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# *NEWSRELEASE*

## TELEDYNE TECHNOLOGIES REPORTS THIRD QUARTER RESULTS

THOUSAND OAKS, Calif. – November 2, 2017 – Teledyne Technologies Incorporated (NYSE:TDY)

- **Sales of $662.2 million an increase of 25.7% compared to last year**
- **Record GAAP earnings per diluted share of $1.90**
- **Raising full year 2017 GAAP earnings outlook to $6.10 to $6.15, an increase from the prior outlook of $5.60 to $5.70**
- **Raising full year 2017 adjusted earnings outlook to $6.66 to $6.71, an increase from the prior outlook of $6.15 to $6.25 per diluted share. Adjusted earnings, a non-GAAP measure, exclude estimated non-recurring charges of $0.56 per diluted share related to the e2v acquisition**
- **Acquired assets of Scientific Systems, Inc. (“SSI”)**

Teledyne today reported third quarter 2017 sales of $662.2 million, compared with sales of $526.8 million for the third quarter of 2016, an increase of 25.7%. Net income was $69.0 million ($1.90 per diluted share) for the third quarter of 2017, compared with $52.0 million ($1.46 per diluted share) for the third quarter of 2016, an increase of 32.7%. The third quarter of 2017 included pretax charges of $2.9 million related to the acquisition of e2v technologies plc (“e2v”) and net discrete income tax benefits of $9.9 million. The third quarter of 2016 included net discrete income tax benefits of $6.6 million.

“We achieved all-time record GAAP earnings per share and operating margin in the third quarter. Furthermore, sales growth continued to accelerate, as we reported a record increase in year-over-year revenue,” said Robert Mehrabian, Chairman, President and Chief Executive Officer. “While our Digital Imaging segment performed exceptionally well, we also achieved strong organic revenue growth in each Instrumentation product group and the majority of our government and defense businesses. In addition, orders exceeded sales and free cash flow was a record for any third quarter. Finally, given our strong cash flow, e2v integration progress and stability in our end markets, we are pursuing a number of acquisitions across our business portfolio.”

**Review of Operations** (Comparisons are with the third quarter of 2016, unless noted otherwise.)

**Instrumentation**

The Instrumentation segment's third quarter 2017 sales were $232.5 million, compared with $208.3 million, an increase of 11.6%. Third quarter 2017 operating income was $34.8 million, compared with $28.1 million, an increase of 23.8%.

The third quarter 2017 sales increase resulted from higher sales of environmental instrumentation, marine instrumentation and test and measurement instrumentation, as well as the contribution from recent acquisitions. Sales of environmental instrumentation increased $13.9 million and primarily reflected higher sales of air monitoring instruments and $6.9 million in incremental sales from recent acquisitions, including SSI. Sales of marine instrumentation increased $4.2 million and primarily reflected higher sales of interconnect systems. Sales of test and measurement instrumentation increased $6.1 million and included $1.4 million in incremental sales from recent acquisitions. The increase in operating income reflected the impact of greater sales and the collection of a previously reserved receivable.

**Digital Imaging**

The Digital Imaging segment's third quarter 2017 sales were $191.5 million, compared with $98.5 million, an increase of 94.4%. Operating income was $31.9 million for the third quarter of 2017, compared with $11.7 million, an increase of 172.6%.

The third quarter 2017 sales included $70.1 million in incremental sales from recent acquisitions, primarily from e2v. The third quarter 2017 sales also reflected higher sales of machine vision cameras for industrial applications and X-ray detectors for life sciences applications. The increase in operating income in the third quarter of 2017 reflected the impact of higher sales, favorable product mix and incremental operating profit from e2v, partially offset by acquisition-related charges of $2.9 million.

**Aerospace and Defense Electronics**

The Aerospace and Defense Electronics segment's third quarter 2017 sales were $165.1 million, compared with $153.5 million, an increase of 7.6%. Operating income was $29.4 million for the third quarter of 2017, compared with $31.5 million, a decrease of 6.7%.

The third quarter 2017 sales reflected $11.5 million of higher sales of microwave and interconnect systems and higher sales of $1.9 million of electronic manufacturing services products, partially offset by $1.8 million of lower sales of avionics products and electronic relays. The higher sales of microwave and interconnect systems included $11.7 million in sales from e2v. Operating income in the third quarter of 2017 reflected the impact of higher sales, more than offset by unfavorable product mix.

**Engineered Systems**

The Engineered Systems segment's third quarter 2017 sales were $73.1 million compared with $66.5 million, an increase of 9.9%. Operating income was $10.0 million for the third quarter of 2017, compared with $8.6 million, an increase of 16.3%.

The third quarter 2017 sales reflected higher sales of $5.3 million of engineered products and services and $4.7 million of turbine engines, partially offset by lower sales of $3.4 million of energy systems products. The higher sales of engineered products and services primarily reflected greater marine manufacturing and missile defense programs. The higher sales of turbine engines reflected greater sales for the Joint Air-to-Surface Standoff Missile ("JASSM") and Harpoon missile programs. Operating income in the third quarter of 2017 reflected the impact of higher sales and a greater proportion of higher margin manufacturing programs.

## Additional Financial Information

### Cash Flow

Cash provided by operating activities was $107.9 million for the third quarter of 2017, compared with $98.0 million. The higher cash provided by operating activities in the third quarter of 2017 reflected cash flow from e2v and the impact of higher operating income, partially offset by higher income tax payments. At October 1, 2017, cash totaled $82.5 million and total debt, including capital lease obligations, was $1,195.7 million. At October 1, 2017, $285.0 million was outstanding under the $750.0 million credit facility. The company received $7.0 million from the exercise of stock options in the third quarter of 2017, compared with $17.1 million. Capital expenditures for the third quarter of 2017 were $15.6 million, compared with $14.4 million. Depreciation and amortization expense for the third quarter of 2017 was $31.4 million, compared with $22.8 million. On July 20, 2017, Teledyne acquired assets of SSI for $31.0 million in cash.

| Free Cash Flow (a) | Third Quarter | |
|---|---|---|
| (in millions, brackets indicate use of funds) | **2017** | **2016** |
| Cash provided by operating activities | **$ 107.9** | $ 98.0 |
| Capital expenditures for property, plant and equipment | **(15.6)** | (14.4) |
| Free cash flow | **$ 92.3** | $ 83.6 |

(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.

### Income Taxes

The effective tax rate for the third quarter of 2017 was 15.6% compared with 16.7%. The third quarter of 2017 reflected net discrete income tax benefits of $9.9 million compared with net discrete income tax benefits of $6.6 million. The 2017 third quarter net discrete tax benefit includes $7.4 million in income tax benefit as a result of the remeasurement of uncertain tax positions due to expiration of statute of limitations and a $2.3 million income tax benefit related to share-based accounting. The net discrete tax benefit in 2016 of $6.6 million, included a $4.0 million income tax benefit related to share-based accounting. Excluding the net discrete income tax benefits in both periods, the effective tax rates would have been 27.7% for the third quarter of 2017 and 27.2% for the third quarter of 2016.

### Other

Stock option expense was $3.2 million for the third quarter of 2017, compared with $2.5 million. Pension income was $0.7 million for the third quarter of 2017, compared with pension income of $0.5 million for the third quarter of 2016. Interest expense, net of interest income, was $8.2 million for the third quarter of 2017 compared with $5.6 million and reflected the impact of higher debt levels, primarily due to the acquisition of e2v. Corporate expense increased to $13.2 million for the third quarter of 2017, compared with $11.1 million and reflected higher compensation accruals. Other income and expense was expense of $3.0 million for the third quarter of 2017 compared with expense of $0.8 million, and reflected higher foreign currency expense.

### Outlook

Based on its current outlook, the company's management believes that fourth quarter 2017 GAAP earnings per diluted share will be in the range of $1.70 to $1.75 and full year 2017 GAAP earnings per diluted share will be in the range of $6.10 to $6.15. The company's management believes that full year 2017 adjusted earnings per diluted share will be in the range of $6.66 to $6.71, compared to the prior outlook of $6.15 to $6.25. The company's effective tax rate for 2017 is expected to be 27.7%, before discrete items.

| | Fourth Quarter Outlook | Full Year Outlook |
|---|---|---|
| | 2017 | 2017 |
| **Adjusted fully diluted earnings per share outlook (a):** | | |
| Fully diluted earnings per share outlook | $1.70 - $1.75 | $6.10 - $6.15 |
| e2v transaction costs, including stamp duty, advisory, legal and other consulting fees and other costs | — | 0.26 |
| e2v inventory fair value step-up amortization expense | — | 0.14 |
| e2v funds-certain bank bridge facility commitment expense | — | 0.05 |
| Foreign currency option contract expense to hedge the e2v purchase price | — | 0.11 |
| **Adjusted fully diluted earnings per share outlook** | $1.70 - $1.75 | $6.66 - $6.71 |

(a) The adjustments to the full year outlook are net of taxes of $0.22 per diluted share, based on a 27.7% income tax rate.

**Use of Non-GAAP Financial Measures**

In addition to financial measures prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), this earnings announcement also contains non-GAAP financial measures. The reasons that we use these non-GAAP financial measures, a reconciliation of these measures to the most directly comparable GAAP measures, and other information relating to these measures are included following our GAAP financial statements.

**Forward-Looking Statements Cautionary Notice**

This press release contains forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, relating to earnings, growth opportunities, acquisitions and divestitures, product sales, capital expenditures, pension matters, stock option compensation expense, interest expense, taxes, exchange rate fluctuations, cost reductions, facility consolidation costs, severance expenses and strategic plans. Forward-looking statements are generally accompanied by words such as "estimate", "project", "predict", "believes" or "expect", that convey the uncertainty of future events or outcomes. All statements made in this press release that are not historical in nature should be considered forward-looking.

Actual results could differ materially from these forward-looking statements. Many factors could change the anticipated results, including: disruptions in the global economy; changes in demand for products sold to the defense electronics, instrumentation, digital imaging, energy exploration and production, commercial aviation, semiconductor and communications markets; funding, continuation and award of government programs; cuts to defense spending resulting from existing and future deficit reduction measures; risks associated with our acquisition of e2v, including failure to successfully integrate the business; impacts from the United Kingdom's decision to exit the European Union; uncertainties related to the policies of the new U.S. Presidential Administration; and threats to the security of our confidential and proprietary information, including cyber security threats. Continued lower oil and natural gas prices, as well as instability in the Middle East or other oil producing regions, and new regulations or restrictions relating to energy production, including with respect to hydraulic fracturing, could further negatively affect the company's businesses that supply the oil and gas industry. Increasing fuel costs could negatively affect the markets of our commercial aviation businesses. In addition, financial market fluctuations affect the value of the company's pension assets.

Changes in the policies of U.S. and foreign governments, including economic sanctions, could result, over time, in reductions or realignment in defense or other government spending and further changes in programs in which the company participates.

While the company's 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 internationally, including those arising from U.S. and foreign policy changes and exchange rate fluctuations.

While the company believes its internal and disclosure 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.

Readers are urged to read the company's periodic reports filed with the Securities and Exchange Commission ("SEC") for a more complete description of the company, its businesses, its strategies and the various risks that the company faces. Various risks are identified in Teledyne's 2016 Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. The company assumes no duty to publicly update or revise any forward-looking statements, whether as a result of new information or otherwise.

A live webcast of Teledyne's third quarter earnings conference call will be held at 11:00 a.m. (Eastern) on Thursday, November 2, 2017. To access the call, go to www.teledyne.com approximately ten minutes before the scheduled start time. A replay will also be available for one month starting at 12:00 p.m. (Eastern) on Thursday, November 2, 2017.

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**TELEDYNE TECHNOLOGIES INCORPORATED**
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**
**FOR THE THIRD QUARTER AND NINE MONTHS ENDED**
**OCTOBER 1, 2017 AND OCTOBER 2, 2016**
(Unaudited - in millions, except per share amounts)

| | Third Quarter 2017 | Third Quarter 2016 | Nine Months 2017 | Nine Months 2016 |
|---|---|---|---|---|
| Net sales | **$ 662.2** | $ 526.8 | **$ 1,899.4** | $ 1,597.0 |
| Costs and expenses: | | | | |
| Costs of sales (a) | **405.8** | 317.0 | **1,178.3** | 978.0 |
| Selling, general and administrative expenses (a) | **163.5** | 141.0 | **483.9** | 435.7 |
| Total costs and expenses | **569.3** | 458.0 | **1,662.2** | 1,413.7 |
| Operating income | **92.9** | 68.8 | **237.2** | 183.3 |
| Interest and debt expense, net (a) | **(8.2)** | (5.6) | **(25.5)** | (17.2) |
| Other income/(expense), net (a) | **(3.0)** | (0.8) | **(13.0)** | 15.1 |
| Income before income taxes | **81.7** | 62.4 | **198.7** | 181.2 |
| Provision for income taxes | **12.7** | 10.4 | **39.1** | 43.3 |
| Net income | **$ 69.0** | $ 52.0 | **$ 159.6** | $ 137.9 |
| | | | | |
| Diluted earnings per common share | **$ 1.90** | $ 1.46 | **$ 4.41** | $ 3.90 |
| | | | | |
| Weighted average diluted common shares outstanding | **36.4** | 35.6 | **36.2** | 35.4 |

(a) The third quarter of 2017 includes pretax charges of $2.9 million related to the acquisition of e2v technologies plc, of which, $2.7 million was recorded to cost of sales and $0.2 million was recorded to selling, general and administrative expenses. The first nine months of 2017 includes pretax charges of $28.1 million related to the acquisition of e2v technologies plc, of which, $6.8 million was recorded to cost of sales, $13.0 million was recorded to selling, general and administrative expenses, $2.3 million was recorded to interest expense and $6.0 million was recorded as other expense. The first nine months of 2016 includes a second quarter gain of $17.9 million on the sale of a former operating facility recorded as other income.

This financial statement was prepared in accordance with U.S. generally accepted accounting principles.

# TELEDYNE TECHNOLOGIES INCORPORATED
# SUMMARY OF SEGMENT NET SALES AND OPERATING INCOME
# FOR THE THIRD QUARTER AND NINE MONTHS ENDED
# OCTOBER 1, 2017 AND OCTOBER 2, 2016

(Unaudited - in millions)

| | Third Quarter 2017 | Third Quarter 2016 | % Change | Nine Months 2017 | Nine Months 2016 | % Change |
|---|---|---|---|---|---|---|
| Net sales: | | | | | | |
| Instrumentation | **$ 232.5** | $ 208.3 | 11.6 % | **$ 699.1** | $ 652.1 | 7.2 % |
| Digital Imaging | **191.5** | 98.5 | 94.4 % | **493.8** | 287.8 | 71.6 % |
| Aerospace and Defense Electronics | **165.1** | 153.5 | 7.6 % | **489.8** | 464.1 | 5.5 % |
| Engineered Systems | **73.1** | 66.5 | 9.9 % | **216.7** | 193.0 | 12.3 % |
| Total net sales | **$ 662.2** | $ 526.8 | 25.7 % | **$ 1,899.4** | $ 1,597.0 | 18.9 % |
| Operating income: | | | | | | |
| Instrumentation | **$ 34.8** | $ 28.1 | 23.8 % | **$ 96.0** | $ 79.6 | 20.6 % |
| Digital Imaging (a) | **31.9** | 11.7 | 172.6 % | **73.6** | 30.6 | 140.5 % |
| Aerospace and Defense Electronics (a) | **29.4** | 31.5 | (6.7)% | **88.0** | 83.6 | 5.3 % |
| Engineered Systems | **10.0** | 8.6 | 16.3 % | **28.0** | 22.2 | 26.1 % |
| Corporate expense (a) | **(13.2)** | (11.1) | 18.9 % | **(48.4)** | (32.7) | 48.0 % |
| Operating income | **92.9** | 68.8 | 35.0 % | **237.2** | 183.3 | 29.4 % |
| Interest and debt expense, net (a) | **(8.2)** | (5.6) | 46.4 % | **(25.5)** | (17.2) | 48.3 % |
| Other income/(expense), net (a) | **(3.0)** | (0.8) | 275.0% | **(13.0)** | 15.1 | * |
| Income before income taxes | **81.7** | 62.4 | 30.9 % | **198.7** | 181.2 | 9.7 % |
| Provision for income taxes | **12.7** | 10.4 | 22.1 % | **39.1** | 43.3 | (9.7)% |
| Net income | **$ 69.0** | $ 52.0 | 32.7 % | **$ 159.6** | $ 137.9 | 15.7 % |

(a) The third quarter of 2017 includes pretax charges of $2.9 million related to the acquisition of e2v technologies plc, which was recorded in the Digital Imaging segment. The first nine months of 2017 includes pretax charges of $28.1 million related to the acquisition of e2v technologies plc, of which, $9.1 million was recorded in the Digital Imaging segment, $0.3 million in the Aerospace and Defense Electronics segment, $10.4 million was recorded to corporate expense, $2.3 million was recorded to interest expense and $6.0 million was recorded as other expense. The first nine months of 2016 includes a second quarter gain of $17.9 million on the sale of a former operating facility recorded as other income.

* not meaningful

This financial statement was prepared in accordance with U.S. generally accepted accounting principles.

**TELEDYNE TECHNOLOGIES INCORPORATED**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
(Unaudited – in millions)

| | October 1, 2017 | January 1, 2017 |
|---|---|---|
| ASSETS | | |
| Cash | **$ 82.5** | $ 98.6 |
| Accounts receivable, net | **466.0** | 383.7 |
| Inventories, net | **431.9** | 314.2 |
| Prepaid expenses and other current assets | **60.6** | 49.7 |
| Total current assets | **1,041.0** | 846.2 |
| Property, plant and equipment, net | **452.1** | 340.8 |
| Goodwill and acquired intangible assets, net (a) | **2,157.1** | 1,428.1 |
| Prepaid pension asset | **109.8** | 88.5 |
| Other assets, net | **87.5** | 70.8 |
| Total assets | **$ 3,847.5** | $ 2,774.4 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Accounts payable | **$ 186.0** | $ 138.8 |
| Accrued liabilities | **336.6** | 261.0 |
| Short-term debt, current portion of long-term debt and capital lease obligations | **2.5** | 102.0 |
| Total current liabilities | **525.1** | 501.8 |
| Long-term debt and capital lease obligations | **1,193.2** | 515.8 |
| Other long-term liabilities | **275.8** | 202.4 |
| Total liabilities | **1,994.1** | 1,220.0 |
| Total stockholders' equity | **1,853.4** | 1,554.4 |
| Total liabilities and stockholders' equity | **$ 3,847.5** | $ 2,774.4 |

(a) The increase in goodwill and acquired intangible assets primarily reflects the estimated amounts related to the acquisition of e2v on March 28, 2017.

This financial statement was prepared in accordance with U.S. generally accepted accounting principles.

**TELEDYNE TECHNOLOGIES INCORPORATED**
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**
**FOR THE THIRD QUARTER AND NINE MONTHS ENDED**
**OCTOBER 1, 2017 AND OCTOBER 2, 2016**
(Unaudited - in millions, except per-share amounts)

| | Third Quarter | | Nine Months | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| **Adjusted operating income:** | | | | |
| Operating income | $ 92.9 | $ 68.8 | $ 237.2 | $ 183.3 |
| e2v transaction costs, including stamp duty, advisory, legal and other consulting fees and other costs | 0.2 | — | 13.0 | — |
| e2v inventory fair value step-up amortization expense | 2.7 | — | 6.8 | — |
| **Adjusted operating income** | $ 95.8 | $ 68.8 | $ 257.0 | $ 183.3 |

| | Third Quarter | | Nine Months | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| **Adjusted fully diluted earnings per share(a):** | | | | |
| Fully diluted earnings per share | $ 1.90 | $ 1.46 | $ 4.41 | $ 3.90 |
| e2v transaction costs, including stamp duty, advisory, legal and other consulting fees and other costs | 0.01 | — | 0.26 | — |
| e2v inventory fair value step-up amortization expense | 0.05 | — | 0.14 | — |
| e2v funds-certain bank bridge facility commitment expense | — | — | 0.05 | — |
| Foreign currency option contract expense to hedge the e2v purchase price | — | — | 0.11 | — |
| **Adjusted fully diluted earnings per share** | $ 1.96 | $ 1.46 | $ 4.97 | $ 3.90 |

(a) The adjustments to the third quarter of 2017 are net of income taxes of $0.02 per diluted share based on a 27.7% income tax rate and the adjustments for the first nine months of 2017 are net of income taxes of $0.22 per diluted share based on a 27.7% income tax rate.

## Explanation of Non-GAAP Financial Measures

We report our financial results in accordance with U.S. GAAP. However, management believes that, in order to more fully understand our short-term and long-term financial and operational trends, investors may wish to consider the impact of certain items resulting from our recent acquisition of e2v which have an infrequent or non-recurring impact on operations. Accordingly, we present non-GAAP financial measures as a supplement to the financial measures we present in accordance with GAAP. These non-GAAP financial measures provide management with additional means to understand and evaluate the operating results and trends in our ongoing business by adjusting for certain expenses and other items. Management believes these non-GAAP financial measures provide additional means of evaluating period-over-period operating performance. In addition, management understands that some investors and financial analysts find this information helpful in analyzing our financial and operational performance and comparing this performance to our peers and competitors.

We use the term “adjusted operating income,” to refer to GAAP operating income excluding items related to the e2v business acquisition and integration such as expense related to inventory fair value step-up amortization, transaction and integration expenses such as advisory, legal, financial and other fees, stamp duty and other costs. We use the related term, “adjusted operating margin” to refer to adjusted operating income as a percentage of revenue.

We use the term “adjusted fully diluted earnings per share” and “adjusted earnings,” to refer to GAAP earnings per share excluding items related to the e2v business acquisition and integration such as expense related to inventory fair value step-up amortization, transaction and integration expenses such as advisory, legal, financial and other costs, stamp duty, foreign currency option contract to hedge the e2v purchase price, funds-certain bank bridge facility commitment expense and other costs. We also adjust for any tax impact related to the above items.

Management excludes the effect of each of the items identified below to arrive at the applicable non-GAAP financial measure referenced above for the reasons set forth below with respect to that item:

- *e2v transaction costs, including stamp duty, advisory, legal and other consulting fees and other costs* - In connection with our e2v acquisition, we incurred legal, financial, and other advisory fees, stamp duty and other costs, which are part of selling, general and administrative expenses. We exclude these expenses to arrive at our non-GAAP measures because we believe they do not reflect the performance of our ongoing operations.
- *e2v inventory fair value step-up amortization expense* - In connection with our e2v acquisition, accounting rules require us to adjust various balance sheet accounts, including inventory, to fair value at the time of the acquisition. This expense is part of costs of sales. We exclude the amortization expense relating to the step-up in fair value of our inventory to arrive at our non-GAAP measures as we believe it does not reflect the performance of our ongoing operations.
- *e2v funds-certain bank bridge facility commitment expense* - In connection with our e2v acquisition, we entered into a £625.0 million bridge credit facility in December 2016 to fund the acquisition and related transaction costs, in order to meet the requirement under the U.K. City Code on Takeovers and Mergers that we have sufficient and certain resources available to fund the consideration for the acquisition. This expense is part of interest expense. In January 2017, we amended our revolving credit agreement to allow us to use that facility to fund part of the consideration in lieu of the bridge credit facility. We exclude the expense associated with the bridge facility to arrive at our non-GAAP measures because we believe it does not reflect the performance of our ongoing operations.
- *Foreign currency option contract expense to hedge the e2v purchase price* - In connection with our e2v acquisition, we entered into a foreign currency option contract in December 2016 to hedge the e2v purchase price. This expense is part of other expense, net. We exclude this expense to arrive at our non-GAAP measures because we believe it does not reflect the performance of our ongoing operations.

The non-GAAP financial measures described above are not meant to be considered superior to, or a substitute for, our financial statements prepared in accordance with GAAP. There are material limitations associated with non-GAAP financial measures because they exclude charges that have an effect on our reported results and, therefore, should not be relied upon as the sole financial measures by which to evaluate our financial results. Management compensates and believes that investors should compensate for these limitations by viewing the non-GAAP financial measures in conjunction with the GAAP financial measures. In addition, the non-GAAP financial measures included in this earnings announcement may be different from, and therefore may not be comparable to, similar measures used by other companies.

The non-GAAP financial measures listed above are also used by our management to evaluate our operating performance, and benchmark our results against our historical performance and the performance of our peers.