Risk Factors Comparison 2023-12-14 to 2022-12-16 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Our business, operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock ~~. Many of the following risks and uncertainties are, and may continue to be, exacerbated by the COVID- 19 pandemic~~ . The following material factors, among others, could cause our actual results to differ materially from historical results and those expressed in forward- looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors and oral statements. Risk Factors Summary The following is a summary of the principal risks that could adversely affect our business, operations and financial results. Risks Related to Our Business • Adverse global economic conditions could have a negative effect on us. • ~~.•~~ Our business is subject to various governmental regulations and trade restrictions.Compliance with these regulations may cause us to incur significant expense and,if we fail to maintain compliance,we may be forced to cease manufacture and distribution of certain products or subjected to administrative proceedings and civil or criminal penalties.• Global political and economic conditions and other factors related to our international operations could adversely affect us.• The ~~COVID- 19 pandemic has disrupted normal~~ **failure to realize the expected benefits from the VMware Merger may adversely affect our** business ~~activity~~ **and the value of our common stock.• We may pursue acquisitions,investments,joint ventures and dispositions,which could adversely affect our results of operations** .• We are subject to risks associated with our distributors and other channel partners,including product inventory levels and product sell- through.• ~~Our~~ **We are** ~~dependence~~ **dependent** on senior management and if we are unable to attract and retain qualified personnel,we may not be able to execute our business strategy effectively.• **An impairment** ~~The failure to complete or realize the expected benefits~~ of **the confidentiality,integrity,** ~~our~~ - **or** ~~acquisition~~ **availability** of ~~VMware~~ **our IT systems** , ~~Inc.(" VMware Merger ") may adversely affect our~~ - **or** ~~business and~~ **those of one** ~~our~~ - **or more of our corporate infrastructure vendors** ~~stock price.• We may pursue acquisitions~~ , ~~investments,joint ventures and dispositions,which~~ could **have a material** ~~adversely~~ -- **adverse** ~~affect~~ **effect on** our **business** ~~results of operations~~ .• ~~We may be involved in legal proceedings,including IP,securities litigation,and employee~~ We operate in the highly cyclical semiconductor industry. • The majority of our sales come from a small number of customers and a reduction in demand or loss of one or more of our significant customers may adversely affect our business. • Dependence on contract manufacturing and suppliers of critical components within our supply chain may adversely affect our ability to bring products to market. • We purchase a significant amount of the materials used in our products from a limited number of suppliers . • Our business is subject to...... subject to substantial quarterly and annual fluctuations . • Failure to adjust our manufacturing and supply chain to accurately meet customer demand could adversely affect our results of operations. • Winning business in the semiconductor solutions industry is subject to a lengthy process that often requires us to incur significant expense, from which we may ultimately generate no revenue. • ~~Competition in our industries could prevent us from growing our revenue. •~~ A prolonged disruption of our manufacturing facilities, research and development facilities, warehouses or other significant operations, or those of our suppliers, could have a material adverse effect on us. • We may be unable to maintain appropriate manufacturing capacity or product yields at our own manufacturing facilities. • ~~An impairment of the confidentiality~~ **We may be involved in legal proceedings** , ~~integrity~~ **including IP** , **securities litigation** ~~or availability of our IT systems~~ , **and employee- related claims that** ~~or those of one or more of our corporate infrastructure vendors,~~ could ~~have a material adverse~~ **adversely** ~~effect~~ **affect our business. • If demand for our data center virtualization products is less than anticipated, our business could be adversely affected. • The growth of our software business depends** on **customer acceptance of** ~~our business. • Our ability to maintain or~~ **our newer products and services** ~~improve gross margin. • Our ability to protect the significant amount of IP in our business~~ . • Incompatibility of our software products with operating environments, platforms, or third- party products, demand for our products and services could decrease. • Failure to enter into software license agreements on a satisfactory basis could adversely affect us. • Licensed third party software used in our products may not be available to us in the future, which may delay product development and production or cause us to incur additional expense. • ~~Use~~ **Our use** of open source **software in** ~~code sources, which, under~~ certain ~~circumstances~~ **products and services** could materially adversely affect ~~us~~ **our business, financial condition and results of operations** . • Failure of our software products to manage and secure IT infrastructures and environments could have a material adverse effect on our business. • **Our sales to government customers subject us to uncertainties and governmental regulations, which could have a material adverse effect on our business. • Failure to effectively manage our products and services lifecycles could harm our business. • Our operating results are subject to substantial quarterly and annual fluctuations. • Competition in our industries could prevent us from growing our revenue. • Our ability to maintain or improve gross margin. • Our ability to protect the significant amount of IP in our business. •** We are subject to warranty claims, product recalls and product liability. • The complexity of our products could result in unforeseen delays or expense or undetected defects or bugs. • We make substantial investments in research and development and unsuccessful investments could materially adversely affect our business, financial condition and results of operations. • We collect, use, store, or otherwise process personal information, which subjects us to privacy and data security laws and contractual commitments, and our actual or perceived failure to comply with such laws and commitments could harm our business. • We are subject to environmental, health and safety laws, which could increase our costs, restrict our operations and require expenditures. • ~~Social and environmental~~ **Environmental** ~~regulations~~ , ~~policies~~ **social** and **governance matters** ~~provisions, as well as customer and investor demands, may make our supply chain more complex and~~ may adversely affect our relationships with customers and investors. • The average selling prices of semiconductor products in our markets have often decreased rapidly and may do so in the future. • Fluctuations in foreign exchange rates could result in losses. Risks Relating to Taxes • Changes in tax legislation or policies could materially impact our financial position and results of operations. • Our corporate income taxes could significantly increase if we are unable to maintain our tax concessions or if our assumptions and interpretations regarding tax laws and concessions prove to be incorrect. • Our income taxes and overall cash tax costs are affected by a number of factors that could materially, adversely affect financial **results. • We have potential tax liabilities as a result of VMware' s former controlling ownership by Dell, which could have an adverse effect on our financial condition and operating** results. Risks Relating to Our Indebtedness • Our substantial indebtedness could adversely affect our financial health and our ability to execute our business strategy. • The instruments governing our indebtedness impose certain restrictions on our business. • Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flows from our business to pay our substantial debt. Risks Relating to Owning Our Common Stock • Volatility of our stock price could result in substantial losses for our investors as well as class action litigation against us and our management. • The amount and frequency of our stock repurchases may fluctuate. • A substantial amount of our stock is held by a small number of large investors. • There can be no assurance that we will continue to declare cash dividends. For a more complete discussion of the material risks facing our business, see below. Adverse global economic conditions could have a negative effect on our business, results of operations and financial condition and liquidity. A general slowdown in the global economy, including a recession, or in a particular region or industry, an increase in trade tensions with U. S. trading partners, inflation or a tightening of the credit markets could negatively impact our business, financial condition and liquidity. Adverse global economic conditions have from time to time caused or exacerbated significant slowdowns in the industries and markets in which we operate, which have adversely affected our business and results of operations. Macroeconomic weakness and uncertainty also make it more difficult for us to accurately forecast revenue, gross margin and expenses, and may make it more difficult to raise or refinance debt. An escalation of trade tensions between the U. S. and China has resulted in trade restrictions **, increased protectionism** and increased tariffs that harm our ability to participate in Chinese markets or compete effectively with Chinese companies. Sustained uncertainty about, or worsening of, current global economic conditions and further escalation of trade tensions between the U. S. and its trading partners, especially China, and possible decoupling of the U. S. and China economies, could result in a global economic slowdown and long- term changes to global trade. Such events may also (i) cause our customers and consumers to reduce, delay or forgo technology spending, (ii) result in customers sourcing products from other suppliers not subject to such restrictions or tariffs, (iii) lead to the insolvency or consolidation of key suppliers and customers, and (iv) intensify pricing pressures. Any or all of these factors could negatively affect demand for our products and our business, financial condition and results of operations. ~~of our integration of the VMware business,we plan to focus on VMware' s core business of creating private~~ and ~~hybrid cloud environments among large enterprises globally and divesting non- core assets.If VMware customers do not accept this plan,the investments we have made or may make to implement this plan may be of no or limited value,we may lose customers,our financial results may be adversely affected and our~~ stock price ~~may suffer~~ **,including incurring significant acquisition costs that we would be unable to recover,negative publicity and a negative impression of us in the investment community.Additionally,under certain specified circumstances,including the termination by either us or VMware because certain required regulatory clearances are not obtained,upon termination we would be required to pay VMware a termination fee of $ 1.5 billion.Failure to realize the benefits expected from the VMware Merger could adversely affect the value of our common stock** .Although we expect significant benefits to result from the VMware Merger,there can be no assurance that we will actually realize **any of them,or realize them within** ~~these~~ -- **the** ~~benefits~~ **anticipated timeframe** .Achieving these benefits will depend,in part,on our ability to integrate VMware' s business successfully and efficiently.The challenges involved in this integration,which ~~are~~ **will be** complex and time consuming,include the following:• preserving customer and other important relationships of VMware and attracting new business and operational relationships;• integrating financial forecasting and controls,procedures and reporting cycles;• consolidating and integrating corporate,information technology,finance and administrative infrastructures;• coordinating sales and marketing efforts to effectively position our capabilities;• coordinating and integrating operations in countries in which we have not previously operated; ~~• reorienting the VMware sales and marketing force to align with the change in strategy and effectively position the business;~~ and • integrating ~~the VMware workforce,including managing employee~~ **employees** ~~transitions~~ and ~~attrition~~ **related HR systems and benefits** ,maintaining employee morale and retaining key employees.If we do not successfully manage these issues and the other challenges inherent in integrating an acquired business,then we may not achieve the anticipated benefits of the VMware Merger ~~within~~ **on** our anticipated timeframe or at all and our revenue,expenses,operating results,financial condition and stock price could be materially adversely affected.The successful integration of the VMware business will require significant management attention both before and after the completion of the VMware Merger,and may divert the attention of management from our business and operational issues.Our growth strategy includes acquiring or investing in businesses that offer complementary products,services and technologies,or enhance our market coverage or technological capabilities.Any acquisitions we may undertake,including the VMware Merger,and their integration involve risks and uncertainties,such as:• unexpected delays,challenges and related expenses,and disruption of our business;• diversion of management' s attention from daily operations and the pursuit of other opportunities;• incurring significant restructuring charges and amortization expense,assuming liabilities (some of which may be unexpected) and ongoing or new lawsuits,potential impairment of acquired goodwill and other intangible assets,and increasing our expenses and working capital requirements;• the potential for deficiencies in internal controls at the acquired business,as well as implementing our own management information systems,operating systems and internal controls for the acquired operations;• our due diligence process may fail to identify significant issues with the acquired business' products,financial disclosures,accounting practices,legal,tax and other contingencies,compliance with local laws and regulations (and interpretations thereof) in the U.S.and multiple international jurisdictions;• additional acquisition- related debt,which could increase our leverage and potentially negatively affect our credit ratings resulting in more restrictive borrowing terms or increased borrowing costs thereby limiting our ability to borrow;• dilution of stock ownership of existing stockholders;• difficulties integrating the acquired business or company and in managing and retaining acquired employees,vendors and customers;and • inaccuracies in our original estimates and assumptions used to assess a transaction,which may result in us not realizing the expected financial or strategic benefits of any such transaction.In addition,current and future changes to the U.S.and foreign regulatory approval process and requirements related to acquisitions **,including the VMware Merger,** may cause approvals to take longer than anticipated,not be forthcoming or contain burdensome conditions,which may prevent the transaction or jeopardize,delay or reduce the anticipated benefits of the transaction,and impede the execution of our business strategy.From time to time,we may also seek to divest or wind down portions of our business,either acquired or otherwise,or we may exit minority investments,any of which could materially affect our cash flows and results of operations.Such dispositions involve risks and uncertainties,including our ability to sell such businesses on terms acceptable to us,or at all,disruption to other parts of our business,potential loss of employees or customers,or exposure to unanticipated liabilities or ongoing obligations to us following any such dispositions.In addition,dispositions may include the transfer of technology and / or the licensing of certain IP rights to third- party purchasers,which could limit our ability to utilize such IP rights or assert these rights against such third- party purchasers or other third parties ~~.~~ The semiconductor industry is highly cyclical and is characterized by price erosion, wide fluctuations in product supply and demand, constant and rapid technological change, evolving technical standards, frequent new product introductions, and short product life cycles (for semiconductors and for many of the end products in which they are used). From time to time, these factors, together with changes in general economic conditions, cause significant upturns and downturns in the industry in general, and in our business in particular. The industry ~~recently~~ **previously** experienced a significant upturn due to ~~the~~ **a** supply imbalance that resulted in record profitability and increases in average selling prices. ~~It~~ **The industry, however** is **currently experiencing** ~~possible that this recent industry up- cycle will be followed by~~ a downturn, and historically, such down- cycles have been characterized by diminished demand for end- user products, high inventory levels and periods of inventory adjustment, under- utilization of manufacturing capacity, changes in revenue mix, accelerated erosion of average selling prices and elimination of expedite fees leading to reduced profitability and a decline in our stock price. The Creating Helpful Incentives to Produce Semiconductors for America Act could also result in an increase in supply leading to excess inventory and a decrease in average selling prices. We expect our business to continue to be subject to cyclical downturns even when overall economic conditions are relatively stable. If we cannot offset industry or market downturns, our net revenue may decline and our financial condition and results of operations may suffer. **The majority of our sales have historically come from a small number of customers and a reduction in demand or loss of one or more of our significant customers may adversely affect our business.** We ~~are~~ **have historically** ~~dependent~~ **depended** on a small number of end customers, OEMs, their respective contract manufacturers (“ CMs ”) ~~,~~ and certain distributors for a majority of our business and revenue. For fiscal year ~~2022~~ **2023** , sales to distributors accounted for ~~56~~ **57** % of our net revenue. We believe aggregate sales, through all channels, to Apple and our top five end customers, accounted for approximately 20 % and 35 % of our net revenue for fiscal year ~~2022~~ **2023** , respectively. This customer concentration increases the risk of quarterly fluctuations in our operating results and our sensitivity to any material ~~,~~ adverse developments experienced by our significant customers. Our semiconductor customers are not generally required to purchase specific quantities of products. Even when customers agree to source an agreed portion of their product needs from us, such arrangements often include pricing schedules or methodologies that apply regardless of the volume of products purchased, and those customers may not purchase the amount of product we expect. As a result, we may not generate the amount of revenue or achieve the level of profitability we expect under such arrangements. Moreover, our top customers’ purchasing power has, in some cases, given them the ability to make greater demands on us with regard to pricing and contractual terms in general. We expect this trend to continue, which may adversely affect our gross margin on certain products and, should we fail to perform under these arrangements, we could also be liable for significant monetary damages. The loss of, or any substantial reduction in sales to, any of our top customers could have a material adverse effect on our business, financial condition, results of operations and cash flows. Dependence on contract manufacturing and suppliers of critical components within our supply chain may adversely affect our ability to bring products to market, damage our reputation and adversely affect our results of operations. We operate a primarily outsourced manufacturing business model that principally utilizes CMs, such as third- party wafer foundries and module assembly and test capabilities. Our semiconductor products require wafer manufacturers with state- of- the- art fabrication equipment and techniques, and most of our products are designed to be manufactured in a specific process, typically at one particular fab or foundry, either our own or with a particular CM. We depend on our CMs to allocate sufficient manufacturing capacity to meet our needs, to produce products of acceptable quality at acceptable yields, and to deliver those products to us on a timely basis. We do not generally have long- term capacity commitments with our CMs and substantially all of our manufacturing services are on a purchase order basis with no minimum quantities. Further, our CMs may fail to timely develop new, advanced manufacturing processes, including transitions to smaller geometry process technologies or, from time to time, will cease to, or will become unable to, manufacture a component for us. As lead times to identify, qualify and establish reliable production at acceptable yields with a new CM is typically lengthy, there is often no readily available alternative source and there may be other constraints on our ability to change CMs. In addition, qualifying new CMs is often expensive, and they may not produce products as cost- effectively as our current suppliers. TSMC, one of our CMs, manufactured approximately 90 % of the wafers manufactured by our CMs during fiscal year ~~2022~~ **2023** . We believe our wafer requirements represent a meaningful portion of TSMC’ s total production capacity. However, TSMC also fabricates wafers for other companies, including some of our competitors, and could choose or be required to prioritize capacity for other customers or reduce or eliminate deliveries to us on short notice. In addition, TSMC has, and may in the future, raise their prices to us. If any of the foregoing circumstances occur, we may be unable to meet our customer demand, or to the same extent as our competitors, fail to meet our contractual obligations or forgo revenue opportunities. This **could** ~~has in the past~~

~~damaged, and may in the future~~ damage our relationships with our customers **or** ~~. This could also~~ result in litigation for alleged failure to meet our obligations, payment of significant damages, and our net revenue could decline, adversely affecting our business, financial condition, results of operations and gross margin. Further, any substantial disruption in the contract manufacturing services that we utilize, including TSMC' s supply of wafers to us, as a result of a natural disaster, climate change, water shortages, political unrest, military conflicts, geopolitical turmoil, trade tensions, government orders, **labor shortages,** medical epidemics, such as the COVID- 19 pandemic, economic instability, equipment failure or other cause, could materially harm our business, customer relationships and results of operations. Our manufacturing processes and those of our CMs rely on many materials, including silicon, GaAs and InP wafers, copper lead frames, precious and rare earth metals, mold compound, ceramic packages and various chemicals and gases. During fiscal year ~~2022~~ **2023** , we purchased approximately two- thirds of our manufacturing materials from five materials providers, some of which are single source suppliers. As certain materials are highly specialized, the lead time needed to identify and qualify a new supplier is typically lengthy and there is often no readily available alternative source. We do not generally have long- term contracts with our materials providers and substantially all of our purchases are on a purchase order basis. Suppliers may extend lead times, limit supplies, place products on allocation or increase prices due to commodity price increases, capacity constraints, inflation, or other factors, any of which could lead to interruption of supply or increased demand in the industry. For example, ~~due to~~ **macroeconomic and geopolitical conditions, as well as** the COVID- 19 pandemic, **caused** ~~we have experienced~~ some supply constraints and increases in prices, including with respect to wafers and substrates. Additionally, the supply of these materials may be negatively impacted by increased trade tensions between the U. S. and its trading partners, particularly China. ~~The~~ **Any such** supply constraints **could result in loss of revenue opportunities and adversely impact our business, financial condition and results of operations. We make significant decisions, including determining the levels of business that we will seek and accept, production schedules, levels of reliance on contract manufacturing and outsourcing, internal fabrication utilization and other resource requirements, based on customer requirements or estimates thereof, which may not be accurate. We largely build to order and** have ~~had~~ **extended customer lead times substantially** , **which has limited** and may continue to ~~have, a negative impact~~ **limit our ability to fulfill orders and satisfy all of the demand for our products. Customers may require rapid increases in production** on **short notice. If we are unable to meet such increases in demand, this could damage** our customer relationships ~~. Further~~ , **reduce** ~~continued supply constraints for these or any other reasons could result in loss of~~ revenue **growth and margins, subject us to additional liabilities, harm our reputation, and prevent us from taking advantage of** opportunities **. Conversely** ~~and adversely impact our business~~ , **if actual sales** ~~financial condition and results~~ of **our products is lower than expected, we may also experience higher inventory carrying and** ~~operations~~ - **operating costs and product obsolescence. Because certain of our sales, research and development, and internal manufacturing overhead expenses are relatively fixed, a reduction in customer demand may also decrease our gross margin and operating income** . Our **semiconductor** business is **dependent on** ~~subject to various governmental regulations, and compliance with these regulations may cause~~ us **winning competitive bid selection processes, known as " design wins ". These selection processes are typically lengthy and can require us** to **dedicate significant development expenditures and scarce engineering resources in pursuit of a single customer opportunity. Failure to obtain a particular design win may prevent us from obtaining design wins in subsequent generations of a particular product. This can result in lost revenue and can weaken our position in future selection processes. Winning a product design does not guarantee sales to a customer. A delay or cancellation of a customer' s plans could materially and adversely affect our financial results, as we** incur significant expense **in the design process and may generate little or no revenue from it** . ~~If we fail to maintain compliance with applicable regulations~~ **In addition, the timing of design wins is unpredictable and implementing production for a major design win, or multiple design wins at the same time, may strain our resources and those of our CMs. In such event** , we may be forced to ~~cease~~ **dedicate significant additional resources and incur additional costs and expenses. Further, often customers will only purchase limited numbers of evaluation units until** ~~the~~ **they qualify the** ~~manufacture and distribution of certain~~ products ~~,~~ and **/ or the manufacturing line** ~~we could be subject to administrative proceedings and civil or~~ **for** ~~criminal penalties~~ **those products** . ~~Our~~ **The qualification process can take significant time and resources. Delays in qualification or failure to qualify our products may cause a customer to discontinue use of our products and result in a significant loss of revenue. Finally, customers could choose at any time to stop using our products or could fail to successfully market and sell their products, which could reduce demand for our products and cause us to hold excess inventory, materially adversely affecting our** business **, financial condition** ~~is subject to various domestic~~ and ~~international laws~~ **results of operations. These risks are exacerbated by the fact that many of our products,** and **the end products into which our products are incorporated, often have very short life cycles. A prolonged disruption of our manufacturing facilities, research and development facilities, warehouses or** other ~~legal requirements, including anti- competition and import / export regulations, such as the U. S. Export Administration Regulations, and applicable executive orders. These laws, regulations and orders are complex, may change frequently and with limited notice, and have generally and may continue to become more stringent over time. We may be required to incur~~ significant ~~expense to comply with, or to remedy violations of, these regulations. In addition, if our customers fail to comply with these regulations, we may be required to suspend sales to these customers, which could damage our reputation and negatively impact our results of~~ operations ~~. The U. S. government may also add companies to its restricted entity list and / or technologies to its list of prohibited exports to specific countries~~ , ~~which have had and will continue to have an adverse effect on our~~ - **or** ~~ability to sell our products and our revenue. For example, Huawei Technologies Co., Ltd., one of our customers, is subject to certain U. S. export restrictions, which has required us to suspend sales to Huawei until we obtain licenses from the~~ **those** ~~U. S. Department~~ of ~~Commerce. We may be unable to obtain or~~ **our** ~~maintain the necessary licenses to allow us to export products to them. These restrictive governmental actions and any similar measures that may be imposed on U. S. companies by other governments, especially in light of ongoing trade tensions with~~

~~China, will likely limit or prevent us from doing business with certain of our customers or~~ suppliers ~~and harm our ability to compete effectively or otherwise negatively affect our ability to sell our products~~ , and adversely affect our business and results...... our contracting or business practices, which could have a material adverse effect on our business, financial condition and results of operations. **Although we operate a primarily outsourced manufacturing business model, we also rely on our own manufacturing facilities, in particular in Fort Collins, Colorado, Singapore, and Breinigsville, Pennsylvania.** We **use these internal fabrication facilities for products utilizing our innovative and proprietary processes. Our Fort Collins and Breinigsville facilities are the sole sources for the FBAR components used in** ~~may~~ **many of** ~~be obligated to indemnify our current or~~ **our** ~~former directors~~ **wireless devices and** ~~or~~ **for** ~~employees,~~ **the InP- based wafers used in** ~~or~~ **our** ~~former directors~~ **fibre optics products, respectively. Many of** ~~or~~ **our** ~~employees~~ **facilities, and those** of ~~companies that we~~ **our CMs and suppliers, are located in California and the Pacific Rim region, which** have **above average seismic activity** ~~acquired, in connection with regulatory investigations. These liabilities could be substantial~~ and **severe weather activity** ~~may include, among other things, the cost of government, law enforcement or regulatory investigations and civil or criminal fines and penalties~~ . In addition, the manufacture and distribution of our semiconductors...... sold internationally and our international revenue represents a significant ~~percentage~~ **majority** of our **research and development personnel are** ~~overall revenue. In addition, as of October 30, 2022, nearly 49 % of our employees were~~ located ~~outside~~ **in the Czech Republic, India, Israel, and** the U. S. ~~Multiple factors relating~~ **, with the expertise of the personnel at each such location tending** to **be focused** ~~our international operations and to particular countries in which we operate could have a material adverse effect~~ on **one** ~~our~~ - **or** ~~business~~ **two specific areas** , ~~financial condition~~ and ~~results of operations. These factors include: • changes in political, regulatory, legal or~~ **our** ~~economic conditions~~ **primary warehouse is in Malaysia. A prolonged disruption at** or **shut** ~~geopolitical turmoil (including China~~ - **down of** ~~Taiwan relations), including terrorism, war or political or military coups, state- sponsored or politically motivated cyber- attacks, or civil disturbances or political instability foreign and domestic; • restrictive governmental actions, such as restrictions on~~ **one** ~~the transfer~~ **or more of** ~~or~~ **our manufacturing facilities or warehouses** ~~repatriation of funds and foreign investments~~ , ~~data privacy regulations~~ **especially our Colorado** , **Singapore** ~~imposition of climate change regulations~~ , **Malaysia** and **Pennsylvania facilities** ~~trade protection measures~~ , **or those** ~~including increasing protectionism, import / export restrictions (including with regards to advanced technologies), import / export duties and quotas, trade sanctions and customs duties and tariffs, all~~ of **our CMs or suppliers** ~~which have increased in recent years; • difficulty in obtaining product distribution and support~~ , ~~and transportation delays; • potential inability to localize software products; • difficulty in conducting~~ due ~~diligence with respect~~ to ~~business partners; • public health or safety concerns, medical epidemics or pandemics, such as COVID- 19, and other~~ natural- or man- made disasters **or** ~~; • nationalization of businesses and expropriation of assets; and • changes in U. S. and foreign tax laws. A significant legal risk associated with conducting business internationally is compliance with the various and differing laws and regulations of the many countries in which we do business. In addition, the laws in various countries are constantly evolving and may, in some cases, conflict with each~~ other **events outside** ~~. Although our policies prohibit us, our employees and our agents from engaging in unethical business practices, there can be no assurance that all~~ of ~~our employees, distributors or~~ **our control,** ~~other agents will refrain from acting in violation of our related anti- corruption or other policies and procedures. Any~~ such **as equipment malfunction** ~~violation could have a material adverse effect on our~~ - **or** ~~business. The~~ **widespread outbreaks of acute illness, including** COVID- 19 ~~pandemic has disrupted normal business~~ **, or for any other reason, would limit our capacity to meet customer demands and delay new product development until a replacement** ~~activity~~ - **facility and equipment** , ~~which has impacted how~~ **if necessary, were found. To date,** we ~~operate our business. The COVID- 19 pandemic~~ **have not experienced a material event, however such** ~~and~~ - **an** ~~the~~ **event could disrupt our operations, delay production, shipments and revenue, result in us being unable to timely satisfy customer demand, expose us to claims by our customers, result in significant expense to repair or replace our affected facilities, and, in some instances, could significantly curtail our research and development** efforts ~~to control it disrupted, and reduced the efficiency of, normal business activities in much of the world. We experienced some disruption to parts of our global semiconductor supply chain, including procuring necessary components and inputs, such as wafers and substrates,~~ in a **particular** ~~timely fashion, with suppliers increasing lead times or placing products~~ - **product** ~~on allocation~~ **area or target market** . As a result ~~of these supply chain disruptions~~ , we ~~increased~~ **could forgo revenue opportunities, potentially lose market share, damage our** customer **relationships** ~~order lead times~~ and **be subject** ~~placed some products on allocation. We are also largely building semiconductor products~~ to ~~order~~ **litigation** and **additional liabilities,** ~~this has limited and may continue to limit our ability to fulfill orders and satisfy~~ all of ~~the demand for~~ **which could materially and adversely affect** our ~~products~~ **business** . **Although we purchase insurance to mitigate certain losses** ~~The pandemic resulted in authorities around the world implementing numerous unprecedented measures~~ , such **insurance often carries a high deductible amount** ~~as travel restrictions quarantines, shelter- in- place order,~~ and **any uninsured losses could negatively affect** ~~factory and office shutdowns, that impacted~~ our ~~workforce and operations~~ - **operating results** ~~, and those of our customers, CMs, suppliers and logistics providers~~ . In addition, ~~disruptions~~ **even if we were able** to ~~commercial transportation infrastructure impacted delivery times for materials~~ **promptly resume production of our affected products, if our customers cannot timely resume their own manufacturing following such** ~~and~~ - **an** ~~components to~~ **event, they may cancel** ~~our~~ - **or scale back their orders from us and this may in turn adversely affect our results of operations. Such events could also result in increased fixed costs relative to the revenue we generate and adversely affect our results of operations. We may be unable to maintain appropriate manufacturing capacity or product yields at our own manufacturing** facilities, ~~transfers of~~ **which could adversely affect** our ~~products to~~ **relationships with** our ~~key suppliers and, in some cases, our ability to timely ship our products to~~ customers ~~. This~~ **, and our business, financial condition and** ~~resulted~~ **results** ~~in significant logistical challenges~~ **of operations. We must maintain appropriate capacity** and product ~~delays~~ **yields at our own manufacturing facilities to meet anticipated customer demand. From time to time, this requires us to invest in expansion or improvements of those**

facilities , which **often involves substantial cost and other risks. Such expanded manufacturing capacity may still be insufficient, or may not come online soon enough, to meet customer demand and we may have to put customers on product allocation, forgo sales or lose customers as a result. Conversely, if we overestimate customer demand, we** ~~could~~ **would experience excess capacity and fixed costs** ~~recur in the event of any future closures of, or periods of reduced operations at~~ ~~, our warehouse or the~~ **these** facilities **will** ~~of our suppliers and providers. In response to the pandemic, we have taken extensive measures to protect the health and safety of our employees and contractors at our facilities. However, existing or new precautionary measures or modifications in our business practices and policies, may negatively impact our business or operations, especially if the spread of COVID- 19 (including any variants) worsens significantly. In addition, any actions we take may~~ not be **fully absorbed** ~~sufficient to mitigate the risk of infection and could result in a significant number of COVID- 19- related claims. If a significant number of our employees~~ , **all** ~~or employees and third parties performing key functions, including our Chief Executive Officer and members~~ of ~~our Board of Directors, become ill, our business may be further adversely impacted. In addition, changes to state workers' compensation laws, such as those in California, may increase our potential liability for such claims. See also our risk factor " If we are unable to attract and retain qualified personnel, especially our engineering and technical personnel, we may not be able to execute our business strategy effectively. " The degree to~~ which the pandemic ultimately impacts our business and...... results of operations. Our business would **could** be adversely affected by the departure of...... acquisition of VMware, Inc. may adversely affect our ~~business and~~ **results of operations. Similarly, reduced product yields, due to design** ~~our~~ - **or manufacturing issues** ~~stock price. Consummation of the VMware Merger is subject to the satisfaction or waiver of customary closing conditions, including (i) the expiration or termination of the waiting period under the Hart- Scott- Rodino Antitrust Improvement Act of 1976 and clearance under the antitrust laws of the European Union and certain other jurisdictions, (ii) the receipt by VMware of a tax opinion regarding the U. S. federal income tax treatment of certain aspects of the VMware Merger, (iii) the absence of certain orders or laws preventing consummation of the VMware Merger, (iv) authorization for~~ - **or otherwise** ~~listing additional shares of Broadcom common stock on Nasdaq~~ , **may involve significant** ~~and (v) the absence of a material adverse effect with respect to either us or VMware. There can be no assurance that these or other closing conditions will be satisfied in a timely~~ -- **time** ~~manner~~ **and cost to remedy and cause delays in** ~~or~~ **our** ~~at~~ **ability to supply product to our customers,** all **of which** ~~. Any delay in completing the acquisition~~ could cause us ~~not~~ to **forgo sales** ~~realize some or all of the anticipated benefits when expected~~ , **incur liabilities** ~~if at all. If the VMware Merger is not completed, our~~ - **or lose customers,** ~~stock price could decline to the extent it reflects an~~ **and harm** ~~assumption that we will complete the acquisition. Furthermore, if the VMware Merger is not completed, we may suffer other consequences that could adversely affect~~ our ~~business,~~ results of operations and stock price, including incurring significant......- party purchasers or other third parties . We may be involved in legal proceedings, including IP, securities litigation, and employee- related claims, which could, among other things, divert efforts of management and result in significant expense and loss of our IP rights. We are often involved in legal proceedings, including cases involving our IP rights and those of others, commercial matters, acquisition- related suits, securities class action suits, employee- related claims and other actions. Litigation or settlement of such actions, regardless of their merit, can be costly, lengthy, complex and time consuming, diverting the attention and energies of our management and technical personnel. The industries in which we operate are characterized by companies holding large numbers of patents, copyrights, trademarks and trade secrets and by the vigorous pursuit, protection and enforcement of IP rights, including actions by patent- holding companies that do not make or sell products. From time to time, third parties assert against us and our customers and distributors their IP rights to technologies that are important to our business. For example, in ~~August~~ **September** ~~2020~~ **2023** ~~judgment was entered~~ **we settled a patent infringement claim filed by California Institute of Technology** against Broadcom and Apple ~~for infringement of certain patents and California Institute of Technology was awarded past damages of $ 270. 2 million from Broadcom and $ 837. 8 million from Apple, for which Apple is seeking indemnification from Broadcom. Although the appellate court recently vacated these damages and ordered a new trial, there are no assurances that we will be successful or what, if any, damages we will be required to pay~~ . Many of our customer agreements, and in some cases our asset sale agreements, and / or the laws of certain jurisdictions may require us to indemnify our customers or purchasers for third- party IP infringement claims, including costs to defend those claims, and payment of damages in the case of adverse rulings. However, our CMs and suppliers may or may not be required to indemnify us should we or our customers be subject to such third- party claims. Claims of this sort could also harm our relationships with our customers and might deter future customers from doing business with us. If any pending or future proceedings result in an adverse outcome, we could be required to: • cease the manufacture, use or sale of the infringing products, processes or technology and / or make changes to our processes or products; • pay substantial damages for past, present and future use of the infringing technology, including up to treble damages if willful infringement is found; • expend significant resources to develop non- infringing technology; • license technology from the third- party claiming infringement, which license may not be available on commercially reasonable terms, or at all; • enter into cross- licenses with our competitors, which could weaken our overall IP portfolio and our ability to compete in particular product categories; • pay substantial damages to our direct or end customers to discontinue use or replace infringing technology with non- infringing technology; or • relinquish IP rights associated with one or more of our patent claims. Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations. In addition, we may be obligated to indemnify our current or former directors or employees, or former directors or employees of companies that we have acquired, in connection with such litigation. These liabilities could be substantial and may include, among other things, the cost of defending lawsuits against these individuals, as well as stockholder derivative suits; civil or criminal fines and penalties; legal and other expenses; and expenses associated with the remedial measure, if any, which may be imposed. ~~Our operating results~~ **We expect to generate a significant portion of our software revenue from our data center virtualization products. However, if businesses build new or shift existing compute workloads off- premises to public cloud providers, this could limit the market for on- premises deployments of our data**

center virtualization products. Although we have **developed,** ~~fluctuated in the past~~ and ~~are likely~~ **will continue** to **develop,** **products to extend** ~~fluctuate in the future. These fluctuations may occur~~ -- **our** ~~on a quarterly and annual basis and are due to a number of factors, many of which are beyond our control. In addition to many of the risks described elsewhere in this " Risk Factors " section, these factors include, among others: • the timing of launches by our customers of new~~ product **offerings to the public cloud, if** ~~in which our products are included and changes in end- user~~ demand for our **server virtualization** customers' the products; • fluctuations...... expected. If actual demand for our products is ~~lower~~ **significantly less** than ~~forecast~~ **anticipated** , ~~we may also experience higher inventory carrying and operating costs and product obsolescence. Because certain of our sales, research and development, and internal manufacturing overhead expenses are relatively fixed, a reduction in customer demand may also decrease our gross margin and operating income. Conversely, customers often require rapid increases in production on short notice. If we are unable to meet such increases in demand, this could damage our customer relationships, reduce revenue growth and margins, subject us to additional liabilities, harm our reputation, and prevent us from taking advantage of opportunities. Our semiconductor business is dependent on us winning competitive bid selection processes, known as " design wins ". These selection processes are typically lengthy and can require us to dedicate significant development expenditures and scarce engineering resources in pursuit of a single customer opportunity. Failure to obtain a particular design win may prevent us from obtaining design wins in subsequent generations of a particular product. This can result in lost revenue and can weaken our position in future selection processes. Winning a product design does not guarantee sales to a customer. A delay or cancellation of a customer' s plans could materially and adversely affect our financial results, as we incur significant expense in the design process and may generate little or no revenue from it. In addition, the timing of design wins is unpredictable and implementing production for a major design win, or multiple design wins at the same time, may strain our resources and those of our CMs. In such event, we may be forced to dedicate significant additional resources and incur additional costs and expenses. Further, often customers will only purchase limited numbers of evaluation units until they qualify the products and / or the manufacturing line for those products. The qualification process can take significant time and resources. Delays in qualification or failure to qualify our products may cause a customer to discontinue use of our products and result in a significant loss of revenue. Finally, customers could choose at any time to stop using our products or could fail to successfully market and sell their products, which could reduce demand for our products, and cause us to hold excess inventory, materially adversely affecting~~ our business, financial condition ~~and~~ **,** results of operations **and cash flows** ~~. These risks are exacerbated by the fact that many~~ - **may** ~~of our products, and the end products into which our products are incorporated, often have very short life cycles. The industries in which we operate are highly competitive and characterized by rapid technological changes, evolving industry standards, changes in customer requirements, often aggressive pricing practices and, in some cases, new delivery methods. We expect competition in these industries to continue to increase as existing competitors improve or expand their product offerings or as new competitors enter our markets. Some of our competitors have longer operating histories, greater name recognition, a larger installed customer base, larger technical staffs, more established relationships with vendors or suppliers, or greater manufacturing, distribution, financial, research and development, technical and marketing resources than us. We also face competition from numerous smaller companies that specialize in specific aspects of the highly fragmented software industry, open source authors who provide software and IP for free, competitors who offer their products through try- and- buy or freemium models, and customers who develop competing products. In addition, the trend toward consolidation is changing the competitive landscape. We expect this trend to continue, which may result in combined competitors having greater resources than us. Some of our competitors may also receive financial and other support from their home country government or may have a greater presence in key markets, a larger customer base, a more comprehensive IP portfolio or better patent protection than us. The actions of our competitors, in the areas of pricing and product bundling in particular, could have a substantial adverse impact on us. Further, competitors may leverage their superior market position, as well as IP or other proprietary information, including interface, interoperability or technical information, in new and emerging technologies and platforms that may inhibit our ability to compete effectively. If we are unable to compete successfully, we may lose market share for our products or incur significant reduction in our gross margins, either of which could have a material adverse effect on our business and results of operations. A prolonged disruption of our manufacturing facilities, research and development facilities, warehouses or other significant operations, or those of our suppliers, could have a material adverse effect on our business, financial condition and results of operations. Although we operate a primarily outsourced manufacturing business model, we also rely on our own manufacturing facilities, in particular in Fort Collins, Colorado, Singapore, and Breinigsville, Pennsylvania. We use these internal fabrication facilities for products utilizing our innovative and proprietary processes. Our Fort Collins and Breinigsville facilities are the sole sources for the FBAR components used in many of our wireless devices and for the indium phosphide- based wafers used in our fibre optics products, respectively. Many of our facilities, and those of our CMs and suppliers, are located in California and the Pacific Rim region, which have above average seismic activity and severe weather activity. In addition, a significant majority of our research and development personnel are located the Czech Republic, India, Israel and the U. S., with the expertise of the personnel at each such location tending to be focused on one or two specific areas, and our primary warehouse is in Malaysia. A prolonged disruption at or shut- down of one or more of our manufacturing facilities or warehouses, especially our Colorado, Singapore, Malaysia and Pennsylvania facilities, or those of our CMs or suppliers, due to natural- or man- made disasters or other events outside of our control, such as equipment malfunction or widespread outbreaks of acute illness, including COVID- 19, or for any other reason, would limit our capacity to meet customer demands and delay new product development until a replacement facility and equipment, if necessary, were found. To date, we have not experienced a material event, however such event could disrupt our operations, delay production, shipments and revenue, result in us being unable to timely satisfy customer demand, expose us to claims by our customers, result in significant expense to repair or replace our affected facilities, and, in some instances, could significantly curtail our research and development efforts in a particular product area or target market. As a result, we could forgo revenue opportunities, potentially~~

~~lose market share, damage our customer relationships and be subject to litigation and additional liabilities, all of which could materially and adversely affect our business. Although we purchase insurance to mitigate certain losses, such insurance often carries a high deductible amount and any uninsured losses could negatively affect our operating results. In addition, even if we were able to promptly resume production of our affected products, if our customers cannot timely resume their own manufacturing following such an event, they may cancel or scale back their orders from us and this may in turn adversely affect our results of operations. Such events could also result in increased fixed costs relative to the revenue we generate and adversely affect our results of operations. We may be unable to maintain appropriate manufacturing capacity or product yields at our own manufacturing facilities, which could adversely affect our relationships with our customers, and our business, financial condition and results of operations. We must maintain appropriate capacity and product yields at our own manufacturing facilities to meet anticipated customer demand. From time to time, this requires us to invest in expansion or improvements of those facilities, which often involves substantial cost and other risks. Such expanded manufacturing capacity may still be insufficient, or may not come online soon enough, to meet customer demand and we may have to put customers on product allocation, forgo sales or lose customers as a result. Conversely, if we overestimate customer demand, we would experience excess capacity and fixed costs at these facilities will not be fully absorbed, all of which could adversely affect our results of operations. Similarly, reduced product yields, due to design or manufacturing issues or otherwise, may involve significant time and cost to remedy and cause delays in our ability to supply product to our customers, all of which could cause us to forgo sales, incur liabilities or lose customers, and harm our results of operations. An impairment of the confidentiality, integrity, or availability of our IT systems, or those of one or more of our corporate infrastructure vendors could have a material adverse effect on our business. Our business depends on various internally managed IT systems and outsourced IT services, including cloud- based and other critical corporate infrastructure services relating to, among other things, financial reporting, product orders and shipping, human resources, benefit plan administration, IT network development, network monitoring and electronic communication services, as well as third- party data centers. Any failure of these internal or third- party systems and services to operate effectively could disrupt our operations and could have a material adverse effect on our business, financial condition and results of operations. Our operations are dependent upon our ability to protect our IT infrastructure against damage from business continuity events that could have a significant disruptive effect. Although these systems are designed to protect and secure our customers', suppliers' and employees' confidential information, as well as our own proprietary information, we are, out of necessity, dependent on our vendors to adequately address cyber security threats to their own systems. In addition, software products we use (including technologies produced by us) have occasionally had in the past and may have in the future, vulnerabilities that, if left unmanaged, could reduce the overall level of security of the systems on which the software is installed. Cyber- attacks are increasing in number and sophistication, are well- financed, in some cases supported by state actors, and are designed to not only attack, but also to evade detection. Since the techniques used to obtain unauthorized access to systems, or to otherwise sabotage them, change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Geopolitical instability, such as Russia' s invasion of Ukraine, may increase the likelihood that we will experience direct or collateral consequences from cyber conflicts between nation- states or other politically motivated actors targeting critical technology infrastructure. Accidental or willful security breaches or other unauthorized access to our information systems or the systems of our service providers, or the existence of computer viruses or malware (such as ransomware) in our or their data or software could expose us to a risk of information loss, business disruption, and misappropriation of proprietary and confidential information, including information relating to our products or customers and the personal information of our employees or third parties. Such an event could disrupt our business and result in, among other things, unfavorable publicity, damage to our reputation, loss of our trade secrets and other competitive information, litigation by affected parties and possible financial obligations for liabilities and damages related to the theft or misuse of such information, significant remediation costs, disruption of key business operations and significant diversion of our resources, as well as fines and other sanctions resulting from any related breaches of data privacy regulations (such as the General Data Protection Regulation), any of which could have a material adverse effect on our business, profitability and financial condition. While we may be entitled to damages if our vendors fail to perform under their agreements with us, any award may be insufficient to cover the actual costs incurred by us and, as a result of a vendor' s failure to perform, we may be unable to collect any damages. Despite our internal controls and investment in security measures, we have, from time to time, been subject to disruptive cyber- attacks or there have been attempts of unauthorized network intrusions and malware on our own IT networks. Although no such cyber security incidents have been material to Broadcom, we continue to devote resources to protect our systems and data from unauthorized access or misuse, and we may be required to expend greater resources in the future. U. S. and foreign regulators have also increased their focus on cyber security vulnerabilities and risks. Compliance with laws and regulations concerning privacy, cyber security, data governance, and data protection could result in significant expense, and any failure to comply could result in proceedings against us by regulatory authorities or other third parties. Further, customers and service providers increasingly demand rigorous contractual, certification and audit provisions regarding privacy, cyber security, data governance, data protection, confidentiality, and IP, which may also increase our overall compliance burden. Our gross margin is dependent on a number of factors, including our product mix, price erosion, acquisitions we may make, level of capacity utilization and commodity prices. Our gross margin is highly dependent on product mix, which is susceptible to seasonal and other fluctuations in our markets. A shift in sales mix away from our higher margin products, as well as the timing and amount of our software licensing and non- product revenue, could adversely affect our future gross margin percentages. In addition, increased competition and the existence of product alternatives, more complex engineering requirements, lower demand, industry oversupply or reductions in our technological lead compared to our competitors, and other factors have in the past and may in the future lead to further price erosion, lower revenue and lower margin. Conversely, periods of robust demand that create a supply imbalance, as we have seen recently, can lead to higher gross margins that may not be sustainable over the~~

~~longer term. In addition, semiconductor manufacturing requires significant capital investment, leading to high fixed costs, including depreciation expense. If we are unable to utilize our owned manufacturing facilities at a high level, the fixed costs associated with these facilities will not be fully absorbed, resulting in higher average unit costs and a lower gross margin. Furthermore, we do not hedge our exposure to commodity prices, some of which are very volatile, and sudden or prolonged increases in commodities prices may adversely affect our gross margin. Our gross margin may also~~ be adversely affected ~~if~~ **. Many of our software products and services are based on data center virtualization, application modernization and related hybrid- cloud technologies used to manage distributed computing architectures, which form the foundation for hybrid- cloud computing. We expect to increase product development and marketing and sales efforts toward products and services that enable** businesses ~~or companies that we acquire have different gross margin profiles and by expenses related~~ to ~~such acquisitions~~ **modernize applications and efficiently implement their hybrid- cloud services. These cloud and SaaS initiatives present new and difficult technological, operational and compliance challenges** . We **expect** ~~utilize a~~ significant **investments** amount of IP in our business....... future patent, trademark or copyright applications will be **required to develop** ~~issued or have the coverage originally sought; • our~~ - **or acquire solutions** ~~IP rights will be enforced in certain jurisdictions where competition is intense or where legal protection may be weak; or • we have sufficient IP rights~~ to **address** ~~protect our products or our business. Effective IP protection may be unavailable or more limited in other jurisdictions, relative to~~ those **challenges** ~~protections available in the U~~ . **Current** ~~S.,~~ and may not be applied for or may...... relationships with our customers and might deter future customers ~~from doing business~~ **may not perceive benefits and cost savings associated** with **adopting** ~~us. Conversely, third parties have and may in the future pursue IP litigation against us, including as a result of our IP licensing business. An adverse decision in such types of legal action could limit our ability to assert our IP rights and limit the value of our technology, including the loss of opportunities to sell or~~ **our** ~~license~~ **hybrid- cloud and application platform solutions** ~~our~~ - **or** ~~technology~~ **we may fail** to ~~others~~ **realize returns on** ~~or~~ **our** ~~to collect royalty payments~~ **investments in new initiatives** , which could **harm** ~~otherwise negatively impact~~ our ~~business, financial condition and~~ results of operations ~~. From time to time, we may need to obtain additional IP licenses or renew existing license agreements. We are unable to predict whether these license agreements can be obtained or renewed on acceptable terms or at all~~ . If our software products do not remain compatible with ever- changing operating environments, platforms, or third- party products, demand for our products and services could decrease, which could materially adversely affect our business. We may be required to make substantial modification of our products to maintain compatibility with operating systems, systems software and computer hardware used by our customers or to provide our customers with desired features or capabilities. We must also continually address the challenges of dynamic and accelerating market trends and competitive developments, such as the emergence of advanced persistent threats in the security space to compete effectively. There can be no assurance that we will be able to adapt our products in response to these developments. Further, our software solutions interact with a variety of software and hardware developed by third parties **, as well as cloud providers** . If we lose access to third- party code and specifications for the development of code **or cloud providers fail to support our products or otherwise limit the functionality, compatibility or certification of our products** , this could negatively impact our ability to develop compatible software. In addition, if software providers and hardware manufacturers, including some of our largest vendors, adopt new policies restricting the use or availability of their code or technical documentation for their operating systems, applications, or hardware, or otherwise impose unfavorable terms and conditions for such access, this could result in higher research and development costs for the enhancement and modification of our existing products or development of new products. Any additional restrictions could materially adversely affect our business, financial condition and operating results and cash flow. Failure to enter into software license agreements on a satisfactory basis could materially adversely affect our business. Many of our existing customers have multi- year enterprise software license agreements, some of which involve substantial aggregate fee amounts. **These customers often do not have a contractual obligation to purchase additional solutions.** Customer renewal rates may decline or fluctuate as a result of a number of factors, including the level of customer satisfaction with our solutions or customer support, customer budgets and the pricing of our solutions as compared with the solutions offered by our competitors, any of which may cause our revenue to grow more slowly than expected, if at all. The failure to renew customer agreements of similar scope, on terms that are commercially attractive to us, could materially adversely affect our business, financial condition and operating results and cash flow. Certain software that we use in our products is licensed from third parties and may not be available to us in the future, which may delay product development and production or cause us to incur additional expense. Some of our solutions contain software licensed from third parties, some of which may not be available to us in the future on terms that are acceptable to us or allow our products to remain competitive. The loss of these licenses or the inability to maintain any of them on commercially acceptable terms could delay development of future products or the enhancement of existing products. **Our** ~~Certain software we~~ use **of** ~~is from~~ open source **software in** ~~code sources, which, under~~ certain ~~circumstances~~ **products and services** could materially adversely affect our business, financial condition, operating results and cash flow. ~~Some~~ **Many** of our products ~~contain software from~~ **and services incorporate** open source **software** ~~code sources~~ , the use of which may subject us to certain conditions, including the obligation to offer such products for no cost or to make the proprietary source code of those products publicly available. ~~Further, although some open~~ **Open** source **licenses are generally** ~~vendors provide warranty and support agreements, it is common for such software to be available~~ " as- is " ~~with~~ **and do** ~~no~~ **not provide** ~~warranty~~ **warranties** , ~~indemnity or~~ support **or assurance of title or controls on origin of the software, which exposes us to potential liability if the software fails to work or infringes the intellectual property of a third- party** . Although we monitor our use of ~~such~~ open source ~~code~~ **software** to avoid subjecting our products to unintended conditions **and exposing us to unacceptable financial risk** , such use, under certain circumstances, could materially adversely affect our business, financial condition and operating results and cash flow, including if we are required to take remedial action that may divert resources away from our development efforts. **In addition, we may receive inquiries or claims from authors, distributors or recipients of open source software included in**

our products regarding our compliance with the conditions of such open source licenses and we may be required to take steps to avoid or remedy an alleged infringement or noncompliance, including modifying our product code, stopping the distribution of some of our products, paying damages or releasing the source code of our propriety software. Further, although we believe that we have complied with our obligations under the licenses for such open source software, there is little legal precedent governing the interpretation of some terms in some of these licenses, which increases the risk that a court could interpret the licenses differently than we do. Certain aspects of our software products are intended to manage and secure IT infrastructures and environments, and as a result, we expect these products to be ongoing targets of cyber ~~security~~ - attacks. Open source code or other third- party software used in these products could also be targeted **and may make our products vulnerable to additional security risks not posed by purely proprietary products. Our products are complex and, when deployed, may contain errors, defects or security vulnerabilities, some of which may not be discovered before the product has been released, installed and used by customers. The complexity and breadth of our technical and production environments, which involve globally dispersed development and engineering teams, increases the risk that errors, defects or vulnerabilities will be introduced and may delay our ability to detect, mitigate or remediate such incidents. In the past, elements of our proprietary source code have been exposed in an unauthorized manner. It is possible that such exposure of source code could reveal unknown security vulnerabilities in our products that could be exploited by malicious actors. Our products are also subject to known and unknown security vulnerabilities resulting from integration with third- party products or services** . Although we continually seek to improve our countermeasures to prevent such incidents, we may be unable to anticipate every scenario and it is possible that certain cyber threats or vulnerabilities will be undetected or unmitigated in time to prevent an attack or an accidental incident on us and our customers. Additionally, efforts by malicious cyber actors or others could cause interruptions, delays or cessation of our product licensing, or modification of our software, which could cause us to lose existing or potential customers. A successful cyber ~~security~~ - attack involving our products could cause customers and potential customers to believe our services are ineffective or unreliable and result in, among other things, the loss of customers, unfavorable publicity, damage to our reputation, difficulty in marketing our products, allegations by our customers that we have not performed our contractual obligations and give rise to significant costs, including costs related to developing solutions or indemnification obligations under our agreements. Any such event could adversely impact our revenue and results of operations. See also " An impairment of the confidentiality, integrity, or availability of our IT systems, or those of one or more of our corporate infrastructure vendors, could have a material adverse effect on our business " may not be applied for or may be abandoned in one or more relevant jurisdictions.In addition,when patents expire,we lose the protection and competitive advantages they provided to us.We also generate revenue from licensing royalty payments and from technology claim settlements relating to certain of our IP.Licensing of our IP rights,particularly exclusive licenses,may limit our ability to assert those IP rights against third parties,including the licensee of those rights.In addition,we may acquire companies with IP that is subject to licensing obligations to other third parties.These licensing obligations may extend to our own IP following any such acquisition and may limit our ability to assert our IP rights.From time to time,we pursue litigation to assert our IP rights,including,in some cases,against our customers and suppliers.Claims of this sort could also harm our relationships with our customers and might deter . From time to time, we may be subject to warranty or product liability claims that may lead to significant expense. Our customer contracts typically contain warranty and indemnification provisions, and in certain cases may also contain liquidated damages provisions, relating to product quality issues. The potential liabilities associated with such provisions are significant, and in some cases, including in agreements with some of our largest customers, are potentially unlimited. Any such liabilities may greatly exceed any revenue we receive from the relevant products. Costs, payments or damages incurred or paid by us in connection with warranty and product liability claims and product recalls could materially adversely affect our financial condition and results of operations. We may also be exposed to such claims as a result of any acquisition we may undertake in the future. Product liability insurance is subject to significant deductibles and there is no guarantee that such insurance will be available or adequate to protect against all such claims, or we may elect to self- insure with respect to certain matters. For example, it is possible for one of our customers to recall a product containing one of our semiconductor devices. In such an event, we may incur significant costs and expenses, including among others, replacement costs, contract damage claims from our customers and reputational harm. Although we maintain reserves for reasonably estimable liabilities and purchase product liability insurance, our reserves may be inadequate to cover the uninsured portion of such claims. Conversely, in some cases, amounts we reserve may ultimately exceed our actual liability for particular claims and may need to be reversed. The complexity of our products could result in unforeseen delays or expense or undetected defects or bugs, which could adversely affect the market acceptance of new products, damage our reputation with current or prospective customers, and materially and adversely affect our operating costs. Highly complex products, such as those we offer, may contain defects and bugs when they are first introduced or as new versions, software documentation or enhancements are released, or their release may be delayed due to unforeseen difficulties during product development. If any of our products or third- party components used in our products, contain defects or bugs, or have reliability, quality or compatibility problems, we may not be able to successfully design workarounds. Furthermore, if any of these problems are not discovered until after we have commenced commercial production or deployment of a new product, we may be required to incur additional development costs and product recall, repair or replacement costs. Significant technical challenges also arise with our software products because our customers license and deploy our products across a variety of computer platforms and integrate them with a number of third- party software applications and databases. As a result, if there is system- wide failure or an actual or perceived breach of information integrity, security or availability occurs in one of our end- user customer' s system, it can be difficult to determine which product is at fault and we could ultimately be harmed by the failure of another supplier' s product. Consequently, our reputation may be damaged and customers may be reluctant to buy our products, which could materially and adversely affect our ability to retain existing customers and attract new customers. To resolve these problems, we may have to invest significant capital and other resources and we would likely lose, or experience a delay in, market acceptance of the affected product or products. These problems may also result in claims against us by our customers or others. For example, if a delay in the manufacture and delivery of our products causes the delay of a customer' s end- product delivery, we may be required, under the terms of our agreement with that customer, to compensate the customer for the adverse effects of such delays. As a result, our financial results could be materially adversely affected. The industries in which we compete are characterized by rapid technological change, changes in customer requirements, frequent new product introductions and enhancements, short product cycles and evolving industry standards, and new delivery methods. In addition, semiconductor products transition over time to increasingly smaller line width geometries and failure to successfully transition to smaller geometry process technologies could impair our competitive position. In order to remain competitive, we have made, and expect to continue to make, significant investments in research and development. If we fail to **timely** develop new and enhanced products and technologies, if we focus on technologies that do not become widely adopted, or if new competitive technologies that we do not support become widely accepted, demand for our products may be reduced. Increased investments in research and development or unsuccessful research and development efforts could cause our cost structure to fall out of alignment with demand for our products, which would have a negative impact on our financial results. We collect, use and store (collectively, " process ") a high volume, variety and velocity of certain personal information in connection with the operation of our business. This creates various levels of privacy risks across different parts of our business, depending on the type of personal information, the jurisdiction in question and the purpose of their processing. The personal information we process is subject to an increasing number of federal, state, local, and foreign laws and regulations regarding privacy and data security, as well as contractual commitments. Privacy legislation and other data protection regulations, enforcement and policy activity in this area are expanding rapidly in many jurisdictions and creating a complex regulatory compliance environment. Sectoral legislation, certification requirements and technical standards applying to certain categories of our customers, such as those is the financial services or public sector, **have** ~~are likely to further exacerbate~~ **exacerbated** this trend. The cost of complying with and implementing these privacy- related and data governance measures could be significant as they may create additional burdensome security, business process, business record or data localization requirements. Concerns about government interference, sovereignty, expanding privacy, cyber security and data governance legislation could adversely affect our customers and our products and services, particularly in cloud computing, artificial intelligence and our own data management practices. The theft, loss or misuse of personal data collected, used, stored or transferred by us to run our business could result in significantly increased business and security costs or costs related to defending legal claims. Any inadvertent failure or perceived failure by us to comply with privacy, data governance or cyber security obligations may result in governmental enforcement actions, litigation, substantial fines and damages, and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business. We are subject to environmental, health and safety laws, which could increase our costs, restrict our operations and require expenditures that could have a material adverse effect on our results of operations and financial condition. We are subject to a variety of domestic and international laws and regulations relating to the use, disposal, clean- up of and human exposure to hazardous materials. Compliance with environmental, health and safety requirements could, among other things, require us to modify our manufacturing processes, restrict our ability to expand our facilities, or require us to acquire pollution control equipment, all of which can be very costly. Any failure by us to comply with such requirements could result in the limitation or suspension of the manufacture of our products and could result in litigation against us and the payment of significant fines and damages by us in the event of a significant adverse judgment. In addition, complying with any cleanup or remediation obligations for which we are or become responsible could be costly and have a material adverse effect on our business, financial condition and results of operations. Changing requirements relating to the materials composition of our semiconductor products, including the restrictions on lead and certain other substances in electronic products sold in various countries, including the U. S., China and Japan, and in the European Union, increase the complexity and costs of our product design and procurement operations and may require us to re- engineer our products. Such re- engineering may result in excess inventory or other additional costs and could have a material adverse effect on our results of operations. We may also experience claims from employees from time to time with regard to exposure to hazardous materials or other workplace related environmental claims. **Environmental, social and governance (" ESG ") matters may adversely affect our relationships with customers and investors.** There is an increasing focus ~~on corporate social~~ **from lawmakers, regulators, investors, customers, employees** and **other stakeholders concerning ESG matters, including** ~~environmental~~ -- **environment** ~~responsibility in the semiconductor industry~~ , ~~particularly with OEMs that manufacture consumer electronics~~ **climate, diversity and inclusion, human rights and governance transparency** . A number of our customers have adopted, or may adopt, procurement policies that include **ESG** ~~social and environmental responsibility~~ provisions or requirements that their suppliers should comply with, or they may seek to include such provisions or requirements in their procurement terms and conditions. An increasing number of investors are also requiring companies to disclose **ESG- related** ~~corporate social and environmental~~ policies, practices and metrics. In addition, various jurisdictions are developing climate ~~change~~ - ~~based~~ **related** laws or regulations that could cause us to incur additional direct costs for compliance, as well as indirect costs resulting from our customers, suppliers, or ~~both incurring~~ additional compliance costs that are passed on to us. These legal and regulatory requirements, as well as investor expectations ~~,~~ on **ESG** ~~corporate environmental and social responsibility~~ practices and ~~disclosure~~ **disclosures** , are subject to change, can be unpredictable, and may be difficult and expensive for us to comply with, given the complexity of our supply chain and our ~~significant~~ outsourced manufacturing. **Further, there is an increasing number of state- level anti- ESG initiatives in the United States that may conflict with other regulatory requirements or our various stakeholders' expectations.** If we **fail** ~~are unable~~ to comply ~~, or are unable to cause our suppliers or CMs to comply,~~ with ~~such policies or provisions~~ or meet the **evolving legal and regulatory** requirements ~~of our~~ - **or expectations of our various stakeholders, we may be subject to enforcement actions, required to pay fines,** customers ~~and investors, a~~

~~customer~~ may stop purchasing products from us or ~~an investor~~ **investors** may sell their shares, ~~and may take legal action against us,~~ which could harm our reputation, revenue and results of operations **. Our actual or perceived failure to achieve our ESG-related initiatives could negatively impact our reputation or harm our business** . In addition, as part of their **ESG** ~~corporate social and environmental responsibility~~ programs, an increasing number of OEMs are seeking to source products that do not contain minerals sourced from areas where proceeds from the sale of such minerals are likely to be used to fund armed conflicts, such as in the Democratic Republic of Congo. This could adversely affect the sourcing, availability and pricing of minerals used in the manufacture of semiconductor devices, including our products. As a result, we may face difficulties in satisfying these customers' demands, which may harm our sales and operating results. The average selling prices of semiconductor products in our markets have often decreased rapidly and may do so in the future, which could harm our revenue and gross profit. The semiconductor products we develop and sell are used for high volume applications. As a result, the prices of those products have often decreased rapidly. Gross profit on our products may be negatively affected by, among other things, pricing pressures from our customers. In the past, we have reduced the average selling prices of our products in anticipation of future competitive pricing pressures, new product introductions by us or our competitors and other factors. In addition, some of our customer agreements provide for volume- based pricing and product pricing roadmaps, which can also reduce the average selling prices of our products over time. Our margins and financial results will suffer if we are unable to offset any reductions in our average selling prices by increasing our sales volumes, reducing manufacturing costs, or developing new and higher value- added products on a timely basis. We operate global businesses and our consolidated financial results are reported in U. S. dollars. However, some of the revenue and expenses of our foreign subsidiaries are denominated in local currencies. Fluctuations in foreign exchange rates against the U. S. dollar could result in substantial changes in reported revenues and operating results due to the foreign exchange impact of ~~translating~~ **remeasuring** these transactions into U. S. dollars. In the normal course of business, we employ various hedging strategies to partially mitigate these risks, including the use of derivative instruments. These strategies may not be effective in protecting us against the effects of fluctuations in foreign exchange rates. As a result, fluctuations in foreign exchange rates could result in financial losses. Risks Related to Our Taxes Corporate tax reform, anti-base- erosion rules and tax transparency continue to be high priorities in many jurisdictions. As a result, policies regarding corporate income and other taxes in numerous jurisdictions are under heightened scrutiny and tax reform legislation has been, and will likely continue to be, proposed or enacted in a number of jurisdictions in which we operate. After **the** enactment of the U. S. Tax Cuts and Jobs Act **(the " 2017 Tax Reform Act ")** , most of our income is taxable in the U. S. with a significant portion taxable under the Global Intangible Low- Taxed Income (" GILTI ") regime. Beginning in fiscal year 2027, the deduction allowable under the GILTI regime will decrease from 50 % to 37. 5 %, which will increase the effective tax rate imposed on our income. The **2017 Tax Reform Act also limits our ability to deduct research and development expenses beginning in fiscal year 2023. These expenses are now capitalized and amortized over 5 years (15 years for foreign expenses), which have and may continue to materially increase our cash tax costs. The** U. S. also enacted the Inflation Reduction Act of 2022 (" IRA ") in August 2022, which ~~creates~~ **created** a new book minimum tax of at least 15 % of consolidated GAAP pre- tax income for corporations with average book income in excess of $ 1 billion. ~~The~~ **This** book minimum tax will first apply to our fiscal year 2024 and any increase in our effective tax rate or cash tax will depend on a number of factors, including any offsets for foreign tax credits or general business credits, or changes in book income following business combinations. The IRA also ~~creates~~ **created** an excise tax of 1 % of the value of ~~any~~ **our** stock repurchased ~~by us~~ after December 31, 2022. **While the impact of** ~~We could be subject to~~ this ~~new~~ excise tax **has not been material** , **it could increase materially** ~~but the amount will vary~~ depending on various factors, including the amount and frequency of ~~any~~ **our** stock repurchases, applicability **to** ~~in certain~~ business combination transactions, and any permitted reductions or exceptions to the amount subject to the tax. If (i) the U. S. tax rate increases, (ii) the deduction allowable under the GILTI regime is further reduced or eliminated, **or** (iii) additional limitations are put on our ability to deduct interest expense ~~, or (iv) the requirement for research and development costs to be capitalized beginning in fiscal year 2023 remains in effect~~ , our provision for income taxes, net income, and cash flows would be adversely impacted. In addition, many countries are implementing legislation and other guidance to align their international tax rules with the Organisation 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). ~~Some~~ **Many** countries ~~intend to implement~~ **have enacted or begun the process of enacting** laws based on Pillar Two proposals, which may 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 enforcement activities, and legislative investigation and inquiry, which could also result in changes in tax policies or prior tax rulings ~~. Any such changes may also result in the taxes we previously paid being subject to change~~ . Any substantial changes in domestic or international corporate tax policies, regulations or guidance, enforcement activities or legislative initiatives may materially adversely affect our business, the amount of taxes we are required to pay and our financial condition and results of operations generally. If the tax incentives or tax holiday arrangements we have negotiated change or cease to be in effect or applicable for any reason, or if our assumptions and interpretations regarding tax laws and incentives or holiday arrangements prove to be incorrect, our corporate income taxes could significantly increase. Our operations are currently structured to benefit from the various tax incentives extended to us in various jurisdictions to encourage investment or employment. For example, absent our principal tax incentives from the Singapore Economic Development Board, which is scheduled to expire in 2025, the corporate income tax rate that would apply to our Singapore taxable income would be 17 %. We also have a tax holiday on our qualifying income in Malaysia, which is scheduled to expire in fiscal year 2028. Each tax incentive and tax holiday is subject to our compliance with various operating and other conditions and may, in some instances, be amended or terminated prior to their scheduled termination date by the relevant governmental authority. If we cannot, or elect not to, comply with the operating conditions included in any particular tax incentive or tax holiday, we could, in some instances, be required to refund previously realized material tax benefits, or if such tax incentive or tax holiday is terminated prior to its expiration absent a new incentive applying, we will lose the related tax benefits earlier than scheduled. In addition, we may be required, or elect, to modify our operational structure and tax strategy in order to keep an incentive, which could result in a decrease in the benefits of the incentive. Our tax incentives could also be adversely impacted if the global minimum tax provisions (Pillar Two) are adopted in a country in which we have an existing tax incentive. Our tax incentives and tax holiday, before taking into consideration U. S. foreign tax credits, decreased the provision for income taxes by approximately $ ~~1~~ **2** , ~~821~~ **104** million in the aggregate and increased diluted net income per share by $ 4. ~~31~~ **93** for fiscal year ~~2022~~ **2023** . Our interpretations and conclusions regarding the tax incentives are not binding on any taxing authority, and if our assumptions about tax and other laws are incorrect or if these tax incentives are substantially modified or rescinded, we could suffer material adverse tax and other financial consequences, which would increase our expenses, reduce our profitability and adversely affect our cash flows. Significant judgment is required in determining our worldwide income taxes. In the ordinary course of our business, there are many transactions where the ultimate tax determination is uncertain. Additionally, our calculations of income taxes payable currently and on a deferred basis are based on our interpretations of applicable tax laws in the jurisdictions in which we are required to file tax returns. Although we believe our tax estimates are reasonable, there is no assurance that the final determination of our income tax liability will not be materially different than what is reflected in our income tax provisions and accruals. Our income taxes are subject to volatility and could be adversely affected by numerous factors including: • reorganization or restructuring of our businesses, tangible and intangible assets, outstanding indebtedness and corporate structure **, including business combinations** ; • jurisdictional mix of our income and assets; • changes in the allocation of income and expenses, including adjustments related to changes in our corporate structure, acquisitions or tax law; • changes in U. S and foreign tax laws and regulations, changes to the taxation of earnings of foreign subsidiaries, taxation of U. S. income generated from foreign sources, the deductibility of expenses attributable to income and foreign tax credit rules; • tax effects of increases in non- deductible employee compensation; and • changes in tax accounting rules or principles and in the valuation of deferred tax assets and liabilities. We have adopted transfer pricing policies that call for the provision of services, the sale of products, the arrangement of financing and the grant of licenses from one affiliate to another at prices that we believe are negotiated on an arm' s length basis. Our taxable income is dependent upon acceptance by local authorities that our operational practices and intercompany transfer pricing are on an arm' s length basis. Due to inconsistencies in application of the arm' s length standard among taxing authorities, as well as lack of comprehensive treaty- based protection, transfer pricing challenges by tax authorities could, if successful, result in adjustments for prior or future years. The effects of any such changes could subject us to higher taxes and our earnings, results of operations and cash flow would be adversely affected. **Further** ~~In addition~~ , we are subject to, and are under, tax audit in various jurisdictions, and such jurisdictions may assess additional income tax against us. Although we believe our tax positions are reasonable, the final determination of tax audits could be materially different from our income tax provisions and accruals. The ultimate result of an audit could have a material adverse effect on our results of operations and cash flows in the period or periods for which that determination is made. **As a result of the VMware Merger, we are subject to tax audits in various jurisdictions for the Dell consolidated group, of which VMware was a member beginning in Dell' s fiscal year 2017 until November 2021. While VMware is no longer a member of the Dell consolidated group, it is still subject to audit for the periods in which it was member of the Dell consolidated group. While we believe VMware' s positions are reasonable, the final determination of tax audits could be materially different from our income tax provisions and accruals. Further, pursuant to a tax agreement VMware and Dell, in the event VMware becomes subject to audits as a member of Dell' s consolidated group, Dell has authority to control the audit and represent Dell and our interests, could limit our ability to affect the outcome of such audits. If the VMware spin- off from Dell in November 2021 is determined to not be tax- free for any reason, we could be liable for all or a portion of the tax liability, which could have a material adverse effect on our financial condition and operating results. Further, if the VMware Merger results in the spin- off failing to qualify as a tax- free transaction under Section 355 of the Internal Revenue Code, Dell, its affiliates and, potentially, its stockholders would incur significant tax liabilities and we may be required to indemnify Dell and its affiliates for any such tax liabilities, which could be material.** Risks Related to Our Indebtedness As of October ~~30~~ **29** , ~~2022~~ **2023** , the aggregate indebtedness under our senior notes was $ ~~41~~ **40** , ~~218~~ **815** million. ~~This amount does not reflect any debt~~ **Subsequent to the end of fiscal year 2023,** we ~~expect to incur or assume~~ **borrowed $ 30, 390 million** in ~~connection with~~ **term loans to finance** the VMware Merger **(the " 2023 Term Loans "), and we assumed $ 8, 250 million of VMware' s outstanding senior unsecured notes** . Our substantial indebtedness could have important consequences including: • increasing our vulnerability to adverse general economic and industry conditions; • exposing us to interest rate risk **as** ~~due to~~ our ~~variable~~ **2023 Term Loans bear floating interest** ~~rate~~ **rates** ~~term facilities~~ , which we do not typically hedge against; • limiting our flexibility in planning for, or reacting to, changes in the economy and the semiconductor industry; • placing us at a competitive disadvantage compared to our competitors with less indebtedness; • making it more difficult to borrow additional funds in the future to fund growth, acquisitions, working capital, capital expenditures and other purposes; and • potentially requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund our other business needs. We receive debt ratings from the major credit rating agencies in the U. S. Factors that may impact our credit ratings include debt levels, planned asset purchases or sales and near- term and long- term production growth opportunities. Liquidity, asset quality, cost structure, reserve mix and commodity pricing levels could also be considered by the rating agencies. While we are focused on maintaining investment grade ratings from these agencies, we may be unable to do so. Any downgrade in our credit rating or the ratings of our indebtedness, or adverse conditions in the debt capital markets, could: • adversely affect the trading price of, or market for, our debt securities; • increase interest expense under our term facilities; • increase the cost of, and adversely affect our ability to refinance, our existing debt; and • adversely affect our ability to raise additional debt. The instruments governing our indebtedness contain certain covenants imposing restrictions on our business. These restrictions may affect our ability to operate our business, to plan for, or react to, changes in the market conditions or our capital needs and may limit our ability to take advantage of potential business opportunities as they arise. The restrictions placed on us include maintenance of an interest coverage ratio and limitations on our ability to incur certain secured debt, enter into certain sale and lease- back transactions and consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. In addition, the instruments contain customary events of default upon the occurrence of which, after any applicable grace period, the indebtedness could be declared immediately due and payable. In such event, we may not have sufficient available cash to repay such debt at the time it becomes due, or be able to refinance such debt on acceptable terms or at all. Any of the foregoing could materially adversely affect our business, financial condition and results of operations. Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt. Our ability to make scheduled payments of the principal of, to pay interest on, and to refinance our debt, depends on our future performance, which is subject to economic, financial, competitive and other factors. Our business may not continue to generate cash flow from operations in the future sufficient to satisfy our obligations under our current indebtedness and any future indebtedness we may incur and to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our outstanding indebtedness or future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms when needed, which could result in a default on our indebtedness. Risks Related to Owning Our Common Stock At times, our stock price has been volatile and it may fluctuate substantially in the future, which could result in substantial losses for our investors as well as class action litigation against us and our management which could cause us to incur substantial costs and divert our management' s attention and resources. The trading price of our common stock has, at times, fluctuated significantly and could be subject to wide fluctuations in response to any of the risk factors listed in this " Risk Factors " section, and others, including: • issuance of new or updated research or other reports by securities analysts; • fluctuations in the valuation and results of operations of our significant customers as well as companies perceived by investors to be comparable to us; • announcements of proposed acquisitions by us or our competitors; • announcements of, or expectations of, additional debt or equity financing transactions; • stock price and volume fluctuations attributable to inconsistent trading volume levels of our common stock; • hedging or arbitrage trading activity involving our common stock; and • unsubstantiated news reports or other inaccurate publicity regarding us or our business. These fluctuations are often unrelated or disproportionate to our operating performance. Broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or currency fluctuations, may negatively impact the market price of our common stock. You may not realize any return on your investment in us and may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. In addition, we have been, and in the future we may be, subject to lawsuits stemming from our acquisitions, including the VMware Merger. Securities litigation against us, including the lawsuits related to such acquisitions, could result in substantial costs and divert our management' s attention from other business concerns, which could seriously harm our business. The amount, timing and execution of our stock repurchase program may fluctuate based on our priorities for the use of cash for other purposes. These purposes include operational spending, capital spending, acquisitions, repayment of debt and returning cash to our stockholders as dividend payments. Changes in cash flows, tax laws and our stock price could also impact our stock repurchase program. We are not obligated to repurchase any specific amount of shares of common stock, and the stock repurchase program may be suspended or terminated at any time. A substantial amount of our stock is held by a small number of large investors and significant sales of our common stock by one or more of these holders could cause our stock price to fall. As of September ~~30~~ **29** , ~~2022~~ **2023** , we believe 10 of our 20 largest holders of common stock were active institutional investors who held **23** ~~approximately 27~~ % of our outstanding shares of common stock in the aggregate. These investors may sell their shares at any time for a variety of reasons and such sales could depress the market price of our common stock. In addition, any such sales of our common stock by these entities could also impair our ability to raise capital through the sale of additional equity securities. Our Board of Directors has adopted a dividend policy pursuant to which we currently pay a cash dividend on our common stock on a quarterly basis. The declaration and payment of any dividend is subject to the approval of our Board of Directors and our dividend may be discontinued or reduced at any time. Because we are a holding company, our ability to pay cash dividends is also limited by restrictions or limitations on our ability to obtain sufficient funds through dividends from subsidiaries. There can be no assurance that we will declare cash dividends in the future in any particular amounts, or at all.