

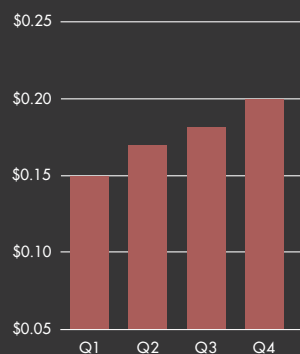
TELEDYNE TECHNOLOGIES INCORPORATED • TWO THOUSAND ONE SUMMARY ANNUAL REPORT •



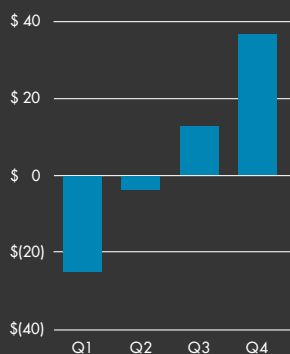


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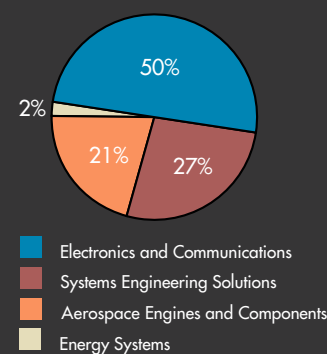
2001 Pro Forma EPS ⁽¹⁾
(Continuing operations data)



2001 Cash from Operations
(In millions; continuing operations data)



2001 Sales by Segment



Selected Consolidated Financial Data

(In millions, except per-share data)

Summary Pro Forma Financial Data ⁽¹⁾

	2001	2000	1999	1998	1997
Sales	\$ 744.3	\$ 795.1	\$ 761.4	\$ 733.0	\$ 707.4
Net income from continuing operations	\$ 22.5	\$ 40.5	\$ 40.9	\$ 37.5	\$ 27.9
Diluted earnings per-share from continuing operations	\$ 0.69	\$ 1.37	\$ 1.50	\$ 1.33	\$ 1.00
Weighted average diluted common shares outstanding	32.4	29.5	27.3	28.1	28.1

Summary Balance Sheet Data

	2001	2000	1999	1998	1997
Working capital	\$ 115.3	\$ 107.6	\$ 98.5	\$ 72.6	\$ 78.2
Total assets	349.3	350.9	313.4	246.4	250.6
Long-term debt	30.0	—	97.0	—	—
Stockholders' equity	\$ 173.0	\$ 163.1	\$ 44.5	\$ 106.4	\$ 109.4

⁽¹⁾ Pro forma information represents continuing operations data excluding after tax charges of \$15.7 million, \$8.6 million and \$1.8 million in 2001, 2000 and 1999, respectively. In addition, 1999, 1998 and 1997 data reflect estimated expense impacts (primarily interest expense and corporate expenses) that would have been incurred had Teledyne Technologies operated as a separate company as of the beginning of each year and as capitalized at the time of its spin-off for each period presented.

TO OUR STOCKHOLDERS



Robert J. Naglieri
*Senior Vice President
and Chief Financial
Officer*

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

Robert Mehrabian
*Chairman, President
and Chief Executive
Officer*

Our second year as an independent company was a difficult one. A continuously weakening economy, coupled with the sudden deterioration of the semiconductor and telecommunications markets, significantly affected Teledyne's financial performance. After several consecutive years of stable revenue growth, Teledyne Technologies' revenues declined by 6.4% in 2001, and earnings per share, excluding charges, declined by almost 50% in 2001. However, despite the weak market environment facing many of our businesses, our multiple cost reduction actions improved Teledyne's financial results throughout the year. Excluding charges taken in the second quarter of 2001, we increased earnings per share, operating margin and cash from operations in each quarter of 2001. Teledyne Technologies has begun 2002 as a much leaner and improved company.

Transforming Teledyne Technologies

At the end of the second quarter of 2001, we recorded a pre-tax charge of \$26.4 million and announced a number of specific restructuring and cost reduction initiatives. By the end of the year, we had essentially completed the initiatives that we outlined. We met our workforce reduction target of approximately 14%, sold or closed five underperforming product lines, consolidated several manufacturing operations and combined corporate facilities and administrative functions with our Electronics and Communications segment. Through our aggressive cost reduction actions, we achieved \$25 million in annualized cost savings. All of our efforts were undertaken to enable Teledyne to perform well during the current economic downturn as well as position the company for stronger performance when the commercial markets that we serve rebound.

Revitalizing our Electronics Businesses

In many of our short-cycle electronics businesses, demand for our products rapidly dropped during the first half of 2001 and continued to decline throughout the year. Simultaneously, after adding significant capital equipment and engineering resources, the commercial optoelectronics market that we were pursuing collapsed. In response to these events, we dramatically accelerated a large number of coordinated actions to permanently reduce the cost structure in our electronics businesses.

First, we substantially reduced general and administrative headcount and expenses. Second, several initiatives were undertaken to reduce our manufacturing costs, especially in our short-cycle electronics businesses. We ceased manufacturing electronic relays in Scotland, and moved production to our upgraded low-cost Mexico facilities. We also increased the amount of analytical instrument manufacturing and high-mix contract manufacturing services performed in Mexico. We combined two separate manufacturing operations in New Hampshire into one facility. We reallocated resources from our optoelectronics product line to support the increased demand for military microelectronics. In the second half of 2001, we expanded our market focus and initiated a significant number of cost reimbursable new product development programs with small optoelectronics companies. These actions enabled us to retain our optoelectronics capabilities while significantly lowering our cost structure. We intend to capitalize on both our engineering and capital resources when the commercial optoelectronics market recovers.

Our financial results in the last three quarters of 2001 reflect these changes, as operating margin, excluding charges, in our Electronics and Communications segment more than doubled from 4.4% in the second quarter of 2001 to 9.6% in the fourth quarter of 2001.

Enhancing Focus with Segment Realignment

In 2001, we aggressively refined the business portfolio in our Systems Engineering Solutions segment in order to sharpen our focus and enhance our growth potential in government programs. Practically all of the commercial businesses in this segment were sold, closed or transferred to the Electronics and Communications segment.

The two electronic instrumentation business units that were transferred, geophysical instruments and test services, serve the energy and power markets and have been combined with Teledyne's other instrument product lines. Our new group of instrumentation companies also includes Teledyne Advanced Pollution Instrumentation, which was acquired in November 2001.

We separated our Energy Systems business, whose results were previously reported under the Systems Engineering Solutions segment, into a standalone segment. Our goal in the Energy Systems business is to leverage the increased interest in hydrogen infrastructure and fuel cell technology while exploring value creation opportunities for our

stockholders with this asset. In the meantime, Teledyne Energy Systems, Inc. plans to continue launching new products in the fuel cell and hydrogen markets while remaining at near-breakeven profitability.

Aerospace Engines and Components Poised for Future Growth

From the weak economic environment to the September 11 tragedy and subsequent flight restrictions, 2001 was a very tough year for general aviation. Nonetheless, operating leverage in our Teledyne Continental Motors business has never been stronger. Years of capital investment and manufacturing excellence programs, combined with recent strides in supply chain management, have substantially improved productivity and customer service. We continue to believe that we could increase volume by 30% with modest additions to variable costs.

Although revenues declined in 2001 in our turbine engine business, we are comfortable with the outlook for this business. Our position as the sole source engine provider for the new Joint Air-to-Surface Standoff Missile (JASSM) program should provide years of new revenue.

Well Positioned in Today's Environment

In today's uncertain economic and political environment, our stable portfolio of approximately 45% government and 55% commercial businesses should perform well. Although we have positioned our businesses to rebound in a better economic cycle, we are not relying on improved markets to boost our financial performance in 2002.

Demand for our defense electronics products, especially military microelectronics, such as those used for secure communication and traveling wave tubes used in radar and electronic warfare systems, were strong in 2001, as funding for military programs such as the F-22 increased substantially. Going forward, the long-term outlook for our defense electronics businesses is stronger than at any time in the last decade, as new product procurement for the Department of Defense is expected to grow over the next several years.

Although new aircraft shipments for the commercial air transport market may be down nearly 25% in 2002, a variety of factors help insulate Teledyne from the declining commercial aerospace cycle. In 2001, we met several new product milestones in our avionics businesses. During the fourth quarter, our Wireless GroundLink™ product, which uses existing mobile telephony infrastructure to transfer data from our on-board computers to the airline's Operations Center, received the FAA's Supplemental Type Certification for the Boeing 737 series aircraft, and we are working on extending this certification to other popular aircraft platforms. We also sold our first commercial off-the-shelf data acquisition system for use on military air transport aircraft. In addition, we are experiencing strong demand for the latest technology upgrades in the business-jet airborne telephony and communications market where we are the market leader.

Both the increased defense budget and the establishment of the Office for Homeland Security suggest an improved outlook for defense-related engineering services. For example, our largest programs in the Systems Engineering Solutions segment relate to NMD, the national missile defense, which has received increased funding for 2002. Given our incumbent status in a variety of high-value programs, combined with focused management resources and the increased defense budget, the long-term outlook for this segment is attractive.

As we continued to evolve as an independent company, we expanded our Board in 2001 with the addition of two new Directors: Paul D. Miller, Chairman and Chief Executive Officer of Alliant Techsystems and Charles Crocker, Chairman and Chief Executive Officer of BEI Technologies. Given our current mix of government and commercial businesses, Mr. Miller and Mr. Crocker each bring unique and valuable insights to our business operations and the markets that we serve. We also want to thank retiring Directors, Paul S. Brentlinger and C. Fred Fetterolf, for their dedicated service and support.

The Year Ahead

We enter 2002 well positioned to emerge from the current economic downturn. Our businesses are more focused and cost competitive, our manufacturing facilities have never been leaner, and our balance sheet is nearly debt free. We believe that our company will enjoy a substantial increase in profitability when the commercial markets in which we participate turn around. Furthermore, we have the financial flexibility to pursue acquisitions that build on our strong niche market positions, especially in electronics.

Finally, all of Teledyne Technologies' employees deserve recognition for overcoming many challenges and helping improve our financial results throughout 2001 despite the challenging economic environment.



Robert Mehrabian
Chairman, President and Chief Executive Officer
February 25, 2002

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Significant Events and Accomplishments of the Past Year

ELECTRONICS AND COMMUNICATIONS SEGMENT

STRONG ORDERS FOR MILITARY ELECTRONICS WERE OFFSET BY WEAKNESS IN PRODUCT LINES THAT SERVE THE TELECOMMUNICATIONS AND SEMICONDUCTOR MANUFACTURING MARKETS. WE ACQUIRED A PRIVATE POLLUTION INSTRUMENTATION COMPANY THAT COMPLEMENTS OUR EXISTING ANALYTICAL INSTRUMENT PRODUCT LINES, FORMING THE TELEDYNE INSTRUMENTS BUSINESS UNIT TO FOCUS ON EXPANDING OUR PRESENCE IN THE MARKET FOR SPECIALIZED MONITORING AND CONTROL INSTRUMENTS.

Cost Reduction

Teledyne's continued focus on cost reduction and operational excellence has taken on special significance because of the difficult conditions in several of our market segments. During 2001 we discontinued manufacturing relays in Scotland and have moved more of our manufacturing operations from California to Mexico and

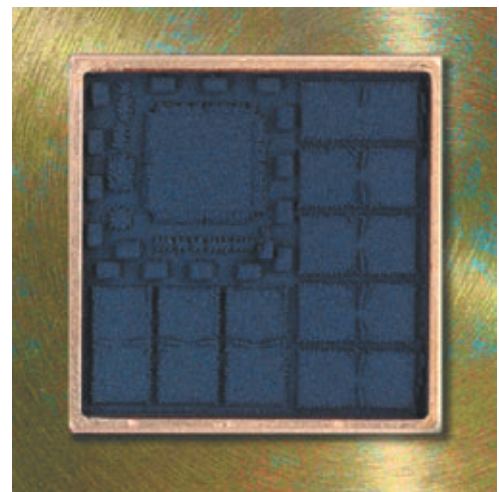
India. We have added new streamlined work cells for several product lines including microelectronics, connectors and relays, and have discontinued manufacturing certain underperforming electronic products during the year.

Defense Electronics

During 2001, the decline in demand for short-cycle electronics for telecommunications and semiconductor processing was partially offset by strength in our defense electronics markets. Orders for our military traveling wave tubes (TWTs) were the highest they

have been since 1987. These orders included new products for radar and communications applications as well as replacement spares for electronic warfare systems used in military aircraft

such as the EA-6B, the B-1B, and the F-16. We significantly expanded our offerings for high frequency applications in this market with the introduction of three new Ka band TWTs providing output powers up to 250 watts.



Microelectronic cryptographic module with secure coating

Initial production of three other product lines was begun for the new F-22 Raptor advanced tactical fighter. These products include the aircraft's ejection seat sequencing system and rigid-flex circuit boards. Several hundred of our solid state relays are used to control power, and our optoelectronic modules provide onboard communication on each F-22 aircraft. We anticipate that these or similar products will be employed on the new Joint Strike Fighter currently in development.

Growth was experienced in orders for custom products used in secure communications equipment, as well. Our microelectronic modules for highly sensitive applications, such as military encryption, are produced with secure coatings that make it difficult to reverse engineer or otherwise tamper with them. Shipments of our surface mount printed circuit board assemblies for jam-resistant battlefield communications equipment also increased.

New Acquisition

During the fourth quarter, Teledyne acquired Advanced Pollution Instrumentation, Inc., a private company that manufactures a broad line of instruments for monitoring low levels of gases such as sulfur dioxide, carbon monoxide and ozone. This company's products have historically been used in environmental applications, but it recently introduced instruments for Teledyne's traditional markets in semiconductor manufacturing and industrial process control. We anticipate that the Advanced Pollution Instrumentation product line will be highly complementary to our existing lines with respect to distribution channels, technology and manufacturing capabilities.

Concurrent with this acquisition, we have formed Teledyne Instruments, a group of business units drawn from our Electronics and Communications segment and the Systems Engineering Solutions segment, and including Teledyne Advanced Pollution Instrumentation, Inc. This new group will provide internal operational synergies and a focal point for the expansion of Teledyne's presence in the market for specialized monitoring and control instruments.



Advanced Pollution Instrumentation's Model 265A

Diversification was achieved, in addition, by marketing two of our commercial product lines to military customers. Our Optical Quick Access Recorder, developed for commercial airliners, was selected for use on the C-17 Globemaster III aircraft, recognized as the most modern and sophisticated military transport aircraft in the world. The C-17 will be the first military transport jet to use a commercial off-the-shelf Data Acquisition and Recording System meeting the flight data acquisition requirements of the Air Force's Aircraft Information Program Directive of December 2000. In a second area, we have been able to apply technology developed for offshore oil industry geophysical surveys to a military antisubmarine warfare application, using towed arrays of hydrophones.

Commercial Aerospace

2001 marked the FAA certification of our new Wireless GroundLink™ system for all series of Boeing 737 aircraft. This system allows flight data information to be immediately transmitted from a commercial airliner to the airline's home base as soon as the aircraft touches down at virtually any airport. Automatic wireless data transfer eliminates manually removing data storage media from the aircraft and physically transferring them to an operations center, thus greatly speeding the availability of data for analysis. Since the system uses existing cellular/PCS data networks, there is no need for the costly installation of additional dedicated infrastructure at airports.

Since July 2001, Qantas Airlines has been using our Wireless GroundLink system in a trial configuration aboard a Boeing 747-400. Qantas' Sydney headquarters has successfully received downloads of 165 flight legs via the Sprint PCS Network. Teledyne Controls is now developing versions of this system that will operate with international wireless networks. Continental Airlines has also conducted successful trials of the new system on a Boeing 737-800 aircraft on its domestic routes, and agreements have been made with other European airlines to do trials on various Airbus aircraft.

Teledyne Controls' Data Delivery Service and/or Data Processing Service for flight data replay and analysis, which is available to airlines by subscription, further enhances the system. This combination virtually eliminates capital expenditures associated with implementing Flight Operations Quality Assurance and/or Maintenance Operations Quality Assurance Programs.

Teledyne Controls has been a leading supplier of data acquisition systems for the commercial airline industry for over 30 years. We have now broadened our market for these systems to include business and commuter aircraft with the



Wireless GroundLink™

successful certification of our new Mini-Flight Data Acquisition Unit (MFDAU) on multiple aircraft platforms including the Embraer ERJ 135/145, the Dassault Falcon series, and the Gulfstream GV to name a few. The MFDAU will be compatible with most of the current fleet of regional and business jets, collecting, formatting and transferring aircraft data to the Flight Data Recorder, or "black box". It complies with the latest FAA directives that increase the number of recorded parameters used to aid in accident investigations.

Our relay products are also widely used in commercial aviation, and are specified for use in more than 20 major aircraft subsystems by Boeing and Airbus. While our electromechanical relays have traditionally been selected for these applications, we have seen a growing trend toward the use of solid state relays in new aircraft designs. In response to this we have introduced three new solid state relays for this market, and have four more solid state relays and power controllers that are nearly developed.

Telecommunications

Despite a significant decline in orders for high frequency relays used in existing telecommunications systems, our customers have continued to invest in product development and we have obtained many new orders for prototypes to be used in next generation products. Our high frequency relays, for example, have been designed into over 150 new systems in all market segments including telecommunications.

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We have also succeeded in obtaining prototype development and initial production orders for a new line of microwave transceivers to be used in point-to-point communication systems. These transceivers, which will enter production in early 2002, exemplify our strategy to extend our participation in this field beyond basic microwave amplification products into complete subsystems for first-tier suppliers of wireless communications equipment.

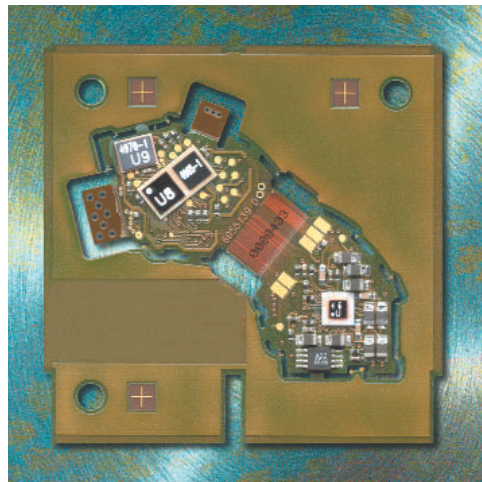
As is well known, the optical communications market which was one of our key areas of focus in 2000 and early 2001 has taken a substantial downturn. We continue, however, to be actively involved with first-tier optical companies, as well as with several new companies that have innovative technology but lack the resources to qualify and manufacture products in volume. While our customers' primary interest through 2000 was in quickly ramping up production, their current interest is in having us assist in product development, especially in packaging, and in the manufacture of initial prototypes and qualification units.

Semiconductors, Process Control and Energy Production

The market for components and subsystems used in manufacturing and testing semiconductors declined significantly in 2001 as semiconductor manufacturers reduced capital spending. This affected sales of our electromechanical relays, mass flow controllers, and vacuum instruments. During the year, however, we introduced several new advanced products targeted at the most demanding semiconductor manufacturing processes. These include our new Digital METALINE™ mass flow meters and controllers, and our patented BDS line of trace oxygen analyzers with parts-per-billion sensitivity. Initial production orders for our new MicroConn line of surface mount



Hastings Instruments
METALINE™ mass flow meter



Medical device used in
hearing application



Analytical Instruments
InstaTrans™ oxygen transmitter

microprocessor sockets were obtained during the year. This expands our offerings of surface mount connectors from products with only a few contacts, to ones with over 1,000 high-density contacts to meet growing technological needs.

Although the broader industrial process market deteriorated, it did not do so as significantly as the semiconductor segment. We have introduced several new competitive products for this market including an advanced paramagnetic oxygen analyzer, and an economical ultra-fast oxygen sensor and a thermal conductivity analyzer.

New strength was shown in the market for our instrumentation products that support natural gas production, as new wells were brought on line to support the increased demand for new power generation sources. Demand for our InstaTrans™ oxygen transmitter, used in this field increased, and we obtained new orders for our Integrated Valve Testing Systems for nuclear power plants. In the oil industry market, we received new orders for hydrophones and towed arrays used in offshore oil exploration. We also entered into an OEM agreement to manufacture similar products to a customer's design.

Medical Electronics

Activity in the medical field has continued with the receipt of new orders from a major medical equipment manufacturer for the contract manufacturing of subassemblies for two sophisticated diagnostic instruments. Pilot production was performed at Teledyne's Lewisburg, Tennessee facility, and volume manufacturing will occur at a Teledyne facility in Tijuana, Mexico. We have received new orders for power supplies for medical instruments, and for microelectronic modules for implantable medical devices used in cardiac, hearing and neural stimulation applications.



James M. Link
President

SYSTEMS ENGINEERING SOLUTIONS SEGMENT

TELEDYNE BROWN ENGINEERING, INC.

OUR SYSTEMS ENGINEERING SOLUTIONS SEGMENT UNDERWENT MAJOR RESTRUCTURING IN 2001 WITH THE NAMING OF JAMES M. LINK (LT. GENERAL, U.S. ARMY, RETIRED) AS PRESIDENT OF TELEDYNE BROWN ENGINEERING, INC. ON JULY 17. SOME NON-GOVERNMENT BUSINESSES WERE TRANSFERRED TO OUR ELECTRONICS AND COMMUNICATIONS SEGMENT, PERMITTING US TO FOCUS PRIMARILY ON OUR GOVERNMENT CUSTOMERS. THE COMPANY'S STRATEGIC BUSINESS UNITS ARE NOW CONSOLIDATED INTO THREE GROUPS, SYSTEMS, TECHNOLOGY, AND ADVANCED PROGRAMS, CREATING A LEANER AND MORE AGILE ORGANIZATION AND PROVIDING BETTER OPERATING EFFICIENCIES AND A MORE ROBUST STRUCTURE FOR PURSUING NEW BUSINESS.

Defense

Teledyne Brown Engineering is a well-recognized missile defense contractor with over 40 years experience in missile defense systems integration. Our diverse customer base in this field includes the U.S. Army's Space and Missile Defense Command, the Missile Defense Agency, formerly known as the Ballistic Missile Defense Organization, and major prime defense contractors.

Teledyne Brown has significant continuing roles in multiple missile defense programs in such diverse areas as deployment and transition, targets and countermeasures, survivability, vulnerability and lethality analysis, systems engineering and integration, test and assessment, and the development of modeling and simulation test beds.

Within Brown Engineering, our Technologies Group is responsible for systems design, development, integration and testing, with specialization in real-time distributed systems. This expertise is evidenced by wide customer usage of our capabilities in systems such as our Missile Defense System Exerciser, formerly known as Theater Missile Defense System Exerciser, and our ground-based missile defense products.

We have additionally developed and maintained a variety of world-class modeling and simulation tools, ranging from architecture/force structure to components requirement focused tools. Examples include our Extended Air Defense Simulation, Joint Force Analysis Simulation, and Advanced Subsystems Element and Systems Simulation software tools. Many of these products are employed globally for applications such as training, metrics development, cost/risk assessments, trade studies, force/architecture investment strategy development, and operations planning. Our experience with broad facets of interoperability is a key company strength.

Teledyne Brown has brought these capabilities and strengths, developed for missile defense applications, to space control, homeland security, and test and evaluation business thrust areas as well, and we have enjoyed strategic growth in each of these thrust areas during 2001.



Aerospace Programs

A major focus of the Systems Group is to expand our participation in the aerospace market. Teledyne Brown has been active in this area for more than 47 years and continues to be a significant player in NASA programs, with a key role in the International Space Station (ISS) program. One of the most complex scientific endeavors ever undertaken, the ISS recently completed its first year of continuously manned operations. Teledyne Brown has been a major contributor to that success, providing full time support of on-orbit operations. Since March 2001, company personnel have performed 24-hour-per-day service in providing the Payload Operation cadre for the ISS Payload Operations and Integration Center, located at the Marshall Space Flight Center.

Building large, highly accurate apparatus such as this space station Element Rotation Stand is a specialty of Teledyne Brown Engineering

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Teledyne Brown Engineering developed and space-qualified this Observable Protein Crystal Growth Apparatus for the University of California, Irvine

In addition to payload operations support, we have performed design and development work on ISS flight systems and ground support hardware, including the Vacuum Vent System which supports science payloads, flight support equipment for Orbital Replacement Units, and the Element Rotation Stand that manipulates large hardware items during ground integration activities.

We have also completed development and qualification of flight hardware for the Observable Protein Crystal Growth Apparatus for the University of California, Irvine that is used in protein crystal research. Scientists expect the data from this research to further the understanding of why crystals grow differently in the micro-gravity environment.

The Marshall Space Flight Center awarded twenty Blanket Purchase Agreements for engineering services provided by individual contractor companies under the Specialized Engineering and Project Planning Support program. Teledyne was the only company awarded broad-range, pre-qualified approval to service all four of the Center's participating organizations: the Engineering, the Science, and the Space Transportation Directorates, and the Systems Management Office.

Information Technology

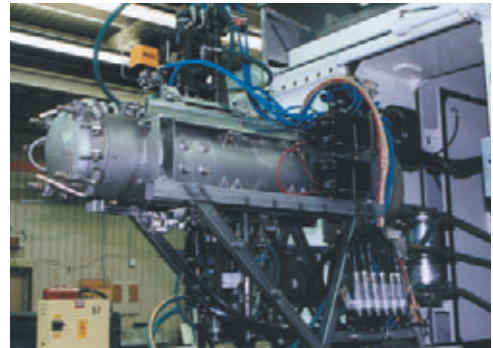
The leading-edge field of information technology is another area Teledyne Brown Engineering is actively pursuing. A prime example is the web-based program management software application that the company has developed for NASA's Marshall Space Flight Center. This application, called the Space Transportation Information Network (STIN), enables NASA's Advanced Space Transportation Program to centrally manage its technology development and demonstration projects distributed across several NASA centers.

STIN, which is a first in the space industry, links a national network of NASA managers, technologists, industry contractors and academic partners ensuring better communication and progress toward mission success. The functionality of the application provides users with online access to documents, monthly reviews, risk management, technical performance metrics, facility usage tracking, scheduling, and integrated cost reporting.

The STIN project has opened up other opportunities in the field of enterprise information portal products for Teledyne Brown, and has generated significant interest in future applications from other programs within NASA.

Environmental Programs

Many industrial and military activities have produced seriously dangerous materials and wastes. Teledyne Brown's environmental programs have addressed this problem in various ways. A prime example is the Rapid Response System, a mobile chemical waste treatment system developed by the U.S. Army and operated by Teledyne Brown. This system is used to process for disposal Chemical Agent Identification Sets that were used in the past to train military personnel in the detection, measurement and decontamination of dangerous chemical agents and industrial chemicals. Related to this is the company's ongoing production of high-tech canisters for the processing, stabilization and storage of nuclear waste products, and detonation chambers for use in the disposal process of both chemical weapons and conventional munitions.



A mobile system for safely opening and neutralizing explosively configured chemical weapons is being completed by Teledyne Brown Engineering



Bryan L. Lewis
President

AEROSPACE ENGINES AND COMPONENTS SEGMENT

TELEDYNE CONTINENTAL MOTORS, INC.

DESPITE CHALLENGING MARKET CONDITIONS IN 2001, AND THE AFTEREFFECTS THAT THE EVENTS OF SEPTEMBER 11 HAVE HAD ON GENERAL AVIATION, TELEDYNE CONTINENTAL MOTORS REMAINED PROFITABLE FOR THE YEAR. WE CONTINUED TO MAKE SIGNIFICANT STRIDES IN OUR SERVICE, MANUFACTURING, AND PRODUCT INITIATIVES THAT WILL ENABLE OPPORTUNITIES FOR OPERATING IMPROVEMENTS AND GROWTH.

The General Aviation Market

Our revenues are highly dependent upon global conditions in the general aviation market. Four of five Continental Motors business units service these markets exclusively. In response to the impact of the global economic slowdown on this market, we reduced our work force by 20% during the year.

Following the terrorist attacks of September 11, the Federal Aviation Administration (FAA) mandated airspace restrictions that grounded approximately 41,000 general aviation aircraft, many of which were powered by Continental engines, further impacting the market for our piston engine products and services. Actions taken by the FAA resulted in the grounding of approximately 100,000 pilots conducting nearly 21 million flight hours annually.

The FAA subsequently removed these airspace restrictions and we regained pre-September 11 business levels for the closing two months of the year.

Continued Growth

Despite these adverse conditions, our piston engine OEM sales increased slightly in 2001. Cirrus, Lancair, Diamond and Extra aircraft companies showed increases ranging from 5% to 25% over the year as their new composite aircraft continued to gain market acceptance. Cirrus began production shipments of the increased horsepower IO550 powered SR22, while Lancair began certification of the turbocharged Columbia powered by our 310 horsepower TSIO550 engine.



Lancair Legacy 2000



Cirrus SR22

In addition, our piston engine operation continued to secure important new customers for its products. Liberty Aerospace announced the selection of the Continental Motors IOF240 for their new two-seat training aircraft that is now undergoing FAA certification. Adam Aircraft also began FAA certification for a new twin engine centerline thrust composite aircraft powered by two Continental TSIOF550 engines. Both of these products feature the Full Authority Digital Electronic Engine Control (FADEC) developed by our Aerospace business unit in Farmington, Connecticut.

Engines using the Aerosance PowerLink™ FADEC control system are also now being installed and flight tested in a number of currently-in-production OEM products. We expect these products to be formally launched by our customers in 2002. The PowerLink FADEC is also undergoing testing by the two most popular domestic experimental aircraft builders, the Lancair Legacy and the popular RV series aircraft.

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Maintaining Our Global Market Position

To reinforce Continental's position as a global leader in supplying high quality, low cost aircraft engines and components, we continued to pursue numerous manufacturing excellence initiatives in 2001. Lean manufacturing cells, built around the latest machine tool technology, became operational for all major engine components during the year. Coupling modern aerospace quality systems with commercial lean manufacturing practices has allowed us to achieve a 70% reduction in the company's managed manufacturing footprint, while reducing some component manufacturing cycle times by as much as 90%. By implementing a build-to-order, lean manufacturing methodology, we have been able to achieve increasing levels of service and productivity, accompanied by work force reductions.

In 2001 we were also able to fully link our company's web-based ordering system with our manufacturing and purchasing control systems for piston engine operations. Over 85% of the piston division suppliers have now adopted an e-commerce purchasing system which displays actual supply/demand dynamically updated from incoming orders.

The integration of electronic ordering, e-purchasing, and lean synchronous manufacturing resulted in a 40% reduction in inventory levels at the piston engine operations for 2001 without significant disruptions to market service. By continuing to refine these methodologies we expect to achieve inventory turns far in excess of typical aerospace manufacturing performance.

TCMLink™, a Unique Market Service

TCMLink, our company's unique web-based business-to-business software system, is designed to deliver uniform and high quality ordering, service, maintenance and communications data to the global network of Fixed Base Operators (FBO), who in turn provide our products and

services to the ultimate Continental Motors customers. We are completing the development of the next version of TCMLink that will allow networking of multiple FBO sites to an integrated logistics package, including automatic replenishment links to our factory. A version of this system has also been provided to our OEM customers for improved end customer support and improved transactional efficiencies.

We believe our TCMLink system is a model for modern support of our market segment of general aviation, and expect TCMLink to become a widely used tool.

The Small Turbine Market

During 2001 our J402 derivative turbojet engine met all its requirements in nine powered test flights of the new Lockheed Martin Joint Air-to-Surface Standoff Missile (JASSM). Long-lead funding was received for the JASSM test units during 2001, with these units scheduled for delivery in early 2003. Machining of components for these units has commenced in the advanced turbine components manufacturing cell, with final assembly and testing of the engines to be performed at our Toledo, Ohio facility.

In January 2002, the JASSM Joint Program Office formally gave go-ahead for the 76 unit first lot of the JASSM Low-Rate Initial Production (LRIP) program phase. LRIP start was given based on the favorable Defense Acquisition Board decision reached in December of 2001. The U.S. Air Force has additionally increased JASSM production requirements from 2,400 units to 3,700 units. We expect the JASSM missile to be the permanent precision strike weapon for U.S. military services, and remain optimistic about the long-term potential of this program.

In preparation for this program, during 2001 we completed construction of the small turbine components manufacturing cell at our Mobile, Alabama facility. Using state-of-the-art machine tool technology, coupled with computer aided process planning, we have achieved a cycle time reduction of up to 75% on some components. The manufacturing systems developed for this cell provide computer monitored quality data, and provide a platform for the continued pursuit of improvements using Six Sigma methodologies.

As with lean manufacturing cells for our piston engine components, the new cell is designed not only to ensure



Small turbine engine manufacturing cell



TCM manufacturing and quality data center



JASSM flight test

competitive manufacturing for the next generation of small turbine engines for military standoff weapons, but also to position the company for potential subcontract production of small turbine components.

Gill Battery Product Expansion

Gill battery products continue to be leaders in the aviation lead-acid battery market. In 2001, our Supplemental Type Certificates for Gill aircraft battery installations increased by over 20%. The company has also continued to expand marketing of its advanced Sealed Recombinant Technology (SRT) products to niche markets in defense, Uninterruptible Power Supply (UPS), and standby applications.

Gill SRT batteries have been successfully introduced in the business jet, helicopter and general aviation markets. Their impressive reliability and power density advances have been achieved through careful design tailoring and the implementation of statistical process control methods in manufacturing. As with all our other Continental Motors facilities, we have upgraded equipment to advance manufacturing performance and measurement accuracy on critical processes. The use of Six Sigma and lean manufacturing methodologies has also been expanded. The result of these efforts has been the achievement of same day

order service capability and a reduction of manufacturing space and inventory of over 40%.

Teledyne Gill Battery Products has also begun prototype development of a "smart" aviation battery, in conjunction with our Electronics and Communications Segment, to provide a unique capability to special segments of the aviation industry for monitoring and controlling battery service requirements.

Continuing Initiatives In Excellence

Teledyne Continental Motors anticipates market conditions that prevailed during 2001 will continue for much of 2002. The potential impact of the September 11 tragedy on the insurance markets, and increased air space regulations for general aviation will be closely monitored. We remain committed to the continuous improvement of our products, services and manufacturing excellence initiatives to maximize the company's ability to deal with these issues.

REVIEW 2001

Significant Events and Accomplishments of the Past Year

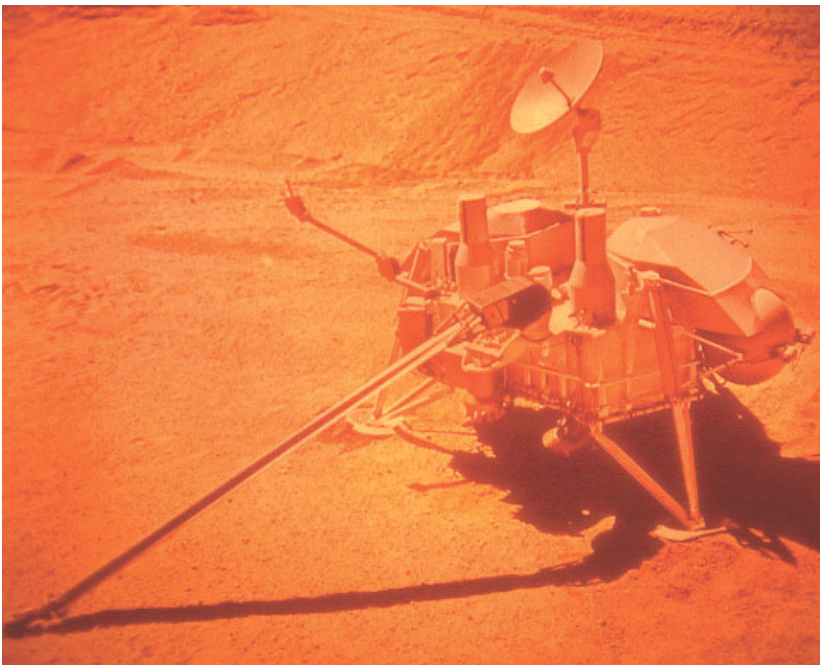


Rhett C. Ross
President

ENERGY SYSTEMS SEGMENT

TELEDYNE ENERGY SYSTEMS, INC.

TELEDYNE ENERGY SYSTEMS IS OUR NEW SEGMENT. ITS OPERATIONS WERE FORMED IN 2001 BY COMBINING THE COMPANY'S ENERGY SYSTEMS BUSINESS UNIT, WHICH WAS FORMERLY PART OF TELEDYNE BROWN ENGINEERING, WITH ASSETS AND INTELLECTUAL PROPERTIES OF ENERGY PARTNERS, INC., BROADENING OUR BASE OF EXPERTISE IN THIS EXPANDING FIELD.



Viking 2 Mars Lander

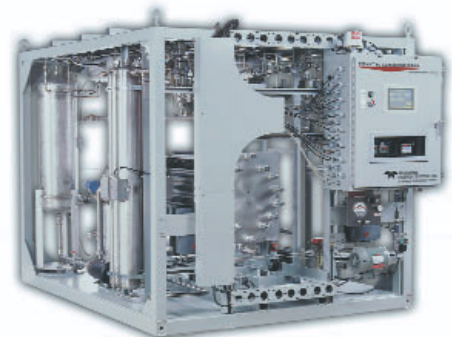
Teledyne Energy Systems' activities include a 50-year history of supplying high reliability energy conversion devices and gas generation products based on thermoelectric and electrochemical processes. Power systems have been provided for several successful deep-space missions such as the Viking 1 and Viking 2 Mars Landers, and the Pioneer 10 and 11 missions to Jupiter and Saturn. The Pioneer 10 power system is still operating some 28 years after its launch and is now more than 7 billion miles from earth. Earthbound applications have included systems for high reliability unattended power generation in remote installations such as gas pipeline control stations, and electrolytic high-purity hydrogen and oxygen gas generation used in many industrial processes.

The transaction with Energy Partners, Inc. has added its capabilities in Proton Exchange Membrane (PEM) fuel cell technology to the company's already broad-based capabilities in electrochemical conversion processes. Fuel cells produce electrical energy by direct electrochemical conversion of

hydrogen and oxygen, without moving parts and with pure water as the only byproduct. PEM technology is at the leading edge of the new global thrust to advance the development of fuel cell generators for a variety of uses ranging from space missions, to distributed power generation, uninterruptible power supplies, and portable power applications using either hydrogen or natural gas as a fuel. It is one of the most promising technologies being investigated in the development of nonpolluting automotive power plants to eliminate or reduce the use of carbon based fuels.

On Site Gas Generation

The Teledyne Titan™ series hydrogen/oxygen gas generators utilize the principle of electrolysis to convert water into high purity hydrogen gas at useable pressures. The compact design and rugged construction of these generators makes them ideal for many laboratory and industrial uses. The oxygen byproduct of these units can be refined to deliver high-purity oxygen free of hydrocarbons. These gases are used in many applications such as fuel cell testing, semiconductor fabrication, metals processing, fiber optics production, and as feedstock in pharmaceutical manufacture and the hydrogenation of fat and oil products.



Titan™ On Site Gas System



Teledyne Energy Systems' fleet of prototype fuel cell powered vehicles

More than 400 Teledyne Titan™ gas generators have been put in use for traditional industrial applications in the last 25 years. Now this market is expanding because of the interest in fuel cells using hydrogen as a fuel. In 2001 we introduced two new products in this series with higher outputs that meet requirements in alternative fuel development.

Fuel Cell Test Stations

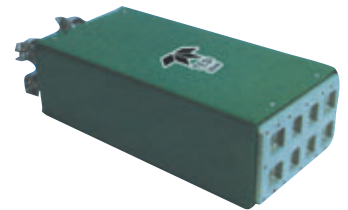
In 2001, we introduced our new line of Teledyne Medusa™ Fuel Cell Test Stations. These stations are designed to provide a completely integrated system for fuel cell testing for the PEM fuel cell development market. They provide industry leading control and analysis capability in a compact package. At present they are used for testing fuel cell components and single cells, but we are expanding this product line to provide systems capable of testing multi-cell stacks rated from watts to kilowatts.

Advanced Power Systems

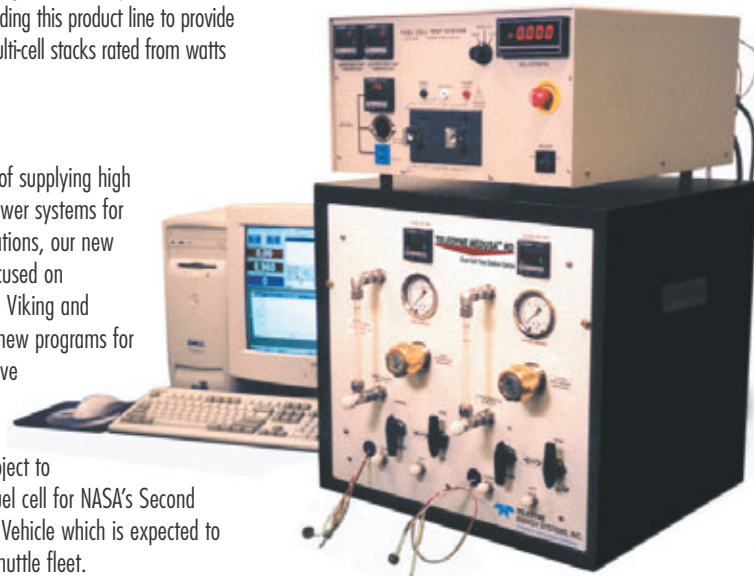
Building on our long history of supplying high reliability, long endurance power systems for extreme environment applications, our new Advanced Power Group is focused on expanding our success in the Viking and Pioneer space missions into new programs for high reliability power. We have already realized our first success in this area with the award of a project to develop an advanced PEM fuel cell for NASA's Second Generation Reusable Launch Vehicle which is expected to replace the existing Space Shuttle fleet.

Fuel Cells

With the addition of Energy Partners' PEM fuel cell expertise, we have been able to move forward rapidly to meet opportunities in areas such as distributed power generation, uninterruptible and auxiliary power supplies and portable power using either hydrogen or natural gas as a fuel. We have already successfully completed operational tests of our prototype 3-kilowatt natural gas fueled stationary fuel cell power system. The results of these tests have demonstrated the performance needed to meet the power generation requirements of residential and telecommunications markets. Development of additional prototypes at the same and higher powers has begun.



Teledyne Perry Series PEM Fuel Cell Stack rated at 20kW



Teledyne Medusa™ Fuel Cell Test Station

In this report we review our activities in support of our nation's global and domestic security, and suggest areas in which we can make further contributions to those security efforts.

For many years Teledyne has provided products, services and technologies that have been vital to both our global and domestic security. In light of the recent escalation in terrorist activities that have created, in effect, an undeclared guerrilla war within our borders, these products have taken on a new vital importance in our war on terrorism.

SEEKING SECURITY IN AN INSECURE WORLD

Airline Safety and Security

Teledyne has been involved in providing systems for airline safety and security since the late 1960s. At that time Teledyne Controls began designing and producing the first onboard equipment for commercial airlines that acquires and records data on certain FAA-mandated aircraft flight parameters each time an aircraft flies. The "brain" of this system is known today, after many generations of development, as the Digital Flight Data Acquisition Unit or DFDAU. Modern versions of this system can acquire and format more than 1000 individual data parameters representing the condition and operational status of the aircraft.

The DFDAU-acquired and formatted data are recorded on a magneto-optical disk or PC card in a Teledyne Quick Access Recorder from which it can be retrieved on the ground and sent to the airline flight operations center for analysis. To meet federal safety requirements, up to 88 of these data parameters critical to flight safety are also selected and sent to an armored Flight Data Recorder, popularly known as the "black box". In the event of a catastrophic aircraft failure, this recorder often provides the only clues to the cause of the failure.

Teledyne also provides software, known as the Aircraft Condition Monitoring System (ACMS), that operates this data acquisition system. We customize this software to meet each individual airline's data requirements as to which parameters are recorded. Much of this information is used in the business and maintenance operations of the airline.

In the original system configuration, the data disk must be physically removed from the aircraft by flight maintenance personnel after a certain number of flight legs and mailed to the airline's flight operations center for analysis. This presents considerable delay in the receipt and analysis of the data, as well as the possibility of losing critical information.

Teledyne Controls has recently developed a new Wireless GroundLink™ system that can automatically download flight information to the airline's operations center, using existing cellular and Internet communications systems, as soon as the aircraft is on the ground. This new system speeds access to the information, and eliminates the logistics of shipping the optical disks and PC cards from airline hubs to their operations center.

The final link in the system is the Flight Data Replay and Analysis System (FLIDRAS) which carries out analysis, trending and reporting of the acquired data. This permits flights to be reconstructed, analyzed and even viewed with 3D imagery to aid in accident/incident analysis and in pilot training.

Our Aircraft Communications Addressing and Reporting System (ACARS) products allow a limited amount of aircraft information to be automatically transmitted to the ground during critical flight phases or when an abnormal event occurs. Ultimately ACARS will replace much routine verbal communication required between the pilot and ground controllers, reducing cockpit workload, eliminating confusion and enhancing flight safety. Our newest product for this system, known as the Communications Management Unit (CMU), manages the transmission of ACARS data over various communications links. It employs the latest sophisticated computer technology for efficient routing of this information.

Teledyne Controls also provides datalink equipment and software, known as TeleLink®, for business and commuter aircraft. The MagnaStar® system provides air-ground telephone service for passengers and provides weather and other data to pilots.

We have provided approximately 70 percent of in-flight data acquisition and management systems used worldwide. This equipment is manufactured in accordance with Boeing and Airbus specifications for over 200 commercial airline customers. We also provide mini flight data acquisition units for business aircraft such as Bombardier's Global Express and the Gulfstream V.

Enhancing Airline Security

While aircraft "black boxes" have been remarkably reliable over the years, a significant delay may occur before the voice and data recorders are recovered and the data analyzed. This delay is acutely important

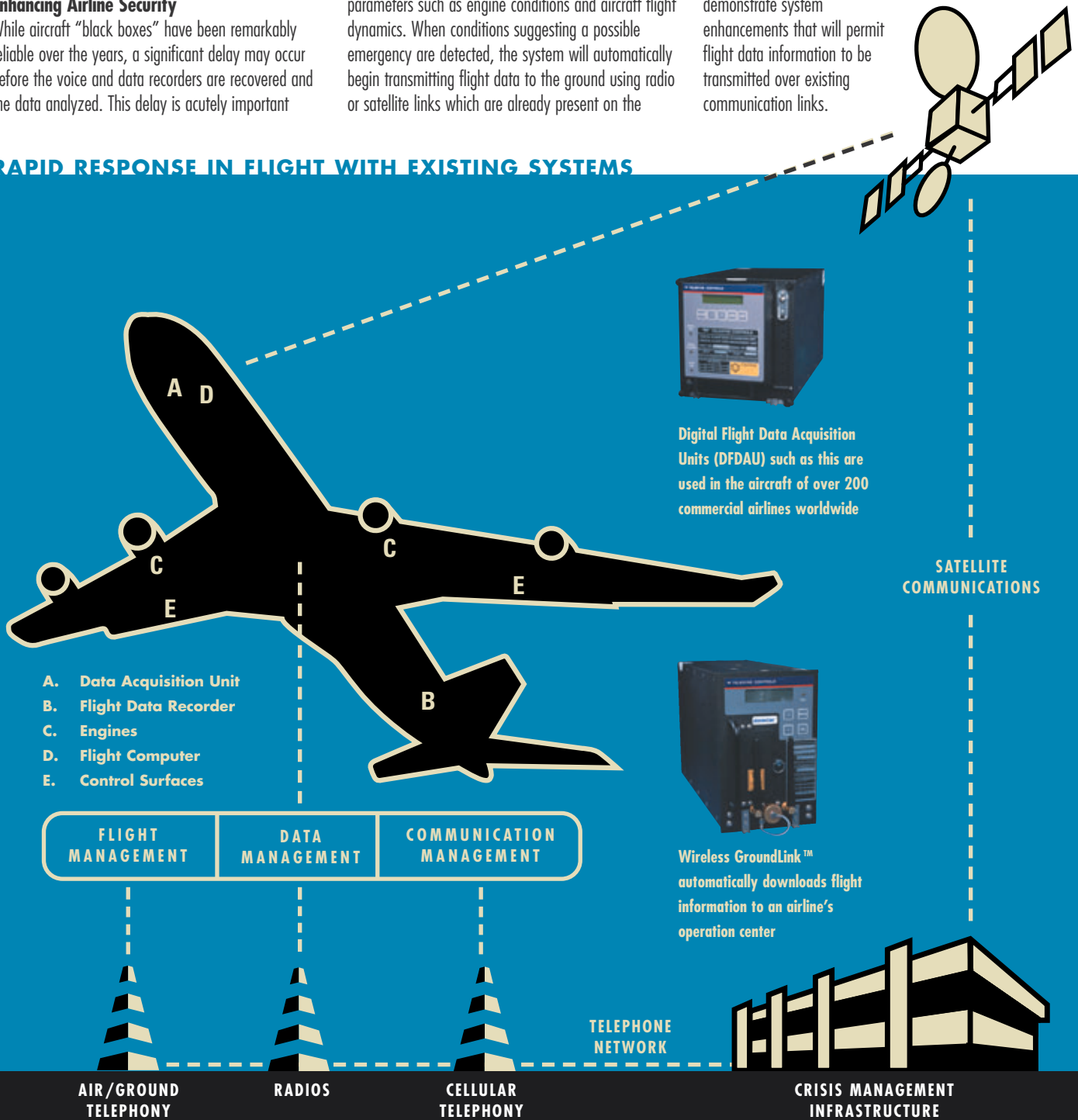
when both aviation safety and national security organizations are waiting to learn the cause of an airliner crash. Teledyne is currently addressing this problem by developing new data and communication management systems to permit near real-time transmission of flight data from the aircraft to the ground.

These systems will use the processing power of our newer equipment to continuously monitor parameters such as engine conditions and aircraft flight dynamics. When conditions suggesting a possible emergency are detected, the system will automatically begin transmitting flight data to the ground using radio or satellite links which are already present on the

aircraft. Transmission of flight data can also be manually initiated by the pilot. If a pilot is unable to recover from an emergency, and the aircraft crashes, security personnel may receive sufficient preliminary information to determine the causes of the crash far more quickly than is currently possible.

We are currently cooperating with government agencies and our airline customers in flight tests to demonstrate system enhancements that will permit flight data information to be transmitted over existing communication links.

RAPID RESPONSE IN FLIGHT WITH EXISTING SYSTEMS



- A. Data Acquisition Unit
- B. Flight Data Recorder
- C. Engines
- D. Flight Computer
- E. Control Surfaces



Digital Flight Data Acquisition Units (DFDAU) such as this are used in the aircraft of over 200 commercial airlines worldwide



Wireless GroundLink™ automatically downloads flight information to an airline's operation center

AIR/GROUND TELEPHONY

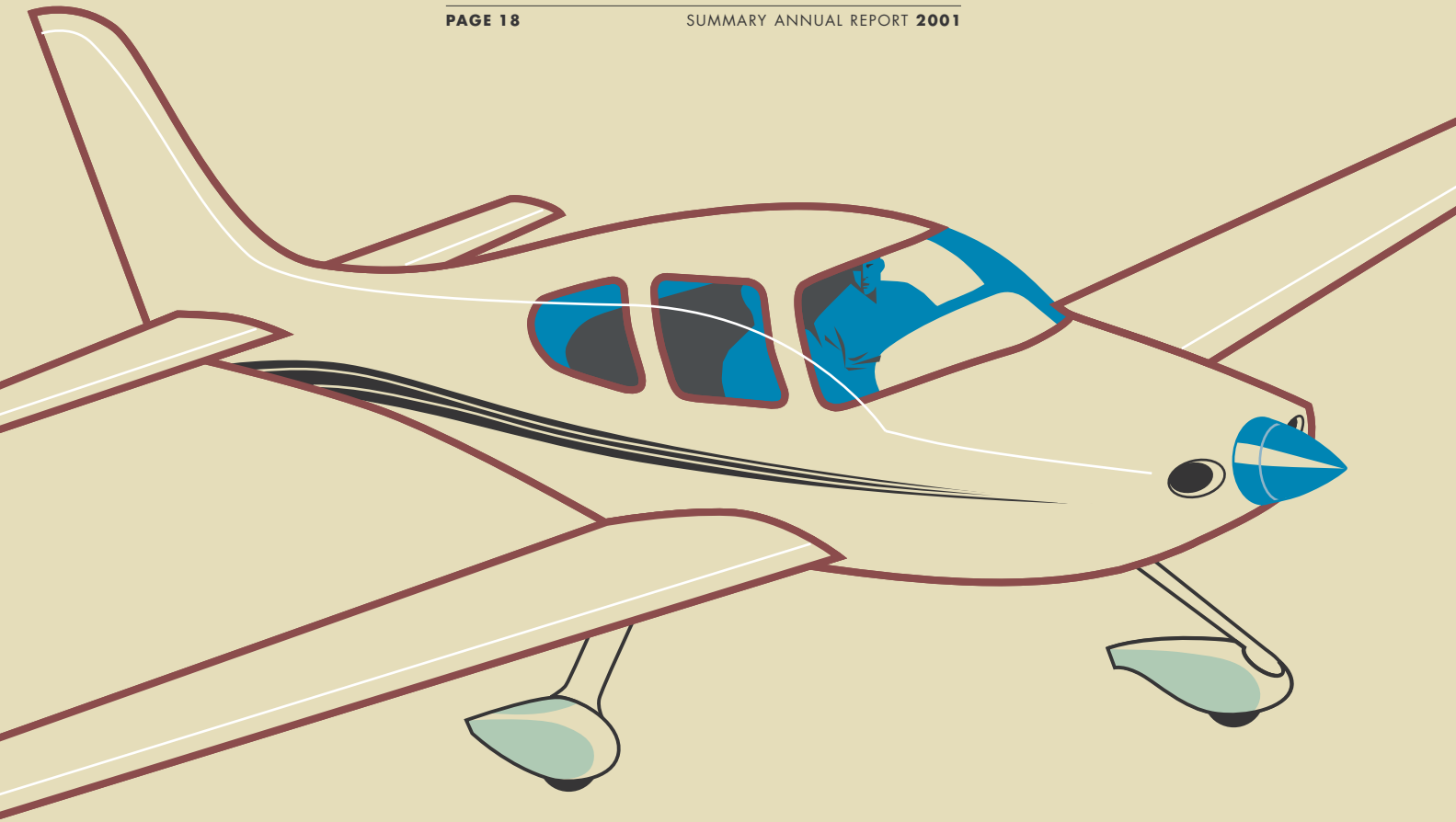
RADIOS

CELLULAR TELEPHONY

TELEPHONE NETWORK

CRISIS MANAGEMENT INFRASTRUCTURE

SATELLITE COMMUNICATIONS



Powering Aircraft For Security Missions

Teledyne Continental Motors is one of the two largest producers of piston engines for certified light aircraft, accounting for approximately half of all light aircraft piston engines in use throughout the world. Most Continental-powered light aircraft are used for personal, business, industrial and agricultural applications, but many are also used by federal and state agencies for airborne surveillance and interdiction missions.

Continental's high performance engines power aircraft used by the FBI, the INS, U.S. Customs Service, and state agencies in border patrol, drug interdiction and other missions related to domestic security. Our specially-designed geared engines, which provide a low sound signature and long endurance, are used by the U.S. Coast Guard for coastal patrol.

Turbine Power For Military Weapons

Continental has also long been a world leader in providing small low-cost turbine engines for unmanned U.S. military systems. Our J402 turbine engine powers the Boeing Harpoon and the Surface Land Attack Missile (SLAM). With over 8,000 of these systems produced, the J402 is now entering its third decade of service. An improved version of the J402 was selected to power the new Joint Air-to-Surface Standoff Missile (JASSM).

For decades, Air Force pilots who play a vital part in our national security have taken their primary flight training in the T37 trainer powered by our J69 turbojet. Air Force Academy pilots have also trained in C172 aircraft powered by our injected 360 cubic inch piston engines for almost three decades.



Our piston aircraft engines are used in a variety of training and surveillance roles related to domestic security



The Continental J402 Turbojet and derivatives power first line tactical missile systems providing precision strike capability

The Hide-and-Seek Game of Modern Warfare

Radar, an acronym from the words RAdio Direction And Ranging, is one of the most important electronic technologies used in modern warfare. From its relatively primitive beginnings in World War II, radar has been developed into a variety of sophisticated systems designed to locate and target enemy air, ground and sea forces, to guide missiles and antiaircraft fire, as well as for navigation, weather observation and other purposes. As with any weapons system, as soon as radar was developed means for defeating its purpose were developed as well. Electronic systems designed to deny or degrade an enemy's use of radar, communications and other electronic systems are known as Electronic Counter Measures or simply ECM.

For over 40 years Teledyne MEC has been involved in the design and development of vacuum electron devices called Traveling Wave Tubes, or TWTs, used in sophisticated radar, ECM and communications applications to amplify microwave radio frequency signals. The advantage of TWTs over other amplification devices is their extremely broad bandwidth that allows a single compact tube to cover broad ranges of the microwave frequency spectrum, and to simultaneously amplify many signals at different frequencies.

Teledyne MEC pioneered metal-ceramic vacuum envelope technology which has now almost entirely replaced the glass vacuum envelope used in early tubes. Metal-ceramic technology has permitted the development of compact, highly efficient TWTs that produce much higher output powers. Teledyne MEC TWTs can amplify microwave input signals by a factor of one thousand to one million times, and produce output power ranging from hundreds to thousands of watts for continuous signals, or from thousands to tens of thousands of watts in "pulsed" applications.

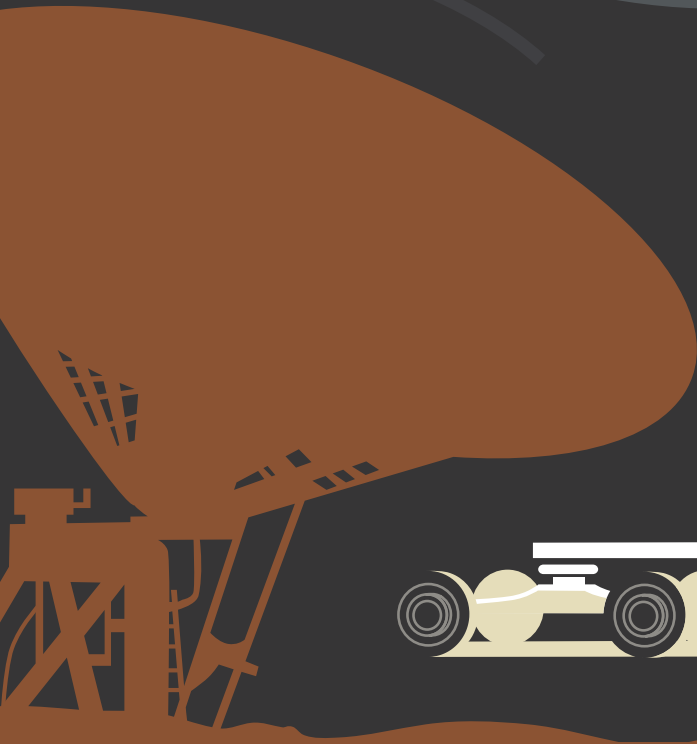
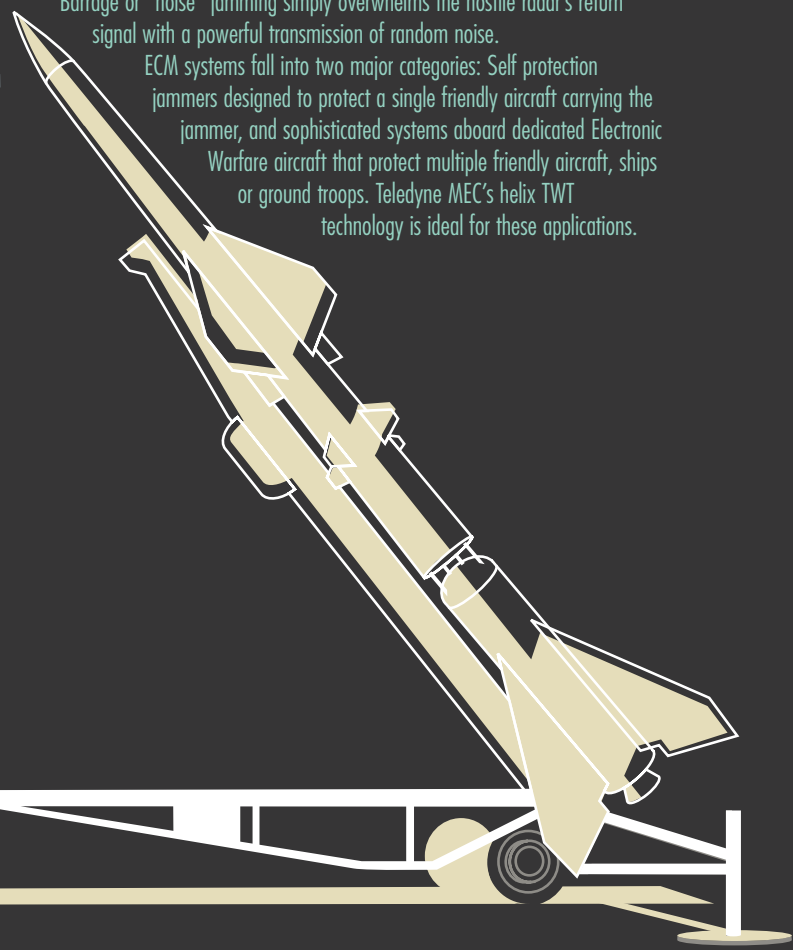
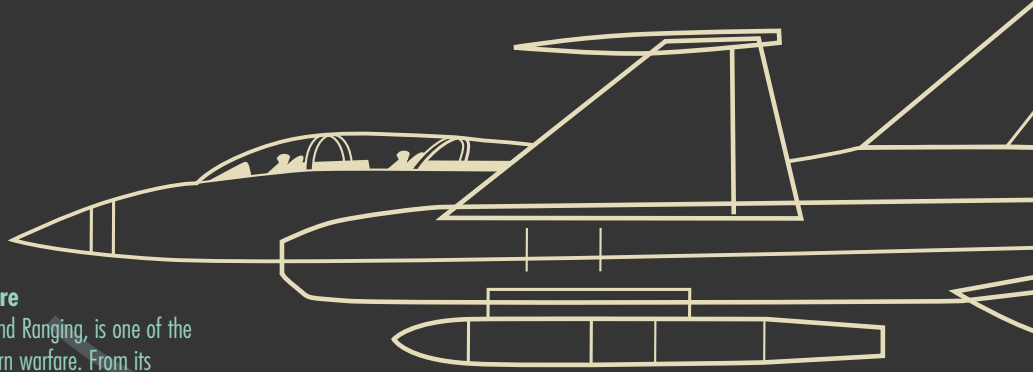
In radar applications, Teledyne TWTs are used in systems for aircraft and ship navigation, weather observation, location and targeting of hostile air, sea or land forces, and targeting for surface-to-air and air-to-air missiles. The broad bandwidth of modern TWTs often permits one radar to perform multiple functions that formerly required separate radars. TWTs are also used in airport runway surveillance radars at domestic and foreign commercial airports.

Electronic Counter Measures

The high output power and broad bandwidth of TWTs make them ideal for use in ECM systems that "jam" hostile radars. These systems use various sophisticated methods to confuse enemy radars. In deception jamming, the radar signal is detected and a return signal transmitted that gives the enemy radar false information as to range, direction or characteristics of its target.

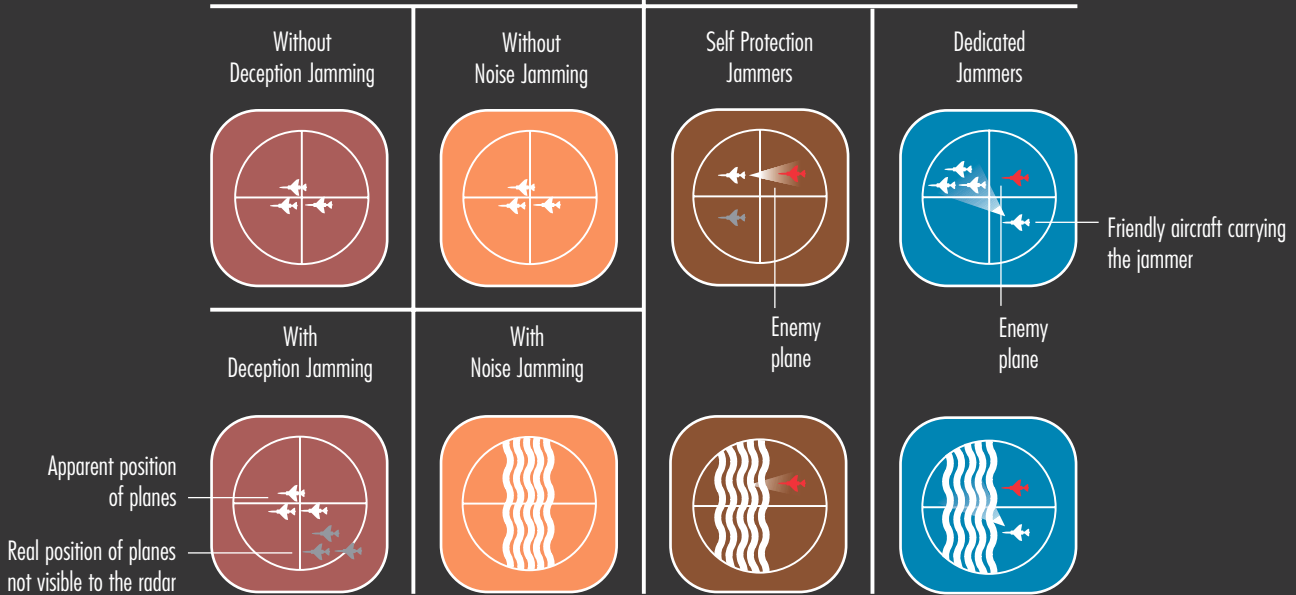
Barrage or "noise" jamming simply overwhelms the hostile radar's return signal with a powerful transmission of random noise.

ECM systems fall into two major categories: Self protection jammers designed to protect a single friendly aircraft carrying the jammer, and sophisticated systems aboard dedicated Electronic Warfare aircraft that protect multiple friendly aircraft, ships or ground troops. Teledyne MEC's helix TWT technology is ideal for these applications.



ELECTRONIC JAMMING SYSTEMS

TWO CATEGORIES OF ECM SYSTEMS



The broad bandwidth of these tubes allows a single ECM transmitter to simultaneously jam multiple radars operating at different frequencies. ECM systems are also used to disrupt hostile communications systems, thwarting an enemy's command and control abilities.

Teledyne's TWTs are currently deployed in most front-line U.S. fighters, bombers and other special operations aircraft, as well as in many aircraft of allied nations. These systems have seen effective use in every U.S. conflict since Vietnam, including Desert Storm, Bosnia and the current anti-terrorist military campaign.

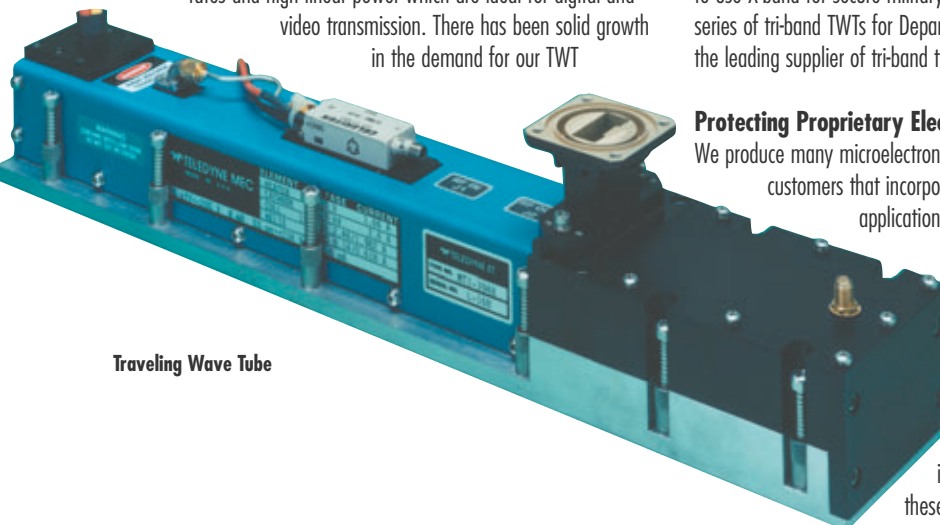
TWTs for Communications Systems

Secure, reliable broadband communications systems, capable of handling today's high volume of message, video and data traffic are vital in military systems, air traffic control and many other applications related to national security. The broad instantaneous bandwidth of Teledyne's TWT amplifiers permits high data transmission rates and high linear power which are ideal for digital and video transmission. There has been solid growth in the demand for our TWT

communications products for both military and commercial applications.

Teledyne's long involvement in ECM products led to development of a solid set of multi-octave TWT designs in which a single TWT can cover the entire frequency range that includes both the C and Ku bands frequencies used by the commercial Satellite News Gathering (SNG) market. On-the-spot news coverage from virtually anywhere in the world can be uplinked to commercial satellites for real time broadcast in the U.S. and other countries. News crews employing the type of truck you see at the Super Bowl, or baggage transportable "flyaway" equipment, increasingly use modern satellite uplink amplifiers that cover both C and Ku band frequencies with a single Teledyne TWT.

Military planners were quick to note that these tubes also covered the military X-band communications frequencies which lie between the C and Ku bands. By leasing time on the many commercial satellites now in orbit, military forces can use the C and Ku band frequencies for routine message and data traffic, while continuing to use X-band for secure military-only purposes. Teledyne was the first to market a series of tri-band TWTs for Department of Defense and U.S. Army use, and remains the leading supplier of tri-band tubes.



Traveling Wave Tube

Protecting Proprietary Electronic Designs

We produce many microelectronic devices for both commercial and military customers that incorporate unique advanced circuit designs. In commercial applications these circuits are valuable proprietary property of their owners that may give them important competitive advantages. In military applications these devices are often used in such sensitive applications as military encryption as well as in advanced weapons systems. To protect these designs we can provide our modules with secure coatings that make it extremely difficult or impossible to reverse engineer or otherwise copy these circuits.



Highly successful tests during 2001, supported by Teledyne Brown, have shown the feasibility of hit-to-kill ballistic missile defense technologies



Extended Air Defense Simulation (EADSIM), developed and serviced by Teledyne Brown and with over 390 user agencies worldwide, is the most widely used tool for modeling integrated air, missile, and space warfare



The Pocket Interactive Electronic Technical Manual (IETM) is one of Teledyne Brown's revolutionary Enabled IQ™ products

Engineering Complex Systems

Teledyne Brown Engineering is making major contributions to our country's most important defense, space, information, and environmental programs. Founded in Huntsville, Alabama in 1953 to support Dr. Wernher von Braun's early rocket development efforts, Brown continues to make significant contributions today with sophisticated engineering and systems development programs for the Department of Defense, NASA, and other customers.

Missile Defense

Given the ever-increasing proliferation of missile technology throughout the world, and the evolving threat of missile attacks, development of missile defense systems is at the core of our national security strategy. Teledyne Brown Engineering is providing extensive support for the Missile Defense program as a major subcontractor to the Boeing Company. Teledyne Brown served as the Mission Test Director on the successful hit-to-kill test intercept that took place on July 17, a demonstration of the much talked about antimissile defense system, and is making other ongoing contributions to the development of this important program.

Supporting the Military in Meeting Changing Threats

In the area of classical systems engineering, test and evaluation, Teledyne Brown served as a subcontractor to B3H Corporation on a contract issued through the Air Force Special Operations Command to develop and update that agency's Electronic Combat Map. This key document must be regularly updated in response to changes in threats, new technological developments, as well as command and operational decisions and fiscal constraints. Teledyne Brown also provides engineering analysis for advanced systems such as towed decoys and directional countermeasures.

In 1972, Congress established the Joint Test and Evaluation Program to integrate the expertise of the defense science community with the experience of the various military arms, and to investigate and solve complex joint operational problems. Teledyne Brown has secured a role as part of the team headed by the Scientific Research Corporation, and is participating in conducting test and evaluations as needed in this program.

Satellite communications and surveillance have become important factors in military operations and missile defense. The ability to degrade a hostile nation's ability in this area, as well as protect our own capabilities, is a vital part of national security. Teledyne Brown is a strategic subcontractor on a contract to provide support to the U.S. Air Force Space Command's Space Warfare Center in the areas of mission and information technology systems engineering. These activities will involve program management and integration, requirements analysis, modeling and simulation, and analysis.

Homeland Security

More than a year before the September 11 attack, Teledyne Brown established a new Crisis Management and Counter-Terrorism Technologies Group, recognizing the need for organized, integrated and coordinated approaches to our domestic security. This group's first contract in this area is for the Consequence Management Infrastructure Services program from the U.S. Marine Corps Warfighting Systems Lab. It brings all of our well-established expertise in management, planning, simulation, training and systems engineering to bear on these problems.

Under a Department of Defense program for Homeland Defense, Teledyne Brown has been awarded a contract with the Battelle Memorial Institute to develop a Consequence Management Interoperability Services Playbook. The Teledyne Brown-developed playbook is a computer-based field operations guide for local response to weapons of mass destruction terrorism.

In September, Teledyne Brown also directed and coordinated a 3-day Counter Terrorism Symposium for the National Institute for Urban Search and Rescue. This conference involved 32 exhibitors, 50 speakers and 300 attendees at Huntsville, Alabama.

In the training area, Teledyne Brown has developed a global training program for the Immigration and Naturalization Service. Its focus is to train airline, cruise ship and security personnel on entry requirements to the United States, how to detect fraudulent travel documents, how to identify impostors, and how to develop profiles for passenger assessment.

Preparing for the Future

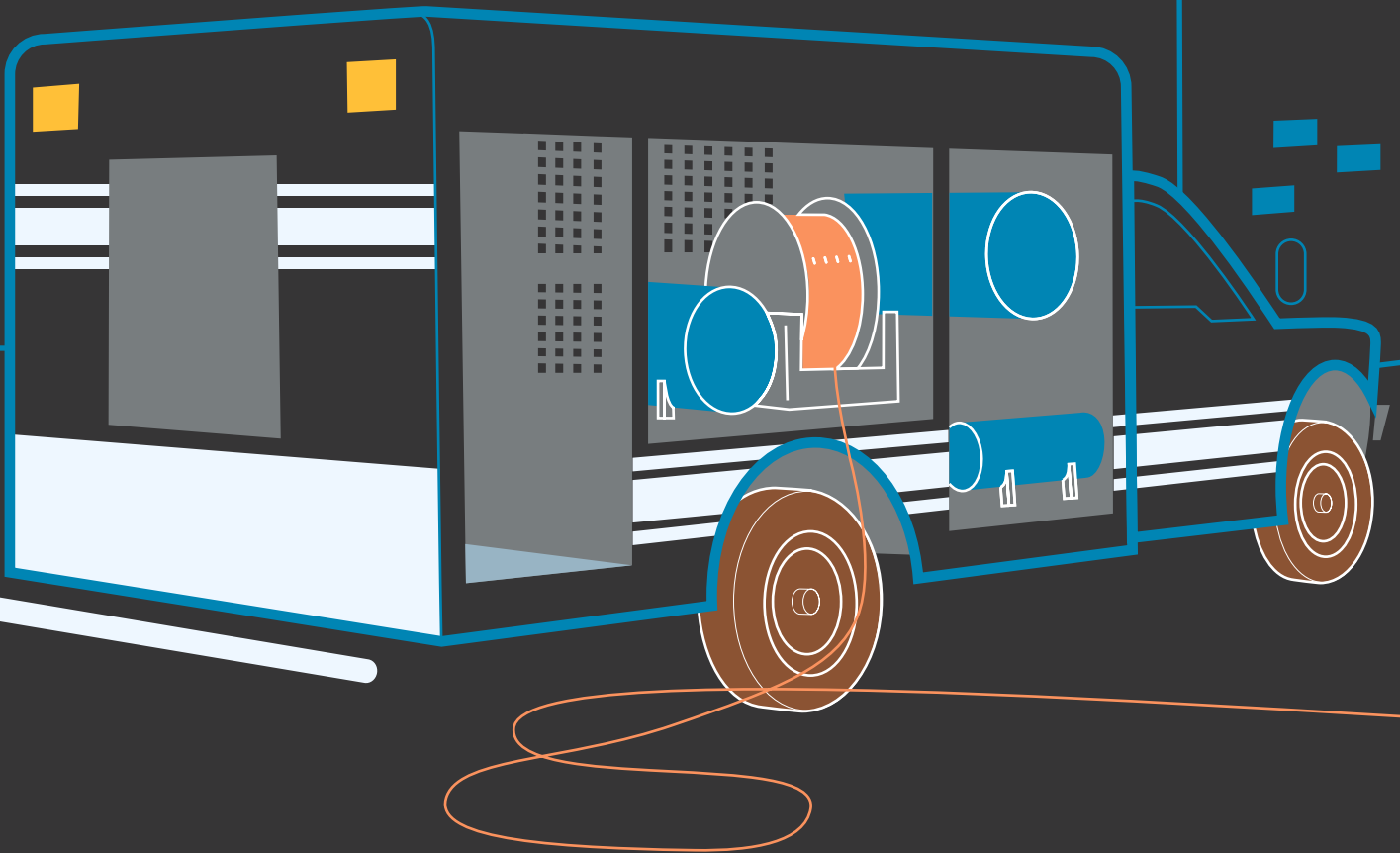
Our Advanced Programs activities bring Teledyne Brown's technical expertise to bear on solutions to future problems. One thrust of this approach is to provide unique training solutions using our Enabled IQ (EIQ) Solutions program. This teaching method shifts learning from conventional classroom events to mobile or just-in-time training, as the user interacts with unfamiliar hardware or software. The use of a hand-held Interactive Electronic Training Manual successfully delivers cost-effective electronic learning in the work environment as needed. The EIQ team provides training support for NASA, the U.S. Army and other customers, and can provide faster and more efficient training of security personnel.

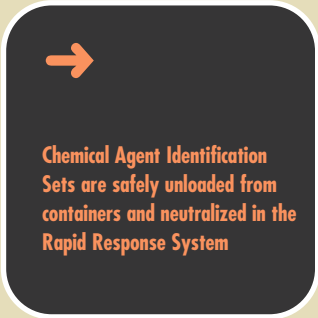
Our other Advanced Programs business units are developing mobile information systems, e-learning and knowledge-based applications to create effective emergency preparedness tools for security training, and counter-terrorism. This program uses video, interactive CD-ROM courseware, computer-based training, and unique tools, such as the Pocket Responder, to help bridge the communications gap during emergencies for public safety organizations and events.

Significant advances in the development of infrared signature protection, lightweight armor, and gunnery targets for the U.S. Army have been achieved by our Advanced Programs Team and its laboratory. These developments assist the Army in the evaluating the new Battlefield Combat Identification System for armored vehicles, a system designed to reduce combat losses due to "friendly fire".



Teledyne Brown's Mobile Fluid Jet Access System is receiving national attention for its capability in opening containers in hazardous situations



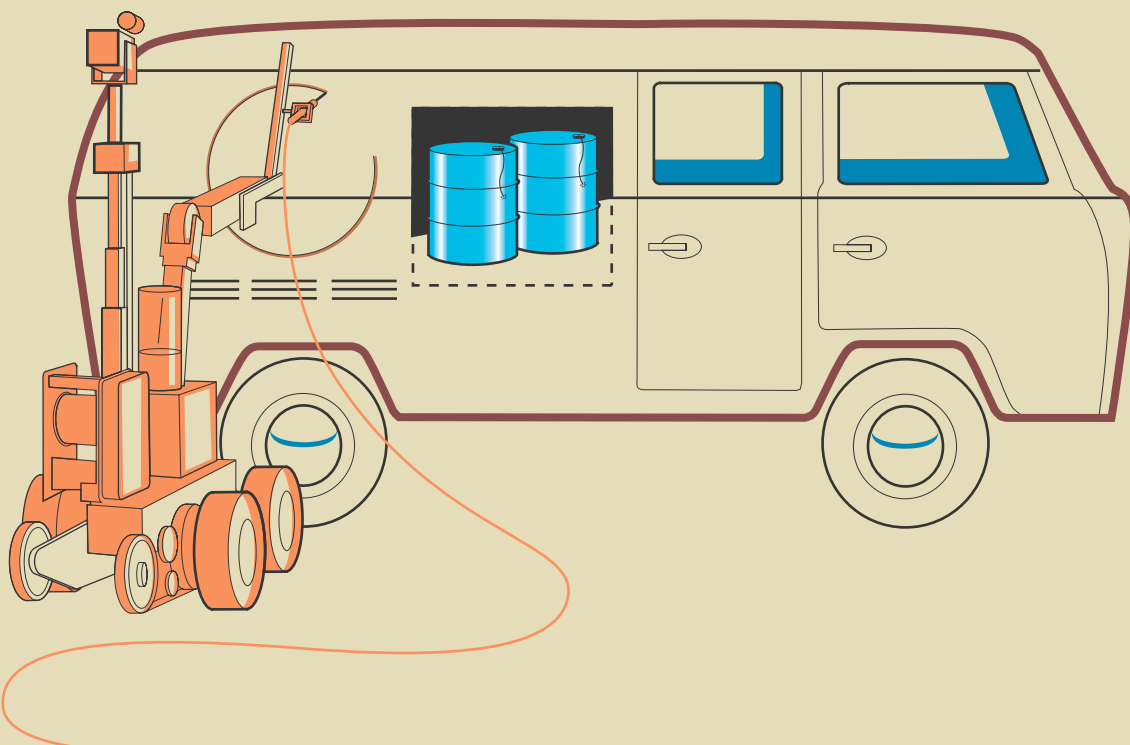


Environmental Programs

Industrial and military activities sometimes produce seriously dangerous materials and wastes. Teledyne Brown's environmental programs provide safe technological solutions for this problem. An example is the Rapid Response System, a mobile chemical treatment system developed by the Army and operated by Teledyne Brown Engineering. This system is used to process Chemical Agent Identification Sets that were once used to train military personnel in the detection, measurement and decontamination of dangerous chemical agents and industrial chemicals.

The Rapid Response System completed testing at the Deseret Chemical Depot in Utah and is now operational. The system completed processing of more than 1,226 items in 58 Chemical Identification Sets in February, and the system and the Utah site have since been decontaminated and the site closed.

A related program is the ongoing production of high-tech canisters for the processing and storage of nuclear waste products, and detonation chambers for the disposal of both chemical weapons and conventional explosives.



Mobile Fluid Jet Access System

Teledyne Brown recently demonstrated its Mobile Fluid Jet Access System at the FBI's Hazardous Devices Training School at Redstone Arsenal, and for major metropolitan police departments. This system integrates fluid-jet cutting technologies with hazardous-duty robots, creating a system designed to safely disable explosive devices and weapons. Using this system, a law enforcement agency can direct the robot to a suspected bomb or explosive delivery vehicle, cut into the vehicle to examine the

device, and cut into the device using high pressure water with an abrasive as the cutting agent, to disable it.

In The Final Analysis

There is probably no such thing as absolute security in this dangerous and irrational world, but by applying our many technologies and sustained creative efforts we can make it difficult and costly for terrorists to continue to pursue their goals.

CORPORATE INFORMATION

EXECUTIVE MANAGEMENT

Robert Mehrabian*
*Chairman, President and
Chief Executive Officer*

Robert J. Naglieri*
*Senior Vice President,
Chief Financial Officer*

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

Dale A. Schnittjer*
Vice President and Controller

James M. Link
President, Teledyne Brown Engineering, Inc.

Bryan L. Lewis
President, Teledyne Continental Motors, Inc.

Rhett C. Ross
President, Teledyne Energy Systems, Inc.

Robert W. Steenberge
Chief Technology Officer

Ivars R. Blukis
Chief Risk Assurance Officer

Robyn E. Choi
*Vice President of Administration
and Assistant Secretary*

Melanie S. Cibik
*Vice President,
Associate General Counsel
and Assistant Secretary*

Shelley D. Green
Treasurer

BOARD OF DIRECTORS

Robert P. Bozzone ⁽¹⁾
*Chairman,
Allegheny Technologies Incorporated*

Paul S. Brentlinger ⁽¹⁾
*Partner,
Morgenthaler Ventures*

Frank V. Cahouet ⁽¹⁾⁽²⁾
*Retired Chairman and Chief Executive Officer,
Mellon Financial Corporation*

Diane C. Creel ⁽²⁾⁽³⁾
*Chief Executive Officer and President,
Earth Tech*

Charles Crocker ⁽³⁾
*Chairman of the Board and Chief Executive Officer,
BEI Technologies, Inc.*

C. Fred Fetterolf ⁽²⁾⁽³⁾
*Retired President and Chief Operating Officer,
Alcoa Corporation*

Robert Mehrabian
*Chairman, President and Chief Executive Officer,
Teledyne Technologies Incorporated*

Paul D. Miller ⁽¹⁾
*Chairman of the Board and Chief Executive Officer,
Alliant Techsystems, Inc.*

Charles J. Queenan, Jr. ⁽¹⁾⁽³⁾
*Senior Counsel,
Kirkpatrick & Lockhart LLP*

Michael T. Smith ⁽²⁾⁽³⁾
*Retired Chairman and Chief Executive Officer,
Hughes Electronics Corporation*

⁽¹⁾ Audit Committee

⁽²⁾ Governance Committee

⁽³⁾ Personnel and Compensation Committee

STOCKHOLDER INFORMATION

Corporate Offices

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Fax: (310) 893-1669
www.teledyne.com

Transfer Agent and Registrar

Mellon Investor Services LLC
P.O. Box 3315
South Hackensack, NJ 07606
(800) 356-2017

Stockholder Publications

Annual reports and proxy statements are mailed to all stockholders of record. For additional information, contact Corporate Communications and Investor Relations at the corporate headquarters or visit our website at www.teledyne.com.

Stock Exchange Listing

The common stock of Teledyne Technologies Incorporated is traded on the New York Stock Exchange (symbol TDY).

Annual Meeting

The annual meeting of stockholders will be held on Wednesday, April 24, 2002, at 9:00 a.m., at Teledyne Technologies Incorporated, 12333 West Olympic Boulevard, Los Angeles, CA 90064-1021.

Independent Auditors

Ernst & Young LLP
Los Angeles, California

Current News and General Information

Information about Teledyne Technologies Incorporated is available at www.teledyne.com

* Section 16 Officer

FORWARD-LOOKING STATEMENTS CAUTIONARY NOTICE

This summary annual report contains forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, relating to earnings, cost-savings, growth opportunities, capital expenditures and strategic plans. Actual results could differ materially from these forward-looking statements. Many factors, including changes in demand for products sold to the semiconductor and communications markets, timely development of acceptable and competitive fuel cell products and systems, funding, continuation and award of government programs, the outcome of the crankshaft litigation, and economic and political conditions, could change the anticipated results.

The September 11 terrorist attacks and resulting subsequent events increase uncertainties associated with forward-looking statements about our businesses. For example, flight restrictions negatively impact the market for general aviation aircraft piston engine and components. In addition, reduced shipments of commercial aviation aircraft, as well as the liquidity of major airlines, could negatively affect our Electronics and Communications segment.

While Teledyne Technologies' growth strategy includes possible acquisitions, we cannot provide any assurance as to when, if or on what terms any acquisitions will be made. Acquisitions involve various inherent risks, such as, among others, our ability to integrate acquired businesses and to achieve identified financial and operating synergies. Also, we may not be able to sell or exit timely or on acceptable terms our remaining non-core or under-performing product lines, particularly given the current economic environment.

Additional information concerning factors that could cause actual results to differ materially from those projected in the forward-looking statements is contained in Teledyne Technologies' periodic filings with the Securities and Exchange Commission, including its 2001 Annual Report on Form 10-K.

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