
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **October 30, 2022**
or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____
Commission File Number **001-06395**

SEMTECH CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

95-2119684
(I.R.S. Employer
Identification No.)

200 Flynn Road, Camarillo, California, 93012-8790
(Address of principal executive offices, Zip Code)

Registrant's telephone number, including area code: (805) 498-2111

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock par value \$0.01 per share	SMTC	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of common stock, \$0.01 par value per share, outstanding at November 25, 2022: 63,837,729

SEMTECH CORPORATION
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FOR THE QUARTER ENDED OCTOBER 30, 2022

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Unless the context otherwise requires, the use of the terms "Semtech," "the Company," "we," "us" and "our" in this Quarterly Report on Form 10-Q refers to Semtech Corporation and, as applicable, its consolidated subsidiaries. This Quarterly Report on Form 10-Q may contain references to the Company's trademarks and to trademarks belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Quarterly Report on Form 10-Q, including logos, artwork and other visual displays, may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies' trade names or trademarks to imply a relationship with, or endorsement or sponsorship of us by, any other company.

Special Note Regarding Forward-Looking and Cautionary Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended, based on our current expectations, estimates and projections about our operations, industry, financial condition, performance, results of operations, and liquidity. Forward-looking statements are statements other than historical information or statements of current condition and relate to matters such as future financial performance, future operational performance, the anticipated impact of specific items on future earnings, and our plans, objectives and expectations. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "estimate," "should," "will," "designed to," "projections," or "business outlook," or other similar expressions constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties that could cause actual results and events to differ materially from those projected. Potential factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: the failure to obtain regulatory approvals required for the closing of the proposed acquisition of Sierra Wireless, Inc. ("Sierra Wireless"); the failure to satisfy the conditions to the closing of the proposed acquisition; potential legal proceedings relating to the proposed acquisition and the outcome of any such legal proceeding; the inherent risks, costs and uncertainties associated with integrating the businesses successfully and risks of not achieving all or any of the anticipated benefits of the proposed acquisition, or the risk that the anticipated benefits of the proposed acquisition may not be fully realized or take longer to realize than expected; the occurrence of any event, change or other circumstances that could give rise to the termination of the arrangement agreement with Sierra Wireless; the risk that the proposed acquisition will not be consummated within the expected time period, or at all; future responses to and effects of the ongoing COVID-19 pandemic or other similar health crises; export restrictions and laws affecting the Company's trade and investments and tariffs or the occurrence of trade wars; worldwide economic and political disruptions, including as a result of inflation and the current conflict between Russia and Ukraine; competitive changes in the marketplace including, but not limited to, the pace of growth or adoption rates of applicable products or technologies; downturns in the business cycle; decreased average selling prices of the Company's products; the Company's reliance on a limited number of suppliers and subcontractors for components and materials; changes in projected or anticipated end-user markets; and the Company's ability to forecast and achieve anticipated net sales and earnings estimates in light of periodic economic uncertainty, including impacts arising from Asian, European and global economic dynamic; and those factors set forth under "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2022 filed with the Securities and Exchange Commission (the "SEC") on March 16, 2022 and under "Risk Factors" in this Quarterly Report on Form 10-Q, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with SEC. In light of the significant risks and uncertainties inherent in the forward-looking information included herein that may cause actual performance and results to differ materially from those predicted, any such forward-looking information should not be regarded as representations or guarantees by the Company of future performance or results, or that its objectives or plans will be achieved, or that any of its operating expectations or financial forecasts will be realized. Reported results should not be considered an indication of future performance. Investors are cautioned not to place undue reliance on any forward-looking information contained herein, which reflect management's analysis only as of the date hereof. Except as required by law, the Company assumes no obligation to publicly release the results of any update or revision to any forward-looking statement that may be made to reflect new information, events or circumstances after the date hereof or to reflect the occurrence of unanticipated or future events, or otherwise.

In addition to regarding forward-looking statements with caution, you should consider that the preparation of the consolidated financial statements requires us to draw conclusions and make interpretations, judgments, assumptions and estimates with respect to certain factual, legal, and accounting matters. Our consolidated financial statements might have been materially impacted if we had reached different conclusions or made different interpretations, judgments, assumptions or estimates.

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

SEMTECH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Net sales	\$ 177,618	\$ 194,932	\$ 589,021	\$ 550,308
Cost of sales	62,049	71,243	207,380	206,326
Gross profit	115,569	123,689	381,641	343,982
Operating costs and expenses, net:				
Selling, general and administrative	42,366	47,621	133,849	128,402
Product development and engineering	35,161	37,346	114,551	109,633
Intangible amortization	1,000	1,298	3,096	3,894
Gain on sale of business	(327)	—	(18,313)	—
Total operating costs and expenses, net	78,200	86,265	233,183	241,929
Operating income	37,369	37,424	148,458	102,053
Interest expense	(9,009)	(1,233)	(11,465)	(3,617)
Non-operating income, net	775	105	1,162	412
Investment impairments and credit loss reserves, net	(29)	(216)	376	(930)
Income before taxes and equity in net (losses) gains of equity method investments	29,106	36,080	138,531	97,918
Provision for income taxes	6,327	3,018	26,415	9,179
Net income before equity in net (losses) gains of equity method investments	22,779	33,062	112,116	88,739
Equity in net (losses) gains of equity method investments	(36)	1,363	271	2,115
Net income	22,743	34,425	112,387	90,854
Net loss attributable to noncontrolling interest	(3)	(2)	(6)	(6)
Net income attributable to common stockholders	\$ 22,746	\$ 34,427	\$ 112,393	\$ 90,860
Earnings per share:				
Basic	\$ 0.36	\$ 0.53	\$ 1.76	\$ 1.40
Diluted	\$ 0.36	\$ 0.53	\$ 1.76	\$ 1.38
Weighted-average number of shares used in computing earnings per share:				
Basic	63,764	64,546	63,738	64,786
Diluted	63,855	65,299	64,040	65,664

The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.

SEMTECH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Net income	\$ 22,743	\$ 34,425	\$ 112,387	\$ 90,854
Other comprehensive (loss) income, net:				
Unrealized (loss) gain on foreign currency cash flow hedges, net	(382)	—	164	—
Reclassifications of realized loss (gain) on foreign currency cash flow hedges, net to net income	72	—	(69)	—
Unrealized gain (loss) on interest rate cash flow hedges, net	505	(388)	2,069	341
Reclassifications of realized (gain) loss on interest rate cash flow hedges, net to net income	(625)	923	(680)	557
Reclassification of cumulative translation gain to net income	—	—	(48)	—
Change in defined benefit plans, net	22	158	68	472
Other comprehensive (loss) income, net	(408)	693	1,504	1,370
Comprehensive income	22,335	35,118	113,891	92,224
Comprehensive loss attributable to noncontrolling interest	(3)	(2)	(6)	(6)
Comprehensive income attributable to common stockholders	\$ 22,338	\$ 35,120	\$ 113,897	\$ 92,230

The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.

SEMTECH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)

	October 30, 2022	January 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 617,801	\$ 279,601
Accounts receivable, less allowances of \$844 and \$747, respectively	80,539	71,507
Inventories	111,083	114,003
Prepaid taxes	2,758	5,983
Other current assets	23,051	31,201
Total current assets	835,232	502,295
Non-current assets:		
Property, plant and equipment, net of accumulated depreciation of \$259,308 and \$254,764, respectively	135,571	134,940
Deferred tax assets	24,898	27,803
Goodwill	350,306	351,141
Other intangible assets, net	3,708	6,804
Other assets	117,136	107,928
TOTAL ASSETS	\$ 1,466,851	\$ 1,130,911
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 45,072	\$ 50,695
Accrued liabilities	95,021	77,704
Total current liabilities	140,093	128,399
Non-current liabilities:		
Deferred tax liabilities	1,075	1,132
Long-term debt	455,113	171,676
Other long-term liabilities	77,973	91,929
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock, \$0.01 par value, 250,000,000 shares authorized, 78,136,144 issued and 63,837,729 outstanding and 78,136,144 issued and 64,098,565 outstanding, respectively	785	785
Treasury stock, at cost, 14,298,415 shares and 14,037,579 shares, respectively	(579,268)	(549,942)
Additional paid-in capital	462,213	491,956
Retained earnings	909,253	796,860
Accumulated other comprehensive loss	(571)	(2,075)
Total stockholders' equity	792,412	737,584
Noncontrolling interest	185	191
Total equity	792,597	737,775
TOTAL LIABILITIES AND EQUITY	\$ 1,466,851	\$ 1,130,911

The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.

SEMTECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

Three Months Ended October 30, 2022

	Common Stock			Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Stockholders' Equity	Noncontrolling Interest	Total Equity
	Number of Shares Outstanding	Amount	Treasury Stock, at Cost						
Balance at July 31, 2022	63,516,341	\$ 785	\$ (594,449)	\$ 506,178	\$ 886,507	\$ (163)	\$ 798,858	\$ 188	\$ 799,046
Net income	—	—	—	—	22,746	—	22,746	(3)	22,743
Other comprehensive loss	—	—	—	—	—	(408)	(408)	—	(408)
Sale of warrants (see Note 9)	—	—	—	42,909	—	—	42,909	—	42,909
Purchase of convertible note hedge (see Note 9)	—	—	—	(72,559)	—	—	(72,559)	—	(72,559)
Share-based compensation	—	—	—	9,016	—	—	9,016	—	9,016
Treasury stock reissued	321,388	—	15,181	(23,331)	—	—	(8,150)	—	(8,150)
Balance at October 30, 2022	63,837,729	\$ 785	\$ (579,268)	\$ 462,213	\$ 909,253	\$ (571)	\$ 792,412	\$ 185	\$ 792,597

Nine Months Ended October 30, 2022

	Common Stock			Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Stockholders' Equity	Noncontrolling Interest	Total Equity
	Number of Shares Outstanding	Amount	Treasury Stock, at Cost						
Balance at January 30, 2022	64,098,565	\$ 785	\$ (549,942)	\$ 491,956	\$ 796,860	\$ (2,075)	\$ 737,584	\$ 191	\$ 737,775
Net income	—	—	—	—	112,393	—	112,393	(6)	112,387
Other comprehensive income	—	—	—	—	—	1,504	1,504	—	1,504
Sale of warrants (see Note 9)	—	—	—	42,909	—	—	42,909	—	42,909
Purchase of convertible note hedge (see Note 9)	—	—	—	(72,559)	—	—	(72,559)	—	(72,559)
Share-based compensation	—	—	—	33,727	—	—	33,727	—	33,727
Repurchase of common stock	(762,093)	—	(50,000)	—	—	—	(50,000)	—	(50,000)
Treasury stock reissued	501,257	—	20,674	(33,820)	—	—	(13,146)	—	(13,146)
Balance at October 30, 2022	63,837,729	\$ 785	\$ (579,268)	\$ 462,213	\$ 909,253	\$ (571)	\$ 792,412	\$ 185	\$ 792,597

The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.

SEMTECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

Three Months Ended October 31, 2021									
	Common Stock		Treasury Stock, at Cost	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Stockholders' Equity	Noncontrolling Interest	Total Equity
	Number of Shares Outstanding	Amount							
Balance at August 1, 2021	64,396,741	\$ 785	\$ (499,199)	\$ 486,693	\$ 727,629	\$ (7,491)	\$ 708,417	\$ 206	\$ 708,623
Net income	—	—	—	—	34,427	—	34,427	(2)	34,425
Other comprehensive income	—	—	—	—	—	693	693	—	693
Share-based compensation	—	—	—	13,289	—	—	13,289	—	13,289
Repurchase of common stock	(387,163)	—	(30,000)	—	—	—	(30,000)	—	(30,000)
Treasury stock reissued	389,663	—	9,589	(18,221)	—	—	(8,632)	—	(8,632)
Balance at October 31, 2021	64,399,241	\$ 785	\$ (519,610)	\$ 481,761	\$ 762,056	\$ (6,798)	\$ 718,194	\$ 204	\$ 718,398

Nine Months Ended October 31, 2021									
	Common Stock		Treasury Stock, at Cost	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Stockholders' Equity	Noncontrolling Interest	Total Equity
	Number of Shares Outstanding	Amount							
Balance at January 31, 2021	65,098,379	\$ 785	\$ (438,798)	\$ 473,728	\$ 671,196	\$ (8,168)	\$ 698,743	\$ 210	\$ 698,953
Net income	—	—	—	—	90,860	—	90,860	(6)	90,854
Other comprehensive income	—	—	—	—	—	1,370	1,370	—	1,370
Share-based compensation	—	—	—	37,819	—	—	37,819	—	37,819
Repurchase of common stock	(1,387,624)	—	(97,000)	—	—	—	(97,000)	—	(97,000)
Treasury stock reissued	688,486	—	16,188	(29,786)	—	—	(13,598)	—	(13,598)
Balance at October 31, 2021	64,399,241	\$ 785	\$ (519,610)	\$ 481,761	\$ 762,056	\$ (6,798)	\$ 718,194	\$ 204	\$ 718,398

The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.

SEMTECH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended	
	October 30, 2022	October 31, 2021
Cash flows from operating activities:		
Net income	\$ 112,387	\$ 90,854
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation and amortization	22,321	22,686
Amortization of right-of-use assets	3,475	3,289
Investment impairments and credit loss reserves, net	(376)	930
Accretion of deferred financing costs and debt discount	520	361
Deferred income taxes	2,383	(1,540)
Share-based compensation	27,228	40,697
Gain on disposition of business operations and assets	(18,256)	(34)
Equity in net gains of equity method investments	(271)	(2,115)
Corporate-owned life insurance, net	23	4,720
<i>Changes in assets and liabilities:</i>		
Accounts receivable, net	(9,032)	(3,880)
Inventories	(3,470)	(17,665)
Other assets	4,170	8,130
Accounts payable	(3,430)	(3,325)
Accrued liabilities	12,127	15,816
Other liabilities	(4,289)	(6,787)
Net cash provided by operating activities	<u>145,510</u>	<u>152,137</u>
Cash flows from investing activities:		
Proceeds from sales of property, plant and equipment	33	82
Purchase of property, plant and equipment	(22,643)	(18,081)
Proceeds from sale of investments	2,275	—
Purchase of investments	(6,748)	(5,832)
Proceeds from sale of business, net of cash disposed	26,322	—
Proceeds from corporate-owned life insurance	5,065	—
Premiums paid for corporate-owned life insurance	(5,065)	(6,000)
Net cash used in investing activities	<u>(761)</u>	<u>(29,831)</u>
Cash flows from financing activities:		
Proceeds from revolving line of credit	10,000	20,000
Payments of revolving line of credit	(33,000)	(24,000)
Proceeds from convertible senior notes	319,500	—
Proceeds from sale of warrants	42,909	—
Purchase of convertible note hedge	(72,559)	—
Deferred financing costs	(10,253)	—
Payment for employee share-based compensation payroll taxes	(13,766)	(17,885)
Proceeds from exercise of stock options	620	4,287
Repurchase of common stock	(50,000)	(97,000)
Net cash provided by (used in) financing activities	<u>193,451</u>	<u>(114,598)</u>
Net increase in cash and cash equivalents	338,200	7,708
Cash and cash equivalents at beginning of period	279,601	268,891
Cash and cash equivalents at end of period	<u>\$ 617,801</u>	<u>\$ 276,599</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 10,267	\$ 3,237
Income taxes paid	\$ 8,749	\$ 2,989
Non-cash investing and financing activities:		
Accounts payable related to capital expenditures	\$ 3,803	\$ 2,424
Conversion of notes into equity	\$ —	\$ 626

The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.

SEMTECH CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1: Organization and Basis of Presentation

Nature of Business

Semtech Corporation (together with its consolidated subsidiaries, the "Company" or "Semtech") is a leading global supplier of high performance analog and mixed-signal semiconductors and advanced algorithms. The end customers for the Company's products are primarily original equipment manufacturers that produce and sell electronics.

Fiscal Year

The Company reports results on the basis of 52 and 53-week periods and ends its fiscal year on the last Sunday in January. The other quarters generally end on the last Sunday of April, July and October. All quarters consist of 13 weeks except for one 14-week period in the fourth quarter of 53-week years. The third quarters of fiscal years 2023 and 2022 each consisted of 13 weeks.

Principles of Consolidation

The accompanying interim unaudited condensed consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States ("GAAP") and on the same basis as the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2022 ("Annual Report"). The Company's interim unaudited condensed consolidated statements of income are referred to herein as the "Statements of Income." The Company's interim unaudited condensed consolidated balance sheets are referred to herein as the "Balance Sheets" and interim unaudited condensed consolidated statements of cash flows as the "Statements of Cash Flows." In the opinion of the Company, these interim unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to present fairly, in all material respects, the financial position of the Company for the interim periods presented. All intercompany balances have been eliminated. Because the interim unaudited condensed consolidated financial statements do not include all of the information and notes required by GAAP for a complete set of consolidated financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report. The results reported in these interim unaudited condensed consolidated financial statements should not be regarded as indicative of results that may be expected for any subsequent period or for the entire year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Guidance Issued, but not yet Adopted as of October 30, 2022

In October 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2021-08, "Business Combinations (Topic 805)—Accounting for Contract Assets and Contract Liabilities from Contracts with Customers," which improves the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistencies related to recognition of an acquired contract liability, and to payment terms and their effect on subsequent revenue recognized by the acquirer. Among other changes, this ASU requires that an acquirer account for acquired revenue contracts in accordance with Accounting Standards Codification ("ASC") 606, "Revenue from Contracts with Customers," as if it had originated the contracts. If the acquirer is unable to assess or rely on how the acquiree applied ASC 606, the acquirer should consider the terms of the acquired contracts as of the contract inception or contract modification date in applying ASC 606 to determine what should be recorded at the acquisition date. The amendments also provide certain practical expedients for acquirers when recognizing and measuring acquired contract assets and contract liabilities from revenue contracts in a business combination. The guidance is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.

In August 2020, the FASB issued ASU No. 2020-06 ("ASU 2020-06"), which amends the accounting standards for convertible debt instruments that may be settled entirely or partially in cash upon conversion. ASU 2020-06 eliminates requirements to separately account for liability and equity components of such convertible debt instruments and eliminates the ability to use the treasury stock method for calculating diluted earnings per share for convertible instruments whose principal amount may be settled using shares. Instead, ASU 2020-06 requires (i) the entire amount of the security to be presented as a liability on the balance sheet and (ii) application of the "if-converted" method for calculating diluted earnings per share. Under the "if-

converted" method, diluted earnings per share will generally be calculated assuming that all of the notes were converted solely into shares of common stock at the beginning of the reporting period, unless the result would be anti-dilutive. However, if the principal amount of the convertible debt security being converted is required to be paid in cash and only the excess is permitted to be settled in shares, the if-converted method will produce a similar result as the "treasury stock" method prior to the adoption of ASU 2020-06 for such convertible debt security.

The amendments are effective for the Company's annual and interim reporting periods beginning after December 15, 2021, with early adoption permitted for reporting periods beginning after December 15, 2020. The guidance can be applied on a full retrospective basis to all periods presented or a modified retrospective basis with a cumulative effect adjustment to the opening balance of retained earnings during the period of adoption. The Company adopted ASU 2020-06 as of January 31, 2022 and recorded the issuance of its 1.625% Convertible Senior Notes due 2027 (the "Notes") at their face value net of issuance costs in "Other long-term liabilities" and the value of the associated convertible note hedge and warrants in "Additional paid-in capital" in the Balance Sheets. The Company did not bifurcate the liability and equity components of the Notes in its Balance Sheets, and uses the if-converted method of calculating diluted earnings per share. Because the principal amount of the Notes upon conversion is required to be paid in cash, and only the excess is permitted to be settled in shares, the application of the if-converted method will produce a similar result as the treasury stock method prior to the adoption of ASU 2020-06. The effect of the treasury stock method is that the shares issuable upon conversion of the Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the Notes exceeds their principal amount. There were no changes to the Company's previously issued financial statements as the Company had no existing convertible notes prior to issuance of the Notes. See Note 9, Long-Term Debt, for further discussion of the Notes.

Note 2: Acquisition and Divestiture

Proposed Transaction with Sierra Wireless, Inc.

Arrangement Agreement

On August 2, 2022, the Company entered into an Arrangement Agreement (the “Arrangement Agreement”) with Sierra Wireless, Inc., a corporation existing under the Canada Business Corporations Act (“Sierra Wireless”), and 13548597 Canada Inc., a corporation formed under the Canada Business Corporations Act and the Company's wholly owned subsidiary (“Purchaser”), pursuant to which, among other things, Purchaser will acquire all of the issued and outstanding common shares of Sierra Wireless (the “Arrangement”). The Arrangement will be implemented by way of a plan of arrangement (the “Plan of Arrangement”) in accordance with the Canada Business Corporations Act. On the terms and subject to the conditions of the Arrangement Agreement and the Plan of Arrangement, at the effective date of the Arrangement (the “Effective Date”), each common share of Sierra Wireless that is issued and outstanding immediately prior to the Effective Date will be transferred to the Purchaser in consideration for the right to receive \$31.00 USD per share of Sierra Wireless’ common shares, in an all-cash transaction representing total purchase consideration of approximately \$1.2 billion.

On September 27, 2022, the securityholders of Sierra Wireless approved the Arrangement and on September 29, 2022, the Supreme Court of British Columbia issued its final order approving the Arrangement. In addition, on October 3, 2022, the Company received a no action letter from the Canadian Competition Bureau satisfying the Competition Act approval condition to closing. The closing of the Arrangement remains subject to customary closing conditions, including: (i) receipt of regulatory approvals under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), from the U.S. Department of Justice (the “DOJ”); (ii) the absence of any law, injunction or other governmental order that prohibits the consummation of the Arrangement; and (iii) other customary closing conditions, including the accuracy of the other party’s representations and warranties (subject to certain materiality qualifications), and each party’s compliance with its covenants and agreements contained in the Arrangement Agreement.

On October 17, 2022, each of the Company and Sierra Wireless received a request for additional information and documentary material (commonly known as a “second request”) from the DOJ in connection with the proposed transaction. The second requests were issued under notification requirements of the HSR Act. Issuance of the second requests extends the waiting period under the HSR Act until 30 days after the Company and Sierra Wireless have substantially complied with the second requests, unless that period is extended voluntarily by the parties or otherwise terminated by the DOJ. The parties are working to close the transaction as expeditiously as possible, within the timeframe initially provided under the Arrangement Agreement, which (inclusive of extensions) ends no later than March 3, 2023, unless extended further by mutual agreement of the parties. Until closing of the Arrangement, the Company and Sierra Wireless will remain separate independent companies.

Divestiture

On May 3, 2022, the Company completed the divestiture of its high reliability discrete diodes and assemblies business (the “Disposal Group”) to Micross Components, Inc. for \$26.3 million, net of cash disposed, in an all-cash transaction. The divestiture resulted in a gain of \$0.3 million and \$18.3 million for the three and nine months ended October 30, 2022, respectively, which was recorded in "Gain on sale of business" in the Statements of Income. The \$0.3 million gain in the third quarter of fiscal year 2023 was due to a working capital adjustment resulting from the finalization of the purchase price that had been previously estimated at the time of the transaction. As a result of the transaction, the Company disposed of \$0.8 million of goodwill based on the relative fair value of the Disposal Group and the portion of the Wireless and Sensing reporting unit that will be retained. The estimated fair value of the Disposal Group less estimated costs to sell exceeded its carrying amount as of the transaction date. As the sale of the Disposal Group is not considered a strategic shift that will have a major effect on the Company’s operations or financial results, it is not reported as discontinued operations.

Note 3: Earnings per Share

The computation of basic and diluted earnings per share was as follows:

(in thousands, except per share data)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Net income attributable to common stockholders	\$ 22,746	\$ 34,427	\$ 112,393	\$ 90,860
Weighted-average shares outstanding—basic	63,764	64,546	63,738	64,786
Dilutive effect of share-based compensation	91	753	302	878
Weighted-average shares outstanding—diluted	<u>63,855</u>	<u>65,299</u>	<u>64,040</u>	<u>65,664</u>
Earnings per share:				
Basic	\$ 0.36	\$ 0.53	\$ 1.76	\$ 1.40
Diluted	\$ 0.36	\$ 0.53	\$ 1.76	\$ 1.38
Anti-dilutive shares not included in the above calculations:				
Share-based compensation	1,229	31	759	41
Warrants	<u>8,573</u>	<u>—</u>	<u>8,573</u>	<u>—</u>
Total anti-dilutive shares	<u>9,802</u>	<u>31</u>	<u>9,332</u>	<u>41</u>

Diluted earnings per share incorporates the incremental shares issuable, calculated using the treasury stock method, upon the assumed exercise of non-qualified stock options and the vesting of restricted stock units and market-condition restricted stock unit awards if certain conditions have been met, but excludes such incremental shares that would have an anti-dilutive effect.

Any dilutive effect of the Warrants (see Note 9, Long-Term Debt) is calculated using the treasury-stock method. During the three and nine months ended October 30, 2022, the Warrants were excluded from diluted shares outstanding because the exercise price exceeded the average market price of the Company's common stock for the reporting period.

Note 4: Share-Based Compensation

Financial Statement Effects and Presentation

Pre-tax share-based compensation was included in the Statements of Income as follows:

(in thousands)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Cost of sales	\$ 633	\$ 743	\$ 2,018	\$ 2,112
Selling, general and administrative	(1,028)	12,528	13,692	26,985
Product development and engineering	3,480	4,070	11,518	11,600
Total share-based compensation	<u>\$ 3,085</u>	<u>\$ 17,341</u>	<u>\$ 27,228</u>	<u>\$ 40,697</u>

Restricted Stock Units, Employees

The Company grants restricted stock units to certain employees that are expected to be settled with shares of the Company's common stock. The grant date for these awards is equal to the measurement date. These awards are valued as of the measurement date, based on the fair value of the Company's common stock at the grant date, and recognized as share-based compensation expense over the requisite vesting period (typically 4 years). In the nine months ended October 30, 2022, the Company granted 270,677 restricted stock units to employees.

Restricted Stock Units, Non-Employee Directors

The Company maintains a compensation program pursuant to which restricted stock units are granted to the Company's directors that are not employed by the Company or any of its subsidiaries. Under the Company's director compensation program, a portion of the restricted stock units granted under the program will be settled in cash and a portion will be settled in shares of the Company's common stock. Restricted stock units awarded under the program are scheduled to vest on the earlier of (i) one year after the grant date or (ii) the day immediately preceding the Company's annual meeting of stockholders in the year following the grant. The portion of a restricted stock unit award under the program that is to be settled in cash will, subject to vesting, be settled when the director who received the award separates from the board of directors. The portion of a restricted stock unit award under the program that is to be settled in shares of the Company's common stock will, subject to vesting, be settled promptly following vesting. In the nine months ended October 30, 2022, the Company granted to the non-employee directors 15,579 restricted stock units that settle in cash and 15,579 restricted stock units that settle in shares.

Total Stockholder Return ("TSR") Market-Condition Restricted Stock Units

The Company grants TSR market-condition restricted stock units (the "TSR Awards") to certain executives of the Company. The TSR Awards have a pre-defined market-condition, which determines the number of shares that ultimately vest, as well as a service condition. The TSR Awards are valued as of the grant date using a Monte Carlo simulation, which takes into consideration the possible outcomes pertaining to the TSR market condition. Expense is recognized on a straight-line basis over the requisite service periods and is adjusted for any actual forfeitures.

In the nine months ended October 30, 2022, the Company granted 125,399 TSR Awards, which are accounted for as equity awards. The market condition is determined based upon the Company's TSR benchmarked against the TSR of the S&P SPDR Semiconductor ETF (NYSE:XSD) over one, two and three year periods (one-third of the awards vesting each performance period). Generally, the fiscal year 2023 TSR Award recipients must be employed for the entire performance period and be an active employee at the time of vesting of the awards. The grant-date fair value per unit of the TSR Awards granted in the nine months ended October 30, 2022 for each one, two and three year performance period was \$57.92, \$68.94 and \$75.69, respectively.

Note 5: Available-for-sale securities

The following table summarizes the values of the Company's available-for-sale securities:

(in thousands)	October 30, 2022			January 30, 2022		
	Fair Value	Amortized Cost	Gross Unrealized Gain/(Loss)	Fair Value	Amortized Cost	Gross Unrealized Gain/(Loss)
Convertible debt investments	\$ 13,691	\$ 15,300	\$ (1,609)	\$ 12,872	\$ 14,401	\$ (1,529)
Total available-for-sale securities	\$ 13,691	\$ 15,300	\$ (1,609)	\$ 12,872	\$ 14,401	\$ (1,529)

The following table summarizes the maturities of the Company's available-for-sale securities:

(in thousands)	October 30, 2022	
	Fair Value	Amortized Cost
Within 1 year	\$ 1,025	\$ 5,052
After 1 year through 5 years	12,666	10,248
Total available-for-sale securities	\$ 13,691	\$ 15,300

The Company's available-for-sale securities consist of investments in convertible debt instruments issued by privately-held companies. The available-for-sale securities with maturities within one year were included in "Other current assets" and maturities greater than one year were included in "Other assets" in the Balance Sheets.

Note 6: Fair Value Measurements

The following fair value hierarchy is applied for disclosure of the inputs used to measure fair value and prioritizes the inputs into three levels as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets and liabilities in active markets or other inputs that are observable for the assets or liabilities, either directly or indirectly.

Level 3—Unobservable inputs based on the Company's own assumptions, requiring significant management judgment or estimation.

Instruments Measured at Fair Value on a Recurring Basis

The fair values of financial assets and liabilities measured and recorded at fair value on a recurring basis were presented in the Balance Sheets as follows:

(in thousands)	October 30, 2022				January 30, 2022			
	Total	(Level 1)	(Level 2)	(Level 3)	Total	(Level 1)	(Level 2)	(Level 3)
Financial assets:								
Interest rate swap agreement	\$ 1,999	\$ —	\$ 1,999	\$ —	\$ 229	\$ —	\$ 229	\$ —
Total return swap contracts	211	—	211	—	—	—	—	—
Convertible debt investments	13,691	—	—	13,691	12,872	—	—	12,872
Foreign currency forward contracts	267	—	267	—	—	—	—	—
Total financial assets	<u>\$ 16,168</u>	<u>\$ —</u>	<u>\$ 2,477</u>	<u>\$ 13,691</u>	<u>\$ 13,101</u>	<u>\$ —</u>	<u>\$ 229</u>	<u>\$ 12,872</u>
Financial liabilities:								
Foreign currency forward contracts	\$ 406	\$ —	\$ 406	\$ —	\$ —	\$ —	\$ —	\$ —
Total return swap contracts	—	—	—	—	257	—	257	—
Total financial liabilities	<u>\$ 406</u>	<u>\$ —</u>	<u>\$ 406</u>	<u>\$ —</u>	<u>\$ 257</u>	<u>\$ —</u>	<u>\$ 257</u>	<u>\$ —</u>

During the nine months ended October 30, 2022, the Company had no transfers of financial assets or liabilities between Level 1, Level 2 or Level 3. As of October 30, 2022 and January 30, 2022, the Company had not elected the fair value option for any financial assets and liabilities for which such an election would have been permitted.

The convertible debt investments are valued utilizing a combination of estimates that are based on the estimated discounted cash flows associated with the debt and the fair value of the equity into which the debt may be converted, all of which are Level 3 inputs.

The following table presents a reconciliation of the changes in the convertible debt investments in the nine months ended October 30, 2022:

(in thousands)	
Balance at January 30, 2022	\$ 12,872
Increase in credit loss reserve	(79)
Interest accrued	898
Balance at October 30, 2022	<u>\$ 13,691</u>

The interest rate swap agreement is measured at fair value using readily available interest rate curves (Level 2 inputs). The fair value of the agreement is determined by comparing, for each settlement, the contract rate to the forward rate and discounting to the present value. Contracts in a gain position are recorded in "Other current assets" and "Other assets" in the Balance Sheets and the value of contracts in a loss position are recorded in "Accrued liabilities" and "Other long term liabilities" in the Balance Sheets. See Note 17, Derivatives and Hedging Activities, for further discussion of the Company's derivative instruments.

The foreign currency forward contracts are measured at fair value using readily available foreign currency forward and interest rate curves (Level 2 inputs). The fair value of each contract is determined by comparing the contract rate to the forward rate and discounting to the present value. Contracts in a gain position are recorded in "Other current assets" in the Balance Sheets and the value of contracts in a loss position are recorded in "Accrued liabilities" in the Balance Sheets. See Note 17, Derivatives and Hedging Activities, for further discussion of the Company's derivative instruments.

The total return swap contracts are measured at fair value using quoted prices of the underlying investments (Level 2 inputs). The fair values of the total return swap contracts are recognized in the Balance Sheets in "Accrued Liabilities" if the instruments are in a loss position and in "Other Current Assets" if the instruments are in a gain position. See Note 17, Derivatives and Hedging Activities, for further discussion of the Company's derivative instruments.

Instruments Not Recorded at Fair Value

Some of the Company's financial instruments are not measured at fair value, but are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include: cash and cash equivalents including money market deposits, net receivables, certain other assets, accounts payable, accrued expenses, accrued personnel costs, and other current liabilities. The Company's long-term debt is recorded at cost, which approximates fair value as the long-term debt bears interest at a floating rate. The Company's convertible senior notes are carried at face value less unamortized debt issuance costs. The estimated fair values are determined based on the actual bid price of the convertible senior notes as of the last business day of the period.

The following table displays the carrying values and fair values of our debt instruments:

(in thousands)	Fair Value Hierarchy	October 30, 2022		January 30, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Revolving loans, net ⁽¹⁾	Level 2	\$ 148,421	\$ 148,421	\$ 171,676	\$ 171,676
1.625% convertible senior notes due 2027, net ⁽²⁾	Level 2	306,692	290,771	—	—
Total long-term debt, net of debt issuance costs		\$ 455,113	\$ 439,192	\$ 171,676	\$ 171,676

⁽¹⁾ The revolving loans, net are reflected net of \$1.6 million and \$1.3 million of unamortized debt issuance costs as of October 30, 2022 and January 30, 2022, respectively.

⁽²⁾ The 1.625% convertible senior notes due 2027, net are reflected net of \$12.8 million of unamortized debt issuance costs as of October 30, 2022.

Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis

The Company reduces the carrying amounts of its goodwill, intangible assets, long-lived assets and non-marketable equity securities to fair value when it determines they are impaired.

Investment Impairments and Credit Loss Reserves

The total credit loss reserve for the Company's held-to-maturity debt securities and available-for-sale debt securities was \$4.1 million and \$4.5 million as of October 30, 2022 and January 30, 2022, respectively. During the three months ended October 30, 2022, the Company's expected credit loss reserves remained flat at \$4.1 million, while during the nine months ended October 30, 2022, the Company decreased its expected credit loss reserves by \$0.4 million due to a recovery on one of its held-to-maturity debt securities. During the three and nine months ended October 31, 2021, the Company increased its expected credit loss reserves by \$0.2 million and \$0.9 million, respectively, for its available-for-sale debt securities. Credit loss reserves related to the Company's available-for-sale debt securities and held-to-maturity debt securities with maturities within one year were included in "Other current assets" and with maturities greater than one year were included in "Other assets" in the Balance Sheets.

Note 7: Inventories

Inventories, consisting of material, material overhead, labor, and manufacturing overhead, are stated at the lower of cost (first-in, first-out) or net realizable value and consisted of the following:

(in thousands)	October 30, 2022	January 30, 2022
Raw materials	\$ 3,257	\$ 4,304
Work in progress	82,508	85,445
Finished goods	25,318	24,254
Total inventories	<u>\$ 111,083</u>	<u>\$ 114,003</u>

Note 8: Goodwill and Intangible Assets

Goodwill

The carrying amounts of goodwill by applicable reporting unit were as follows:

(in thousands)	Signal Integrity	Wireless and Sensing	Protection	Total
Balance at January 30, 2022	\$ 274,085	\$ 72,128	\$ 4,928	\$ 351,141
Reduction	—	(835)	—	\$ (835)
Balance at October 30, 2022	\$ 274,085	\$ 71,293	\$ 4,928	\$ 350,306

Goodwill is not amortized, but is tested for impairment at the reporting unit level using either a qualitative or quantitative assessment on an annual basis during the fourth quarter of each fiscal year, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair market value of the reporting unit. The reporting units are the same as the operating segments, which have been aggregated into two reportable segments (see Note 15 on segment information). As of October 30, 2022, there was no indication of impairment of the Company's goodwill balances. As a result of the divestiture of the Disposal Group during the nine months ended October 30, 2022, the Company recorded a reduction to its goodwill of \$0.8 million based on the relative fair value of the Disposal Group and the portion of the Wireless and Sensing reporting unit that will be retained. See Note 2, Acquisition and Divestiture, for additional information.

Purchased Intangibles

The following table sets forth the Company's finite-lived intangible assets resulting from business acquisitions and technology licenses purchased, which are amortized over their estimated useful lives:

(in thousands, except estimated useful life)	Estimated Useful Life	October 30, 2022			January 30, 2022		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Core technologies	6-8 years	\$ 22,300	\$ (18,592)	\$ 3,708	\$ 26,300	\$ (19,496)	\$ 6,804
Total finite-lived intangible assets		\$ 22,300	\$ (18,592)	\$ 3,708	\$ 26,300	\$ (19,496)	\$ 6,804

Amortization expense of finite-lived intangible assets recorded in the Statements of Income for each period was as follows:

(in thousands)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Core technologies	\$ 1,000	\$ 1,298	\$ 3,096	\$ 3,894
Total amortization expense	\$ 1,000	\$ 1,298	\$ 3,096	\$ 3,894

Future amortization expense of finite-lived intangible assets is expected as follows:

(in thousands)	
Fiscal Year Ending:	
2023 (remaining three months)	\$ 906
2024	1,676
2025	288
2026	288
2027	288
Thereafter	262
Total expected amortization expense	\$ 3,708

Note 9: Long-Term Debt

Long-term debt and the current period interest rates were as follows:

(in thousands, except percentages)	October 30, 2022	January 30, 2022
Revolving loans	\$ 150,000	\$ 173,000
1.625% convertible senior notes due 2027	319,500	—
Total long-term debt	\$ 469,500	\$ 173,000
Debt issuance costs	(14,387)	(1,324)
Total long-term debt, net of debt issuance costs	\$ 455,113	\$ 171,676
Weighted-average effective interest rate ⁽¹⁾	1.74 %	1.90 %

⁽¹⁾ The revolving loans bear interest at a variable rate based on LIBOR or a Base Rate (as defined herein), at the Company's option, plus an applicable margin that varies based on the Company's consolidated leverage ratio. In the first quarter of fiscal year 2021, the Company entered into a three-year interest rate swap agreement that fixed the LIBOR-referenced portion of interest on the first \$150.0 million of debt outstanding under the revolving loans at 0.7275%. As of October 30, 2022, the effective interest rate was a weighted-average rate that represented (a) interest on the Notes outstanding at a fixed rate of 1.625% and (b) interest on the debt outstanding on the revolving loans at a fixed LIBOR rate of 0.7275% plus a margin of 1.25% (total fixed rate of 1.9775%). As of January 30, 2022, the effective interest rate was a weighted-average rate that represented (a) interest on the first \$150.0 million of the debt outstanding on the revolving loans at a fixed LIBOR rate of 0.7275% plus a margin of 1.25% (total fixed rate of 1.9775%), and (b) interest on the remainder of the debt outstanding on the revolving loans at a variable rate based on the one-month LIBOR rate, which was 0.11% as of January 30, 2022, plus a margin of 1.25% (total variable rate of 1.36%).

Revolving Facility

On November 7, 2019, the Company, with certain of its domestic subsidiaries as guarantors, entered into an amended and restated credit agreement (as amended or otherwise modified from time to time, the "Credit Agreement") with the lenders party thereto and HSBC Bank USA, National Association, as administrative agent, swing line lender and letter of credit issuer. The borrowing capacity of the revolving loans under the senior secured first lien revolving credit facility (the "Revolving Facility") is \$600.0 million and matures on November 7, 2024. As of October 30, 2022, the Company had \$150.0 million outstanding under its Revolving Facility and \$450.0 million of undrawn borrowing capacity, and the Company was in compliance with the financial covenants required under the Revolving Facility.

On August 11, 2021, the Company entered into an amendment to the Credit Agreement in order to, among other things, (i) provide for contractual fallback language for LIBOR replacement to reflect the Alternative Reference Rates Committee hardwired approach and (ii) incorporate certain provisions that clarify the rights of the administrative agent to recover from lenders or other secured parties erroneous payments made to such lenders or secured parties.

On September 1, 2022, the Company entered into the second amendment to the Credit Agreement in order to, among other things, (i) permit the consummation of, and certain transactions in connection with the Arrangement, (ii) revise the financial maintenance covenant by increasing the maximum consolidated leverage ratio permitted for the six successive fiscal quarters following consummation of the Arrangement, (iii) permit the incurrence of up to \$1.2 billion (plus the amount of fees and expenses related to the Arrangement) in additional secured debt in connection with the Arrangement, (iv) provide for limited conditions precedent in the event of a borrowing to finance the Arrangement and (v) make certain other changes as set forth in the amendment.

On September 26, 2022, the Company entered into the third amendment and restatement to the Credit Agreement (the "Restatement Agreement"), which substantially concurrently with the consummation of the Arrangement at the Effective Date will, among other things, (i) extend the maturity date of \$405.0 million of the \$600.0 million in aggregate principal amount of revolving commitments thereunder from November 7, 2024 to the fifth anniversary of the Effective Date (subject to, in certain circumstances, an earlier springing maturity), (ii) provide for incurrence by the Company on the Effective Date of a new five-year term loan facility in an aggregate principal amount of \$895.0 million, intended to be used to fund a portion of the cash consideration for the Arrangement and related fees and expenses, (iii) provide for JPMorgan Chase Bank, N.A. to succeed HSBC Bank USA, National Association as administrative agent and collateral agent under the Credit Agreement on the Effective Date, (iv) modify the maximum consolidated leverage covenant as set forth in the Restatement Agreement and (v) make certain other changes as set forth in the Restatement Agreement, including changes consequential to the incorporation of the new term loan facility.

Convertible Senior Notes

On October 6, 2022 and October 21, 2022, the Company issued and sold \$300.0 million and \$19.5 million, respectively, in aggregate principal amount of the Notes in a private placement. The Notes were issued pursuant to an indenture, dated October 12, 2022, by and among the Company, the Subsidiary Guarantors (as defined below) party thereto and U.S. Bank Trust Company, National Association, as trustee. The Notes will be jointly and severally and fully and unconditionally guaranteed by each of the Company's current and future direct and indirect wholly-owned domestic subsidiaries (the "Subsidiary Guarantors")

that guarantee its borrowings under its Credit Agreement. The Notes will bear interest at a rate of 1.625% per year, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2023. The Notes will mature on November 1, 2027, unless earlier converted, redeemed or repurchased.

The initial conversion rate of the Notes is 26.8325 shares of the Company's common stock per \$1,000 principal amount of Notes (which is equivalent to an initial conversion price of approximately \$37.27 per share). The conversion rate will be subject to adjustment upon the occurrence of certain events specified in the Indenture but will not be adjusted for accrued and unpaid interest. In addition, upon the occurrence of a Make-Whole Fundamental Change (as defined in the Indenture) or if the Company delivers a Notice of Sale Price Redemption (as defined in the Indenture), the Company will, in certain circumstances, increase the conversion rate by a number of additional shares of common stock as described in the Indenture for a holder who elects to convert its Notes in connection with such Make-Whole Fundamental Change or to convert its Notes called (or deemed called as provided in the Indenture) for redemption in connection with such Notice of Sale Price Redemption, as the case may be.

Prior to the close of business on the business day immediately preceding July 1, 2027, the Notes will be convertible at the option of the holders thereof only under the following circumstances: (1) during any fiscal quarter commencing after the fiscal quarter ending on January 29, 2023 (and only during such fiscal quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period in which, for each trading day of that period, the Trading Price (as defined in the Indenture), as determined following a request by a holder of Notes in accordance with the procedures described in the Indenture, per \$1,000 principal amount of Notes for such trading day was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; (3) if the Company calls such Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the Notes called (or deemed called as provided in the Indenture) for redemption; or (4) upon the occurrence of specified corporate events described in the Indenture. On or after July 1, 2027 until the close of business on the second scheduled trading day immediately preceding the maturity date of the Notes, holders of the Notes may convert all or a portion of their Notes, regardless of the foregoing conditions. Upon conversion, the Notes will be settled in cash up to the aggregate principal amount of the Notes to be converted, and in cash, shares of the Company's common stock or any combination thereof, at the Company's option, in respect of the remainder, if any, of the Company's conversion obligation in excess of the aggregate principal amount of the Notes being converted.

The sale of the Notes closed prior to consummation of the Arrangement. If the Arrangement has not closed as of the close of business on March 3, 2023, or if, before such time, the Arrangement Agreement is terminated or the Company reasonably determines in good faith that the Arrangement will not be consummated, the Company may, at its option, redeem all (but not less than all) of the Notes on a redemption date on or prior to July 3, 2023 in cash at a redemption price equal to 101% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus a premium, if any, based on the price of the Company's common stock prior to the redemption date, as described in the Indenture.

Except as described in the preceding paragraph, the Company may not redeem the Notes prior to November 5, 2025. The Company may redeem for cash all or any portion of the Notes (subject to the limitation described below), at the Company's option, on or after November 5, 2025 and before the 61st scheduled trading day immediately preceding the maturity date if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides the related notice of sale price redemption, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If the Company redeems less than all the outstanding Notes, at least \$75.0 million aggregate principal amount of Notes must be outstanding and not subject to redemption as of the relevant redemption notice date. No sinking fund is provided for the Notes.

Upon the occurrence of a Fundamental Change (as defined in the Indenture) prior to the maturity date of the Notes, holders of the Notes may require the Company to repurchase all or a portion of the Notes for cash at a price equal to 100% of the principal amount of the Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the Fundamental Change Repurchase Date (as defined in the Indenture).

Convertible Note Hedge Transactions

On October 6, 2022 and October 19, 2022, the Company entered into privately negotiated convertible note hedge transactions (the "Convertible Note Hedge Transactions") with an affiliate of one of the initial purchasers of the Notes and another financial institution (collectively, the "Counterparties") whereby the Company has the option to purchase the same number of shares of the Company's common stock initially underlying the Notes in the aggregate for approximately \$37.27 per share, which is

subject to anti-dilution adjustments substantially similar to those in the Notes. The Convertible Note Hedge Transactions will expire upon the maturity of the Notes, if not earlier exercised. The Convertible Note Hedge Transactions are expected to reduce the dilution to the common stock upon the potential conversion of the Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of the converted Notes, as the case may be, in the event that the market price per share of common stock, as measured under the terms of the Convertible Note Hedge Transactions, is greater than the strike price of the Convertible Note Hedge Transactions, which initially corresponds to the initial conversion price of the Notes, or approximately \$37.27 per share of the common stock. The Convertible Note Hedge Transactions are separate transactions, entered into by the Company with each of the Counterparties, and are not part of the terms of the Notes. Holders of the Notes will not have any rights with respect to the Convertible Note Hedge Transactions. The Company used approximately \$72.6 million of the net proceeds from the offering of the Notes to pay the cost of the Convertible Note Hedge Transactions. The Convertible Note Hedge Transactions are recorded in additional paid-in capital in the Balance Sheets as they do not require classification outside of equity pursuant to ASC 480 and qualify for equity classification pursuant to ASC 815.

Warrant Transactions

On October 6, 2022 and on October 19, 2022, the Company separately entered into privately negotiated warrant transactions (the "Warrants") with the Counterparties whereby the holders of the Warrants have the option to acquire, collectively, subject to anti-dilution adjustments, approximately 8.6 million shares of the Company's common stock at an initial strike price of approximately \$51.15 per share. The Warrants were sold in private placements to the Counterparties pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), afforded by Section 4(a)(2) of the Securities Act. If the market price per share of the common stock, as measured under the terms of the Warrants, exceeds the strike price of the Warrants, the Warrants could have a dilutive effect on the common stock, unless the Company elects, subject to certain conditions, to settle the Warrants in cash. The Warrants will expire over a period beginning in February 2028.

The Warrants are separate transactions, entered into by the Company with each of the Counterparties, and are not part of the terms of the Notes. Holders of the Notes will not have any rights with respect to the Warrants. The Company received aggregate proceeds of approximately \$42.9 million from the sale of the Warrants to the Counterparties. The Warrants are recorded in additional paid-in capital in the Balance Sheets as they do not require classification outside of equity pursuant to ASC 480 and qualify for equity classification pursuant to ASC 815.

In combination, the Convertible Note Hedge Transactions and the Warrants synthetically increase the strike price of the conversion option of the Notes from approximately \$37.27 to \$51.15, reducing the dilutive effect of the Notes in exchange for a net cash premium of \$29.7 million.

Debt Commitment Letter

In connection with the entry into the Arrangement Agreement (see Note 2, Acquisition and Divestiture), the Company entered into a commitment letter, dated as of August 2, 2022 (the "Commitment Letter") with JPMorgan Chase Bank, N.A. ("JPM"), pursuant to which JPM has committed to provide (a) a backstop of certain amendments to the Company's existing Credit Agreement and (b) a 364-day bridge loan facility in the aggregate principal amount of \$1.2 billion (the "Bridge Commitment"), subject to certain mandatory commitment reductions customary for a bridge loan facility. During the third quarter of fiscal year 2023, the amendments and restatement of the Credit Agreement disclosed above and the issuance of the Notes disclosed above occurred to replace the backstop commitment and the Bridge Commitment.

Interest Expense

Interest expense was comprised of the following components for the periods presented:

(in thousands)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Contractual interest ⁽¹⁾	\$ 1,475	\$ 1,113	\$ 3,690	\$ 3,256
Amortization of debt discount and issuance costs	279	120	520	361
Debt commitment fee ⁽²⁾	7,255	—	7,255	—
Total interest expense	\$ 9,009	\$ 1,233	\$ 11,465	\$ 3,617

⁽¹⁾ Contractual interest represents the interest on the Company's outstanding debt after giving effect to the interest rate swap agreement.

⁽²⁾ One-time fee incurred in connection with the Debt Commitment Letter disclosed above.

As of October 30, 2022, there were no amounts outstanding under the letters of credit, swing line loans and alternative currency sub-facilities.

Note 10: Income Taxes

The Company's effective tax rate differs from the statutory federal income tax rate of 21% primarily due to the regional mix of income, impact of global intangible low-taxed income ("GILTI") and research and development ("R&D") tax credits. The Tax Cuts and Jobs Act requires R&D costs incurred for tax years beginning after December 31, 2021 to be capitalized and amortized ratably over five or fifteen years for tax purposes, depending on where the research activities are conducted. The Company has elected to treat GILTI as a period cost and the additional capitalization of R&D costs within GILTI increases the Company's provision for income taxes.

The Company uses a two-step approach to recognize and measure uncertain tax positions ("UTP"). The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained in audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits (before the federal impact of state items) is as follows:

(in thousands)	
Balance at January 30, 2022	\$ 27,051
Additions/(decreases) based on tax positions related to the current fiscal year	536
Additions/(decreases) based on tax positions related to the prior fiscal years	(146)
Balance at October 30, 2022	<u>\$ 27,441</u>

Included in the balance of gross unrecognized tax benefits at October 30, 2022 and January 30, 2022 are \$9.5 million and \$9.3 million, respectively, of net tax benefits (after the federal impact of state items), that, if recognized, would impact the effective tax rate, prior to consideration of any required valuation allowance.

The liability for UTP is reflected in the Balance Sheets as follows:

(in thousands)	October 30, 2022	January 30, 2022
Deferred tax assets - non-current	\$ 16,571	\$ 16,346
Other long-term liabilities	9,493	9,335
Total accrued taxes	<u>\$ 26,064</u>	<u>\$ 25,681</u>

The Company's policy is to include net interest and penalties related to unrecognized tax benefits in the "Provision for income taxes" in the Statements of Income.

Tax years prior to 2013 (the Company's fiscal year 2014) are generally not subject to examination by the United States ("U.S.") Internal Revenue Service except for items involving tax attributes that have been carried forward to tax years whose statute of limitations remains open. For state returns in the U.S., the Company is generally not subject to income tax examinations for calendar years prior to 2012 (the Company's fiscal year 2013). The Company has a significant tax presence in Switzerland for which Swiss tax filings have been examined through fiscal year 2020. The Company is also subject to routine examinations by various foreign tax jurisdictions in which it operates. The Company believes that adequate provisions have been made for any adjustments that may result from tax examinations. However, the outcome of tax examinations cannot be predicted with certainty. If any issues addressed in the Company's tax examinations are resolved in a manner not consistent with the Company's expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs.

The Company's regional income (loss) from continuing operations before taxes and equity in net gains of equity method investments was as follows:

(in thousands)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Domestic	\$ (52,087)	\$ (5,358)	\$ (39,084)	\$ (17,466)
Foreign	81,193	41,438	177,615	115,384
Total	<u>\$ 29,106</u>	<u>\$ 36,080</u>	<u>\$ 138,531</u>	<u>\$ 97,918</u>

Note 11: Leases

The Company has operating leases for real estate, vehicles, and office equipment, which are accounted for in accordance with ASC 842, "Leases." Real estate leases are used to secure office space for the Company's administrative, engineering, production support and manufacturing activities. The Company's leases have remaining lease terms of up to approximately ten years, some of which include options to extend the leases for up to five years, and some of which include options to terminate the leases within one year. There were no new material leases entered into during the nine months ended October 30, 2022.

The components of lease expense were as follows:

(in thousands)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Operating lease cost	\$ 1,449	\$ 1,441	\$ 4,349	\$ 4,265
Short-term lease cost	334	302	1,082	805
Sublease income	(33)	(32)	(102)	(107)
Total lease cost	<u>\$ 1,750</u>	<u>\$ 1,711</u>	<u>\$ 5,329</u>	<u>\$ 4,963</u>

Supplemental cash flow information related to leases was as follows:

(in thousands)	Nine Months Ended	
	October 30, 2022	October 31, 2021
Cash paid for amounts included in the measurement of lease liabilities	\$ 4,079	\$ 4,243
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 2,050	\$ 7,677

	October 30, 2022
Weighted-average remaining lease term—operating leases (in years)	5.21
Weighted-average discount rate on remaining lease payments—operating leases	6.2 %

Supplemental balance sheet information related to leases was as follows:

(in thousands)	October 30, 2022	January 30, 2022
Operating lease right-of-use assets in "Other assets"	\$ 18,163	\$ 19,777
Operating lease liabilities in "Accrued liabilities"	\$ 3,945	\$ 3,977
Operating lease liabilities in "Other long-term liabilities"	14,322	16,577
Total operating lease liabilities	<u>\$ 18,267</u>	<u>\$ 20,554</u>

Maturities of lease liabilities as of October 30, 2022 are as follows:

(in thousands)	
Fiscal Year Ending:	
2023 (remaining three months)	\$ 1,318
2024	4,706
2025	4,570
2026	3,546
2027	2,365
Thereafter	4,853
Total lease payments	21,358
Less: imputed interest	(3,091)
Total	<u>\$ 18,267</u>

Note 12: Commitments and Contingencies

In accordance with ASC 450-20, "Loss Contingencies," the Company accrues an undiscounted liability for those contingencies where the incurrence of a loss is probable and the amount can be reasonably estimated. The Company also discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if material. The Company does not record liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated, or when the liability is believed to be only reasonably possible or remote. The Company evaluates, at least quarterly, developments in its legal matters that could affect the amount of liability that has been previously accrued, and makes adjustments as appropriate. Significant judgment is required to determine both probability and the estimated amount. The Company may be unable to estimate a possible loss or range of possible loss due to various reasons, including, among others: (i) if the damages sought are indeterminate, (ii) if the proceedings are in early stages, (iii) if there is uncertainty as to the outcome of pending appeals, motions or settlements, (iv) if there are significant factual issues to be determined or resolved, and (v) if there are novel or unsettled legal theories presented. In such instances, there is considerable uncertainty regarding the ultimate resolution of such matters, including a possible eventual loss, if any.

Because the outcomes of litigation and other legal matters are inherently unpredictable, the Company's evaluation of legal matters or proceedings often involves a series of complex assessments by management about future events and can rely heavily on estimates and assumptions. While the consequences of certain unresolved matters and proceedings are not presently determinable, and an estimate of the probable and reasonably possible loss or range of loss in excess of amounts accrued for such proceedings cannot be reasonably made, an adverse outcome from such proceedings could have a material adverse effect on the Company's earnings in any given reporting period. However, in the opinion of management, after consulting with legal counsel, any ultimate liability related to current outstanding claims and lawsuits, individually or in the aggregate, is not expected to have a material adverse effect on the Company's consolidated financial statements, as a whole. However, legal matters are inherently unpredictable and subject to significant uncertainties, some of which are beyond the Company's control.

As such, even though the Company intends to vigorously defend itself with respect to its legal matters, there can be no assurance that the final outcome of these matters will not materially and adversely affect the Company's business, financial condition, operating results, or cash flows.

From time to time, the Company is involved in various claims, litigation, and other legal actions that are normal to the nature of its business, including with respect to intellectual property, contract, product liability, employment, and environmental matters. In the opinion of management, after consulting with legal counsel, any ultimate liability related to current outstanding claims and lawsuits, individually or in the aggregate, is not expected to have a material adverse effect on the Company's consolidated financial statements, as a whole.

Environmental Matters

The Company vacated a former facility in Newbury Park, California in 2002, but continues to address groundwater and soil contamination at the site. The Company's efforts to address site conditions have been at the direction of the Los Angeles Regional Water Quality Control Board ("RWQCB"). In October 2013, an order was issued including a scope of proposed additional site work, monitoring, and remediation activities. The Company has been complying with RWQCB orders and direction, and continues to implement an approved remedial action plan addressing the soil, groundwater, and soil vapor at the site.

The Company has accrued liabilities where it is probable that a loss will be incurred and the cost or amount of loss can be reasonably estimated. Based on the latest determinations by the RWQCB and the most recent actions taken pursuant to the remedial action plan, the Company estimates the range of probable loss between \$7.9 million and \$9.4 million. To date, the Company has made \$6.0 million in payments towards the remedial action plan and, as of October 30, 2022, has a remaining accrual of \$1.9 million related to this matter. Given the uncertainties associated with environmental assessment and the remediation activities, the Company is unable to determine a best estimate within the range of loss. Therefore, the Company has recorded the minimum amount of probable loss. These estimates could change as a result of changes in planned remedial actions, further actions from the regulatory agency, remediation technology, and other factors.

Indemnification

The Company has entered into agreements with its current and former executives and directors indemnifying them against certain liabilities incurred in connection with the performance of their duties. The Company's Certificate of Incorporation and Bylaws also contain indemnification obligations with respect to the Company's current directors and employees.

Product Warranties

The Company's general warranty policy provides for repair or replacement of defective parts. In some cases, a refund of the purchase price is offered. In certain instances, the Company has agreed to other or additional warranty terms, including indemnification provisions.

The product warranty accrual reflects the Company's best estimate of probable liability under its product warranties. The Company accrues for known warranty issues if a loss is probable and can be reasonably estimated, and accrues for estimated incurred but unidentified issues based on historical experience. Historically, warranty expense and the related accrual has been immaterial to the Company's consolidated financial statements.

Deferred Compensation

The Company maintains a deferred compensation plan for certain officers and key executives that allows participants to defer a portion of their compensation for future distribution at various times permitted by the plan. This plan provides for a discretionary Company match up to a defined portion of the employee's deferral, with any match subject to a defined vesting schedule.

The Company's liability for the deferred compensation plan is presented below:

(in thousands)	October 30, 2022	January 30, 2022
Accrued liabilities	\$ 1,988	\$ 1,966
Other long-term liabilities	38,572	43,197
Total deferred compensation liabilities under this plan	\$ 40,560	\$ 45,163

The Company has purchased whole life insurance on the lives of certain current deferred compensation plan participants. This corporate-owned life insurance is held in a grantor trust and is intended to cover a majority of the Company's costs of the deferred compensation plan. The cash surrender value of the corporate-owned life insurance was \$32.1 million and \$35.2 million as of October 30, 2022 and January 30, 2022, respectively, and is included in "Other assets" in the Balance Sheets. The decrease in the cash surrender value of the corporate-owned life insurance as of October 30, 2022 compared to January 30, 2022 was primarily related to a \$5.6 million decrease in market value and a \$2.6 million reduction in cash surrender value related to death benefits, partially offset by the re-investment of \$5.1 million of proceeds from the death benefits into the corporate-owned life insurance policy in order to provide substantive coverage for the Company's deferred compensation liability.

Note 13: Restructuring

From time to time, the Company takes steps to realign the business to focus on high-growth areas, provide customer value and make the Company more efficient. As a result, the Company has re-aligned resources and infrastructure, which resulted in restructuring charges related to one-time employee termination benefits of \$2.4 million in the three and nine months ended October 30, 2022. The Company did not have any restructuring charges during the three and nine months ended October 31, 2021. Restructuring related liabilities are included in "Accrued liabilities" in the Balance Sheets.

Restructuring activity is summarized as follows:

(in thousands)		
Balance at January 30, 2022	\$	—
Charges		2,372
Cash payments		(685)
Balance at October 30, 2022	\$	<u>1,687</u>

Restructuring charges were included in the Statements of Income as follows:

(in thousands)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Cost of sales	\$ 128	\$ —	\$ 128	\$ —
Selling, general and administrative	2,139	—	2,139	—
Product development and engineering	105	—	105	—
Total restructuring charges	<u>\$ 2,372</u>	<u>\$ —</u>	<u>\$ 2,372</u>	<u>\$ —</u>

Note 14: Concentration of Risk

The following significant customers accounted for at least 10% of the Company's net sales in one or more of the periods indicated:

(percentage of net sales)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Trend-tek Technology Ltd. (and affiliates)	14 %	18 %	15 %	17 %
CEAC International Limited	13 %	9 %	13 %	10 %
Frontek Technology Corporation (and affiliates)	13 %	18 %	13 %	19 %
Arrow Electronics (and affiliates)	9 %	11 %	9 %	11 %

The following table shows the customers that had an outstanding receivable balance that represented at least 10% of the Company's total net receivables as of one or more of the dates indicated:

(percentage of net receivables)	October 30, 2022	January 30, 2022
Frontek Technology Corporation (and affiliates)	17 %	17 %
CEAC International Limited	11 %	10 %
Sonova AG	11 %	3 %

Outside Subcontractors and Suppliers

The Company relies on a limited number of third-party subcontractors and suppliers for the production of silicon wafers, packaging and certain other tasks. Disruption or termination of supply sources or subcontractors, including due to the COVID-19 pandemic or natural disasters such as an earthquake or other causes, have delayed and could in the future delay shipments and could have a material adverse effect on the Company. Although there are generally alternate sources for these materials and services, qualification of the alternate sources could cause delays sufficient to have a material adverse effect on the Company. A significant amount of the Company's third-party subcontractors and suppliers, including third-party foundries that supply silicon wafers, are located in the U.S., Taiwan, China and Japan. A significant amount of the Company's assembly and test operations are conducted by third-party contractors in China, Taiwan and Malaysia.

Note 15: Segment Information

The Company's Chief Executive Officer functions as the chief operating decision maker ("CODM"). The CODM makes operating decisions and assesses performance based on the Company's major product lines, which represent its operating segments. The Company has three operating segments—Signal Integrity, Wireless and Sensing, and Protection—that historically had been aggregated into one reportable segment identified as the "Semiconductor Products Group." In the fourth quarter of fiscal year 2022, the Company updated its forecasts and assessed the economic performance of the three operating segments and concluded that Protection is no longer expected to be economically similar to the other operating segments. This is primarily because the Company's projections indicate that the gross margin of products within Protection will not be economically similar to products within the other operating segments. Accordingly, the Company concluded that Protection should be separately reported as its own reportable segment. This decision resulted in the formation of two reportable segments, including the High-Performance Analog Group, which is comprised of the Signal Integrity and Wireless and Sensing operating segments, and the System Protection Group, which is comprised of the Protection operating segment. All prior year information in the tables below has been revised retrospectively to reflect the changes to the Company's reportable segments.

The Company's assets are commingled among the three operating segments and the CODM does not use asset information in making operating decisions or assessing performance. Therefore, the Company has not included asset information by reportable segment in the segment disclosures below.

Net sales and gross profit by segment were as follows:

(in thousands)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Net sales:				
High-Performance Analog Group	\$ 137,764	\$ 138,528	\$ 439,360	\$ 399,410
System Protection Group	39,854	56,404	149,661	150,898
Total net sales	\$ 177,618	\$ 194,932	\$ 589,021	\$ 550,308
Gross profit:				
High-Performance Analog Group	\$ 94,938	\$ 94,384	\$ 304,223	\$ 268,816
System Protection Group	21,484	29,836	80,074	78,039
Unallocated costs, including share-based compensation	(853)	(531)	(2,656)	(2,873)
Total gross profit	\$ 115,569	\$ 123,689	\$ 381,641	\$ 343,982

Information by Product Line

The Company operates exclusively in the semiconductor industry and primarily within the analog and mixed-signal sector.

The table below provides net sales activity by product line on a comparative basis:

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	October 30, 2022		October 31, 2021		October 30, 2022		October 31, 2021	
Signal Integrity	\$ 76,705	44 %	\$ 75,405	39 %	\$ 243,362	42 %	\$ 215,187	40 %
Wireless and Sensing	61,059	34 %	63,123	32 %	195,998	33 %	184,223	33 %
Protection	39,854	22 %	56,404	29 %	149,661	25 %	150,898	27 %
Total net sales	\$ 177,618	100 %	\$ 194,932	100 %	\$ 589,021	100 %	\$ 550,308	100 %

Information by Sales Channel

(in thousands, except percentages)	Three Months Ended				Nine Months Ended			
	October 30, 2022		October 31, 2021		October 30, 2022		October 31, 2021	
Distributor	\$ 146,626	83 %	\$ 170,942	88 %	\$ 510,642	87 %	\$ 478,096	87 %
Direct	30,992	17 %	23,990	12 %	78,379	13 %	72,212	13 %
Total net sales	\$ 177,618	100 %	\$ 194,932	100 %	\$ 589,021	100 %	\$ 550,308	100 %

Generally, the Company does not have long-term contracts with its distributors and most distributor agreements can be terminated by either party with short notice. For the third quarter of fiscal year 2023, the Company's largest distributors were based in Asia.

Geographic Information

Net sales activity by geographic region was as follows:

(percentage of total net sales)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Asia-Pacific	71 %	78 %	73 %	79 %
North America	15 %	12 %	15 %	12 %
Europe	14 %	10 %	12 %	9 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The Company attributes sales to a country based on the ship-to address. The table below summarizes sales activity to countries that represented greater than 10% of total net sales for at least one of the periods presented:

(percentage of total net sales)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
China (including Hong Kong)	54 %	59 %	55 %	61 %
United States	14 %	10 %	14 %	10 %

Although a large percentage of the Company's products is shipped into the Asia-Pacific region, a significant number of the products produced by these customers and incorporating the Company's semiconductor products are then sold outside this region.

Note 16: Stock Repurchase Program

The Company maintains a stock repurchase program that was initially approved by its Board of Directors in March 2008. The stock repurchase program does not have an expiration date and the Company's Board of Directors has authorized expansion of the program over the years. On March 11, 2021, the Company's Board of Directors approved the expansion of the stock repurchase program by an additional \$350.0 million. As of October 30, 2022, the Company had repurchased \$589.0 million in shares of its common stock under the program since inception and the remaining authorization under the program was \$209.4 million. Under the program, the Company may repurchase its common stock at any time or from time to time, without prior notice, subject to market conditions and other considerations. The Company's repurchases may be made through Rule 10b5-1 and/or Rule 10b-18 or other trading plans, open market purchases, privately negotiated transactions, block purchases or other transactions. The Company intends to fund repurchases under the program from cash on hand and borrowings on its Revolving Facility. The Company has no obligation to repurchase any shares under the program and may suspend or discontinue it at any time.

The following table summarizes activity under the program for the presented periods:

(in thousands, except number of shares)	Three Months Ended				Nine Months Ended			
	October 30, 2022		October 31, 2021		October 30, 2022		October 31, 2021	
	Shares	Amount Paid	Shares	Amount Paid	Shares	Amount Paid	Shares	Amount Paid
Shares repurchased under the stock repurchase program	—	\$ —	387,163	\$ 30,000	762,093	\$ 50,000	1,387,624	\$ 97,000

Note 17: Derivatives and Hedging Activities

The Company is exposed to certain risks arising from both its business operations and economic conditions and principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company, on a routine basis and in the normal course of business, experiences expenses denominated in Swiss Franc ("CHF"), Canadian Dollar ("CAD") and Great British Pound ("GBP"). Such expenses expose the Company to exchange rate fluctuations between these foreign currencies and the U.S. Dollar ("USD"). The Company occasionally uses derivative financial instruments, in the form of forward contracts, to mitigate a portion of the risk associated with adverse movements in these foreign currency exchange rates during a twelve-month window. Currency forward contracts involve fixing the exchange rate for delivery of a specified amount of foreign currency on a specified date. The Company's accounting treatment for these instruments is based on whether or not the instruments are designated as a hedging instrument. The Company is applying hedge accounting to all foreign currency derivatives and has designated these hedges as cash flow hedges. As of January 30, 2022, the Company had no outstanding foreign currency forward contracts.

The Company's foreign currency forward contracts had the following outstanding balances as of October 30, 2022:

(in thousands, except number of instruments)	Number of Instruments	Balance as of October 30, 2022	
		Sell Notional Value	Buy Notional Value
Sell USD/Buy CAD Forward Contract	12	\$ 15,877	\$ 21,346
Sell USD/Buy CHF Forward Contract	6	\$ 3,704	Fr. 3,654
Sell USD/Buy GBP Forward Contract	24	\$ 6,150	£ 5,311
Total	42		

These contracts have been designated as cash flows hedges and the unrealized gains or losses, net of tax, are recorded as a component of "Accumulated other comprehensive income or loss" ("AOCI") in the Balance Sheets. The effective portions of the cash flow hedges are recorded in AOCI until the hedged item is recognized in "Selling, general and administrative expense" in the Statements of Income once the foreign exchange contract matures, offsetting the underlying hedged expenses. Any ineffective portions of the cash flow hedges are recorded in "Non-operating income, net" in the Statements of Income. The Company presents its derivative assets and liabilities at their gross fair values in the Balance Sheets.

During the first quarter of fiscal year 2021, the Company entered into an interest rate swap agreement with a three-year term that fixed the LIBOR-referenced portion of interest on the first \$150.0 million of debt outstanding under the Company's Revolving Facility at 0.7275%. The interest rate swap agreement has been designated as a cash flow hedge and unrealized gains or losses, net of income tax, are recorded as a component of AOCI in the Balance Sheets. As the various settlements are made on a monthly basis, the realized gain or loss on the settlements are recorded in "Interest expense" in the Statements of Income. The interest rate swap agreement resulted in a realized gain of \$0.8 million for the three months ended October 30, 2022, compared to a realized loss of \$0.9 million for the three months ended October 31, 2021. The interest rate swap agreement resulted in a realized gain of \$0.9 million for the nine months ended October 30, 2022, compared to a realized loss of \$0.7 million for the nine months ended October 31, 2021.

The fair values of the Company's derivative assets and liabilities that qualify as cash flow hedges in the Balance Sheets were as follows:

(in thousands)	October 30, 2022	January 30, 2022
Interest rate swap agreement	\$ 1,999	\$ 62
Foreign currency forward contracts	267	—
Total other current assets	\$ 2,266	\$ 62
Interest rate swap agreement	\$ —	\$ 167
Total other long-term assets	\$ —	\$ 167
Foreign currency forward contracts	\$ 406	\$ —
Total accrued liabilities	\$ 406	\$ —

During the fourth quarter of fiscal year 2021, the Company entered into an economic hedge program that uses total return swap contracts to hedge the market risk associated with the unfunded portion of the Company's deferred compensation liability. The

total return swap contracts generally have a duration of one month and are rebalanced and re-hedged at the end of each monthly term. While the total returns swap contracts are treated as economic hedges, the Company has not designated them as hedges for accounting purposes. The total return swap contracts are measured at fair value and recognized in the Balance Sheets in "Accrued Liabilities" if the instruments are in a loss position and in "Other Current Assets" if the instruments are in a gain position. Unrealized gains and losses, as well as realized gains and losses for settlements, on the total return swap contracts are recognized in "Selling, general and administrative expenses" in the Statements of Income. As of October 30, 2022, the notional value of the total return swap contracts was \$4.8 million and the fair value resulted in an asset of \$0.2 million. As of January 30, 2022, the notional value of the total return swap contracts was \$7.8 million and the fair value resulted in a liability of \$0.3 million. The total return swap contracts resulted in a net loss recognized in earnings of \$0.5 million for the three months ended October 30, 2022, compared to a net gain recognized in earnings of \$0.4 million for the three months ended October 31, 2021. The total return swap contracts resulted in a net loss recognized in earnings of \$0.9 million for the nine months ended October 30, 2022, compared to a net gain recognized in earnings of \$2.0 million for the nine months ended October 31, 2021.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with our interim unaudited condensed consolidated financial statements and the accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report"), "Risk Factors" and "Special Note Regarding Forward-Looking and Cautionary Statements" in this Quarterly Report.

Overview

Semtech Corporation (together with its consolidated subsidiaries, the "Company", "we", "our", or "us") designs, develops, manufactures and markets high-performance analog and mixed signal semiconductors and advanced algorithms. We account for results in two reportable segments—the High-Performance Analog Group and the System Protection Group. The High-Performance Analog Group is comprised of our Signal Integrity and Wireless and Sensing product lines, which represent two operating segments. The System Protection Group is comprised of our Protection product line, which represents a separate operating segment.

Signal Integrity. We design, develop, manufacture and market a portfolio of optical data communications and video transport products used in a wide variety of infrastructure and industrial applications. Our comprehensive portfolio of integrated circuits ("ICs") for data centers, enterprise networks, passive optical networks ("PON"), and wireless base station optical transceivers and high-speed interfaces ranges from 100Mbps to 400Gbps and supports key industry standards such as Fibre Channel, Infiniband, Ethernet, PON and synchronous optical networks. Our video products offer advanced solutions for next generation high-definition broadcast applications, as well as highly differentiated video-over-IP technology for professional audio video applications.

Wireless and Sensing. We design, develop, manufacture and market a portfolio of specialized radio frequency products used in a wide variety of industrial, medical and communications applications, and specialized sensing products used in industrial and consumer applications. Our wireless products, which include our LoRa® devices and wireless radio frequency technology, feature industry leading and longest range industrial, scientific and medical radio, enabling a lower total cost of ownership and increased reliability in all environments. These features make these products particularly suitable for machine to machine and Internet-of-Things ("IoT") applications. Our unique sensing technology enables proximity sensing and advanced user interface solutions for our mobile and consumer products. Our wireless and sensing products can be found in a broad range of applications in the industrial, medical, and consumer markets. We also design, develop, and market power product devices that control, alter, regulate, and condition the power within electronic systems focused on the LoRa and IoT infrastructure segment. The highest volume product types within this category are switching voltage regulators, combination switching and linear regulators, smart regulators, isolated switches, and wireless charging.

Protection. We design, develop, manufacture and market high-performance protection devices, which are often referred to as transient voltage suppressors ("TVS"). TVS devices provide protection for electronic systems where voltage spikes (called transients), such as electrostatic discharge, electrical over stress or secondary lightning surge energy, can permanently damage sensitive ICs. Our portfolio of protection solutions include filter and termination devices that are integrated with the TVS device. Our products provide robust protection while preserving signal integrity in high-speed communications, networking and video interfaces. These products also operate at very low voltage. Our protection products can be found in a broad range of applications including smart phones, LCD and organic light-emitting diode TVs and displays, set-top boxes, monitors and displays, tablets, computers, notebooks, base stations, routers, automobile and industrial systems.

Our interim unaudited condensed consolidated balance sheets are referred to herein as the "Balance Sheets" and interim unaudited condensed consolidated statements of income are referred to herein as the "Statements of Income."

Our net sales by product line were as follows:

(in thousands)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Signal Integrity	\$ 76,705	\$ 75,405	\$ 243,362	\$ 215,187
Wireless and Sensing	61,059	63,123	195,998	184,223
Protection	39,854	56,404	149,661	150,898
Total	\$ 177,618	\$ 194,932	\$ 589,021	\$ 550,308

We design, develop and market a wide range of products for commercial applications, the majority of which are sold into the infrastructure, high-end consumer and industrial end markets.

Infrastructure: data centers, PON, base stations, optical networks, servers, carrier networks, switches and routers, cable modems, wireless local area network ("LAN") and other communication infrastructure equipment.

High-End Consumer: smartphones, tablets, wearables, desktops, notebooks, and other handheld products, wireless charging, set-top boxes, digital televisions, monitors and displays, digital video recorders and other consumer equipment.

Industrial: IoT applications, analog and digital video broadcast equipment, video-over-IP solutions, automated meter reading, smart grid, wireless charging, medical, security systems, automotive, industrial and home automation and other industrial equipment.

Our end customers are primarily original equipment manufacturers that produce and sell electronics.

Recent Developments

Proposed Transaction with Sierra Wireless, Inc.

Arrangement Agreement

On August 2, 2022, we entered into an Arrangement Agreement (the “Arrangement Agreement”) with Sierra Wireless, Inc., a corporation existing under the Canada Business Corporations Act (“Sierra Wireless”), and 13548597 Canada Inc., a corporation formed under the Canada Business Corporations Act, and our wholly owned subsidiary (“Purchaser”), pursuant to which, among other things, Purchaser will acquire all of the issued and outstanding common shares of Sierra Wireless (the “Arrangement”). The Arrangement will be implemented by way of a plan of arrangement (the “Plan of Arrangement”) in accordance with the Canada Business Corporations Act. On the terms and subject to the conditions of the Arrangement Agreement and the Plan of Arrangement, at the effective date of the Arrangement (the “Effective Date”), each common share of Sierra Wireless that is issued and outstanding immediately prior to the Effective Date will be transferred to the Purchaser in consideration for the right to receive \$31.00 USD per share of Sierra Wireless’ common shares, in an all-cash transaction representing total purchase consideration of approximately \$1.2 billion.

On September 27, 2022, the securityholders of Sierra Wireless approved the Arrangement and on September 29, 2022, the Supreme Court of British Columbia issued its final order approving the Arrangement. In addition, on October 3, 2022, we received a no action letter from the Canadian Competition Bureau satisfying the Competition Act approval condition to closing. The closing of the Arrangement remains subject to customary closing conditions, including: (i) receipt of applicable regulatory approvals under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), from the U.S. Department of Justice (the “DOJ”); (ii) the absence of any law, injunction or other governmental order that prohibits the consummation of the Arrangement; and (iii) other customary closing conditions, including the accuracy of the other party’s representations and warranties (subject to certain materiality qualifications), and each party’s compliance with its covenants and agreements contained in the Arrangement Agreement.

On October 17, 2022, Sierra Wireless and we each received a request for additional information and documentary material (commonly known as a “second request”) from the DOJ in connection with the proposed transaction. The second requests were issued under notification requirements of the HSR Act. Issuance of the second requests extends the waiting period under the HSR Act until 30 days after Sierra Wireless and we have substantially complied with the second requests, unless that period is extended voluntarily by the parties or otherwise terminated by the DOJ.

The parties are working to close the transaction as expeditiously as possible, within the timeframe initially provided under the Arrangement Agreement, which (inclusive of extensions) ends no later than March 3, 2023, unless extended further by mutual agreement of the parties. Until closing of the Arrangement, we and Sierra Wireless will remain separate independent companies.

Revolving Facility

On September 26, 2022, we entered into the third amendment and restatement (the “Restatement Agreement”) to that certain amended and restated credit agreement, dated as of November 7, 2019, by and among us, with certain of our domestic subsidiaries as guarantors, the lender party thereto and HSBC Bank USA, National Association, as administrative agent, swing line lender and letter of credit issuer (as amended or otherwise modified from time to time, the “Credit Agreement”), which substantially concurrently with the consummation of the Arrangement at the Effective Date will, among other things, (i) extend the maturity date of \$405.0 million of the \$600.0 million in aggregate principal amount of revolving commitments thereunder from November 7, 2024 to the fifth anniversary of the Effective Date (subject to, in certain circumstances, an earlier springing maturity), (ii) provide for incurrence by us on the Effective Date of a new five-year term loan facility in an aggregate principal amount of \$895.0 million, intended to be used to fund a portion of the cash consideration for the Arrangement and related fees and expenses, (iii) provide for JPMorgan Chase Bank, N.A. to succeed HSBC Bank USA, National Association as administrative agent and collateral agent under the Credit Agreement on the Effective Date, (iv) modify the maximum consolidated leverage covenant as set forth in the Restatement Agreement and (v) make certain other changes as set forth in the Restatement Agreement, including changes consequential to the incorporation of the new term loan facility. For additional information on the Restatement Agreement and Credit Agreement, see Note 9, Long-Term Debt to our interim unaudited condensed consolidated financial statements.

Convertible Senior Notes

On October 6, 2022 and October 21, 2022, we issued and sold \$300 million and \$19.5 million, respectively, in aggregate principal amount of our 1.625% Convertible Senior Notes due 2027 (the "Notes") in a private placement. The Notes were issued pursuant to an indenture, dated October 12, 2022, by and among us, the Subsidiary Guarantors (as defined below) party thereto and U.S. Bank Trust Company, National Association, as trustee. The Notes will be jointly and severally and fully and unconditionally guaranteed by each of our current and future direct and indirect wholly-owned domestic subsidiaries that guarantee our borrowings under the Credit Agreement. The Notes will bear interest at a rate of 1.625% per year, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2023. The Notes will mature on November 1, 2027, unless earlier converted, redeemed or repurchased. The Notes were initially issued pursuant to an exemption from the registration requirements of the Securities Act, as amended (the "Securities Act"), afforded by Section 4(a)(2) of the Securities Act. For additional information on the Notes, see Note 9, Long-Term Debt to our interim unaudited condensed consolidated financial statements.

Debt Commitment Letter

In connection with the entry into the Arrangement Agreement, we entered into a commitment letter, dated as of August 2, 2022 (the "Commitment Letter") with JPMorgan Chase Bank, N.A. ("JPM"), pursuant to which JPM has committed to provide (a) a backstop of certain amendments to our existing Credit Agreement (defined below) and (b) a 364-day bridge loan facility in the aggregate principal amount of \$1.2 billion (the "Bridge Commitment"), subject to certain mandatory commitment reductions customary for a bridge loan facility. During the third quarter of fiscal year 2023, the amendments and restatement of the Credit Agreement and the issuance of the Notes occurred to replace the backstop commitment and the Bridge Commitment. For additional information on the Commitment Letter, see Note 9, Long-Term Debt to our interim unaudited condensed consolidated financial statements.

Divestiture

On May 3, 2022, we completed the divestiture of our high reliability discrete diodes and assemblies business (the "Disposal Group") to Micros Components, Inc. for \$26.3 million, net of cash disposed, in an all-cash transaction. For additional information on the divestiture, see Note 2, Acquisition and Divestiture to our interim unaudited condensed consolidated financial statements.

Impact of COVID-19 and Macroeconomic Conditions

The COVID-19 pandemic has significantly affected health and economic conditions throughout the United States ("U.S.") and the rest of the world including Asia, where a significant percentage of our customers, suppliers, third party foundries and subcontractors are located. As a result of the pandemic, certain of our facilities and the third-party foundries and assembly and test contractors to which we outsource our manufacturing functions, have had to periodically reduce or suspend operations. The disruption experienced during such closures has resulted in reduced production of our products, delays for delivery of our products to our customers, and reduced ability to receive supplies, which have had and may continue to have, individually and in the aggregate, an adverse effect on our results.

Inventory levels increased slightly in the third quarter of fiscal year 2023 as the decrease in demand occurred faster than actions could be taken to reduce inventory spend. We expect to see supply constraints ease for some products in the fourth quarter of fiscal year 2023 due to changes in anticipated demand and other macroeconomic conditions. We will continue to take appropriate actions to align inventory levels with current macroeconomic conditions and customer demand profiles. In addition, the prices to obtain raw materials and convert them into the necessary inventory have increased in certain cases due to inflationary pressures and supply chain shortages and prices may continue to increase.

Factors Affecting Our Performance

Most of our sales to customers are made on the basis of individual customer purchase orders. Many customers include cancellation provisions in their purchase orders. We rely on orders received and shipped within the same quarter for a portion of our sales. Orders received and shipped in the third quarters of fiscal years 2023 and 2022 represented 23% and 3% of net sales, respectively. Macro conditions in which supply chain constraints caused an increase in advance orders resulted in fewer orders that were shipped and received in the same quarter for the third quarter of fiscal year 2022. Sales made directly to customers during the third quarters of fiscal years 2023 and 2022 were 17% and 12% of net sales, respectively. The remaining sales were made through independent distributors.

Our business relies on foreign-based entities. Many of our third-party subcontractors and suppliers, including third-party foundries that supply silicon wafers, are located in foreign countries or territories including Taiwan, China and Japan. Foreign sales constituted approximately 86% and 90% of our net sales during the third quarters of fiscal years 2023 and 2022, respectively. Approximately 71% and 78% of our sales during the third quarters of fiscal years 2023 and 2022, respectively, were to customers located in the Asia-Pacific region. The remaining foreign sales were primarily to customers in Europe. Doing

business in foreign locations also subjects us to export restrictions and trade laws, which may limit our ability to sell to certain customers.

We use several metrics as indicators of future potential growth. The indicators that we believe best correlate to potential future sales growth are design wins and new product releases. There are many factors that may cause a design win or new product release not to result in sales, including a customer's decision not to go to system production, a change in a customer's perspective regarding a product's value or a customer's product failing in the end market. As a result, although a design win or new product introduction is an important step towards generating future sales, it does not automatically result in us being awarded business or receiving a purchase commitment.

Inflationary factors have not had a significant effect on our performance over the past several years. A significant increase in inflation would affect our future performance if we were unable to pass these higher costs on to our customers.

Results of Operations

The following table sets forth, for the periods indicated, our interim unaudited condensed consolidated statements of income expressed as a percentage of net sales.

	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	34.9 %	36.5 %	35.2 %	37.5 %
Gross profit	65.1 %	63.5 %	64.8 %	62.5 %
Operating costs and expenses, net:				
Selling, general and administrative	23.9 %	24.4 %	22.7 %	23.3 %
Product development and engineering	19.8 %	19.2 %	19.4 %	19.9 %
Intangible amortization	0.6 %	0.7 %	0.5 %	0.7 %
Gain on sale of business	(0.2)%	— %	(3.1)%	— %
Total operating costs and expenses, net	44.0 %	44.3 %	39.6 %	44.0 %
Operating income	21.0 %	19.2 %	25.2 %	18.5 %
Interest expense	(5.1)%	(0.6)%	(1.9)%	(0.7)%
Non-operating income, net	0.4 %	0.1 %	0.2 %	0.1 %
Investment impairments and credit loss reserves, net	— %	(0.1)%	0.1 %	(0.2)%
Income before taxes and equity in net (losses) gains of equity method investments	16.4 %	18.5 %	23.5 %	17.8 %
Provision for income taxes	3.6 %	1.5 %	4.5 %	1.7 %
Net income before equity in net (losses) gains of equity method investments	12.8 %	17.0 %	19.0 %	16.1 %
Equity in net (losses) gains of equity method investments	— %	0.7 %	— %	0.4 %
Net income	12.8 %	17.7 %	19.1 %	16.5 %
Net loss attributable to noncontrolling interest	— %	— %	— %	— %
Net income attributable to common stockholders	12.8 %	17.7 %	19.1 %	16.5 %

Percentages may not add precisely due to rounding.

Our regional mix of income (loss) before taxes and equity in net gains (losses) of equity method investments was as follows:

(in thousands)	Three Months Ended		Nine Months Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Domestic	\$ (52,087)	\$ (5,358)	\$ (39,084)	\$ (17,466)
Foreign	81,193	41,438	177,615	115,384
Total	\$ 29,106	\$ 36,080	\$ 138,531	\$ 97,918

Domestic performance includes higher levels of share-based compensation compared to foreign operations.

Comparison of the Three Months Ended October 30, 2022 and October 31, 2021

Net Sales

The following table summarizes our net sales by major end market:

(in thousands, except percentages)	Three Months Ended				
	October 30, 2022		October 31, 2021		Change
	Net Sales	% Net Sales	Net Sales	% Net Sales	
Infrastructure	\$ 70,475	39 %	\$ 66,804	34 %	5 %
High-End Consumer	34,662	20 %	60,309	31 %	(43)%
Industrial	72,481	41 %	67,819	35 %	7 %
Total	\$ 177,618	100 %	\$ 194,932	100 %	(9)%

Net sales for the third quarter of fiscal year 2023 were \$177.6 million, a decrease of 8.9% compared to \$194.9 million for the third quarter of fiscal year 2022. Net sales from our high-end consumer end market decreased \$25.6 million for the third quarter of fiscal year 2023 compared to the third quarter of fiscal year 2022 primarily driven by an approximately \$13 million decrease in our proximity sensing products and an approximately \$13 million decrease in TVS consumer product sales. Net sales from our industrial end market increased \$4.7 million during the third quarter of fiscal year 2023 versus the same period in the prior year primarily due to an approximately \$12 million increase in LoRa-enabled product sales including an increase in pico gateways, partially offset by approximately \$4 million in sales from the Disposal Group in the prior year period, which was divested in May 2022, and an approximately \$3 million decrease in industrial automation and automotive sales. We experienced an increase of \$3.7 million in net sales from our infrastructure end market for the third quarter of fiscal year 2023 compared to the third quarter of fiscal year 2022, primarily driven by an approximately \$10 million increase in PON sales, partially offset by an approximately \$4 million decrease in Data Center sales and an approximately \$2 million decrease in 4G wireless sales.

Based on booking trends and our backlog entering the quarter, we estimate net sales for the fourth quarter of fiscal year 2023 to be between \$145.0 million and \$155.0 million. The range of guidance does not take into account the results of Sierra Wireless and reflects continued uncertainty regarding macro-related events and those associated with the COVID-19 pandemic discussed above.

The following table summarizes our net sales by reportable segment:

(in thousands, except percentages)	Three Months Ended				
	October 30, 2022		October 31, 2021		Change
	Net Sales	% Net Sales	Net Sales	% Net Sales	
High-Performance Analog Group	\$ 137,764	78 %	\$ 138,528	71 %	(1)%
System Protection Group	39,854	22 %	56,404	29 %	(29)%
Total	\$ 177,618	100 %	\$ 194,932	100 %	(9)%

Net sales from our High-Performance Analog Group decreased \$0.8 million in the third quarter of fiscal year 2023 compared to the third quarter of fiscal year 2022 primarily driven by an approximately \$13 million decrease in proximity sensing products, an approximately \$4 million decrease in Data center sales, approximately \$4 million in sales from the Disposal Group in the prior year period, which was divested in May 2022, and an approximately \$2 million decrease in 4G wireless sales, partially offset by an approximately \$12 million increase in LoRa-enabled product sales, including an increase in pico gateways, and an approximately \$10 million increase in PON sales. Net sales from our System Protection Group decreased \$16.6 million in the third quarter of fiscal year 2023 compared to the third quarter of fiscal year 2022 primarily driven by an approximately \$13 million decrease in TVS consumer product sales and an approximately \$3 million decrease in industrial automation and automotive sales.

Gross Profit

The following table summarizes our gross profit and gross margin by reportable segment:

(in thousands, except percentages)	Three Months Ended			
	October 30, 2022		October 31, 2021	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin
High-Performance Analog Group	\$ 94,938	68.9 %	\$ 94,384	68.1 %
System Protection Group	21,484	53.9 %	29,836	52.9 %
Unallocated costs, including share-based compensation	(853)		(531)	
Total	\$ 115,569	65.1 %	\$ 123,689	63.5 %

In the third quarter of fiscal year 2023, gross profit decreased \$8.1 million to \$115.6 million from \$123.7 million in the third quarter of fiscal year 2022 as a result of lower sales. This decrease was primarily the result of an \$8.4 million decrease from our System Protection Group, which experienced lower consumer demand due to macro-economic conditions, partially offset by a \$0.6 million increase from our High-Performance Analog Group primarily driven by a favorable LoRa-enabled products mix.

Our gross margin was 65.1% in the third quarter of fiscal year 2023, compared to 63.5% in the third quarter of fiscal year 2022. Gross margin in our High-Performance Analog Group was 68.9% in the third quarter of fiscal year 2023, compared to 68.1% in the third quarter of fiscal year 2022, reflecting higher margins in LoRa-enabled products, as well as a favorable mix in 2.5G PON. Gross margin in our System Protection Group was 53.9% in the third quarter of fiscal year 2023, compared to 52.9% in the third quarter of fiscal year 2022, reflecting a favorable industrial automation and automotive product mix.

The majority of our manufacturing is outsourced, resulting in relatively low fixed manufacturing costs and variable costs that highly correlate with volume. For the fourth quarter of fiscal year 2023, we expect our gross margins to be in the range of 63.6% to 64.6%, and we expect overall gross profit for the fourth quarter of fiscal year 2023 to benefit from a favorable mix of high margin products.

Operating Costs and Expenses, net

(in thousands, except percentages)	Three Months Ended				Change
	October 30, 2022		October 31, 2021		
Selling, general and administrative	\$ 42,366	54 %	\$ 47,621	55 %	(11)%
Product development and engineering	35,161	45 %	37,346	43 %	(6)%
Intangible amortization	1,000	1 %	1,298	2 %	(23)%
Gain on sale of business	(327)	— %	—	— %	100 %
Total operating costs and expenses, net	\$ 78,200	100 %	\$ 86,265	100 %	(9)%

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses decreased \$5.3 million in the third quarter of fiscal year 2023 compared to the third quarter of fiscal year 2022 primarily as a result of an \$11.2 million decrease in staffing-related costs, which was driven by a \$13.6 million decrease in share-based compensation caused by the impact of the lower closing stock price as of period-end on the cash-settled awards, and a \$0.5 million decrease in legal expenses driven by legal recoveries, partially offset by \$4.8 million in transaction costs related to the Arrangement Agreement and \$2.1 million in restructuring expenses.

Product Development and Engineering Expenses

Product development and engineering expenses decreased \$2.2 million in the third quarter of fiscal year 2023 compared to the third quarter of fiscal year 2022 primarily as a result of a \$2.7 million decrease in staffing-related costs, including performance-based compensation, partially offset by a \$0.6 million increase in depreciation expense.

Intangible Amortization

Intangible amortization was \$1.0 million and \$1.3 million for the third quarters of fiscal years 2023 and 2022, respectively. The decrease in the third quarter of fiscal year 2023 compared to the third quarter of fiscal year 2022 was primarily due to certain finite-lived intangible assets associated with the acquisition of Trackio International AG, which became fully amortized during fiscal year 2022.

Gain on Sale of Business

Gain on sale of business was \$0.3 million for the third quarter of fiscal year 2023, resulting from a working capital adjustment in connection with the divestiture of the Disposal Group.

Interest Expense

Interest expense, including amortization of debt discounts and issuance costs, was \$9.0 million and \$1.2 million for the third quarters of fiscal years 2023 and 2022. The increase in the third quarter of fiscal year 2023 compared to the third quarter of fiscal year 2022 was primarily due to a \$7.3 million debt commitment fee related to financing for the proposed acquisition of Sierra Wireless, as well as higher interest rates on the portion of our outstanding debt that was unhedged during the period.

Investment Impairments and Credit Loss Reserves, net

During the third quarter of fiscal year 2023, investment impairments and credit loss reserves, net totaled a loss of \$0.03 million primarily due to adjustments to our reserve for our available-for-sale debt securities. During the third quarter of fiscal year 2022, investment impairments and credit loss reserves, net totaled a loss of \$0.2 million due to adjustments to our reserve for our available-for-sale debt securities.

Provision for Income Taxes

The effective tax rates for the third quarters of fiscal years 2023 and 2022 were provision rates of 21.7% and 8.4%, respectively. In the third quarter of fiscal year 2023, we recorded income tax expense of \$6.3 million, compared to \$3.0 million in the third quarter of fiscal year 2022. The increase to our effective tax rate for the third quarter of fiscal year 2023 compared to the third quarter of fiscal year 2022 was mainly due to an increase in global intangible low-taxed income ("GILTI"), driven by the capitalization of research and development ("R&D") costs as mandated by The Tax Cuts and Jobs Act and our divestiture of the Disposal Group in May 2022. The effective tax rates in the third quarters of fiscal years 2023 and 2022 differ from the statutory federal income tax rate of 21% primarily due to a regional mix of income, impact of GILTI and R&D tax credits. We have elected to treat GILTI as a period cost and the additional capitalization of R&D costs within GILTI increases our provision for income taxes.

As a global organization, we are subject to audit by taxing authorities in various jurisdictions. To the extent that an audit, or the closure of a statute of limitations, results in adjusting our reserves for uncertain tax positions, our effective tax rate could experience extreme volatility since any adjustment would be recorded as a discrete item in the period of adjustment.

Comparison of the Nine Months Ended October 30, 2022 and October 31, 2021

Net Sales

The following table summarizes our net sales by major end market:

(in thousands, except percentages)	Nine Months Ended				Change
	October 30, 2022		October 31, 2021		
	Net Sales	% Net Sales	Net Sales	% Net Sales	
Infrastructure	\$ 231,202	39 %	\$ 195,737	36 %	18 %
High-End Consumer	123,497	21 %	173,337	31 %	(29)%
Industrial	234,322	40 %	181,234	33 %	29 %
Total	\$ 589,021	100 %	\$ 550,308	100 %	7 %

Net sales for the first nine months of fiscal year 2023 were \$589.0 million, an increase of 7.0% compared to \$550.3 million for the first nine months of fiscal year 2022. Net sales from our industrial end market increased \$53.1 million for the first nine months of fiscal year 2023 versus the same period in the prior year primarily due to an approximately \$54 million increase in LoRa-enabled product sales including an increase in pico gateways. We experienced an increase of \$35.5 million in net sales from our infrastructure end market during the first nine months of fiscal year 2023 compared to the first nine months of fiscal year 2022, primarily driven by an approximately \$37 million increase in PON sales. Net sales from our high-end consumer end market decreased \$49.8 million during the first nine months of fiscal year 2023 compared to the first nine months of fiscal year 2022 primarily driven by an approximately \$42 million decrease in our proximity sensing products and an approximately \$12 million decrease in TVS consumer product sales.

The following table summarizes our net sales by reportable segment:

(in thousands, except percentages)	Nine Months Ended				Change
	October 30, 2022		October 31, 2021		
	Net Sales	% Net Sales	Net Sales	% Net Sales	
High-Performance Analog Group	\$ 439,360	75 %	\$ 399,410	73 %	10 %
System Protection Group	149,661	25 %	150,898	27 %	(1)%
Total	\$ 589,021	100 %	\$ 550,308	100 %	7 %

Net sales from our High-Performance Analog Group increased \$40.0 million in the first nine months of fiscal year 2023 compared to the first nine months of fiscal year 2022 primarily driven by an approximately \$54 million increase in LoRa-enabled product sales, including an increase in pico gateways, and an approximately \$37 million increase in PON sales, partially offset by an approximately \$42 million decrease in proximity sensing sales, an approximately \$6 million decrease in sales from the Disposal Group, which was divested in May 2022, and an approximately \$5 million decrease in Data center sales. Net sales from our System Protection Group decreased \$1.2 million in the first nine months of fiscal year 2023 compared to the first nine months of fiscal year 2022 primarily driven by an approximately \$12 million decrease in TVS consumer products, partially offset by an approximately \$11 million increase in industrial automation and automotive sales.

The following table summarizes our gross profit and gross margin by reportable segment:

(in thousands, except percentages)	Nine Months Ended			
	October 30, 2022		October 31, 2021	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin
High-Performance Analog Group	\$ 304,223	69.2 %	\$ 268,816	67.3 %
System Protection Group	80,074	53.5 %	78,039	51.7 %
Unallocated costs, including share-based compensation	(2,656)		(2,873)	
Total	\$ 381,641	64.8 %	\$ 343,982	62.5 %

In the first nine months of fiscal year 2023, gross profit increased \$37.7 million to \$381.6 million from \$344.0 million in the first nine months of fiscal year 2022 mainly driven by a favorable mix in our LoRa-enabled products as well as a favorable mix in our industrial automation and automotive products. This increase included a \$35.4 million increase from our High-Performance Analog Group and a \$2.0 million increase from our System Protection Group, both of which implemented price increases to offset higher manufacturing costs during the first nine months of fiscal year 2023.

Our gross margin was 64.8% in the first nine months of fiscal year 2023, compared to 62.5% in the first nine months of fiscal year 2022. Gross margin in our High-Performance Analog Group was 69.2% in the first nine months of fiscal year 2023, compared to 67.3% in the first nine months of fiscal year 2022, reflecting higher margins in LoRa-enabled products, as well as a favorable mix in 10G PON. Gross margin in our System Protection Group was 53.5% in the first nine months of fiscal year 2023, compared to 51.7% in the first nine months of fiscal year 2022, reflecting a more favorable industrial automation and automotive product mix.

Operating Costs and Expenses, net

(in thousands, except percentages)	Nine Months Ended				Change
	October 30, 2022		October 31, 2021		
Selling, general and administrative	\$ 133,849	58 %	\$ 128,402	53 %	4 %
Product development and engineering	114,551	49 %	109,633	45 %	4 %
Intangible amortization	3,096	1 %	3,894	2 %	(20)%
Gain on sale of business	(18,313)	(8)%	—	— %	100 %
Total operating costs and expenses, net	\$ 233,183	100 %	\$ 241,929	100 %	(4)%

Selling, General and Administrative Expenses

SG&A expenses increased \$5.4 million in the first nine months of fiscal year 2023 compared to the first nine months of fiscal year 2022 primarily as a result of \$8.7 million in transaction costs related to the Arrangement Agreement, \$2.1 million of restructuring expenses, \$1.4 million of higher travel costs, a \$1.0 million increase in outside sales commissions and \$1.0 million of higher marketing costs, partially offset by an \$8.5 million decrease in staffing-related costs, which was driven by a \$13.3 million decrease in share-based compensation caused by the impact of the lower closing stock price as of period-end on the cash-settled awards.

Product Development and Engineering Expenses

Product development and engineering expenses increased \$4.9 million in the first nine months of fiscal year 2023 compared to the first nine months of fiscal year 2022 primarily as a result of a \$3.0 million increase in staffing-related costs, including performance-based compensation, \$1.2 million of higher depreciation expense and a \$0.4 million increase in new product introduction expenses. The levels of product development and engineering expenses reported in a fiscal period can be significantly impacted, and therefore experience period over period volatility, by the number of new product tape-outs and by the timing of recoveries from non-recurring engineering services, which are typically recorded as a reduction to product development and engineering expense.

Intangible Amortization

Intangible amortization was \$3.1 million and \$3.9 million for the first nine months of fiscal years 2023 and 2022, respectively. This decrease was primarily due to certain finite-lived intangible assets associated with the acquisition of Trackio International AG, which became fully amortized during fiscal year 2022.

Gain on Sale of Business

Gain on sale of business was \$18.3 million for the first nine months of fiscal year 2023, resulting from our divestiture of the Disposal Group in May 2022.

Interest Expense

Interest expense, including amortization of debt discounts and issuance costs, was \$11.5 million and \$3.6 million for the first nine months of fiscal years 2023 and 2022, respectively. This increase was primarily due to a \$7.3 million debt commitment fee related to financing for the proposed acquisition of Sierra Wireless, as well as higher interest rates on the portion of our outstanding debt that was unhedged during the period.

Investment Impairments and Credit Loss Reserves, net

During the first nine months of fiscal year 2023, investment impairments and credit loss reserves, net totaled a gain of \$0.4 million primarily due to a recovery of credit loss reserve on one of our held-to-maturity debt securities. During the first nine months of 2022, investment impairments and credit loss reserves, net totaled a loss of \$0.9 million due to adjustments to our credit loss reserve for our available-for-sale debt securities.

Provision for Income Taxes

The effective tax rates for the first nine months of fiscal years 2023 and 2022 were provision rates of 19.1% and 9.4%, respectively. In the first nine months of fiscal year 2023, we recorded income tax expense of \$26.4 million, compared to \$9.2 million in the first nine months of fiscal year 2022. The increase to our effective tax rate for the first nine months of fiscal year 2023 compared to the first nine months of fiscal year 2022 was mainly due to an increase in GILTI, driven by the capitalization of R&D costs as mandated by The Tax Cuts and Jobs Act and our divestiture of the Disposal Group in May 2022. The effective tax rates in the first nine months of fiscal years 2023 and 2022 differ from the statutory federal income tax rate of 21% primarily due to a regional mix of income, impact of GILTI and R&D tax credits.

Liquidity and Capital Resources

Our capital requirements depend on a variety of factors including, but not limited to, the rate of increase or decrease in our existing business base; the success, timing and amount of investment required to bring new products to market; sales growth or decline; potential acquisitions; the general economic environment in which we operate; and our ability to generate cash flow from operations, which are more uncertain as a result of the ongoing effect of the COVID-19 pandemic and its impact on the general economy. Our liquidity needs during this uncertain time will depend on multiple factors, including our ability to continue operations and production of our products, given the COVID-19 pandemic's direct and indirect effect on our customers, inflationary pressures, rising interest rates, the availability of sufficient amounts of financing and our operating performance.

We believe that our cash on hand, cash available from future operations and available borrowing capacity under our Revolving Facility (as defined below) are sufficient to meet liquidity requirements for at least the next 12 months, including funds needed for our material cash requirements and to fund the portion of the purchase price of the Arrangement not being funded from other sources. As of October 30, 2022, we had \$617.8 million in cash and cash equivalents and \$450.0 million of undrawn capacity on our Revolving Facility. Over the longer-term, we believe our strong cash-generating business model will continue to provide adequate liquidity to fund our normal operations, which have minimal capital intensity. To the extent that we enter into acquisitions or strategic partnerships, we may be required to raise additional capital through debt issuances or equity offerings. While we have not had issues securing favorable financing historically, there is no assurance that we will be able to refinance or secure additional capital at favorable terms, or at all in the future.

A meaningful portion of our capital resources, and the liquidity they represent, are held by our foreign subsidiaries. As of October 30, 2022, our foreign subsidiaries held approximately \$283.9 million of cash and cash equivalents, compared to \$221.9 million at January 30, 2022. Our liquidity may be impacted by fluctuating exchange rates. For additional information on exchange rates, see Item 3 - Quantitative and Qualitative Disclosures About Market Risk.

We expect our future cash uses will be for capital expenditures, repurchases of our common stock, debt repayment and potentially, acquisitions (including the Arrangement) and other investments that support achievement of our business strategies. We expect to fund those cash requirements through our cash from operations and borrowings against our Revolving Facility.

Credit Agreement

On November 7, 2019, we, with certain of our domestic subsidiaries as guarantors, entered into the Credit Agreement. The Credit Agreement provides \$600.0 million in borrowing capacity of revolving loans under the senior secured first lien revolving credit facility (the "Revolving Facility"). The Revolving Facility matures on November 7, 2024.

In the first nine months of fiscal year 2023, we borrowed \$10.0 million and repaid \$33.0 million on our Revolving Facility. In the first nine months of fiscal year 2022, we borrowed \$20.0 million and repaid \$24.0 million on our Revolving Facility. As of October 30, 2022, we had \$150.0 million of outstanding borrowings against our Revolving Facility, which had \$450.0 million of undrawn capacity.

The Credit Agreement provides that, subject to certain customary conditions, including obtaining commitments with respect thereto, we may request the establishment of one or more term loan facilities and/or increases to the revolving loans in a

principal amount not to exceed (a) \$300.0 million, plus (b) an unlimited amount, so long as our consolidated leverage ratio, determined on a pro forma basis, does not exceed 3.00 to 1.00. However, the lenders are not required to provide such increase upon our request.

Interest on loans made under the Revolving Facility in U.S. Dollars accrues, at our option, at a rate per annum equal to (1) the Base Rate (as defined below) plus a margin ranging from 0.25% to 1.25% depending upon our consolidated leverage ratio or (2) LIBOR (determined with respect to deposits in U.S. Dollars) for an interest period to be selected by us plus a margin ranging from 1.25% to 2.25% depending upon our consolidated leverage ratio (such margin, the "Applicable Margin"). The "Base Rate" is equal to a fluctuating rate equal to the highest of (a) the prime rate of the administrative agent, (b) 0.50% above the federal funds effective rate published by the Federal Reserve Bank of New York and (c) one-month LIBOR (determined with respect to deposits in U.S. Dollars), plus 1.00%. Interest on loans made under the Revolving Facility in Alternative Currencies (as defined in the Credit Agreement) accrues at a rate per annum equal to a customary benchmark rate for an interest period to be selected by us plus the Applicable Margin.

In the first quarter of fiscal year 2021, we entered into an interest rate swap agreement with a three-year term to hedge the variability of interest payments on the first \$150.0 million of debt outstanding under our Revolving Facility. Interest payments on the first \$150.0 million of debt outstanding under our Revolving Facility were at a rate of 1.9775% during the third quarter of fiscal year 2023. Based on our consolidated leverage ratio as of October 30, 2022, the rate will increase to 2.2275% during the fourth quarter of fiscal year 2023.

All of our obligations under the Credit Agreement are unconditionally guaranteed by all of our direct and indirect domestic subsidiaries, other than certain excluded subsidiaries, including, but not limited to, any domestic subsidiary the primary assets of which consist of equity or debt of non-U.S. subsidiaries, certain immaterial non-wholly-owned domestic subsidiaries and subsidiaries that are prohibited from providing a guarantee under applicable law or that would require governmental approval to provide such guarantee. We and the guarantors have also pledged substantially all of their assets to secure their obligations under the Credit Agreement.

No amortization is required with respect to the revolving loans and we may voluntarily prepay borrowings at any time and from time to time, without premium or penalty, other than customary "breakage costs" and fees for LIBOR-based loans.

The Credit Agreement as presently in effect contains customary covenants, including limitations on our ability to, among other things, incur indebtedness, create liens on assets, engage in certain fundamental corporate changes, make investments, repurchase stock, pay dividends or make similar distributions, engage in certain affiliate transactions, or enter into agreements that restrict our ability to create liens, pay dividends or make loan repayments. In addition, we must comply with financial covenants, including (a) maintaining a maximum consolidated leverage ratio, determined as of the last day of each fiscal quarter, of 3.50 to 1.00, provided that (i) such maximum consolidated leverage ratio will be increased to 4.00 to 1.00 for the four consecutive fiscal quarters ending following the consummation of a permitted acquisition that constitutes a "Material Acquisition" under the Credit Agreement, and (ii) such maximum consolidated leverage ratio will be increased to 4.75 to 1.00 for the four consecutive fiscal quarters ending following the consummation of the Arrangement, followed by 4.25 to 1.00 for the following two consecutive fiscal quarters, in each case subject to the satisfaction of certain conditions. and (b) maintaining a minimum consolidated interest coverage ratio, determined as of the last day of each fiscal quarter, of 3.50 to 1.00. However, the leverage financial covenant will be further modified, effective upon consummation of the Arrangement, in the manner set forth in the Restatement Agreement described below. As of October 30, 2022, we were in compliance with the financial covenants in our Credit Agreement.

The Credit Agreement also contains customary provisions pertaining to events of default. If any event of default occurs, the obligations under the Credit Agreement may be declared due and payable, terminated upon written notice to us and existing letters of credit may be required to be cash collateralized.

On August 11, 2021, we entered into an amendment to the Credit Agreement in order to, among other things, (i) provide for contractual fallback language for LIBOR replacement to reflect the Alternative Reference Rates Committee hardwired approach and (ii) incorporate certain provisions that clarify the rights of the administrative agent to recover from lenders or other secured parties erroneous payments made to such lenders or secured parties.

On September 1, 2022, we entered into the second amendment to the Credit Agreement in order to, among other things, (i) permit the consummation of, and certain transactions in connection with the Arrangement, (ii) revise the financial maintenance covenant by increasing the maximum consolidated leverage ratio permitted for the six successive fiscal quarters following consummation of the Arrangement (as set forth above), (iii) permit the incurrence of up to \$1.2 billion (plus the amount of fees and expenses related to the Arrangement) in additional secured debt in connection with the Arrangement, (iv) provide for limited conditions precedent in the event of a borrowing to finance the Arrangement and (v) make certain other changes as set forth in the amendment.

As discussed above, on September 26, 2022, we entered into the Restatement Agreement, which substantially concurrently with the consummation of the Arrangement at the Effective Date will, among other things, (i) extend the maturity date of \$405.0

million of the \$600.0 million in aggregate principal amount of revolving commitments thereunder from November 7, 2024 to the fifth anniversary of the Effective Date (subject to, in certain circumstances, an earlier springing maturity), (ii) provide for incurrence by us on the Effective Date of a new five-year term loan facility in an aggregate principal amount of \$895.0 million, intended to be used to fund a portion of the cash consideration for the Arrangement and related fees and expenses, (iii) provide for JPMorgan Chase Bank, N.A. to succeed HSBC Bank USA, National Association as administrative agent and collateral agent under the Credit Agreement on the Effective Date, (iv) modify the maximum consolidated leverage covenant as set forth in the Restatement Agreement such that the maximum consolidated leverage ratio will be (1) 4.75 to 1.00 for the four consecutive full fiscal quarters ending following the consummation of the Arrangement, (2) 4.50 to 1.00 for the fifth and sixth full fiscal quarters ending following the consummation of the Arrangement and (3) 3.75 to 1.00 thereafter, subject to increase to 4.25 to 1.00 for the four full fiscal quarters following the consummation of a permitted acquisition that constitutes a “Material Acquisition” under the Credit Agreement, and (v) make certain other changes as set forth in the Restatement Agreement, including changes consequential to the incorporation of the new term loan facility.

Convertible Senior Notes

As discussed above, on October 6, 2022 and October 21, 2022, we issued and sold \$300 million and \$19.5 million, respectively, in aggregate principal amount of the Notes in a private placement. The Notes were issued pursuant to an indenture, dated October 12, 2022, by and among us, the subsidiary guarantors party thereto (the “Subsidiary Guarantors”) and U.S. Bank Trust Company, National Association, as trustee. The Notes will bear interest at a rate of 1.625% per year, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2023. The Notes will mature on November 1, 2027, unless earlier converted, redeemed or repurchased. The Notes were initially issued pursuant to an exemption from the registration requirements of the Securities Act afforded by Section 4(a)(2) of the Securities Act.

We used approximately \$72.6 million of the net proceeds from the Notes to pay for the cost of the Convertible Note Hedge Transactions, after such cost was partially offset by approximately \$42.9 million of proceeds to us from the sale of Warrants in connection with the issuance of the Notes, all as described in Note 9, Long-Term Debt to our interim unaudited condensed consolidated financial statements. The Convertible Note Hedge Transactions and Warrants transactions are indexed to, and potentially settled in, our common stock and the net cost of \$29.7 million has been recorded as a reduction to additional paid-in capital in the consolidated statement of shareholders’ equity. We intend to use the remaining net proceeds to fund a portion of the consideration in the Arrangement, if consummated, and to pay related fees and expenses. For additional information on the Convertible Note Hedge Transactions and the Warrants, see Note 9, Long-Term Debt to our interim unaudited condensed consolidated financial statements.

Debt Commitment Letter

In connection with the entry into the Arrangement Agreement, we entered into the Commitment Letter with JPM pursuant to which JPM has committed to provide (a) a backstop of certain amendments to our Credit Agreement and (b) the Bridge Commitment. During the third quarter of fiscal year 2023, the amendments and restatement of the Credit Agreement and the issuance of the Notes occurred to replace the backstop commitment and the Bridge Commitment. For additional information on the Commitment Letter, see Note 9, Long-Term Debt to our interim unaudited condensed consolidated financial statements.

Capital Expenditures and Research and Development

We incur significant expenditures in order to fund the development, design and manufacture of new products. We intend to continue to focus on those areas that have shown potential for viable and profitable market opportunities, which may require additional investment in equipment and the hiring of additional design and application engineers aimed at developing new products. Certain of these expenditures, particularly the addition of design engineers, do not generate significant payback in the short-term. We plan to finance these expenditures with cash generated by our operations and our existing cash balances.

Purchases under our Stock Repurchase Program

We currently have in effect a stock repurchase program that was initially approved by our Board of Directors in March 2008. On March 11, 2021, our Board of Directors approved the expansion of the stock repurchase program by an additional \$350.0 million. This program represents one of our principal efforts to return value to our stockholders. Under the program, we may repurchase our common stock at any time or from time to time, without prior notice, subject to market conditions and other considerations. Our repurchases may be made through Rule 10b5-1 and/or Rule 10b-18 or other trading plans, open market purchases, privately negotiated transactions, block purchases or other transactions. We repurchased 762,093 shares of our common stock under this program in the first nine months of fiscal year 2023 for \$50.0 million. In the first nine months of fiscal year 2022, we repurchased 1,387,624 shares under this program for \$97.0 million. As of October 30, 2022, the remaining authorization under this program was \$209.4 million. We intend to fund repurchases under the program from cash on hand and borrowings on our Revolving Facility. We have no obligation to repurchase any shares under the program and may suspend or discontinue it at any time.

Working Capital

Working capital, defined as total current assets less total current liabilities, fluctuates depending on end-market demand and our effective management of certain items such as receivables, inventory and payables. In times of escalating demand, our working capital requirements may increase as we purchase additional manufacturing materials and increase production. In addition, our working capital may be affected by potential acquisitions and transactions involving our debt instruments. Although investments made to fund working capital will reduce our cash balances, these investments are necessary to support business and operating initiatives. Our working capital, excluding cash and cash equivalents, was \$77.3 million and \$94.3 million as of October 30, 2022 and January 30, 2022, respectively. Our working capital, including cash and cash equivalents, was \$695.1 million and \$373.9 million as of October 30, 2022 and January 30, 2022, respectively.

Other than as disclosed above, there have been no material changes to our cash requirements from those disclosed in our Annual Report on Form 10-K.

Cash Flows

One of our primary goals is to continually improve the cash flows from our existing operating activities. Additionally, we will continue to seek to maintain and improve our existing business performance with capital expenditures and, potentially, acquisitions and other investments that support achievement of our business strategies. Acquisitions may be made for either cash or stock consideration, or a combination of both.

In summary, our cash flows for each period were as follows:

(in thousands)	Nine Months Ended	
	October 30, 2022	October 31, 2021
Net cash provided by operating activities	\$ 145,510	\$ 152,137
Net cash used in investing activities	(761)	(29,831)
Net cash provided by (used in) financing activities	193,451	(114,598)
Net increase in cash and cash equivalents	<u>\$ 338,200</u>	<u>\$ 7,708</u>

Operating Activities

Net cash provided by operating activities is driven by net income adjusted for non-cash items and fluctuations in operating assets and liabilities.

Operating cash flows for the first nine months of fiscal year 2023 compared to the first nine months of fiscal year 2022 were unfavorably impacted by a \$7.3 million debt commitment fee and favorably impacted by a 7.0% increase in net sales and by a \$14.2 million incremental decrease in inventory spend.

Investing Activities

Net cash used in investing activities is primarily attributable to capital expenditures, purchases of investments and premiums paid for corporate-owned life insurance, offset by proceeds from the divestiture of the Disposal Group, proceeds from corporate-owned life insurance and proceeds from sales of investments.

In the first nine months of fiscal year 2023, we received \$26.3 million of proceeds from the divestiture of the Disposal Group, net of cash disposed. For additional information on the divestiture, see Note 2, Acquisition and Divestiture to our interim unaudited condensed consolidated financial statements.

Capital expenditures were \$22.6 million for the first nine months of fiscal year 2023, compared to \$18.1 million for the first nine months of fiscal year 2022. In the first nine months of fiscal years 2023 and 2022, we made significant investments to update and expand our production capabilities.

In the first nine months of fiscal year 2023, we paid \$6.7 million for strategic investments, including investments in companies that are enabling the LoRa and LoRaWAN-based ecosystem, compared to \$5.8 million of investments in the first nine months of fiscal year 2022.

In the first nine months of fiscal year 2023, we received \$5.1 million of proceeds from corporate-owned life insurance death benefits, which included a \$2.5 million gain. All \$5.1 million of the proceeds were re-invested into our corporate-owned life insurance policy in order to provide substantive coverage for our deferred compensation liability. In the first nine months of fiscal year 2022, we paid \$6.0 million for premiums on corporate-owned life insurance policy in order to provide substantive coverage for our deferred compensation liability.

Financing Activities

Net cash provided by financing activities is primarily attributable to proceeds from the Notes, our Revolving Facility, sale of the Warrants and stock option exercises, offset by the purchase of the convertible note hedge, repurchases of outstanding common stock, payments on our Revolving Facility, deferred financing costs and payments related to employee share-based compensation payroll taxes.

In the first nine months of fiscal year 2023, we paid \$13.8 million for employee share-based compensation payroll taxes and received \$0.6 million in proceeds from the exercise of stock options, compared to payments of \$17.9 million for employee share-based compensation payroll taxes and proceeds of \$4.3 million from the exercise of stock options in the first nine months of fiscal year 2022. We do not directly control the timing of the exercise of stock options. Such exercises are independent decisions made by grantees and are influenced most directly by the stock price and the expiration dates of stock option awards. Such proceeds are difficult to forecast, resulting from several factors that are outside our control. We believe that such proceeds will remain a nominal source of cash in the future.

Critical Accounting Estimates

Our critical accounting estimates are disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 of our Annual Report on Form 10-K. There have been no significant changes to our policies during the nine months ended October 30, 2022. For a discussion of recent accounting pronouncements, see Note 1, Organization and Basis of Presentation to our interim unaudited condensed consolidated financial statements.

Available Information

General information about us can be found on our website at www.semtech.com. The information on our website is for informational purposes only and should not be relied on for investment purposes. The information on our website is not incorporated by reference into this Quarterly Report and should not be considered part of this or any other report filed with the SEC.

We make available free of charge, either by direct access on our website or by a link to the SEC website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. Our reports filed with, or furnished to, the SEC are also available directly at the SEC's website at www.sec.gov.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to a variety of market risks, including commodity risk and the risks related to foreign currency, interest rates and market performance that are discussed in Item 7A of our Annual Report on Form 10-K. Many of the factors that can have an impact on our market risk are external to us, and so we are unable to fully predict them.

We considered the historical trends in foreign currency exchange rates and determined that it is reasonably possible that adverse changes in foreign exchange rates of 10% for all currencies could be experienced in the near-term. These reasonably possible adverse changes were applied to our total monetary assets and liabilities denominated in currencies other than our functional currency as of the end of our third quarter of fiscal year 2023. The adverse impact these changes would have had (after taking into account balance sheet hedges only) on our income before taxes is \$1.8 million.

We are subject to interest rate risk in connection with the portion of the outstanding debt under our Revolving Facility that bears interest at a variable rate as of October 30, 2022. During fiscal year 2021, we entered into an interest rate swap agreement with a three-year term to hedge the variability of interest payments on the first \$150.0 million of debt outstanding under our Revolving Facility. Interest payments on the first \$150.0 million of debt outstanding under our Revolving Facility were at a rate of 1.9775% during the third quarter of fiscal year 2023. Based on our consolidated leverage ratio as of October 30, 2022, the rate will increase to 2.2275% during the fourth quarter of fiscal year 2023. See above under "Liquidity and Capital Resources - Credit Agreement" for the interest rates applicable to U.S. and Alternative Currencies borrowings under our Revolving Facility in excess of \$150.0 million. Based upon the amount of our outstanding indebtedness as of October 30, 2022, a one percentage point increase in LIBOR would have no impact on our interest expense as borrowings on our Revolving Facility were fully hedged.

The Chief Executive of the U.K. Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021. For U.S. dollar LIBOR, publication of the one-week and two-month LIBOR settings ceased on December 31, 2021, and publication of the overnight and 12-month LIBOR settings will cease after June 30, 2023. Immediately after June 30, 2023, the one-month, three-month and six-month U.S. dollar LIBOR settings will no longer be representative. Given these changes, the LIBOR administrator has

advised that no new contracts using U.S. dollar LIBOR should be entered into after December 31, 2021. It is also possible that U.S. LIBOR will be discontinued or modified prior to June 30, 2023.

Our Credit Agreement provides that, if it is publicly announced that the administrator of LIBOR has ceased or will cease to provide LIBOR, if it is publicly announced by the applicable regulatory supervisor that LIBOR is no longer representative, or if either the administrative agent or lenders holding 50% of the aggregate principal amount of our revolving commitments and term loans elect, we and the administrative agent may amend our Credit Agreement to replace LIBOR with an alternate benchmark rate. This alternative benchmark rate may include a forward-looking term rate that is based on the secured overnight financing rate, also known as SOFR, published by the Federal Reserve Bank of New York. In addition, upon the effectiveness of the Restatement Agreement, certain benchmark rates, including U.S. Dollar LIBOR, will be replaced with customary benchmark replacements, including U.S. Dollar term SOFR.

Interest rates also affect our return on excess cash and investments. As of October 30, 2022, we had \$617.8 million of cash and cash equivalents. A majority of our cash and cash equivalents generate interest income based on prevailing interest rates. Interest income, net of reserves, generated by our investments and cash and cash equivalents was not material in the third quarter of fiscal year 2023. A significant change in interest rates would impact the amount of interest income generated from our cash and investments. It would also impact the market value of our investments.

Our investments are primarily subject to credit risk. Our investment guidelines prescribe credit quality, permissible investments, diversification, and duration restrictions. These restrictions are intended to limit risk by restricting our investments to high quality debt instruments with relatively short-term durations. Our investment strategy limits investment of new funds and maturing securities to U.S. Treasury, Federal agency securities, high quality money market funds and time deposits with our principal commercial banks. Outside of these investment guidelines, we also invest in a limited amount of debt securities in privately held companies that we view as strategic to our business. For example, many of these investments are in companies that are enabling the LoRa and LoRaWAN-based ecosystem.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), which are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate to allow timely decisions regarding required disclosure. Our management, with the participation of our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on that evaluation, our CEO and CFO concluded that, our disclosure controls and procedures were effective as of October 30, 2022.

Changes in Internal Controls

As of October 30, 2022, there were no changes to our internal control over financial reporting that occurred during the fiscal quarter then ended that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. Legal Proceedings

Information about our material legal proceedings is set forth in [Note 12, Commitments and Contingencies](#) to the interim unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report and incorporated by reference herein.

ITEM 1A. Risk Factors

Please carefully consider and evaluate all of the information in this Quarterly Report and the risk factors set forth below and in our Annual Report on Form 10-K for the fiscal year ended January 30, 2022. If any of these risks actually occur, our business could be materially harmed. If our business is harmed, the trading price of our common stock could decline.

Other than as set forth below, the risk factors associated with our business have not materially changed as compared to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended January 30, 2022.

Risks Related to the Proposed Acquisition

The failure to complete our proposed acquisition of Sierra Wireless in a timely manner or at all, may adversely affect our business and our stock price.

Our and Sierra Wireless' obligations to consummate our proposed acquisition of Sierra Wireless are subject to the satisfaction or waiver of certain customary conditions, including, among others, (i) receipt of regulatory approvals under the HSR Act, from the U.S. Department of Justice (the "DOJ"); (ii) the absence of any law, injunction or other governmental order that prohibits the consummation of the Arrangement; and (iii) other customary closing conditions, including the accuracy of the other party's representations and warranties (subject to certain materiality qualifications), and each party's compliance with its covenants and agreements contained in the Arrangement Agreement. We cannot provide assurance that these or the other conditions to the completion of the proposed acquisition of Sierra Wireless will be satisfied in a timely manner or at all. In particular, the Arrangement Agreement contains certain termination rights for both Semtech and Sierra Wireless, including, among others, where the Arrangement is not consummated on or before January 3, 2023, which may be extended to February 3, 2023 and March 3, 2023 in certain circumstances if needed to obtain the required regulatory approvals referred to in clause (i) above. In addition, other factors may affect when and whether the Arrangement will occur. Furthermore, if the proposed acquisition of Sierra Wireless is not completed and the Arrangement Agreement is terminated, we may suffer other consequences that could adversely affect our business, results of operations and stock price, including the following:

- we have incurred and will continue to incur costs relating to the proposed acquisition (including significant legal and financial advisory fees) and many of these costs are payable by us whether or not the proposed acquisition is completed;
- matters relating to the proposed acquisition (including integration planning) may require substantial commitments of time and resources by our management team, which could otherwise have been devoted to other opportunities that may have been beneficial to us;
- we may be subject to legal proceedings related to failure to consummate the Arrangement;
- the failure to consummate the Arrangement may result in negative publicity and a negative impression of us in the investment community; and
- any disruptions to our business resulting from the announcement and pendency of the proposed acquisition, including any adverse changes in our relationships with our customers, suppliers, collaboration partners and employees, may continue or intensify in the event the Arrangement is not consummated.

Uncertainty about our proposed acquisition of Sierra Wireless may adversely affect our business and stock price, whether or not the proposed acquisition is completed.

We are subject to risks in connection with the pendency of our proposed acquisition of Sierra Wireless, including any legal proceedings against us, our directors and others relating to the proposed acquisition and the risks from possibly foregoing opportunities we might otherwise pursue absent the proposed acquisition of Sierra Wireless. Furthermore, uncertainties about the proposed acquisition may cause our current and prospective employees to experience uncertainty about their future with us. These uncertainties may impair our ability to retain, recruit or motivate key management and other personnel.

We may fail to realize the benefits expected from our proposed acquisition of Sierra Wireless, which could adversely affect our stock price.

Our proposed acquisition of Sierra Wireless, if completed, will be our largest acquisition to date. The anticipated benefits we expect from the proposed acquisition are, necessarily, based on projections and assumptions about the combined businesses of our Company and Sierra Wireless, which may not materialize as expected or which may prove to be inaccurate. The value of

our common stock following the completion of the proposed acquisition could be adversely affected if we are unable to realize the anticipated benefits from the acquisition on a timely basis or at all. Achieving the benefits of the proposed acquisition of Sierra Wireless will depend, in part, on our ability to integrate the business, operations and products of Sierra Wireless successfully and efficiently with our business. The challenges involved in this integration, which will be complex and time-consuming, include the following:

- difficulties entering new markets and integrating new technologies in which we have no or limited direct prior experience;
- successfully managing relationships with our combined customer, supplier and distributor base;
- coordinating and integrating independent research and development and engineering teams across technologies and product platforms to enhance product development while reducing costs;
- consolidating and integrating corporate, finance and administrative infrastructures and integrating and harmonizing business systems;
- coordinating sales and marketing efforts to effectively position our capabilities and the direction of product development;
- limitations prior to the completion of the acquisition on the ability of management of our Company and of Sierra Wireless to conduct planning regarding the integration of the two companies;
- the increased scale and complexity of our operations resulting from the acquisition;

- retaining key employees of our Company and Sierra Wireless;
- obligations that we will have to counterparties of Sierra Wireless that arise as a result of the change in control of Sierra Wireless, including with respect to limitations or restrictions that may be imposed on our ability to integrate products or technology used or produced by Sierra Wireless into our new or existing products; and
- minimizing the diversion of management attention from other important business objectives.

If we do not successfully manage these issues and the other challenges inherent in integrating an acquired business of the size and complexity of Sierra Wireless, then we may not achieve the anticipated benefits of the acquisition of Sierra Wireless. Moreover, we may not be able to integrate Sierra Wireless or achieve our expected synergies without increases in costs or other difficulties. The integration process may be complex, costly and time-consuming, and we will be required to devote significant management attention and resources to it. We expect to incur expenses in connection with the integration of Sierra Wireless following the consummation of the acquisition. Such expenses are difficult to estimate accurately, and may exceed current estimates. Accordingly, the benefits from the Sierra Wireless acquisition may be offset by costs incurred or delays in integrating the businesses. Furthermore, the Sierra Wireless acquisition may subject us to new types of risks to which we were not previously exposed. Any of the foregoing factors could cause our revenue, expenses, operating results and financial condition to be materially adversely affected.

The regulatory approvals required in connection with our proposed acquisition of Sierra Wireless may not be obtained or may be subject to materially burdensome conditions.

Completion of our proposed acquisition of Sierra Wireless is conditioned upon the receipt of regulatory approvals under the HSR Act, from the DOJ, and we cannot provide assurance that these approvals will be obtained. On October 17, 2022, Sierra Wireless and we each received a request for additional information and documentary material (commonly known as a “second request”) from the DOJ in connection with the proposed acquisition. The second requests were issued under notification requirements of the HSR Act. Issuance of the second requests extends the waiting period under the HSR Act until 30 days after Sierra Wireless and we have substantially complied with the second requests, unless that period is extended voluntarily by the parties or otherwise terminated by the DOJ. If any conditions or changes to the proposed structure of the acquisition are required to obtain these regulatory approvals, they may have the effect of jeopardizing or delaying completion of the proposed acquisition or reducing the anticipated benefits of the proposed acquisition. If we agree to any material conditions in order to obtain any approvals required to complete the proposed acquisition, the business and results of operations of the combined company may be adversely affected.

Our anticipated level of indebtedness will increase upon consummation of the Arrangement and will increase the related risks we now face.

Contemporaneously with the execution of the Arrangement Agreement, we entered into the Commitment Letter with JPM pursuant to which JPM agreed to (i) backstop certain amendments to our existing Credit Agreement in connection with the Arrangement and (ii) the Bridge Commitment. On October 30, 2022, we had indebtedness of approximately \$469.5 million, which is comprised of borrowings under our Revolving Facility and the Notes. We have entered into the Restatement

Agreement to provide for additional term loan commitments of \$895 million, and incurred the Notes, in each case as described above, to replace the backstop commitment and the Bridge Commitment.

Our increased indebtedness as a result of any such financings could have important consequences to us and our stockholders, including:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;
- with respect to variable rate indebtedness, risks associated with increases in interest rates;
- requiring the use of a substantial portion of our cash flow from operations for the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund working capital, future acquisitions, capital expenditures, stock repurchases and general corporate requirements;
- limiting our flexibility in planning for, or reacting to, changes in our business and our industry; and
- putting us at a disadvantage compared to our competitors with less indebtedness.

The Processing of user data (including personal information) could give rise to liabilities or additional costs as a result of laws, governmental regulations and mobile network operator and other customer requirements or differing views of individuals’ privacy rights.

Certain of Sierra Wireless’ products and services as well as the operation of our businesses involves the collection, use, processing, disclosure, transmission and storage (“Processing”) of a large volume of data (including personal information). Numerous state, federal and international laws, rules and regulations govern the Processing of personal information and can expose us to third party claims, enforcement actions and investigations by regulatory authorities, and potentially result in regulatory penalties, significant legal liability and harm to our reputation if our compliance efforts fail or are perceived to fail.

For example, the European Union General Data Protection Regulation (“GDPR”) became effective on May 25, 2018. Failure to comply with the GDPR may result in fines of up to the greater of 20 million Euros or 4% of a company’s annual global revenue. Canada’s Personal Information Protection and Electronic Documents Act (“PIPEDA”) also imposes strict requirements for Processing personal information that applies to our business operations. And in the United States, a number of states have enacted or have proposed to enact state privacy laws. For example, the California Consumer Privacy Act (“CCPA”) became effective on January 1, 2020. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used by requiring covered businesses to provide new disclosures to California residents and provide such individuals ways to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that is expected to increase data breach litigation. Additionally, in November 2020, California voters passed the California Privacy Rights and Enforcement Act of 2020 (“CPRA”), which goes into effect on January 1, 2023. The CPRA further expands the CCPA with additional data privacy compliance requirements that may impact our business, and establishes a regulatory agency dedicated to enforcing those requirements. A determination that we have violated any of these or other privacy or data protection laws could result in significant damage awards, fines and other penalties that could, individually or in the aggregate, materially harm our business and reputation.

Furthermore, the interpretation of privacy and data protection laws in a number of jurisdictions is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from jurisdiction to jurisdiction. Complying with these varying state, federal and international requirements could cause us to incur additional costs and change our business practices. In addition, because our products and services are sold and used worldwide, we may

be required to comply with laws and regulations in countries or states where we have no local entity, employees, or infrastructure.

We could also be adversely affected if legislation or regulations are expanded to require changes in our products, services or business practices, if governmental authorities in the jurisdictions in which we do business interpret or implement their legislation or regulations in ways that negatively affect our business or if end users or others allege that their personal information was misappropriated, for example, because of a defect or vulnerability in our products or services or if we experience a data breach. If we are required to allocate significant resources to modify our products, services or our existing security procedures for the personal information that our products and services process, our business, results of operations and financial condition may be adversely affected.

In addition, despite our efforts to protect our systems and the data (including personal information) processed thereby, we cannot assure you that we or our service providers will not suffer a data breach or compromise, that hackers or other unauthorized parties will not gain access to personal information or other data, or that any such data compromise or access will be discovered or remediated on a timely basis. Any compromise or breach of our security measures, or those of our third-party service providers, could violate applicable privacy, data security and other laws, and cause significant legal and financial exposure, adverse publicity and a loss of confidence in our security measures, which could have a material adverse effect on our business, financial condition, and results of operations.

We may be subject to class action or derivative action lawsuits, which if decided against us, could require us to pay substantial judgments, settlements or other penalties.

In addition to being subject to litigation in the ordinary course of business, we may be subject to class actions, derivative actions and other securities litigation and investigations, as well as other categories of litigation such as intellectual property infringement-related litigation that could have a material impact on our business. If the proposed acquisition is consummated, we will also become subject to any such matters involving Sierra Wireless' business. We expect that this type of litigation will be time consuming, expensive and will distract us from the conduct of our daily business. It is possible that we will be required to pay substantial judgments, settlements or other penalties and incur expenses that could have a material adverse effect on our operating results, liquidity or financial position. Expenses incurred in connection with these lawsuits, which include substantial fees of lawyers and other professional advisors and our obligations to indemnify officers and directors who may be parties to such actions, could materially adversely affect our reputation, operating results, liquidity or financial position. Furthermore, we do not know with certainty if any of this type of litigation and resulting expenses will be fully or even partially covered by our insurance. In addition, these lawsuits may cause our insurance premiums to increase in future periods.

If the proposed acquisition is consummated, we will depend on mobile network operators to promote and offer acceptable wireless data services.

Certain of Sierra Wireless' products and its wireless connectivity services can only be used over wireless data networks operated by third parties. If the proposed acquisition is consummated, our business and future growth will depend, in part, on the successful deployment by mobile network operators of next generation wireless data networks and appropriate pricing of wireless data services. We will also depend on successful strategic relationships with our mobile network operator partners to provide direct or indirect roaming services onto their networks and our operating results and financial condition could be harmed if they increase the price of their services or experience operational issues with their networks. In certain cases, our mobile network operator partners may also offer services that compete with our IoT services business.

Competition from new or established IoT, cloud services and wireless services companies or from those with greater resources may prevent us from increasing or maintaining our market share following the consummation of the proposed acquisition and could result in price reductions and/or loss of business with resulting reduced revenues and gross margins.

The market for IoT products and services is highly competitive and rapidly evolving. If the proposed acquisition is consummated, we expect to experience the impact of intense competition on the businesses we acquire from Sierra Wireless, including:

- competition from more established and larger companies with strong brands and greater financial, technical and marketing resources or companies with different business models;
- business combinations or strategic alliances by our competitors which could weaken our competitive position;
- introduction of new products or services by us that put us in direct competition with major new competitors;
- existing or future competitors who may be able to respond more quickly to technological developments and changes and introduce new products or services before we do; and
- competitors who may independently develop and patent technologies and products that are superior to ours or achieve greater acceptance due to factors such as more favorable pricing, more desired or better-quality features or more efficient sales channels.

If we are unable to compete effectively with our competitors' pricing strategies, technological advances and other initiatives, we may lose customer orders and market share and we may need to reduce the price of our products and services, resulting in reduced revenue and reduced gross margins. In addition, new market entrants or alliances between customers and suppliers could emerge to disrupt the markets in which we operate through disintermediation of our modules business or other means. There can be no assurance that we will be able to compete successfully and withstand competitive pressures.

If the proposed acquisition is consummated, we would become subject to additional government laws and regulations, which could result in increased costs and inability to sell our products and services.

Sierra Wireless' products and services are subject to laws and regulations in the United States, Canada, the European Union and other regions in which Sierra Wireless operates. Following the consummation of the proposed acquisition, from time to time in the ordinary course we may be required to obtain regulatory approvals or licenses in order to sell certain products and services.

For example, in the United States, the Federal Communications Commission regulates many aspects of communications devices and services. In Canada, similar regulations are administered by the Innovation, Science and Economic Development Canada and the Canadian Radio-television and Telecommunications Commission. European Union directives provide

comparable regulatory guidance in Europe. Further, regulatory requirements may change, or we may not be able to receive approvals, registrations or licenses from jurisdictions in which we may desire to sell products and services in the future. In addition, many laws and regulations are still evolving and being tested in courts and by regulatory authorities and could be interpreted in ways that could harm our business.

The application and interpretation of these laws and regulations often are uncertain, particularly in the new and rapidly evolving industry in which we operate. Because laws and regulations have continued to develop and evolve rapidly, it is possible that we or our products or services may not be, or may not have been, compliant with each applicable law or regulation. Compliance with applicable laws and regulations may impose substantial costs on our business, and if we fail

to comply we may be subject to regulatory and civil liability, additional costs (including fines), reputational harm, and in severe cases, may be prevented from selling our products and services in certain jurisdictions, all of which could materially and adversely affect our business, financial position, results of operation, and cash flows.

Risks related to the Convertible Notes

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the Notes is triggered, holders of Notes will be entitled to convert their Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, we would be required to settle any converted principal amount of such Notes through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Conversion of the Notes may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock.

The conversion of some or all of the Notes may dilute the ownership interests of our stockholders. Upon conversion of the Notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the Notes being converted. If we elect to settle the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the Notes being converted in shares of our common stock or a combination of cash and shares of our common stock, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Notes may encourage short selling by market participants because the conversion of the Notes could be used to satisfy short positions, or anticipated conversion of the Notes into shares of our common stock could depress the price of our common stock.

Certain provisions in the indenture governing the Notes may delay or prevent an otherwise beneficial takeover attempt of us.

Certain provisions in the indenture governing the Notes may make it more difficult or expensive for a third party to acquire us. For example, the indenture governing the Notes generally requires us to repurchase the Notes for cash upon the occurrence of a fundamental change and, in certain circumstances, to increase the conversion rate for a holder that converts its Notes in connection with a make-whole fundamental change, as defined in the indenture for the Notes. A takeover of us may trigger the requirement that we repurchase the Notes and/or increase the conversion rate, which could make it costlier for a potential acquirer to engage in such takeover. Such additional costs may have the effect of delaying or preventing a takeover of us that would otherwise be beneficial to investors.

The Convertible Note Hedge Transactions and Warrants transactions may affect the trading price of our common stock.

On October 6, 2022 and October 21, 2022, we entered into the Convertible Note Hedge Transactions with the Counterparties. We also entered into Warrants transactions with the Counterparties. The Convertible Note Hedge Transactions are expected generally to reduce the potential dilution to our common stock upon any conversion of Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be. However, the Warrants 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 the strike price of the Warrants.

In addition, the Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives 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 the Notes (and are likely to do in connection with any conversion of the Notes or redemption or repurchase of the Notes). This activity could cause or avoid an increase or a decrease in the market price of our common stock. We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of our common stock. In addition, we do not make any representation that the Counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We are subject to counterparty risk with respect to the Convertible Note Hedge Transactions.

The Counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Convertible Note Hedge Transactions. Our exposure to the credit risk of the Counterparties is not secured by any collateral. If a Counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Convertible Note Hedge Transactions with such Counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by a Counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the Counterparties.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None.

Issuer Purchase of Equity Securities

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

On November 29, 2022, our Board of Directors approved amended and restated bylaws (the “Amended and Restated Bylaws”), which became effective the same day. Among other things, the amendments effected by the Amended and Restated Bylaws:

- Eliminate the requirement to make a stockholder list available for examination at meetings of stockholders, as provided by recent amendments to the

General Corporation Law of the State of Delaware;

- Establish procedures and requirements for stockholders to request that a record date be set in connection with stockholder action by written consent in lieu of a meeting;
- Enhance procedural and disclosure requirements in connection with stockholder nominations of directors and submissions of proposals for business at stockholder meetings (other than proposals to be included in our proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), including:
 - Requiring that advance notice of nominations or items of business generally be submitted to the Company no earlier than 120 days prior to the anniversary date of the immediately preceding annual meeting (with no change to the deadline for submission no later than 90 days prior to such anniversary date);
 - Requiring information concerning the stockholder’s interests in derivative securities, hedges, short interests and any other agreements or arrangements that increase or decrease the stockholder’s voting power or economic interest with respect to the Company’s stock and disclosure of all agreements, arrangements and understandings relating to the Company or the proposed business or nomination;
 - Requiring information provided by the stockholder submitting notice to be updated so that it is accurate as of the record date for the stockholder meeting; and
 - Requiring any stockholder submitting a notice of nomination to comply with the “universal proxy rules” under the Exchange Act and to submit evidence of compliance with the solicitation requirements under those rules; and
- Require all director nominees to make certain representations to the Company including that they are not parties to any agreement or arrangement regarding how they will vote as a director that has not been disclosed to the Company, that they are not parties to any compensatory arrangements with persons other than the Company regarding their nomination or service as a director that has not been disclosed to the Company and that they will comply, if elected as directors, with the Company’s applicable policies and guidelines.

The foregoing description of the Amended and Restated Bylaws is a summary and is qualified in its entirety by reference to the full text of the Amended and Restated Bylaws, a copy of which is included as Exhibit 3.2 attached hereto and incorporated herein by reference.

Also on November 29, 2022, our Board of Directors approved a form of amended and restated indemnification agreement for directors and executive officers of the Company and its subsidiaries (the “Form of Amended and Restated Indemnification Agreement”) and authorized the Company to enter into the Form of Amended and Restated Indemnification Agreement with each of the Company’s directors and certain executive officers who are party to an existing indemnification agreement with the Company. The Form of Amended and Restated Indemnification Agreement:

- Clarifies certain matters that are set forth in the indemnification agreements that the Company previously entered into with its directors and certain executive officers, including with respect to the director’s or officer’s right to indemnification, advancement of expenses and/or insurance under circumstances in which the director or officer may also have rights to indemnification, advancement of expenses and/or insurance from certain third parties; and
- Continues to require the Company, to the fullest extent permitted by applicable law and subject to certain exceptions specified in the Form of Amended and Restated Indemnification Agreement, to indemnify the director or executive officer party thereto (the “Indemnitee”), if the Indemnitee is, or is threatened to be made, a party to or otherwise becomes involved (as a witness or otherwise) in any Proceeding (as defined in the Form of Amended and Restated Indemnification Agreement) wholly or partly by reason of his or her status as a director, officer, employee, agent or fiduciary of the Company, any of its wholly-owned subsidiaries, or any other enterprise that such person is or was serving at the request of the Company, against all Expenses and Losses (as defined in the Form of Amended and Restated Indemnification Agreement), reasonably incurred by the Indemnitee, or on Indemnitee’s behalf, in connection with such Proceeding.

The foregoing description of the Form of Amended and Restated Indemnification Agreement is a summary and is qualified in its entirety by reference to the full text of the Form of Amended and Restated Indemnification Agreement, a copy of which is included as Exhibit 10.8 attached hereto and incorporated herein by reference.

ITEM 6. Exhibits

Documents that are not physically filed with this report are incorporated herein by reference to the location indicated.

Exhibit No.	Description	Location
2.1	Arrangement Agreement, dated as of August 2, 2022, by and among Semtech Corporation, Sierra Wireless, Inc. and 13548597 Canada Inc.	Exhibit 2.1 to our Current Report on Form 8-K filed on August 3, 2022
3.1	Restated Certificate of Incorporation of Semtech Corporation	Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended October 26, 2003
3.2	Amended and Restated Bylaws of Semtech Corporation	Filed herewith
4.1	Indenture, dated as of October 12, 2022, among Semtech Corporation, the subsidiary guarantors party thereto and U.S. Bank Trust Company, National Association	Exhibit 4.1 to our Current Report on Form 8-K filed on October 12, 2022
4.2	Form of 1.625% Convertible Senior Note due 2027	Exhibit 4.2 to our Current Report on Form 8-K filed on October 12, 2022
10.1	Form of Support and Voting Agreement	Exhibit 10.1 to our Current Report on Form 8-K filed on August 3, 2022
10.2	Form of Convertible Note Hedge Confirmation	Exhibit 99.2 to our Current Report on Form 8-K filed on October 12, 2022
10.3	Form of Warrant Confirmation	Exhibit 99.3 to our Current Report filed on October 12, 2022
10.4	Form of Additional Convertible Note Hedge Confirmation	Exhibit 99.1 to our Current Report on Form 8-K filed on October 21, 2022
10.5	Form of Additional Warrant Confirmation	Exhibit 99.2 to our Current Report on Form 8-K filed on October 21, 2022
10.6	Second Amendment to Second Amended and Restated Credit Agreement, dated as of September 1, 2022, by and among Semtech Corporation, the subsidiary guarantors, HSBC Bank USA, National Association, as administrative agent, and certain lenders party thereto	Exhibit 10.1 to our Current Report on Form 8-K filed on September 2, 2022
10.7	Third Amendment and Restatement Agreement, dated as of September 26, 2022, by and among Semtech Corporation, the guarantors party thereto, JPMorgan Chase Bank, N.A., as successor administrative agent, and the other parties thereto	Exhibit 10.1 to our Current Report on Form 8-K filed on September 29, 2022
10.8	Form of Amended and Restated Indemnification Agreement for Directors and Executive Officers	Filed herewith
10.9	Separation and General Release Agreement, dated as of September 28, 2022, between Semtech Corporation and Alistair W. Fulton	Exhibit 10.1 to our Current Report on Form 8-K filed on September 30, 2022
31.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended	Filed herewith
31.2	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended	Filed herewith
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Exhibit 32.1 is being furnished and shall not be deemed "filed")	Furnished herewith
32.2	Certification of the Chief Financial Officer Pursuant 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Exhibit 32.2 is being furnished and shall not be deemed "filed")	Furnished herewith

101 The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended October 30, 2022, formatted in Inline XBRL: (i) Consolidated Statements of Income, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flow and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.

104 The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended October 30, 2022, formatted in Inline XBRL (included as Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEMTECH CORPORATION

Registrant

Date: November 30, 2022

/s/ Mohan R. Maheswaran

Mohan R. Maheswaran

President and Chief Executive Officer

(Principal Executive Officer; Duly Authorized Officer)

Date: November 30, 2022

/s/ Emeka N. Chukwu

Emeka N. Chukwu

Executive Vice President and

Chief Financial Officer

(Principal Financial Officer)



AMENDED AND RESTATED BYLAWS

of

SEMTECH CORPORATION

a Delaware Corporation

Article I - OFFICES

Section 1.01 REGISTERED OFFICE. The registered office of Semtech Corporation (hereinafter called the "Corporation") shall be at such place in the State of Delaware as shall be designated by the Board of Directors (hereinafter called the "Board").

Section 1.02 PRINCIPAL OFFICE. The principal office for the transaction of the business of the Corporation shall be at such location, within or without the State of Delaware, as shall be designated by the Board.

Section 1.03 OTHER OFFICES. The Corporation may also have an office or offices at such other place or places, either within or without the State of Delaware, as the Board may from time to time determine or as the business of the Corporation may require.

Article II - MEETINGS OF STOCKHOLDERS

Section 2.01 ANNUAL MEETINGS. Annual meetings of the stockholders of the Corporation for the purpose of electing directors and for the transaction of such other proper business as may come before such meetings may be held at such time, date and place as the Board shall determine by resolution.

Section 2.02 SPECIAL MEETINGS. Special meetings of the stockholders of the Corporation for any purpose or purposes may be called at any time by the Board, or by a committee of the Board which has been duly designated by the Board and whose powers and authority, as provided in a resolution of the Board or in the Bylaws, include the power to call such meetings, but such special meetings may not be called by any other person or persons; provided, however, that if and to the extent that any special meeting of stockholders may be called by any other person or persons specified in any provisions of the Certificate of Incorporation or any amendment thereto or any certificate filed under Section 151(g) of the General Corporation Law of the State of Delaware (or its successor statute as in effect from time to time hereafter), then such special meeting may also be called by the person or persons, in the manner, at the time and for the purposes so specified. No business may be transacted at such special meeting other than the business specified in the notice to stockholders of such meeting.

Section 2.03 PLACE OF MEETINGS. All meetings of the stockholders shall be held at such places, within or without the State of Delaware, as may from time to time be designated by the person or persons calling the respective meetings and specified in the respective notices or waivers of notice thereof.

Section 2.04 NOTICE OF MEETINGS. Except as otherwise required by law, notice of each meeting of the stockholders, whether annual or special, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder of record entitled to vote at such meeting by delivering a typewritten or printed notice thereof to him personally, or by depositing such notice in the United States mail, in a postage prepaid envelope, directed to him at his address furnished by him to the Secretary of the Corporation for such purpose or, if he shall not have furnished to the Secretary his address for such purpose, then at his address last known to the Secretary, or by transmitting a notice thereof to him at such address by telegraph, cable or wireless. Except as otherwise expressly required by law, no publication of any notice of a meeting of

the stockholders shall be required. Every notice of a meeting of the stockholders shall state the place, date and hour of the meeting, and, in the case of a special meeting shall also state the purpose or purposes for which the meeting is called. Except as otherwise expressly required by law, notice of any adjourned meeting of the stockholders need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken. Whenever notice is required to be given to any stockholder to whom (i) notice of two consecutive annual meetings, and all notices of meetings or of the taking of action by written consent without a meeting to such person during the period between such two consecutive annual meetings, or (ii) all, and at least two, payments (if sent by first class mail) of dividends or interest on securities during a twelve month period, have been mailed addressed to such person at his address as shown on the records of the Corporation and have been returned undeliverable, the giving of such notice to such person shall not be required. Any action or meeting which shall have been taken or held without notice to such person shall the same force and effect as if such notice had been duly given. If any such person shall deliver to the Corporation a written notice setting forth his then current address, the requirement that notice be given to such person shall be reinstated.

No notice need be given to any person with whom communication is unlawful, nor shall there be any duty to apply for any permanent or license to give notice to any such person.

Section 2.05 QUORUM. Except as provided by law, the holders of record of a majority in voting interest of the shares of stock of the Corporation entitled to be voted, present in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the stockholders of the Corporation or any adjournment thereof. The stockholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. In the absence of a quorum at any meeting or any adjournment thereof, a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat or, in the absence therefrom of all the stockholders, any officer entitled to preside at or to act as secretary of such meeting may adjourn such meeting from time to time. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

Section 2.06 VOTING.

(a) At each meeting of the stockholders, each stockholder shall be entitled to vote in person or by proxy each share or fractional share of the stock of the Corporation which has voting rights on the matter in question and which shall have been held by him and registered in his name on the books of the Corporation (i) on the date fixed pursuant to Section 2.10 of these Bylaws as the record date for the determination of stockholders entitled to vote at such meeting, or (ii) if no such record date shall have been so fixed, then (A) at the close of business on the day next preceding the day on which notice of the meeting shall be given or (B) if notice of the meeting shall be waived, at the close of business on the day next preceding the day on which the meeting shall be held.

(b) Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors in such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes. Persons holding stock of the Corporation in a fiduciary capacity shall be entitled to vote such stock. Persons whose stock is pledged shall be entitled to vote, unless in the transfer by the pledgor on the books of the Corporation he shall have expressly empowered the pledgee to vote thereon, in which case only the pledgee, or his proxy, may represent such stock and vote thereon. Stock having voting power standing of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or with respect to which two or more persons have the same fiduciary relationship, shall be voted in accordance with the provisions of the General Corporation Law of Delaware.

(c) Any such voting rights may be exercised by the stockholder entitled thereto in person or by his proxy appointed by an instrument in writing, subscribed by such stockholder or by his attorney thereunto authorized and delivered to the secretary of the meeting; provided, however, that no proxy shall be voted or

acted upon after three years from its date unless said proxy shall provide for a longer period. The attendance at any meeting of a stockholder who may theretofore have given a proxy shall not have the effect of revoking the same unless he shall in writing so notify the secretary of the meeting prior to the voting of the proxy. At any meeting of the stockholders all matters, except as otherwise provided in the Certificate of Incorporation, in these Bylaws or by law, shall be decided by the vote of a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat and thereon. The stockholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. The vote at any meeting of the stockholders on any question need not be by ballot, unless so directed by the chairman of the meeting. On a vote by ballot, each ballot shall be signed by the stockholder voting, or by his proxy if there be such proxy, and it shall state the number of shares voted.

Section 2.07 LIST OF STOCKHOLDERS. The Secretary of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing contained in this Section 2.07 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of such meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation.

Section 2.08 INSPECTOR OF ELECTION. If at any meeting of the stockholders a vote by written ballot shall be taken on any question, the chairman of such meeting may appoint an inspector or inspectors of election to act with respect to such vote. Each inspector so appointed shall first subscribe an oath faithfully to execute the duties of an inspector at such meeting with strict impartiality and according to the best of his ability. Such inspectors shall decide upon the qualification of the voters and shall report the number of shares represented at the meeting and entitled to vote on such question, shall conduct and accept the votes, and, when the voting is completed, shall ascertain and report the number of shares voted respectively for and against the question. Reports of the inspectors shall be in writing and subscribed and delivered by them to the Secretary of the Corporation. Inspectors need not be stockholders of the Corporation, and any officer of the Corporation may be an inspector on any question other than a vote for or against a proposal in which he shall have a material interest.

Section 2.09 STOCKHOLDER ACTION WITHOUT MEETINGS. Any action required by the General Corporation Law of the State of Delaware to be taken at any annual or special meeting of the stockholders, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

Section 2.10 RECORD DATE

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which record date: (i) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall,

unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting; (ii) in the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten (10) days from the date upon which the resolution fixing the record date is adopted by the Board; and (iii) in the case of any other action, shall not be more than sixty (60) days prior to such other action.

(b) Any stockholder of the Corporation seeking to have the stockholders express consent to corporate action in writing without a meeting shall, by written notice to the Secretary of the Corporation, request that the Board fix a record date for determining the stockholders entitled to express consent to such corporate action. The Board shall promptly, but in any event within ten (10) days after the date on which such a request is received by the Secretary, adopt a resolution fixing the record date. If no record date for determining stockholders entitled to express consent to corporate action in writing without a meeting has been fixed by the Board within ten (10) days after the date on which such a request is received by the Secretary, the record date, when no prior action of the Board is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, or, if prior action by the Board is required by law, shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

(c) If no record date is fixed: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (ii) other than in the case where a stockholder of the Corporation is seeking to have the stockholders express consent to corporate action in writing without a meeting (which shall be governed by Section 2.10(b)), the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action of the Board is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, or, if prior action by the Board is required by law, shall be at the close of business on the day on which the Board adopts the resolution taking such prior action; and (iii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

Section 2.11 ADVANCE NOTICE OF STOCKHOLDER BUSINESS.

(a) To be properly brought before an annual meeting, business (other than nominations for the election of directors, which may only be made in accordance with the provisions of Section 2.12) must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board (or any duly authorized committee thereof), (ii) otherwise properly brought before the meeting by or at the direction of the Board (or any duly authorized committee thereof), or (iii) a proper matter for stockholder action under the Delaware General Corporation Law and properly brought before the meeting by a stockholder (A) who is a stockholder of record on the date of the giving of notice provided for in this Section 2.11 and on the record date for the determination of stockholders entitled to vote at such annual meeting and (B) who complies with all of the procedures set forth in this Section 2.11.

(b) In addition to any other applicable requirements, for business to be considered properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 2.11(a), such stockholder must have given timely notice in proper form of such stockholder's intent to bring such business before such meeting. To be timely, such stockholder's notice must be delivered to or mailed and received by the Secretary of the Corporation at the principal office of the Corporation not later than the close of business on the ninetieth (90th) day nor earlier than the open of business on the one-hundred twentieth (120th) day prior to the anniversary date of the immediately preceding annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within twenty-five (25) days before or after such anniversary date, notice by the stockholder to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever occurs

first. In no event shall the adjournment or postponement of an annual meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) To be in proper form, a stockholder's notice to the Secretary shall be in writing and shall set forth: (i) as to each matter such stockholder proposes to bring before the annual meeting, (A) a brief description of the business desired to be brought before the annual meeting, (B) the text of any proposal regarding such business (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend these Bylaws, the text of the proposed amendment), and (C) the reasons for conducting such business at the annual meeting; (ii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is being made, (A) the name and address of such person, (B) (1) the class or series and number of all shares of stock of the Corporation that are owned beneficially or of record by such person, and any affiliates (as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of such person, (2) the name of each nominee holder of shares of all stock of the Corporation owned beneficially but not of record by such person, or any affiliates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (3) whether and the extent to which any option, warrant, forward contract, swap or other derivative instrument has been entered into by or on behalf such person, or any affiliates of such person, and (4) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any hedge, short position or borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates of such person, the effect or intent of which is to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates of such person, with respect to stock of the Corporation (the information in this clause (B), the "Ownership Information"), (C) a description of (1) all agreements, arrangements or understandings (whether written or oral) between or among such person, or any affiliates of such person, and any other person or persons (including their names) in connection with or relating to the Corporation or the proposal, and (2) any material interest of such person, or any affiliates of such person, in such business, including any anticipated benefit therefrom to such person, or any affiliates of such person, and (D) any other information relating to such person that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies with respect to the proposed business pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and (iii) a representation that the stockholder giving the notice is a holder of record of stock of the Corporation and that such stockholder (or a qualified representative thereof) will appear in person at the meeting to introduce the business specified in the notice.

(d) Any person providing any information to the Corporation pursuant to this Section 2.11 shall further update and supplement such information, if necessary, so that all information provided (or required to be provided) pursuant to this Section 2.11 shall be true and correct as of the record date for the determination of stockholders entitled to vote at the annual meeting, and such update and supplement shall be delivered to or be mailed and received by the Secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) business days following the later of the record date for the determination of stockholders entitled to vote at the annual meeting or the date notice of such record date is first publicly disclosed.

(e) Notwithstanding the foregoing, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholder's meeting pursuant to Rule 14a-8 under the Exchange Act (or any successor provision of law), stockholders must provide notice as required by, and otherwise comply with the requirements of, the Exchange Act and the rules and regulations promulgated thereunder. Nothing contained in this Section 2.11 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act (or any successor provision of law).

(f) No business shall be conducted at the annual meeting of stockholders except business that is properly brought before the annual meeting in accordance with this Section 2.11. If business is not properly brought before the annual meeting in accordance with this Section 2.11 (including if a stockholder giving notice of such business fails to comply with any of its obligations or breaches any of its representations under this Section 2.11), as determined by the chairman of the meeting, such business shall not be transacted,

notwithstanding that proxies in respect thereof may have been received by the Corporation. Once business has been properly brought before the annual meeting in accordance with this Section 2.11, nothing in this Section 2.11 shall be deemed to preclude discussion by any stockholder of any such business.

Section 2.12 ADVANCE NOTICE OF DIRECTOR NOMINATIONS

(a) To be properly brought before an annual meeting of stockholders, or any special meeting of stockholders called for the purpose of electing directors, nominations for the election of directors must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board (or any duly authorized committee thereof), (ii) otherwise made by or at the direction of the Board (or any duly authorized committee thereof) or (iii) made by any stockholder of the Corporation (A) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2.12 and on the record date for the determination of stockholders entitled to vote at such meeting, (B) who complies with all of the procedures set forth in this Section 2.12 and (C) who complies with the requirements of Rule 14a-19 under the Exchange Act.

(b) In addition to any other applicable requirements, for a nomination to be made by a stockholder pursuant to clause (iii) of Section 2.12(a), such stockholder must have given timely notice thereof in proper form to the Secretary of the Corporation. To be timely, such stockholder's notice must be delivered to or mailed and received by the Secretary of the Corporation at the principal office of the Corporation, (i) in the case of an annual meeting, in accordance with the provisions for timely delivering notice of business to be brought before an annual meeting set forth in Section 2.11(b), and (ii) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an annual or special meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) To be in proper form, a stockholder's notice to the Secretary shall be in writing and shall set forth or be accompanied by (as applicable): (i) as to each person whom the stockholder proposes to nominate for election as a director, (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the Ownership Information, (D) such person's written representation and agreement required by Section 2.13 of these Bylaws, and (E) any other information relating to such person that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in a contested election or that is otherwise required pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including, without limitation, such person's written consent to being named as a nominee in any proxy statement relating to the annual meeting or special meeting, as applicable, and to serving as a director if elected); (ii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is being made, (A) the name and address of such person, (B) the Ownership Information, (C) a description of (1) all agreements, arrangements or understandings (whether written or oral) between such person, or any affiliates of such person, and any proposed nominee, or any affiliates of such proposed nominee, (2) all agreements, arrangements or understandings (whether written or oral) between or among such person, or any affiliates of such person, and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such person, or otherwise relating to the Corporation or their ownership of stock of the Corporation, and (3) any material interest of such person, or any affiliates of such person, in such nomination, including any anticipated benefit therefrom to such person, or any affiliates of such person, and (D) any other information relating to such person that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; (iii) a representation that the stockholder giving the notice is a holder of record of stock of the Corporation and that such stockholder (or a qualified representative thereof) will appear in person at the meeting to present the nomination(s) specified in the notice; and (iv) all other information required by Rule 14a-19 under the Exchange Act.

(d) In addition to the information required pursuant to Section 2.12(c) or any other provision of these Bylaws, the Corporation may require any proposed nominee to furnish any other information (i) that may

reasonably be requested by the Corporation to determine whether the nominee would be independent under the rules and listing standards of the securities exchanges upon which the stock of the Corporation is listed or traded, any applicable rules of the Securities and Exchange Commission or any publicly disclosed standards used by the Board in determining and disclosing the independence of the Corporation's directors, (ii) that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee or (iii) that may reasonably be requested by the Corporation to determine the eligibility of such nominee to serve as a director of the Corporation.

(e) Any person providing any information to the Corporation pursuant to this Section 2.12 shall further update and supplement such information (i) if necessary, so that all information provided (or required to be provided) pursuant to this Section 2.12 shall be true and correct as of the record date for the determination of stockholders entitled to vote at the annual or special meeting, and such update and supplement shall be delivered to or be mailed and received by the Secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) business days following the later of the record date for the determination of stockholders entitled to vote at the annual or special meeting or the date notice of such record date is first publicly disclosed; and (ii) to provide evidence that the stockholder providing notice of any nomination has solicited proxies from holders representing at least 67% of the voting power of shares entitled to vote in the election of directors, and such update and supplement shall be delivered to or be mailed and received by the Secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) business days after the stockholder files a definitive proxy statement in connection with the annual or special meeting.

(f) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with this Section 2.12. If a nomination is not made in accordance with this Section 2.12 (including if a stockholder giving notice of a nomination or the applicable nominee fails to comply with any of its obligations or breaches any of its representations or agreements under this Section 2.12 or under Section 2.13), or if a proposed nominee dies, becomes disabled or otherwise becomes ineligible or unavailable for election at the relevant meeting, or if the solicitation in support of the nominees other than the Corporation's nominees was not conducted in compliance with Rule 14a-19 under the Exchange Act, in each case, as determined by the Board (or any duly authorized committee thereof) or by the chairman of the annual or special meeting, the chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded, notwithstanding that proxies in respect thereof may have been received by the Corporation.

Section 2.13 DIRECTOR NOMINEE REPRESENTATION AND AGREEMENT. In order to be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver to the Secretary of the Corporation a written representation and agreement (executed by the nominee in the form provided by the Secretary of Corporation upon written request) that such person: (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation in such representation and agreement or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law; (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with such person's nomination, candidacy, service or action as a director that has not been disclosed to the Corporation in such representation and agreement; (iii) would be in compliance, if elected as a director of the Corporation, and will comply with the Corporation's code of conduct, corporate governance guidelines, stock ownership and trading policies and guidelines and any other policies or guidelines of the Corporation applicable to directors; and (iv) will make such other acknowledgments, enter into such agreements and provide such information as the Board requires of all directors, including promptly submitting all completed and signed questionnaires required of the Corporation's directors.

Article III - BOARD OF DIRECTORS

Section 3.01 GENERAL POWERS. The property, business and affairs of the Corporation shall be managed by or under the direction of the Board, which may exercise all of the powers of the Corporation, except such as are by the Certificate of Incorporation, by these Bylaws or by law conferred upon or reserved to the stockholders.

Section 3.02 NUMBER AND TERM. The Board shall consist of eight members, until changed from time to time by resolution of the Board, provided that the number of directors shall not be less than three. Directors need not be stockholders of the Corporation. Each director shall hold office until a successor is elected and qualified or until the director resigns or is removed.

Section 3.03 ELECTION OF DIRECTORS. The directors shall be elected by the stockholders of the Corporation, and at each election the persons receiving the greatest number of votes, up to the number of directors then to be elected, shall be the persons then elected. The election of directors is subject to any provisions contained in the Certificate of Incorporation relating thereto, including any provisions for a classified board.

Section 3.04 RESIGNATION AND REMOVAL. Any director of the Corporation may resign at any time by giving notice in writing or by electronic transmission to the Board or to the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time is not specified, it shall take effect immediately upon its receipt; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Except as otherwise provided by the Certificate of Incorporation or by law, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of shares then entitled to vote at an election of directors.

Section 3.05 VACANCIES. Except as otherwise provided in the Certificate of Incorporation, any vacancy in the Board, whether because of death, resignation, disqualification, an increase in the number of directors, or any other cause, may be filled by vote of the majority of the remaining directors, although less than a quorum, or by a sole remaining director. Each director so chosen to fill a vacancy shall hold office until his successor shall have been elected and shall qualify or until he shall resign or shall have been removed. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Upon the resignation of one or more directors from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided hereinabove in the filling of other vacancies.

Section 3.06 PLACE OF MEETING; TELEPHONE CONFERENCE MEETING. The Board may hold any of its meetings at such place or places within or without the State of Delaware as the Board may from time to time by resolution designate or as shall be designated by the person or persons calling the meeting or in the notice or waiver of notice of any such meeting. Directors may participate in any regular or special meeting of the Board by means of conference telephone or other communications equipment pursuant to which all persons participating in the meeting of the Board can hear each other, and such participation shall constitute presence in person at such meeting.

Section 3.07 FIRST MEETING. The Board shall meet as soon as practicable after each annual election of directors and notice of such first meeting shall not be required.

Section 3.08 REGULAR MEETINGS. Regular meetings of the Board may be held at such times as the Board shall from time to time by resolution determine. If any day fixed for a meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting shall be held at the same hour and place on the

next succeeding business day which is not a legal holiday. Except as provided by law, notice of regular meetings need not be given.

Section 3.09 SPECIAL MEETINGS. Special meetings of the Board may be called at any time by the Chairman of the Board or the Chief Executive Officer or by any two (2) directors, to be held at the principal office of the Corporation, or at such other place or places, within or without the State of Delaware, as the person or persons calling the meeting may designate.

Notice of the time and place of special meetings shall be given to each director either (i) by mailing or otherwise sending to him a written notice of such meeting, charges prepaid, addressed to him at his address as it is shown upon the records of the Corporation, or if it is not so shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held, at least seventy-two (72) hours prior to the time of the holding of such meeting; (ii) by orally communicating the time and place of the special meeting to him at least forty-eight (48) hours prior to the time of the holding of such meeting, or (iii) by sending an electronic transmission to him at least twenty-four (24) hours prior to the holding of such meeting. An "electronic transmission" is a facsimile, email or other form of communication not directly involving the transmission of paper that creates a record that may be retained, retrieved and reviewed by the recipient and that may be directly reproduced in paper form by the recipient through an automated process. Notice given by electronic transmission shall be deemed given when directed to the most recent facsimile number, electronic mail address, or other relevant contact number or address, as the case may be, on file for the recipient in the Corporation's records. Any of the notices as above provided shall be due, legal and personal notice to such director.

Section 3.10 QUORUM AND ACTION. Except as otherwise provided in these Bylaws or by law, the presence of a majority of the authorized number of directors shall be required to constitute a quorum for the transaction of business at any meeting of the Board, and all matters shall be decided at any such meeting, a quorum being present, by the affirmative votes of a majority of the directors present. In the absence of a quorum, a majority of directors present at any meeting may adjourn the same from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given. The directors shall act only as a Board, and the individual directors shall have no power as such.

Section 3.11 ACTION BY CONSENT. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or of such committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or such committee. Such filings shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. Such action by consent shall have the same force and effect as the unanimous vote of such directors.

Section 3.12 COMPENSATION. No stated salary need be paid to directors, as such, for their services but, as fixed from time to time by resolution of the Board, the directors may receive directors' fees, compensation and reimbursement for expenses for attendance at directors' meetings, for serving on committees and for discharging their duties; provided that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.13 COMMITTEES. The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and provided in the resolution of the Board, shall have and may

exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

Unless the Board otherwise provides, each committee designated by the Board may make, alter and repeal rules for conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board conducts its business pursuant to these Bylaws. Any such committee shall keep regular minutes of its meetings and report the same to the Board when required.

Section 3.14 OFFICERS OF THE BOARD. A Chairman of the Board or a Vice Chairman may be appointed from time to time by the Board and shall have such powers and duties as shall be designated by the Board.

Section 3.15 CHAIRMAN OF THE BOARD. The Chairman of the Board, if any, shall preside at all meetings of the stockholders and the Board and exercise and perform such other powers and duties with respect to the administration of the business and affairs of the Corporation as may from time to time be assigned to him by the Board or as is prescribed by the Bylaws.

Article IV - OFFICERS

Section 4.01 OFFICERS. The officers of the Corporation shall be a Chief Executive Officer, President, and a Secretary. The Corporation may also have, at the discretion of the Board, one or more Vice Presidents, one or more Assistant Vice Presidents, one or more Assistant Secretaries, a Treasurer, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 4.03 of these Bylaws. One person may hold two or more offices.

Section 4.02 ELECTION AND TERM. The officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 4.03 or Section 4.05 of these Bylaws, shall be chosen annually by the Board, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or until his successor shall be elected and qualified.

Section 4.03 SUBORDINATE OFFICERS. The Board may appoint, or may authorize the Chief Executive Officer to appoint, such other officers as the business of the Corporation may require, each of whom shall have such authority and perform such duties as are provided in these Bylaws or as the Board or the Chief Executive Officer from time to time may specify, and shall hold office until he shall resign or shall be removed or otherwise disqualified to serve.

Section 4.04 REMOVAL AND RESIGNATION. Any officer may be removed, with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board, by the Chief Executive Officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Board, the Chairman of the Board, the Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.05 VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for the regular appointments to such office.

Section 4.06 CHIEF EXECUTIVE OFFICER. The Chief Executive Officer of the Corporation shall, subject to the control of the Board, have general supervision, direction and control of the business and affairs of the Corporation. In the absence of a Chairman or Vice Chairman of the Board, he shall preside at all meetings of

stockholders and the Board. He shall have the general powers and duties of management usually vested in the chief executive officer of a corporation, and shall have such other powers and duties with respect to the administration of the business and affairs of the Corporation as may from time to time be assigned to him by the Board or as prescribed by the Bylaws.

Section 4.07 PRESIDENT. The President, shall exercise and perform such powers and duties with respect to the administration of the business and affairs of the Corporation as from time to time may be assigned to him by the Chief Executive Officer, by the Chairman of the Board, if any, by the Board or as is prescribed by the Bylaws. In the absence or disability of the Chief Executive Officer, the President shall perform all of the duties of the Chief Executive Officer and when so acting shall have all of the powers of and be subject to all the restrictions upon the Chief Executive Officer.

Section 4.08 VICE PRESIDENT. The Vice President(s), if any, shall exercise and perform such powers and duties with respect to the administration of the business and affairs of the Corporation as from time to time may be assigned to each of them by the Chief Executive Officer, by the President, by the Chairman of the Board, if any, by the Board or as is prescribed by the Bylaws. In the absence or disability of the President, the Vice Presidents, in order of their rank as fixed by the Board, or if not ranked, the Vice President designated by the Board, shall perform all of the duties of the President and when so acting shall have all of the powers of and be subject to all the restrictions upon the President.

Section 4.09 SECRETARY. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office for the transaction of the business of the Corporation, or such other place as the Board may order, of all meetings of directors and stockholders, with the time and place of holding, whether regular or special, and if special, how authorized and the notice thereof given, the names of those present at directors' meetings, the number of shares present or represented at stockholders' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office for the transaction of the business of the Corporation or at the office of the Corporation's transfer agent, a share register, or a duplicate share register, showing the names of the stockholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all the meetings of the stockholders and of the Board required by these Bylaws or by law to be given, and he shall keep the seal of the Corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws. If for any reason the Secretary shall fail to give notice of any special meeting of the Board called by one or more of the persons identified in Section 3.09 of these Bylaws, or if he shall fail to give notice of any special meeting of the stockholders called by one or more of the persons identified in Section 2.02 of these Bylaws, then any such person or persons may give notice of any such special meeting.

Section 4.10 COMPENSATION. The compensation of the officers of the Corporation, if any, shall be fixed from time to time by the Board.

Article V - CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

Section 5.01 EXECUTION OF CONTRACTS. The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board or by these Bylaws, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 5.02 CHECKS, DRAFTS, ETC. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board. Each such person shall give such bond, if any, as the Board may require.

Section 5.03 DEPOSIT. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select, or as may be selected by any officer or officers, assistant or assistants, agent or agents, attorney or attorneys, of the Corporation to whom such power shall have been delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of the Corporation, the President, the Chief Executive Officer, or any Vice President (or any other officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation who shall be determined by the Board from time to time) may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

Section 5.04 GENERAL AND SPECIAL BANK ACCOUNTS. The Board from time to time may authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositories as the Board may select or as may be selected by an officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation to whom such power shall have been delegated by the Board. The Board may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these Bylaws, as it may deem expedient.

Article VI - SHARES AND THEIR TRANSFER

Section 6.01 CERTIFICATES FOR STOCK. The shares of the Corporation shall be represented by certificates, provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed in the name of the Corporation by the Chairman of the Board, the President or a Vice President and by the Secretary or an Assistant Secretary or by a treasurer or an assistant treasurer. Any or all of the signatures on **the** certificates may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon any such certificate shall thereafter have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may nevertheless be issued by the Corporation with the same effect as though the person who signed such certificate, or whose facsimile signature shall have been placed thereupon, were such officer, transfer agent or registrar at the date of issue. A record shall be kept of the respective names of the persons, firms or corporations owning the stock represented by such certificates, the number and class of shares represented by such certificates, respectively, and the respective dates thereof, and in case of cancellation, the respective dates of cancellation. Every certificate surrendered to the Corporation for exchange or transfer shall be cancelled, and no new certificate or certificates shall be issued in exchange for any existing certificate until such existing certificate shall have been so cancelled, except in cases provided for in Section 6.04 of these Bylaws.

Section 6.02 TRANSFER OF STOCK. Unless otherwise provided by the Board, transfer of shares of stock of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary, or with a transfer clerk or a transfer agent appointed as provided in Section 6.03 of these Bylaws upon payment of any applicable taxes and upon surrender of the certificate or certificates for such shares properly endorsed. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation. Whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact shall be stated expressly in the entry of transfer, if both the transferor and the transferee request the Corporation to do so, and, if certificated, when **the** certificate or certificates shall be presented to the Corporation for transfer.

Section 6.03 REGULATIONS. The Board may make such rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of certificated or uncertificated shares of the stock of the Corporation. The Board may appoint, or authorize any officer or officers to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them.

Section 6.04 LOST, STOLEN, DESTROYED AND MUTILATED CERTIFICATES. In any case of loss, theft, destruction, or mutilation of any certificate of stock, another may be issued in its place upon proof of such loss, theft, destruction, or mutilation and upon the giving of a bond of indemnity to the Corporation in such form and in such sums as the Board may direct; provided, however, that a new certificate may be issued without requiring any bond when, in the judgment of the Board, it is proper to do so.

Section 6.05 REPRESENTATION OF SHARES OF OTHER CORPORATIONS. The Chief Executive Officer, the President or any Vice President and the Secretary or any Assistant Secretary of this Corporation are authorized to vote, represent and exercise on behalf of this Corporation all rights incident to all shares of any other corporation or corporations standing in the name of this Corporation. The authority herein granted to said officers to vote or represent on behalf of this Corporation any and all shares held by this Corporation in any other corporation or corporations may be exercised either by such officers in person or by any person authorized so to do by proxy or power of attorney duly executed by said officers.

Article VII - INDEMNIFICATION

Section 7.01 ACTIONS OTHER THAN BY OR IN THE RIGHT OF THE CORPORATION. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or as a member of any committee or similar body, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

Section 7.02 ACTIONS BY OR IN THE RIGHT OF THE CORPORATION. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or as a member of any committee or similar body, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 7.03 DETERMINATION OF RIGHT OF INDEMNIFICATION. Any indemnification under Section 7.01 or 7.02 of these Bylaws (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 7.01 and 7.02 of these Bylaws. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders.

Section 7.04 INDEMNIFICATION AGAINST EXPENSES OF SUCCESSFUL PARTY. Notwithstanding the other provisions of this Article VII, to the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 7.01 or 7.02 of these Bylaws, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 7.05 ADVANCE OF EXPENSES. Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board upon receipt of an undertaking by or on behalf of the director or officer, to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article VII. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board deems appropriate.

Section 7.06 OTHER RIGHTS AND REMEDIES. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article VII shall not be deemed exclusive and are declared expressly to be nonexclusive of any other rights to which those seeking indemnification or advancements of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7.07 INSURANCE. Upon resolution passed by the Board, the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or as a member of any committee or similar body against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article VII.

Section 7.08 CONSTITUENT CORPORATIONS. For the purposes of this Article VII, references to "the Corporation" include in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or as a member of any committee or similar body shall stand in the same position under the provisions of this Article VII with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

Section 7.09 EMPLOYEE BENEFIT PLANS. For the purposes of this Article VII, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an

employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article VII.

Section 7.10 BROADEST LAWFUL INDEMNIFICATION. In addition to the foregoing, the Corporation shall, to the broadest and maximum extent permitted by Delaware law, as the same exists from time to time (but, in case of any amendment to or change in Delaware law, only to the extent that such amendment or change permits the Corporation to provide broader rights of indemnification than is permitted to the Corporation prior to such amendment or change), indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding. In addition, the Corporation shall, to the broadest and maximum extent permitted by Delaware law, as the same may exist from time to time (but, in case of any amendment to or change in Delaware law, only to the extent that such amendment or change permits the Corporation to provide broader rights of payment of expenses incurred in advance of the final disposition of an action, suit or proceeding than is permitted to the Corporation prior to such amendment or change), pay to such person any and all expenses (including attorneys’ fees) incurred in defending or settling any such action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer, to repay such amount if it shall ultimately be determined by a final judgment or other final adjudication that he is not entitled to be indemnified by the Corporation as authorized in this Section 7.10. The first sentence of this Section 7.10 to the contrary notwithstanding, the Corporation shall not indemnify any such person with respect to any of the following matters: (i) remuneration paid to such person if it shall be determined by a final judgment or other final adjudication that such remuneration was in violation of law; or (ii) any accounting of profits made from the purchase or sale by such person of the Corporation’s securities within the meaning of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law; or (iii) actions brought about or contributed to by the dishonesty of such person, if a final judgment or other final adjudication adverse to such person establishes that acts of active and deliberate dishonesty were committed or attempted by such person with actual dishonest purpose and intent and were material to the adjudication; or (iv) actions based on or attributable to such person having gained any personal profit or advantage to which he was not entitled, in the event that a final judgment or other final adjudication adverse to such person establishes that such person in fact gained such personal profit or other advantage to which he was not entitled; or (v) any matter in respect of which a final decision by a court with competent jurisdiction shall determine that indemnification is unlawful; provided, however, that the Corporation shall perform its obligations under the second sentence of this Section 7.10 on behalf of such person until such time as it shall be ultimately determined by a final judgment or other final adjudication that he is not entitled to be indemnified by the Corporation as authorized by the first sentence of this Section 7.10 by virtue of any of the preceding clauses (i), (ii), (iii), (iv) or (v).

Section 7.11 TERM. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7.12 SEVERABILITY. If any part of this Article VII shall be found, in any action, suit or proceeding or appeal therefrom or in any other circumstances or as to any particular officer, director, employee or agent to be unenforceable, ineffective or invalid for any reason, the enforceability, effect and validity of the remaining parts or of such parts in other circumstances shall not be affected, except as otherwise required by applicable law.

Section 7.13 AMENDMENTS. The foregoing provisions of this Article VII shall be deemed to constitute an agreement between the Corporation and each of the persons entitled to indemnification hereunder, for as

long as such provisions remain in effect. Any amendment to the foregoing provisions of this Article VII which limits or otherwise adversely affects the scope of indemnification or rights of any such persons hereunder shall, as to such persons, apply only to claims arising, or causes of action based on actions or events occurring, after such amendment and delivery of notice of such amendment is given to the person or persons so affected. Until notice of such amendment is given to the person or persons whose rights hereunder are adversely affected, such amendment shall have no effect on such rights of such persons hereunder. Any person entitled to indemnification under the foregoing provisions of this Article VII shall, as to any act or omission occurring prior to the date of receipt of such notice, be entitled to indemnification to the same extent as had such provisions continued as Bylaws of the Corporation without such amendment.

Article VIII - MISCELLANEOUS

Section 8.01 SEAL. The Board shall provide a corporate seal, which shall be in the form of a circle and shall bear the name of the Corporation and words and figures showing that the Corporation was incorporated in the State of Delaware and showing the year of incorporation.

Section 8.02 WAIVER OF NOTICES. Whenever notice is required to be given under any provision of these bylaws, the Certificate of Incorporation or by law, a written waiver signed by the person entitled to notice or a waiver submitted by such person by electronic transmission, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when a person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice unless required by the Certificate of Incorporation.

Section 8.03 LOANS AND GUARANTIES. To the extent permitted by applicable law, the Corporation may lend money to, or guarantee any obligation of, and otherwise assist any officer or other employee of the Corporation or of its subsidiaries, including any officer who is a director, whenever, in the judgment of the Board, such loan, guaranty or assistance may reasonably be expected to benefit the Corporation. The loan, guaranty, or other assistance may be with or without interest, and may be unsecured or secured in such manner as the Board shall approve, including, without limitation, a pledge of shares of stock of the Corporation.

Section 8.04 GENDER. All personal pronouns used in these Bylaws shall include the other genders, whether used in the masculine, feminine or neuter gender, and the singular shall include the plural, and vice versa, whenever and as often as may be appropriate.

Section 8.05 AMENDMENTS. These Bylaws, or any of them, may be rescinded, altered, amended or repealed, and new Bylaws may be made (i) by the Board, by vote of a majority of the number of directors then in office as directors, acting at any meeting of the Board or by written consent pursuant to Section 3.11 hereof, (ii) by the stockholders, by written consent pursuant to Section 2.09 hereof, or (iii) by the stockholders, by the vote of a majority of the outstanding shares of voting stock of the Corporation, at an annual meeting of stockholders provided that notice of a proposed amendment, modification, repeal or adoption by a stockholder is given to the Corporation pursuant to Section 2.11 hereof, or at any special meeting of stockholders, provided that notice thereof is given in the notice of special meeting; provided, however, that Section 2.02 of these

Bylaws can only be amended if that Section as amended would not conflict with the Corporation's Certificate of Incorporation. Any Bylaw made or altered by the stockholders may be altered or repealed by the Board or may be altered or repealed by the stockholders.

FORM OF AMENDED AND RESTATED INDEMNIFICATION AGREEMENT FOR DIRECTORS AND EXECUTIVE OFFICERS

THIS AMENDED AND RESTATED INDEMNIFICATION AGREEMENT is made and entered into as of this ____ day of _____, 20__ (this “Agreement”), by and between Semtech Corporation, a Delaware corporation (the “Corporation,” which term shall include any one or more of its subsidiaries where appropriate), and _____ (“Indemnitee”).

WHEREAS, highly competent persons are becoming more reluctant to serve corporations as directors or officers or in other capacities unless they are provided with indemnification against inordinate risks of claims and actions against them arising out of their service to, and activities on behalf of, such corporations;

WHEREAS, the Board of Directors of the Corporation (the “Board”) has determined that it is in the best interests of the Corporation and its stockholders to attract qualified people to act as officers and directors of the Corporation and in connection therewith, it is reasonable, prudent and necessary for the Corporation to contractually obligate itself to indemnify such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Corporation free from undue concern that they will not be so indemnified; and

WHEREAS, Indemnitee is willing to serve, continue to serve and/or to undertake additional service for or on behalf of the Corporation on the condition that Indemnitee be so indemnified.

NOW, THEREFORE, in consideration of the promises and the covenants contained herein, the Corporation and Indemnitee do hereby covenant and agree as follows:

1. **Services by Indemnitee.** Indemnitee agrees to serve or continue to serve as a director and/or officer of the Corporation for so long as Indemnitee is duly elected or appointed or until such time as Indemnitee tenders his or her resignation orally (which oral resignation is accepted by the Board) or in writing or is removed as a director and/or officer.

2. **General.** The Corporation shall indemnify and hold harmless, and shall advance Expenses (as hereinafter defined) to, Indemnitee as provided in this Agreement and to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit.

3. **Indemnification for Proceedings.** Indemnitee shall be entitled to the rights of indemnification provided in this Section 3 if, wholly or partly by reason of his or her Corporate Status (as hereinafter defined), Indemnitee is, or is threatened to be made, a party to or otherwise becomes involved (as a witness or otherwise) in any threatened, pending or completed Proceeding (as hereinafter defined), including a Derivative Claim. Pursuant to this Section 3, Indemnitee shall be indemnified and held harmless against all Expenses and Losses reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit.

Notwithstanding the foregoing, except pursuant to Section 7 hereof and to the extent provided therein, the Corporation shall not indemnify, or advance Expenses to, Indemnitee in connection with (i) a Proceeding (or part thereof) initiated by Indemnitee unless such Proceeding (or part thereof) was authorized by a majority vote of Disinterested Directors, and (ii) any claim against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Corporation pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law.

4. **Limitation in Derivative Claims.** Notwithstanding the foregoing, with respect to a Derivative Claim, to the extent required by applicable law, no indemnification against Expenses or Losses shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be grossly negligent or guilty of willful misconduct, unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such proceeding shall have been brought shall determine upon application that, despite the adjudication of liability against Indemnitee, that in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Expenses, liabilities and losses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

5. **Indemnification for Expenses, Liabilities and Losses of a Party Who is Wholly or Partly Successful.** Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, Indemnitee shall be indemnified and held harmless against all Expenses and Losses reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Corporation shall indemnify and hold harmless Indemnitee against all Expenses and Losses reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section 5 and without limitation of the foregoing, the termination of any claim, issue or matter in such a Proceeding by summary judgment, dismissal or withdrawal with or without prejudice shall be deemed a successful result as to such claim, issue or matter. For avoidance of doubt, other resolutions of a claim, issue or matter, such as settlement or a plea of nolo contendere, may be deemed to be a successful result as to such claim, issue or matter, to the extent permitted by applicable law.

6. **Advancement of Expenses.** The Corporation shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding within twenty (20) days after the receipt by the Corporation of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. Advances shall be unsecured and interest-free. Advances shall be made without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce the right of advancement, to the extent provided in Section 7(c) hereof. By execution of this Agreement, Indemnitee hereby agrees to repay any Expenses advanced if, and to the extent, it shall ultimately be determined, in accordance with this Agreement, that Indemnitee is not entitled to be indemnified by the Corporation. No other form of undertaking to return

advances shall be required other than the execution of this Agreement. The right to advances under this Section shall in all events continue until final disposition of any Proceeding, including any appeal in respect thereof. With respect to advances, the Corporation shall, in accordance with Indemnitee's request (but without duplication): (i) pay such Expenses on behalf of Indemnitee; (ii) advance to Indemnitee funds sufficient to permit payment of such Expenses or (iii) reimburse Indemnitee for such Expenses.

7. Indemnitee's Right to Bring Suit; Certain Claims.

a. If a claim for indemnification or advancement of Expenses is not paid in full by the Corporation on or before its due date in accordance with the terms of this Agreement, Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, Indemnitee shall also be entitled to be paid the Expense of prosecuting such Proceeding. It shall be a defense to any claim for indemnification (but not to an action brought to enforce a claim for Expenses incurred in defending any proceeding in advance of its final disposition) that Indemnitee has not met the standards of conduct that make it permissible under the DGCL for the Corporation to indemnify Indemnitee for the amount claimed, but the burden of proving such defense, which must be established by clear and convincing evidence, shall be on the Corporation. Neither the failure of the Corporation (including the Board, independent counsel, Disinterested Directors or the Corporation's stockholders) to have made a determination prior to the commencement of such Proceeding to the effect that indemnification of Indemnitee is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including the Board, independent counsel, Disinterested Directors or the Corporation's stockholders) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the Proceeding or create a presumption that Indemnitee has not met the applicable standard of conduct. Nothing in this Agreement is intended to imply that the Corporation would make any indemnification payments to Indemnitee without complying with the applicable provisions of the DGCL.

b. The Corporation shall be precluded from asserting in any Proceeding that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Agreement. The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Corporation or of the Corporation itself shall not be imputed to Indemnitee for purposes of determining any rights under this Agreement.

c. If Indemnitee, pursuant to this Section 7, seeks a judicial adjudication to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any and all Expenses actually and reasonably incurred by Indemnitee in such judicial adjudication provided Indemnitee prevails therein.

d. Indemnitee shall be entitled to the advancement of Expenses in connection with a Proceeding described in clause (ii) of the last sentence of Section 3; provided that Indemnitee shall not be entitled to any Losses incurred in such a Proceeding unless, in addition to Indemnitee having met the standards of conduct that make it permissible under the

DGCL for the Corporation to indemnify Indemnitee for the amount claimed, the transaction underlying the Proceeding was one in which Indemnitee had no discretion (such as a merger or a forced conversion of a security) or a transaction which was reviewed in advance and approved by counsel to the Corporation.

8. **Security.** To the extent requested by Indemnitee and approved by the Board, the Corporation may at any time and from time to time provide security to Indemnitee for the Corporation's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

9. **Non-Exclusivity; Duration of Agreement; Insurance; Subrogation.**

a. The rights to be indemnified and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Corporation's Certificate of Incorporation or Bylaws, any other agreement, a vote of stockholders or a resolution of directors, or otherwise. This Agreement and Indemnitee's right to indemnification hereunder shall continue after Indemnitee has ceased to provide services to the Corporation as a director, officer, employee, agent, or fiduciary of the Corporation and shall inure to the benefit of Indemnitee's heirs (including any spouse or domestic partner), estate, trust vehicle, executors, administrators and legal representatives until the latest of (i) expiration of the statute of limitations applicable to any claim that could be asserted against Indemnitee for which Indemnitee would be entitled to indemnification hereunder (accounting for any applicable tolling of the statute of limitations), (ii) ten years after the date that Indemnitee has ceased to provide services to the Corporation, and (iii) one year after the final, non-appealable adjudication of any Proceeding, but for the pendency of which, rights to indemnification hereunder would have terminated pursuant to the foregoing clauses (i) or (ii). Indemnitee's heirs (including any spouse or domestic partner) shall be entitled to the same rights to indemnification as Indemnitee (including rights to advancement of Expenses) if Indemnitee is deceased and the assets of any of Indemnitee's heirs (including any spouse or domestic partner) are pursued in a Proceeding which, if brought while Indemnitee were alive, would have entitled Indemnitee to indemnification under this Agreement. This Agreement shall be binding upon the Corporation and its successors and assigns, and the Corporation shall require and cause any such successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to the business or assets of the Corporation, whether by merger or otherwise, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would have been required to perform if no such succession or assignment had taken place.

b. The Corporation shall use its commercially reasonable efforts to obtain an insurance policy or policies providing insurance for the Corporation's officers and directors, for such periods and coverage limits as the Board may from time to time determine, giving due consideration to the Corporation's existing resources and the state of market conditions for directors' and officers' insurance generally. If the Corporation maintains an insurance policy or policies providing liability insurance for directors or officers of the Corporation or fiduciaries of any other domestic or foreign corporation, partnership, joint venture, limited liability company, trust, employee benefit plan or other enterprise that such person serves at the request of the Corporation, Indemnitee shall be covered by such policy or

policies in accordance with the terms thereof to the maximum extent of the coverage available for any such director or officer under such policy or policies; provided that greater coverage may be made available to another director or officer of the Corporation if such coverage has been approved by a majority of the directors who are serving on the Board on the date of this Agreement. The Corporation shall not be obligated to indemnify Indemnitee for Expenses or Losses that have actually been paid directly to such person through directors' and officers' liability insurance. As part of, and prior to or simultaneously with the consummation of, any transaction described in clause (ii) of the definition of Change in Control, the Corporation shall purchase or cause to be purchased an insurance policy (the "Tail Policy") to maintain in force for six years after such Change in Control any and all directors' and officers' liability insurance coverage provided by the Corporation prior to such Change in Control. The Tail Policy, if to be provided by an insurance carrier other than that which provided liability coverage prior to such Change in Control, shall be of at least the same coverage and amounts and shall contain terms and conditions that are not less advantageous in the aggregate to the directors and officers of the Corporation than the liability insurance in place prior to such Change in Control.

c. Except as otherwise provided in Section 15, if any payment is made under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers reasonably required and take all action reasonably necessary, at the expense of the Corporation, to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights. To the extent that Indemnitee receives any payment under this Agreement from (i) any insurance policy, contract, agreement or otherwise, and/or separately (ii) the Corporation, Indemnitee shall, after receiving payment to satisfy all rights of recovery that Indemnitee is due, direct any additional payment that it shall receive to the Corporation or shall reimburse the Corporation for that portion of any such payment to Indemnitee, that when combined with all other payments received by Indemnitee, is greater than the amount necessary to satisfy all of the rights of recovery of Indemnitee.

10. **Severability.** If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the excised provision.

11. **Contribution.** To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable for any reason, the Corporation, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Corporation and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such

Proceeding; and/or (ii) the relative fault of the Corporation (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

12. **Definitions.** For purposes of this Agreement:

a. “Change in Control” means a change in control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item or any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the “Act”), whether or not the Corporation is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if (i) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Corporation representing twenty percent (20%) or more of the combined voting power of the Corporation’s then outstanding securities without the prior approval of at least two-thirds of the members of the Board in office immediately prior to such person attaining such percentage interest; (ii) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board in office immediately prior to such transaction or event constitute less than a majority of the Board thereafter; or (iii) during any period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Corporation’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board.

b. “Corporate Status” describes the status of a person who is or was or has agreed to become a director of the Corporation, or is or was an officer, employee, agent or fiduciary of the Corporation, any of its wholly-owned subsidiaries, or any other domestic or foreign corporation, partnership, joint venture, limited liability company, trust, employee benefit plan or other enterprise that such person is or was serving at the request of the Corporation.

c. “Derivative Claim” means a Proceeding by or in the right of the Corporation to procure a judgment in its favor.

d. “DGCL” means the Delaware General Corporation Law.

e. “Disinterested Director” means a director of the Corporation who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

f. “Expenses” shall include all reasonable attorneys’ fees and reasonable expenses, retainers, court costs, transcript costs, fees and expenses of experts and witnesses, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the type customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, being a witness in or investigating a Proceeding or any appeal resulting therefrom, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses shall include expenses incurred in preparing

and forwarding statements pursuant to Section 6 hereof to the Corporation (which statements may be prepared so as not to cause any waiver of attorney-client privilege by Indemnitee). For avoidance of doubt, Indemnitee shall not be required to utilize counsel selected by or representing the Corporation or any other Indemnitee without the express consent of Indemnitee, which consent may be withheld in his or her discretion.

g. “Losses” shall include all liabilities and losses including, without limitation, judgments, fines, ERISA excise taxes and penalties, amounts paid and to be paid in settlement, interest, assessments or other charges imposed thereon, and any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of payments under this Agreement.

h. “Proceeding” includes any threatened or actual action, suit, arbitration, alternative dispute resolution mechanism, investigation, administrative hearing and any other proceeding (including any appeals from any of the foregoing), including any of the foregoing which Indemnitee has a good faith believe may result from a given state of facts, whether civil, criminal, administrative or investigative.

13. **Limitation of Certain Actions and Release of Certain Claims.** After (i) a Change in Control or (ii) Indemnitee’s service with the Corporation terminating or being terminated for any reason other than cause (which, if Indemnitee is an outside director of the Corporation shall mean removal from the Board for cause), then in either of such cases, no Proceeding shall be brought and no cause of action shall be asserted (in either case, other than one for fraud or willful misconduct) by or on behalf of the Corporation or any subsidiary against Indemnitee, Indemnitee’s spouse, heirs, estate, executors or administrators after the expiration of one year from the date of the Change in Control or two years after such termination of service, as the case may be; provided, however, that in a case where Indemnitee fraudulently conceals the facts underlying such cause of action, no proceeding shall be brought and no cause of action shall be asserted after the expiration of one year (in the case of the Change in Control) or two years (in the case of such termination of service) from the date a responsible officer of the Corporation or any subsidiary of the Corporation discovers such facts. Any claim or cause of action (in either case, other than one for fraud or willful misconduct) of the Corporation or any subsidiary of the Corporation, including claims predicated upon the negligent act or omission of Indemnitee, shall be extinguished and deemed released unless asserted by filing of an action within such applicable period. This Section 13 shall not apply to any cause of action that has accrued as of the date hereof and of which Indemnitee is aware on the date hereof, but as to which the Corporation has no actual knowledge apart from Indemnitee’s knowledge.

14. **Notification of Investigation.** If Indemnitee is the subject of, or implicated in, any investigation by the Corporation or a third party, the Corporation shall promptly inform Indemnitee of such investigation, and the nature thereof. In such event, if the Indemnitee so requests, the Corporation shall provide him with copies of all material documents (or portions of documents) relevant to Indemnitee that it has provided to such a third party conducting an investigation; provided, however, that the Corporation will be entitled to require that Indemnitee, as a condition to receipt of such documents, agree to reasonable restrictions as to their use and disclosure in order to preserve their confidentiality and, if applicable, to prevent or limit any waiver of attorney client privilege the Corporation reasonably determines may arise from such disclosure.

15. **Priority.** If Indemnitee is serving as a director or officer of the Corporation on behalf or at the request of any third party, including any stockholder(s) of the Corporation (any such third party that Indemnitee is serving on behalf or at the request of, a “Third Party Indemnitor”), and Indemnitee has rights to indemnification, advancement of Expenses and/or insurance from any such Third Party Indemnitor, then the Corporation:

a. shall be the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of any such Third Party Indemnitor to advance Expenses or to provide indemnification for the same Expenses or liabilities incurred by Indemnitee are secondary);

b. shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses and Losses to the extent legally permitted and as required by the terms of this Agreement, without regard to any rights Indemnitee may have against any such Third Party Indemnitor; and

c. irrevocably waives, relinquishes and releases all such Third Party Indemnitors from any and all claims against such Third Party Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof.

The Corporation further agrees that no advancement or payment by any such Third Party Indemnitor on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Corporation shall affect the foregoing and such Third Party Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Corporation. The Corporation agrees that any Third Party Indemnitors are express third party beneficiaries of the terms of this Section.

If Indemnitee has rights to indemnification, advancement of Expenses and/or insurance from any third party other than a Third Party Indemnitor, then the Corporation shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses and Losses to the extent legally permitted and as required by the terms of this Agreement, without regard to any rights Indemnitee may have against any such third party but subject in each case to the rights of the Corporation and the obligations of Indemnitee set forth in Section 9(c), above; provided, however, that the Corporation shall not be liable under this Agreement to advance Expenses or make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment from any third party, including pursuant to any insurance policy, contract, agreement or otherwise.

16. **Restrictions on Settlement.** Indemnitee shall not be required to consent to any settlement of a Proceeding to which he or she is party, unless such settlement is reasonably satisfactory to Indemnitee and releases Indemnitee from all potential Expenses and Losses related to such Proceeding. The Corporation shall not, on its own behalf, settle any part of any Proceeding to which Indemnitee is party with respect to other parties (including the Corporation) without the written consent of Indemnitee if any portion of such settlement is to be funded from insurance proceeds.

17. **Headings.** The headings of the sections of this Agreement are inserted for convenience of reference only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

18. **Modification and Waiver.** No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

19. **Notices.**

a. Indemnitee agrees promptly to notify the Corporation in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter that may be subject to indemnification or advancement of Expenses covered hereunder; provided, however, that the failure to give any such notice shall not disqualify Indemnitee from indemnification hereunder, except and solely to the extent that the Corporation is materially prejudiced by such failure to give notice.

b. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, at the time of delivery, or (ii) if mailed by certified mail (return receipt requested) with postage prepaid, on the third business day after the date on which it is so mailed, and addressed as follows:

c. In the case of the Corporation, to:

Semtech Corporation
200 Flynn Road
Camarillo, CA 93012
Attention: Chief Legal Officer

d. In the case of Indemnitee, to the address provided on the signature page to this Agreement or to such other address as Indemnitee may furnish to the Corporation.

20. **Governing Law; Consent to Jurisdiction.** This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Corporation and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "Delaware Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) agree that service of process of any action or proceeding arising out of or in connection with this Agreement may be completed by providing notice in accordance with Section 19, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make,

any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

21. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof, including any such prior indemnification agreements, it being understood that all rights of Indemnitee to be indemnified and held harmless by the Corporation shall, from and after the execution and delivery of this Agreement, be governed by the terms of this Agreement regardless of when the underlying action occurred or any claim, issue or matter is asserted; provided, however, that this Agreement is a supplement to and in furtherance of the Corporation's Certificate of Incorporation, Bylaws, any resolution of the Board providing for indemnification and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

22. **Time of the Essence.** Time is of the essence in the performance of each provision of this Agreement.

23. **Specific Performance.** Indemnitee shall be entitled to specific performance and injunctive relief to enforce rights under this Agreement, and no showing of actual damage or irreparable harm shall be required. Indemnitee shall be entitled to such relief without the necessity of posting bonds or other undertakings in connection therewith. The Corporation acknowledges that in the absence of a waiver, a bond or other undertaking could be required of Indemnitee, and the Corporation hereby waives any such requirement of a bond or undertaking.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above set forth.

SEMTECH CORPORATION,

a Delaware Corporation

By: _____
Name:
An Authorized Officer

INDEMNITEE:

Name: Address: _____

CERTIFICATION

I, Mohan R. Maheswaran, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Semtech Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 30, 2022

/s/ Mohan R. Maheswaran

Mohan R. Maheswaran
President and Chief Executive Officer

CERTIFICATION

I, Emeka N. Chukwu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Semtech Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 30, 2022

/s/ Emeka N. Chukwu

Emeka N. Chukwu

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 USC 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Semtech Corporation (the "Company") for the period ended October 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mohan R. Maheswaran, Chief Executive Officer of the Company, hereby certify pursuant to 18 USC §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 30, 2022

/s/ Mohan R. Maheswaran

Mohan R. Maheswaran

President and Chief Executive Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, has been provided to Semtech Corporation and will be retained by Semtech Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The information contained in this Exhibit 32.1 is being furnished and shall not be deemed "filed" for the purposes of section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in this Exhibit 32.1 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference to this Exhibit 32.1 in such filing.

CERTIFICATION PURSUANT TO
18 USC 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Semtech Corporation (the "Company") for the period ended October 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Emeka N. Chukwu, Chief Financial Officer of the Company, hereby certify pursuant to 18 USC §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 30, 2022

/s/ Emeka N. Chukwu

Emeka N. Chukwu

Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, has been provided to Semtech Corporation and will be retained by Semtech Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The information contained in this Exhibit 32.2 is being furnished and shall not be deemed "filed" for the purposes of section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in this Exhibit 32.2 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference to this Exhibit 32.2 in such filing.