Risk Factors Comparison 2024-02-23 to 2023-02-24 Form: 10-K

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The following discussion sets forth the material risk factors that could affect Teledyne' s financial condition and operations. You should not consider any descriptions of these factors to be a complete set of all potential risks that could affect Teledyne. Any of the risk factors discussed below could by itself, or combined with other factors, materially and adversely affect our business, results of operations, financial condition, competitive position or reputation, including by materially increasing expenses or decreasing revenues, which could result in material losses or a decrease in earnings. Risks related to our indebtedness Our indebtedness,...... certain sources of debt financing. Risks Related to our Business and Industry Acquisitions involve inherent risks that may adversely...... supply chain, partners or customers. A possible recession in the U. S. or globally, continued economic slowdown in China, and higher interest rates may adversely affect us. If another global recession emerges, or if economic growth in China continues to slow, we may experience declines in revenues, profitability and cash flows from reduced orders, payment delays, collection difficulties, increased price pressures for our products, increased risk of excess and obsolete inventories or other factors caused by the economic problems of our customers. Economic growth in China had slowed **since** ~~due to lockdowns implemented as part of~~ the COVID pandemic ~~. With the lifting of these lockdowns by China in December 2022, COVID has begun to spread rapidly, causing additional disruptions to our customers and suppliers located in China~~ . Continued growth in many of our businesses, including those in our Environmental Instrumentation group, could be negatively impacted if another economic downturn occurs in China. We develop and manufacture products for customers in the energy exploration and production markets, ~~domestic and international~~ commercial aerospace markets, the semiconductor industry, and the consumer electronics, telecommunications and automotive industries; each of which has been cyclical, exhibited rapid changes and suffered from fluctuating market demands. A cyclical downturn in these markets may materially affect future operating results **. The current cyclical downturn in the semiconductor market has impacted the results of our digital imaging and instrumentation businesses. While this market is expected by many to recover later in 2024, a delay in recovery may adversely impact our results of operations** . We also face risk that our addressable market for retrofit products will shrink further as airlines retire a significant number of aircraft in order to replace them with newer, more fuel-efficient planes. In addition, we sell products and services to customers in industries that are sensitive to the level of general economic activity and consumer spending habits ~~and to customers in more mature industries that are sensitive to capacity constraints~~ . Adverse economic conditions affecting these industries may reduce demand for our products and services, which ~~may~~ **would** reduce our revenues ~~, profits or production levels~~ . Reduced demand for mobile phones and other consumer electronics will result in lower sales of our cameras and sensors products in our Digital Imaging segment. Higher interest rates may reduce capital spending by our existing and potential customers. Some of our businesses serve industries such as power generation and petrochemical refining, which may be negatively impacted in the event of future reductions in global capital expenditures and manufacturing capacity, or as a result of global environmental sustainability efforts. ~~Slower consumer spending in healthcare markets,reduced hospital budgets and high existing inventories of medical components could result in lower sales for businesses that sell products into this market.~~ Acquisitions ~~and our ability to make acquisitions~~ involve inherent risks that may adversely affect our operating results and financial condition.Our growth strategy includes acquisitions **.In 2022 and 2021,we expended $ 92.6 million in cash and $ 8.1 billion in cash and stock,respectively,relating to acquisitions and other investments** .Acquisitions involve various inherent risks,such as:• our ability to assess accurately the value,strengths,weaknesses,internal controls,contingent and other liabilities and potential profitability of acquisition candidates;• difficulties in integrating acquired businesses,including the potential loss of key personnel from an acquired business,our potential inability to achieve identified financial,operating and other synergies anticipated to result from an acquisition,and integration issues associated with internal controls of acquired businesses;• the diversion of management' s attention from our existing businesses;• the potential impairment of assets;• potential unknown liabilities associated with a business that we acquire or in which we invest,including environmental liabilities;• new and proposed regulations limiting the enforcement of noncompetition and nonsolicitation agreements;and • production delays associated with consolidating acquired facilities and manufacturing operations ~~;• pre- existing vulnerabilities,undetected malware and access management issues at the acquired business and supply chain~~ .While we conduct financial and other due diligence in connection with our acquisitions and generally seek some form of protection,such as indemnification from the seller,insurance coverage,and sometimes placing a portion of the purchase price in escrow ~~or a holdback arrangement~~ to cover potential liabilities,such acquired companies may have weaknesses or liabilities that are not accurately assessed or brought to our attention at the time of the acquisition.Further,indemnities,insurance ~~,~~ **or** escrow ~~or holdback~~ arrangements may not fully cover such matters.Acquisitions of public companies,such as our acquisition of FLIR ~~in 2021~~ ,typically do not include post- closing indemnities or escrows.In connection with our acquisitions,including those acquisitions that we do not complete,we may incur significant transaction costs.We are required to expense such transaction costs as incurred,which may have a material adverse impact on our financial results. **We** ~~If we~~ are ~~unable~~ **experiencing component and raw material shortages due** to ~~make acquisitions~~ **worldwide supply chain constraints that impact** our ~~future growth may be adversely~~ **ability to manufacture and ship all the product for which we have demand.Our business is being** impacted ~~.Our ability~~ **by interruptions in the supply chain,due in part** to ~~make acquisitions depends on~~ **the COVID pandemic,a resumption of strong worldwide demand for electronic products and components across** a number of ~~factors~~ **end markets** , **and interruption in supplier operations.As a result** ~~including the availability of potential acquisition candidates at reasonable prices~~ , ~~competition~~ **we are experiencing delays in delivery and**

shortages of certain components and raw materials needed for many of the products we manufacture,particularly certain types of semiconductors,integrated circuits,silicon wafers,specialized raw materials and chemicals,adhesives,engineered plastics and electronic components.In some cases,we have had to commit to additional orders or longer- term contracts from **suppliers to secure needed components and materials.We expect these delays and shortages to improve in 2023;however,there is still risk and uncertainty with respect to the timing of recovery.A limited or delayed recovery could result in delays in shipments to our customers during the period of such shortages.Any such delays would reduce our revenue and margins for the periods affected and would also result in an increase in our inventory of** other ~~bidders~~ **components** , **which would reduce our operating cash flow** ~~the ability to obtain regulatory approvals,including under merger control and foreign direct investment laws,and the availability of debt and equity financing,among other factors.For additional discussion of business acquisition,see the discussion under " Item 7.Management' s Discussion and Analysis of Operations and Financial Condition " and Note 3~~ .Increased prices for components and raw materials used in our products and higher labor and shipping costs could adversely impact our profitability. ~~Inflation and recent supply~~ **Supply** chain constraints **and inflation** have resulted in sustained increases in the prices we pay for many of the components and raw materials used in our products.In addition,we are experiencing higher labor costs due to increased competition for personnel in many regions in which we operate as well as general inflationary conditions,and higher shipping costs due to labor and **vehicle shortages and** rising energy prices.We expect inflationary pressures to persist ~~in 2024,albeit at a lower rate than~~ in 2023.In response to higher costs,we have in some cases raised prices of our products,which could put these products at a competitive disadvantage.In other cases,we may be unable to adjust our product pricing to reflect such higher costs.If we are unable to increase our product prices enough to offset these increased costs,our gross margins and profitability could decrease,perhaps significantly over a sustained period of time.Escalating global trade tensions,especially between the U.S.and China,the conflict between Russia and Ukraine, ~~the conflict in Israel and neighboring regions~~ and the adoption or expansion of tariffs and trade restrictions could negatively impact us.Our ~~net~~ sales to China- based customers represented approximately ~~4.7 % and~~ 5.4 % **and 5** . **6 %** of total revenues in ~~2023 and~~ 2022 **and 2021** ,respectively.Any tariffs or other trade restrictions affecting the import of products from China or any retaliatory trade measures taken by China in response to existing or future tariffs could have a material adverse effect on our results of operations.Starting in 2018,the U.S.Government imposed tariffs on a wide range of goods imported from China,and China has retaliated by placing tariffs on various U.S.origin goods.While both countries signed a preliminary trade agreement in January 2020 halting further tariffs and increasing sales of U.S.goods to China,the agreement leaves in place most tariffs on Chinese goods.Further escalation of the " trade war " between the U.S.and China,or the countries' inability to reach further trade agreements,could result in continued or increased tariffs.High tariffs generally increase the cost of materials for our products,which could result in our products becoming less competitive or generating lower margins.With high tariffs imposed on our products,we may also need to find new suppliers and components for our products,which could result in production delays.To the extent our products are the subject of retaliatory tariffs,customers in some countries or regions,such as China,may begin to seek domestic or non- U.S.sources for products that we sell,or be pressured or incentivized by foreign governments not to purchase U.S.- origin goods,which could harm our future sales in these markets.Additionally, ~~many countries,including~~ China **has** ~~,India and Saudi Arabia,have~~ bolstered laws or regulations requiring the use of local **China** suppliers and in- country manufacturing,which has had a negative impact on Teledyne' s revenues of instrumentation, ~~commercial aerospace,~~ marine and digital imaging products,as we currently have limited manufacturing operations in **China** ~~these countries~~ .Additionally,recent export restrictions have had a significant impact on business as well.A number of well- established customers and suppliers have become listed on government restricted party lists.In particular,U.S.export enforcement agencies have placed several Chinese companies and many of their international subsidiaries on such lists,prohibiting the export to them of most commercial and dual- use items subject to the Export Administration Regulations.Furthermore,the U.S.has imposed certain sectoral sanctions to limit Chinese development and manufacturing of semiconductor and supercomputer technology and have imposed comprehensive restrictions of both U.S.- origin items as well as non- U.S.items manufactured from U.S.- origin equipment. ~~In response,China has unveiled restrictions on exports from China of certain materials and components,including gallium and germanium which are used in semiconductor manufacturing.~~ These and other tariffs ~~,~~ **and** trade restrictions ~~and retaliatory measures~~ could result in revenue reduction,price increases on material used in our products or production delays,which could adversely affect our business,financial condition,operational results and cash flows.Sanctions on Russia imposed by multiple countries and related Teledyne policies have led to a comprehensive ban on commercial activity with that market.The continuing conflict between Russia and Ukraine could lead to further disruption,instability and volatility in global markets and industries that could negatively impact our operations.Energy market disruptions and shortages caused by the war could result in the shutdown of or slowdowns at our manufacturing facilities,particularly those located in Europe,and may result in substantial increases in the cost of energy.The U.S. ~~Government~~ **government** and other governments in jurisdictions in which we operate have imposed severe sanctions and export controls against Russia and Russian interests and threatened additional sanctions and controls.The impact of these measures,as well as potential responses to them by Russia,is currently unknown and they could adversely affect our business,supply chain,partners or customers. ~~The conflict in Israel and neighboring regions could have a material impact on our business,especially if it escalates into a wider regional conflict.The conflict has resulted in some supply delays resulting from disruptions in shipping routes using the~~ We are subject to the risks associated with international sales and international operations, and events in those countries could harm our business or results of operations. In ~~both~~ **2023 and** 2022 ~~and 2021~~ , sales to customers outside the United States accounted for approximately **49 % and** 47 % of total net sales **, respectively** . In both **2023 and** 2022 ~~and 2021~~ , we sold products to customers in over 100 foreign countries. In ~~2022~~ **2023** , the top five countries for sales to international customers, ranked by net sales, were ~~China, Germany, Japan,~~ the United Kingdom **, China, Japan, Germany** and ~~France~~ **Norway** and represented approximately ~~20~~ **21** % of our total net sales. We anticipate that future sales to international customers will continue to account for a significant and increasing percentage of our revenues, particularly since business and growth plans for many Teledyne businesses focus on sales outside of the United States **including** to ~~China and~~ emerging markets such as India, Brazil and West Africa. Risks associated with international sales and operations include, but are not limited to: • political and economic instability, including the war between Ukraine and Russia **, the conflict in Israel and neighboring regions** and potential hostilities between China and Taiwan; • international terrorism; • **global economic sanctions and** export controls, including U. S. export controls related to China, sanctions related to Russia, and increased scrutiny of exports of marine instruments, digital imaging and other products; • failure to comply with anti- bribery legislation, including the U. S. Foreign Corrupt Practices Act; • changes in legal and regulatory requirements **, including complex trade compliance regulations** ; • U. S. and foreign government policy changes affecting the markets for our products; • changes in tax laws and tariffs; • additional deterioration in U. S.- China and U. S.- Russia relations; • difficulties in protection and enforcement of intellectual property rights; • failure to comply with the foreign data protection laws, including the EU General Data Protection Regulation (“ GDPR ”) in the European Union and the Personal Information Protection Law in China **; • new and emerging non- U. S. regulations relating to ESG and CSR matters, which could be costly to comply with** ; • inadvertent transfers of export- controlled information due to increased cross- border technology transfers and the use of offshore computer servers; • transportation, including piracy in international waters; • currency exchange rate fluctuations; and • challenges relating to managing a global workforce with diverse cultures, backgrounds and labor laws. The impact of these factors is difficult to predict, but one or more of them could have a material adverse effect on our financial position, results of operations, or cash flows. Certain international contracts may also include industrial cooperation agreements requiring specific in- country purchases, investments, manufacturing agreements or other financial obligations, known as offset obligations, and may provide for penalties if we fail to meet such requirements. Currency exchange rate fluctuations may increase the cost of our products to international customers and therefore reduce our competitive position. In 2022, the value of the U. S. dollar rose dramatically and rapidly in comparison to many currencies in jurisdictions where we sell our products. In addition to making our products manufactured in the U. S. more expensive, a stronger dollar impacts the value of our foreign profits when translated back into dollars. Since we report our financials in U. S. dollars, volatility in the strength of the U. S. dollar could have a material impact on our reported earnings. **Subsequent to** ~~In June 2016,~~ the U. K. **exiting** ~~held a referendum in which voters approved an exit from~~ the European Union (“ E. U. ”) **in** ~~, commonly referred to as “ Brexit. ” The U. K. formally left the E. U. on January 31,~~ 2020 ~~and entered a transition period lasting until December 31~~ , ~~2020 during which the U. K. remained in both the E. U. customs union and single market. That transition period has now ended and~~ the E. U. and U. K. have entered into a Trade and Cooperation Agreement (“ TCA ”). The TCA ensures tariff- free and quota- free trade in goods between the E. U and the U. K. **,** but also introduces certain non- tariff barriers to trade. ~~In~~ **To date, we have experienced some delays in** the ~~medium-~~ **movement of goods between the U. K. and the E. U. and loss of access** to ~~long- term~~ **the E. U. labor pool, none of which has been material. Over time** , the withdrawal of the U. K. from the E. U. may create further global economic uncertainty, which may adversely impact the economies of the U. K., the E. U. countries and other nations, may cause our current and future customers to reduce their spending on our products and services, and may cause certain E. U.- based customers to source products from businesses based outside of the U. K. **Given** ~~Potential Brexit- related risks for~~ our **several** U. K.- based businesses ~~also include increased import duties~~ , **volatility** ~~loss of customers~~ in the ~~E.~~ **value of the British pound relative to the** U. **S** ~~, delays in the movement of goods between the U~~ . **dollar,** ~~K. and the E. U. and loss of access to the E. U. labor pool. Given our~~ - **or** ~~several~~ **other foreign currencies, could increase the cost of raw materials and components for our** U. K.- based businesses **and could otherwise adversely affect** ~~, volatility in the value of the British pound relative to the U. S. dollar, or other~~ -- **the business** ~~foreign currencies~~ , **operations** ~~could increase the cost of raw materials~~ and ~~components for~~ **the financial condition of** our U. K.- based businesses **. We have experienced component** and ~~could otherwise adversely affect~~ **raw material shortages in the past that impacted our ability to manufacture and ship all the product for which we have demand, and** ~~the~~ **these constraints may continue in the future. Our** business **in the recent past was impacted by interruptions in the supply chain** , **due in part to the COVID pandemic, a resumption of strong worldwide demand for electronic products and components across a number of end markets, and interruption in supplier** operations **. As a result, we experienced delays in delivery** and **shortages** ~~the financial condition~~ of **certain components and raw materials needed for many of the products we manufacture. In some cases, we have had to commit to additional orders** ~~our~~ - **or longer- term contracts from suppliers to secure needed components and materials. These supply chain constraints improved in 2023; however, some supply chain constraints remain, particularly with respect to certain types of semiconductors, integrated circuits, silicon wafers, specialized raw materials and chemicals, adhesives, engineered plastics and electronic components. Migration of sources of supply of some of these materials and components from China and other countries with high geopolitical risk to the** U. ~~K~~ **S** . ~~- based businesses~~ **and other countries deemed to have lower geopolitical risk create additional risk and uncertainty with respect to lead times and the cost of materials and components. Continuing or new supply shortages could result in delays in shipments to our customers during the period of such shortages. Any such delays would reduce our revenue and margins for the periods affected and would also result in an increase in our inventory of other components, which would reduce our operating cash flow** . Our ~~inability~~ **business may suffer if we are unable** to attract and retain key personnel ~~and labor shortages could have a material adverse effect on our future success~~ . Our future success depends to a significant extent upon the continued service of our executive officers and other key management and technical personnel and on our ability to continue to attract, retain and motivate qualified personnel. The lack of human capital due to very competitive labor market conditions in certain regions could impact our ability to deliver products and services. The skilled manufacturing and specialized engineering labor market is currently very competitive. A significant portion of our revenue depends on the availability of a highly skilled technical workforce. It is critical that we retain, develop, and grow our workforce to protect future revenue and improve our competitive advantage. We are experiencing increased competition for our most talented employees which may erode our competitive advantage, impair our ability to meet certain customer requirements or increase labor costs. ~~We have experienced and may continue to experience temporary labor shortages as a result of the COVID pandemic due to personnel contracting the virus or needing to quarantine at home as a result of exposure to the virus, as well as due to restrictive measures implemented by governments around the world to help control the spread of the virus, including shelter in place or stay at home orders, school closures, orders that reduced the availability of public transportation and other measures. These impacts to our labor force resulting from a COVID pandemic resurgence could materially affect our ability to manufacture, ship or deliver our products, and in certain instances may result in higher wage costs, which could adversely impact our revenue and our results of operations~~ We also have a mature workforce. Some of our businesses, including our businesses in engineered systems as well as in traveling wave tube and integrated microwave module design and development, draw from a pool of specialized engineering talent that is small and, in some cases, currently shrinking. Some of our businesses have a need for employees with a certain level of security clearance, and competition for such employees has increased. While we have engaged in succession planning, the loss of the services of one or more of our key employees or our failure to attract, retain and motivate qualified personnel could have a material adverse effect on our business, financial condition and results of operations. Higher tax rates may harm our results of operations and cash flow. Increases in the United States on the taxation of foreign income and expense may harm our results of operations and cash flow. The relative amount of income we earn in jurisdictions outside the U. S. could reduce our net income and increase our cash payments. Additionally, beginning in 2023, the U. S. has adopted a 15 % corporate alternative minimum tax for certain large corporations. Teledyne does not expect to be subject to this tax in 2023 **or 2024** ; however, Teledyne is closely monitoring the potential impact of the U. S. corporate minimum tax. Many other jurisdictions **have also enacted** ~~are in the process of enacting~~ corporate global 15 % minimum tax rules, which ~~could~~ **will** apply to Teledyne beginning in 2024. Teledyne is monitoring the ~~potential~~ impact of these foreign minimum tax rules. Increased tax due to corporate minimum taxes in the U. S. or in other jurisdictions could reduce our net income and increase our cash payments. Changes in future business conditions could cause business investments, goodwill and other long- lived assets to become impaired, resulting in significant losses and write- downs that would reduce our operating income. On ~~January 1~~ **December 31** , 2023, Teledyne' s goodwill was $ ~~7~~ **8** , ~~873~~ **002** . ~~0~~ **8** million and net acquired intangible assets were $ 2, ~~440~~ **278** . ~~6~~ **1** million. **We** ~~Under current accounting guidance, we~~ are required to test annually both acquired goodwill and other indefinite- lived intangible assets for impairment based upon a fair value approach, rather than amortizing the value over time. We have chosen to perform our annual impairment reviews of goodwill and other indefinite- lived intangible assets during the fourth quarter of each fiscal year. We are also required to test goodwill for impairment between annual tests if events occur or circumstances change that would more likely than not reduce our enterprise fair value below its book value. These events or circumstances could include a significant change in the business climate, including a significant sustained decline in an entity' s market value, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business, or other factors. If the fair market value is less than the carrying value, including goodwill, we could be required to record ~~an~~ **a non-cash** impairment charge. The valuation of reporting units requires judgment in estimating future cash flows, discount rates and estimated product life cycles. In making these judgments, we evaluate the financial health of the business, including such factors as industry performance, changes in technology and operating cash flows. As we have grown through acquisitions, the amount of goodwill and net acquired intangible assets is a significant portion of our total assets. As a result, the amount of any annual or interim impairment could be significant and could have a material adverse effect on our reported financial results for the period in which the charge is taken. **Goodwill and acquired intangibles assets of recently acquired reporting units generally represent a higher inherent risk of impairment, which typically decreases as the businesses are integrated into the Company.** We also may be required to record an earnings charge or incur unanticipated expenses if, as a result of a change in strategy or other reason, we were to determine the value of other assets had been impaired. For additional discussion of business ~~investments~~ **acquisitions** , goodwill and other long- lived assets, see the discussion under " Item 7. Management' s Discussion and Analysis of Operations and Financial Condition " and Note 3. Our revenue from U. S. Government contracts depends on the continued availability of funding from the U. S. Government, and, accordingly, we have the risk that funding for our existing contracts may be canceled or diverted to other uses or delayed or that funding for new programs will not be available. **Similarly, sales to the European defense market depends on continued funding from European governments.** We perform work on a number of contracts with the U. S. Department of Defense and other agencies and departments of the U. S. Government including subcontracts with government prime contractors. Sales under contracts with the U. S. Government, including sales under contracts with the U. S. Department of Defense, as prime contractor or subcontractor, represented ~~approximately 25~~ **24. 5** % and ~~26~~ **24. 9** % of our total net sales in **2023 and** 2022 ~~and 2021~~ , respectively. Performance under government contracts has inherent risks that could have a material effect on our business, results of operations, and financial condition. Government contracts are conditioned upon the continuing availability of Congressional appropriations and the failure of Congress to appropriate funds for programs in which we participate could negatively affect our results of operations. U. S. Government shutdowns have resulted in delays in anticipated contract awards and delayed payments of invoices for several of our businesses and any new shutdown could have similar or worse effects. The failure by Congress to approve future budgets on a timely basis **, and the increased frequency of Government " shutdowns " due to Congress failing to pass continuing resolutions in the absence of an approved budget,** could delay procurement of our products and services and cause us to lose future revenues. Any renewed emphasis on Federal deficit and debt reduction could lead to a further decrease in overall defense spending. Budgetary concerns could result in future contracts being awarded more on price than on other competitive factors, and smaller defense budgets could result in government in- sourcing of programs and more intense competition on programs that are not in-sourced, which could result in lower revenues and profits. Rising inflation may result in a shift in U. S. defense spending between various programs based on priorities, which may result in a reduction or loss of expected revenues on programs in which we participate. Also, defense spending does not necessarily correlate to continued business for us, because not all of the programs in which we participate or have current capabilities may be provided with continued funding. Changes in policy and budget priorities by the U. S. Presidential Administration for various defense and NASA programs could impact our Engineered Systems, Aerospace and Defense Electronics and Digital Imaging segments. Our Aerospace and Defense Electronics segment may be impacted by volume or price reductions in connection with the F- 35 Joint Strike Fighter program, to the extent they are imposed. The timing of program cycles can affect our results of operations for a quarter or year, and cancellations of significant programs such as the International Space Station (" ISS "), ~~Marshall Operations, Systems, Services, and Integration II ("~~ MOSSI II **and** ~~"),~~ the Shallow Water Combat Submersible (" SWCS ") ~~or Advanced Aerodynamic and Instrumentation Features and Simulation (" A2IFS") would affect our results~~ . In ~~2022~~ **2023** ~~and 2021~~ , **MOSSI II** ~~the Mission Operations and Integration (" MO & I")~~ contract represented **approximately 17** ~~more than 10~~ % of net sales in the Engineered Systems segment. The ~~MO & I contract ended December 2022 and was replaced with the~~ MOSSI II contract ~~, which~~ was awarded to Teledyne Brown Engineering in September 2022 with an effective start date in January 2023 for the base two- year period. The remaining option years are proposed through 2030, but there is no guarantee the options will be awarded if the ISS support is cancelled. Of the total expected contract value, approximately 10 % is dedicated to the Indefinite Delivery / Indefinite Quantity (~~"~~ **"** IDIQ ~~"~~ **"**) contract type. There is no guarantee this IDIQ portion will be fully funded. ~~In 2021, we were awarded the A2IFS contract and received partial funding in 2022. We are currently uncertain how much additional funding will be provided for performance.~~ It is also not uncommon for the U. S. Department of Defense to delay the timing of awards or change orders for major programs for six to twelve months. These delays by the U. S. Government could impact our revenues. Delays in procurements, awards and modifications to contracts have negatively impacted revenue in ~~2022~~ **2023** , primarily within our Engineered Systems segment. These delays are continuing in ~~2023~~ **2024** and may also impact future revenue. Uncertainty over budgets or priorities with the U. S. Presidential Administration could result in further delays in funding and the timing of awards, and changes in funded programs that could have a material impact on our revenues. U. S. Government operation under a continuing resolution could impact the business by preventing new programs from starting as planned and by limiting funding on existing programs. A significant shift in U. S. Government priorities related to programs and acquisition strategies could have a material impact to our financial results. Further, most of our U. S. Government contracts are subject to termination by the U. S. Government either at its convenience or upon the default of the contractor. Termination for convenience provisions provides only for the recovery of costs incurred or committed, settlement expenses, and profit on work completed prior to termination. Termination for default clauses imposes liability on the contractor for excess costs incurred by the U. S. Government in re- procuring undelivered items from another source. During **2023 and** 2022 ~~and 2021~~ , contracts terminated by the U. S. Government have not materially impacted our results of operations **. We have begun to see increased sales into the European defense market as European defense budgets increase as a result of the conflict in Ukraine, threats from Russia and other geopolitical instability. If European government funding on defense programs declines, existing and potential future sales would be negatively impacted** . Our U. S. Government contracting business is subject to government contracting regulations, including increasingly complex regulations on cybersecurity, and our failure to comply with such laws and regulations could harm our operating results and prospects. Our U. S. Government contracting businesses, like other government contractors, are subject to various audits, reviews and investigations (including private party " whistleblower " lawsuits) relating to our compliance with applicable federal and state laws and regulations. More routinely, the U. S. Government may audit the costs we incur on our U. S. Government contracts, including allocated indirect costs. Such audits could result in adjustments to our contract costs. Any costs found to be improperly allocated to a specific contract will not be reimbursed, and such costs already reimbursed would need to be refunded. We have recorded contract revenues based upon costs we expect to realize after final audit. In a worst case scenario, should a business or division be charged with wrongdoing, or should the U. S. Government determine that the business or division is not a " presently responsible contractor, " that business or division, and conceivably our Company as a whole, could be temporarily suspended or, in the event of a conviction, could be debarred for up to three years from receiving new government contracts or government- approved subcontracts. In addition, we could expend substantial amounts defending against such charges and in damages, fines and penalties if such charges were proven or were to result in negotiated settlements. Routine audits by U. S. Government agencies of Teledyne' s various procurement and accounting systems have the potential to result in disapproval of the audited systems by the administrative contracting officer. Disapproval could significantly impact cash flow, as up to 10 % may be withheld from payments, as well as significantly impact potential contract awards and increase audit oversight of individual contract proposals. The Department of Defense as well as other U. S. Government contracting agencies have adopted rules and regulations requiring contractors to implement a set of cybersecurity measures to attain the safeguarding of contractor systems that process, store, or transmit certain information. Implementation and compliance with these cybersecurity requirements is complex and costly, and could result in unforeseen expenses, lower profitability and, in the case of non- compliance, penalties and damages, all of which could have an adverse effect on our business. The cybersecurity requirements also impact our supply base which could impact cost, schedule and performance on programs if suppliers do not meet the requirements and therefore, do not qualify to support the programs. We also are required to procure certain materials and parts from supply sources approved by the U. S. Government. The inability of a supplier to meet our needs, the failure to obtain such approvals or the appearance of counterfeit parts in our products could have a material adverse effect on our financial position, results of operations or cash flows. Such failure or inclusion could result in claims under the False Claims Act, which could lead to civil and criminal penalties and disbarment of the applicable business unit from doing business with the U. S. Government, among other things. Risks associated with counterfeit parts could be exacerbated as a result of ~~current~~ supply chain shortages or due to parts becoming obsolete. We generate revenue from companies in the oil and gas industry, especially the offshore oil and gas industry, a historically cyclical industry with levels of activity that are significantly affected by the levels and volatility of oil and gas prices, which has in the past impacted and can impact in the future our financial results. The oil and gas industry has historically been cyclical and characterized by significant changes in the levels of exploration and development activities. Oil and gas prices, and market expectations of potential changes in those prices, significantly affect the levels of those activities. Any prolonged reduction in the overall level of offshore oil and gas exploration and development activities, whether resulting from changes in oil and gas prices or otherwise, could materially and adversely affect our financial condition and the results of our businesses within our Instrumentation segment. Some factors that have affected and are likely to continue affecting oil and gas prices and the level of demand for our products and services include the following: • worldwide demand for oil and gas; • the ability of the Organization of Petroleum Exporting Countries (" OPEC "), to set and maintain production levels; • the level of production by non- OPEC countries; • the war between Russia and Ukraine, including the implementation of price controls on Russian oil exports and restrictions on oil and gas exports imposed by Russia; • **conflict in the Middle East, including disruption of shipping lanes in the Red Sea; •** the ability of oil and gas companies to generate or raise funds for capital expenditures; • domestic and foreign tax policy; • laws and governmental regulations that restrict exploration and development of oil and gas in various offshore jurisdictions or the use of hydraulic fracturing; • laws and governmental regulation that restrict the use of hydraulic fracturing; • technological changes; • the political environment of oil-producing regions; • the price and availability of alternative fuels; and • climate change regulations that provide incentives to conserve energy, use electric vehicles or use alternative energy sources, or that impose restrictions on the development and extraction of oil and gas. Teledyne manufactures seismic energy sources, interconnects and data acquisition products that are used in offshore energy exploration. When crude oil and natural gas prices are low, the level of marine seismic exploration activity typically decreases, potentially resulting in reduced demand for our products used in offshore energy exploration. In addition, a decline in the level of capital spending by oil and natural gas companies may result in a reduced rate of development of new energy reserves, which could adversely affect demand for our products related to energy production, and, in certain instances, result in the cancellation, modification or rescheduling of existing orders and a reduction in customer- funded research and development related to next generation products. We may not have sufficient resources to fund all future research and development and capital expenditures or possible acquisitions. In order to remain competitive, we must make substantial investments in research and development of new or enhanced products and continuously upgrade our process technology and manufacturing capabilities. Our research and development efforts primarily involve engineering and design related to improving existing products and developing new products and technologies in the same or similar fields. Our Teledyne Scientific Company subsidiary, which serves as our primary research center, has been actively promoting and funding joint research and development projects with other Teledyne businesses, including Teledyne Marine, Teledyne Defense Electronics, Teledyne Digital Imaging and our Test and Measurement businesses. The business of Teledyne e2v, for which the design and development of specialized technology for high performance systems and equipment is integral, also requires substantial investments in research and development. Additionally, some of our businesses have sought or are actively pursuing governmental support and funding for some of their research and development initiatives ~~, including funding in 2019 for DALSA' s semiconductor foundry in Bromont, Quebec~~ . Nonetheless, we may be unable to fund all of our research and development and capital investment needs or possible strategic acquisitions of businesses or product lines. Our ability to raise additional capital will depend on a variety of factors, some of which will not be within our control, including the existence of bank and capital markets, investor perceptions of us, our businesses and the industries in which we operate, and general economic conditions. Failure to successfully raise needed capital or generate cash flow on a timely or cost- effective basis could have a material adverse effect on our business, results of operations and financial condition. In addition, if we fail to accurately predict future customer needs and preferences or fail to produce viable technologies, we may invest heavily in research and development of products that do not lead to significant revenue, which would adversely affect our profitability. Limitations in customer funding for applied research and development and limitations in government support for research and development expenditures may reduce our ability to apply our ongoing investments in some market areas. We may be unable to successfully introduce new and enhanced products in a timely and cost- effective manner or increase our participation in new markets, which could harm our profitability and prospects. Our operating results depend in part on our ability to introduce new and enhanced products on a timely basis. We have major development activities at some of our businesses, for which a failure to execute in a timely manner could negatively impact those businesses **. Some products, especially those sold by our Test and Measurement group, have short lifecycles that require frequent updating and new product innovation** . In order to improve our product development capabilities, we purchased the research center that is now Teledyne Scientific Company in 2006 and in 2011 we purchased DALSA to gain access to a well- equipped MEMS research and development center. In 2013, we opened a 52, 000- square- foot technology development center in Daytona Beach, Florida primarily to serve the offshore oil and gas production and exploration industries ~~. We are currently upgrading infrastructure at Teledyne e2v' s facility in Chelmsford, U. K. and have expanded Teledyne DALSA' s MEMS foundry in Bromont, Quebec, as well as acquired a second MEMS foundry in Edmonton, Alberta as part of the Micralyne acquisition~~ . Successful product development and introduction depend on numerous factors, including our ability to anticipate customer and market requirements, changes in technology and industry standards, our ability to differentiate our product offerings from the product offerings of our competitors, and market acceptance. We may not be able to develop and introduce new or enhanced products in a timely and cost- effective manner or to develop and introduce products that satisfy customer requirements. We also have the risk that our defense businesses may not be able to replace revenue related to legacy platforms with products for new platform applications. We face the risk that changes in systems architectures will obviate the need for our products. For example, electronically steered radar arrays do not need certain high voltage interconnects like mechanically steered radar arrays do and unmanned aircraft will not need ejection seat sequencers. Our new products also may not achieve market acceptance or correctly address new industry standards and technological changes. We may also lose any technological advantage to competitors if we fail to develop new products in a timely manner. Additionally, new products may trigger increased warranty costs as information on such products is augmented by actual usage. Accelerated entry of new products to meet heightened market demand and competitive pressures may cause additional warranty costs as development and testing time periods might be accelerated or condensed. We intend to both adapt our existing technologies and develop new products to expand into new market segments. We may be unsuccessful in accessing these and other new markets if our products do not meet our customers' requirements, as a result of changes in either technology and industry standards or because of actions taken by our competitors. ~~We may not be able to reduce the costs of our products to satisfy customers' cost reduction mandates, which could harm our sales or margins. Cost conscious customers may seek price reductions of our products. While we continually work to reduce our manufacturing and other costs of our products, without affecting product quality and reliability, there is no assurance that we will be able to do so or to do so in a timely manner to satisfy the pricing pressures of our customers. Prices of raw materials and other components used in our products may be beyond our control depending on market conditions. As a result, customers may seek lower cost products from China or other developing countries where manufacturing costs are lower.~~ The airline industry is heavily regulated, and if we fail to comply with applicable requirements, our results of operations could suffer **. Governmental agencies throughout the world, including the FAA, prescribe standards and qualification requirements for aircraft components, including virtually all commercial airline and general aviation products. Specific regulations vary from country to country, although compliance with FAA requirements generally satisfies regulatory requirements in other countries. If any material authorization or approval qualifying us to supply our products is revoked or suspended, then sale of the product would be prohibited by law, which would have an adverse effect on our business, financial condition and results of operations. From time to time, the FAA or equivalent regulatory agencies in other countries propose new regulations or changes to existing regulations, which often are more stringent than existing regulations. If such proposals are adopted and enacted, we may incur significant additional costs to achieve compliance, which could have a material adverse effect on our business, financial condition and results of operations** . The Federal Aviation Administration (" FAA ") and equivalent regulatory agencies have increasingly focused on the need to assure that airline industry products are designed with sufficient cybersecurity controls to protect against unauthorized access or other unwanted compromise. A failure to meet these evolving expectations could negatively impact sales into the industry and expose us to legal or contractual liability. **In January 2024** ~~Governmental agencies throughout the world~~ , ~~including~~ the FAA ~~, prescribe standards~~ **ordered the temporary grounding of Boeing 737- 9 MAX aircraft as a result of** ~~and~~ **an** ~~qualification requirements~~ **incident on a Boeing 737- 9 MAX where it lost a " door plug. " There is a risk that this incident, or other issues identified during the subsequent investigations, could result in a suspension or reduction of manufacturing of 737 MAX family of aircraft by Boeing. There is also a risk that airlines and air travelers may respond negatively to the 737 MAX aircraft due to historic and continuing perceived safety concerns. This could negatively impact the demand** for **this** aircraft ~~components, including virtually all~~ **in the future. These factors may further negatively impact our** ~~commercial~~ **Commercial Aerospace** ~~airline and general aviation products. Specific regulations vary from country to country, although compliance with FAA requirements generally satisfies regulatory requirements in other countries. If any material authorization or approval qualifying us to supply our products is revoked or suspended, then sale of the product would be prohibited by law, which would have an adverse effect on our~~ business ~~, financial condition and results of operations. From time to time, the FAA or equivalent regulatory agencies in other countries propose new regulations or changes to existing regulations, which often are more stringent than existing regulations. If such proposals are adopted and enacted, we may incur significant additional costs to achieve compliance, which could have a material adverse effect on our business, financial condition and results of operations~~ . Increasing competition could reduce the demand for our products and services. Each of our markets is highly competitive. Many of our competitors have, and potential competitors could have, greater name recognition, a larger installed base of products, more extensive engineering, manufacturing, marketing and distribution capabilities and greater financial, technological and personnel resources. New or existing competitors may also develop new technologies that could adversely affect the demand for our products and services. We have been experiencing increased competition for some of our key products. Furthermore, some of our patents have or are expiring, which could open up further competition. Additionally, some of our customers have been developing competing products or electing to vertically integrate and replace our products with their own. For example, **the aircraft connectivity solutions provided by our** ~~Airbus is providing a wireless product, FOMAX, which competes directly with~~ Teledyne Controls ~~hardware~~ **business is seeing increased competition from new entrants** and ~~services~~ **original equipment manufacturers** . Furthermore, Boeing has announced a vertical integration program, which includes avionics. Lastly, some of our products face increasing competition from alternative technologies. Industry acquisition and consolidation trends, particularly among aerospace and defense contractors, have adversely impacted demand for our aerospace and defense related engineering services as large prime contractors elect to in-source major acquisition programs and expand small business participation to meet U. S. Government contracting goals. Such consolidations can also cause delays in business as the newly consolidated organization undergoes integration. Low- cost competition from China and other developing countries could also result in decreased demand for our products. Increasing competition could reduce the volume of our sales or the prices we may charge, which would negatively impact our revenues. We are experiencing increasing competition in our digital imaging businesses from Chinese manufacturers ~~which~~ **that** offer lower cost products with increasingly advanced technical capabilities. Product liability claims, product recalls and field service actions could have a material adverse effect on our reputation, business, results of operations and financial condition and we may have difficulty obtaining product liability and other insurance coverage. As a manufacturer and distributor of a wide variety of products, including monitoring instruments, gas and flame detection instruments, products used in offshore oil and gas production, products used in transportation and commercial aviation, products used in maritime navigation and products used in medical devices (including X- ray detectors), our results of operations are susceptible to adverse publicity regarding the quality or safety of our products. Product liability claims challenging the safety of our products may result in a decline in sales for a product, which could adversely affect our results of operations. This could be the case even if the claims themselves are proven to be untrue or settled for immaterial amounts. While we have general liability and other insurance policies concerning product liabilities and errors and omissions, we have self- insured retentions or deductibles under such policies with respect to a portion of these liabilities. Awarded damages could be more than our accruals. We could incur losses above the aggregate annual policy limit as well. We cannot ensure that, for ~~2023~~ **2024** and in future years, insurance carriers will be willing to renew coverage or provide new coverage for product liability. Product recalls can be expensive and tarnish our reputation and have a material adverse effect on the sales of our products. We cannot assure that we will not have additional product liability claims or that we will not recall any products. We have been joined, among a number of defendants (often over 100), in lawsuits alleging injury or death as a result of exposure to asbestos. In addition, because of the prominent " Teledyne " name, we may continue to be mistakenly joined in lawsuits involving a company or business that was not assumed by us as part of our 1999 spin- off. To date, we have not incurred material liabilities in connection with these lawsuits. However, our historical insurance coverage, including that of our predecessors, may not fully cover such claims and the defense of such matters. Coverage typically depends on the year of purported exposure and other factors. Nonetheless, we intend to vigorously defend our position against these claims. Teledyne Brown Engineering, Inc. and other Teledyne companies manufacture components for customers in the nuclear power market, including utilities and certain governmental entities. Certain liabilities associated with such products are covered by the Price- Anderson Nuclear Industries Indemnity Act and other statutory and common law defenses, and we have received indemnities from some of our customers. However, there is no assurance we will not face product liability claims related to such products or that our exposure will not exceed the amounts for which we have liability coverage or protection. Our business and financial results could be adversely affected by conditions and other factors associated with our suppliers and subcontractors. ~~Apart from the current shortages we are experiencing due to global supply chain constraints, as discussed above, some~~ **Some** items we purchase for the manufacture of our products are purchased from limited or single sources of supply due to technical capability, price and other factors. For example, Teledyne Digital Imaging has an internal single source of supply for CCD semiconductor wafers used to assemble image sensors and an external single source of supply for CMOS semiconductor wafers used to assemble X- ray panel products. Furthermore, sole source supply is more common among our businesses that are heavily involved in research and development because there can be few suppliers in the world capable of producing the products or providing the services with the right highly specialized technology. Teledyne LeCroy continues to outsource a portion of its research and development activities to third- party engineering firms in Malaysia and India where it may be more difficult for us to enforce our intellectual property rights. We have also outsourced from time to time the manufacturing of certain parts, components, subsystems and even finished products to single or limited sources, including international sources. Disruption of these sources or supplier- imposed rationing of scarce components could cause delays or reductions in shipments of our products or increases in our costs, which could have an adverse effect on our financial condition or operations. International sources ~~possess~~ **pose** additional risks, some of which are similar to those described above regarding international sales. With any continuing disruption in the global economy and financial markets, some of our suppliers may also continue to face issues gaining access to sufficient credit and materials to maintain their businesses, which could reduce the availability of some components and, to the extent such suppliers are single source suppliers, could adversely affect our ability to continue to manufacture and sell our products. Some companies engage subcontractors to perform a portion of the services we provide to our customers. To provide these services, the subcontractor must be financially viable ~~,~~ **and** ~~company~~ **compliant** with applicable laws, regulations and contract terms. Non- performance by a subcontractor could result in misalignment between subcontractor performance and our contractual obligations to our customers ~~. Lastly, our Teledyne Hi- Rel business screens, tests, packages, performs various services and resells products of a third party, and faces the risk that such third party may end its relationship due to economic conditions and other factors~~ . We face risks related to sales through distributors and other third parties which could harm our business. We sell a portion of our products through third parties such as distributors, sales representatives, value- added resellers and OEMs (collectively, " distributors "). Using third parties for distribution exposes Teledyne to many risks, including concentration, credit risk and legal risk because under certain circumstances we may be held responsible for the actions of those third- party sales channels. We may rely on one or more key distributors for selling a product, and the loss of these distributors could reduce our revenue. Distributors may face financial difficulties, including bankruptcy, which could harm our collection of accounts receivables and financial results. Violations of the Foreign Corrupt Practices Act or similar anti- bribery laws by distributors or other third- party intermediaries could have a material impact on our business. Competitors could also block our access to such parties. Failing to manage risks related to our use of third- party sales channels may reduce sales, increase expenses, and weaken our competitive position, and could result in sanctions against us. Failing to comply with increasing environmental regulations, as well as the effects of potential environmental liabilities, could have a material adverse financial effect on us. We, like other industry participants, are subject to various federal, state, local and international environmental laws and regulations. We may be subject to increasingly stringent environmental standards in the future, particularly as greenhouse gas (" GHG ") emissions and climate change regulations and initiatives proliferate. Future developments, administrative actions or liabilities relating to environmental and climate change matters could have a material adverse effect on our business, results of operations or financial condition. Environmental regulations on hydraulic fracturing and the use of seismic energy sources for offshore energy exploration could adversely affect some product lines of our Instrumentation segment. Our manufacturing operations, including former operations, could expose us to material environmental liabilities. Additionally, companies that we acquire may have environmental liabilities that might not be accurately assessed or brought to our attention at the time of the acquisition. The U. S. Environmental Protection Agency (" EPA ") has focused on GHGs, maintaining GHGs threaten the public health and welfare of the American people. The EPA ~~also maintains that GHG emissions from on- road vehicles contribute to that threat. The EPA' s endangerment finding covers emissions of six GHGs. The EPA~~ ' s continuing efforts to limit GHG emissions could adversely affect our U. S. manufacturing operations, increase prices for energy, fuel and transportation, require us to accommodate changes in parameters, such as the way parts are manufactured, and may, in some cases, require us to redesign certain of our products. This, or other federal or state regulations, could lead to increased costs, which we may not be able to recover from customers, delays in product shipments and loss of market share to competitors. For example, Teledyne Battery Products unit makes lead acid batteries in California and is subject to a variety of environmental regulations and inspections, which have increased over time. Also, some of our sites conduct electroplating, metal finishing and other operations that utilize hazardous materials that are subject to similar regulations. Regulatory changes or failure by a business to meet applicable requirements could disrupt that business or force a closure or relocation of the business. Our products are subject to various regulations that prohibit or restrict the use of certain hazardous substances. For example, our products placed on the European market are subject to the Registration, Evaluation, Authorization and Restriction of Chemicals and the restriction of the use of certain hazardous substances in electrical and electronic equipment Directives. Future hazardous substance restrictions or prohibitions may limit our ability to market some products in certain countries. For additional discussion of environmental matters, see the discussion under the caption " Other Matters – Environmental " of " Item 7. Management' s Discussion and Analysis of Results of Operation and Financial Condition " and Note 17. We may not be able to sell or reconfigure businesses, facilities or product lines that we determine no longer meet with our growth strategy or that should be consolidated. Consistent with our strategy to emphasize growth in our core markets, we continually evaluate our businesses to ensure that they are aligned with our strategy and objectives. Over the years we have also consolidated some of our business units and facilities, in some cases to respond to downturns in the defense or oil and gas industries, among other reasons. We may not be able to realize efficiencies and cost savings from our consolidation activities. There is no assurance that our efforts will be successful. If we do not successfully manage our current consolidation activities, or any other similar activities that we may undertake in the future, expected efficiencies and benefits might be delayed or not realized, and our operations and business could be disrupted. Our ability to dispose of, exit or reconfigure businesses that may no longer be aligned with our growth strategy will depend on many factors, including the terms and conditions of any asset purchase and sale agreement or lease agreement, as well as industry, business and economic conditions. We cannot provide any assurance that we will be able to sell non- strategic businesses on terms that are acceptable to us, or at all. In addition, if the sale of any non-strategic business cannot be consummated or is not practical, alternative courses of action, including relocation of product lines or closure, may not be available to us or may be more costly than anticipated. Risks related to ~~related to~~ our indebtedness Our indebtedness,and any failure to comply with our covenants that apply to our indebtedness,could materially and adversely affect our business.As of ~~January 1~~ **December 31** ,2023,we had $ 3, ~~425~~ **115** .0 million total outstanding indebtedness in senior notes ~~,~~ **and** $ **150** ~~395.0 million in term loans and $ 125~~ .0 million outstanding **in term loans.As of December 31,2023,no borrowings were outstanding** under our $ 1 ~~,~~ **.** ~~150~~ - **15** ~~.0 million~~ **billion** ~~floating rate~~ credit facility.Teledyne incurred a significant amount of indebtedness in connection with the financing of the acquisition of FLIR.We also incurred additional indebtedness through the assumption of FLIR' s existing senior notes.The use of indebtedness to finance the acquisition reduced our liquidity and caused us to place more reliance on cash generated from operations to pay principal and interest on our debt,thereby reducing the availability of our cash flow for operating activities and capital expenditure needs or to pursue other potential strategic plans.The agreements we entered into with respect to our indebtedness,including the agreements we entered into to finance the FLIR acquisition and in connection with the assumption of FLIR' s existing senior notes,contain negative covenants,that,subject to certain exceptions,include limitations on indebtedness related to our bank term loans and credit facility,liens,dispositions,investments and mergers and other fundamental changes.Our ability to comply with these negative covenants can be affected by events beyond our control.The indebtedness and these negative covenants may also have the effect,among other things,of limiting our ability to obtain additional financing,if needed,reducing the funds available to make acquisitions or capital expenditures,reducing our flexibility in planning for or reacting to changes in our business or market conditions,and making us more vulnerable to economic downturns and adverse competitive and industry conditions.In addition,a breach of the negative covenants could result in an event of default with respect to the indebtedness,which,if not cured or waived,could result in the indebtedness becoming immediately due and payable and could have a material adverse effect on our business,financial condition or operating results. ~~Our~~ **Any future** indebtedness ~~also~~ **incurred under our credit facility will** ~~exposes~~ - **expose** us to interest rate risk ~~since a portion of our debt obligations are at variable rates~~ .We may not be able to service our debt obligations.Our ability to meet our interest expense and debt service obligations will depend on our future performance,including the cash we generate from operating activities,which will be affected by financial,business,economic and other factors,including potential changes in laws or regulations,industry conditions,industry supply and demand,customer preferences,the success of our products and pressure from competitors.If we are unable to meet our debt service obligations or should we fail to comply with our financial and other negative covenants contained in the agreements governing our indebtedness,we may be required to refinance all or part of our debt,sell strategic assets at unfavorable prices,incur additional indebtedness or issue common stock or other equity securities.We may not be able to,at any given time,refinance our debt,sell assets,incur additional indebtedness or issue equity securities on terms acceptable to us,in amounts sufficient to meet our needs.If we are able to raise additional funds through the issuance of equity securities,such issuance would also result in dilution to our stockholders.Our inability to service our obligations or refinance our debt could have a material and adverse effect on our business,financial condition or operating results.The credit rating of Teledyne could be downgraded,which may increase borrowing costs.The credit ratings of Teledyne' s debt could be subject to a downgrade below investment grade.If a ratings downgrade were to occur,we could experience higher borrowing costs in the future and more restrictive debt covenants,which would reduce profitability and diminish operational flexibility.A ratings downgrade could also limit our access to certain sources of debt **financing.Risks related to** climate change Climate change may **disrupt or adversely** ~~have a long- term~~ impact ~~on~~ our business. Climate change may have an increasingly adverse impact on our business and those of our customers, partners and suppliers. While we seek to mitigate the risks associated with climate change on our operations, there are inherent climate-related risks globally. As discussed under the risk factor below headed " Natural and man- made disasters could adversely affect our business, results of operations and financial condition, " some of our manufacturing facilities are located in regions that may be impacted by severe weather events, like hurricanes or ice storms, or in areas prone to wildfires, droughts and rising sea levels, the frequency and severity of which may increase as a result of climate change. These events could result in potential damage to our physical assets as well as disruptions in manufacturing activities. Severe weather and wildfire events may impair the ability of our employees to work effectively. Climate change, including the increasing frequency and intensity of extreme weather events, its impact on our supply chain and critical infrastructure worldwide and its potential to increase political instability in regions where we, our customers, partners and our suppliers do business, may disrupt our business and may cause us to experience higher employee attrition and higher costs to maintain or resume operations. The effects of climate change also may impact our decisions to construct new facilities or maintain existing facilities in the areas most prone to physical risks, which could similarly increase our operating and material costs. We could also face indirect financial risks passed through the supply chain that could result in higher prices for our products and the resources needed to produce them. We sell products to customers directly engaged in oil and gas exploration and production. Changes to regulations, social practices and preferences, energy generation and transportation technologies that may occur or be implemented to mitigate climate change could result in reduced demand for hydrocarbon products, which could result in a reduction in sales to these customers. Regulations associated with climate change could adversely affect our business. Legislative and regulatory measures currently under consideration or being implemented by government authorities to address climate change could require reductions in our GHG or other emissions, establish a carbon tax or increase fuel or energy taxes. We have also voluntarily announced goals to reduce our GHG emissions by a target date. These legal requirements, in addition to emission reduction efforts that we voluntarily undertake, are expected to result in increased capital expenditures and compliance costs and could result in higher costs required to operate and maintain our facilities, procure raw materials and energy, and may require us to acquire emission credits or carbon offsets. These costs and restrictions could harm our business and results of operations by increasing our expenses or requiring us to alter our operations and product design activities. Proposed rules under the Federal Acquisition Regulation **and similar rules in other jurisdictions such as the United Kingdom require or** will require major contractors to disclose enhanced information on GHG emissions and commit to GHG emission reduction targets. If ~~these rules become effective and~~ we are unable to comply **with these rules** , we may be ineligible to receive future ~~federal~~ contract awards **from the U. S. and other governments** . The inconsistent international, regional and / or national requirements associated with climate change regulations also create economic and regulatory uncertainty. Investor sentiment towards climate change and sustainability could adversely affect our business and the market price for our common stock. Increased investor focus and activism related to climate change and sustainability may hinder our access to capital, as investors may reconsider their capital investment as a result of their assessment of our sustainability practices. We may face increasing pressure regarding our sustainability disclosures and practices. Additionally, members of the investment community may screen companies such as ours for sustainability performance before investing in our stock. If we are unable to meet the sustainability standards set by these investors, or if we are unable meet GHG reduction targets we communicate to the public, we may lose investors, our stock price may be negatively impacted, and our reputation may be negatively affected. Other risks we face Natural and man- made disasters could adversely affect our business, results of operations and financial condition. Several of our facilities, as a result of their locations, could be subject to a catastrophic loss caused by earthquakes, hurricanes, tornados, floods, ice storms, rising sea levels, droughts or other natural disasters. Many of our production facilities and our headquarters are located in California and thus are in areas with above average seismic activity and may also be at risk of damage due to wildfire or mudslides. In November 2018, wildfires impacted areas near our headquarters and principal research and development center in Thousand Oaks, California, resulting in temporary disruptions and evacuations of employees who lived nearby. Local utilities may impose blackouts during high fire risk weather conditions, which could result in disruptions to our businesses located in California, including our headquarters. In January 2023, heavy rains in California resulted in a mudslide that blocked road access to our facility in Tracy, California that makes energetic devices, resulting in several days of plant closure. In the event of a major earthquake, tornado, hurricane or catastrophic event such as fire, power loss, telecommunications failure, vandalism, cyber- attack, war, terrorist attack or health epidemic (including COVID), we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our application development, lengthy interruptions in our production, breaches of data security and loss of critical data, all of which could harm our business, results of operations and financial condition and have a material adverse impact on us. In December 2022, an attack by political extremists on our facility in Presteigne, Wales that makes printed circuit boards resulted in damage to the facility and interrupted some productions lines for a period of time. Teledyne FLIR' s components ~~operations~~ - **operation** is a single source supplier of certain sensors used throughout the FLIR business, and a disruption in business due to a disaster could have a material adverse impact on the businesses of Teledyne FLIR. Teledyne ~~'~~ **'** s facilities in Quebec, Canada have been impacted by loss of electrical power caused by severe ice storms. In addition, we have manufacturing facilities in the southeastern United States and Texas that have been threatened or struck by major hurricanes. In 2017, our businesses located in Houston, Texas were impacted by Hurricane Harvey and our business in Florida was threatened by Hurricanes Irma and Matthew. Our facilities in Alabama, Florida, Nebraska, Tennessee and Virginia have also been threatened by tornados. If any of our California facilities were to experience a catastrophic earthquake or wildfire loss, or if any of our Alabama, Florida, Nebraska, Tennessee or Texas facilities were to experience a catastrophic hurricane, storm, tornado or other natural disaster, or if Teledyne' s facilities in Quebec experience long- term loss of electrical power, such event could disrupt our operations, delay production, shipments and revenue, result in large expenses to repair or replace the facility or facilities and could have a material adverse effect on our business. In addition, the insurance we maintain may be insufficient to cover our losses resulting from disasters, cyber- attacks or other business interruptions, and any incidents may result in loss of, or increased costs of, such insurance. Our existing disaster recovery and business continuity plans (including those relating to our information technology systems) may not be fully responsive to, or minimize losses associated with, catastrophic events. Disasters also have an indirect adverse impact on our business. For example, in 2018, a fire at a

Netherlands- based facility of a key supplier of printed circuit boards resulted in delivery disruptions to the electronics industry, including to businesses in our Digital Imaging segment. Adverse findings in matters related to **export control practices, including** FLIR' s historical ~~export control~~ practices **,** could materially impact us. Effective April 24, 2022, the United States Department of State' s Office of Defense Trade Controls Compliance (" DDTC ") closed the four- year Consent Agreement that had been entered into by FLIR Systems, Inc. **,** to resolve **various export** allegations **under** ~~regarding various violations of~~ the International Traffic in Arms Regulations (" ITAR "). **In connection with this** ~~On April 13, 2022, Teledyne paid $ 3. 5 million as the final installment of the civil penalty under the~~ Consent Agreement ~~. While~~ **and other export matters,** FLIR and its successor by mergers, Teledyne FLIR, ~~have~~ **has** enhanced the trade compliance program more broadly, implemented remedial measures and have undergone external **and internal** audits of the ~~ITAR~~ **trade** compliance program **. Nonetheless** , ~~future~~ adverse disclosures and findings could cause ~~incurrence of~~ additional expenses in connection with ~~potential penalties or~~ further remedial measures **or potential penalties** . **We have** ~~In April 2021, FLIR resolved allegations of misrepresentations~~ made **other voluntary disclosures** to the U. S. Department of **State and the U. S. Department of** Commerce, **including to the** Bureau of Industry and Security (" BIS ") ~~, between November 2012 and December 2013, in a commodity jurisdiction request relating to newly developed Lepton uncooled focal plane arrays by an administrative settlement and fine of $ 0. 3 million and agreeing to perform two internal audits of its EAR export compliance programs. The first internal audit was completed, and a voluntary disclosure was filed in October 2021 to report potential violations. This case was closed without further action by BIS with the issuance of a warning letter. The second internal audit was completed in October 2022, for which a voluntary disclosure was also filed and is still pending disposition. FLIR has made other voluntary disclosures to the U. S. Department of State and the U. S. Department of Commerce, including to BIS~~ with respect to ~~the~~ **Teledyne FLIR** shipments of products from non- U. S. jurisdictions which were not ~~authorized~~ **licensed** due to ~~a potentially~~ incorrect de minimis calculation methodology under the ~~EAR~~ **Export Administration Regulations** . **We have** ~~Furthermore, FLIR has~~ made voluntary disclosures to export authorities in jurisdictions outside the U. S. for certain potential violations of local export laws ~~, which may increase its penalty exposure~~ . At this time, based on available information, we are unable to reasonably estimate the time it may take to resolve these matters or the amount or range of potential loss, penalty or other government action, if any, that may be incurred in connection with these matters. However, an unfavorable outcome could result in substantial fines and penalties or loss or suspension of export privileges or of particular authorizations that could be material to **our** ~~the Company' s~~ financial position, results of operations or cash flows in and following the period in which such ~~an~~ outcome becomes estimable or known. We may not be able to enforce or protect our intellectual property rights, or third parties may claim we infringe their intellectual rights, each which may harm our ability to compete and thus harm our business. Our ability to enforce and protect our patents, copyrights, software licenses, trade secrets, know- how, and other intellectual property rights is subject to general litigation risks, as well as uncertainty as to the enforceability of our intellectual property rights in various countries. When we seek to enforce our rights, we have found that various claims may be asserted against us, including claims that our intellectual property right is invalid, is otherwise not enforceable or is licensed to the party against whom we are asserting a claim. In addition, we may be the target of aggressive and opportunistic enforcement of patents by third parties. If we are not ultimately successful in defending ourselves against these claims in litigation, we may not be able to sell a product or family of products due to an injunction, or we may have to pay damages that could, in turn, harm our results of operations. Our inability to enforce our intellectual property rights under these circumstances may harm our competitive position and our business. Our business and operations could suffer in the event of cybersecurity breaches. Attempts by malicious actors to gain unauthorized access to our information technology systems have become more sophisticated and are sometimes successful. These attempts, which might be related to industrial or foreign government espionage, crime, activism, or other motivations, include covertly introducing malware into our computers and computer networks, performing reconnaissance, impersonating authorized users, extortion, **fraud,** and stealing, corrupting or restricting our access to data, among other activities. We have in the past experienced cyber- attacks including some loss of confidentiality and some loss of availability, although these attacks have not had material impact on our business. Our customers and suppliers have also experienced successful cyber- attacks, which in some cases resulted in payments by or to us being unlawfully diverted. We continue to train our personnel and update our infrastructure, security tools and processes **, including processes for integration of newly acquired businesses,** to protect against security incidents, including both external and internal threats, and to reduce the likelihood of their occurrence. Company personnel and third parties have been tasked to prevent, deter, detect, respond to, and investigate such incidents; however, it is possible that we might not prevent or be aware of or be able to react to an incident or its magnitude and effects. The theft, corruption, unauthorized use or publication of our intellectual property or confidential business information due to a cyber- attack could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives or otherwise adversely affect our business. We are subject to U. S. Department of Defense **, Department of Homeland Security, and Department of Energy** regulations applicable to certain types of data residing on or transiting through our information systems, and these regulations have been and will continue to be incorporated into certain U. S. **Government** ~~Department of Defense~~ contracts that we hold. To the extent that any security breach results in inappropriate disclosure of confidential or controlled information of employees, third parties or the U. S. Government, or any of the deployed security controls are deemed insufficient, we may incur liability or the loss of contracts or security clearances. As a result, we expect to continue to devote ~~additional~~ resources to the security of our information technology systems, operating technology systems, products and services. More resources may be required in the defense arena to the extent the U. S. Government increases its cybersecurity mandates. Unauthorized access to or control of our products, data, devices or systems could impact the safety of our customers and other third parties which could result in legal claims against us. Security breaches also could result in a violation of applicable U. S. and international privacy and other laws, including GDPR, Health Insurance Portability and Accountability Act, Payment Card Industry Data Security Standard, and California Consumer Privacy Act **, or SEC regulations,** and subject us to private consumer or securities litigation and governmental investigations and proceedings, any of which could result in our exposure to material civil or criminal liability. The systemic cybersecurity risk environment is elevated, in part by geopolitical conflicts and tensions, including the war between Ukraine and Russia, the ~~spread of remote working~~ **war in Israel and neighboring regions,** and increased supply chain- related cyber- risks. **New technologies, including generative AI, quantum computing, new uses of QR codes and other innovations in digital communications, introduce new attack vectors, and new potential compromise scenarios, which malicious adversaries can exploit. Issues in the development and use of artificial intelligence may result in reputational harm or liability, and failure to introduce new and innovative products that have artificial intelligence capabilities could put us at a competitive disadvantage. We currently incorporate machine learning and artificial intelligence capabilities (" AI ") into certain of our products and solutions and may seek to expand the use of AI in our offerings in the future. As with many innovations, AI presents risks, challenges, and unintended consequences that could affect our business. AI algorithms and training methodologies may be flawed. These deficiencies and other failures of AI systems could subject us to competitive harm, regulatory action, legal liability, and brand or reputational harm. Further, incorporating AI could give rise to litigation risk and risk of non- compliance and unknown cost of compliance, as AI is an emerging technology for which the legal and regulatory landscape is not fully developed (including potential liability for breaching intellectual property or privacy rights or laws). While new AI initiatives, laws, and regulations are emerging and evolving, what they ultimately will look like remains uncertain, and our obligation to comply with them could entail significant costs, negatively affect our business, or entirely limit our ability to incorporate certain AI capabilities into our offerings. Additionally, leveraging AI capabilities to potentially improve internal functions and operations presents further risks and challenges. The use of artificial intelligence to support business operations carries inherent risks related to data privacy and security, such as intended, unintended, or inadvertent transmission of proprietary, sensitive or export- controlled information, as well as challenges related to implementing and maintaining AI tools. Additionally, our competitors might move faster than us to gain efficiencies by incorporating AI into their design and development processes, and our products and / or cost structure could become less competitive as a result. The rapid evolution of AI will require the application of resources by us to develop, test and maintain our products, services and operations to help ensure that AI is implemented ethically in order to minimize unintended, harmful impact. Our competitors may be faster or more successful than we are in incorporating AI and other disruptive technology into their offerings, which would impair our ability to compete successfully.** Provisions of our governing documents, applicable law, and our Change in Control Severance Agreements could make an acquisition of Teledyne more difficult. Our Restated Certificate of Incorporation, our Fourth Amended and Restated Bylaws and the General Corporation Law of the State of Delaware contain several provisions, such as our classified Board, that could make the acquisition of control of Teledyne, in a transaction not approved by our Board, more difficult. We have also entered into Change in Control Severance Agreements with ~~eight~~ **seven** members of our current management, which could have an anti- takeover effect. These provisions may prevent or discourage attempts to acquire our Company. Our Fourth Amended and Restated Bylaws (" Bylaws ") designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain lawsuits between us and our stockholders, which could limit our stockholders' ability to obtain a judicial forum that it finds favorable for such lawsuits and make it more costly for our stockholders to bring such lawsuits, which may have the effect of discouraging such lawsuits. Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be, to the fullest extent permitted by law, the sole and exclusive forum for any (i) derivative action or proceeding brought on our behalf, (ii) action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware, Restated Certificate of Incorporation or Bylaws or (iv) any action asserting a claim governed by the internal affairs doctrine. Our Bylaws further provide that the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act of 1933, as amended, including all causes of action asserted against any defendant to such complaint. Our Bylaws also provide that any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock will be deemed to have notice of and consented to this forum selection provision. However, this forum selection provision is not intended to apply to any actions brought under the Exchange Act. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and accordingly, the forum selection provision in our Bylaws will not relieve us of our duties to comply with the Exchange Act and the rules and regulations thereunder, and our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations. Nevertheless, this forum selection provision in our Bylaws may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers and other employees, which may discourage lawsuits with respect to such claims, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. In addition, stockholders who do bring a claim in the Court of Chancery in the State of Delaware could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. While we believe the risk of a court declining to enforce the forum selection provision contained in our Bylaws is low, if a court were to find the provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition. Risks Related to Our Securities An investment in Teledyne' s Common Stock and other securities involve risks, many of which are beyond our control. Stock markets in general, including the New York Stock Exchange on which our Common Stock is listed, have experienced a high degree of price and volume fluctuations that are not necessarily related to operating performance of the listed companies. In addition to general economic, political and market conditions, such volatility may be related to: (i) changes from analysts’ expectations in revenues, earnings and other financial results; (ii) strategic actions by other competitors; (iii) changes to budgets or policies of the U. S. and other governments; and (iv) other risks described in this report. We cannot provide assurances as to our Common Stock price, which during fiscal ~~2022~~ **2023** ranged from a low of $ ~~331~~ **364** . ~~10~~ **98** to a high of $ ~~488~~ **448** . ~~63~~ **71** .