

TELEDYNE TECHNOLOGIES INC
Form 11-K
June 27, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One):

✓ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-15295

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
TELEDYNE TECHNOLOGIES INCORPORATED 401(K) PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
TELEDYNE TECHNOLOGIES INCORPORATED
1049 Camino Dos Rios
Thousand Oaks, California 91360-2362

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

Teledyne Technologies Incorporated 401(k) Plan
As of December 31, 2017 and 2016
and for the Year Ended December 31, 2017
With Report of Independent Registered Public Accounting Firm

Teledyne Technologies Incorporated 401(k) Plan
Financial Statements and Supplemental Information
December 31, 2017 and 2016, and Year Ended December 31, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Administrator and Participants of
Teledyne Technologies Incorporated 401(k) Plan

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Teledyne Technologies Incorporated 401(k) Plan (the "Plan") as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Opinion on the Supplemental Information

The supplemental information included in Schedule H, line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with DOL's Rules and Regulations for Reporting and Disclosure under ERISA. In our opinion, the supplemental information in the accompanying schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Moss Adams LLP

Los Angeles, California

June 26, 2018

We have served as the Plan's auditor since 2015.

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Teledyne Technologies Incorporated 401(k) Plan
Statements of Net Assets Available for Benefits

	December 31,	
	2017	2016
	(In thousands)	
Assets		
Investments, at fair value:		
Mutual funds	\$470,486	\$413,581
Collective trusts	371,546	301,577
Common stock	63,991	45,940
Self-directed brokerage	29,865	24,151
Total investments	935,888	785,249
Notes receivable from participants	12,822	12,169
Net assets available for benefits	\$948,710	\$797,418
See accompanying notes.		

Teledyne Technologies Incorporated 401(k) Plan
 Statement of Changes in Net Assets Available for Benefits
 (In thousands)
 Year ended December 31, 2017

Additions (deductions):	
Contributions:	
Employee	\$41,977
Employer, net of forfeitures	9,815
Rollover	17,003
Total contributions	68,795
Investment income:	
Interest and dividend income	26,136
Net appreciation in fair value of investments	123,589
Net investment income	149,725
Interest income from notes receivable from participants	431
Other income	84
Distributions to participants	(67,425)
Other expense	(318)
Net increase	151,292
Net assets available for benefits:	
Beginning of year	797,418
End of year	\$948,710
See accompanying notes.	

Teledyne Technologies Incorporated 401(k) Plan
Notes to Financial Statements
December 31, 2017

1. Description of the Plan

General

The Teledyne Technologies Incorporated 401(k) Plan (the Plan) is a defined contribution plan available to eligible U.S. domestic employees of Teledyne Technologies Incorporated (Plan Sponsor) and certain subsidiaries (collectively, Teledyne or the Company). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan was adopted and effective on April 1, 2000, and has been subsequently amended and restated effective on December 31, 2015. For a more complete description of the Plan's provisions please refer to the Plan document.

Contributions

Participants can defer between 1% and 50% (highly compensated employees between 1% and 15%), subject to Internal Revenue Code (the Code) limitations, of their eligible wages and contribute them to the Plan. Effective until December 31, 2015, an employee who first became an eligible employee on or after January 1, 2011 was deemed to have elected to contribute 3% of eligible wages from each periodic payment of eligible wages following 90 days of service unless or until such deemed election is revoked. Effective January 1, 2016, an employee who first becomes an eligible employee shall be deemed to have elected to contribute 6% of eligible wages following 90 days of service unless or until such deemed election is revoked. Employees become eligible for Company matching contributions following 90 days of service or unless expressly provided by the terms of an acquisition/sales agreement. Generally, the Company will match 50% of qualifying employee contributions up to a maximum of \$1,000 annually for each participant. Employees who are not eligible to accrue a benefit under the Teledyne Technologies Incorporated Pension Plan are not subject to the \$1,000 maximum matching contribution cap, and instead will have maximum matching contributions of 50% of the first 6% of qualifying employee contributions, provided that total matching contributions do not exceed 3% of the employees' compensation for any plan year. Employees hired after February 1, 1993, who are members of Local 12 of the United Automobile Aerospace and Agricultural Implement Workers of America and have completed their respective probation periods under the collective bargaining agreement will receive a \$250 Company contribution or \$375 on or after September 22, 2010, in addition to a Company match of 50% of qualifying employee contributions up to a maximum of \$250 annually or \$375 on or after September 22, 2010 or \$400 on or after February 1, 2015, for each participant. Former employees of the Rockwell Scientific Company hired before January 1, 2008, received a Company match of 50% of the first 8% of qualifying employee contributions. Effective January 1, 2016, former employees of the Rockwell Scientific Company shall be provided Company Matching Contributions at the same rate as similarly situated Participants: 50% up to a maximum of \$1,000 annually for active Participants in the Teledyne Technologies Incorporated Pension Plan or 50% up to 6% for Participants who are not eligible to accrue a benefit under the Teledyne Technologies Incorporated Pension Plan.

In January 2017, Teledyne Technologies Incorporated reduced the minimum permissible catch-up contributions' percentage of 5% to 1% for participants who have attained age 50 before the close of the Plan Year. In March 2017, Teledyne completed the acquisition of e2v technologies plc ("e2v"), the parent of e2v's U.S. subsidiaries. Employees of e2v were eligible for the plan effective March 28, 2017, were permitted to rollover their eligible account balances from the e2v, Inc. 401(k) Savings Plan, and \$6.8 million was rolled into the Plan during 2017. In July 2017, Teledyne acquired the assets of Scientific Systems, Inc. ("SSI"). SSI employees were eligible for the Plan, effective July 20, 2017, were permitted to rollover their eligible account balances from the Scientific Systems, Inc. Profit Sharing 401(k) Plan and Trust totaling \$5.2 million, into the Plan during 2017.

Teledyne Technologies Incorporated 401(k) Plan
Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Participant Accounts

Separate accounts are maintained by the record-keeper for each participant. Each participant may direct his or her account balance into one or more investment options offered by the Plan or a self-directed brokerage link investment option. The self-directed brokerage link investment option allows the participant to direct contributions to be invested in any investment permitted under the Plan, including mutual funds, common stock and bonds. Asset management fees charged for the administration of all funds are charged against net assets available for benefits of the respective fund.

Vesting

Participants who are eligible to accrue a benefit under the Teledyne Technologies Incorporated Pension Plan are 100% vested in their 401(k) Plan contributions, Company matching contributions and all earnings thereon. Participants who are not eligible to accrue a benefit under the Teledyne Technologies Incorporated Pension Plan will at all times have a 100% vested interest in their accounts, except for the Company Match Account and all earnings thereon which follows a five-year annual vesting schedule.

Participant Loans

Active employees can borrow up to 50% of their vested account balances. The loan amounts are further limited to a minimum of \$500 and a maximum of \$50,000, and an employee can have no more than one loan outstanding at any given time. Interest rates are determined based on commercially accepted criteria, and payment schedules vary based on the type of loan. Loans may be paid in full or in part at any time. Loans are repayable over periods of up to five years (15 years for loans to purchase the participant's primary residence). Payments are generally made through payroll deductions. The Plan has several participant loans that have an initial term of greater than 15 years. These participant loans became part of the Plan in connection with rollover balances from an acquisition of a business made in 2008.

Plan Termination

In the event that the Plan is terminated, or the Plan Sponsor permanently discontinues making contributions, all amounts credited to the accounts of affected participants will be distributed to participants as defined in the Plan document under the provisions of ERISA. In the event the Plan is terminated, Participants would become 100% vested in their accounts.

Withdrawals and Distributions

The Plan allows for participants to make withdrawals from the Plan upon reaching age 59½. Additionally, the value of participants' contributions and the value of all Company matching contributions are payable to participants upon death, disability, retirement or upon termination of employment with the Company. At the participant's election, payment may be made in cash, as a single lump sum, or in installments. In addition, employees who rolled their funds over as a result of the Reynolds Industries, Incorporated acquisition and have at least 20 years of service may make a withdrawal of their pretax Company matching contributions and all earnings thereon.

Administrative Expenses

The Company pays administrative expenses, which include recordkeeping and trustee fees as well as expenses incurred in administering the Plan. Participants pay loan origination and servicing fees.

Teledyne Technologies Incorporated 401(k) Plan
Notes to Financial Statements (continued)

2. Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Plan have been prepared on an accrual basis.

Payment of Benefits

Benefits are recorded when paid.

Valuation of Investments

The Plan's investments are stated at fair value.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Mutual Funds: Valued at the quoted net asset value of shares held by the Plan at year-end.

Fidelity Managed Income Portfolio (Fidelity MIP): The beneficial interest of each participant in Fidelity MIP is represented by units. Units are issued and redeemed daily at Fidelity MIP's constant NAV of \$1 per unit. Distribution to Fidelity MIP's unit-holders is declared daily from the net investment income and automatically reinvested in the Fidelity MIP on a monthly basis, when paid. It is the policy of the Fidelity MIP to use its best efforts to maintain a stable net asset value of \$1 per unit; although, there is no guarantee that the Fidelity MIP will be able to maintain this value. Participant directed redemptions have no restrictions; however, the Plan is required to provide a one-year redemption notice to liquidate its entire share in the Fidelity MIP. There are no restrictions within the Fidelity MIP related to frequency or notice periods for redemptions out of the Fidelity MIP; however, the Fidelity MIP may take up to 12 months to fulfill a payout in the event that withdrawals are directed by the Plan Sponsor. Any transfers out of the Fidelity MIP must be held in a noncompeting investment option for 90 days before subsequent transfers to a competing fund can occur.

Collective Trusts: Units held in collective trusts (CT) are valued using the net asset value practical expedient (NAV practical expedient) of the CT as reported by the CT managers. The NAV practical expedient is based on the fair value of the underlying assets owned by the CT, minus its liabilities, and then divided by the number of units outstanding. The beneficial interest in the net assets of each Portfolio is represented by units. Net asset value per unit is determined each business day. Issues and redemptions of units are recorded, upon receipt of unitholder's instructions in good order, based on the next determined net asset value per unit, normally each day. In unusual market conditions, in accordance with the Declaration of Trust, the Trustee may in its sole discretion, impose restrictions on issues and redemptions of units. The issuance and redemption provisions of the Underlying Funds are consistent with those of the Portfolios. In certain circumstances units may be purchased or redeemed through the exchange of securities, the fair value of which is used to determine the number of units issued or redeemed.

Self-Directed Brokerage Link: Valued at quoted market prices in an active market on the last business day of the Plan year.

Teledyne Technologies Common Stock: The Teledyne Technologies Common Stock Fund is a unitized separate account comprised of common stock of Teledyne Technologies Incorporated and short-term cash investments. The unit value of the fund is derived from the fair value of the common stock based on quoted market prices in an active market and the short-term cash investments. The fund is valued at the closing price reported on the active market on which the individual securities are traded.

Teledyne Technologies Incorporated 401(k) Plan
Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

While the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In accordance with accounting principles generally accepted in the United States (U.S. GAAP), each of the Plan's fair value measurements are categorized using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1-Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2-Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets

Quoted prices for identical or similar assets or liabilities in inactive markets

Inputs other than quoted prices that are observable for the asset or liability

Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3-Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Teledyne Technologies Incorporated 401(k) Plan
Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair values as of December 31, 2017 and 2016 (in thousands):

	2017			
	Level 1	Level 2	Level 3	Total
Investments at fair value				
Mutual funds	\$470,486	\$ —	—	—\$470,486
Common stock	63,991	—	—	63,991
Self-directed brokerage	29,865	—	—	29,865
Total investments in the fair value hierarchy	\$564,342	\$ —	—	—\$564,342
Investments measured at net asset value as a practical expedient:				
Collective trusts (includes Fidelity MIP)				371,546
Total investments at fair value				\$935,888
	2016			
	Level 1	Level 2	Level 3	Total
Investments at fair value				
Mutual funds	\$413,581	\$ —	—	—\$413,581
Common stock	45,940	—	—	45,940
Self-directed brokerage	24,151	—	—	24,151
Total investments in the fair value hierarchy	\$483,672	\$ —	—	—\$483,672
Investments measured at net asset value as a practical expedient:				
Collective trusts (includes Fidelity MIP)				301,577
Total investments at fair value				\$785,249

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2017 or 2016. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated July 21, 2017, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. Subsequent to this determination by the IRS, the Plan was amended. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code, and therefore, believes that the Plan, as amended and restated, is qualified and the related trust is tax-exempt.

U.S. GAAP requires plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

In March 2017, the Company submitted to the IRS a request for a compliance statement under the Voluntary Correction Program (VCP) to resolve certain Plan operational failures identified by the Plan administrator. These failures have been or are being corrected in a manner that the Company believes is consistent with established IRS correction procedures. The Plan administrator and counsel for the Plan believe that these failures and the VCP application will not adversely impact the tax qualification of the Plan and that the Plan continues to maintain tax qualified status under the applicable sections of the IRC. The Plan administrator believes that the final outcome of the VCP will not have a material effect on the Plan's financial statements.

4. Parties-in-Interest

During 2017, the Plan invested in mutual funds and common collective trust funds managed by Fidelity. Trustee and investment fees paid by the Plan during 2017 was \$0.2 million.

One of the investment options available to participants is the Teledyne Technologies Incorporated Stock Fund that included 328,007 and 347,833 shares of Teledyne Technologies Incorporated common stock at December 31, 2017 and 2016, respectively.

5. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

6. Subsequent Events

Management evaluated subsequent events for the Plan through June 26, 2018, the date the financial statements were available to be issued.

In January 2018, the Plan began allowing participants to make contributions designated as "Roth Contributions", that is, contributions subject to federal income taxation in the year made but the earnings on which are not subject to federal income tax and "after-tax" contributions that are not Roth contributions.

In April 2018, the Plan increased the maximum annual company contribution for employees hired after February 1, 1993 who are members of Local 12 of the United Automobile Aerospace and Agricultural Implement Workers of America, in addition to the company match from \$400 to \$500.

Supplemental Information

Teledyne Technologies Incorporated 401(k) Plan

EIN: 25-1843385 Plan Number: 002

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

(In thousands, except for unit/share information)

December 31, 2017

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Current Value
* Fidelity	Value Fund K	36,223
* Fidelity	Capital Appreciation Fund K	25,316
* Fidelity	Diversified International Fund K	38,986
* Fidelity	Mid-Cap Stock Fund K	41,580
* Fidelity	Large Cap Stock Fund K6	22,755
* FIAM Trust Company	Target Date Income CP Q	4,980
* FIAM Trust Company	Target Date 2005 Pool Q	1,120
* FIAM Trust Company	Target Date 2010 Pool Q	8,727
* FIAM Trust Company	Target Date 2015 Pool Q	12,895
* FIAM Trust Company	Target Date 2020 Pool Q	62,137
* FIAM Trust Company	Target Date 2025 Pool Q	46,030
* FIAM Trust Company	Target Date 2030 Pool Q	56,738
* FIAM Trust Company	Target Date 2035 Pool Q	23,792
* FIAM Trust Company	Target Date 2040 Pool Q	19,421
* FIAM Trust Company	Target Date 2045 Pool Q	9,677
* FIAM Trust Company	Target Date 2050 Pool Q	9,668
* FIAM Trust Company	Target Date 2055 Pool Q	4,846
* FIAM Trust Company	Target Date 2060 Pool Q	501
* Fidelity	Institutional Money Market Inst	44,154
Wells Fargo Advantage	Emerging Markets Equity R6	5,451
Invesco	Growth & Income R6	24,282
* Fidelity	500 Index Inst	124,846
* Fidelity	Extended Market Index	12,613
* Fidelity	U.S. Bond Index Fund	41,453
Loomis Sayles	Core Plus Bond N	20,744
American Beacon	Small Cap Value Institutional	20,521
Janus Henderson	Triton Fund Class N	11,562
* Fidelity	Brokerage Link	29,865
* Fidelity	Growth Company Pool	85,980
* Fidelity	Managed Income Portfolio	25,034
* Teledyne Technologies Incorporated	Common stock fund, 328,007 shares	63,991
* Participant loans	With interest rates ranging from 3.25% to 11% and maturity dates through 2036	12,822
		\$948,710

* Party-in-interest as defined by ERISA.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrative Committee that administers the Plan has duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 26, 2018

TELEDYNE TECHNOLOGIES INCORPORATED 401(K) PLAN
Plan Administrative Committee

By: /s/ Susan L. Main
Member - Plan Administrative Committee

By: /s/ Melanie S. Cibik
Member - Plan Administrative Committee

By: /s/ Stephen F. Blackwood
Member - Plan Administrative Committee

By: /s/ Jason W. Connell
Member - Plan Administrative Committee