Risk Factors Comparison 2024-02-05 to 2023-02-06 Form: 10-K

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This Annual Report on Form 10- K includes" forward- looking statements," as that term is defined in Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical facts, included or incorporated in this Form 10- K could be deemed forward- looking statements, particularly statements about our plans, strategies and prospects under the headings" Management' s Discussion and Analysis of Financial Condition and Results of Operations" and" Business." Forward- looking statements are often characterized by the use of words such as" believes,"" estimates,"" expects,"" projects,"" may,"" will,"" intends,"" plans,"" anticipates,"" should" or similar expressions, or by discussions of strategy, plans or intentions. All forward- looking statements in this Form 10- K are made based on our current expectations, forecasts, estimates and assumptions, and involve risks, uncertainties and other factors that could cause results or events to differ materially from those expressed in the forward- looking statements. Important factors that could cause our actual results to differ materially from those anticipated in the forward- looking statements are described below. Readers are cautioned not to place undue reliance on forward- looking statements. We assume no obligation to update such information, which ~~speak~~ **speaks** only as of the date made, except as may be required by law. Investing in our securities involves a high degree of risk and uncertainty, and you should carefully consider the trends, risks and uncertainties described below and other information in this Form 10- K and subsequent reports filed with or furnished to the SEC before making any investment decision with respect to our securities. The risk factors described herein are not all of the risks we may face. Other risks not presently known to us or that we currently believe are immaterial may materially affect our business. If any of the following trends, risks or uncertainties actually occurs or continues, our business, financial condition or operating results could be materially and adversely affected, the trading prices of our securities could decline, and you could lose all or part of your investment. All forward- looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement. Trends, Risks and Uncertainties Related to Our Business The manufacturing and other operations required to produce our products are highly dependent on the efficient operation of numerous processes, including processes contingent upon third **-** party component manufacturers and other service providers, and any disruption in these processes could have a material adverse effect on our business and results of operations. Our manufacturing network includes multiple owned and third- party facilities, which may each produce one or more components necessary for the assembly of a single product. As a result of this interdependence, an operational disruption at a facility may have a disproportionate impact on our ability to produce many of our products. In the event of a disruption at any such facility, we may be unable to effectively source replacement components on acceptable terms from qualified third parties, in which case our ability to produce many of our products could be materially disrupted or delayed. Conversely, some of our facilities are single source facilities that only produce one of our end- products, and a disruption at any such facility would materially delay or cease production of the related product. In the event of any such operational disruption, we may experience difficulty in beginning production of replacement components or products at new facilities or transferring production to other existing facilities, any of which could result in a loss of future revenues and materially adversely affect our business and results of operations. In addition, for certain manufacturing activities and for the supply of raw materials, we utilize third- party suppliers. Our agreements with these manufacturers typically require us to commit to purchase services based on forecasted product needs, which may be inaccurate, and, in some cases, require longer- term commitments. We are also dependent upon a limited number of highly specialized third- party suppliers for required components and materials for certain of our key technologies. Arranging for replacement manufacturers and suppliers can be time- consuming and costly, and the number of qualified alternative providers can be extremely limited. Our business operations, productivity and customer relations could be materially adversely affected if these contractual relationships were disrupted or terminated, the cost of such services increased significantly, the quality of the services provided deteriorated or our forecasted needs proved to be materially incorrect. Generally, our agreements with suppliers of raw materials impose no minimum or continuing supply obligations, and we obtain our raw materials and supplies from a large number of sources. Shortages could occur in various essential raw materials, and if we are unable to obtain adequate supplies of raw materials in a timely manner, the costs of our raw materials ~~increases~~ - **increase** significantly, their quality deteriorates or they give rise to compatibility or performance issues in our products, our results of operations could be materially adversely affected. Our manufacturing efficiency is contingent upon the operations of these interdependent processes and will continue to be an important factor in our future profitability, and there can be no assurance that we will be able to maintain this manufacturing efficiency, increase manufacturing efficiency to the same extent as our competitors, or be successful in our manufacturing rationalization plans. ~~If~~ **For example** ~~business has been~~ , **public health crises like** ~~and may continue to be,adversely impacted by the effects of the COVID- 19 pandemic.In addition to global macroeconomic effects,~~ the COVID- 19 pandemic and related adverse public health developments ~~have been causing,and~~ may ~~continue to~~ cause ~~,~~ disruption to our domestic and international operations ~~and sales activities~~ . **Any** ~~In addition,there may be~~ associated worker absenteeism,quarantines and restrictions on certain of our employees' ability to perform their jobs,office and factory closures or restrictions,labor shortages,disruptions to ports and other shipping infrastructure,border closures **and /** or other travel or health- related restrictions ~~.~~ **could,** ~~Depending~~ **depending** on the magnitude of such effects on our manufacturing activities **(** or ~~those~~ **activities** of our suppliers,third- party distributors or sub- contractors **)** , **could cause disruption and delay to** our supply chain, **manufacturing and product shipments.Such disruption and delays could materially adversely affect our business,results of operations and financial condition.In addition,if** we are unable to utilize our manufacturing facilities, testing facilities and external manufacturers at expected or minimum purchase obligation levels, or if production capacity increases while revenue does not, the fixed costs and other operating expenses associated with these facilities and arrangements will not be fully absorbed, resulting in higher average unit costs and lower gross profits, which could have a material adverse effect on our results of operations. **Further, if we need to rapidly increase our business and manufacturing capacity to meet increases in demand or expedited shipment schedules, this could strain our manufacturing and supply chain operations, and negatively impact our working capital. Moreover, if we are unable to accurately forecast demand for our products, we may purchase more or fewer parts than necessary or incur costs for canceling, postponing or expediting delivery of parts. If we purchase or commit to purchase inventory in anticipation of customer demand that does not materialize, or such inventory is rendered obsolete by the rapid pace of technological change, or if customers reduce, delay or cancel orders, we may incur excess or obsolete inventory charges.** We may be unable to implement certain business strategies and any issue with the pursuit of such business strategies could materially adversely affect our business and results of operations. We may from time to time determine to implement business strategies and restructuring initiatives in order to remain competitive. Because our strategies and restructuring activities may involve changes to many aspects of our business, including the location of our production facilities and personnel and the potential exit of certain product lines and businesses, our ability to successfully do so depends on a number of factors, many of which are outside of our control. If we are not able to effectively manage or efficiently implement these strategies and / or restructuring initiatives for reasons within or outside of our control, then our business operations could be materially adversely affected. In addition, implementation of a business strategy may lead to the disruption of our existing business operations. For example, **in light** ~~following the announcement~~ of our ~~commitment~~ **goal** to ~~achieving~~ **achieve** net zero emissions by 2040, we may take actions to pursue our goal of generating net- zero emissions that may result in material expenditures that could impact our financial condition or results of operations and / or could disrupt our existing operations. Similarly, the contingent risks associated with transferring our existing operations to an acquirer, as is the case with several transition services being provided in connection with **some of** our ~~recent~~ **prior** divestitures, could materially impact our financial condition or results of operations and / or could disrupt our existing operations **, especially if the acquirer is unable to meet its commitments under any transition services agreements or if the acquirer encounters financial difficulty** . Furthermore, our increased investment in manufacturing capacity (including ~~the recent acquisition of EFK and~~ increased investment in capacity for SiC- based products and technology), while concurrently ~~winding down our QCS business and~~ divesting other non- strategic operations, may adversely impact our existing operations, require additional management time and effort to implement successfully, and lead to higher than anticipated capital expenditures. As we continue to increase production of SiC- based products and ramp manufacturing at EFK and at our facilities in Hudson, New Hampshire, the Czech Republic and South Korea, we may face challenges or risks related to: increased capital spending and long- term capital expenditure commitments, installing and qualifying new manufacturing equipment, meeting planned process yields, maintaining suitable quality control and educating or providing employees with the requisite know- how to operate the processes at our expanded manufacturing facilities. There are inherent execution risks in expanding production capacity, whether at one of our own factories or at a third party that we utilize, all of which could increase our costs and negatively impact our operating results **. In addition, to streamline our operations and for efficiency purposes, we are pursuing a number of actions, including the outsourcing of certain internal business processes and the deployment of enhanced end- to- end digital processes (which, in some cases, include the use of AI) for certain business use cases. Such opportunities for improvement and enhanced productivity bring risks associated with managing change, transition costs, and the potential for reduced productivity or user error, in addition to those risks specific to each new process** . The failure to successfully and timely realize the anticipated benefits of these transactions or strategies could have a material adverse effect on our profitability, financial condition or results of operations. In addition, even if we fully execute and implement these activities, there may be other unforeseeable and unintended consequences that could materially adversely impact our profitability and business, including unintended employee attrition or harm to our competitive position. To the extent that we do not achieve the profitability enhancement or other anticipated benefits of strategy or restructuring initiatives, our results of operations may be materially adversely affected. If we are unable to identify and make the substantial research and development investments or develop new products required to satisfy customer demands, our business, financial condition and results of operations may be materially adversely affected. The semiconductor industry requires substantial investment in research and development in order to develop and bring to market enhanced technologies and products. The development of new products is complex and time- consuming, often requiring significant capital investment and lead time for development and testing. We cannot assure you that we will have sufficient resources to maintain the level of investment in research and development required to remain competitive. In addition, the lengthy development cycle for certain of our products could limit our ability to adapt quickly to changes affecting the product markets and requirements of our customers and end- users, and we may be unable to develop innovative responses to our customers' and end- users' evolving needs on the timelines they require or at all. There can be no assurance that we will win competitive bid selection processes, known as" design wins," for new products. In addition, design wins do not guarantee that we will make customer sales or generate sufficient revenue to recover design and development investments, realize a return on the capital expended or achieve expected gross margins, as expenditures for technology and product development are generally made before the commercial viability for such developments can be assured. To the extent that we underinvest in our research and development efforts, fail to recognize the need for innovation with respect to our products, or that our investments and capital expenditures in research and development do not lead to sales of new products, we may be unable to bring to market technologies and products attractive to customers, and so our business, financial condition and results of operations may be materially adversely affected. Further, products that are commercially viable may not have an immediate impact on our revenue or contribute to our operating results in a meaningful way until at least a few years after they are introduced into the market. The semiconductor industry is characterized by rapidly changing technologies, innovation, short product life cycles, evolving regulatory and industry standards and certifications, changing customer needs and frequent new product introductions. Products are ~~frequently~~ **often** replaced by more technologically advanced substitutes and, as demand for older technology falls, the price at which such products can be sold drops. If we cannot advance our process technologies or improve our production efficiencies to a degree sufficient to maintain required margins, we will no longer be able to make a profit from the sale of older products. In certain limited cases, we may not be able to cease production of older products, either due to contractual obligations or for customer relationship reasons and, as a result, may be required to bear a loss on such products for a sustained period of time. If reductions in our production costs fail to keep pace with reductions in market prices for products we sell, our business and results of operations could be materially adversely affected. If our new product development efforts fail to align with the needs of our customers, our business and results of operations could be materially adversely affected. The semiconductor industry is highly competitive, and has experienced significant consolidation, and if we are unable to compete effectively or identify attractive opportunities for consolidation, it could materially adversely affect our business and results of operations. Our ability to compete successfully in the highly competitive semiconductor industry depends on elements both within and outside of our control. We face significant competition within each of our product lines from major global semiconductor companies as well as smaller companies focused on specific market niches. In addition, companies not currently in direct competition with us may introduce competing products in the future. If we are unable to compete effectively, our competitive position could be weakened relative to our peers, which would have a material adverse effect on our business and results of operations. **Our future success depends on many factors, including the development of new technologies and effective commercialization and customer acceptance of our products, and our ability to increase our position in our current markets, expand into adjacent and new markets, and optimize operational performance.** Products or technologies developed by competitors may render our products or technologies obsolete or noncompetitive. We also may be unable to market and sell our products if they are not competitive on the basis of price, quality, technical performance, features, system compatibility, customized design, innovation, availability, delivery timing and reliability. If we fail to compete effectively on developing strategic relationships with customers and customer sales and technical support, our sales and revenue may be materially adversely affected. Competitive pressures may limit our ability to raise prices, and any inability to maintain revenue or raise prices to offset increases in costs could have a significant adverse effect on our gross margin. Our gross margins vary due to a variety of factors. Reduced sales and lower gross margins would materially adversely affect our business and results of operations. The semiconductor industry has experienced, and may continue to experience, significant consolidation among companies and vertical integration among customers. Larger competitors resulting from consolidations may have certain advantages over us, and we may be at a competitive disadvantage if we fail to identify attractive opportunities to acquire companies to expand our business. Consolidation among competitors and integration among customers could erode our market share, impair our capacity to compete and require us to restructure operations, any of which could have a material adverse effect on our business. In addition, ~~although~~ **some of our competitors may receive governmental subsidies or** ~~the~~ **other** ~~CHIPS Act provides various~~ incentives **that give them a competitive advantage over us. For example, the U. S.** and ~~tax credits~~ **the European Union have enacted legislation** to ~~United States companies~~ **provide funding and incentives** for ~~domestic~~ semiconductor **research, development, and** manufacturing **in their respective regions. If we are unable to access such funding or incentives, or if our competitors receive more funding or incentives than we do** , we may be **at a disadvantage** ~~unsuccessful (including, relative to the efforts of our competitors)~~ in **developing** ~~any efforts to obtain such incentives and tax credits. The effects of the COVID- 19 pandemic have had, and could continue to have, an~~ **and producing new** ~~adverse impact on our~~ - **or improved** business, results of operations and financial...... our supply chain, manufacturing and product **products or technologies** ~~shipments could be delayed~~ , which could ~~materially~~ adversely affect our ~~business~~ **market share** , **revenue** ~~results of operations~~ and **profitability** ~~financial condition. In addition, any economic downturn or recession brought on by the COVID-19 pandemic or other public health crises could adversely affect demand for our products and impact our results of operations and financial condition. These effects, alone or taken together, could have a material adverse effect on our business, results of operations, legal exposure, or financial condition~~ . Because a significant portion of our revenue is derived from customers in the automotive and industrial end- markets **, including revenue pursuant to our long- term supply agreements** , a downturn or lower sales to customers in either end- market could materially adversely affect our business and results of operations. A significant portion of our sales are to customers within the automotive industry and the industrial sector. Sales into the automotive and industrial end- markets represented approximately **52** ~~40. 4~~ % and **28** ~~27. 5~~ % of our revenue, respectively, for the year ended December 31, ~~2022~~ **2023** . The automotive industry is cyclical and the industrial sector tends to thrive during a time of economic expansion, and, as a result, our customers in each end- market are sensitive to changes in general economic conditions, inflationary pressure, **increases in interest rates,** disruptive innovation and end- market preferences, which can adversely affect sales of our products and, correspondingly, our results of operations. **Changes in demand in these end-markets can significantly impact our operating results.** Additionally **, public health crises like the COVID- 19 pandemic have the potential to disrupt sales activities to customers in these end- markets, as well as the other end- markets we serve. Lastly** , the quantity and price of our products sold to customers in each end- market could decline despite continued growth in such end- markets. Lower sales to customers in either end- market may have a material adverse effect on our business and results of operations. Further, to the extent we have long- term supply agreements with our customers **in multiple end-markets** which includes fixed pricing, we could be subject to fluctuating manufacturing costs that could negatively impact our profitability. Additionally, under our long- term supply agreements, we could incur certain obligations if we are not able to fulfill our commitments **. Furthermore, certain customers, from time to time, have sought and may seek to amend the delivery or other terms of their long- term supply agreements with us. When any such contractual amendments are made, the timing, pricing or amount of products delivered under such long- term supply agreements may be modified in circumstances where we believe it advances the long- term customer relationship or provides us with other benefits. Such an event could have an impact on our results of operations** . Our operating results depend, in part, on the performance of independent distributors. A portion of our sales occurs through global and regional distributors that are not under our control. We rely on distributors to grow and develop their customer base and anticipate customer needs, and any lack of such actions by our distributors may adversely affect our results of operations. These independent distributors also generally represent product lines offered by several companies and are not subject to any minimum sales requirements or obligation to market our products to their customers. In turn, distributors could reduce their sales efforts for our products or choose to terminate their representation of us. **In addition, in the event a distributor were to face financial difficulty, experience significant operational disruptions or terminate its operations, our revenue and results of operations may be adversely affected. Furthermore, if a significant distributor terminates its operations or were to merge with another distributor, we may be more reliant and dependent on the distribution network of our remaining distributors.** Additionally, we rely on our distributors to provide accurate and timely sales reports in order for us to be able to generate financial reports that accurately represent distributor sales of our products during any given period. Any inaccuracies or untimely reports could adversely affect our ability to produce accurate and timely financial reports and recognize revenue. Changes in, and the regulatory implementation of, tariffs or other government trade policies or political conditions could reduce demand for our products, limit our ability to sell our products to certain customers or our ability to comply with applicable laws and regulations, which may materially adversely affect our business and results of operations. The imposition of tariffs **, export controls** and **other** trade restrictions as a result of international trade disputes or changes in trade policies or political conditions may adversely affect our sales and profitability. For example, additional tariffs **, other export regulations** and the related geopolitical uncertainty between the United States and China and other countries may cause decreased end- market demand for our products from distributors and other customers, which could have a material adverse effect on our business and results of operations. More specifically, our assembly and test operations facility located in Leshan, China, which is owned by Leshan- Phoenix Semiconductor Company Limited, a joint venture company in which we own 80 % of the outstanding equity interests, may be subjected to increased costs or additional trade restrictions stemming from the geopolitical tension between the U. S. and China. Additional tariffs **, export controls** or **other** trade restrictions between the two countries could materially adversely affect our results of operations. In addition, tariffs on components that we import from certain nations that have imposed, or may in the future impose, tariffs may adversely affect our profitability unless we are able to exclude such components from the tariffs or we raise prices for our products, which may result in our products becoming less attractive relative to products offered by our competitors. To the extent that our sales or profitability are negatively affected by any such tariffs or other trade actions, our business and results of operations may be materially adversely affected. Our international sales and purchases are subject to numerous United States and foreign laws and regulations related to import and export matters. For example, licenses or proper license exceptions are required for the shipment of our products to certain countries under applicable export control regulations, including the provisions of the U. S. Export Administration Act. A determination by the United States government or any foreign government that we have failed to comply with trade or export regulations can result in penalties, including fines, administrative, civil or criminal penalties or other liabilities, seizure of products, or, in the extreme case, denial of export privileges or suspension or debarment from government contracts, which could have a material adverse effect on our sales, business and results of operations. We may be unable to attract and retain highly skilled personnel. Our success depends on our ability to attract, motivate and retain highly skilled personnel, including technical, marketing, management and staff personnel, both in the United States. and internationally. In the semiconductor industry, the competition for qualified personnel, particularly experienced design engineers and other technical employees is intense. Furthermore, we have operations in many parts of the world that are currently experiencing a tight labor market for skilled employees. Additionally, we have entered into employment agreements with certain senior executives, but we do not have employment agreements with most of our employees. Many of these employees could leave our company with little or no prior notice and would be free to work for a competitor. Specific elements of our compensation programs may not be competitive with those of our competitors, and there can be no assurance that we will be able to retain our current personnel or recruit the key personnel we require. If one or more of our senior executives or other key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all and other senior management may be required to divert attention from other aspects of our business. Loss of the services of, or failure to effectively recruit, qualified personnel could have a material adverse effect on our competitive position and on our business. Warranty claims, product liability claims, product recalls, and the failure to comply with the terms and conditions of our contracts, could harm our business, reputation, results of operations and financial condition. Manufacturing semiconductors is a highly complex and precise process, requiring production in a tightly controlled, clean environment. Minute impurities in our manufacturing materials, contaminants in the manufacturing environment, manufacturing equipment failures, and other defects can cause our products to be non- compliant with customer requirements or otherwise nonfunctional. We face an inherent business risk of exposure to warranty and product liability claims in the event that our products fail to perform as expected or such failure of our products results, or is alleged to result, in bodily injury or property damage (or both). In addition, if any of our designed products are or are alleged to be defective, we may be required to participate in their recall. As suppliers become more integrally involved in electrical design, OEMs are increasingly expecting them to warrant their products and are looking to them for contributions when faced with product liability claims or recalls. A successful warranty or product liability claim against us in excess of our available insurance coverage, if any, and established reserves, or a requirement that we participate in a product recall, could have material adverse effects on our business, results of operations and financial condition. Additionally, in the event that our products fail to perform as expected or such failure of our products results in a recall, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers and could materially adversely affect our business, reputation, results of operations and financial condition. Even if our products meet standard specifications, our customers may attempt to use our products in applications for which our products were not designed or in customer products that were not designed or manufactured properly, resulting in product failures and creating customer satisfaction issues, which may harm our reputation. Since a defect or failure in our products could give rise to failures in the goods that incorporate them (and claims for consequential damages against our customers from their customers), we may face claims for damages that are disproportionate to the revenue and profits we receive from the products involved. In certain instances, we attempt to limit our liability through our standard terms and conditions or other contractual provisions, but there is no assurance that such limitations will be effective. To the extent we are liable for damages in excess of the revenue and profits received from the products involved, our results of operations and financial condition could be materially adversely affected. Currency fluctuations, changes in foreign exchange regulations and repatriation delays and costs could have a material adverse effect on our results of operations and financial condition. We have sizeable sales and operations in the Asia / Pacific region and Europe **,** and a significant amount of this business is transacted in currency other than U. S. dollars. In addition, while a significant percentage of our cash is generated outside the United States, many of our liabilities, including our outstanding indebtedness, and certain other cash payments, such as share repurchases, are payable in the United States in U. S. dollars. As a result, currency fluctuations and changes in foreign exchange regulations can have a material adverse effect on our liquidity and financial condition. In addition, repatriation of funds held outside the U. S. could have adverse tax consequences and could be subject to delay due to required local country approvals or local obligations. Foreign exchange regulations may also limit our ability to convert or repatriate foreign currency. As a result of having a lower amount of cash and cash equivalents in the United States, our financial flexibility may be reduced, which could have a material adverse effect on our ability to make interest and principal payments due under our various debt obligations. Restrictions on repatriation or the inability to use cash held abroad to fund our operations in the United States may have a material adverse effect on our liquidity and financial condition. Trends, Risks and Uncertainties Related to Intellectual Property If our technologies are subject to claims of infringement on the IP rights of others, efforts to address such claims could have ~~a material adverse effect on our results of operations.~~ We may from time to time be subject to claims that we may be infringing the IP rights of others. If necessary or desirable, we may seek licenses under such IP rights. However, we cannot assure you that we will obtain such licenses or that the terms of any offered licenses will be acceptable to us. The failure to obtain a license from a third party for IP we use could cause us to incur substantial liabilities or to suspend the manufacture or shipment of products or our use of processes requiring such technologies. Further, we may be subject to IP litigation, which could cause us to incur significant expense, materially adversely affect sales of the challenged product or technologies and divert the efforts of our technical and management personnel, whether or not such litigation is resolved in our favor. In the event of an adverse outcome or pursuant to the terms of a settlement of any such litigation, we may be required to: pay substantial damages or settlement costs; indemnify customers or distributors; cease the manufacture, use, sale or importation of infringing products; expend significant resources to develop or acquire non- infringing technologies; discontinue the use of certain processes; or obtain licenses, which may not be available on reasonable terms, to continue the use, development and / or sale of the allegedly infringing technologies. The outcome of IP litigation is inherently uncertain and, if not resolved in our favor, could materially adversely affect our business, financial condition and results of operations. If we are unable to protect the IP we have developed or licensed, our competitive position, business and results of operations could be materially and adversely affected. The enforceability of our patents, trademarks, copyrights, software licenses and other IP is uncertain in certain circumstances. Effective IP protection may be unavailable, limited or not applied for in the United States and internationally. The various laws and regulations governing our registered and unregistered IP assets, patents, trade secrets, trademarks, mask works and copyrights to protect our products and technologies are subject to legislative and regulatory change and interpretation by courts. With respect to our IP generally, we cannot assure you that: • any of the substantial number of United States or foreign patents and pending patent applications that we employ in our business will not lapse or be invalidated, circumvented, challenged, abandoned or licensed to others; • any of our pending or future patent applications will be issued or have the coverage originally sought; • any of the trademarks, copyrights, trade secrets, know- how or mask works that we employ in our business will not lapse or be invalidated, circumvented, challenged, abandoned or licensed to others; • any of our pending or future trademark, copyright, or mask work applications will be issued or have the coverage originally sought; or • that we will be able to successfully enforce our IP rights in the United States or foreign countries. ~~When~~ **Infringement or misappropriation of our IP could result in lost market and revenue opportunities, and if** we ~~seek~~ **are unable** to enforce **and protect** our ~~rights, we are often subject to claims that the~~ IP **it could have an adverse impact on** ~~right is invalid, is otherwise not enforceable or~~ **our competitive position and business** ~~is licensed to the party against whom we are asserting a claim~~ . **Further** ~~In addition~~ , our assertion of IP rights often results in the other party seeking to assert alleged IP rights of its own against us, which may materially and adversely impact our business. An unfavorable ruling in these sorts of matters could include money damages or an injunction prohibiting us from manufacturing or selling one or more products, which could in turn negatively affect our business, results of operations or cash flows. In addition, some of our products and technologies are not covered by any patents or pending patent applications. We seek to protect our proprietary technologies, including technologies that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors’ rights agreements with our collaborators, advisors, employees and consultants. We cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach or that persons or institutions will not assert rights to IP arising out of our research. Should we be unable to protect our IP, competitors may develop products or technologies that duplicate our products or technologies, benefit financially from innovations for which we bore the costs of development and undercut the sales and marketing of our products, all of which could have a material adverse effect on our business and results of operations. Trends, Risks and Uncertainties Related to Technology and Data Privacy ~~We may be subject to disruptions~~ **Disruptions** or breaches of our information technology systems ~~that~~ could irreparably damage our reputation and our business, expose us to liability and materially adversely affect our results of operations. We routinely collect and store sensitive data, including confidential and other proprietary information about our business and our employees, customers, suppliers and business partners. The secure processing, maintenance and transmission of this information is ~~critical~~ **important** to our operations and business strategy. We ~~may be subject~~ **have experienced and expect** to **continue to experience** disruptions **, failures** or breaches of our information technology **environment, such as those** caused by computer viruses, illegal hacking, criminal fraud or impersonation, acts of vandalism or terrorism or employee error. Our cyber **-** security measures and / or those of our third- party service providers and / or customers may not detect or prevent such security breaches. ~~The costs to~~ **Although we are not aware of any cybersecurity incidents impacting** us **directly that have been material to us as of the year ended December 31, 2023, we continue to devote resources** to reduce the risk of or alleviate cyber **-** security breaches and vulnerabilities **and those costs** could be significant **. Our** ~~, and our~~ efforts to address these problems may not be successful and could result in interruptions and delays that may materially impede our sales, manufacturing **operations** , distribution or other critical functions. Any ~~such~~ compromise of our information security could result in the misappropriation or unauthorized publication of our confidential business or proprietary information or that of other parties with which we do business, an interruption in our operations, the unauthorized transfer of cash or other of our assets, the unauthorized release of customer or employee data or a violation of privacy or other laws. In addition, computer programmers and hackers also may be able to develop and deploy viruses, worms and other malicious software programs that attack our products, or that otherwise exploit any security vulnerabilities, and any such attack, if successful, could expose us to liability to customer claims. **Further, AI capabilities may be used to identify vulnerabilities and craft increasingly sophisticated cyber- security attacks.** Any of the foregoing could irreparably damage our reputation and business, which could have a material adverse effect on our results of operations **. We maintain cyber risk insurance, although an insufficiency of insurance coverage could adversely affect our cash flows and overall profitability. Furthermore, our efforts to comply with evolving laws and regulations related to cybersecurity, such as the recently enacted SEC rules requiring disclosure of a material cybersecurity incident, may be costly and any failure to comply could result in investigations, proceedings, investor lawsuits and reputational damage** . We are subject to governmental laws, regulations and other legal obligations related to privacy and data protection. The legislative and regulatory framework for privacy and data protection issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. We collect Personally Identifiable Information (" PII") and other data as part of our business processes and activities. This data is subject to a variety of laws and regulations, including oversight by various regulatory or other governmental bodies. Many foreign countries and governmental bodies, including the European Union and other relevant jurisdictions where we conduct business, have laws and regulations concerning the collection and use of PII and other data obtained from their residents or by businesses operating within their jurisdictions that are currently more restrictive than those in the United States. Additionally, within the United States, different states have enacted various regulations governing the treatment of PII. Any inability, or perceived inability, to adequately address privacy and data protection concerns, even if unfounded, or to comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations, could result in additional cost and liability to Company officials or us, including substantial monetary fines, and could damage our reputation, inhibit sales and adversely affect our business. Trends, Risks and Uncertainties Related to Regulation Environmental and health and safety liabilities and expenditures could materially adversely affect our results of operations and financial condition. The semiconductor industry ~~has been~~ **continues to be** subject to increasing environmental regulations, particularly those ~~environmental regulations~~ that control and restrict the use, transportation, emission, discharge, storage and disposal of certain chemicals, elements and materials used or produced in the semiconductor manufacturing process. We also have operations subject to laws and regulations relating to workplace safety and worker health, which, among other requirements, regulate employee exposure to hazardous substances. We have indemnities from third parties for certain environmental and health and safety liabilities for periods prior to our operations at some of our current and past sites, and we have also purchased environmental insurance to cover certain claims related to historical contamination and future releases of hazardous substances. However, we cannot assure you that such indemnification arrangements and insurance will cover any or all of our material environmental costs. In addition, the nature of our operations exposes us to the continuing risk of environmental and health and safety liabilities including: • changes in United States and international environmental or health and safety laws or regulations, including, but not limited to, future laws or regulations imposed in response to climate change concerns; • the manner in which environmental or health and safety laws or regulations will be enforced, administered or interpreted; • our ability to enforce and collect under indemnity agreements and insurance policies relating to environmental liabilities; • the cost of compliance with future environmental or health and safety laws or regulations or the costs associated with any future environmental claims, including the cost of clean- up of currently unknown environmental conditions; or • the cost of fines, penalties or other legal liability, should we fail to comply with environmental or health and safety laws or regulations. **Failure to comply with these laws or regulations could subject us to significant costs and liabilities.** To the extent that we face unforeseen environmental or health and safety compliance costs or remediation expenses or liabilities that are not covered by indemnities or insurance, we may bear the full effect of such costs, expenses and liabilities, which could materially adversely ~~affect our results of operations and financial condition.~~ Our failure to comply with anti- corruption laws could result in penalties that could harm our reputation and have a material adverse effect on our business, financial condition and results of operations. We are subject to the FCPA, which generally prohibits companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and / or other benefits, along with various other anti- corruption laws. Although we have implemented policies and procedures designed to ensure that we, our employees and other intermediaries comply with the FCPA and other anti- corruption laws to which we are subject, there is no assurance that such policies or procedures will work effectively all of the time or protect us against liability under the FCPA or other laws for actions taken by our employees and other intermediaries with respect to our business or any businesses that we may acquire. If we are not in compliance with the FCPA and other laws governing the conduct of business with government entities (including local laws), we may be subject to criminal and civil penalties and other remedial measures, which could have a material adverse impact on our business, financial condition, results of operations and liquidity. Any investigation of any potential violations of the FCPA or other anti- corruption laws by the U. S. or foreign authorities could harm our reputation and have an adverse impact on our business, financial condition and results of operations. ~~We could be subject to changes~~ **Changes** in tax legislation or ~~have~~ exposure to additional tax liabilities, ~~which~~ could adversely affect our results of operations and financial condition. We conduct operations worldwide through our foreign subsidiaries and are, therefore, subject to complex income tax and transfer pricing regulations **in the United States and foreign jurisdictions** . Changes to, or interpretations of, tax legislation or regulations could significantly increase our effective tax rate and ultimately reduce our cash flow from operating activities. In addition, other factors or events, such as changes to our operating structure, strategy and investment decisions, could also increase our future effective tax rate and ultimately reduce our cash flow from operating activities. Tax rules may change in a manner that adversely affects our future reported results of operations or the way we conduct our business. ~~We implemented certain restructuring during the year ended December 31, 2020. After our restructuring, most~~ **Most** of our income is taxable in the United States with a significant portion qualifying for preferential treatment as foreign- derived intangible income (" FDII "). Beginning in 2026, the effective rate for FDII increases from 13 % to 16 %. Further, if U. S. rates increase and / or the FDII deduction is eliminated or reduced, our provision for income taxes, results of operations and cash flows would be adversely (potentially materially) affected. Also, if our customers move manufacturing operations to the United States, our FDII deduction may be reduced. Further changes in tax laws of foreign jurisdictions could arise as a result of the base erosion and profit shifting project that was undertaken by the Organization for Economic Co- operation and Development (" OECD "). ~~The~~ **For example, the** OECD ~~, which represents a coalition of member countries~~ -- **continues** ~~, recommended changes~~ to ~~numerous long- standing~~ **advance proposals for modernizing international** tax **rules,** ~~principles related to transfer pricing and continues to develop new proposals~~ including **the introduction of global** ~~allocating greater taxing rights to countries where customers are located and establishing a~~ minimum tax **standards** ~~on global income~~ . These changes, ~~as~~ **if** adopted by countries, may increase tax uncertainty and may adversely affect our provision for income taxes, **which** ~~results of operations and financial condition. In August 2022, the U. S. enacted the CHIPS Act and the IR Act. It will take time for additional clarifying guidance and regulations to be issued, and this guidance will be required for a more complete interpretation of this new legislation. The impact of this new legislation may differ from our estimates, possibly materially, due to, among other things, changes in interpretations and assumptions the Company has made and future regulatory guidance. This new legislation~~ could ~~have a material benefit or material adverse impact, and may~~ have a material impact on our **results of operations and** financial condition. ~~We are in~~ **Furthermore, the impact of any new tax legislation may differ from our estimates, possibly materially, due to, among** ~~the~~ **other** ~~process of analyzing~~ **things, changes in interpretations and assumptions** the ~~potential aggregate current~~ **Company has made** and future **regulatory guidance** ~~impacts of this legislation relative to how we do business, our cash flows and our results of operations~~ . Social and environmental responsibility regulations, policies and 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. With the increasing focus on corporate social and environmental responsibility in the semiconductor industry, a number of our customers have adopted, or may adopt, procurement policies that include 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. In addition, 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. Many investors also expect companies to disclose corporate social and environmental policies, practices and metrics under voluntary disclosure standards and frameworks. We ~~have~~ **periodically** ~~communicated~~ - **communicate** our strategies, ~~commitments~~ **goals** and targets related to our corporate social and environmental policies and programs. These strategies, ~~commitments~~ **goals** and targets **, and their underlying assumptions and projections,** reflect our current plans and aspirations, but we may be unable to achieve them. It is also possible that our investors might not be satisfied with our policies, programs, ~~commitments~~ **goals** , performance and related disclosures, or the speed of their adoption, implementation and measurable success, or that we have adopted such policies, programs and commitments at all. In addition, unfavorable ratings or assessment of our corporate social and environmental policies and programs, including our compliance with certain voluntary disclosure standards and frameworks, may lead to negative investor sentiment toward us, which could have a negative impact on our stock price and our access to and cost of capital. Furthermore, **in light** ~~following the announcement~~ of our ~~commitment~~ **goal** to ~~achieving~~ **achieve** net zero emissions by 2040, **future customer or investor expectations and regulatory requirements,** we may take actions to pursue our goal of generating net- zero emissions **or to alter our processes** that may result in material expenditures that could impact our financial condition or results of operations and / or could disrupt our existing operations. Trends, Risks and Uncertainties Related to Our Indebtedness Our debt could materially adversely affect our financial condition and results of operations. As of December 31, ~~2022~~ **2023** , we had $ 3, ~~228~~ **379** . ~~3~~ **9** million of outstanding principal relating to our indebtedness. We may need to incur additional indebtedness in the future to repay or refinance other outstanding debt, to make acquisitions or for other purposes, and if we incur additional debt, the related risks that we now face could intensify. As of December 31, ~~2022~~ **2023** , we had approximately $ 1. ~~5~~ **1** billion available for future borrowings under the Revolving Credit Facility. The degree to which we are leveraged could have important consequences to our potential and current investors, including impacting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, and general corporate purposes. To the extent that we continue to maintain or expand our significant indebtedness, our financial condition and results of operations may be materially adversely affected. The inability to meet our obligations under our ~~Amended~~ **New** Credit Agreement could materially and adversely affect us by, among other things, limiting our ability to conduct our operations and reducing our flexibility to respond to changing business and economic conditions. The obligations under the ~~Amended~~ **New** Credit Agreement are collateralized by a lien on substantially all of the personal property ~~and material real property assets~~ of our domestic subsidiaries. As a result, if we are unable to satisfy our obligations under the ~~Amended~~ **New** Credit Agreement, the lenders could take possession of and foreclose on the pledged collateral securing the indebtedness, in which case we would be at risk of losing the related collateral, which would have a material adverse effect on our business and operations. In addition, ~~subject to customary exceptions,~~ the ~~Amended~~ **New** Credit Agreement requires mandatory prepayment ~~under certain circumstances~~ **if the outstanding amounts drawn thereunder exceed the total commitments** , which may result in prepaying outstanding amounts under the Revolving Credit ~~Facility and the Term Loan" B"~~ Facility rather than using funds for other business purposes. Our financing structure, and any inability to meet our obligations thereunder, could have a material adverse effect on our business and financial condition, including, among other things, our ability to obtain additional financing for working capital, capital expenditures, acquisitions, and other general corporate purposes and could reduce our flexibility to respond to changing business and economic conditions. The agreements relating to our indebtedness, including the ~~Amended~~ **New** Credit Agreement and the 3. 875 % Notes, may restrict our ability to operate our business, and as a result may materially adversely affect our results of operations. Our debt agreements, including the ~~Amended~~ **New** Credit Agreement and the 3. 875 % Notes, contain, and any future debt agreements may include, a number of restrictive covenants that impose significant operating and financial restrictions on us and our subsidiaries. Such restrictive covenants may significantly limit our ability to: incur additional debt; incur liens; make certain investments or acquisitions; ~~settle a conversion of our 1. 625 % Notes in whole or in part with cash;~~ redeem, or otherwise perform our obligations under the terms of, our 3. 875 % Notes; sell or otherwise dispose of assets; engage in mergers or consolidations or certain other" change of control" transactions; make distributions to our stockholders; engage in restructuring activities; engage in certain sale and leaseback transactions; and issue or repurchase stock or other securities. Such agreements may also require us to satisfy other requirements, including maintaining certain financial ratios and condition tests. Our ability to meet these requirements can be affected by events beyond our control, and we may be unable to meet them. To the extent we fail to meet any such requirements and are in default under our debt obligations, our financial condition may be materially adversely affected. We may not be able to generate sufficient cash flow to meet our debt service obligations, and any inability to repay our debt when required would have a material adverse effect on our business, financial condition and results of operations. Our ability to generate sufficient cash flow from operating activities to make required payments on our debt obligations will depend on our future financial performance, which will be affected by a range of economic, competitive, and business factors, many of which are outside of our control. If we do not generate sufficient cash to satisfy our debt obligations as they come due, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling additional assets, reducing or delaying capital investments, or seeking to raise additional capital. We cannot assure you that any refinancing would be possible, that any assets could be sold, or, if sold, of the timing of the sales and the amount of proceeds realized from those sales, or that additional financing could be obtained on acceptable terms, if at all, or would be permitted under the terms of our various debt instruments then in effect. Furthermore, we cannot assure you that, if we were required to repurchase any of our debt securities upon a change of control or other specified event, our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments or that we would be able to refinance or restructure the payments on those debt securities. If we are unable to repay, refinance or restructure our indebtedness under our collateralized debt, the holders of such debt could proceed against the collateral securing that indebtedness, which could materially negatively impact our results of operations and financial condition. A default under our committed credit facilities, including our ~~Amended~~ **New** Credit Agreement, could also limit our ability to make further borrowings under those facilities, which could materially adversely affect our business and results of operations. In addition, to the extent we are not able to borrow or refinance debt obligations, we may have to issue additional shares of our common stock, which would have a dilutive effect to the current stockholders. An event of default under any agreement relating to our outstanding indebtedness could cross default other indebtedness, which could have a material adverse effect on our business, financial condition and results of operations. If there were an event of default under certain of our agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately, which default or acceleration of debt could cross default other indebtedness. Any such cross default would put immediate pressure on our liquidity and financial condition and would amplify the risks described above with regards to being unable to repay our indebtedness when due and payable. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default and, as described above, any inability to repay our debt when due would have a material adverse effect on our business, financial condition and results of operations. If our operating subsidiaries, which may have no independent obligation to repay our debt, are not able to make cash available to us for such repayment, our business, financial condition and results of operations may be adversely affected. We conduct our operations through our subsidiaries. Repayment of our indebtedness is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of our indebtedness, our subsidiaries have no obligation to pay amounts due on such indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each subsidiary is a distinct legal entity, and, under certain circumstances, legal, contractual, governmental, or regulatory restrictions may limit our ability to obtain cash from our subsidiaries. In the event that we do not receive distributions or payments from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness and, as described above, any inability to repay our debt when due would have a material adverse effect on our business, financial condition and results of operations. If interest rates **continue to** increase, our debt service obligations under our variable rate indebtedness could increase significantly, which would have a material adverse effect on our results of operations. Borrowings under certain of our facilities from time to time, including under our ~~Amended~~ **New** Credit Agreement, are at variable rates of interest and as a result expose us to interest rate risk. If interest rates ~~were~~ **continue** to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. **We** ~~While we have entered into swap agreements to reduce interest rate volatility for a portion of our Term Loan" B" Facility through 2024, we~~ may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk. To the extent the risk materializes and is not fully mitigated, the resulting increase in interest expense could have a material adverse effect on our results of operations. ~~Our Amended~~ **Further, significant changes in our** ~~Credit~~ **credit rating** ~~Agreement and our interest rate swap agreements currently have an interest rate tied to the Secured Overnight Financing Rate (" SOFR ")~~ , **disruptions** ~~but were previously tied to the LIBO Rate. The phase- out of the LIBO Rate is underway and will conclude by July 1, 2023 when LIBO Rates and quotations are scheduled to be discontinued. In response to the phasing out of the LIBO Rate, on March 15, 2022, President Biden signed the Adjustable Interest Rate (LIBOR) Act (the " LIBOR Act "), pursuant to which certain contracts that rely on the LIBO Rate and do not contain procedures for determining an alternative base rate~~ in ~~the event that the LIBO Rate is discontinued will transition from the LIBO Rate to SOFR, effective July 1, 2023. While the LIBOR Act effectively established SOFR as the default replacement rate for the LIBO Rate, there~~ -- **the global** ~~can be no assurances that SOFR will become a widely accepted benchmark, or that SOFR or other alternative base rates will be more or less favorable than the LIBO Rate. The discontinuance of the LIBO Rate and the adoption of SOFR and / or other alternative based rates could create volatility and instability in the~~ financial markets ~~and within banking and financial institutions. Regardless~~ , **including bank failures,** ~~we intend to monitor any unforeseen impacts of the discontinuation of the LIBO Rate and the phasing in of SOFR and will attempt to work with our~~ - **or incurrence of new** ~~lenders to ensure the transition will have minimal impact on our~~ - **or refinancing** ~~financial condition. However, we cannot provide any assurances that the impact~~ of **existing indebtedness at higher interest rates could** ~~the discontinuation of the LIBO Rate and the phasing in of SOFR will not~~ have a material **and** adverse effect on our ~~debt service obligations~~ **access to and cost of capital** ~~or~~ **for future financings, and financial condition** ~~our ability to refinance our debt on favorable terms~~ . The timing of the cash payments to service the 0 % Notes, the ~~1~~ **0** . ~~625~~ **50** % Notes and the 3. 875 % Notes is not entirely in our control and may require a significant amount of cash, and we may not have sufficient cash flow or the ability to raise the funds necessary to satisfy these obligations in a timely manner. As of December 31, ~~2022~~ **2023** , we had outstanding approximately $ ~~137~~ **804** . ~~3~~ **9** million aggregate principal amount of our **0** ~~1. 625~~ % Notes, $ ~~700~~ **1, 500** . 0 million aggregate principal amount of our ~~3~~ **0** . ~~875~~ **50** % Notes and $ ~~805~~ **700** . 0 million aggregate principal amount of our ~~0~~ **3. 875** % Notes (collectively, the" Outstanding Notes"). Holders of the Outstanding Notes have certain rights that would require us to make repurchases prior to the stated maturity for all or a portion of the amounts due in certain circumstances. For example, holders of the 3. 875 % Notes have the right to require us to repurchase all of their 3. 875 % Notes upon the occurrence of certain change of control triggering events accompanied by certain ratings events (as described in the indenture governing the 3. 875 % Notes) at a repurchase price equal to 101 % of their principal amount, plus accrued and unpaid interest, if any, accrued prior to, but not including, the repurchase date. Servicing the Outstanding Notes may require a significant amount of cash, and we may not have sufficient cash flow or the ability to raise the funds necessary to satisfy our obligations under such notes. Our ability to make cash payments in connection with conversions of the **0** ~~1. 625~~ % Notes or the 0 **. 50** % Notes, repurchase any of the Outstanding Notes in the case of an applicable repurchase- triggering event under the respective indentures or repay such notes at maturity will depend on market conditions and our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. In certain circumstances, a takeover of our Company and similar triggering events could also trigger an option of the holders of the **0** ~~1. 625~~ % Notes, the ~~3~~ **0** . ~~875~~ **50** % Notes and the ~~0~~ **3. 875** % Notes to require us to repurchase such notes. This may have the effect of delaying or preventing a takeover of our Company that would otherwise be beneficial to the holders of the ~~1~~ **0 % Notes, the 0** . ~~625~~ **50** % Notes, the 3. 875 % Notes ~~, the 0 % Notes~~ and our common stock, which could materially decrease the value of such notes and of our common stock. The terms of the ~~Amended~~ **New** Credit Agreement and the terms of the 3. 875 % Notes limit the amount of future indebtedness secured by liens that we may incur. If we incur significantly more debt, this could intensify the risks described above. Our decision to use our cash for other purposes, such as to make acquisitions or to repurchase our common stock, could also intensify these risks. Note hedge and warrant transactions we have entered into may materially adversely affect the value of our common stock. Concurrently with the issuances of the 1. 625 % Notes ~~and~~ **,** the 0 **% Notes and the 0. 50** % Notes, respectively, we entered into note hedge transactions with certain financial institutions, which we refer to as the option counterparties. The convertible note hedges are expected to reduce the potential dilution upon any conversion of the respective series of notes and / or offset any cash payments we are required to make in excess of the principal amount of converted notes of such series, as the case may be. We also entered into warrant transactions with the option counterparties with respect to the 1. 625 % Notes ~~and~~ **,** the 0 **% Notes and the 0. 50** % Notes. The warrant transactions could separately have a dilutive effect on our common stock to the extent that the market price per share of our common stock exceeds $ 30. 70, with respect to the 1. 625 % Notes, ~~and~~ $ 74. 34, with respect to the 0 **% Notes and $ 156. 78 with respect to the 0. 50** % Notes. In connection with establishing their initial hedge of the convertible note hedges and warrant transactions for the 1. 625 % Notes ~~and~~ **,** the 0 **% Notes and the 0. 50** % Notes, the option counterparties or their respective affiliates have purchased shares of our common stock and / or entered into various derivative transactions with respect to our common stock. The option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives contracts with respect to our common stock and / or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of such notes. The potential effect, if any, of these transactions and activities on the market price of our common stock will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could materially adversely affect the value of our common stock. Counterparty risk with respect to the note hedge transactions, if realized, could have a material adverse impact on our results of operations. The option counterparties are financial institutions or affiliates of financial institutions, and we are subject to the risk that these option counterparties may default under the note hedge transactions. We can provide no assurances as to the financial stability or viability of any of the option counterparties. Our exposure to the credit risk of the option counterparties is not secured by any collateral. If one or more of the option counterparties to one or more of our note hedge transactions becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under those transactions. To the extent the option counterparties do not honor their contractual commitments with us pursuant to the note hedge transactions, we could face a material increase in our exposure to potential dilution upon any conversion of the 1. 625 % Notes **,** ~~and / or~~ the 0 % Notes and / or **the 0. 50 % Notes and / or** cash payments we are required to make in excess of the principal amount of converted 1. 625 % Notes **, the 0 % Notes** and / or the 0 **. 50** % Notes, as the case may be. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in the market price of our common stock and in the volatility of the market price of our common stock. In addition, upon a default by one of the option counterparties, we may suffer adverse tax consequences with respect to our common stock. Any such adverse tax consequences or increased cash payments could have a material adverse effect on our results of operations. Trends, Risks and Uncertainties Related to Our Common Stock Provisions in our charter documents may delay or prevent the acquisition of our Company, which could materially adversely affect the value of our common stock. Our certificate of incorporation and by- laws contain provisions that could make it harder for a third party to acquire us without the consent of our Board of Directors. These provisions: • establish advance notice requirements for submitting nominations for election to the Board of Directors and for proposing matters that can be acted upon by stockholders at a meeting; • authorize the issuance of" blank check" preferred stock, which is preferred stock that our Board of Directors can create and issue without prior stockholder approval and that could be issued with voting or other rights or preferences that could impede a takeover attempt; and • require the approval by holders of at least 66 2 / 3 % of our outstanding common stock to amend certain of these provisions in our certificate of incorporation or by- laws. Although we believe these provisions make a higher third- party bid more likely by requiring potential acquirers to negotiate with our Board of Directors, these provisions apply even if an initial offer may be considered beneficial by some stockholders. Any delay or prevention of an acquisition of our Company that would have been beneficial to our stockholders could materially decrease the value of our common stock. The amount and frequency of our share repurchases are affected by a number of factors and may fluctuate. Although we have adopted a share repurchase program, we are not obligated to repurchase a specified number or dollar value of shares under our share repurchase program or at all. The amount, timing, and purchases under our share repurchase program, if any, are influenced by many factors and may fluctuate based on our operating results, cash flows, and priorities for the use of cash and because of changes in tax laws, and the market price of our common stock. In addition, we cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long- term shareholder value. General Risk Factors We may be unable to successfully integrate new strategic acquisitions, which could materially adversely affect our business, results of operations and financial condition. We have made, and may continue to make, strategic acquisitions (including the acquisition of **EFK** ~~GFUS' s East Fishkill, New York site and fabrication facilities~~ and the acquisition of GTAT, a producer of SiC- based products and technology) and alliances that involve significant risks and uncertainties. Successful acquisitions and alliances in our industry require, among other things, efficient integration and aligning of product offerings and manufacturing operations and coordination of sales and marketing and research and development efforts, often in markets or regions in which we have less experience. Risks related to successful integration of an acquisition include, but are not limited to: (1) the ability to integrate information technology and other systems; (2) issues not discovered in our due diligence; (3) customers responding by changing their existing business relationships with us or the acquired company; (4) diversion of management' s attention from our day to day operations; and (5) loss of key employees post- integration. In addition, we may incur unexpected costs or taxes resulting from the acquisition or integration of the newly acquired business. Missteps or delays in integrating our acquisitions, which could be caused by factors outside of our control, or our failure to realize the expected benefits of the acquisitions on the timeline we anticipate, could materially adversely affect our results of operations and financial condition. Depending on the level of our ownership interest in and the extent to which we can exercise control over the acquired business, we may be required by U. S. generally accepted accounting principles (" GAAP") and SEC rules and regulations to consolidate newly acquired businesses into our consolidated financial statements. The acquired businesses may not have independent audited financial statements or statements prepared in accordance with GAAP, or the acquired businesses may have financial controls and systems that are not compatible with our financial controls and systems, any of which could materially impair our ability to properly integrate such businesses into our consolidated financial statements on a timely basis. Any revisions to, inaccuracies in or restatements of our consolidated financial statements due to accounting for our acquisitions could have a material adverse effect our financial condition and results of operations. Downturns or volatility in general economic conditions, as well as general macroeconomic trends and impacts, could have an adverse impact on our business, results of operations, financial condition and cash flows. Historically, worldwide semiconductor industry sales have tracked the impacts of **adverse economic conditions, specifically** financial crises, subsequent recoveries and persistent economic uncertainty. Recent global economic slowdowns could continue and potentially result in certain economies dipping into economic recessions, including in the United States. In addition, we are aware of and are monitoring the economic environment and related forecasts, which suggest (in certain parts of the world) an economic slowdown. We have in the past and could in the future experience period- to- period fluctuations in operating results due to general industry or economic conditions; the onset of an economic recession and volatile or uncertain economic conditions can adversely impact our sales and profitability and make it difficult for us and our competitors to accurately forecast and plan our future business activities. Furthermore, inflationary pressure and increases in interest rates **have and** may **continue to** increase our costs, which could negatively impact revenue, earnings and demand for our products. In addition to general economic conditions, impacts of other macroeconomic events, such as the COVID- 19 pandemic **, geopolitical conflicts** and **risks, such as** the ongoing **conflict in the**

Middle East and military conflict between Russia and Ukraine, climate change and other natural disasters, **banking failures** and uncertainties in global financial markets, could materially adversely impact our operations by causing disruptions in the geographies in which we and our suppliers, third party distributors and sub- contractors operate. If any of these events impact our supply chain, manufacturing and product shipments could be delayed, which could materially adversely affect our business, results of operations and financial condition. In addition, disruption of transportation and distribution systems could result in reduced operational efficiency and customer service interruption. Such events can negatively impact revenue and earnings and can significantly impact cash flow. Regulatory and legislative developments related to climate change may materially adversely affect our business and financial condition. Various jurisdictions **have developed or** are developing climate change- based 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 heightened investor expectations, on corporate environmental and social responsibility practices and disclosure, 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. If we are unable to comply, or are unable to cause our suppliers to comply, with such policies or provisions or meet the requirements of our customers and investors, a customer may stop purchasing products from us or an investor may sell their shares, or parties may take legal action against us, which could harm our reputation, revenue and results of operations. Any future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Given the political significance and uncertainty around the impact of climate change, we cannot predict how legislation and regulation will affect our financial condition, operating performance and ability to compete. Furthermore, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or others in our industry could harm our reputation. Any of the foregoing could result in a material adverse effect on our business and financial condition.