

TELEDYNE TECHNOLOGIES INC
Form DEF 14A
March 18, 2002

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Teledyne Technologies Incorporated

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(3) Filing Party:

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[TELEDYNE TECHNOLOGIES LOGO]

March 18, 2002

Dear Stockholder:

We are pleased to invite you to attend the 2002 Annual Meeting of Stockholders of Teledyne Technologies Incorporated. The meeting will be held on Wednesday, April 24, 2002, at the Company's offices at 12333 West Olympic Boulevard, Los Angeles, California 90064.

This booklet includes the notice of meeting as well as the Company's Proxy Statement.

Enclosed with this booklet are the following:

- Proxy or voting instruction card (including instructions for telephone and Internet voting).
- Proxy or voting instruction card return envelope (postage paid if mailed in the U.S.).

The Company's 2001 Summary Annual Report and 2001 Form 10-K are also included.

Please read the Proxy Statement and vote your shares as soon as possible. We encourage you to take advantage of voting by telephone or Internet as explained on the enclosed proxy or voting instruction card. Or, you may vote by completing, signing and returning your proxy or voting instruction card in the enclosed postage-paid envelope. It is important that you vote, whether you own a few or many shares and whether or not you plan to attend the meeting.

If you are a stockholder of record and plan to attend the meeting, please mark the "WILL ATTEND" box on your proxy card so that you will be included on our admittance list for the meeting.

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Thank you for your investment in our Company. We look forward to seeing you at the 2002 Annual Meeting.

Sincerely,

/s/ Robert Mehrabian

Robert Mehrabian
Chairman, President and
Chief Executive Officer
Teledyne Technologies Incorporated
12333 West Olympic Boulevard
Los Angeles, CA 90064

[TELEDYNE TECHNOLOGIES LOGO]

TELEDYNE TECHNOLOGIES INCORPORATED NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

MEETING DATE: April 24, 2002
TIME: 9:00 a.m. Pacific Time
PLACE: Teledyne Technologies Incorporated
12333 West Olympic Boulevard
Los Angeles, California 90064
RECORD DATE: March 11, 2002

AGENDA

- 1) Election of a class of three directors for a three-year term;
- 2) Approval of the Teledyne Technologies Incorporated 2002 Stock Incentive Plan;
- 3) Ratification of the selection of Ernst & Young LLP as the Company's independent auditors for 2002; and
- 4) Transaction of any other business properly brought before the meeting.

STOCKHOLDER LIST

A list of stockholders entitled to vote will be available during business hours for 10 days prior to the meeting at the Company's executive offices, 12333 West Olympic Boulevard, Los Angeles, California 90064, for examination by any stockholder for any legally valid purpose.

ADMISSION TO THE MEETING

Teledyne Technologies' stockholders or their authorized representatives by proxy may attend the meeting. If you are a stockholder of record and you plan to attend the meeting, please mark the "WILL ATTEND" box on your proxy card so that you will be included on our admittance list for the meeting. If your shares are held through an intermediary, such as a broker or a bank, you should present proof of your ownership at the meeting. Proof of ownership could include a proxy from your bank or broker or a copy of your account statement.

By Order of the Board of Directors,

/s/ John T. Kuelbs

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John T. Kuelbs
Senior Vice President, General Counsel
and Secretary

March 18, 2002

PROXY STATEMENT
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YOUR VOTE IS IMPORTANT

Please vote as soon as possible. You can help Teledyne Technologies reduce expenses by voting your shares by telephone or Internet. Your proxy card contains the instructions. Alternatively, complete, sign and date your proxy card and return it as soon as possible in the enclosed postage-paid envelope.

DEFINED TERMS

In this Proxy Statement, Teledyne Technologies Incorporated is sometimes referred to as the "Company", "Teledyne Technologies" or "TDY". References to "ATI" mean Allegheny Technologies Incorporated, formerly known as Allegheny Teledyne Incorporated, the company from which we were spun off on November 29, 1999.

PROXY STATEMENT FOR 2002 ANNUAL MEETING OF STOCKHOLDERS

VOTING PROCEDURES

WHO MAY VOTE

If you were a stockholder on the books of the Company at the close of business on March 11, 2002 you may vote at the Annual Meeting. On that day, there were 31,970,695 shares of our Common Stock outstanding.

Each share is entitled to one vote. In order to vote, you must either designate a proxy to vote on your behalf or attend the meeting and vote your shares in person. The Board of Directors requests your proxy so that your shares will count toward determination of the presence of a quorum and be voted at the meeting.

METHODS OF VOTING

All stockholders may vote by transmitting their proxy cards by mail. Stockholders of record can also vote by telephone or Internet. Stockholders who hold their shares through a bank or broker can vote by telephone or Internet if their bank or broker offers those options.

- By Mail. Stockholders of record may complete, sign, date and return their proxy cards in the postage-paid envelope provided. If you sign, date and return your proxy card without indicating how you want to vote, your proxy will be voted as recommended by the Board of Directors.
- By Telephone or Internet. Stockholders of record may vote by using the toll-free number or Internet website address listed on the proxy card. Your proxy card contains a Control Number that will identify you as a stockholder when you vote by telephone or Internet. You may use the telephone and Internet procedures to vote your shares and to confirm that your votes were properly recorded. Please see your proxy card for specific instructions.

REVOKING YOUR PROXY

You may change your mind and revoke your proxy at any time before it is voted at the meeting by:

- sending a written notice to revoke your proxy to the Secretary of the Company;

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- transmitting a proxy dated later than your prior proxy either by mail, telephone or Internet;
- attending the Annual Meeting and voting in person or by proxy (except for shares held in the employee plans described below).

VOTING BY EMPLOYEE BENEFIT PLAN PARTICIPANTS

Participants who hold Common Stock in the Company's defined contribution savings plan may tell the plan trustee how to vote the shares of Common Stock allocated to their accounts. You may either (1) sign and return the voting instruction card provided by the

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plan or (2) transmit your instructions by telephone or Internet. If you do not transmit instructions, your shares will not be voted by the plan trustee, except as otherwise required by law.

VOTING SHARES HELD BY BROKERS, BANKS AND OTHER NOMINEES

If you hold your shares in a broker, bank or other nominee account, you are a "beneficial owner" of TDY Common Stock. In order to vote your shares, you must give voting instructions to your bank, broker or other intermediary who is the "nominee holder" of your shares. The Company asks brokers, banks and other nominee holders to obtain voting instructions from the beneficial owners of shares that are registered in the nominee's name. Proxies that are transmitted by nominee holders on behalf of beneficial owners will count toward a quorum and, except as otherwise provided below, will be voted as instructed by the nominee holder.

CONFIDENTIAL VOTING POLICY

The Company maintains a policy of keeping stockholder votes confidential.

BOARD COMPOSITION AND PRACTICES

INFORMATION AND MEETINGS

The Board of Directors directs the management of the business and affairs of the Company as provided in the Amended and Restated Bylaws of the Company and by the laws of the State of Delaware. Except for Robert Mehrabian, our Chairman, President and Chief Executive Officer, the Board is not involved in day-to-day operations. Members of the Board keep informed about the Company's business through discussions with the senior management and other officers and managers of the Company and its subsidiaries, by reviewing analyses and reports sent to them, and by participating in Board and committee meetings.

In 2001, the Board of Directors held six meetings. During 2001, all directors attended at least 75% of the aggregate number of meetings of the Board and the Board committees of which they were a member.

NUMBER OF DIRECTORS

The Board of Directors determines the number of directors. The Board currently consists of 10 members.

DIRECTOR TERMS

The directors are divided into three classes and the directors in each class serve for a three-year term. The term of one class of directors expires

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each year at the Annual Meeting of Stockholders. The Board may fill a vacancy by electing a new director to the same class as the director being replaced. The Board may also create a new director position in any class and elect a director to hold the newly created position until the term of the class expires.

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SPIN-OFF REQUIREMENTS

In connection with our spin-off from ATI, we agreed (and our Amended and Restated Bylaws provide) that until our Annual Meeting of Stockholders in 2002, at least a majority of our Board of Directors must also be directors of ATI. Six of our 10 directors are directors of ATI. While this composition requirement expires at this 2002 Annual Meeting, all three nominees are members of ATI's board.

DIRECTORS' RETIREMENT POLICY

On June 1, 2000, the Company adopted a retirement policy for directors. This policy generally requires directors to retire at the Annual Meeting following their 72nd birthday, with certain directors being subject to a "grandfather" provision. As a result of this policy, Messrs. Paul S. Brentlinger (Class II director) and C. Fred Fetterolf (Class I director) will step down at the 2002 Annual Meeting. Effective at the 2002 Annual Meeting, the size of the Board of Directors will be reduced from 10 to eight members in lieu of filling the vacancies created by the retirement of Messrs. Brentlinger and Fetterolf.

ITEM 1 ON PROXY CARD -- ELECTION OF DIRECTORS

The Board of Directors has nominated for election this year the class of three incumbent directors whose terms expire at the 2002 Annual Meeting.

The three-year term of the class of directors nominated and elected this year will expire at the 2005 Annual Meeting. However, as a result of our retirement policy for directors, Mr. Queenan, if re-elected, will step down at the 2003 Annual Meeting.

The three individuals who receive the highest number of votes cast will be elected. Broker non-votes are not counted as votes cast.

If you sign and return your proxy card, the individuals named as proxies in the card will vote your shares for the election of the three named nominees, unless you provide other instructions. You may withhold authority for the proxies to vote your shares on any or all of the nominees by following the instructions on your proxy card. If a nominee becomes unable to serve, the proxies will vote for a Board-designated substitute or the Board may reduce the number of directors. The Board of Directors has no reason to believe that any nominee will be unable to serve.

Background information about the nominees, the continuing directors and the retiring directors follows.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE THREE NOMINEES.

NOMINEES -- TERMS EXPIRE AT 2005 ANNUAL MEETING (CLASS III)

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Robert P. Bozzone
Chairman of Allegheny Technologies
Incorporated
Director since 1999
Age: 68

Robert P. Bozzone is Chairman of ATI. From December 6, 2000 to June 26, 2001, he was Chairman, President and Chief Executive Officer of ATI. Mr. Bozzone had been Vice Chairman of the Board of ATI since August 1996. He had served as Vice Chairman of Allegheny Ludlum Corporation, a subsidiary of ATI, since August 1994 and previously was President and Chief Executive Officer of Allegheny Ludlum. He is also a director of ATI, Water Pik Technologies, Inc. and DQE, Inc., whose principal subsidiary is Duquesne Light Company. Mr. Bozzone is a member of our Audit Committee.

Frank V. Cahouet
Retired Chairman and Chief Executive
Officer of Mellon Financial Corporation
Director since 1999
Age: 69

Frank V. Cahouet served as the Chairman, President and Chief Executive Officer of Mellon Financial Corporation, a bank holding company, and Mellon Bank, N.A., prior to his retirement on December 31, 1998. He is also a director of ATI, Avery Dennison Corporation, Korn Ferry International and Saint-Gobain Corporation. Mr. Cahouet is Chair of our Audit Committee and a member of our Governance Committee.

Charles J. Queenan, Jr.
Senior Counsel, Kirkpatrick & Lockhart LLP
Director since 1999
Age: 71

Charles J. Queenan, Jr. is Senior Counsel to Kirkpatrick & Lockhart LLP, attorneys-at-law. Prior to January 1996, he was a partner of that firm. He is also a director of ATI, Water Pik Technologies, Inc. and Crane Co. Mr. Queenan is Chair of our Personnel and Compensation Committee and a member of our Audit Committee.

CONTINUING DIRECTORS -- TERMS EXPIRE AT 2003 ANNUAL MEETING (CLASS I)

Diane C. Creel
President and Chief Executive Officer
of Earth Tech
Director since 1999
Age: 53

Diane C. Creel is Chief Executive Officer and President of Earth Tech, an international consulting engineering firm and subsidiary of Tyco International Ltd. Ms. Creel is also a director of ATI and Goodrich Corporation and a member of the Boards of the Corporations and Trusts that comprise the Fixed Income funds of the American Funds Group. Ms. Creel is a member of our Personnel and Compensation Committee and our Governance Committee.

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Paul D. Miller
Chairman and Chief Executive Officer of ATK
Director since 2001
Age: 60

Paul D. Miller is Chairman and Chief Executive Officer of ATK (Alliant Techsystems Inc.), an aerospace and defense company. Prior to joining ATK in

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January 1999, Admiral Miller served as Vice President of Litton Marine Systems and as President of Sperry Marine, Inc. from November 1994 through December 1998, following a distinguished 30-year career with the U.S. Navy. Prior to his retirement from the U.S. Navy, Admiral Miller served as Commander-in-Chief, U.S. Atlantic Command and NATO Supreme Allied Commander-Atlantic. Admiral Miller became a director of TDY on July 25, 2001. He also serves on the Boards of SunTrust Bank (Eastern Region) and Donaldson Company. Admiral Miller is a member of our Audit Committee.

CONTINUING DIRECTORS -- TERMS EXPIRE AT THE 2004 ANNUAL MEETING (CLASS II)

Charles Crocker
Chairman and Chief Executive Officer of BEI
Technologies, Inc.
Director since 2001
Age: 63

Charles Crocker has been Chairman and Chief Executive Officer of BEI Technologies, Inc., a diversified technology company, since March 2000. Mr. Crocker served as Chairman, President and Chief Executive Officer of BEI Electronics from October 1995 to September 1997, at which time he became Chairman, President and Chief Executive Officer of BEI Technologies, Inc. He has also been a principal in Crocker Capital since 1971. Mr. Crocker serves as a director of BEI Medical Systems, Inc., Fiduciary Trust International and Pope & Talbot, Inc. Mr. Crocker became a director of TDY on October 24, 2001. Mr. Crocker is a member of our Personnel and Compensation Committee.

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Robert Mehrabian
Chairman, President and
Chief Executive Officer
of the Company
Director since 1999
Age: 60

Robert Mehrabian is the Chairman, President and Chief Executive Officer of TDY. He has been the President and Chief Executive Officer of TDY since its formation. He became Chairman of the Board on December 14, 2000. Prior to the spin-off of the Company by ATI, Dr. Mehrabian was the President and Chief Executive Officer of ATI's Aerospace and Electronics segment since July 1999 and had served ATI in various senior executive capacities since July 1997. Before joining ATI, Dr. Mehrabian served as President of Carnegie Mellon University. He is also a director of Mellon Financial Corporation and PPG Industries, Inc.

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Michael T. Smith
Retired Chairman of the Board and Chief
Executive Officer of
Hughes Electronics
Director since 2001
Age: 58

Michael T. Smith is the retired Chairman of the Board and Chief Executive Officer of Hughes Electronics Corporation. He had been elected to those positions in October 1997. Mr. Smith has been a director of TDY since January 1, 2001. He is also a director of Alliant Techsystems Inc., Ingram Micro Corporation and NeTune Communications. Mr. Smith is a member of our Personnel and Compensation Committee and our Governance Committee.

RETIRING DIRECTORS -- TERMS EXPIRE AT 2002 ANNUAL MEETING

Paul S. Brentlinger
Partner, Morgenthaler Ventures
Director since 1999
Age: 74

Paul S. Brentlinger is a Partner of Morgenthaler Ventures, a venture capital group located in Cleveland, Ohio and Menlo Park, California. He led Morgenthaler's investment in such companies as Microchip Technology, Inc. and Dispatch Communications (now part of Nextel Communications, Inc.). Prior to joining Morgenthaler, he was Senior Vice President - Finance of Harris Corporation, a manufacturer of communications equipment. Mr. Brentlinger is also a director of ATI. Mr. Brentlinger is a member of our Audit Committee.

C. Fred Fetterolf
Retired President and
Chief Operating Officer of
Alcoa, Inc.
Director since 1999
Age: 73

C. Fred Fetterolf was President and Chief Operating Officer of Alcoa, Inc. prior to his retirement in 1991. He is also a director of ATI, Commonwealth Industries and Dentsply International Inc. Mr. Fetterolf is Chair of our Governance Committee and a member of our Personnel and Compensation Committee.

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COMMITTEES OF OUR BOARD OF DIRECTORS

Our Board of Directors has established an Audit Committee, a Governance Committee and a Personnel and Compensation Committee. From time to time, our Board of Directors may establish other committees.

AUDIT COMMITTEE

The members of the Audit Committee are:

Frank V. Cahouet, Chair
Robert P. Bozzone
Paul S. Brentlinger
Paul D. Miller
Charles J. Queenan, Jr.

The Audit Committee held six meetings in 2001.

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The primary responsibility of the Audit Committee is to assist the Board in monitoring the integrity of our financial statements and the independence of our external auditors. In carrying out its responsibility, the Audit Committee undertakes to do many things, including:

- Making recommendations to the Board of Directors regarding the appointment of the independent auditor to audit the books, records and accounts of the Company.
- Evaluating the performance of the independent auditor.
- Receiving written periodic reports from the independent auditor delineating all relationships between the independent auditor and the Company.
- Reviewing with the independent auditor any problems or difficulties the auditor may have encountered and any management letter provided by the auditor and the Company's response to that letter.
- Reviewing the Company's annual audited financial statements and the report thereon with the independent auditor and management prior to publication of such statements.
- Reviewing with management and the independent auditor the Company's quarterly financial statements prior to the release of quarterly earnings.
- Reviewing major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management.
- Meeting periodically with management to review the Company's financial risk exposures and the steps management has taken to monitor and control such exposures.
- Reviewing with the Company's General Counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.

The Audit Committee recently revised its charter to provide that TDY's senior internal auditing executive reports directly and separately to the Chair of the Audit

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Committee and the Chief Executive Officer of TDY. A copy of the Amended and Restated Charter is attached as Annex A.

The Audit Committee meets the size, independence and experience requirements of the New York Stock Exchange, except as follows. Since Mr. Bozzone within the last three years has been an executive officer of ATI, the Board of Directors specially determined, in accordance with its business judgment and New York Stock Exchange requirements, that Mr. Bozzone's membership on the Audit Committee is required by the best interests of the Company and its stockholders. The Board believes that, among other things, Mr. Bozzone's membership on the Audit Committee will facilitate and assist in assuring TDY's compliance with various continuing obligations under our Separation and Distribution Agreement with ATI and related spin-off documents.

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The report of the Audit Committee is included under "Item 3 on Proxy Card -- Ratification of Selection of Independent Auditors."

GOVERNANCE COMMITTEE

The members of the Governance Committee are:

C. Fred Fetterolf, Chair
Frank V. Cahouet
Diane C. Creel
Michael T. Smith

The Governance Committee had four meetings in 2001.

The Governance Committee undertakes to:

- Make recommendations to the Board of Directors with respect to candidates for nomination as new Board members and with respect to incumbent directors for nomination as continuing board members.
- Make recommendations to the Board of Directors concerning the memberships of committees of the Board and the Chairpersons of the respective committees.
- Make recommendations to the Board of Directors with respect to the remuneration paid and benefits provided to members of the Board in connection with their service on the Board and its committees.
- Administer our formal compensation programs for directors, including the Teledyne Technologies Incorporated 1999 Non-Employee Director Stock Compensation Plan.
- Make recommendations to the Board of Directors concerning the composition, organization and operations of the Board of Directors, including the orientation of new members and the flow of information.
- Evaluate Board tenure policies as well as policies covering the retirement or resignation of incumbent directors.

The Governance Committee will consider stockholder recommendations for nominees for director. Any stockholders interested in suggesting a nominee should follow the procedures outlined in "Other Information -- 2003 Annual Meeting and Stockholder Proposals."

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PERSONNEL AND COMPENSATION COMMITTEE

The members of the Personnel and Compensation Committee are:

Charles J. Queenan, Jr., Chair
Diane C. Creel
Charles Crocker
C. Fred Fetterolf
Michael T. Smith

The Personnel and Compensation Committee held three meetings in 2001 and acted by unanimous written consent on one occasion.

The Personnel and Compensation Committee's principal responsibilities include:

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- Making recommendations to the Board of Directors concerning general executive management organizational matters.
- Making recommendations to the Board of Directors concerning compensation and benefits for employees who are also our directors, consulting with our Chief Executive Officer on compensation and benefit matters relating to other executive officers who are required to file reports under Section 16 of the Securities Exchange Act of 1934, as amended, and making recommendations to the Board of Directors concerning compensation policies and procedures relating to our executive officers.
- Making recommendations to the Board of Directors concerning policy matters relating to employee benefits and employee benefit plans.
- Administering our formal incentive compensation plans.

DIRECTOR COMPENSATION

Directors who are not our employees are paid an annual retainer fee of \$24,000. Directors are also paid \$1,200 for each Board meeting and \$1,000 for each committee meeting attended. Each non-employee chair of a committee is paid an annual fee of \$2,500. Directors who are our employees do not receive any compensation for their services on our Board or its committees.

The non-employee directors also participate in the Teledyne Technologies Incorporated 1999 Non-Employee Director Stock Compensation Plan, as amended (the "Director Stock Plan"). The purpose of the Director Stock Plan is to provide non-employee directors with an increased personal interest in our performance.

Under the Director Stock Plan, options to purchase 2,000 shares of our Common Stock were granted to then non-employee directors both on the date of our spin-off from ATI and at the conclusion of our 2000 Annual Meeting. Under the Director Stock Plan, from and after the 2001 Annual Meeting, options to purchase 4,000 shares of our Common Stock are granted at the conclusion of each Annual Meeting of Stockholders. If a non-employee director first becomes a director on a date other than an Annual Meeting date, an option covering 2,000 shares of our Common Stock is granted to such non-employee director on his or her first date of Board service. The purchase price of our Common Stock covered by these options is the fair market value of our Common Stock on the date the option is granted. Options granted under the Director Stock Plan terminate 10 years from the date of grant.

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The Director Stock Plan provides that each non-employee director will receive at least 25% of the annual retainer fee in the form of our Common Stock and/or options to acquire our Common Stock. Each director may elect a greater percentage (in 25% increments). A director may also elect to defer 25%, 50% or 75% of the annual retainer under our Executive Deferred Compensation Plan. Options granted under this part of the Director Stock Plan are intended to provide each electing director with options having an exercise value on the date of grant equal to the foregone fees; that is, the difference between the exercise price and the market price of the underlying shares of Common Stock on the date of grant is intended to be equal to the foregone fees. Effective in 2001, under the Director Stock Plan, directors may elect to have all of their meeting fees paid in all cash, all stock or all options.

Of the 200,000 shares of Common Stock authorized for issuance under the Director Stock Plan, at February 28, 2002, 13,526 shares have been issued and options in respect of 93,490 shares have been granted. The outstanding options

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have exercise prices ranging from \$6.31 to \$22.47 and expiration dates ranging from November 29, 2009 to February 26, 2012. At February 28, 2002, there were 92,984 shares available for issuance under the Director Stock Plan.

ITEM 2 ON PROXY CARD -- APPROVAL OF 2002 STOCK INCENTIVE PLAN

Our Board of Directors has adopted and approved a compensation plan sponsored and maintained by the Company, namely the Teledyne Technologies Incorporated 2002 Stock Incentive Plan (the "2002 Incentive Plan"). The continued effectiveness of the 2002 Incentive Plan after the date of the Annual Meeting is subject to the approval of the 2002 Incentive Plan by our stockholders. Stockholder approval of the 2002 Incentive Plan is desired, among other reasons, to ensure the tax deductibility by the Company of awards under the 2002 Incentive Plan under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). Approval of the 2002 Incentive Plan by the stockholders requires the affirmative vote of at least a majority of the shares present in person or by proxy at the meeting and entitled to vote on the proposal. If you sign and return your proxy card, your shares will be voted (unless you indicate to the contrary) to approve the 2002 Incentive Plan. If you abstain from voting on the proposal, your shares will, in effect, be voted against the proposal. Broker non-votes will not be counted as having been voted on the proposal and will not affect the outcome of the vote. Brokers will not have any discretionary voting privilege with respect to this proposal.

The following summary of the 2002 Incentive Plan is qualified in its entirety by reference to the complete text of such plan, which appears as Annex B to this Proxy Statement.

No awards have been made under the 2002 Incentive Plan. For information regarding awards made under the Teledyne Technologies Incorporated 1999 Incentive Plan, as amended (the "1999 Incentive Plan"), see "1999 Incentive Plan -- As Amended by the 2002 Incentive Plan" below. If our stockholders approve the 2002 Incentive Plan, the 1999 Incentive Plan will be amended to the extent provided under the "1999 Incentive Plan -- As Amended by the 2002 Incentive Plan."

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2002 INCENTIVE PLAN

ADMINISTRATION. The 2002 Incentive Plan is administered by the Personnel and Compensation Committee of the Board of Directors of the Company (the "Committee"). The Committee has sole discretion to interpret the 2002 Incentive Plan, establish and modify administrative rules, impose conditions and restrictions on awards, to issue new options in substitution for previously-granted options, and to take such other actions as it deems necessary or advisable. However, the actions of the Committee shall be subject to stockholder approval where approval is required by the Code or under any applicable law or rule of any stock exchange on which Common Stock or other voting securities of TDY are listed. Further, the Committee cannot cause or otherwise provide for repricing of any award unless such repricing is subject to stockholder approval. With respect to participants who are not subject to Section 16 of the Securities Exchange Act of 1934, as amended, the Committee may delegate its authority under the 2002 Incentive Plan to one or more officers or employees of the Company.

AMOUNT OF STOCK. The 2002 Incentive Plan provides for awards of up to 2,400,000 shares of TDY Common Stock, 1,000,000 of which may be allocated to awards of incentive stock options as defined in Section 422 of the Code ("incentive stock options"). No more than 360,000 shares of Common Stock may be

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issued under the 2002 Incentive Plan as "full value" award shares (which includes restricted stock). The number of shares available for issuance under the 2002 Incentive Plan is subject to anti-dilution adjustments upon the occurrence of significant corporate events. The shares of Common Stock offered under the 2002 Incentive Plan will be either authorized and unissued shares or issued shares that have been reacquired by the Company. Shares underlying awards that are terminated, canceled or forfeited may be subject to new awards under the 2002 Incentive Plan.

ELIGIBILITY AND PARTICIPATION. All officers and key employees of the Company or any of its subsidiaries will be eligible to participate, including officers who are also directors of the Company or its subsidiaries. The Committee may also grant awards to non-employees who, in the judgment of the Committee, render significant service to the Company or any of its subsidiaries. No participant can receive awards under the 2002 Incentive Plan in any calendar year in respect of more than 360,000 shares of our Common Stock and \$1,000,000 in cash.

AMENDMENT OR TERMINATION. The 2002 Incentive Plan expires by its terms on February 26, 2012, but the Committee has the power to terminate it earlier. The Committee establishes expiration and exercise dates on an award-by-award basis. However, options and stock appreciation rights issued under the 2002 Incentive Plan must terminate 10 years from the date of grant. The Board of Directors of the Company has the power to amend the 2002 Incentive Plan at any time; provided, however, that the actions of the Committee shall be subject to stockholder approval where approval is required by the Code or under any applicable law or rule of any stock exchange on which Common Stock or other voting securities of TDY are listed. Further, the Committee cannot cause or otherwise provide for repricing of any award unless such repricing is subject to stockholder approval. No amendment or termination of the 2002 Incentive Plan will, without the applicable participant's consent, adversely affect an award under the 2002 Incentive Plan.

STOCK OPTIONS. The Committee may grant to a participant incentive stock options, options which do not qualify as incentive stock options ("non-qualified stock options") or a combination of incentive and non-qualified stock options. The terms and conditions of

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stock option grants, including the quantity, price, waiting periods, and other conditions on exercise, are determined by the Committee. Incentive stock option grants are to be made in accordance with Section 422 of the Code.

The exercise price for stock options is determined by the Committee at its discretion, provided that the exercise price per share of any option cannot be less than 85% of the fair market value of one share of Common Stock on the date when the stock option is granted. The exercise price per share of each incentive stock option, however, must be at least equal to 100% of the fair market value of one share of Common Stock on the date on which the stock option is granted.

Restoration options may be granted in connection with the exercise of non-qualified stock options which a participant exercises by delivering shares of Common Stock or by having withheld shares from those otherwise issuable upon the exercise of non-qualified stock option, or with respect to which the participant's tax withholding liability is met by delivering shares or having shares withheld. In general, a restoration option entitles the holder to purchase a number of shares of Common Stock equal to the number of shares so delivered or withheld upon exercise of the original option. A restoration option will have a per share exercise price of not less than the fair market value of the underlying shares of Common Stock on the date of grant of the restoration

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option and have a term equal to the remaining term of the original option at the time that the original option is exercised.

Generally, the Committee has discretion to establish in each award agreement under the 2002 Incentive Plan the circumstances in which a participant's termination of employment with the Company or one of its subsidiaries will affect the participant's options. Unless the Committee determines otherwise in a particular award agreement, the following rules will apply to the treatment of options upon a termination of employment.

Except as described below, if an option holder's employment ends, any options that are not then vested will terminate immediately. Any options that are then vested will terminate on the earlier of:

- The scheduled expiration date set forth in the award agreement under which the options were granted; or
- Whichever of the following dates is applicable to the option holder:
 - Death -- options vest in full and are exercisable by the option holder's beneficiary for one year after the date of death.
 - Retirement or Disability -- options will continue to vest and become exercisable in accordance with the stock option agreement for the remaining term of the option.
 - Any Reason Other than Death, Disability or Retirement -- vested options will continue to be exercisable for 30 days after the date the option holder's employment ends.

Subject to the Committee's discretion, payment for Common Stock on the exercise of stock options may be made in cash, Common Stock, a combination of cash and Common Stock or in any other form of consideration acceptable to the Committee (including one or more "cashless" exercise forms).

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STOCK APPRECIATION RIGHTS. Stock appreciation rights ("SARs") may be granted by the Committee to a participant either separate from or in tandem with non-qualified stock options or incentive stock options. SARs may be granted at the time of the stock option grant or, with respect to non-qualified stock options, at any time prior to the exercise of the stock option. SARs entitle a participant to receive, upon exercise of the SAR, a payment equal to (i) the excess of the fair market value of a share of Common Stock on the exercise date over the SAR exercise price, multiplied by (ii) the number of shares of Common Stock with respect to which the SAR is exercised. Upon exercise of SARs issued in tandem with stock options, the number of shares of Common Stock covered by the SAR's related stock option, if any, are correspondingly reduced.

SARs granted in tandem with options are generally governed by the same terms and conditions as govern the related stock option and may only be exercised to the extent the related stock option is exercisable.

The exercise prices of SARs are determined by the Committee, but they cannot be less than 85% of the fair market value of a share of Common Stock on the date of grant. However, in the case of SARs granted in tandem with stock options, the exercise price may not be less than the exercise price of the related stock option. Upon exercise of SARs, payment is made in cash or in shares of Common Stock, or a combination of cash and shares of Common Stock, as determined at the discretion of the Committee.

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RESTRICTED SHARES. The Committee may award to a participant shares of Common Stock subject to specified restrictions ("Restricted Shares"). The Restricted Shares are subject to forfeiture if the participant does not meet certain conditions such as continued employment over a specified forfeiture period (the "Forfeiture Period") and/or the attainment of specified performance targets over the Forfeiture Period. The terms and conditions of Restricted Share awards are determined by the Committee, but the Forfeiture Period cannot be less than three years unless forfeiture of the applicable Restricted Shares is based on failure to meet certain performance targets or is otherwise determined to be performance-based. For participants who are subject to Section 162(m) of the Code, the performance targets would be established by the Committee, in its discretion, based on one or more specific measures. These measures include operating income, operating profit, earnings per share, return on investment or working capital, return on stockholders' equity, economic value added, reductions in inventory, inventory turns and on-time delivery performance. They may be measured with respect to the Company or any or more of its subsidiaries or divisions. They may be in absolute terms or compared to another company or companies. Such performance targets may also include quantifiable, objective measures of individual performance relevant to the participant's job responsibilities.

Participants who have been awarded Restricted Shares will have all of the rights of a holder of outstanding Common Stock, including the right to vote such shares and to receive dividends. During the Forfeiture Period, the Restricted Shares are nontransferable and may be held in custody by the Company or its designated agent, or if the certificate contains a proper restrictive legend, by the participant. Upon the lapse or release of all restrictions, an unrestricted certificate will be provided to the participant.

The Committee, in its sole discretion, may waive all restrictions with respect to a Restricted Share award under certain circumstances (including the death, disability, or retirement of a participant, or a material change in circumstances arising after the date of grant) subject to such terms and conditions as it deems appropriate.

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PERFORMANCE AWARDS. The Committee may grant performance awards to participants under such terms and conditions as the Committee deems appropriate. A performance award entitles a participant to receive a payment from the Company, the amount of which is based upon the attainment of predetermined performance targets over a specified award period. Performance awards may be paid in cash, Common Stock or a combination thereof, as determined by the Committee.

Award periods will be established at the discretion of the Committee. The performance targets will also be determined by the Committee and may, but need not, include specified levels of earnings per share, return on investment, return on stockholders' equity and/or such other goals related to the Company's or the individual's performance as are deemed appropriate by the Committee. With respect to participants subject to Section 162(m) of the Code, the applicable performance targets would be established by the Committee, in its discretion, based on one or more of the specific measures described above under "Restricted Shares." To the extent not inconsistent with Section 162(m) or if a participant is not subject to Section 162(m), when circumstances occur which cause predetermined performance targets to be an inappropriate measure of achievement, the Committee, in its discretion, may adjust the performance targets.

If a participant terminates employment prior to the end of an award period, the participant generally will forfeit all rights to any performance award, unless otherwise provided by the Committee. The Committee, in its discretion,

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may determine to pay all or any portion of a performance award to a participant who has terminated employment prior to the end of an award period under certain circumstances (including death, disability, retirement or a material change in circumstances arising after the date of grant).

OTHER AWARDS. The Committee is authorized to grant any stock purchase rights (with or without loans to participants by the Company) or any other cash awards, Common Stock awards or other types of awards which are valued in whole or in part by reference to the value of Common Stock. The Committee at its discretion will determine the terms and conditions of such awards and the participants eligible for such awards.

SHORT-TERM CASH AWARDS. The 2002 Incentive Plan authorizes performance-based annual cash incentive compensation to be paid to covered employees subject to Section 162(m) of the Code. The material terms of the annual incentive compensation feature of the 2002 Incentive Plan are as follows:

- The class of persons covered consists of those senior executives of the Company who are from time to time determined by the Committee to be subject to Section 162(m) of the Code.
- The targets for annual incentive payments to "covered employees" (as defined in Section 162(m) of the Code), will consist only of the specific performance targets discussed under the section titled "Restricted Shares" above. Use of any other target will require ratification by the stockholders if failure to obtain such approval would jeopardize tax deductibility of future incentive payments. Such performance targets will be established by the Committee on a timely basis to ensure that the targets are considered "preestablished" for purposes of Section 162(m) of the Code.
- In administering the incentive program and determining incentive awards, the Committee will not have the flexibility to pay a covered executive more than the incentive amount indicated by his or her attainment of the performance target

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under the applicable payment schedule. The Committee will have the flexibility, based on its business judgment, to reduce this amount.

CHANGE IN CONTROL. In the event of a change in control, to the extent provided in an award agreement, stock options and SARs immediately become exercisable, the restrictions on all Restricted Shares lapse and all performance awards immediately become payable. In general, events which constitute a change in control include: (i) acquisition by a person, other than the Company, one of its subsidiaries or a Company benefit plan, of 25% or more of the outstanding Common Stock; (ii) individuals who constitute the Board as of the effective date of the 2002 Incentive Plan (the "Incumbent Board") no longer constituting at least two-thirds of the Board without prior approval by a majority vote of the Incumbent Board; (iii) approval by the stockholders of the Company of a reorganization, merger or consolidation; or (iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or sale or other disposition of substantially all of the assets of the Company.

TAX CONSEQUENCES. The following is a summary of the principal federal income tax consequences of 2002 Incentive Plan benefits under present tax law. The summary is not intended to be exhaustive. It does not describe state, local or foreign tax consequences.

Stock Options. No tax is incurred by the participant, and no amount is

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deductible by the Company, upon the grant of a stock option. At the time of exercise of a non-qualified stock option, the difference between the exercise price and the fair market value of Common Stock will constitute ordinary income to the participant. The Company will be allowed a deduction equal to the amount of ordinary income recognized by the participant as a result of the exercise of the option.

In the case of incentive stock options, although no income is recognized upon exercise and the Company is not entitled to a deduction, the excess of the fair market value of Common Stock on the date of exercise over the exercise price is counted in determining the participant's alternative minimum taxable income. If the participant does not dispose of the shares acquired on the exercise of an incentive stock option within one year after their receipt and within two years after the grant of the incentive stock option, gain or loss recognized on the disposition of the shares will be treated as long-term capital gain or loss.

In the event of an earlier disposition of shares acquired upon the exercise of an incentive stock option, the participant may recognize ordinary income to the extent of the excess of the fair market value of Common Stock on the date of exercise over the exercise price, and capital gain to the extent of the excess of the amount realized on the sale of the Common Stock over the optionee's basis in the Common Stock (generally, the exercise price plus any ordinary income paid with respect to such earlier disposition), and the Company will be entitled to a deduction equal to the amount of ordinary income recognized by the participant, when recognized by the participant. Whether the capital gain recognized is long-term or short-term will depend upon whether the one-year capital gain holding period has been met.