



Strong Buy

TDY (NYSE): \$15.39

January 31, 2002

Teledyne Technologies

Company Data

52-Week Range	\$11 - \$20
Market Cap	\$518.8 M
Shares Outstanding	31.8 M
Book Value	\$5.21
Price/Book	2.98
Average Daily Vol.	104,000

Recommendation – Strong Buy

Target Price/% \$28.00 / 81.9%



Teledyne Technologies, Inc. is a diversified manufacturer of sophisticated electronic products and components to the wireless communications industry. Additionally, the company provides systems engineering for the space and defense industries as well as manufactures and services general aviation engines and components. Lastly, but most interesting is the company's fuel cell and energy technology business. **We are recommending Teledyne Technologies, Inc. as a special opportunity for the following reasons:**

- We anticipate a meaningful rebound in the short-cycle electronic segment (i.e. wireless, telecom, and semiconductors) of the company's business during 2002.
- The company's defense business has been quite strong over the past couple of months and recent contract awards should result in record breaking operating results in 2002 for this segment.
- Teledyne is the major supplier to the aviation industry of flight data acquisition equipment. Despite the slowdown in Boeing deliveries, the company has achieved new inroads in Airbus deliveries. This coupled with increasing retrofitting of a number of commercial aircraft should result in stronger results for 2002.
- Most intriguing, is the company's emerging fuel cell and energy technology business.** This business had revenues of about \$15 Million in 2001 from fuel cell components and test stands, hydrogen generator systems and research projects.
- Teledyne Energy Systems currently has a number of development contracts with the Department of Energy. Additionally, the company expects to ship a number of systems to potential customers in 2002.
- In sum, **Teledyne's progress in the hydrogen fuel cell area has been quite impressive. We expect this area to show significant growth and become more noticed by the investment community. We believe that the current price of TDY places no value on this division that has great promise.**
- During 2002, we anticipate the company will earn about \$.85 per share up from \$.70 in the just completed year of 2001. The company has a modest amount of debt (19% of capitalization) and is valued at only 66 cents on the sales dollar.

Quote: "The dictionary is the only place where success comes before work." – Arthur Brisbane