September 27, 2009		December 28, 2008
Assets				
Current Assets				
Cash and cash equivalents	**$**	**21.6**	$	20.4
Accounts receivable, net		**261.7**		281.4
Inventories, net		**192.0**		207.0
Deferred income taxes, net		**33.9**		42.6
Prepaid expenses and other current assets		**32.4**		41.6
Total current assets		**541.6**		593.0
Property, plant and equipment, at cost, net of accumulated depreciation and amortization of $268.5 at September 27, 2009 and $244.8 at December 28, 2008		**206.2**		202.6
Deferred income taxes, net		**59.5**		89.2
Goodwill, net		**510.5**		502.5
Acquired intangibles, net		**107.8**		117.0
Other assets, net		**34.5**		30.2
Total Assets	**$**	**1,460.1**	$	1,534.5
Liabilities and Stockholders Equity				
Current Liabilities				
Accounts payable	**$**	**102.0**	$	108.2
Accrued liabilities		**182.1**		202.4
Current portion of long-term debt and capital leases		**0.5**		1.1
Total current liabilities		**284.6**		311.7
Long-term debt and capital leases		**313.1**		332.1
Accrued pension obligation		**126.8**		227.9
Accrued postretirement benefits		**15.1**		16.7
Other long-term liabilities		**116.0**		110.9
Total Liabilities		**855.6**		999.3
Redeemable Noncontrolling Interest (Note 1)				28.3
Stockholders Equity				
Preferred stock, $0.01 par value; outstanding shares-none				
Common stock, $0.01 par value; outstanding shares 36,022,711 at September 27, 2009 and 35,926,224 at December 28, 2008		**0.4**		0.4
Additional paid-in capital		**252.3**		240.0

Treasury stock		**(0.8)**		
Retained earnings		**551.0**		471.2
Accumulated other comprehensive loss		**(199.4)**		(205.8)
Total Stockholders Equity		**603.5**		505.8
Noncontrolling interest		**1.0**		1.1
Total Equity		**604.5**		506.9
Total Liabilities and Stockholders Equity	**$**	**1,460.1**	$	1,534.5

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

3

Table of Contents

TELEDYNE TECHNOLOGIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 27, 2009 AND SEPTEMBER 28, 2008
(Unaudited Amounts in millions)

	Nine Months	
	2009	2008
Operating Activities		
Net income attributable to common stockholders	**$ 81.1**	$ 91.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**33.2**	36.4
Deferred income taxes	**38.4**	22.8
Stock option expense	**4.1**	5.6
Minority interest	**0.5**	1.9
Excess income tax benefits from stock options exercised	**(0.3)**	(9.9)
Loss on sale of fixed assets	**0.2**	
Changes in operating assets and liabilities, excluding the effect of business acquired:		
Decrease (increase) in accounts receivable	**19.7**	(32.3)
Decrease (increase) in inventories	**14.0**	(16.9)
Decrease in prepaid expenses and other assets	**3.2**	
Increase (decrease) in accounts payable	**(6.3)**	15.8
Increase (decrease) in accrued liabilities	**(18.9)**	32.1
Increase in income taxes payable, net	**6.1**	2.1
Increase in long-term assets	**(4.4)**	(0.2)
Increase (decrease) in other long-term liabilities	**5.7**	(10.9)
Decrease in accrued pension obligation	**(101.1)**	(22.2)
Decrease in accrued postretirement benefits	**(1.5)**	(1.5)
Other operating, net	**1.4**	(1.3)
Net cash provided by operating activities	**75.1**	112.9
Investing Activities		
Purchases of property, plant and equipment	**(26.8)**	(28.4)
Proceeds from sale of business and other assets	**0.1**	
Purchase of businesses and other investments, net of cash acquired	**(26.9)**	(250.1)
Net cash used by investing activities	**(53.6)**	(278.5)
Financing Activities		
Net proceeds from (repayments of) debt	**(20.3)**	145.0
Repurchase of Teledyne common stock	**(0.8)**	
Proceeds from exercise of stock options	**0.5**	12.1
Tax benefits from stock options exercised	**0.3**	9.9
Net cash provided (used) by financing activities	**(20.3)**	167.0

Increase in cash and cash equivalents		**1.2**		1.4
Cash and cash equivalents beginning of period		**20.4**		13.4
Cash and cash equivalents end of period	**$**	**21.6**	$	14.8

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

Table of Contents

TELEDYNE TECHNOLOGIES INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 27, 2009

Note 1. General

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by Teledyne Technologies Incorporated (Teledyne Technologies or the Company) pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in notes to consolidated financial statements have been condensed or omitted pursuant to such rules and regulations, but resultant disclosures are in accordance with accounting principles generally accepted in the United States as they apply to interim reporting. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in Teledyne Technologies Annual Report on Form 10-K for the fiscal year ended December 28, 2008 (2008 Form 10-K).

In the opinion of Teledyne Technologies management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to present fairly, in all material respects, Teledyne Technologies consolidated financial position as of September 27, 2009, and the consolidated results of operations for the three and nine months then ended and cash flows for the nine months then ended. The results of operations and cash flows for the period ended September 27, 2009 are not necessarily indicative of the results of operations or cash flows to be expected for any subsequent quarter or the full fiscal year.

In the third quarter of 2009, we adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC does not alter current U.S. GAAP, but rather integrates existing accounting standards with other authoritative guidance. The ASC provides a single source of authoritative U.S. GAAP for nongovernmental entities and supersedes all other previously issued non-SEC accounting and reporting guidance. The adoption of the ASC did not have any effect on our results of operations or financial position. All prior references to U.S. GAAP have been revised to conform to the ASC. Updates to the ASC are issued in the form of Accounting Standards Updates (ASU).

Certain reclassifications have been made to the financial statements and notes for the prior year to conform to the 2009 presentation as well as to implement ASC 810-10-65, (formerly Statement of Financial Accounting Standards (SFAS) No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51) as described below.

Other Recent Accounting Pronouncements

In May 2009, we adopted ASC 855, (formerly Statement of Financial Accounting Standards (SFAS) No. 165, Subsequent Events), which establishes general standards of accounting for and disclosure of subsequent events that occur after the balance sheet date. Entities are also required to disclose the date through which subsequent events have been evaluated and the basis for that date. ASC 855 was effective for interim and annual periods ending after June 15, 2009. The Company has adopted the provisions effective with the second quarter 2009 and has evaluated subsequent events through November 4, 2009, which is the issuance date of these consolidated financial statements.

In April 2009, ASC 820-10-65, (formerly SFAS 157-4, Determining Fair Value When Market Activity Has Decreased,), ASC 320-10-65 (formerly FSP 115-2 and FSP 124-2, Other-Than-Temporary Impairment) and ASC 825-10-65, (formerly FSP 107-1/APB 28-1, Interim Fair Value Disclosures for Financial Instruments.) were issued. These topics impact certain aspects of fair value measurement and related disclosures. The provisions of these topics were effective beginning in the second quarter of 2009. The impact of adopting these topics in the second quarter of 2009 did not have a material effect on our consolidated financial position or results of operations.

Effective December 29, 2008 Teledyne adopted the provisions of ASC 80, (formerly SFAS No. 141R, Business Combinations). This revised guidance 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. It 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. It 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, with an exception related to the accounting for valuation allowances on deferred taxes and acquired tax contingencies related to acquisitions completed before the effective date. The revised guidance also requires adjustments, made after the effective date, to valuation allowances for acquired deferred tax assets and income tax positions to be recognized as income tax expense. The adoption of the revised guidance, effective December 29, 2008, did not have a material effect on the Company s consolidated results of operations or financial position for the acquisitions made prior to its adoption. For any acquisitions completed after our 2008 fiscal year, we expect the revised guidance 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, if any, we consummate. In 2009, Teledyne acquired assets of a marine sensor product line for an initial payment of $1.4 million. Due to the size of the purchase, the revised guidance did not have an impact on the consolidated financial statements.

Effective December 29, 2008, the Company adopted the provisions of ASC 810-10-65 (formerly SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51). The revised guidance new accounting, reporting and disclosure standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary and requires the recognition of a noncontrolling interest as equity in the condensed consolidated financial statements and separate from the parents equity. The revised guidance was applied prospectively as of the beginning of fiscal year 2009, except for the presentation and disclosure requirements which were applied retrospectively for the prior period presented. In connection with the adoption, and in compliance with ASC 480 (formerly Emerging Issues Task Force Abstracts Topic No. D-98, Classification and Measurement of Redeemable Securities), the Company restated the prior year balance sheet to reflect the fair value of the obligation to purchase the remaining shares of ODI of $24.2 million at fiscal year end 2008 as redeemable noncontrolling interest and classified the amount as mezzanine equity (temporary equity) on the balance sheet. The Company also restated the year end 2008 balance in retained earnings to reflect a corresponding $24.2 million decrease. Additionally, the Company reclassified noncontrolling interests of $4.1 million, related to ODI, from long-term liabilities at year end 2008 to redeemable noncontrolling interest on the balance sheet. The Company also reclassified noncontrolling interests of $1.1 million, related to Teledyne Energy Systems, Inc., from long-term liabilities at year end 2008 to the noncontrolling interest component of the equity section of the balance sheet. In 2009, Teledyne purchased all of the remaining 14.1% minority interest in Ocean Design, Inc. (ODI) for $25.5 million and now owns 100% of ODI. See Footnote 2, Business Combinations for a discussion of the ODI acquisition.

In September 2006 and in February 2009, the FASB issued guidelines, under ASC 820, (formerly SFAS No. 157, Fair Value Measurements and related FASB Staff Positions) related to fair value measurements that, defines fair value, establishes a framework in generally accepted accounting principles for measuring fair value and expands disclosures about fair value measurements. The guidelines do not increase the use of fair value measurement and only apply when other guidelines require or permit the fair value measurement of assets and liabilities. The implementation of the guidelines for financial assets and financial liabilities, effective December 31, 2007, and the implementation the guidelines for nonfinancial assets and nonfinancial liabilities, effective December 29, 2008, did not have a material impact on our consolidated financial position or results of operations.

ASC 820 also establishes a valuation hierarchy for disclosure of the inputs to the valuations used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are inputs that are observable for an asset or liability, either directly or indirectly, through corroboration with observable market data; and Level 3 inputs are unobservable inputs based on a reporting entity s own assumptions used to measure assets and liabilities at fair value. A financial asset or liability s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The reduction in redeemable noncontrolling interest from year end 2008, primarily reflects the purchase of all of the remaining minority interest in ODI for $25.5 million.

Table of Contents

Note 2. Business Combinations

The table below summarizes the acquisitions made during fiscal year 2008. Other than the purchase of the assets of a marine sensor product line for $1.4 million and all of the remaining 14.1% minority interest in ODI for $25.5 million, no other acquisitions have been made in fiscal year 2009.

Name and Description(1)(2)	**Date Acquired**	**Primary Location**	**Pre-acquisition Sales Volume**	**Transaction Type**	**Purchase Price**(3) (in millions)
Fiscal Year 2008					
Impulse Enterprise (Impulse) Manufactures under water 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 interconnect products primarily to defense customers for radar, electronic warfare and communications applications.	December 31, 2007	Dallas, TX Woodridge, IL	$45.7 million for its fiscal year ended March 31, 2007	Stock	47.7
SG Brown Limited and its wholly owned subsidiary TSS International Limited (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) Manufactures high performance infrared detectors utilizing a wide variety of materials such as Mercury Cadmium Telluride (HgCdTe), Indium Antimonide (InSb), and Indium Gallium Arsenide (InGaAs), as well as tactical dew ar and cooler assemblies and other specialized standard products for military, space, industrial and scientific	February 1, 2008	Montgomeryville, PA	$13.8 million for its fiscal year ended December 31, 2006	Asset	27.0

applications.					
Webb Research Corp. (Webb) Manufacturer of autonomous under water 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

See footnotes on following page.

7

Table of Contents

Name and Description (1)(2)	Date Acquired	Primary Location	Pre-acquisition Sales Volume	Transaction Type	Purchase Price(3) (in millions)
Fiscal Year 2008 (continued)					
Defense business of Filtronic PLC (Filtronic) Provides customized microw ave 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 (Cormon) Designs and manufactures subsea and surface sand and corrosion sensors, as well as flow integrity monitoring systems, used in oil and gas production systems.	October 16, 2008	Lancing, United Kingdom	£6.8 million for its fiscal year ended March 31, 2008	Stock	20.6(4)
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(5)
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

(1) Each of the acquisitions is part of the Electronics and Communications segment.

(2) We increased our ownership interest in Aerosance, Inc. to 100% for $0.2 million in the first quarter of 2008. We

purchased the remaining minority ownership in ODI for $25.5 million in 2009. In the second quarter of 2009, we purchased the assets of a marine sensor product line for an initial payment of $1.4 million. We also made a scheduled payment of $0.3 million related to a prior acquisition.

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

(4) Reflects a purchase price adjustment of $0.3 million in the first quarter of 2009 based on the final closing date net working capital.

(5) The final purchase price is subject to adjustment based on the final

closing date net working capital of the acquired business.

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 the 2008 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 acquisitions been in effect at the beginning of the 2008 fiscal year. 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. The following table provides the unaudited pro forma information for the third quarter and first nine months of 2008:

(unaudited in millions, except per share amounts)	Third Quarter	First Nine Months
Sales	$ 507.7	$ 1,473.5
Net income attributable to common stockholders	$ 30.9	$ 91.1
Basic earnings per common share	$ 0.86	$ 2.57
Diluted earnings per common share	$ 0.84	$ 2.50

On August 16, 2006, Teledyne Technologies through its subsidiary, Teledyne Instruments, Inc., acquired an initial majority interest in ODI for approximately $30 million in cash. Pursuant to agreements made in connection with our acquisition of a majority interest in ODI, Teledyne Instruments made subsequent share purchases 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. In the third quarter of 2009, Teledyne Instruments purchased all the remaining minority shares for $19.6 million and now owns 100% of ODI. Ownership purchases in ODI were as follows, including the initial purchase in 2006 and the final purchase in 2009: 2006 60.9% for $35.8 million, 2007 0.9% for $0.9 million, 2008 24.1% for $38.5 million and 2009 14.1% for $25.5 million.

The primary reason for the above acquisitions was to strengthen and expand our core businesses by adding complementary product and service offerings, allowing greater integration of products and services, enhancing our technical capabilities and/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 Technologies funded the acquisitions primarily from borrowings under its credit facility and cash on hand. Teledyne Technologies goodwill was $510.5 million at September 27, 2009 and $502.5 million at December 28, 2008. Teledyne Technologies net acquired intangible assets were $107.8 million at September 27, 2009 and $117.0 million at December 28, 2008. The increase in the balance of goodwill in 2009 primarily resulted from foreign currency changes, the acquisition of the assets of a marine sensor product line and an adjustment to reflect the finalization of the Webb and the Filtronic intangible asset valuations. The change in the balance of acquired intangible assets in 2009 resulted from the amortization of acquired intangible assets, partially offset by foreign currency changes, intangible assets acquired in connection with the acquisition of the assets of a marine sensor product line and an adjustment to reflect the finalization of the Webb and the Filtronic intangible asset valuations. The Company completed the purchase price valuation for the Webb acquisition, and as a result, goodwill was decreased by $1.1 million and other acquired intangible assets were increased by $1.1 million. The Company also completed the purchase price valuation for the Filtronic acquisition, and as a result, goodwill was increased by $3.3 million and other acquired intangible assets were decreased by $3.3 million. 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 Cormon, Odom and Demo acquisitions made in 2008. The Company made preliminary estimates as of September 27, 2009, since there was insufficient time between the acquisition dates and the end of the period to finalize the valuations. There were no significant adjustments to the estimated amounts during the first nine months of 2009.

Note 3. Comprehensive Income

Teledyne Technologies comprehensive income is comprised of net income attributable to common stockholders and foreign currency translation adjustments. Teledyne Technologies total comprehensive income for the third quarter and first nine months of 2009 and 2008 consists of the following (in millions):

	Three Months		Nine Months	
	2009	2008	2009	2008
Net income before noncontrolling interest	**$ 35.2**	$ 31.1	**$ 81.6**	$ 93.3
Other comprehensive gain (loss), net of tax:				
Foreign currency translation gains (losses)	**0.8**	(7.0)	**6.3**	(8.0)
Total other comprehensive gain (loss)	**0.8**	(7.0)	**6.3**	(8.0)
Total comprehensive income	**36.0**	24.1	**87.9**	85.3
Less: Amounts attributable to noncontrolling interests:				
Net income	**(0.1)**	(0.2)	**(0.5)**	(1.9)
Foreign currency translation gains (losses)			**0.1**	(0.1)
Comprehensive income attributable to common stockholders	**$ 35.9**	$ 23.9	**$ 87.5**	$ 83.3

Table of Contents

Note 4. Earnings Per 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.

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

	Three Months		Nine Months	
	2009	2008	2009	2008
Basic earnings per share				
Net income attributable to common stockholders	**$ 35.1**	$ 30.9	**$ 81.1**	$ 91.4
Weighted average common shares outstanding	**36.0**	35.6	**36.0**	35.4
Basic earnings per common share	**$ 0.98**	$ 0.87	**$ 2.25**	$ 2.58
Diluted earnings per share				
Net income attributable to common stockholders	**$ 35.1**	$ 30.9	**$ 81.1**	$ 91.4
Weighted average common shares outstanding	**36.0**	35.6	**36.0**	35.4
Dilutive effect of exercise of options outstanding	**0.6**	1.1	**0.5**	1.1
Weighted average diluted common shares outstanding	**36.6**	36.7	**36.5**	