Risk Factors Comparison 2023-08-24 to 2022-08-24 Form: 10-K

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The following" risk factors" identify what we believe to be the risks that could materially adversely affect our financial and / or operational performance. These risk factors should be considered and evaluated together with information incorporated by reference or otherwise included elsewhere in this Annual Report on Form 10- K. Additional risks not currently known to the Company or that the Company currently believes are immaterial also may impair the Company' s business, financial condition, results of operations and cash flows. Business and Operational Risks Risks arising from uncertainty in worldwide and regional economic conditions may harm our business and make it difficult to project long- term performance. Our business is sensitive to global macro- economic conditions. ~~Future macroeconomic~~ **Macroeconomic** downturns may have an adverse effect on our business, results of operations and financial condition, as well as our distributors, customers and suppliers, and on activity in many of the industries and markets we serve. Among the economic factors which may have such an effect are manufacturing and other end- market activity, ~~global pandemics,~~ currency exchange rates, air travel trends, difficulties entering new markets, tariffs and governmental trade and monetary policies **, global pandemics** , and general economic conditions such as inflation, deflation, interest rates and credit availability. These factors may, among other things, negatively impact our level of purchases, capital expenditures, and creditworthiness, as well as our distributors, customers and suppliers, and, therefore, the Company' s revenues, operating profits, margins, and order rates. We cannot predict changes in worldwide or regional economic conditions and government policies, as such conditions are highly volatile and beyond our control. If these conditions deteriorate or remain at depressed levels for extended periods, however, our business, results of operations and financial condition could be materially adversely affected. As a global business, we are exposed to economic, political and other risks in different countries in which we operate, which could materially reduce our sales, profitability or cash flows, or materially increase our liabilities. Our net sales derived from customers outside the United States were approximately **37 percent in 2023,** 39 percent in 2022 ~~,~~ **and** 40 percent in 2021 ~~and 37 percent in 2020~~ . In addition, many of our manufacturing operations and suppliers are located outside the United States. The Company expects net sales from non- U. S. markets to continue to represent a significant portion of its total net sales. Our non- U. S. operations are subject to risks in addition to those facing our domestic operations, including: • fluctuations in currency exchange rates and / or changes in monetary policy; • ~~public health crises, including pandemics; •~~ limitations on ownership and on repatriation of earnings; • transportation delays and other supply chain disruptions; • political, social and economic instability and disruptions, including armed conflicts **such as the current conflict between Russia and Ukraine** ; • government embargoes, sanctions or trade restrictions; • the imposition of duties and tariffs and other trade barriers; • import and export controls; • labor unrest and current and changing regulatory environments **; • public health crises, including pandemics** ; • the potential for nationalization of enterprises; • difficulties in staffing and managing multi- national operations; • limitations on our ability to enforce legal rights and remedies; • potentially adverse tax consequences; and • difficulties in implementing restructuring actions on a timely basis **. For example, the global nature of our business and our operations exposes us to political, economic, and other conditions in foreign countries and regions, including geopolitical risks such as the current conflict between Russia and Ukraine. The broader consequences of this conflict, which may include further sanctions, embargoes, regional instability, and geopolitical shifts; potential retaliatory action by the Russian government against companies, including possible nationalization of foreign businesses in Russia; increased tensions between the United States and countries in which we operate; and the extent of the conflict' s effect on our business and results of operations as well as the global economy, cannot be predicted. To the extent the current conflict between Russia and Ukraine adversely affects our business, it may also have the effect of heightening many other risks, any of which could materially and adversely affect our business and results of operations. Such risks include, but are not limited to, adverse effects on macroeconomic conditions, including inflation, particularly with regard to raw material, transportation and labor price fluctuations; disruptions to our information technology environment, including through cyberattack, ransom attack, or cyber- intrusion; adverse changes in international trade policies and relations; disruptions in global supply chains; and our exposure to foreign currency exchange rate changes** . If we are unable to successfully manage the risks associated with expanding our global business or adequately manage operational fluctuations internationally, the risks could have a material adverse effect on our business, results of operations or financial condition. Increased cybersecurity threats and more sophisticated and targeted computer crime have posed and could continue to pose a risk to our information technology systems and a disruption to or breach in the security of such systems, if material, could have adverse effects on our result of operations and financial condition. We rely extensively on information technology systems to manage and operate our business, some of which are managed by third parties. The security and functionality of these information technology systems, and the processing of data by these systems, are critical to our business operations. If these systems, or any part of the systems, are damaged, intruded upon, attacked, shutdown or cease to function properly (whether by planned upgrades, force majeure, telecommunications failures, criminal acts, including hardware or software break- ins or extortion attempts, or viruses, or other cybersecurity incidents) and we suffer any resulting interruption in our ability to manage and operate our business or if our products are affected, our results of operations and financial condition could be materially adversely affected. Additionally, certain of our employees work remotely at times, which may increase our vulnerability to cyber and other information technology risks. In addition to existing risks, any adoption or deployment of new technologies via acquisitions or internal initiatives may increase our exposure to risks, breaches, or failures, which could materially adversely affect our results of operations or financial condition. Furthermore, the Company has access to sensitive, confidential, or personal data or information that is subject to privacy and security laws, regulations, or other contractually- imposed controls. Despite our use of reasonable and appropriate controls, security breaches, theft, misplaced, lost or corrupted data, programming, or employee errors and / or malfeasance have led and could in the future lead to the compromise or improper use of such sensitive, confidential, or personal data or information. Such events may result in possible negative consequences, such as fines, ransom demands, penalties, failure to comply with laws governing sensitive data, loss of reputation, intellectual property, competitiveness or customers, increased security and compliance costs or other negative consequences. Further, the amount of insurance coverage that we maintain may be inadequate to cover claims or liabilities relating to a cybersecurity incident. Depending on the nature and magnitude of these events, they may have an adverse impact on our results of operations or financial condition. Price and supply fluctuations of the raw materials used in our production processes and by our suppliers of component parts could negatively impact our financial results. Our supply of raw materials could be interrupted for a variety of reasons, including availability and pricing. Furthermore, changes to United States and other countries' tariff and import / export regulations have in the past and may in the future have a negative impact on the availability and pricing of raw materials. Prices for raw materials necessary for production have fluctuated significantly in the past and significant increases could adversely affect our results of operations and profit margins. Our efforts to manage these fluctuations by, among other things, passing along price increases to our customers, may be subject to a time delay between the increased raw material prices and our ability to increase the price of our products, or we may be unable to increase the prices of our products due to pricing pressure, contract terms or other factors. Any such inability to manage fluctuations could adversely impact our results of operations and cash flows. Our suppliers of component parts may significantly and quickly increase their prices in response to increases in costs of raw materials that they use to manufacture the component parts. As a result, we may not be able to increase our prices commensurately with our increased costs. Consequently, our results of operations or financial condition could be materially adversely affected. **Unexpected events may increase our cost of doing business or disrupt our operations.** The ~~novel coronavirus ("~~ **occurrence of one or more unexpected events, including war, acts of terrorism or violence, civil unrest, fires, tornadoes, hurricanes, earthquakes, floods and other forms of severe weather in the United States or in other countries in which we operate or in which our suppliers are located could adversely affect our operations and financial performance. Natural disasters, pandemics, such as the** COVID- 19 ~~")~~ pandemic ~~has disrupted~~ **, equipment failures, power outages** ~~our~~ - **or other unexpected events could result in physical damage to and complete or partial closure of one or more of our manufacturing facilities or distribution centers, temporary or long- term disruption in the supply of component products from some local and international suppliers, and disruption and delay in the transport of our products to dealers, end-users and distribution centers. Existing insurance coverage may not provide protection for all of the costs that may arise from such events. For example, during the COVID- 19 pandemic we experienced mandatory and voluntary facility closures in certain jurisdictions in which we operate. Furthermore, several of our customers temporarily suspended their** operations and **we experienced less demand for our products. Facility closures or other restrictions, as well as supply chain disruptions, did negatively impact and could in the future materially adversely affect our ability to adequately staff, supply or otherwise maintain our operations. The impact of unexpected events such as the COVID- 19 pandemic are difficult to predict, but** could have a material adverse effect on our business ~~and~~ **, results of operations or** financial condition ~~. The COVID- 19 pandemic, along with the response to the pandemic by governmental and other actors, has disrupted our operations and is expected to continue to negatively impact our operations in the future, which impact may be material. We have experienced, and may continue to experience, mandatory and voluntary facility closures in certain jurisdictions in which we operate. Furthermore, several of our customers temporarily suspended their operations and we have experienced less demand for our products. Disruptions to our customers in the aerospace industry, which is facing diminished demand, have been and may continue to be challenging. Additionally, the COVID- 19 outbreak has, and could further, disrupt our supply chain. Facility closures or other restrictions, as well as supply chain disruptions, could materially adversely affect our ability to adequately staff, supply or otherwise maintain our operations. Moreover, because certain of our employees work remotely at times, we may be subject to increased vulnerability to cyber and other information technology risks. We have modified, and may further modify, our business practices in response to the risks and negative impacts associated with the COVID- 19 pandemic. However, there can be no assurance that these measures will be temporary or successful. The impact of the COVID- 19 pandemic continues to evolve and its ultimate duration, severity and disruption to our business, customers and supply chain, and the related financial impact to us, cannot be accurately forecasted at this time. Should such disruption continue for an extended period, the adverse effect on our business, results of operations and financial condition could be more severe than previously anticipated. Additionally, weak economic conditions generally as a result of the COVID- 19 pandemic could result in impairment in value of our tangible or intangible assets. Furthermore, future public health crises are possible and could involve some or all of the risks discussed above~~ . Changes in the demand for and supply of our products may adversely affect our financial results, financial condition and cash flow. Demand for and supply of our products has been and may be adversely affected by numerous factors, some of which we cannot predict or control. Such factors include: • changes in business relationships with and purchases by or from major customers, suppliers or distributors, including delays or cancellations in shipments, disputes regarding contract terms or significant changes in financial condition, and changes in contract cost and revenue estimates for new development programs ~~, including changes as a result of the COVID- 19 pandemic~~ ; • changes in product mix; • changes in the market acceptance of our products; • increased competition in the markets we serve; • declines in the general level of industrial production ~~, including as a result of the COVID- 19 pandemic~~ ; • weakness in the end- markets we serve ~~, including as a result of the COVID- 19 pandemic~~ ; • fluctuations in the availability or the prices of raw materials; and • fluctuations in currency exchange rates. If any of these factors occur, the demand for and supply of our products could suffer, which could materially adversely affect the Company' s results of operations. The development of new products and technologies requires substantial investment and is required to remain competitive in the markets we serve. If we are unable to successfully introduce new commercial products, our profitability could be adversely affected. The markets we serve are characterized by rapidly changing technologies and frequent introductions of new products and services. Our ability to develop new products based on technological innovation can affect our competitive position and often requires the investment of significant resources. If we cannot develop, or have difficulties or delays developing new and enhanced products and services, or if we fail to gain market or regulatory acceptance of new products and technologies, our revenues may be materially reduced and our competitive position could be materially adversely affected. In addition, we may invest in research and development of products and services, or in acquisitions or other investments, that do not lead to significant revenue, which could adversely affect our profitability. Changes in the competitive environment in which we operate may eliminate any competitive advantages that we currently have, which could adversely impact our business. Our operations are subject to competition from a wide variety of global, regional and local competitors, which could adversely affect our results of operations by creating downward pricing pressure and / or a decline in our margins or market shares. To compete successfully, we must excel in terms of product quality and innovation, technological and engineering capability, manufacturing and distribution capability, delivery, price competitiveness, and customer experience. We may be required to make material expenditures in order to comply with environmental laws and regulations, ~~and~~ **to address the effects of** climate change and ~~legal or regulatory measures~~ to ~~address~~ **respond to customer needs and investor expectations regarding** climate ~~change~~ **- related goals, each of which** may negatively impact our business. Our operations necessitate the use and handling of hazardous materials and, as a result, subject us to various U. S. federal, state and local laws and regulations, as well as non- U. S. laws, designed to protect the environment and to regulate the discharge of materials into the environment. These laws impose penalties, fines and other sanctions for non-compliance and liability for response costs, property damages and personal injury resulting from past and current spills, disposals or other releases of, or the exposure to, hazardous materials. Among other laws, we are subject to the U. S. federal" Superfund" law, under which we have been designated as a" potentially responsible party" and may be liable for clean- up costs associated with various waste sites, some of which are on the United States Environmental Protection Agency' s Superfund priority list. We could incur substantial costs as a result of non- compliance with or liability for cleanup or other costs or damages under environmental laws, including the" Superfund" law. In addition, increased worldwide focus on climate change issues has led to legislative and regulatory efforts to limit greenhouse gas emissions. Increased regulation of greenhouse gas emissions and other climate change concerns could subject us to additional costs and restrictions, including increased energy and raw material costs. We are not able to predict how such regulations would affect our business, operations or financial results, but increased regulation could have a material adverse effect on our business, operations and financial condition. Further, climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere could present risks to our operations. Extreme weather events linked to climate change, including hurricanes, flooding, wildfires, high heat and water scarcity, among others, create physical risks to our operating locations and supply chains. Although we are working towards and intend to meet our goal of making our own operations carbon neutral by 2040, we may be required to expend significant resources to do so, which could increase our operational costs. Further, there can be no assurance of the extent to which any of our climate- related goals will be achieved, **if at all, including on the timeline expected by customers or investors,** or that any future investments we make in furtherance of achieving our goals will meet customer expectations and needs, investor expectations or market standards regarding sustainability ~~performance~~ **, including reducing greenhouse gas emissions. Any failure, or perceived failure, by us to achieve our climate- related goals, further our initiatives, adhere to our public statements, comply with federal, state or international climate- related laws and regulations or meet evolving and varied customer and investor expectations and standards could result in legal and regulatory proceedings against us or could cause our customers to find other suppliers, each of which could adversely affect our reputation, the market price of our common shares, our results of operations, our financial condition or our cash flows. We operate in challenging markets for talent and may fail to attract, develop and retain key personnel. We depend on the skills, institutional knowledge, working relationships, and continued services and contributions of key personnel, including our leadership team and others at all levels of the company, as a critical part of our human capital resources. In addition, our ability to achieve our operating and strategic goals depends on our ability to identify, hire, train and retain qualified individuals. We compete with other companies both within and outside of our industry for talented personnel in a highly competitive labor market, and we may lose key personnel or fail to attract other talented personnel or otherwise identify and retain suitable replacements. Any such loss or failure could have material adverse effects on our results of operations, financial condition and cash flows** . Strategic Transactions Risks We are subject to risks relating to ~~the pending acquisition of Meggitt. On August 2, 2021, we announced our proposed acquisition of Meggitt. Meggitt is a leader in design, manufacturing and aftermarket support of technologically differentiated systems and equipment in aerospace, defense and selected energy markets. The proposed acquisition of Meggitt would expand the size of our Aerospace Systems Segment relative to our other segment, increasing our susceptibility to conditions in the end markets served by our Aerospace Systems Segment. There are numerous risks and uncertainties associated with the proposed acquisition, including: • completion of the acquisition is subject to a number of conditions, some of which are outside of our control. Among these conditions are the receipt of certain regulatory approvals, including the expiration or termination of any applicable waiting period (and any extension thereof) under the Hart- Scott- Rodino Antitrust Improvement Act of 1976, as amended; • the Company' s and Meggitt' s existing business relationships with third parties, including customers and service providers, may be disrupted due to uncertainty associated with the acquisition, which could have an adverse effect on our results of operations, cash flows and financial position or those of the combined company; • failure to complete the acquisition could negatively impact our stock price and our future business and financial results; • both we and Meggitt will incur significant transaction costs in connection with the acquisition, which costs may exceed those currently anticipated; • we have substantially increased our indebtedness to pay for the Acquisition and other related fees and expenses; • the COVID- 19 pandemic may delay or prevent the completion of~~

~~the acquisition; • after completion of the acquisition, we may be unable to successfully integrate our and Meggitt' s business and, as a result, may fail to realize the anticipated benefits and cost savings of the transaction in the intended timeframe or at all, which could adversely affect the value of our common stock; • our results after the proposed acquisition of Meggitt may suffer if we do not effectively manage our expanded operations following the acquisition; and • Meggitt may have difficulty retaining, motivating, and attracting executives and other employees in light of the pending acquisition, and failure to do so could harm the company. Any of the foregoing risks and uncertainties could have a material adverse effect on our earnings, cash flows and financial condition. We are subject to risks relating to~~ acquisitions and joint ventures, and risks relating to the integration of acquired companies, including risks related to the integration of ~~Lord Corporation~~ **Meggitt plc** (" ~~Lord~~ **Meggitt** ") ~~and Exotic Metals Forming Company (" Exotic") and the potential acquisition of Meggitt~~ . We expect to continue our strategy of identifying and acquiring businesses with complementary products and services, and entering into joint ventures, which we believe will enhance our operations and profitability. However, there can be no assurance that we will be able to continue to find suitable businesses to purchase or joint venture opportunities, or that we will be able to acquire such businesses or enter into such joint ventures on acceptable terms. Furthermore, there are no assurances that we will be able to avoid acquiring or assuming unexpected liabilities. If we are unable to avoid these risks, our results of operations and financial condition could be materially adversely affected. In addition, we may not be able to integrate successfully any businesses that we purchase into our existing business and it is possible that any acquired businesses or joint ventures may not be profitable. For example, we have devoted significant management attention and resources to integrating the business and operations of **Meggitt** ~~Lord and Exotic~~ . We may encounter, or have encountered, the following difficulties during the integration process: • the consequences of a change in tax treatment, including the cost of integration and compliance and the possibility that the full benefits anticipated to result from the acquisitions may not be realized; • delays in the integration of management teams, strategies, operations, products, and services; • differences in business backgrounds, corporate cultures, and management philosophies that may delay successful integration; • the ability to retain key employees; • the ability to create and enforce uniform standards, controls, procedures, policies, and information systems; • challenges of integrating complex systems, technologies, networks, and other assets of the acquired companies in a manner that minimizes any adverse impact or disruptions to customers, suppliers, employees, and other constituencies; and • unknown liabilities and unforeseen increased expenses or delays associated with the integration beyond current estimates. The successful integration of new businesses and the success of joint ventures also depend on our ability to manage these new businesses and cut excess costs. If we are unable to avoid these risks, our results of operations and financial condition could be materially adversely affected. Our results may be adversely affected if expanded operations from ~~the acquisition~~ **acquisitions** ~~of Lord and Exotic, and the potential acquisition of Meggitt,~~ are not effectively managed. Our recent acquisitions have greatly expanded the size and complexity of our business. Our future success depends, in part, on the ability to manage this expanded business, which may pose or has posed substantial challenges for management, including challenges related to the management and monitoring of the expanded global operations and new manufacturing processes and products, and the associated costs and complexity. There can be no assurance of successful management of these matters or that we will realize the expected benefits of the acquisitions. The Company may be subject to risks relating to organizational changes. We regularly execute organizational changes such as acquisitions, divestitures and realignments to support our growth and cost management strategies. We also engage in initiatives aimed to increase productivity, efficiencies and cash flow and to reduce costs. The Company commits significant resources to identify, develop and retain key employees to ensure uninterrupted leadership and direction. If we are unable to successfully manage these and other organizational changes, the ability to complete such activities and realize anticipated synergies or cost savings as well as our results of operations and financial condition could be materially adversely affected. We cannot offer assurances that any of these initiatives will be beneficial to the extent anticipated, or that the estimated efficiency improvements, incremental cost savings or cash flow improvements will be realized as anticipated or at all. Financial Risks Increasing costs of certain employee and retiree benefits could adversely affect our liability for such benefits. The funding requirements and the amount of expenses recorded for our defined benefit pension plans are dependent on changes in market interest rates and the value of plan assets, which are dependent on actual plan asset returns. Significant changes in market interest rates and decreases in the fair value of plan assets and investment losses on plan assets would increase funding requirements and expenses and may adversely impact our results of operations. The Company absorbs a portion of healthcare costs for its employees. If healthcare costs rise significantly and we continue to absorb the majority of these costs, these increasing costs may adversely impact our future results of operations. Additional liabilities relating to changes in tax rates or exposure to additional income tax liabilities could adversely impact our financial condition and cash flow. We are subject to income taxes in the U. S. and various non- U. S. jurisdictions. Our domestic and international tax liabilities are dependent upon the location of earnings among these different jurisdictions. Our future financial condition and cash flow could be adversely affected by changes in effective tax rate as a result of changes in tax laws and judicial or regulatory interpretation thereof, the mix of earnings in countries with differing statutory tax rates, changes in overall profitability, changes in U. S. generally accepted accounting principles (" GAAP"), or changes in the valuation of deferred tax assets. In addition, the amount of income taxes paid by the Company is subject to ongoing audits by ~~U. S. federal, state and local tax authorities and by~~ non- U. S. **and U. S. federal, state and local** tax authorities. If these audits result in assessments different from estimated amounts, future financial results may include unfavorable adjustments to the Company' s tax liabilities, which could have a material adverse effect on the Company' s financial condition and cash flow. Our indebtedness and restrictive covenants under our credit facilities could limit our operational and financial flexibility. We have incurred significant indebtedness, and may incur additional debt for acquisitions, operations, research and development and capital expenditures, or for other reasons related to our overall capital deployment strategy. Our ability to make interest and scheduled principal payments and meet restrictive covenants could be adversely impacted by changes in the availability, terms and cost of capital, changes in interest rates or changes in our credit ratings or our outlook. These changes could increase our cost of financing and limit our debt capacity, thereby limiting our ability to pursue acquisition opportunities, react to market conditions and meet operational and capital needs, which may place us at a competitive disadvantage. We carry goodwill on our balance sheet, which is subject to impairment testing and could subject us to significant non- cash charges to earnings in the future if impairment occurs. We have goodwill recorded on our balance sheet. Goodwill is not amortized, but is tested for impairment annually **as of December 31,** in the ~~second~~ **third** quarter or more often if events or changes in circumstances indicate a potential impairment may exist. Factors that could indicate that our goodwill is impaired include a decline in our stock price and market capitalization, lower than projected operating results and cash flows, and slower growth rates in our industry. Declines in our stock price, lower operating results and any decline in industry conditions in the future could increase the risk of impairment. Impairment testing incorporates our estimates of future operating results and cash flows, estimates of allocations of certain assets and cash flows among reporting units, estimates of future growth rates, and our judgment regarding the applicable discount rates used on estimated operating results and cash flows. If we determine at a future time that ~~further~~ impairment exists, it may result in a significant non- cash charge to earnings and lower stockholders' equity. Legal and Regulatory Risks As a provider of products to the U. S. government, we are subject to additional risks related to future government spending as well as unusual performance conditions and enhanced compliance risks. In addition to the risks identified herein, doing business with the U. S. government subjects us to unusual risks, including dependence on the level of government spending and compliance with and changes in governmental acquisition regulations. Agreements relating to the sale of products to government entities may be subject to termination, reduction or modification, either at the convenience of the government or for our failure to perform, or other unsatisfactory performance under the applicable contract. We are subject to government investigations of our business practices and compliance with government acquisition regulations. If the Company were charged with wrongdoing as a result of any such investigation, it could be suspended from bidding on or receiving awards of new government contracts, and we could be subject to fines or penalties associated with contract non- compliance or resulting from such investigations, which could have a material adverse effect on our results of operations. Litigation and legal and regulatory proceedings against the Company could decrease our liquidity, impair our financial condition and adversely affect our results of operations. From time to time, we are subject to litigation or other commercial disputes and other legal and regulatory proceedings relating to our business. Due to the inherent uncertainties of any litigation, commercial disputes or other legal or regulatory proceedings, we cannot accurately predict their ultimate outcome, including the outcome of any related appeals. An unfavorable outcome could materially adversely impact our business, financial condition and results of operations. Furthermore, as required by U. S. GAAP, we establish reserves based on our assessment of contingencies, including contingencies related to legal claims asserted against us. Subsequent developments in legal proceedings may affect our assessment and estimates of the loss contingency recorded as a reserve and require us to make payments in excess of our reserves, which could have an adverse effect on our results of operations. We are subject to national and international laws and regulations, such as the anti- corruption laws of the U. S. Foreign Corrupt Practices Act and the U. K. Bribery Act, relating to our business and our employees. Despite our policies, procedures and compliance programs, our internal controls and compliance systems may not be able to protect the Company from prohibited acts willfully committed by our employees, agents or business partners that would violate such applicable laws and regulations. Any such improper acts could damage the Company' s reputation, subject us to civil or criminal judgments, fines or penalties, and could otherwise disrupt the Company' s business, and as a result, could materially adversely impact our business, financial condition and results of operations. Further, our operations are subject to certain antitrust and competition laws in the jurisdictions in which we conduct our business, in particular the United States and Europe. These laws prohibit, among other things, anticompetitive agreements and practices. If any of our commercial agreements or practices are found to violate or infringe such laws, we may be subject to civil and other penalties. We may also be subject to third- party claims for damages. Further, agreements that infringe antitrust and competition laws may be void and unenforceable, in whole or in part, or require modification in order to be lawful and enforceable. Accordingly, any violation of these laws could harm our reputation and could have a material adverse effect on our earnings, cash flows and financial condition. Due to the nature of our business and products, we may be liable for damages based on product liability claims. Our businesses expose us to potential product liability risks that are inherent in the design, manufacture and sale of our products and the products of third- party vendors that we use or resell. Significant product liability claims could have a material adverse effect on the Company' s financial condition, liquidity and results of operations. Although we currently maintain what we believe to be suitable and adequate product liability insurance, there can be no assurance that we will be able to maintain our insurance on acceptable terms or that our insurance will provide adequate protection against all potential significant liabilities. Failure to protect our intellectual property and know- how could reduce or eliminate any competitive advantage and reduce our sales and profitability, and the cost of protecting our intellectual property may be significant. Protecting our intellectual property is critical to our innovation efforts. We own a number of patents, trade secrets, copyrights, trademarks, trade names and other forms of intellectual property related to our products and services throughout the world and in the operation of our business. We also have exclusive and non- exclusive rights to intellectual property owned by others. Our intellectual property may be challenged, stolen or otherwise infringed upon by third parties or we may be unable to maintain, renew or enter into new license agreements with third- party owners of intellectual property on reasonable terms. In addition, the global nature of our business increases the risk that our intellectual property may be subject to infringement, theft or other unauthorized use or disclosure by others. In some cases, our ability to protect our intellectual property rights by legal recourse or otherwise may be limited, particularly in countries where laws or enforcement practices are inadequate or undeveloped. And the cost of enforcing our rights may be significant. Unauthorized use or disclosure of our intellectual property rights or our inability to protect our intellectual property rights could lead to reputational harm and / or adversely impact our competitive position and results of operations.