Risk Factors Comparison 2024-01-31 to 2023-02-27 Form: 10-K

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The risks and uncertainties described below are not the only ones we face. If any of the following risks actually occurs, our business, financial condition or results of operations could be materially adversely affected. In addition, you should consider the interrelationship and compounding effects of two or more risks occurring simultaneously. Risk Factors Summary The following is a summary of the principal risks that could adversely affect our business, **financial condition and results of** operations ~~and financial results~~. Economic and Strategic Risks • Intel Corporation' s dominance of the microprocessor market and its aggressive business practices may limit our ability to compete effectively on a level playing field. • ~~Global economic~~ **Economic** and market uncertainty may adversely impact our business and operating results. • The semiconductor industry is highly cyclical and has experienced severe downturns ~~that have materially adversely affected, and may continue to materially adversely affect, our business in the future~~. • The demand for our products depends in part on the market conditions in the industries into which they are sold. **There may be** ~~Fluctuations~~ **fluctuations** in demand for our products or a market decline in any of these industries ~~could have a material adverse effect on our results of operations~~. • The loss of a significant customer may have a material adverse effect on us. • ~~The ongoing novel coronavirus (COVID- 19)~~ **We are subject to risks associated with public health crises, such as** ~~pandemic~~ **pandemics** ~~could materially adversely affect our business, financial condition~~ and **epidemics** ~~results of operations~~. • The markets in which our products are sold are highly competitive. • Our operating results are subject to quarterly and seasonal sales patterns. • If we cannot adequately protect our technology or other intellectual property ~~in the United States and abroad,~~ through patents, copyrights, trade secrets, trademarks and other measures, we may lose a competitive advantage and incur significant expenses. • Unfavorable currency exchange rate fluctuations could adversely affect us. Operational and Technology Risks • We rely on third parties to manufacture our products, and if they are unable to do so on a timely basis in sufficient quantities and using competitive technologies, our business could be materially adversely affected. • ~~If essential~~ **Essential** equipment, materials, substrates or manufacturing processes ~~are~~ **may** not **be** available to **us** ~~manufacture our products, we could be materially adversely affected~~. • ~~Failure~~ **We may fail** to achieve expected manufacturing yields for our products ~~could negatively impact our financial results~~. • The success of our business is dependent upon our ability to introduce products on a timely basis with features and performance levels that provide value to our customers while supporting ~~and coinciding with~~ significant industry transitions. • Our revenue from our semi- custom System- on- Chip (SoC) products is dependent upon our semi- custom SoC products being incorporated into customers' products and the success of those products. • Our products may be subject to security vulnerabilities that could have a material adverse effect on us. • IT outages, data loss, data breaches and **cyberattacks** ~~cyber- attacks~~ could **disrupt operations and** compromise our intellectual property or other sensitive information, be costly to remediate or cause significant damage to our business, reputation **, financial condition** and **results of** operations. • We may encounter difficulties in ~~upgrading and~~ operating our ~~new~~ **newly upgraded** enterprise resource planning (ERP) system ~~, which~~ **. • Uncertainties involving the ordering and shipment of our products** could materially adversely affect us. • ~~Uncertainties involving the ordering and shipment of our products could materially adversely affect us. •~~ Our ability to design and introduce new products ~~in a timely manner~~ includes the use of third- party intellectual property. • We depend on third- party companies for the design, manufacture and supply of motherboards, software, memory and other computer platform components to support our business and products. • If we lose Microsoft Corporation' s support for our products or other software vendors do not design and develop software to run on our products, our ability to sell our products could be materially adversely affected. • Our reliance on third- party distributors and add- in- board (AIB) partners subjects us to certain risks. • Our business ~~is dependent~~ **depends** ~~upon~~ **on** the proper functioning of our internal business processes and information systems ~~and modification or interruption of such systems may disrupt our business, processes and internal controls~~. • **Our** ~~If our~~ products ~~are~~ **may** not **be** compatible with some or all industry- standard software and hardware ~~, we could be materially adversely affected~~. • Costs related to defective products could have a material adverse effect on us. • ~~If we~~ **We may** fail to maintain the efficiency of our supply chain as we respond to changes in customer demand ~~for our products, our business could be materially adversely affected~~. • We outsource to third parties certain supply- chain logistics functions ~~, including portions of our product distribution, transportation management and information technology support services~~. • ~~Our inability~~ **We may be unable** to effectively control the sales of our products on the gray market ~~could~~ **. • Climate change may** have a ~~material adverse effect~~ **long- term impact** on ~~us~~ **our business** . Legal and Regulatory Risks • Government actions and regulations ~~such as export regulations, tariffs, and trade protection measures~~ may limit our ability to export our products to certain customers. • If we cannot realize our deferred tax assets, our results of operations could be adversely affected. • Our business is subject to potential tax liabilities, including as a result of tax regulation changes. • We are party to litigation and may become a party to other claims or litigation ~~that could cause us to incur substantial costs or pay substantial damages or prohibit us from selling our products~~. • We are subject to environmental laws, conflict minerals- related provisions of the Dodd- Frank Wall Street Reform and Consumer Protection Act **, and** ~~as well as a variety of~~ other laws or regulations that could result in additional costs and liabilities. **• Evolving expectations from governments, investors, customers and other stakeholders regarding corporate responsibility matters could result in additional costs, harm to our reputation and a loss of customers. • Issues related to the responsible use of AI may result in reputational, competitive and financial harm and liability.** Merger, Acquisition and Integration Risks • Acquisitions, joint ventures **,** and / or investments **,** and the failure to integrate acquired businesses ~~could~~ **may fail to materialize their anticipated benefits and** disrupt our business ~~and / or dilute or adversely affect the price of our common stock~~. • Any impairment of **our** ~~the combined company' s~~ tangible, definite- lived intangible or indefinite- lived intangible assets, including goodwill, may adversely impact **our** ~~the combined company' s~~ financial position and results of operations. Liquidity and Capital Resources Risks • The agreements governing our notes, our guarantees of Xilinx' s ~~2. 95 % and 2. 375 % Notes~~ **notes** ~~(Assumed Xilinx Notes)~~ , and our Revolving Credit Agreement impose restrictions on us that may adversely affect our ability to operate our business. • Our indebtedness could adversely affect our financial position and prevent us from implementing our strategy or fulfilling our contractual obligations. • We may not ~~be able to~~ generate sufficient cash to meet our working capital requirements. **If** ~~Also, if~~ we cannot generate sufficient revenue and operating cash flow, we may face a cash shortfall **. Also, our cash** and **cash equivalents could** be **adversely affected if the financial institutions** ~~unable to make all of our planned investments~~ in ~~research and development~~ **which we hold** ~~or~~ **our** ~~other strategic investments~~ **cash and cash equivalents fail** . General Risks • Our worldwide operations are subject to political, legal and economic risks and natural disasters ~~, which could have a material adverse effect on us~~ . • We may incur future impairments of **our** technology license purchases. • Our inability to continue to attract and retain qualified personnel may hinder our business. • Our stock price is subject to volatility. ~~• Worldwide political conditions may adversely affect demand for our products.~~ For a more complete discussion of the material risks facing our business, see below. Intel **' s microprocessor** ~~Corporation (Intel) has been the~~ market share **position** ~~leader for microprocessors for many years. Intel' s market share~~ , ~~margins and~~ significant financial resources **, introduction of competitive new products, and existing relationships with top- tier OEMs have** ~~enable~~ **enabled** it to market **and price** its products aggressively, to target our customers and our channel partners with special incentives and to influence customers who do business with us. These aggressive activities have in the past resulted in lower unit sales and a lower average selling price for many of our products and adversely affected our margins and profitability. Intel ~~exerts substantial influence over computer manufacturers and their channels of distribution through various brand and other marketing programs. As a result of Intel' s position in the microprocessor market, Intel has been able to control x86 microprocessor and computer system standards and benchmarks and to dictate the type of products the microprocessor market requires of us. Intel~~ also dominates the computer system platform ~~, which includes core logic chipsets, graphics chips, networking devices (wired~~ and ~~wireless),~~ **has a heavy influence** ~~non~~ - **on PC manufacturers,** ~~- volatile storage and~~ other **PC industry participants** ~~components necessary to assemble a computer system. Additionally~~ , ~~Intel~~ **and benchmarks. It** is able to drive de facto standards and specifications for x86 microprocessors that could cause us and other companies to have delayed access to such standards. **We** ~~As long as Intel remains in this dominant position, we~~ may be materially adversely affected by Intel' s business practices, including rebating and allocation strategies and pricing actions, designed to limit our market share and margins; product mix and introduction schedules; product bundling, marketing and merchandising strategies; **and** exclusivity payments to its current and potential customers, retailers and channel partners ~~; de facto control over industry standards, and heavy influence on PC manufacturers and other PC industry participants, including motherboard, memory, chipset and basic input / output system (BIOS) suppliers and software companies as well as the graphics interface for Intel platforms; and marketing and advertising expenditures in support of positioning the Intel brand over the brand of its original equipment manufacturer (OEM) customers and retailers. Intel has substantially greater financial resources than we do and accordingly spends substantially greater amounts on marketing and research and development than we do~~ . We expect Intel to continue to **heavily** invest ~~heavily~~ **substantial resources** in marketing, research and development, new manufacturing facilities and other technology companies. To the extent Intel manufactures a significantly larger portion of its microprocessor products using more advanced process technologies ~~,~~ or introduces competitive new products into the market before we do, we may be more vulnerable to Intel' s aggressive marketing and pricing strategies for microprocessor products. **We also compete with** Intel ~~could also take actions that place our discrete~~ **in field programmable gate arrays (FPGAs) and Adaptive SoC products. In the** graphics processing ~~units~~ - **unit** (~~GPUs~~ - **GPU**) ~~at a competitive disadvantage, including giving one or more of our competitors in the graphics~~ market ~~, such as NVIDIA Corporation, preferential access to its proprietary graphics interface or other useful information or restricting access to external companies. Also~~ , Intel has developed and released their own high- end discrete GPUs, including gaming focused discrete GPUs. ~~We also compete with~~ Intel **could take actions that place our GPUs at a competitive disadvantage** ~~in field programmable gate arrays (FPGAs) and Adaptive SoC products. Intel' s position in the microprocessor~~ , ~~and integrated~~ **including giving one or more of our competitors in the** graphics ~~chipset markets~~ - **market** ~~,~~ **preferential access to** its **proprietary graphics interface** ~~introduction of competitive new products, its existing relationships with top- tier OEMs, and its aggressive marketing and pricing strategies could result in lower unit sales and lower average selling prices for~~ - **or other useful information** ~~our~~ - **or restricting access to external companies** ~~products, which could have a material adverse effect on us. We experienced a decline in our Client segment revenue as a result of weak PC market macroeconomic conditions and inventory correction actions across the PC supply chain in the second half of 2022~~ . Uncertain global **or regional** economic conditions have and may in the future adversely impact our business. Uncertainty in the ~~worldwide~~ economic environment or other unfavorable changes in economic conditions, such as inflation, **higher** interest rates ~~or~~ **,** recession **, slowing growth, increased unemployment, tighter credit markets, changes in fiscal monetary or trade policy, or currency fluctuations** , may negatively impact consumer confidence and spending causing our customers to **stop or** postpone purchases. ~~In addition~~ **For example** , **our Client segment revenue decreased due to a decline in the PC market in the second half of 2022 and the first half of 2023, and our Embedded segment revenue decreased as a result of an inventory correction in several end markets in the second half of 2023.** ~~during~~ **During** challenging economic times, our current or potential future customers may experience cash flow problems and as a result may modify, delay or cancel plans to purchase our products. Additionally, if our customers are not successful in generating sufficient revenue or are unable to secure financing, they may not be able to pay, or may delay payment of, accounts receivable that they owe us. The risk related to our customers potentially defaulting on or delaying payments to us is increased because we expect that a small number of customers will continue to account for a substantial part of our revenue. Any inability of our current or potential future customers to pay us for our products may adversely affect our earnings and cash flow. Moreover, our key suppliers may reduce their output or become insolvent, thereby adversely impacting our ability to manufacture our products. **Adverse changes in economic conditions could increase costs of memory, equipment, materials or substrates and other supply chain expenses. If we are not able to procure a stable supply of materials on an ongoing basis and at reasonable costs to meet our production requirements, we could experience a supply shortage or an increase in production costs, which could negatively impact our gross margin and materially adversely affect our business.** In addition, uncertain economic conditions ~~may make~~ **could lead to higher borrowing costs and reduced availability of capital and credit markets, making** it more difficult for us to raise funds through borrowings or private or public sales of debt or equity securities **. An economic downturn or increased uncertainty could also lead to failures of counterparties including financial institutions and insurers, asset impairments and declines in the value of our financial instruments** . The semiconductor industry is highly cyclical and has experienced **severe downturns that have materially adversely affected, and may continue to materially adversely affect, our business in the future. The semiconductor industry is highly cyclical and has experienced** significant downturns, often in conjunction with constant and rapid technological change, wide fluctuations in supply and demand, continuous new product introductions, price erosion and declines in general economic conditions. We have incurred substantial losses in previous downturns, due to substantial declines in average selling prices; the cyclical nature of supply and demand imbalances in the semiconductor industry; a decline in demand for end- user products ~~(such as PCs)~~ that incorporate our products; and excess inventory levels **and periods of inventory adjustment** . **Such** ~~Industry~~ **industry** - wide fluctuations ~~in the computer marketplace have materially adversely affected us in the past and~~ may materially adversely affect us in the future. Global economic uncertainty and weakness have in the past impacted the semiconductor market as consumers and businesses have deferred purchases, which negatively impacted demand for our products. **For example, our Client segment revenue decreased due to a decline in the PC market in the second half of 2022 and the first half of 2023, and our Embedded segment revenue decreased as a result of an inventory correction in several end markets in the second half of 2023.** Our financial performance has been, and may in the future be, negatively affected by these downturns ~~. In the second half of 2022, we experienced a decline in our Client segment revenue as a result of weak PC market macroeconomic conditions and inventory correction actions across the PC supply chain~~ . The growth of our business is also dependent on continued demand for our products from high- growth adjacent emerging global markets. Our ability to be successful in such markets depends in part on our ability to establish adequate local infrastructure, as well as our ability to cultivate and maintain local relationships in these markets. If demand from these markets is below our expectations, sales of our products may decrease, which would have a material adverse effect on us. **The demand for our products depends in part on the market conditions in the industries into which they are sold. Fluctuations in demand for our products or a market decline in any of these industries could have a material adverse effect on our results of operations.** Industry- wide fluctuations in the computer marketplace have materially adversely affected us in the past and may materially adversely affect us in the future. ~~Our~~ **We offer products that are used in different end markets and the demand for our products can vary among our Data Center, Client, Gaming and Embedded end markets. For instance, in our Data Center segment, we offer products that are optimized for generative AI applications and in the fourth quarter of 2023, we experienced significant demand for our AI accelerators. The demand for such products will depend on the extent to which our customers utilize generative AI solutions in a wide variety of applications. Also, in our** Client segment revenue is focused on the consumer desktop and notebook PC segments ~~, which~~ **. Our Client segment revenue decreased due to a decline in the PC market** in the second half of 2022 ~~experienced a decline as a result of weak PC market macroeconomic conditions~~ and ~~inventory correction actions across~~ the ~~PC supply chain~~ **first half of 2023** . In the past, revenues from the Client and Gaming segments have experienced a decline driven by, among other factors, the adoption of smaller and other form factors, increased competition and changes in replacement cycles. ~~The success of our semi- custom SoC products is dependent on securing customers for our semi- custom design pipeline and consumer market conditions, including the success of the Sony PlayStation ® 5, Microsoft ® XboxTM Series S and Microsoft ® XboxTM Series X game console systems and next generation consoles for Sony and Microsoft, worldwide.~~ In addition, ~~the GPU market has at times seen elevated demand due to the application of GPU products to cryptocurrency mining. For example,~~ our GPU revenue **in the past** has been affected in part by the volatility of the cryptocurrency mining market ~~. Demand for cryptocurrency has changed and is likely to continue to change quickly. For example, China has banned such activities, and corresponding interest in mining of such currencies are subject to significant fluctuations. Alternatively, countries have created and may continue to create their own cryptocurrencies or equivalents that could also impact interest in mining~~ . If we are unable to manage the risks related to the volatility of the cryptocurrency mining market **(including potential actions by global monetary authorities)** , our GPU business could be materially adversely affected. **The success of our semi- custom SoC products in our Gaming segment is dependent on securing customers for our semi- custom design pipeline and consumer market conditions, including the success of game console systems and next generation consoles for Sony and Microsoft. Our Embedded segment primarily includes embedded CPUs and GPUs, APUs, FPGAs and Adaptive SoC products some of which are subject to macroeconomic trends and volatile business conditions. To the extent our embedded customers are faced with higher inventory levels, they may choose to draw down their existing inventory and order less of our products. Our Embedded segment revenue decreased as a result of an inventory correction in several end markets in the second half of 2023.** We depend on a small number of customers for a substantial portion of our business and we expect that a small number of customers will continue to account for a significant part of our revenue in the future. If one of our key customers decides to stop buying our products, ~~or if one of these customers~~ materially reduces its operations or its demand for **our products, or has operations that are materially impaired for a significant period of time such that it is unable to receive or utilize** our products, our business would be materially adversely affected. ~~The~~ **We are subject to risks associated with public health crises, such as pandemics and epidemics, including the** COVID- 19 pandemic ~~has caused government authorities to implement numerous public health measures~~ , **which** ~~including at various times vaccination and testing requirements and recordkeeping, quarantines, business~~

~~closures, travel bans, and restrictions related to social gathering and mobility, to contain the virus. Various state and federal rules are issued and updated on an ongoing basis, at times in conflict and / or with minimal notice. We have experienced and expect to continue to experience disruptions to our business as these changing measures have, and will continue to have, an effect on our business operations and practices. While our employees gradually return to office, we continue to monitor our operations and public health measures implemented by governmental authorities in response to COVID- 19. Although some public health measures have eased, our efforts to reopen our offices safely~~ may ~~not be successful and could expose our employees to health risks. It is uncertain as to when all health measures put in place to attempt to contain the spread of COVID- 19 will be lifted. If there are further waves of the virus, health measures may be reimplemented and we may need to further limit operations or modify our business practices in a manner that may impact our business. If our employees are not able to perform their job duties due to self- isolation, quarantine, lockdown measures, unavailability of COVID 19 tests, travel restrictions or illness, a reluctance or refusal to vaccinate, or are unable to perform them as efficiently at home for an extended period of time, we may not be able to meet our product schedules, roadmaps and customer commitments and we may experience an overall lower productivity of our workforce. Even when COVID- 19 health measures are lifted or modified, our employees' ability or willingness to return to work may delay the return of our full workforce and the resumption of normal business operations. COVID- 19 continues to impact the global supply chain causing disruptions to service providers, logistics and the flow and availability of supplies and products. We have experienced some disruptions to parts of our supply chain as a result of COVID- 19 and we adjust our supply chain requirements based on changing customer needs and demands. We have taken efforts to maintain a stable supply of materials to meet our production requirements through long- term purchase commitments and prepayment arrangements with some of our suppliers. If we are unable to procure a stable supply of equipment, materials or substrates at a reasonable cost, it could~~ have a material adverse effect on our business. We **are subject** ~~may also assess our product schedules and roadmaps~~ to **risks associated with public health crises** ~~make any adjustments that may be necessary to support remote working requirements and address the geographic and market demand shifts caused by COVID- 19. If the supply of our products to customers is delayed~~ , **such** ~~reduced or canceled due to disruptions encountered by our third- party manufacturers, back- end manufacturers, warehouses, partners, suppliers or vendors~~ as **pandemics** ~~a result of facility closures, border~~ and **epidemics** ~~port restrictions or closures~~ , **which may** ~~transportation delays, lockdown measures, labor shortages or workforce mobility limitations, it could~~ have a material adverse effect on our business. **Global health outbreaks, such as** COVID- 19 **, have and may continue to adversely affect our employees, disrupt our business operations and practices,** ~~has~~ - **as** ~~in~~ **well** ~~the~~ **those** ~~short~~ **of our customers, partners, vendors and suppliers. Public health measures by government authorities such as travel bans, social** - **distancing** ~~term and may in the long- term adversely impact the global economy~~ , **lockdown measures** ~~creating uncertainty and potentially leading to an economic downturn. This could negatively impact consumer confidence and spending causing our customers to postpone or cancel purchases~~ , **vaccination requirements may cause** ~~or delay paying or default on payment of outstanding amounts due to~~ us **to incur additional costs, limit our operations, modify our business practices, diminish employee productivity or disrupt our supply chain** , which may have a material adverse effect on our business. **To** ~~Even in times of strong demand for our products, the worldwide economic environment remains uncertain due to COVID- 19 and such demand may not be sustainable over the longer term. COVID- 19 has also led to a disruption and volatility in the global capital and financial markets. While we believe our cash, cash equivalents and short- term investments along with our Revolving Credit Agreement and cash flows from operations will be sufficient to fund operations, including capital expenditures, and purchase commitments, over the next 12 months and beyond, to~~ the extent ~~we may require additional funding to finance our operations and capital expenditures and such funding may not be available to us as~~ a ~~result of contracting capital and financial markets resulting from COVID- 19, it may have an adverse effect on our business. The extent to which COVID- 19 impacts our business and financial results will depend on future developments, which are unpredictable and highly uncertain, including the continued spread, duration and severity of the outbreak, the appearances of new variants of COVID- 19, the breadth and duration of business disruptions related to COVID- 19, the availability and distribution of effective treatments and vaccines, and~~ public health **crisis will** ~~measures and actions taken throughout the world to contain COVID- 19. The prolonged effect of COVID- 19 could materially adversely~~ impact our business, financial condition and results of operations **depends on factors outside of our control, including severity, duration and the measures to contain the health outbreak** . The markets in which our products are sold are ~~very~~ **highly** competitive and delivering the latest and best products to market on a timely basis is critical to achieving revenue growth. We believe that the main factors that determine our product competitiveness are **total cost of ownership,** timely product introductions, product quality, product features and capabilities (including **accelerations for key workloads such as artificial intelligence** ~~enabling state- of- the- art visual and virtual reality~~ (~~VR~~ **AI**) ~~experiences~~), energy efficiency ~~(including~~ **relating to** power consumption and battery life ~~)~~ **given their impact on total cost of ownership** , reliability, processor clock speed, performance, size (or form factor), selling price, cost, adherence to industry standards (and the creation of open industry standards), level of integration, software and hardware compatibility, ease of use and functionality of software design tools, completeness of applicable software solutions, security and stability, brand recognition and availability. We expect that competition will continue to be intense due to rapid technological changes, frequent product introductions by our competitors or new competitors of products that may provide better performance / experience or that may include additional features that render our products comparatively less competitive. We may also face aggressive pricing by competitors, especially during challenging economic times. In addition, our competitors have significant marketing and sales resources which could increase the competitive environment in a declining market **or during challenging economic times** , leading to lower prices and margins. Some competitors may have greater access or rights to complementary technologies, including interface, processor and memory technical information. For instance, with our APU products and other competing solutions with integrated graphics, we believe that demand for additional discrete graphics chips and cards may decrease in the future due to improvements in the quality and performance of integrated graphics. If competitors introduce competitive new products into the market before us, demand for our products could be adversely impacted and our business could be adversely affected. In addition, Intel is expanding its position in integrated graphics for the PC market with high- end discrete graphics solutions for a broad range of computing ~~segments~~ **markets** , which may negatively impact our ability to compete in these computing ~~segments. We also face~~ **markets, and Nvidia has added an ARM CPU offering which adds** competition **in** ~~from companies that use competing computing architectures and platforms like~~ the ~~ARM architecture~~ **CPU market** . **Also,** ~~Increased~~ **increased** adoption of ARM- based semiconductor designs could lead to further growth and development of the ARM ecosystem **. While we see significant opportunity in AI, we expect intense competition from companies such as Nvidia in the supply of GPUs and other accelerators for the AI market** . In addition, we are entering markets with current and new competitors who may be able to adapt more quickly to customer requirements and emerging technologies. We cannot guarantee that we will be able to compete successfully against current or new competitors who may have stronger positions in these new markets or superior ability to anticipate customer requirements and emerging industry trends. Furthermore, we may face competition from some of our customers who internally develop the same products as us. We may face delays or disruptions in research and development efforts, or we may be required to invest significantly greater resources in research and development than anticipated. Also, the semiconductor industry has seen several mergers and acquisitions over the last number of years. Further consolidation could adversely impact our business due to there being fewer suppliers, customers and partners in the industry. **From time to time, governments provide incentives or make other investments that could benefit and give a competitive advantage to our competitors. For example, the United States government enacted the Creating Helpful Incentives to Produce Semiconductors for America and Science Act (CHIPS Act) of 2022 to provide financial incentives to the U. S. semiconductor industry. Government incentives, including the CHIPS Act, may not be available to us on acceptable terms or at all. If our competitors can benefit from such government incentives and we cannot, it could strengthen our competitors' relative position and have a material adverse effect on our business.** The profile of our sales may be weighted differently during the year. A large portion of our quarterly sales have historically been made in the last month of the quarter. This uneven sales pattern makes prediction of revenue for each financial period difficult and increases the risk of unanticipated variations in quarterly results and financial condition. In addition, our operating results tend to vary seasonally with the markets in which our products are sold. For example, historically, our net revenue has been generally higher in the second half of the year than in the first half of the year, although market conditions and product transitions could impact these trends. Many of the factors that create and affect quarterly and seasonal trends are beyond our control **. If we cannot adequately protect our technology or other intellectual property in the United States and abroad, through patents, copyrights, trade secrets, trademarks and other measures, we may lose a competitive advantage and incur significant expenses** . We rely on a combination of protections provided by contracts, including confidentiality and nondisclosure agreements, copyrights, patents, trademarks and common law rights, such as trade secrets, to protect our intellectual property. However, we cannot assure you that we will be able to adequately protect our technology or other intellectual property from third- party infringement or from misappropriation in the United States and abroad. Any patent licensed by us or issued to us could be challenged, invalidated, expire, or circumvented or rights granted thereunder may not provide a competitive advantage to us. Furthermore, patent applications that we file may not result in issuance of a patent or, if a patent is issued, the patent may not be issued in a form that is advantageous to us. Despite our efforts to protect our intellectual property rights, others may independently develop similar products, duplicate our products or design around our patents and other rights. In addition, it is difficult to monitor compliance with, and enforce, our intellectual property on a worldwide basis in a cost- effective manner. In jurisdictions where foreign laws provide less intellectual property protection than afforded in the ~~United States~~ **U. S.** and abroad, our technology or other intellectual property may be compromised, and our business would be materially adversely affected. We have costs, assets and liabilities that are denominated in foreign currencies. As a consequence, movements in exchange rates could cause our foreign currency denominated expenses to increase as a percentage of revenue, affecting our profitability and cash flows. Whenever we believe appropriate, we hedge a portion of our foreign currency exposure to protect against fluctuations in currency exchange rates. We determine our total foreign currency exposure using projections of long- term expenditures for items such as payroll. We cannot assure you that these activities will be effective in reducing foreign exchange rate exposure. Failure to do so could have an adverse effect on our business, financial condition, results of operations and cash flow. In addition, the majority of our product sales are denominated in U. S. dollars. Fluctuations in the exchange rate between the U. S. dollar and the local currency can cause increases or decreases in the cost of our products in the local currency of such customers. An appreciation of the U. S. dollar relative to the local currency could reduce sales of our products. We utilize third- party wafer foundries to fabricate the silicon wafers for all of our products. We rely on Taiwan Semiconductor Manufacturing Company Limited (TSMC) for the production of all wafers for microprocessor and GPU products at 7 nanometer (nm) or smaller nodes, and we rely primarily on GLOBALFOUNDRIES Inc. (GF) for wafers for microprocessor and GPU products manufactured at process nodes larger than 7 nm. We also utilize TSMC, United Microelectronics Corporation (UMC) and Samsung Electronics Co., Ltd. for our integrated circuits (IC) in the form of programmable logic devices. We also rely on third- party manufacturers to assemble, test, mark and pack (ATMP) our products. Our third- party package assembly partners are responsible for packaging technology used to fabricate our products. It is important to have reliable relationships with all of these third- party manufacturing suppliers to ensure adequate product supply to respond to customer demand. We cannot guarantee that these manufacturers or our other third- party manufacturing suppliers will be able to meet our near- term or long- term manufacturing requirements. If we experience supply constraints from our third- party manufacturing suppliers, we may be required to allocate the reduced quantities of affected products amongst our customers, which could have a material adverse effect on our relationships with these customers and on our financial condition. In addition, if we are unable to meet customer demand due to fluctuating or late supply from our manufacturing suppliers, it could result in lost sales and have a material adverse effect on our business. For example, if TSMC is not able to manufacture wafers for our microprocessor and GPU products at 7 nm or smaller nodes and our newest IC products in sufficient quantities to meet customer demand, it could have a material adverse effect on our business. We do not have long- term commitment contracts with some of our third- party manufacturing suppliers. We obtain ~~some~~ **many** of these manufacturing services on a purchase order basis and these manufacturers are not required to provide us with any specified minimum quantity of product beyond the quantities in an existing purchase order. Accordingly, we depend on these suppliers to allocate to us a portion of their manufacturing capacity sufficient to meet our needs, to produce products of acceptable quality and at acceptable manufacturing yields and to deliver those products to us on a timely basis and at acceptable prices. The manufacturers we use also fabricate wafers and ATMP products for other companies, including certain of our competitors. They could choose to prioritize capacity for other customers, increase the prices that they charge us on short notice, require onerous prepayments, or reduce or eliminate deliveries to us, which could have a material adverse effect on our business. Other risks associated with our dependence on third- party manufacturers include limited control over delivery schedules, yield, cycle times, quality assurance, price increases, lack of capacity in periods of excess demand, misappropriation of our intellectual property, dependence on several subcontractors, and limited ability to manage inventory and parts. Moreover, if any of our third- party manufacturers (or their subcontractors) suffer any damage to facilities, lose benefits under material agreements, experience power outages, **water shortages, or high heat events,** lack sufficient capacity to manufacture our products, encounter financial difficulties, are unable to secure necessary raw materials from their suppliers, suffer any other disruption or reduction in efficiency, or experience uncertain **environmental,** social **, atmospheric or natural** , economic or political circumstances or conditions, we may encounter supply delays or disruptions. If we are unable to secure sufficient or reliable supplies of products, our ability to meet customer demand may be adversely affected and this could materially affect our business. If we transition the production of some of our products to new manufacturers, we may experience delayed product introductions, lower yields or poorer performance of our products. If we experience problems with product quality or are unable to secure sufficient capacity from a particular third- party manufacturer, or if we for other reasons cease utilizing one of those manufacturers, we may be unable to timely secure an alternative supply for any specific product. We could experience significant delays in the shipment of our products if we are required to find alternative third- party manufacturers, which could have a material adverse effect on our business. We are a party to a wafer supply agreement (WSA) with GF that governs the terms by which we purchase products manufactured by GF and this agreement is in place through 2025. ~~In May 2021, we entered into an amendment to the WSA, and in December 2021, we further amended these terms (the Amendment). Under the Amendment,~~ GF will provide a minimum annual capacity allocation to us ~~for years 2022~~ through 2025 and ~~AMD has~~ **we have** corresponding annual wafer purchase targets. If we do not meet the annual wafer purchase target ~~for any of these years~~ , we will be required to pay to GF a portion of the difference between the actual wafer purchases and the wafer purchase target for ~~that~~ **such** year. AMD and GF also have agreed to wafer pricing through 2025 ~~, and AMD was obligated in 2022 and is obligated in 2023 to pre- pay GF certain amounts for those wafers~~ . ~~The Amendment~~ **We do** ~~no~~ **not have** ~~longer includes~~ any exclusivity commitments ~~and provides us~~ with **GF, and we have** full flexibility to contract with any wafer foundry with respect to all products manufactured at any technology node. If our actual wafer requirements are less than the number of wafers required to meet the applicable annual wafer purchase target, we could have excess inventory or higher inventory unit costs, both of which may adversely impact our gross margin and our results of operations. If GF fails to meet its minimum annual capacity allocation obligations, we could experience significant delays in the shipment of our products, which could have a material adverse effect on our business. We are party to two ATMP joint ventures (collectively, the ATMP JVs) with affiliates of Tongfu Microelectronics Co., Ltd. The majority of our ATMP services are provided by the ATMP JVs and there is no guarantee that the ATMP JVs will be able to fulfill our long- term ATMP requirements. If we are unable to meet customer demand due to fluctuating or late supply from the ATMP JVs, it could result in lost sales and have a material adverse effect on our business **. If essential equipment, materials, substrates or manufacturing processes are not available to manufacture our products, we could be materially adversely affected** . We may purchase equipment, materials and substrates for use by our back- end manufacturing service providers from a number of suppliers and our operations depend upon obtaining deliveries of adequate supplies of equipment and materials on a timely basis. Our third- party suppliers also depend on the same timely delivery of adequate quantities of equipment and materials in the manufacture of our products. In addition, as many of our products increase in technical complexity, we rely on our third- party suppliers to update their processes in order to continue meeting our back- end manufacturing needs. Certain equipment and materials that are used in the manufacture of our products are available only from a limited number of suppliers, or in some cases, a sole supplier. We also depend on a limited number of suppliers to provide the majority of certain types of **IC** ~~integrated circuit~~ packages for our microprocessors, including our APU products. Similarly, certain non- proprietary materials or components such as memory, printed circuit boards (PCBs), interposers, substrates and capacitors used in the manufacture of our products are currently available from only a limited number of suppliers. If we are unable to procure a stable supply of **memory,** equipment, materials or substrates on an ongoing basis and at reasonable costs to meet our production requirements, we could experience a shortage in **memory,** equipment, materials or substrate supply or an increase in production costs, which could have a material adverse effect on our business. We have long- term purchase commitments and prepayment arrangements with some of our suppliers. If the delivery of such supply is delayed or does not occur for any reason, it could materially impact our ability to procure and process the required volume of supply to meet customer demand. Conversely, a decrease in customer demand could result in excess inventory and an increase in our production costs, particularly since we have prepayment arrangements with certain suppliers. Because some of the equipment and materials that we and our third- party manufacturers purchase are complex, it is sometimes difficult to substitute one equipment or materials supplier for another. From time to time, suppliers may extend lead times, limit supply or increase prices due to capacity constraints or other factors. Also, some of these materials and components may be subject to rapid changes in price and availability. Interruption of supply or increased demand in the industry could cause shortages and price increases in various essential materials. Dependence on a sole supplier or a limited number of suppliers exacerbates these risks. If we are unable to procure certain of these materials for our back- end manufacturing operations, or our third- party manufacturers are unable to procure materials for manufacturing our products, our business would be materially adversely affected. **Failure to achieve expected manufacturing yields for our products could negatively impact our results of operations.** Semiconductor manufacturing yields are a result of product design, process technology and packaging technology, which is typically proprietary to the manufacturer, and low yields can result from design failures, packaging technology failures, process technology failures or a combination of some or all of these. Our third- party manufacturers are responsible for the process technologies used to fabricate silicon wafers. If our third- party manufacturers experience manufacturing inefficiencies or encounter disruptions, errors or difficulties during production, we may fail to achieve acceptable yields or we may experience product delivery delays. We cannot be certain that our third- party manufacturers will be able to develop, **expand,** obtain or successfully implement leading- edge **manufacturing** process or packaging technologies needed to manufacture future generations of our products profitably or on a timely basis or that our competitors will not develop new technologies, products or processes earlier. Moreover, during periods when our third- party manufacturers are implementing new process or packaging technologies, their manufacturing facilities may not be fully productive. A substantial delay in the technology transitions to smaller process technologies could have a material adverse effect on us, particularly if our competitors transition to more cost effective technologies before us. For example, we are presently focusing our 7 nm and lower product microprocessor and GPU portfolio on TSMC' s processes. If TSMC is not able to manufacture wafers for our products at 7 nm or smaller nodes in sufficient quantities to meet customer demand, it could have a material adverse effect on our business. Moreover, we rely on TSMC, UMC and our other foundries to produce wafers with competitive performance attributes for our IC products. Therefore, the foundries, particularly TSMC which manufactures our newest IC products, must be able to transition to advanced manufacturing process technologies and increased wafer sizes, produce wafers at acceptable yields and deliver them in a timely manner. Any decrease in manufacturing yields could result in an increase in per unit costs, which would adversely impact our gross margin and / or force us to allocate our reduced product supply amongst our customers, which could harm our relationships and reputation with our customers and materially adversely affect our business. **The success of our business is dependent upon our ability to introduce products on a timely basis with features and performance levels that provide value to our customers while supporting and coinciding with significant industry transitions.** Our success depends to a significant extent on the development, qualification, implementation and acceptance of new product designs and improvements that provide value to our customers. Our ability to develop, qualify and distribute, and have manufactured, new products and related technologies to meet evolving industry requirements, at prices acceptable to our customers and on a timely basis, are significant factors in determining our competitiveness in our target markets ~~. As consumers have new product feature preferences or have different requirements than those consumers in the PC market, PC sales could be negatively impacted, which could adversely impact our business~~ . We cannot assure you that our efforts to execute our product roadmap will result in innovative products and technologies that provide value to our customers. If we fail to or are delayed in developing, qualifying or shipping new products or technologies that provide value to our customers and address these new trends or if we fail to predict which new form factors **, product features preferences or requirements,** consumers will adopt and adjust our business accordingly, we may lose competitive positioning, which could cause us to lose market share and require us to discount the selling prices of our products. Although we make substantial investments in research and development, we cannot be certain that we will be able to develop, obtain or successfully implement new products and technologies on a timely basis or that they will be well- received by our customers. Moreover, our investments in new products and technologies involve certain risks and uncertainties and could disrupt our ongoing business. New investments may not generate sufficient revenue, may incur unanticipated liabilities and may divert our limited resources and distract management from our current operations. We cannot be certain that our ongoing investments in new products and technologies will be successful, will meet our expectations and will not adversely affect our reputation, financial condition and operating results. **For example, as part of our Pervasive AI strategy, we have a portfolio of hardware products and software tools to allow our customers to develop scalable and pervasive AI solutions. We are increasingly building AI capabilities into our products, but if we fail to develop and timely offer such products and technologies or keep pace with the product offerings of our competitors, our business could be adversely affected. Additionally, our efforts in developing new AI technology solutions are inherently risky and may not always succeed. We may incur significant costs, resources, investments and delays and not achieve a return on investment or capitalize on the opportunities presented by demand for AI solutions. Moreover, while AI adoption is likely to continue and may accelerate, the long- term trajectory of this technological trend is uncertain.** Delays in developing, qualifying or shipping new products can also cause us to miss our customers' product design windows or, in some cases, breach contractual obligations or cause us to pay penalties. If our customers do not include our products in the initial design of their computer systems or products, they will typically not use our products in their systems or products until at least the next design configuration. The process of being qualified for inclusion in a customer' s system or product can be lengthy and could cause us to further miss a cycle in the demand of end- users, which also could result in a loss of market share and harm our business. We also depend on the success and timing of our customers' platform launches. If our customers delay their product launches or if our customers do not effectively market their platforms with our products, it could result in a delay in bringing our products to market and cause us to miss a cycle in the demand of end- users, which could materially adversely affect our business. In addition, market demand requires that products incorporate new features and performance standards on an industry- wide basis. Over the life of a specific product, the sale price is typically reduced over time. The introduction of new products and enhancements to existing products is necessary to maintain the overall corporate average selling price. If we are unable to introduce new products with sufficiently high sale prices or to increase unit sales volumes capable of offsetting the reductions in the sale prices of existing products over time, our business could be materially adversely affected. Our revenue from our semi- custom SoC products is dependent upon our semi- custom SoC products being incorporated into customers' products and the success of those products. The revenue that we receive from our semi- custom SoC products is in the form of non- recurring engineering fees charged to third parties for design and development services and revenue received in connection with sales of our semi- custom SoC products to these third parties. As a result, our ability to generate revenue from our semi- custom products depends on our ability to secure customers for our semi- custom design pipeline, our customers' desire to pursue the project and our semi- custom SoC products being incorporated into those customers' products. Any revenue from sales of our semi- custom SoC products is directly related to sales of the third- party' s products and reflective of their success in the market. Moreover, we have no control over the marketing efforts of these third parties, and we cannot make any assurances that sales of their products will be successful in current or future years. Consequently, the semi- custom SoC product revenue expected by us may not be fully realized and our operating results may be adversely affected. The products that we sell are complex and have been and may in the future be subject to security vulnerabilities that could result in, among other things, the loss, corruption, theft or misuse of confidential data or system performance issues. Our efforts to prevent and address security vulnerabilities may decrease performance, be only partially effective or not successful at all. We may depend on vendors to create mitigations to their technology that we incorporate into our products and they may delay or decline to make such mitigations. We may also depend on third parties, such as customers and end users, to deploy our mitigations alone or as part of their own mitigations, and they may delay, decline or modify the implementation of such mitigations. Our relationships with our customers could be adversely affected as some of our customers may stop purchasing our products, reduce or delay future purchases of our products, or use competing products. Any of these actions by our customers could adversely affect our revenue. We have and may in the future be subject to claims and litigation related to security vulnerabilities. Actual or perceived security vulnerabilities of our products may subject us to adverse publicity, damage to our brand and reputation, and could materially harm our business or ~~financial~~ results **of operations. Our business relies on technology hardware, software, cloud services, infrastructure, networks and systems (collectively, IT Systems). We own and manage some IT Systems but also rely on critical third- party IT Systems, products and services** . In the ordinary course of ~~our~~ business, we ~~maintain sensitive data on our information technology (IT) assets,~~ and **various** ~~also may maintain sensitive information on our business partners' and~~ third- party providers ~~' IT assets~~ **and business partners process and maintain sensitive data** , including ~~our~~ **personal information about workers, customers and others, as well as** intellectual property and proprietary or confidential ~~business~~ information relating to our business and that of our customers and business partners **(collectively, Confidential Data)** . ~~The~~ **Maintaining the availability, integrity and security of our IT Systems and Confidential Data is critical to our business and reputation.** ~~White~~ **While we** ~~House, SEC~~ and ~~other~~ **others** ~~regulators~~ have **implemented various controls** ~~also increased their focus on companies' cybersecurity vulnerabilities~~ and **defenses,** ~~risks. Maintaining the security of this information is important to our business and reputation.~~ AMD and companies like AMD and our vendors and customers have been **and are** increasingly subject to cybersecurity ~~attempts~~ **attacks, risks** and threats. ~~The increased prevalence of work- from- home arrangements at AMD and our providers has presented additional operational risks and cybersecurity attack vectors to our IT systems. These threats~~ - **Threat actors range** ~~can come from a variety of sources, all ranging~~ in sophistication from ~~an~~ individual ~~hacker~~ **hackers** ~~or~~ **and** ~~insider~~ **insiders** ~~threat~~ to ~~a~~ **ransom gangs and** state- sponsored ~~attack~~ **attackers** . Cyber threats may be generic, or they may be custom- crafted against our ~~information~~ **IT** ~~systems~~ **Systems or supply chain** . ~~Cyber~~ **The increased prevalence of remote working arrangements at AMD and our providers present additional operational risks and attack vectors to our IT Systems. Our IT Systems and Confidential Data are vulnerable to a range of cybersecurity risks and** threats **, including** ~~have and may come into our network through~~ malicious code that is added to widely available open- source software, compromised commercial software or security vulnerabilities in our products or **systems, or** those of a third party **,** that are being used by attackers prior to mitigations being put in place, such as zero- day attacks. **Cyberattacks** ~~Cyber- attacks~~ have and may come into our IT ~~system~~ **Systems** through the compromise of ~~our users~~ - **user** ' access credentials. Users' access credentials can be compromised by phishing, vishing, smishing, multi- factor authentication (MFA) prompt bombing, hacking, or other social engineering, cybersecurity, or theft activities. ~~Cyber-~~ **Threat actors are also increasingly using tools and techniques that circumvent controls, evade detection, and remove forensic evidence, which means that we and others may be unable to anticipate, detect, deflect, contain or recover from cyberattacks in a timely or effective manner. As AI capabilities improve and are increasingly adopted, we may see cyberattacks created through AI. These** attacks ~~have become increasingly~~ **could be crafted with an AI tool to directly attack IT Systems with increased speed and / or efficiency than a human threat actor or create** more ~~prevalent and much harder to detect~~ **effective phishing emails. In addition** , ~~defend against~~ **the threat could be introduced from the result of** ~~or~~ **our** ~~prevent and have and may cause a disruption to our~~ - **or our customers and** business **partners incorporating the output of an AI tool that includes a threat, such as introducing malicious code by incorporating AI generated source code** . Our network and storage applications, as well as those of our customers, business partners, and third- party providers, may be subject to unauthorized access by hackers or breached due to operator error, malfeasance or other system disruptions. **Cyberattacks that** ~~It is often difficult to anticipate or immediately detect such incidents and the damage caused by such incidents. It also may not be possible to determine the root cause of such incidents or mitigate quickly enough to stop an attack. These data breaches~~ -- **breach** ~~and~~ **our security measures, or those of our third- party service providers, customers or business partners, could result in** any **or all of the following, which individually or collectively could materially adversely affect our financial condition, our competitive position;** unauthorized access **to** , misuse or disclosure of ~~our information or~~ **Confidential Data (such as** intellectual property **,** ~~could compromise our intellectual property and expose~~ sensitive business information or personally identifiable information ~~. Cyber- attacks on us or~~ **(PII)); reputational harm and /** ~~our~~ - **or diminution in our competitiveness; loss of existing and / or future** customers ~~, business partners~~ **; litigation and /** or **regulatory investigations or enforcement;** ~~third- party providers could also cause us to incur~~ significant remediation **, restoration and compliance** costs **;** ~~, result in product development delays, disrupt key business operations~~ and ~~divert~~ **the diversion of management' s** attention ~~of~~

~~management~~ and key information technology resources. ~~These incidents could also subject us to liability, expose us to significant expense and cause significant harm to our reputation and business. We also maintain confidential and personally identifiable information about our workers and consumers. The confidentiality and integrity of our worker and consumer data is important to our business and our workers and consumers have a high expectation that we adequately protect their personal information.~~ In addition, many governments have enacted **and are continuing to enact strict privacy and security** laws ~~around personally identifiable information~~ , such as the **UK' s and** European Union' s General Data Protection Regulation **(GDPR)** and the California Consumer Privacy Act ~~, and failure to comply or a breach~~ of **2018 (CCPA), as amended** ~~personally identifiable information could result in sanctions or other actions~~ by the ~~governments~~ **California Privacy Rights Act (CPRA), which provide** ~~or~~ **for** ~~litigation by~~ **fines, penalties, and in** ~~other~~ -- **the** ~~entities~~ **case of the CCPA and similar legislation, the basis for private claims for certain types of data breaches** . We anticipate ongoing and increasing costs related to enhancing and implementing information security controls, including costs related to upgrading application, computer, and network security components; training workers to maintain and monitor our security controls; investigating, responding to and remediating any data security breach, and addressing any related litigation **or regulatory proceedings** ; mitigating reputational harm; and complying with external regulations. We ~~often partner with third- party providers for certain worker services and we may provide certain limited worker information to such third parties based on the scope of the services provided to us. We also provide sensitive information to vendors, customers and contractors. If these third parties fail to adopt or adhere to adequate data security practices, or in the event of a breach of their networks, our workers' data and sensitive information may be improperly accessed, used or disclosed. A breach of data privacy may cause significant disruption of our business operations. Failure to adequately maintain and update our security systems could materially adversely affect our operations and our ability to maintain worker confidence. Failure to prevent unauthorized access to electronic and other confidential information, IT outages, data loss and data breaches could materially adversely affect our financial condition, our competitive position and operating results. We~~ may encounter difficulties in ~~upgrading and~~ operating our ~~new~~ **newly upgraded** enterprise resource planning system, which could materially adversely affect us. We ~~are currently upgrading~~ **have recently upgraded** our enterprise resource planning (ERP) system to help us manage our operations and financial reporting. **Our** ~~The adoption of a new~~ **newly upgraded** ERP system ~~is a major undertaking and poses several challenges, both financially and from a management and personnel perspective. Costs and risks inherent in the conversion to our upgraded and new system may include disruptions to business continuity, difficulty in maintaining effective internal controls, administrative and technical problems, interruptions or delays in sales processes, expenditure overruns, and data migration issues. If we do not properly address or mitigate these issues it could result in increased costs and the diversion of management' s attention and resources, negatively impacting our operating results and ability to effectively manage our business. Moreover, once our ERP system is upgraded, it~~ may not operate as we expect it to and **may** cause disruption to our operations **, which** ~~. There are no assurances that our new ERP system will be successfully implemented and the failure to do so~~ could have a material adverse effect on our business **. Difficulties that may occur in connection with operating our newly upgraded ERP system include disruptions to business continuity, administrative or technical problems, difficulty in maintaining effective internal controls, and interruptions or delays to our sales processes. Any of these events could have an adverse effect on our business, operating results and financial condition** . We typically sell our products pursuant to individual purchase orders. We generally do not have long- term supply arrangements with our customers or minimum purchase requirements except that orders generally must be for standard pack quantities. Generally, our customers may cancel orders for standard products more than 30 days prior to shipment without incurring significant fees. We base our inventory levels in part on customers' estimates of demand for their products, which may not accurately predict the quantity or type of our products that our customers will want in the future or ultimately end up purchasing. Our ability to forecast demand is ~~even~~ further complicated when our products are sold indirectly through downstream channel distributors and customers, as our forecasts for demand are then based on estimates provided by multiple parties throughout the downstream channel. ~~For instance, we have experienced and continue to experience increased demand for our products.~~ To the extent we fail to forecast demand and product mix accurately or are unable to increase production or secure sufficient capacity and there is a mismatch between supply and demand for our products, it could limit our ability to meet customer demand and have a material adverse effect on our business. Many of our markets are characterized by short product lifecycles, which can lead to rapid obsolescence and price erosion. In addition, our customers may change their inventory practices on short notice for any reason. For example, ~~in the second half of 2022, we experienced a decline in~~ our Client segment revenue ~~as~~ **decreased due to** a ~~result of weak~~ **decline in the** PC market ~~macroeconomic conditions~~ **in the second half of 2022 and the first half of 2023, and our Embedded segment revenue decreased as a result of** ~~and~~ - **an** inventory correction ~~actions across~~ **in several end markets in** the ~~PC supply chain~~ **second half of 2023** . We may build inventories during periods of anticipated growth, and the cancellation or deferral of product orders or overproduction due to failure of anticipated orders to materialize could result in excess or obsolete inventory, which could result in write- downs of inventory and an adverse effect on gross margins. Our customers may also experience a shortage of, or delay in receiving certain components to build their products, which in turn may affect the demand for or the timing of our products. For instance, OEMs have and continue to experience industry- wide challenges securing matched component sets to build their products. Excess or obsolete inventory have **resulted in,** and may in the future result in **,** write- downs of the value of our inventory. For example, in the third quarter of 2022, we recorded certain charges primarily for inventory, pricing and related reserves in the Gaming and Client segments. ~~Other factors~~ **Factors** that may result in excess or obsolete inventory ~~include~~ , a reduction in the average selling price, or a reduction in our gross margin include: a sudden or significant decrease in demand for our products; a production or design defect in our products; a higher incidence of inventory obsolescence because of rapidly changing technology and customer requirements; a failure to accurately estimate customer demand for our products, including for our older products as our new products are introduced; or our competitors introducing new products or taking aggressive pricing actions. Our ability to design and introduce new products in a timely manner includes **the** use of third- party intellectual property. In the design and development of new and enhanced products, we rely on third- party intellectual property such as development and testing tools for software and hardware. Furthermore, certain product features may rely on intellectual property acquired from third parties **that incorporate into our software or hardware** . The design requirements necessary to meet customer demand for more features and greater functionality from semiconductor products may exceed the capabilities of the third- party intellectual property or development or testing tools available to us. If the third- party intellectual property that we use becomes unavailable, is not available with required functionality or performance in the time frame, manufacturing technology, or price point needed for our new products or fails to produce designs that meet customer demands, or laws are adopted that affect our use of third party intellectual property in certain regions or products, our business could be materially adversely affected. We depend on third- party companies for the design, manufacture and supply of motherboards, graphics cards, software (e. g., BIOS, operating systems, drivers), memory and other components that we use to design, support and sell, and our customers utilize to support and / or use our product offerings. We also rely on our AIB partners to support our products. In addition, our microprocessors are not designed to function with motherboards and chipsets designed to work with Intel microprocessors. If the designers, manufacturers, AIBs and suppliers of motherboards, graphics cards, software, memory and other components cease or reduce their design, manufacture or production of current or future products that are based on, utilized in, or support our products, or laws are adopted that result in the same, our business could be materially adversely affected. Our ability to innovate beyond the x86 instruction set controlled by Intel depends partially on Microsoft designing and developing its operating systems to run on or support our x86- based microprocessor products. With respect to our graphics products, we depend in part on Microsoft to design and develop its operating system to run on or support our graphics products. Similarly, the success of our products in the market, such as our APU products, is dependent on independent software providers designing and developing software to run on our products. If Microsoft does not continue to design and develop its operating systems so that they work with our x86 instruction sets or does not continue to develop and maintain their operating systems to support our graphics products, independent software providers may forego designing their software applications to take advantage of our innovations and customers may not purchase PCs with our products. In addition, some software drivers licensed for use with our products are certified by Microsoft. If Microsoft did not certify a driver, or if we otherwise fail to retain the support of Microsoft or other software vendors, our ability to market our products would be materially adversely affected. Our reliance on third- party distributors and AIB partners subjects us to certain risks. We market and sell our products directly and through third- party distributors and AIB partners pursuant to agreements that can generally be terminated for convenience by either party upon prior notice ~~to the other party~~ . These agreements are non- exclusive and permit both our distributors and AIB partners to offer our competitors' products. We are dependent on our distributors and AIB partners to supplement our direct marketing and sales efforts. If any significant distributor or AIB partner or a substantial number of our distributors or AIB partners terminated their relationship with us, decided to market our competitors' products over our products or decided not to market our products at all, our ability to bring our products to market would be impacted and we would be materially adversely affected. ~~In addition, if~~ **We extend credit to certain of our distributors and AIB partners. If** we are unable to collect accounts receivable from our significant distributors and / or AIB partners **or incur higher allowances for credit losses** , it could have a material adverse effect on our business. If we are unable to manage the risks related to the use of our third- party distributors and AIB partners or offer appropriate incentives to focus them on the sale of our products, our business could be materially adversely affected. Additionally, distributors and AIB partners typically maintain an inventory of our products. In most instances, our agreements with distributors protect their inventory of our products against price reductions, as well as provide return rights for any product that we have removed from our price book that is less than 12 months older than the manufacturing date. Some agreements with our distributors also contain standard stock rotation provisions permitting limited levels of product returns. Our agreements with AIB partners protect their inventory of our products against price reductions. In the event of a significant decline in the price of our products, the price protection rights we offer would materially adversely affect us because our revenue and corresponding gross margin would decline. **Our business is dependent upon the proper functioning of our internal business processes and information systems and modification or interruption of such systems may disrupt our business, processes and internal controls.** We rely upon a number of internal business processes and information systems to support key business functions, and the efficient operation of these processes and systems is critical to our business. Our business processes and information systems need to be sufficiently scalable to support the growth of our business and may require modifications or upgrades that expose us to a number of operational risks. As such, our information systems will continually evolve and adapt in order to meet our business needs. These changes may be costly and disruptive to our operations and could impose substantial demands on management time. These changes may also require changes in our information systems, modification of internal control procedures and significant training of employees and third- party resources. We continuously work on simplifying our information systems and applications through consolidation and standardization efforts. There can be no assurance that our business and operations will not experience any disruption in connection with this transition. Our information technology systems, and those of third- party information technology providers or business partners, may also be vulnerable to damage or disruption caused by circumstances beyond our control including catastrophic events, power anomalies or outages, natural disasters, viruses or malware, **cyberattacks** ~~cyber- attacks~~ , insider threat attacks, unauthorized system or data modifications, data breaches and computer system or network failures, exposing us to significant cost, reputational harm and disruption or damage to our business. In addition, as our IT environment continues to evolve, we are embracing new ways of communicating and sharing data internally and externally with customers and partners using methods such as mobility and the cloud that can promote business efficiency. However, these practices can also result in a more distributed IT environment, making it more difficult for us to maintain visibility and control over internal and external users, and meet scalability and administrative requirements. If our security controls cannot keep pace with the speed of these changes ~~,~~ or if we are not able to meet regulatory and compliance requirements, our business would **be materially adversely affected. If our products are not compatible with some or all industry- standard software and hardware, we could** be materially adversely affected. Our products may not be fully compatible with some or all industry- standard software and hardware. Further, we may be unsuccessful in correcting any such compatibility problems in a timely manner. If our customers are unable to achieve compatibility with software or hardware, we could be materially adversely affected. In addition, the mere announcement of an incompatibility problem relating to our products could have a material adverse effect on our business. Products as complex as those we offer may contain defects or failures when first introduced or when new versions or enhancements to existing products are released. We cannot assure you that, despite our testing procedures, errors will not be found in new products or releases after commencement of commercial shipments in the future, which could result in loss of or delay in market acceptance of our products, material recall and replacement costs, loss of revenue, writing down the inventory of defective products, the diversion of the attention of our engineering personnel from product development efforts, defending against litigation related to defective products or related liabilities, including property damage, personal injury, damage to our reputation in the industry and loss of data or intangible property, and could adversely affect our relationships with our customers. In addition, we may have difficulty identifying the end customers of the defective products in the field. As a result, we could incur substantial costs to implement modifications to correct defects. Any of these problems could materially adversely affect our business. We could be subject to potential product liability claims if one of our products causes, or merely appears to have caused, an injury, whether tangible or intangible. Claims may be made by consumers or others selling our products, and we may be subject to claims against us even if an alleged injury is due to the actions of others. A product liability claim, recall or other claim with respect to uninsured liabilities or for amounts in excess of insured liabilities could have a material adverse effect on our business. **If we fail to maintain the efficiency of our supply chain as we respond to changes in customer demand for our products, our business could be materially adversely affected.** Our ability to meet customer demand for our products depends, in part, on our ability to deliver the products our customers want on a timely basis. Accordingly, we rely on our supply chain for the manufacturing, distribution and fulfillment of our products. As we continue to grow our business, expand to high- growth adjacent markets, acquire new customers and strengthen relationships with existing customers, the efficiency of our supply chain will become increasingly important because many of our customers tend to have specific requirements for particular products, geographic requirements, and specific time- frames in which they require delivery of these products. If we are unable to consistently deliver the right products to our customers on a timely basis in the right locations, our customers may reduce the quantities they order from us, which could have a material adverse effect on our business **. We outsource to third parties certain supply- chain logistics functions, including portions of our product distribution, transportation management and information technology support services** . We rely on third- party providers to operate our regional product distribution centers and to manage the transportation of our work- in- process and finished products among our facilities, to our third- party manufacturers and to our customers. In addition, we rely on third parties to provide certain information technology services to us, including help desk support, desktop application services, business and software support applications, server and storage administration, data center operations, database administration and voice, video and remote access. We cannot guarantee that these providers will fulfill their respective responsibilities in a timely manner in accordance with the contract terms, in which case our internal operations and the distribution of our products to our customers could be materially adversely affected. Also, we cannot guarantee that our contracts with these third- party providers will be renewed, in which case we would have to transition these functions in- house or secure new providers, which could have a material adverse effect on our business if the transition is not executed appropriately. **Our inability to effectively control the sales of our products on the gray market could have a material adverse effect on us.** We market and sell our products directly to OEMs and through authorized third- party distributors. From time to time, our products are diverted from our authorized distribution channels and are sold on the " gray market. " Gray market products result in shadow inventory that is not visible to us, thus making it difficult to forecast demand accurately. Also, when gray market products enter the market, we and our distribution channels compete with these heavily discounted gray market products, which adversely affects demand for our products and negatively impacts our margins. In addition, our inability to control gray market activities could result in customer satisfaction issues because any time products are purchased outside our authorized distribution channels there is a risk that our customers are buying counterfeit or substandard products, including products that may have been altered, mishandled or damaged, or are used products represented as new. **Climate change may have an adverse impact on our business and the business of our suppliers and customers. Global climate change may result in certain natural disasters and climate- related events occurring with increasing frequency and severity and its physical impact on the U. S., China and other major regions where we have operations has the potential to disrupt our business and those of our customers and suppliers. Our headquarters and some of our operations and facilities are located in areas that are susceptible to earthquakes and tsunamis, wildfires, extreme storms, extreme heat, drought, freezing and other natural disasters. Water and energy availability and reliability in the regions where we have facilities and where our suppliers have operations is important to our business. Certain natural disasters, including drought, wildfires, storms, sea- level rise and flooding could disrupt the availability of water necessary for the operations of our business or those of our suppliers and customers. Global climate change may also result in chronic changes that result in certain natural disasters occurring more frequently or with greater intensity, which could disrupt our operations, or the operations of our third parties. Such disruptions could cause delays in manufacturing or shipping our products, affect our supply chain and may result in the loss of business, and additional costs to maintain or resume operations, any of which could adversely affect our business and results of operation. We may also experience contractual disputes relating to supply chain delays resulting from climate change related disruptions, which could result in increased litigation and costs. Data centers depend on access to clean water and reliable energy, thus potential power or water shortages could impair our customer' s ability to expand their data center capacity and consume our products and services. Although we**

maintain insurance coverage for a variety of property, casualty, and other risks, the types and amounts of insurance we obtain vary depending on coverage, availability and cost. Some of our policies have large deductibles and broad exclusions. Additionally, our insurance providers may be unable or unwilling to pay a claim. Losses not covered by insurance may be large, which could harm our results of operations and financial condition. Our business and the business of our suppliers and customers may also be subject to further climate- related regulations, contract terms and lawsuits. New increased regulations regarding carbon taxes, greenhouse gas emissions, fuel or energy taxes and other climate- related risks could result in greater costs; for example, as a result of carbon pricing impacts on electrical utilities and / or necessitating that we purchase more renewable energy than otherwise planned. Our supply chain manufacturing suppliers may be exposed to increased costs of doing business should they be affected by new climate- related expectations such as those affecting abatement equipment, renewable energy, and / or alter production processes and materials selections. The additional compliance costs incurred by our suppliers may be passed on to us and result in greater indirect costs to us. These costs and restrictions could harm our business and results of operations by increasing our expenses, impacting our reputation if there is actual or perceived non- compliance, or requiring us to alter our operations and products. The long- term effects of climate change on the global economy and the technology industry are unclear but could be severe. Government actions and regulations such as export regulations, tariffs, and trade protection measures may limit our ability to export our products to certain customers. We have equity interests in two joint ventures (collectively, the THATIC JV) with Higon Information Technology Co., Ltd. (THATIC), a third- party Chinese entity. In June 2019, the Bureau of Industry and Security (BIS) of the United States Department of Commerce added certain Chinese entities to the Entity List, including THATIC and the THATIC JV. Since that time, the United States administration has called for changes to domestic and foreign policy, including policies with respect to China and Russia. Specifically, United States- China trade relations remain uncertain as the United States continues to add more Chinese companies to the Entity List and more regulations targeted to advanced computing, semiconductor manufacturing, and **emerging technologies such as** AI. Further, the United States and other countries and coalitions have issued sanctions and revisions to export control and other regulations against Russia, Belarus ~~or~~ **and** the DNR ~~or~~ **and** LNR regions of Ukraine, due to the conflict in Ukraine. **In October 2023,** BIS ~~has~~ issued new requirements **for certain advanced computing items** that **apply to the export of products classified ECCN 3A090 or 4A090 to a party headquartered in, or with an ultimate parent headquartered in, any of Country Groups D1, D4 or D5, including China. These controls** prevent us from shipping **our AMD Instinct ™** MI250 ~~and MI250X~~ **, MI300X, MI300A, MI388X** integrated circuits **and our Versal ™ VC2802, VE2802 FPGAs** to China ~~and Russia~~ **, or to customers outside of the United States whose ultimate parent is headquartered in a D5 country (including China),** without a license. **These controls also require us to file a Notified Advanced Computing (NAC) notification with** BIS **25 days before shipping certain Versal VC2602 and VE2602 FPGAs to China, or to customers outside of the United States whose ultimate parent is headquartered in a D5 country (including China). In December 2023, BIS published a series of frequently asked questions indicating an intent to revise certain sections of the controls issued in October. Such revisions** may ~~possibly~~ **bring certain other products including the AMD Instinct MI210 into the NAC notification requirement. The NAC notification process could result in BIS prohibiting a shipment or requiring a license application before shipping a product that is the subject of a NAC notification. BIS may** issue new licensing requirements and regulatory controls in the future. **Even new products that fall below the licensing thresholds may not be successful because we have no assurances BIS will agree that the alternative products are not subject to the new licensing requirements or that future regulations will not control the alternative products.** A significant trade disruption or the establishment or increase of any tariffs, trade protection measures or restrictions **, or retaliatory actions from foreign governments** could result in lost sales adversely impacting our reputation and business. There is also a possibility of future tariffs, trade protection measures, import or export regulations or other restrictions imposed on our **current and future** products **,** ~~or on our~~ customers **, or suppliers** by the United States, China or other countries that could have a material adverse effect on our business. **New** ~~Export~~ **export** control restrictions may adversely impact the ability of our research and development teams located outside of the United States from executing our product roadmaps in a timely manner or at all **. In addition, deemed export restrictions could further affect our ability to provide services or develop products in the United States** . We may, from time to time, receive technical data from third parties that is subject to the International Traffic and Arms Regulations (ITAR), which are administered by the U. S. Department of State. **Export Administration Regulation (** EAR **)** ~~and ITAR govern~~ **governs** the export and re- export of certain AMD products, including FPGAs, ~~and~~ **as well as** the transfer of related technologies **or provision of services** , whether in the U. S. or abroad ~~, and the provision of services~~ . We are required to maintain an internal compliance program and security infrastructure to meet EAR and ITAR requirements. An inability to obtain the required export licenses, or to predict when **or pursuant to which conditions** they will be granted, increases the difficulties of forecasting shipments **. When we file license applications or Notification Advanced Computing (NAC) exception notices we have no assurance that BIS will grant any exemptions or licenses or that the BIS will act on the filings in a timely manner. Even if BIS grants a requested license, the license may come with burdensome conditions that we cannot or decide not to fulfill** . In addition, security or compliance program failures that could result in penalties or a loss of export privileges, as well as stringent licensing restrictions that may make our products less attractive to overseas customers, could have a material adverse effect on our business, financial condition and / or operating results. Our deferred tax assets include net operating losses and tax credit carryforwards that can be used to offset taxable income and reduce income taxes payable in future periods. Each quarter, we consider both positive and negative evidence to determine whether all or a portion of the deferred tax assets are more likely than not to be realized. If we determine that some or all of our deferred tax assets are not realizable, it could result in a material expense in the period in which this determination is made which may have a material adverse effect on our financial condition and results of operations. In addition, a significant amount of our deferred tax assets related to net operating losses or tax credits which remain under a valuation allowance could be subject to limitations under Internal Revenue Code Section 382 or 383, separate return loss year rules, or dual consolidated loss rules. The limitations could reduce our ability to utilize the net operating losses or tax credits before the expiration of the tax attributes. Our business is subject to potential tax liabilities, and exposure to greater- than- anticipated income tax liabilities as a result of changes in tax rules and regulations, changes in interpretation of tax rules and regulations, or unfavorable assessments from tax audits, ~~any of which~~ could affect our effective tax rates, financial condition, and results of operations. We are a U. S.- based multinational company subject to income tax, indirect tax or other tax claims in multiple U. S. and foreign tax jurisdictions in which we conduct business. Significant judgment is required in determining our worldwide provision for income taxes. Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. Any changes to tax laws could have a material adverse effect on our tax obligations and effective tax rate. Our income tax obligations could be affected by many factors, including, but not limited to, changes to our corporate operating structure, intercompany arrangements, and tax planning strategies. Our income tax expense is computed based on tax rates **enacted** at the time of the respective financial period. Our future effective tax rates, financial condition and results from operations could be unfavorably affected by changes in the tax rates in jurisdictions where our income is earned, by changes in the tax rules and regulations or the interpretation of tax rules and regulations in the jurisdictions in which we do business or by changes in the valuation of our deferred tax assets **. Many countries have started to implement legislation and other guidance to align their international tax rules with the Organization for Economic Co- operation and Development' s (OECD) Base Erosion and Profit Shifting recommendations and action plan that aim to standardize and modernize global corporate tax policy, including changes to cross- border tax, transfer pricing documentation rules, and nexus- based tax incentive practices. The OECD is also continuing discussions surrounding fundamental changes in allocation of profits among tax jurisdictions in which companies do business, as well as the implementation of a global minimum tax (namely the " Pillar One " and " Pillar Two " proposals). The Council of the European Union has adopted the global corporate 15 % minimum tax as provided for in Pillar Two and has directed EU member states to implement legislation enacting Pillar Two. Many countries, including non- EU member states, have implemented laws based on Pillar Two proposals, which may materially adversely impact our provision for income taxes, net income and cash flows. As a result of this heightened scrutiny, prior decisions by tax authorities regarding treatments and positions of corporate income taxes could be subject to review and inquiry, which could also result in changes in tax policies or existing tax rulings, and may have a material adverse effect on us** . In addition, we are subject to examinations of our income tax returns by domestic and foreign tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes and have reserved for potential adjustments that may result from the current examinations. There can be no assurance that the final determination of any of these examinations will not have an adverse effect on our effective tax rates, financial condition, and results of operations. In the ordinary course of our business, there are many transactions and calculations where the ultimate income tax, indirect tax, or other tax determination is uncertain. Although we believe our tax estimates are reasonable, we cannot assure that the final determination of any tax audits or litigation will not be materially different from that which is reflected in historical tax provisions and accruals. Should additional taxes be assessed as a result of an audit, assessment or litigation, there could be a material adverse effect on our cash, tax provisions and ~~net income~~ **results of operations** in the period or periods for which that determination is made **. We are party to litigation and may become a party to other claims or litigation that could cause us to incur substantial costs or pay substantial damages or prohibit us from selling our products** . From time to time, we are a defendant or plaintiff in various legal actions, as described in Note 17- Contingencies of the Notes to our Consolidated Financial Statements. For example, we have been subject to certain claims concerning federal securities laws and corporate governance. Our products are purchased by and / or used by consumers, which could increase our exposure to consumer actions such as product liability claims and consumer class action claims. On occasion, we receive claims that individuals were allegedly exposed to substances used in our former semiconductor wafer manufacturing facilities and that this alleged exposure caused harm. Litigation can involve complex factual and legal questions, and its outcome is uncertain. It is possible that if a claim is successfully asserted against us, it could result in the payment of damages that could be material to our business. With respect to intellectual property litigation, from time to time, we have been notified of, or third parties may bring or have brought, actions against us and / or against our customers based on allegations that we are infringing the intellectual property rights of others, contributing to or inducing the infringement of the intellectual property rights of others, improperly claiming ownership of intellectual property or otherwise improperly using the intellectual property of others. If any such claims are asserted, we may seek to obtain a license under the third parties' intellectual property rights. We cannot assure you that we will be able to obtain all of the necessary licenses on satisfactory terms, if at all. These parties may file lawsuits against us or our customers seeking damages (potentially up to and including treble damages) or an injunction against the sale of products that incorporate allegedly infringed intellectual property or against the operation of our business as presently conducted, which could result in our having to stop the sale of some of our products or to increase the costs of selling some of our products or which could damage our reputation. The award of damages, including material royalty payments, or other types of damages, or the entry of an injunction against the manufacture and sale of some or all of our products could have a material adverse effect on us. We could decide, in the alternative, to redesign our products or to resort to litigation to challenge such claims. Such challenges could be extremely expensive and time- consuming regardless of their merit, could cause delays in product release or shipment and / or could have a material adverse effect on us. We cannot assure you that litigation related to our intellectual property rights or the intellectual property rights of others can always be avoided or successfully concluded. Even if we were to prevail, any litigation could be costly and time- consuming and would divert the attention of our management and key personnel from our business operations, which could have a material adverse effect on us. **We are subject to environmental laws, conflict minerals- related provisions of the Dodd- Frank Wall Street Reform and Consumer Protection Act as well as a variety of other laws or regulations that could result in**

additional costs and liabilities. Our operations and properties **are** ~~have in the past been and continue to be~~ subject to various United States and foreign laws and regulations, including those relating to materials used in our products and **the** manufacturing processes **of our products** , discharge of pollutants into the environment, the treatment, transport, storage and disposal of solid and hazardous wastes and remediation of contamination **. In addition, our operations and those of our suppliers are further governed by regulations prohibiting the use of forced labor (e. g., mining conflict materials), and restrictions on other materials, as well as laws or regulations governing the operation of our facilities, sale and distribution of our products, and real property** . For the manufacturing of our products, these laws and regulations require our suppliers to obtain permits for operations, including the discharge of air pollutants and wastewater. Although our management systems are designed to oversee our suppliers' compliance, we cannot assure you that our suppliers have been or will be ~~at all times~~ in complete compliance with such laws, regulations and permits. If our suppliers violate or fail to comply with any of them, a range of consequences could result, including fines, suspension of production, alteration of manufacturing processes, import / export restrictions, sales limitations, criminal and civil liabilities or other sanctions. Such non- compliance from our manufacturing suppliers could result in disruptions in supply, higher sourcing costs, and / or reputational damage for us. We could also be held liable for any and all consequences arising out of exposure to hazardous materials used, stored, released, disposed of by us or located at, under or emanating from our current or former facilities or other environmental or natural resource damage. While we have budgeted for foreseeable associated...... owned or operated the contaminated facility. We have been named as a responsible party at three Superfund sites in Sunnyvale, California **and we are subject to Final Site Clean- up Requirements Orders from the California Regional Water Quality Control Board relating to the three sites and we have entered into settlement agreements with other responsible parties on two of the orders. During the term of such agreements, other parties have agreed to assume most of the foreseeable costs as well as the primary role in conducting remediation activities under the orders. We remain responsible for additional costs beyond the scope of the agreements as well as all remaining costs in the event that the other parties do not fulfill their obligations under the settlement agreements. The progress of future remediation efforts cannot be predicted with certainty and these costs may change** . Although we have not been, we could be named a potentially responsible party at other Superfund or contaminated sites in the future. In addition, contamination that has not been identified could exist at our other facilities. **Future environmental legal** ~~Under the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC adopted disclosure and reporting~~ requirements **may become more stringent** ~~,we cannot assure you that our~~ - **or costly.As such,the** costs of complying with current and future environmental and health and safety laws,and our liabilities arising from past and future releases of,or exposure to,hazardous substances ~~will not~~ **may increase and could** have a material adverse effect on us.Environmental laws are complex,change frequently and ~~have tended~~ -- **tend** to become more stringent over time.For example,the European Union (EU) and China are ~~two~~ among a growing number of jurisdictions that have enacted restrictions on the use of lead and other materials in electronic products.These regulations affect semiconductor devices and packaging.As regulations restricting materials in electronic products continue to increase around the world,there is a risk that the cost,quality and manufacturing yields of products that are subject to these restrictions may be less favorable compared to products that are not subject to such restrictions,or that the transition to compliant products may not meet customer roadmaps,or produce sudden changes in demand,which may result in excess inventory. ~~A number of jurisdictions~~ **Jurisdictions** including the EU,Australia,California and China are developing or have finalized market entry or public procurement regulations ~~for~~ for ~~companies that use " conflict " minerals originating~~ **computers and servers based on ENERGY STAR specifications, and the like, as well as additional energy consumption limits. Certain of our products may be excluded** from **some of** ~~the~~ **these** ~~Democratic Republic of Congo or adjoining countries~~ **markets which could materially adversely affect us** . We ~~continue to~~ incur ~~additional~~ costs associated with complying with ~~these requirements, such as costs related to developing internal controls for the due diligence process, determining the source of any~~ conflict minerals ~~used in our products, auditing the process and~~ reporting **requirements** to our customers and the SEC. In addition to the SEC regulation, the **EU** ~~European Union~~ , China and other jurisdictions are developing new policies focused on conflict minerals that may impact and increase the cost of our compliance program. Customers are increasingly seeking information about the source of minerals used in our supply chain beyond those addressed in laws and regulations. Given the complexity of mineral supply chains, we may **be** ~~face reputational challenges if we are~~ unable to sufficiently verify the origins of the subject minerals **and thus our reputation may be harmed** . Moreover, we are likely to encounter challenges to satisfy ~~those~~ customers who require that all of the components of our products be certified as " conflict free. " If we cannot satisfy these customers, they may choose a competitor' s products. In addition ~~to~~ **, new** ~~our~~ - **or increased regulations limiting the use of such components, or regulation regarding greenhouse gas emissions and climate change- related risks, could increase our energy costs, for example as a result of carbon pricing impacts on electrical utilities and / or necessitating that we purchase more renewable energy than otherwise planned. Our supply chain manufacturing suppliers may be exposed to increased cost of doing business should they be affected by new climate- related regulations, for example, affecting abatement equipment, renewable energy, and / or alter production processes and materials selections. In addition to our** ~~company~~ **Company** , customers, governments and authorities continue to ~~be focused~~ -- **focus** on eliminating risks of forced labor in supply chains which may increase the cost of our compliance program ~~. For example, the United States Uyghur Forced Labor Prevent Act prohibits goods mined, produced or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region of the People' s Republic of China, or by certain entities, from entering the United States under the presumption of being made with forced labor. Germany' s federal procurement office, in collaboration with the Bitkom trade association, has issued supply chain labor requirements. In addition, the United Kingdom, Australia and the State of California have enacted laws that require us to disclose our policy and practices for identifying and eliminating forced labor and human trafficking in our supply chain~~ . Several customers have also issued expectations to eliminate these occurrences, if any, that may impact us. While we have a Human Rights Policy and management systems to identify and avoid these practices in our supply chain, we cannot guarantee that our suppliers will always be in conformance **with laws and expectations. Our failure** to **satisfy customer expectations on forced and trafficked labor policies may result in** these ~~laws and expectations. We may face~~ **customers choosing a competitor' s product or** enforcement liability and reputational challenges **. In addition, many governments have enacted laws around PII, such as the GDPR and the CCPA, and the failure to comply could result in sanctions or other actions by the governments. The GDPR imposes significant requirements on how we collect, process and transfer personal data, as well as significant fines for non- compliance. New emerging technology trends, such as AI, require us to keep pace with evolving regulations and industry standards. Given the complexity and rapid development of AI, there are various current and proposed regulatory frameworks relating to the use of AI in products and services in the U. S. and foreign jurisdictions such as the EU. For example, in the EU, an AI act is being considered. Such laws and regulations may impede our ability to offer certain products and services in certain jurisdictions** if we are unable to ~~sufficiently meet~~ **comply with them. We expect that the legal and regulatory environment relating to emerging technologies such as AI will continue to develop and could increase the cost of doing business, and create compliance risks and potential liability, all which may have a material adverse effect on our financial condition and results of operations. Governments are also considering the new issues in intellectual property law that AI creates, which could result in different intellectual property rights in technology we create with AI and development processes and procedures and could have a material adverse effect on our business. There are evolving expectations from governments, investors, customers and other stakeholders regarding corporate responsibility matters including those involving the environment and climate, energy and water consumption, diversity and inclusion, human rights and cybersecurity. This development on corporate responsibility is resulting in increased mandatory and voluntary reporting standards and disclosures. For example, various jurisdictions have adopted or are contemplating adopting legislation and regulations that may impact how we and our suppliers and customers conduct business or report on business by requiring the disclosure and tracking of greenhouse gas emissions, climate change- related risks and other sustainability matters related to our business. As the nature, scope and complexity of corporate responsibility reporting and disclosure requirements continue to evolve, we may incur additional compliance costs and indirect compliance costs from our customers and, suppliers that are passed on to us. In addition, certain corporate responsibility legislation and regulation may require us to adapt our business or supply chain in ways that are costly or inefficient. Emerging legal and regulatory requirements, can be unpredictable, are subject to change, and may be difficult for us to comply with given the complexity of our supply chain and our outsourced manufacturing. Our failure to comply, or the appearance of our failure to comply, with** these **legal and regulatory requirements can result in regulatory penalties, fines and legal liabilities, increase costs, and harm our reputation – any of which could have a material adverse effect on our business, financial condition and results of operation. In addition, while we may at times engage in voluntary initiatives (such as voluntary disclosures, certifications, or targets, among others) or commitments to improve our corporate responsibility profile and / or products or to respond to stakeholder** expectations ~~. Moreover~~ , **such initiatives or achievement of such commitments may be costly, may not have the desired effect or may impact our reputation with other stakeholders and have a material adverse effect on our business. We have publicly announced certain corporate responsibility goals spanning multiple topics informed by input from various of our stakeholders, including customers, investors and employees. These goals, which reflect our current plans and aspirations based on known conditions; thus, in the future they may change or may not be achieved. We may not achieve, for instance, our stated 30x25 energy efficiency goal to deliver a 30x increase in energy efficiency by 2025, for our processors and accelerators powering servers for high-performance computing and AI training from a 2020 baseline. We are also pursuing and annually reporting our progress toward a science- based target (aligned with a 1. 5 ˚ C scenario) of a 50 % absolute reduction in greenhouse gas emissions from our operations (Scope 1 and 2) by 2030, from a 2020 base year. Our achievement of these goals, aspirations and other corporate responsibility initiatives is not certain and is subject to various challenges, risks and expectations such as standards, processes, and methodologies that continue to evolve or emerge. Our progress towards some goals receive third- party limited assurance and not reasonable assurance, or may rely on receipt of others' information and data that may not be subject to either third- party limited or reasonable assurance. Any failure to achieve such goals (or achieve these goals within the set timeframe) or the perception by stakeholders of such failure to achieve these goals may result in reputational or financial harm. Simultaneously, there are efforts by some stakeholders to reduce companies' efforts on certain environmental, social and sustainability- related matters. Both advocates and opponents to these matters are increasingly resorting to a range of activism forms, including media campaigns and litigation, to advance their perspectives. To the extent** we are ~~likely~~ **subject** to ~~encounter~~ **such activism or litigation, it may require us to incur costs or otherwise adversely impact our business. Additionally, stakeholder groups may find our stated goals to be insufficiently responsive to the implications of issues, such as climate change, and any failure to set or achieve corporate responsibility initiatives that meet stakeholder expectations may result in loss of customers or in investors selling their shares, which could harm our reputation and could have a material adverse effect on our business. We offer products that include capabilities to support AI deployment and we expect this part of our business to grow. As with many new emerging technologies, AI presents risks and** challenges ~~with~~ **and increasing ethical concerns relating to its responsible use that could affect the adoption of AI, and thus our business. Third- party misuse of AI applications, models, or solutions, or ineffective or inadequate AI development or deployment practices by us or our** customers ~~if we cannot satisfy their forced~~ **, could cause harm to individuals or society** and **impair** ~~trafficked labor polices and they~~ - **the public** ~~may choose a competitor~~ ' s **acceptance of AI. Moreover, we may be subject to competitive harm, regulatory action and legal liability as a result of new proposed legislation regulating AI, new applications of existing data protection, privacy and intellectual property and other laws. Such regulations could cause us to incur greater compliance costs and**

could also impact our ability to sell or the ability of our customers and users worldwide to acquire, deploy and use systems that include our AI- related ~~product~~ **products and services, which could thus require us to change our business practices and could adversely affect our business, financial condition and results of operations. If the AI- related products that we offer have unintended consequences or unintended usage or customization by our customers or are otherwise controversial due to their perceived or actual impact on human rights, privacy, employment or other social, economic or political issues the public' s acceptance of AI may be impaired and may result in reputational and financial harm and liability to our business** . Acquisitions, joint ventures **,** and / or investments **,** and the failure to integrate acquired businesses, **may fail to materialize their anticipated benefits and** could disrupt our business **, which could** ~~and / or dilute or~~ adversely affect ~~the price of~~ our ~~common stock~~ **results of operation and financial condition** . ~~Our success~~ **We have acquired and invested in businesses, and may continue to do so, that offer products, services and technologies that we believe** will **help** ~~depend, in part, on our ability to~~ expand our product offerings and grow our business in response to changing technologies, customer demands and competitive pressures. ~~In some circumstances, we may pursue growth through the acquisition~~ **Acquisitions** ~~of complementary businesses, solutions~~ or ~~technologies or through~~ joint ventures **include numerous risks including** ~~or~~ **our inability to identify** ~~investments rather than through internal development. The identification of~~ suitable **opportunities in a timely manner or on terms acceptable to us; failure to complete a transaction in a timely manner, or at all, due to our inability to obtain required government or other approvals or IP disputes or other litigation; difficulty in obtaining financing on terms acceptable to us or at all; or other unforeseen factors. Even if we successfully complete an** acquisition or joint venture ~~candidates can be difficult~~ , ~~time- consuming and costly, and~~ we may not be able to **realize any** ~~successfully complete identified acquisitions or joint ventures. For example, on February 14, 2022, we completed our acquisition~~ of ~~Xilinx and on May 26, 2022, we completed our acquisition of Pensando. While we believe these~~ -- **the** ~~acquisitions will result in certain benefits, including certain operational synergies and cost efficiencies, and drive product innovations, achieving these~~ anticipated benefits ~~will depend on successfully combining our and the acquired companies' businesses together. It is not certain that the acquired companies can be successfully integrated with our business~~ in a timely manner or at all ~~, or that any of the anticipated benefits will be realized~~ for a variety of reasons, including, but not limited to: **difficulty in** ~~our inability to integrate~~ **integrating the technology, systems, products, policies, processes** or ~~benefit from~~ **operations and integrating and retaining the employees including key personnel of the** acquired **business** ~~technologies or services in a profitable manner~~ ; diversion of capital and other resources, including management' s attention from our existing business; unanticipated costs or liabilities ~~associated~~ **, such as increased interest expense and compliance** with **debt covenants or** ~~the~~ **other obligations** ~~integration; failure to leverage the increased scale of the combined businesses quickly and effectively~~ ; coordinating and integrating in countries in which we have not previously operated; the potential impact of the acquisitions on our relationships with employees, vendors, suppliers and customers; ~~the impairment of relationships with, or~~ **our** ~~the loss of~~ **inability to effectively retain suppliers** , **vendors and customers of** the acquired ~~companies' employees, vendors, suppliers and customers~~ **businesses; entry into geographic or business markets in which we have little or no experience** ; adverse changes in general economic conditions in regions in which we and the acquired companies operate; potential litigation associated with the acquisitions; difficulties in the assimilation of employees and culture; difficulties in managing the expanded operations of a larger and more complex company; ~~challenges in attracting and retaining key personnel;~~ and difficulties with integrating and upgrading our and the acquired companies' financial reporting systems. **Any** ~~Many of these factors will be outside of our control and any~~ one ~~of them could result in increased costs, decreases in expected revenues and diversion of management' s time and attention, which could materially impact the combined company. In addition, even if the operations of the businesses are integrated successfully, the full benefits of the acquisitions may not be realized within the anticipated time frame or at all. All~~ of these factors could **have a material adverse** ~~decrease or delay the expected accretive~~ effect **on** ~~of the acquisitions and negatively impact the combined company. If we cannot successfully integrate our and the acquired companies' businesses and operations, or if there are delays in combining the businesses, it could negatively impact our ability to develop or sell new products and impair our ability to grow~~ our business, ~~which in turn could adversely affect our~~ financial condition **, and** ~~operating~~ results ~~. Acquisitions and joint ventures may also involve the entry into geographic or business markets in which we have little or no prior experience. Consequently, we may not achieve anticipated benefits~~ of ~~acquisitions or joint ventures, which could harm our operating~~ **operations** ~~results~~ **, or cash flows** . In addition, to complete an acquisition, we may issue equity securities, which would dilute our stockholders' ownership and could adversely affect the price of our common stock, and / or incur debt, assume contingent liabilities or have amortization expenses and write- downs of acquired assets, which could adversely affect our results of operations. Moreover, ~~if such acquisitions or joint ventures require us to seek additional debt or equity financing,~~ we ~~may not be able to obtain such financing on terms favorable to us or at all. Even if we successfully complete an acquisition or joint venture, we may not be able to assimilate and integrate effectively or efficiently the acquired business, technologies, solutions, assets, personnel or operations, particularly if key personnel of the acquired company decide not to work for us. Acquisitions and joint ventures may also reduce our cash available for operations and other uses, which could harm our business. Also, any failure on our part to effectively evaluate and execute new business initiatives could adversely affect our business. We~~ may not adequately assess the risks of new business initiatives and subsequent events may arise that alter the risks that were initially considered. ~~Furthermore~~ **Acquisitions** , **joint ventures and** ~~we may not achieve the~~ **other** ~~objectives~~ **investments involve significant challenges** and ~~expectations with respect~~ **risks and could impair our ability** to ~~future~~ **grow our business, develop new products or sell our products, which could have a negative impact on our results of** operations ~~, products and services~~ . ~~The~~ **Acquisitions or joint ventures may also reduce our cash available for operation and other uses which could harm our business. For example, the** majority of our ATMP services are provided by the ATMP JVs, and there is no guarantee that the JVs will be able to fulfill our long- term ATMP requirements. If we are unable to meet customer demand due to fluctuating or late supply from the ATMP JVs, it could result in lost sales and have a material adverse effect on our business. **We** ~~In addition, we may not realize the anticipated benefits from our business initiatives. For example, we~~ may not realize the expected benefits from the THATIC JV' s expected future performance, including the receipt of any future milestone payments and any royalties from certain licensed intellectual property. In June 2019, the BIS added certain Chinese entities to the Entity List, including THATIC and the THATIC JV. We are complying with U. S. law pertaining to the Entity List designation. ~~Any~~ **Furthermore, we may at times invest in private companies to further our strategic objectives and to support certain key business initiatives. Many of the instruments that we invest in are non- marketable and illiquid at the time of our initial investment, and we are not always able to achieve a return. To the extent any of the companies in which we invest in are not successful, we could recognize an** impairment ~~of~~ **and /** ~~our~~ - **or lose all** ~~tangible, definite- lived intangible or indefinite- lived intangible assets, including goodwill, may adversely impact our~~ - **or part** ~~financial position and results~~ of ~~operations~~ **our investment** . We account for certain acquisitions, including the Xilinx **, Inc. (Xilinx)** and Pensando **Systems Inc. (Pensando)** acquisitions, using the acquisition method of accounting under the provisions of ASC 805, Business Combinations, with AMD representing the accounting acquirer under this guidance. We record assets acquired, including identifiable intangible assets, and liabilities assumed, at their respective fair values at the acquisition date. Any excess of the purchase price over the net fair value of such assets and liabilities will be recorded as goodwill. In connection with the Xilinx and Pensando acquisitions, we recorded significant goodwill and other intangible assets on our consolidated balance sheet. Indefinite- lived intangible assets, including goodwill, are tested for impairment at least annually, and all tangible and intangible assets including goodwill will be tested for impairment when certain indicators are present. If, in the future, we determine that tangible or intangible assets, including goodwill, are impaired, we would record an impairment charge at that time. Impairment testing of goodwill requires significant use of judgment and assumptions, particularly as it relates to the determination of fair value. Subsequent to our annual goodwill impairment analysis, we monitor for any events or changes in circumstances, such as significant adverse changes in business climate or operating results, changes in management' s business strategy, an inability to successfully introduce new products in the marketplace, an inability to successfully achieve internal forecasts or significant declines in our stock price, which may represent an indicator of impairment. A decrease in the long- term economic outlook and future cash flows of our business could significantly impact asset values and potentially result in the impairment of **tangible and intangible assets, including** goodwill and may require us to record future ~~goodwill~~ impairment charges, which may have a material adverse impact on our financial position and results of operations. The agreements governing our notes, our guarantees of the Assumed Xilinx Notes, and our Revolving Credit Agreement impose restrictions on us that may adversely affect our ability to operate our business. The indenture governing our 3. 924 % Senior Notes due 2032 and 4. 393 % Senior Notes due 2052 contains various covenants that limit our ability to, among other things: create liens on certain assets to secure debt, enter into certain sale and leaseback transactions; and consolidate with, merge into or sell, convey or lease all or substantially all of our assets to any other person. Additionally, in connection with the acquisition of Xilinx, we entered into supplemental indentures for the **Xilinx' s 2. 950 % Notes and 2. 375 % Notes (together, the** Assumed Xilinx Notes **),** pursuant to which all obligations of Xilinx under the Assumed Xilinx Notes are unconditionally guaranteed on a senior unsecured basis by us. The indentures governing the Assumed Xilinx Notes also contain various covenants which limit our ability to, among other things, create certain liens on principal property or the capital stock of certain subsidiaries, enter into certain sale and leaseback transactions with respect to principal property, and consolidate or merge with, or convey, transfer or lease all or substantially all our assets, taken as a whole, to another person. We also have **an** ~~a five- year~~ unsecured revolving credit facility in the aggregate principal amount of $ 3. 0 billion (Revolving Credit Agreement). Our Revolving Credit Agreement contains various covenants which limit our ability to, among other things, incur liens **;** and consolidate or merge or sell our assets as an entirety or substantially as an entirety (in each case, except for certain customary exceptions). In addition, our Revolving Credit Agreement requires us to maintain a minimum consolidated interest coverage ratio at the end of each fiscal quarter. The ~~agreements~~ - **agreement** governing our **convertible** notes and our Revolving Credit Agreement ~~contain~~ **contains** ~~cross- default~~ provisions whereby a **payment** default **or acceleration** under certain agreements with respect to other **material** indebtedness would result in cross defaults under ~~the~~ **our convertible** ~~indentures~~ - **indenture** or the Revolving Credit Agreement ~~. For example, the occurrence of a default with respect to any indebtedness or any failure to repay indebtedness when due in an~~ **and allow** ~~amount in excess of (i) $ 50 million would cause a cross default under the indentures (to the extent such default would result in the acceleration of such indebtedness) governing our 2. 125 % Convertible Senior Notes due 2026 (2. 125 % Notes), and (ii) $ 500 million would cause a cross default under the Revolving Credit Agreement (to the extent such default (other than the failure to repay indebtedness) would result in the acceleration of such indebtedness). The occurrence of a default under any of these borrowing arrangements would permit the applicable~~ note holders or the lenders under our Revolving Credit Agreement to declare all amounts outstanding under ~~the~~ **certain of our** indentures or the Revolving Credit Agreement to be immediately due and payable. If ~~the note holders or the trustee under the indentures governing our 2. 125 % Notes or~~ the lenders under our Revolving Credit Agreement accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay those borrowings. Our total debt principal amount outstanding as of December ~~31~~ **30** , ~~2022~~ **2023** was $ 2. 5 billion. Our indebtedness may make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments; limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions and general corporate and other purposes; limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general corporate purposes; require us to use a substantial portion of our cash flow from operations to make debt service payments; place us at a competitive disadvantage compared to our competitors with relatively less debt; and increase our vulnerability to the impact of adverse economic and industry conditions. We enter into sale and factoring arrangements from time to time with respect to certain accounts receivables, which arrangements are non- recourse to us in the event that an account debtor fails to pay for credit- related reasons, and are not included in our indebtedness. We could become obligated to repurchase such accounts receivables or otherwise incur liability to the counterparties under these arrangements under certain circumstances, such as where a commercial dispute arises between us and an account debtor **. We may not be able to generate sufficient cash to meet our working capital requirements. If we cannot generate sufficient revenue and operating cash flow, we may face a cash shortfall and be unable to make all of our planned investments in research and development or other strategic investments. Also, our cash and cash equivalents could be adversely affected if the banking institutions in which we hold our cash and cash equivalents fail** . Our ability to generate sufficient cash to meet our working capital requirements will depend on our financial and operating performance, which may fluctuate significantly from quarter to quarter, and is subject to prevailing economic, financial and business conditions along with other factors, many of which are beyond our control. We cannot assure you that we will be able to generate cash flow in amounts sufficient to enable us to meet our working capital requirements. If we are not able to generate sufficient cash flow from operations, we may be required to sell assets or equity, reduce expenditures, refinance all or a portion of our existing debt or obtain additional financing. In addition, our ability to fund research and development expenditures depends on generating sufficient revenue and cash flow from operations and the availability of external financing, if necessary. Our research and development expenditures, together with ongoing operating expenses, will be a substantial drain on our cash flow and may decrease our cash balances. If new competitors, technological advances by existing competitors, or other competitive factors require us to invest significantly greater resources than anticipated in our research and development efforts, our operating expenses would increase. If we are required to invest significantly greater resources than anticipated in research and development efforts without an increase in revenue, our operating results could decline. Our inability to generate sufficient cash from operations may require us to abandon projects or curtail planned investments in research and development or other strategic initiatives. If we curtail planned investments in research and development or abandon projects, our products may fail to remain competitive and our business would be materially adversely affected. We maintain **our cash and cash equivalents in accounts at certain banking institutions, and our deposits at these banking institutions may exceed insured limits. If a banking institution in which we hold funds fails or is subject to significant adverse conditions in the financial or credit markets, we could be subject to a risk of loss of all or a portion of such uninsured funds or be subject to a delay in accessing all or a portion of such uninsured funds. Any such loss or lack of access to these funds could adversely impact our short- term liquidity and ability to meet our operating expense obligations. Further, these events may make equity or debt financing more difficult to obtain, and additional equity or debt financing might not be available on reasonable terms, if at all. Our worldwide operations are subject to political, legal and economic risks and natural disasters, which could have a material adverse effect on us. We maintain** operations around the world, including in the United States, Canada, Europe, Australia, Latin America and Asia. We rely on third- party wafer foundries in the United States, Europe and Asia. Nearly all product assembly and final testing of our products is performed at **third- party operated** manufacturing facilities, ~~operated~~ **in China, Malaysia and Taiwan. Our shipping services are provided** by third- party ~~manufacturing facilities, in China, Malaysia and Taiwan. We also depend on third- party~~ subcontractors ~~to provide shipment services~~ . We also have international sales operations. International sales, as a percent of net revenue, were ~~66~~ **65** % for the year ended December ~~31~~ **30** , ~~2022~~ **2023** . We expect that international sales will continue to be a significant portion of total sales in the foreseeable future. The political, legal and economic risks associated with our operations in foreign countries include, without limitation: expropriation; changes in a specific country' s or region' s political or economic conditions; changes in tax laws, trade protection measures and import or export licensing requirements and restrictions; difficulties in protecting our intellectual property; difficulties in managing staffing and exposure to different employment practices and labor laws; changes in foreign currency exchange rates; restrictions on transfers of funds and other assets of our subsidiaries between jurisdictions; changes in freight rates; changes to macroeconomic conditions, including interest rates, inflation and recession; disruption in air transportation between the ~~United States~~ **U. S.** and our overseas facilities; loss or modification of exemptions for taxes and tariffs; and compliance with ~~United States~~ **U. S.** laws and regulations related to international operations, including export control and economic sanctions laws and regulations and the Foreign Corrupt Practices Act. Recently, the ~~United States~~ **U. S.** and other countries and coalitions have issued sanctions and revisions to export control and other regulations against Russia, Belarus ~~or~~ **, and** the DNR ~~or~~ **and** LNR regions of Ukraine, due to the conflict in Ukraine. Also, geopolitical changes between China and Taiwan could disrupt the operations of our Taiwan **-** based third- party wafer foundries, manufacturing facilities and subcontractors, and materially adversely affect **delivery of products and** our business, financial condition and / or operating results **. Moreover, the Ukraine- Russia and Israel- Hamas conflicts could escalate and expand, which in turn could have negative impacts on the global economy and financial markets** . In addition, our worldwide operations (or those of our business partners) could be subject to natural disasters and climate change such as earthquakes, tsunamis, flooding, typhoons, droughts, fires **, sea- level rise** , extreme heat and volcanic eruptions that disrupt our operations, or those of our manufacturers, vendors or customers. For example, our Santa Clara and San Jose operations are located near major earthquake fault lines in California. **We** ~~Also~~ **also** ~~, we~~ have operations and employees in regions that have experienced extreme weather such as prolonged heat waves, wildfires and freezing. Extreme weather events **and natural disasters** can also disrupt the ability of our suppliers to deliver expected manufacturing parts and / or services for periods of time **. In addition, certain natural disasters, including drought, wildfires, storms, sea- level rise and flooding, could disrupt the availability of water necessary for the operations of our business or the business of our suppliers or customers. Global climate change also may result in chronic changes that result in certain natural disasters occurring more frequently or with greater intensity, which could disrupt our operations, or the operations of our third parties** . There may be conflict or uncertainty in the countries in which we operate, including public health issues (for example, an outbreak of a contagious disease such as COVID- 19, avian influenza, measles or Ebola), safety issues, natural disasters, fire, disruptions of service from utilities, nuclear power plant accidents or general economic or political factors. ~~For example, governments worldwide have implemented, and continue to implement, measures to slow down the outbreak of COVID- 19.~~ We have experienced, and will continue to experience, disruptions to our business as these measures have, and will continue to have, an effect on our business operations and practices. ~~In addition,~~ **The United States has been and** ~~many~~ - **may** ~~governments~~ **continue to be involved in armed conflicts that could** have ~~enacted laws around personally identifiable information~~ **a further impact on our sales and our supply chain. The consequences of armed conflict** , **political instability or civil or military unrest are unpredictable, and we may not be able to foresee events that could have a material adverse effect on us. Terrorist attacks or other hostile acts may negatively affect our operations, or adversely affect demand for our products, and** such ~~as~~ **attacks or related armed conflicts may impact our physical facilities or** ~~the~~ **those of our suppliers or customers. Furthermore,** ~~European Union' s general Data Protection Regulation and the~~ **these** ~~California Consumer Privacy Act,~~ **attacks or hostile acts may make travel** and the ~~failure to comply~~ **transportation of our products more difficult and more expensive, which** could **materially adversely affect us. Any of these events could cause consumer spending to decrease or** result in ~~sanctions or~~ **increased volatility in** ~~other~~ -- **the U** ~~actions by the governments~~ . **S. economy** ~~The European Union' s General Data Protection Regulation imposes significant requirements on how we collect, process~~ and **worldwide financial markets** ~~transfer personal data, as well as significant fines for non- compliance~~ . Any of the above risks, should they occur, could result in ~~an increase~~ **increased** ~~in the cost~~ **costs** ~~of components~~ , ~~production and~~ shipment delays, general business interruptions, the inability to obtain, or delays ~~from difficulties~~ in obtaining export licenses for certain technology, penalties or a loss of export privileges, as well as stringent licensing restrictions that may make our products less attractive to international customers, tariffs and other barriers and restrictions, longer payment cycles, increased taxes, restrictions on the repatriation of funds and the burdens of complying with a variety of foreign laws, any of which could ultimately have a material adverse effect on our business ~~. We may incur future impairments of our technology license purchases~~ . We license certain third- party technologies and tools for the design and production of our products. We report the value of those licenses as other non- current assets on the balance sheet and we periodically evaluate the carrying value of those licenses based on their future economic benefit to us. Factors such as the life of the assets, changes in competing technologies, and changes to the business strategy may represent an indicator of impairment. The occurrence of any of these events may require us to record future technology license impairment charges. Much of our future success depends upon the continued service of numerous qualified engineering, marketing, sales and executive employees. Competition for highly skilled executives and employees in the technology industry **, especially in the areas of AI and machine learning,** is intense and our competitors have targeted individuals in our organization that have desired skills and experience. If we are not able to continue to attract, train and retain our leadership team and our qualified employees necessary for our business, the progress of our product development programs could be hindered, and we could be materially adversely affected. To help attract, retain and motivate our executives and qualified employees, we use share- based incentive awards such as employee stock options and non-vested share units (restricted stock units). If the value of such stock awards does not appreciate as measured by the performance of the price of our common stock, or if our share- based compensation otherwise ceases to be viewed as a valuable benefit, our ability to attract, retain and motivate our executives and employees could be weakened, which could harm our results of operations. Also, if the value of our stock awards increases substantially, this could potentially create great personal wealth for our executives and employees and affect our ability to retain our personnel. In addition, any future restructuring plans may adversely impact our ability to attract and retain key employees. Our stock price has experienced price and volume fluctuations and could be subject to wide fluctuations in the future. The trading price of our stock may fluctuate widely due to various factors including actual or anticipated fluctuations in our financial conditions and operating results, changes in financial estimates by us or financial estimates and ratings by securities analysts, changes in our capital structure, including issuance of additional debt or equity to the public, interest rate changes, inflation, news regarding our products or products of our competitors, and broad market and industry fluctuations. Stock price fluctuations could impact the value of our equity compensation, which could affect our ability to recruit and retain employees. In addition, volatility in our stock price could adversely affect our business and financing opportunities. **We have an** ~~In May 2021, our Board of Directors~~ approved ~~a~~ stock repurchase program **that authorizes repurchases** of up to $ ~~4~~ **12** billion of our common stock (~~Existing~~ Repurchase Program). ~~In February~~ **As of December 30,** ~~2022~~ **2023** , ~~our Board of Directors approved a new~~ **$ 5. 6 billion remained available for future** stock ~~repurchase~~ **repurchases under the** ~~program in addition to our Existing~~ Repurchase Program ~~to purchase up to $ 8 billion of our outstanding common stock in the open market (collectively referred to as the Repurchase Program)~~ . The Repurchase Program does not obligate us to acquire any common stock, has no termination date and may be suspended or discontinued at any time. Our stock repurchases could affect the trading price of our stock, the volatility of our stock price, reduce our cash reserves, and may be suspended or discontinued at any time, which may result in a decrease in our stock price. ~~Worldwide political conditions may create uncertainties that could adversely affect our business. The United States has been and may continue to be involved in armed conflicts that could have a further impact on our sales and our supply chain. The consequences of armed conflict, political instability or civil or military unrest are unpredictable, and we may not be able to foresee events that could have a material adverse effect on us. Terrorist attacks or other hostile acts may negatively affect our operations, or adversely affect demand for our products, and such attacks or related armed conflicts may impact our physical facilities or those of our suppliers or customers. Furthermore, these attacks or hostile acts may make travel and the transportation of our products more difficult and more expensive, which could materially adversely affect us. Any of these events could cause consumer spending to decrease or result in increased volatility in the United States economy and worldwide financial markets.~~