Risk Factors Comparison 2024-02-16 to 2023-02-16 Form: 10-K

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

The following is a discussion of the risks, uncertainties and assumptions that we believe are material to our business and should be considered carefully in conjunction with all of the other information set forth in this Annual Report on Form 10- K. Although the risks are organized by headings, and each risk is discussed separately, many are interrelated. In addition to the factors discussed elsewhere in this Annual Report on Form 10- K, the factors described in this item could, individually or in the aggregate, cause our actual results to differ materially from those described in any forward- looking statements. Should unknown risks or uncertainties materialize or underlying assumptions prove inaccurate, actual results could materially differ from past results and / or those anticipated, estimated or projected. RISKS RELATED TO OUR INDUSTRY AND THE BROADER ECONOMY We face risks related to the high level of competition in the mobility industry. The mobility industry is highly competitive, with price being one of the primary factors. To the extent that our competitors reduce their pricing and we do not provide competitive pricing, or if price increases we implement make us less competitive, we risk losing rental volume, and reducing the chances of success for bids for customer accounts. If competitive pressures lead us to lose rental volume or match any downward pricing and we are unable to reduce our operating costs, then our financial condition or results of operations could be materially adversely impacted. Additionally, pricing in the vehicle rental industry is impacted by the size of rental fleets and the supply of vehicles available for rent. Any significant fluctuations in the supply of rental vehicles, including as a result of actions taken by our competitors that increases fleet significantly above market demand, could negatively affect our pricing, operating plans or results of operations. The competitive environment for our mobility services has become more intense as additional companies, including automobile manufacturers, ride- hailing companies, car sharing companies and other technology players in the mobility industry enter our existing markets or expand their operations, which may affect demand for rental vehicles. Some of these companies may have access to substantial capital, innovative technologies or have the ability to provide services at a relatively low cost. To the extent these companies can improve transportation efficiency, alter driving patterns or attitudes toward vehicle rental, offer more competitive prices, undertake more aggressive marketing campaigns, price their competing services below market or otherwise disrupt the mobility industry, we risk heightened pricing competition and / or loss of rental volume, which could adversely impact our business and results of operations. The risk of competition on the basis of pricing in the truck rental industry can be even more impactful than in the car rental industry as it can be more difficult to reduce the size of our truck rental fleet in response to significantly reduced demand. We face risks related to fleet costs and availability. Fleet costs typically represent our single largest expense and can vary from year to year based on the prices that we are able to purchase and dispose of our vehicles. We purchase program vehicles, which are guaranteed a rate of depreciation through agreements with auto manufacturers, and non- program, or ~~"~~ risk ~~"~~ vehicles. In ~~2022~~ **2023** , on average approximately ~~88~~ **90** % of our rental fleet was comprised of risk vehicles. The costs of our risk vehicles may be adversely impacted by the relative strength of the used car market, particularly the market for one- to two- year old used vehicles, or potentially by the insolvency or bankruptcy of an auto manufacturer from whom we purchase vehicles. We currently sell risk vehicles through various sales channels in the used vehicle marketplace, including traditional auctions, ~~on-~~ **and alternative disposition channels, including** ~~line~~ **online** auctions, direct- to- dealer sales and directly to consumers through either retail lots or ~~on- line~~ **online** . These channels may not produce stable vehicle prices in the future, as the market for used vehicles is subject to changes in demand for such vehicles, consumer interests, inventory levels, new car pricing, interest rates, fuel costs, tariffs and general economic conditions, and recent reports have suggested that prices in the used vehicle market may decrease in ~~2023~~ **2024** ~~amid rising interest rates and improved availability of new cars and trucks~~ . A reduction in residual values for risk vehicles in our rental fleet could cause us to sustain a substantial loss on the sale of such vehicles or require us to depreciate those vehicles at a more accelerated rate than previously anticipated while we own them. If the market value of the vehicles in our fleet is reduced or our ability to sell vehicles in the used vehicle marketplace were to become severely limited, we may have difficulty meeting collateral requirements under our asset- backed financing facilities, which could lead to decreased capacity in such facilities and effectively increase our fleet costs or adversely impact our profitability. In addition, if we are unable to meet our collateral requirements under such facilities, the outstanding principal amount due may be required to be repaid earlier than anticipated. If that were to occur, the holders of our asset- backed debt may have the ability to exercise their right to instruct the trustee to direct the return of program vehicles and / or the sale of risk vehicles to generate proceeds sufficient to repay such debt. Program ~~and leased~~ vehicles enable us to determine our depreciation expense in advance of purchase. Our program ~~and leased~~ vehicles also generally provide us with flexibility to reduce the size of our fleet rapidly. This flexibility is **negatively** affected as the percentage of program vehicles in our fleet is reduced **as has been the trend over the last several years** , or if the features of the programs provided by auto manufacturers are less favorable. Our inability to reduce the size of our fleet in response to seasonal demand fluctuations, economic constraints or other changes in demand could have an adverse impact on our fleet costs and results of operations. Failure by a manufacturer to fulfill its obligations under any program agreement or incentive payment obligation, due to insolvency, bankruptcy or other reasons, could leave us with a material expense if we are unable to dispose of program vehicles at prices estimated at the time of purchase or with a substantial unpaid claim against the manufacturer, particularly with respect to program vehicles that were either (i) resold for an amount less than the amount guaranteed under the applicable program; or (ii) returned to the manufacturer, but for which we were not paid, and therefore we could incur a substantial loss as a result of such failure to perform. While we source our fleet purchases from a wide range of auto manufacturers, we are exposed to risk to the extent that any auto manufacturer significantly curtails production. Such production may be curtailed as a result of a wide range of factors, including impacts of a pandemic and supply chain impacts, including shortages of parts, ~~such as semiconductors,~~ which have **impacted** ~~caused and may continue to cause~~ certain ~~auto~~ manufacturers **in the past** ~~to suspend or slow production of new vehicles~~ . We are also exposed to risk to the extent that any auto manufacturer increases the cost of vehicles, including as a result of inflation, labor shortages **or disruptions,** or supply chain disruptions, or declines to sell vehicles to us on terms or at prices consistent with past practice. Should any of these risks occur, we may be unable to obtain a sufficient number of vehicles to operate our business without significantly increasing our fleet costs or reducing our volumes. We face risks related to safety recalls affecting our vehicles. Our vehicles may be subject to safety recalls by their manufacturers, which could have an adverse impact on our business when we remove recalled vehicles from our rentable fleet. We cannot control nor predict the number of vehicles that will be subject to manufacturer recalls in the future. Recalls often require us to retrieve vehicles from customers and / or hold vehicles until we can arrange for the repairs described in the recalls to be completed. As such, recalls can increase our costs, negatively impact our revenues and / or reduce our fleet utilization. If a large number of vehicles were to be the subject of one or more recalls, or if needed replacement parts were not in adequate supply, we may be unable to utilize recalled vehicles for a significant period of time. We may also be subject to material liability claims or regulatory action related to vehicles subject to a safety recall. Depending on the nature and severity of the recall, it could create customer service problems, reduce the residual value of the vehicles involved, harm our reputation and / or have an adverse impact on our financial condition or results of operations. Weakness or fluctuations in travel demand or general economic conditions, or a significant increase in fuel costs, can adversely impact our business. Demand for vehicle rentals is generally subject to and impacted by international, national and local economic conditions and travel demand, which can be impacted by many factors, including inflation. When travel demand or economic conditions in the United States, Europe and / or worldwide ~~weakens~~ - **weaken** , our financial condition and results of operations are often adversely impacted. Any significant airline capacity reductions, airfare or related fee increases, reduced flight schedules, or any events that disrupt or reduce business or leisure air travel or weaken travel demand and tourism, such as work stoppages, military conflicts, terrorist incidents, natural disasters, disease epidemics, or the response of governments to any such events, could have an adverse impact on our results of operations **. For example, events of a global nature such as the COVID- 19 pandemic have had, and may in the future have, material impacts on the Company** . In addition, any significant increases in fuel prices, a severe protracted disruption in fuel supplies or rationing of fuel, or severe inflation that disrupts consumers' discretionary spending patterns could discourage our customers from renting vehicles or reduce or disrupt air travel, which could also adversely impact our results of operations. Our truck rental business can be impacted by the housing market. If conditions in the housing market were to weaken, we may see a reduction in truck rental transactions, which could have an adverse impact on our business. Our truck rental business can also be impacted by changes in the light commercial business sector. If the light commercial business develops their own package delivery service with a fleet of trucks and vans to use for their business, or other large competitors enter the package delivery service industry, in particular around the holiday season, we may see a reduction in truck rental transactions, which could have an adverse impact on our business. We face risks related to political, economic and commercial instability or uncertainty in the countries in which we operate. Our global operations expose us to risks related to international, national and local economic and political conditions and instability. Operating our business in a number of different regions and countries exposes us to a number of other risks, including: • multiple and potentially conflicting laws, regulations, trade policies and agreements, and varying tax regimes that are subject to change; • the imposition of currency restrictions, restrictions on repatriation of earnings or other restraints, as well as difficulties in obtaining financing in foreign countries for local operations; • potential changes to import- export laws, trade treaties or tariffs in the countries where we purchase vehicles; • international trade disruptions or disputes; • local ownership or investment requirements, or compliance with local laws, regulations or business practices; • uncertainty and changes to political and regulatory regimes as a result of changing social, political, regulatory and economic environments in the United States and internationally; • national and international conflict, including terrorist acts; and • political and economic instability or civil unrest that may severely disrupt economic activity in affected countries. Exposure to these risks may adversely impact our financial condition or results of operations. Our licensees' vehicle rental operations may also be impacted by these risks, which in turn could impact the amount of royalty payments they make to us. The ongoing military ~~conflict~~ **conflicts in** ~~between Russia and Ukraine and~~ the ~~related sanctions~~ **Middle East and Eastern Europe** are causing uncertainty that may have an adverse impact on our business, financial condition and results of operations. The world economy and markets are experiencing volatility and disruption from the ongoing military ~~conflict~~ **conflicts** ~~between Russia~~ **in the Middle East** and ~~Ukraine~~ **Eastern Europe** , the length and impact of which are highly unpredictable. ~~This~~ **These** ~~conflict~~ **conflicts** ~~has~~ **have** led to, and could in the future lead to, significant volatility in our costs, including ~~gas~~ **fuel** and fleet costs, including as a result of sanctions or any ~~embargos~~ **embargoes** on oil sales imposed on or by the Russian government; ~~further~~ impacts to fleet availability; and impacts on demand for travel as a result of weakness in economic conditions, increased inflation or increases in the cost of **fuel** ~~gas~~ - **as well as other factors** . In addition, as a result of the conflict **in Eastern Europe** , governmental and non- governmental entities have issued alerts noting the potential for increased cyber- attacks. Such risks and disruptions could adversely impact our business, results of operations and financial condition ~~. Impacts from COVID- 19 continue to impact our company. The COVID- 19 pandemic has affected, and may continue to affect, our business, financial condition, results of operations and / or cash flows. Governmental authorities took, and continue to take, measures to address the pandemic, including, but not limited to, restrictions on travel. As a result, we faced, among other impacts to our business, reductions in travel volumes, impacts to staffing levels, and delays in receiving delivery of new vehicles from vehicle manufacturers, including, but not limited to, due to a global semiconductor supply shortage. As a result of the delays in receiving new vehicle deliveries, the average mileage of a portion of the vehicles in our fleet has increased, and we could face challenges meeting consumer demand and customer expectations should such delays continue. We cannot anticipate with any certainty the length, scope or severity of the pandemic' s impact in each of the jurisdictions that we operate, including due to new variants. If~~

~~the pandemic continues, there could be adverse impacts to our revenues, customer demand and expenses, the used car market, our workforce, our indebtedness and adequacy of cash flow, earnings and liquidity, consumer sentiment and discretionary spending patterns, and our overall financial condition, any of which could be material~~ . RISKS RELATED TO THE NATURE OF OUR BUSINESS Damage to our reputation or brands may negatively impact our business. Our reputation and global brands are integral to the success of our business. Maintenance of our Company' s reputation and brands depends on many factors, including the quality of our products and services and the trust we maintain with our customers. Negative claims or publicity regarding our Company or our operations, offerings, practices, among many other things, may damage our brands or reputation, even if such claims are untrue. Damage to our reputation or brands could adversely impact our revenue and profitability. We face risks related to third- party distribution channels that we rely upon. We rely upon third- party distribution channels to generate a significant portion of our vehicle rental reservations, including: • traditional and online travel agencies, airlines and hotel companies, marketing partners such as credit card companies and membership organizations and other entities that help us attract customers; and • global distribution systems (" GDS ") ~~, such as Amadeus, Galileo / Apollo, Sabre and Worldspan,~~ that connect travel agents, travel service providers and corporations to our reservation systems. Changes in our pricing agreements, commission schedules or arrangements with third- party distribution channels, the termination of any of our relationships or a reduction in the transaction volume of such channels, or a GDS' s inability to process and communicate reservations to us could have an adverse impact on our financial condition or results of operations. We face risks related to our property leases and vehicle rental concessions. We ~~lease or~~ have **property leases or** vehicle rental concessions at locations throughout the world, including at most airports where we operate and at train stations throughout Europe, where vehicle rental companies are frequently required to bid periodically for space at these locations. If we were to lose a property lease or vehicle rental concession, particularly at an airport or a train station in a major metropolitan area, there can be no assurance that we would be able to find a suitable replacement location on reasonable terms **,** which could adversely impact our business. Most leases and airport concessions have fixed obligations that can be required even if our volume drops significantly. While we have been successful at partially mitigating some of these requirements in the past, including when enplanements have decreased significantly, there is no guarantee that we will be able to do so in the future, and if we are not successful our costs as a percentage of revenue could increase. We face risks related to the seasonality of our business. In our business, the third quarter of the year has historically been our most profitable quarter, as measured by net income and Adjusted EBITDA, due **primarily** to the increased level of summer leisure travel ~~and household moving activity~~ . We vary our fleet size over the course of the year to help manage seasonal variations in demand, as well as localized changes in demand that we may encounter in the various regions in which we operate. Any circumstance or occurrence that disrupts rental activity during the third quarter, especially in North America and Europe, could have a disproportionately adverse impact on our financial condition or results of operations. We face risks related to acquisitions, including the acquisition of existing licensees or investments in or partnerships with other related businesses. We may engage in strategic transactions, including the acquisition of, or investment in, existing licensees and / or other businesses, partnerships or joint ventures. The risks involved in engaging in these types of transactions include the possible failure to successfully integrate the operations of acquired businesses, or to realize expected benefits within the anticipated time frame, or at all, such as cost savings, synergies, sales and growth opportunities. In addition, the integration of an acquired business or oversight of a partnership or joint venture may result in material unanticipated challenges, expenses, liabilities or competitive responses, including: • inconsistencies between our standards, procedures and policies and those of an acquired business, partnership and / or joint venture; • costs or inefficiencies associated with the integration of our operational and administrative systems; • the increased scope and complexity of our operations could require significant attention from management and could impose constraints on our operations or other projects; • unforeseen expenses, delays or conditions, including required regulatory or other third- party approvals or consents, or provisions in contracts with third parties that could limit our flexibility to take certain actions; • an inability to retain the customers, employees, suppliers and / or marketing partners of an acquired business, partnership or joint venture or generate new customers or revenue opportunities through a strategic partnership; • the costs of compliance with local laws and regulations and the implementation of compliance processes, as well as the assumption of unexpected liabilities, litigation, penalties or other enforcement actions; • exposure to undetected malware and viruses embedded in the acquired IT systems of the acquired entity; and • higher than expected costs arising due to unforeseen changes in tax, trade, environmental, labor, safety, payroll or pension policies. Any one of these factors could result in delays, increased costs or decreases in the amount of expected revenues related to or derived from a strategic transaction and could adversely impact our financial condition or results of operations. We face risks related to vehicle electrification. Vehicle electrification refers to a range of technologies that uses electricity to propel a vehicle and includes hybrid, plug- in, extended range and battery electric vehicles, as well as autonomous vehicles. We believe that the vehicle industry will continue to experience significant change in the coming years, in particular as it relates to vehicle electrification. Worldwide demand for electric and hybrid vehicles continues to increase, and manufacturers continue to invest more time and cost into producing these types of vehicles in an effort to reduce fuel consumption and greenhouse gas emissions, as mandated by various governmental standards and regulations. If we are not adequately prepared to meet consumer demand for electric, hybrid and autonomous vehicles as such demand develops, including if we are unable to attain an optimal and consistently reliable charging infrastructure and systems, which will require substantial capital investment **, or if consumer demand for electric, hybrid and autonomous vehicles fails to meet our expectations, including due to slower or inadequate investments in charging infrastructure by third parties** , our financial condition or results of operations could be adversely impacted. We face risks related to liability and insurance. Our global operations expose us to several forms of liability, including claims for bodily injury, death and property damage related to the use of our vehicles, or for having our customers on our premises, as well as workers' compensation and other claims. We may become exposed to uninsured liability at levels in excess of our historical levels, which may exceed the level of our reserves and could adversely impact our financial condition and results of operations. Furthermore, insurance with unaffiliated insurers may not continue to be available to us on economically reasonable terms or at all. Should we be subject to an adverse ruling, or experience other significant liability for which we did not plan and were not adequately insured, our results of operations, financial position or cash flows could be negatively impacted. We reinsure certain insurance exposures as well as offer optional insurance coverages through unaffiliated third- party insurers that then reinsure all or a portion of their risks through our insurance company subsidiaries, which subjects us to regulation under various insurance laws and statutes. Any changes in regulations that alter or impede our reinsurance obligations or insurance subsidiary operations, or any negative regulatory or other legal action against us with respect to our reinsurance, could adversely impact the economic benefits that we rely upon to support our reinsurance efforts, which in turn would adversely impact our financial condition or results of operations. Optional insurance products that we offer to renters in the United States, including, but not limited to, supplemental or additional liability insurance, personal accident insurance and personal effects protection, are regulated under state laws. Our vehicle rental operations outside the United States must also comply with certain local laws and regulations regarding the sale of personal accident and effects insurance by intermediaries. Any changes in law that affect our operating requirements with respect to our sale of optional insurance products could increase our costs of compliance or make it uneconomical to offer such products, which would lead to a reduction in revenue and profitability. Should more of our customers decline to purchase optional liability insurance products as a result of any changes in these laws, or otherwise, our financial condition or results of operations could be adversely impacted. We offer loss damage waivers to our customers as an option for them to reduce their financial responsibility that may be incurred as a result of loss or damage to the rental vehicle. Certain states in the United States have enacted legislation that mandates disclosure to each customer and some states have statutes that establish or cap the daily rate that can be charged for loss damage waivers. Should new laws or regulations arise that place new limits on our ability to offer loss damage waivers to our customers, our financial condition or results of operations could be adversely impacted. Additionally, current **United States** ~~U. S~~. federal law pre- empts state laws that impute tort liability based solely on ownership of a vehicle involved in an accident. If such federal law were to change, our insurance liability exposure could materially increase. We may be unable to collect amounts that we believe are owed to us by customers, insurers and other third parties related to vehicle damage claims or liabilities. The inability to collect such amounts in a timely manner or to the extent that we expect could adversely impact our financial condition or results of operations. We face risks related to fluctuations in currency exchange rates. Our operations generate revenue and incur operating costs in a variety of currencies. The financial position and results of operations of many of our foreign subsidiaries are reported in the relevant local currency and then translated to **United States** ~~U. S.~~ dollars at the applicable currency exchange rate for inclusion in our Consolidated Financial Statements. Changes in exchange rates among these currencies and the U. S. dollar have affected, and will continue to affect, among other things, the recorded levels of our assets and liabilities in our Consolidated Financial Statements. While we take steps to manage our currency exposure, such as currency hedging, we may not be able to effectively limit our exposure to intermediate- or long- term movements in currency exchange rates, which could adversely impact our financial condition or results of operations. We face risks related to our derivative instruments. We typically utilize derivative instruments to manage fluctuations in foreign exchange rates, interest rates and ~~gasoline~~ **fuel** prices. The derivative instruments we use to manage our risk are usually in the form of interest rate swaps and caps and foreign exchange and commodity contracts. Periodically, we are required to determine the change in fair value, called the " mark- to- market, " of some of these derivative instruments, which could expose us to substantial mark- to- market losses or gains if such rates or prices fluctuate materially from the time we entered into the derivatives. Accordingly, volatility in rates or prices may adversely impact our financial position or results of operations and could impact the cost and effectiveness of our derivative instruments in managing our risks. Earnings for future periods may be impacted by impairment charges for goodwill and intangible assets. We carry a significant amount of goodwill and identifiable intangible assets on our ~~consolidated~~ **Consolidated** ~~balance~~ **Balance** ~~sheets~~ **Sheets** . Goodwill is the excess of purchase price over the fair value of the net assets of acquired businesses. We assess goodwill and indefinite- lived intangible assets for impairment each year, or more frequently if circumstances suggest an impairment may have occurred. We have determined in the past and may again determine in the future that a significant impairment has occurred in the value of our goodwill. Additionally, we have a significant amount of identifiable intangible assets and fixed assets that could also be subject to impairment. If we determine that a significant impairment has occurred in the value of our unamortized intangible assets or fixed assets, we could be required to write off a portion of our assets, which could adversely affect our consolidated financial condition or our reported results of operations. RISKS RELATED TO LEGAL, REGULATORY AND **ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("** ESG ~~-~~**")** RELATED MATTERS Costs associated with lawsuits, investigations or increases in legal reserves that we establish based on our assessment of contingent liabilities may have an adverse effect on our results of operations. Our global operations expose us to various claims, lawsuits and other legal proceedings that arise in and outside of the ordinary course of our business in the countries in which we operate. We may be subject to complaints and / or litigation involving our customers, licensees, employees, independent operators and others with whom we conduct business, including claims for bodily injury, death and property damage related to use of our vehicles or our locations, or claims based on allegations of discrimination, misclassification as exempt, wage and hour pay disputes **or allegations related to our business practices** , and various other claims. We could be subject to substantial costs and / or adverse outcomes from such claims, which could have a material adverse effect on our financial condition, cash flows or results of operations. At some of our locations, we outsource to third **-** party independent contractors who operate the business as a separate entity and **we** pay **these independent contractors** a commission for operating their business under our brands. There is a growing trend in the United States aimed at the gig economy to define independent contractors as employees. As such, we are subject to legislative and or judicial determination that any such changes are applicable to these independent contractors. Such determinations may require us to change the business operations and make such independent contractor locations employee operated. This could potentially expose us to additional costs and material liability under federal and state labor and employment and tax laws. From time to time, our Company may be reviewed or investigated by government regulators, which could lead to tax assessments, enforcement actions, fines and penalties or the assertion of private litigation claims. It is not possible to predict with certainty the outcome of claims, investigations and lawsuits, which could have an adverse impact on our financial condition or results of operations. In addition, while we maintain insurance coverage with respect to exposure for certain types of legal claims, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims. We face risks related to laws and regulations that could impact our global operations. We are subject to multiple, and sometimes conflicting, laws and regulations in the countries in which we operate that relate to, among others, consumer protection, competition and antitrust, customer privacy and data protection, securities and public disclosure, automotive retail sales, franchising, corruption and anti- bribery, environmental matters, taxes, automobile-related liability, labor and employment matters, cost and fee recovery, currency- exchange and other various banking and financial industry regulations, health and safety, insurance rates and products, claims management, protection of our trademarks and other intellectual property and other trade- related laws and regulations. We cannot predict the nature, scope or effect of future regulatory requirements to which our global operations may be subject or the manner in which existing or future laws may be administered or interpreted. Any alleged or actual violations of any law or regulation, change in law, regulation, trade treaties or tariffs, or changes in the interpretation of existing laws or regulations may subject us to government scrutiny, investigation and civil and criminal penalties, limit our ability to provide services in any of the countries in which we operate and could result in a material adverse impact on our reputation, business, financial position or results of operations. In certain countries where we have Company- operated locations, we may recover certain costs from consumers, including costs associated with the title and registration of our vehicles, or concession costs imposed by an airport authority or the owner and / or operator of the premises from which our vehicles are rented. We may in the future be subject to potential laws or regulations that could negatively impact our ability to separately state, charge and recover such costs, which could adversely impact our financial condition or results of operations. We are seeking Advanced Pricing Agreements with certain tax authorities to obtain certainty regarding our transfer pricing policy **.** While this effort is ongoing, the process of negotiating and ultimately entering into these agreements **has been lengthy and** may take several **more** years. The ultimate results of our negotiations of these agreements with tax authorities, the expiration of such agreements, or changes in circumstances or in the interpretation of such agreements could increase our tax costs in these jurisdictions, including through the assessment of significant interest charges and / or penalties if non- compliance is adjudicated. To the extent we do not have an existing Advance Pricing Agreement or other agreement, governmental authorities could challenge our transfer pricing policy in the future and, if challenged, we may not prevail, which could increase our tax costs or reduce savings related to our transfer pricing policy. We face risks related to environmental laws and regulations. We are subject to a wide variety of environmental laws and regulations in connection with our operations, including, among other things, with respect to the ownership or use of tanks for the storage of petroleum products such as gasoline, diesel fuel and motor and waste oils; the treatment or discharge of waste waters; and the generation, storage, transportation and off- site treatment or disposal of solid or liquid wastes. We maintain liability insurance covering storage tanks at our locations. In the United States, we administer an environmental compliance program designed to ensure that these tanks are properly registered in the jurisdiction in which they are located and are in compliance with applicable technical and operational requirements. The tank systems located at each of our locations may not at all times remain free from undetected leaks, and the use of these tanks has resulted in, and from time to time in the future may result in, spills, which may be significant and may require remediation and expose us to material uninsured liability or liabilities in excess of insurance. We may also be subject to requirements related to the remediation of substances that have been released into the environment at properties owned or operated by us or at properties to which we send substances for treatment or disposal. Such remediation requirements may be imposed without regard to fault and liability for environmental remediation can be substantial. These remediation requirements and other environmental regulations differ depending on the country where the property is located. We have made, and will continue to make, expenditures to comply with environmental laws and regulations, including, among others, expenditures for the remediation of contamination at our owned and leased properties, as well as contamination at other locations at which our wastes have reportedly been identified. Our compliance with existing or future environmental laws and regulations may, however, require material expenditures by us or otherwise have an adverse impact on our financial condition or results of operations. Governments are likely to continue to pursue measures related to climate change and greenhouse gas emissions, including vehicle travel restrictions. Should rules establishing limitations on greenhouse gas or other emissions or rules imposing fees on entities deemed to be responsible for greenhouse gas emissions, or rules establishing bans on diesel or fuel vehicles from entering certain locations become effective in the countries in which we operate, demand for our services could be affected, our fleet and / or other costs could increase, and our business could be adversely impacted. We face risks related to ESG matters. Increasing attention to climate change, increasing societal expectations on companies to address climate change, **the increase in proposed and adopted ESG regulations and laws, both domestically (including in California) and globally (especially in the European continent)** and potential consumer and customer use of substitutes to our products may result in increased costs, reduced demand for our products, reduced profits, increased investigations and litigation, reputational harm and negative impacts on our stock price and access to capital markets. We have developed certain initiatives, goals and practices relating to ~~environmental, social and governance (~~ ESG ~~)~~ matters. We may not be successful in implementing these initiatives, goals and practices, including due to factors beyond our control, and even if successful, they may not achieve our desired or expected outcomes. If our ESG initiatives, goals, and practices do not meet our expectations ~~or~~ **,** those of our investors or other stakeholders, **or requirements of local rules and regulations, each of** which continue to evolve, we may incur additional costs, and our brand, reputation and our results of operations and financial condition may be adversely impacted. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings and investment community divestment initiatives may lead to negative publicity or investor sentiment toward us and to the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital. We face risks related to franchising or licensing laws and regulations. We license to third parties the right to operate locations using our brands in exchange for royalty payments. Our licensing activities are subject to various laws and regulations in the countries in which we operate. In particular, laws in the United States require that we provide extensive disclosure to prospective licensees in connection with licensing offers and sales, as well as comply with franchise relationship laws that could limit our ability to, among other things, terminate license agreements or withhold consent to the renewal or transfer of these agreements. We are also subject to certain regulations affecting our license arrangements in Europe and other international locations. Should our operations become subject to new laws or regulations that negatively impact our ability to engage in licensing activities, our financial condition or results of operations could be adversely impacted. We face risks related to the actions of, or failures to act by, our licensees, dealers, independent operators or third- party vendors. Our vehicle rental licensee and dealer locations are independently owned and operated. We also operate many of our Company- owned locations through agreements with independent operators, which are third- party independent contractors who receive commissions to operate such locations. We also enter into service contracts with various third- party vendors that provide services for us or in support of our business. Under our agreements with our licensees, dealers, independent operators and third- party vendors (collectively referred to as " third- party operators "), the third- party operators retain control over the employment and management of all personnel at their locations or in support of the services that they provide our Company. These agreements also generally require that third- party operators comply with all laws and regulations applicable to their businesses, including relevant internal policies and standards. Regulators, courts or others may seek to hold us responsible for the actions of, or failures to act by, third- party operators or their employees based on theories of vicarious liability, negligence, joint operations or joint employer liability. Although we actively monitor the operations of these third- party operators, and under certain circumstances have the ability to terminate their agreements for failure to adhere to contracted operational standards, we are unlikely to detect all misconduct or noncompliance by a third- party operator or its employees. It is our policy to vigorously seek to be dismissed from any claims involving third- party operators and to pursue indemnity for any adverse outcomes that affect the Company. Failure of third- party operators to comply with laws and regulations or our operational standards, or our inability to be dismissed from claims against our third- party operators, may expose us to liability, damages and negative publicity that may damage our brand and reputation and adversely affect our financial condition or results of operations. We face risks associated with changes in tax laws. The Tax Cuts and Jobs Act of 2017 (the " Tax Act ") eliminated the use of like- kind exchange for personal property and allowed for full expensing of qualified property purchases through 2022. From 2004 until its elimination, we utilized like- kind exchange to replace vehicles in a manner that allowed for a material deferral of **United States (** U. S. **)** federal and state income taxes. The effect of the repeal of the like- kind exchange treatment for vehicle sales has been largely offset through 2022 by the availability of full expensing for certain business assets (including our vehicles) in the year placed in service. ~~The~~ **During 2023, the** full expensing provision **has** ~~is scheduled to start~~ **started** to phase- out ratably over five years ~~starting~~ **. While proposed legislation is presently under consideration** in ~~2023 and there~~ **Congress to postpone this phase- out, no assurance** can be **given** ~~no assurance~~ that the phase- out will be delayed ~~or that full expensing will be made permanent~~ . Certain U. S. states have modified their tax statutes as a result of the Tax Act, and such state legislation does not allow the use of full expensing benefits for state tax purposes, which negatively impacts our tax liability in such states. Other U. S. states continue to modify their tax statutes related to full expensing. Therefore, we cannot offer assurance that the benefits from the expected tax deductions will continue. The Inflation Reduction Act of 2022 (the " IRA ") includes a 15 % corporate alternative minimum tax on certain large corporations and a 1 % excise tax on certain corporate stock repurchases. The impact on the Company of these provisions, which became effective on January 1, 2023, will depend on several factors, including recently released and forthcoming interpretive regulatory guidance. The Company continues to review and assess the provisions of the IRA, and its potential impact on our financial condition, results of operations, liquidity, and cash flows. There is also a high level of uncertainty in today' s tax environment stemming from both global initiatives put forth by the Organisation for Economic Co- operation and Development (the " OECD "), and unilateral measures being implemented by various countries. As an example, the OECD has put forth two proposals — Pillar One and Pillar Two — that revise the existing profit allocation and nexus rules (profit allocation based on location of sales versus physical presence) and ensure a minimal level of taxation, respectively. ~~The Council of~~ **During 2023,** the ~~EU recently adopted a Directive to ensure a~~ **OECD issued administrative guidance which provides for transition and safe harbor rules for the** global minimum ~~level of taxation~~ **tax. Further, many countries have proposed** ~~for~~ - **or have begun** ~~certain multinational groups active in the EU consistent with Pillar Two,~~ to ~~be~~ **implement changes to existing tax laws in response to the OECD' s proposals. The Company continues to closely monitor any such developments and guidance issued to determine any impact on our** effective ~~beginning after 2023~~ **tax rate, cash tax obligations and operations** . RISKS RELATED TO OUR CAPITAL STRUCTURE AND INDEBTEDNESS We face risks related to our current and future debt obligations, including risks related to conditions in the credit and asset- backed securities markets. Our ability to satisfy and manage our debt obligations depends on our ability to generate cash flow and on overall financial market conditions. To some extent, this is subject to prevailing economic and competitive conditions and to certain financial, business and other factors, many of which are beyond our control. Our outstanding debt obligations require us to dedicate a significant portion of our cash flows to pay interest and principal on our debt, which reduces funds available to us for other purposes. Our business may not generate sufficient cash flow from operations to permit us to service our debt obligations and meet our other cash needs, which may force us to reduce or delay capital expenditures, sell or curtail assets or operations, seek additional capital or seek to restructure or refinance our indebtedness. If we must sell or curtail our assets or operations, it may negatively affect our ability to generate revenue. Certain of our debt obligations contain restrictive covenants and provisions that **may** limit our ability to, among other things, incur additional debt; provide guarantees; pay dividends or distributions, redeem or repurchase capital stock; prepay, redeem or repurchase debt; create or incur liens; make distributions from our subsidiaries; sell assets and capital stock of our subsidiaries; and consolidate **or** merge with or into, or sell substantially all of our assets to, another person. These covenants and provisions also **may** limit our ability to respond to adverse changes in general economic, industry and competitive conditions, as well as changes in government regulation and changes to our business. Our failure to comply with these restrictive covenants and provisions, if not waived, would cause a default under the applicable debt agreement and could result in a cross-default under several of our other debt obligations, including our **United States** ~~U. S.~~ and European asset- backed debt facilities. If such a default were to occur, we could be required to repay or accelerate debt payments to the lenders or holders of our debt, and there can be no assurance that we would be able to refinance or obtain a replacement for such financing programs. We finance our vehicle fleet purchases and operations through the use of asset- backed securities in the United States, Canada, Australia and Europe and other debt financing structures available through the credit markets. If the asset- backed financing and / or credit markets were to be disrupted for any reason, we may be unable to obtain refinancing for our operations or vehicle fleet purchases at current levels, or at all, when our respective asset- backed financings or debt financings mature. Likewise, any disruption of the asset- backed financing or credit markets could also increase our borrowing costs, as we seek to refinance existing debt or increase our indebtedness. In addition, we could be subject to increased collateral requirements to the extent that we request any amendment or renewal of any of our existing asset- backed or debt financings. We face risks related to increases in interest rates. A portion of our borrowings, primarily our vehicle- backed borrowings, bears interest at variable rates that expose us to interest rate risk. If interest rates continue to increase, whether due to continued increases in market interest rates or one or more increases in our own cost of borrowing, our debt service obligations for our variable rate indebtedness would increase even though the amount of borrowings remain the same, and our results of operations could be adversely affected. As of December 31, ~~2022~~ **2023** , our total outstanding debt of approximately $ ~~18~~ **23** . ~~6~~ **9** billion included unhedged interest rate sensitive debt of approximately $ ~~5~~ **7** . ~~8~~ **6** billion. During our seasonal borrowing peak in ~~2022~~ **2023** , outstanding unhedged interest rate sensitive debt totaled approximately $ 7. ~~2~~ **6** billion. Virtually all of our debt under vehicle programs and certain of our corporate indebtedness matures within the next five years. If we are unable to refinance maturing indebtedness at interest rates that are equivalent to or lower than the interest rates on our maturing debt, our results of operations or our financial condition may be adversely affected. We face certain risks related to our share repurchase program. Our Board of Directors previously authorized the repurchase of up to $ 8. 1 billion of our common stock under a plan originally approved in 2013 and subsequently expanded most recently in February 2023 (the " Share Repurchase Program "). As of ~~February 13~~ **December 31** , 2023, approximately $ **802** ~~1. 7 billion~~ **million** remains available under the Share Repurchase Program. If we purchase additional shares of our common stock under the Share Repurchase Program, the percentage of our outstanding common stock owned by SRS Investment Management, LLC and its affiliates (" SRS ") may increase, even without further action by SRS. Under the terms of the Fourth Amended and Restated Cooperation Agreement between the Company and SRS, SRS has committed, with respect to shares of common stock SRS holds in excess of 35 % of the Company' s outstanding common stock, to exercise its voting rights in the same proportion in which other shares of common stock are voted. Notwithstanding this commitment, the ownership by SRS of more than 50 % of the Company' s outstanding common stock could trigger, or increase the likelihood that we trigger, certain change in control provisions in the indentures governing our senior notes. The Company must make a 101 % change of control offer for the senior notes if, within 60 days following a change of control, the ratings on the notes are downgraded by one or more gradations or withdrawn and the applicable rating agency announces that such downgrade or withdrawal is attributable to the change of control. RISKS RELATED TO OUR INTELLECTUAL PROPERTY MATTERS, DATA SECURITY AND PRIVACY We face risks related to our protection of our intellectual property. We have registered certain marks and designs as trademarks in the United States and in certain other countries. At times, competitors may adopt service names similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, we have been subject to, and from time to time in the future may be subject to, trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered trademarks. From time to time, we have acquired or attempted to acquire Internet domain names held by others when such names have caused consumer confusion or had the potential to cause consumer confusion. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely impact our financial condition or results of operations. We face risks related to our reliance on communications networks and centralized information systems. We rely heavily on the satisfactory performance and availability of our information systems, including our reservation systems, websites and network infrastructure to attract and retain customers, accept reservations, process rental and sales transactions, manage our fleet of vehicles, account for our activities and otherwise conduct our business. We rely on third- party communications service and system providers for technology services. We have been subjected to, and from time to time in the future may be subject to, a failure or interruption that results in the unavailability of certain of our information systems. Such a failure or interruption, or a major disruption, could cause a loss of reservations, interfere with our fleet management, slow rental and sales processes, create negative publicity that damages our reputation or otherwise adversely impacts our ability to manage our business effectively. We may experience system interruptions or disruptions for a variety of reasons, including from network failures, power outages, cyber- attacks, employee errors, software errors, an unusually high volume of visitors attempting to access our systems, or other events such as fire, explosions, earthquakes, storms, floods, epidemics, strikes, acts of war, civil unrest or terrorist acts. Because we are dependent in part on independent third parties for the implementation and maintenance of certain aspects of our systems and because some of the causes of system interruptions may be outside of our control, we may not be able to remedy such interruptions in a timely manner, or at all. Our systems' business continuity plans and insurance programs seek to mitigate such risks but they cannot fully eliminate the risks. We face risks related to cybersecurity breaches of our systems and information technology. Threats to network and data security are becoming increasingly diverse and sophisticated. As cybersecurity threats become more frequent, intense and sophisticated, costs of proactive defense measures may increase. Third parties may have the technology or expertise to breach the security of our customer transaction data and our security measures may not prevent or timely detect physical security or cybersecurity breaches, which could result in substantial harm to our business, our reputation or our results of operations. We rely on encryption and / or authentication technology licensed from and, at times, administered by independent third parties to secure transmission of confidential information, including credit card numbers and other customer personal information. Our outsourcing agreements with these third- party service providers, including third- party hosted cloud environments, generally require that they have adequate security systems in place to protect our customer transaction data. Despite the implementation of cybersecurity measures (including access controls, data encryption, vulnerability assessments, continuous monitoring, and maintenance of backup and protective systems), our information technology systems or those used by our third- party service providers may still be vulnerable to a breach. Additionally, if a third- party service provider on which we rely experiences a breach, we may not learn of such breach in a timely manner, or at all, which may inhibit our ability to mitigate its impacts, and exacerbate the risks described in this paragraph. In addition, anyone who is able to circumvent our security measures, or those of our third- party service providers, could misappropriate proprietary information or cause interruptions in our operations. Risks of cybersecurity incidents caused by malicious third parties using sophisticated, targeted methods to circumvent firewalls, encryption, and other security defenses, could include hacking, viruses, malicious software, ransomware, phishing attacks, denial of service attacks and other attempts to capture, disrupt or gain unauthorized access to data are rapidly evolving and could lead to disruptions in our reservation system or other data systems, unauthorized release of confidential or otherwise protected information or corruption of data. The techniques used by third parties change frequently and may be difficult to detect for long periods of time. Any successful efforts by individuals to infiltrate, break into, disrupt, damage or otherwise steal from the Company' s, its licensees' or its third- party service providers' security or information systems could damage our reputation and expose us to increased cybersecurity protection costs, litigation or other liability that could adversely impact our financial condition or results of operations. A cybersecurity breach resulting in the unauthorized use or disclosure of certain personal information could put individuals at risk of identity theft and financial or other harm and result in costs to the Company in investigation, remediation, legal defense and in liability to parties who are financially harmed. Failure to appropriately address these issues could also give rise to potentially material legal risks and liabilities. We are subject to privacy, data protection, data security and other regulations, as well as private industry standards, which could negatively impact our global operations and cause us to incur additional incremental expense or reputational harm that impacts our future operating results. Our business requires the secure processing and storage of personal information relating to our customers, employees, business partners and others. Current privacy and data protection laws, particularly the European Union' s General Data Protection Regulation ~~and the equivalent in the United Kingdom~~ (~~collectively, the~~ " GDPR "), **the United Kingdom Data Protection Act (" UK DPA "), the** California Consumer Privacy Act including modifications by the California Privacy Rights Act (collectively, the " CCPA "), the Virginia Consumer Data Protection Act (" VCDPA "), and other regulations in the jurisdictions in which we operate impose obligations and restrictions regarding the types of information that we may collect, process, sell and retain about our customers, employees and other individuals with whom we deal or propose to deal, some of which may be non- public personal data. ~~Several other US state~~ **A patchwork of new and proposed** privacy **and** ~~laws will go into effect in 2023, including the Colorado Privacy Act, the Connecticut Data~~ **data protection legislation** ~~Privacy Act,~~ and **regulation continues to evolve across** the ~~Utah Consumer Privacy Act~~ **jurisdictions in which we operate** . These laws and regulations, each wide- ranging in scope, provide individuals located in those jurisdictions **with** greater control over their personal data **and** ~~. These laws~~ impose ~~several~~ **various** requirements **on our business** relating to ~~rights of~~ the ~~individuals to whom the~~ **collection and processing of** personal data ~~relates, the information provided to the individuals, the security and confidentiality of the personal data, data breach notification, the use of third- party processors in connection with the processing of personal data, and the transfer or sale of personal data, and measures we must take to demonstrate compliance~~ . These laws also impose significant forfeitures and penalties for noncompliance and afford private rights of action to individuals under certain circumstances. The Company has adopted policies and procedures in compliance with these laws, which may need to be updated as **new laws are passed or as** additional **guidance is** ~~information concerning best practices are~~ made available ~~through guidance~~ from regulatory authorities or published enforcement decisions. ~~Privacy~~ **Data protection** laws in the countries where we operate are developing at a rapid pace and may be interpreted and applied inconsistently from jurisdiction to jurisdiction and impose inconsistent or conflicting requirements. Complying with varying jurisdictional privacy **and data protection** requirements could increase our operating costs, divert management attention or require additional changes to our business practices. Should we be found to not be in compliance with the GDPR, **UK DPA,** CCPA, VCDPA or similar privacy and data protection laws, we could be subject to substantial monetary ~~forfeitures~~ **penalties** , government consent decrees, regulatory enforcement actions, and other ~~penalties~~ **sanctions** that could negatively impact our operating results or harm our reputation. The centralized nature of our information systems combined with the **expansive nature of our** global ~~nature of our~~ business requires the routine flow of information ~~about~~ **regarding** employees, customers and potential customers **, and suppliers** across national borders, particularly in the United States, the United Kingdom **,** and Europe. ~~In~~ **Although new and updated personal data transfer mechanisms, such as the European Commission' s Standard Contractual Clauses, have been adopted by regulators following the invalidation of previously available transfer mechanisms in** 2020 ~~,~~ **by** the Court of Justice of the European Union ~~invalidated~~ **, these** mechanisms ~~for transferring personal information out of the~~ **remain subject to legal uncertainty and face ongoing scrutiny from** EU **supervisory authorities** . This **continued uncertainty** ~~decision imposes additional obligations and restrictions related to data transfers between the EU and other countries, including the U. S., and~~ may affect our ability to **process and transfer personal data, which could impact our ability to** serve our customers and efficiently manage our employees and operations. **Moreover** ~~In addition~~ , our failure to maintain the security of the data we hold, whether as a result of our own error or the actions of others, could harm our reputation or give rise to legal liabilities that adversely impact our financial condition or results of operations. Privacy and data protection laws and regulations restrict the ways that we process our transaction information **,** and the ~~Payment~~ **payment** ~~Card~~ **card** ~~Industry~~ **industry** imposes strict customer credit card data security standards to ensure that our customers' credit card information is protected. Failure to meet these data **privacy and** security standards could result in substantial increased fees to credit card companies, other liabilities and / or loss of the right to collect credit card payments, which could adversely impact our financial condition or results of operations. GENERAL RISK FACTORS We face risks related to the market price of our common stock. We cannot predict the prices at which our common stock will trade. The market price of our common stock has experienced substantial volatility in the past and may fluctuate widely in the future, depending on many factors, some of which may be beyond our control, including, but not limited to, the factors described in this " Risk Factors " section and the section titled " Forward-Looking Statements. " If any of these factors materialize, it could cause our stock price to fall and may expose us to litigation, including class action lawsuits that, even if unsuccessful, could be costly to defend, distract management, and harm our reputation. Certain provisions of our certificate of incorporation and by- laws and Delaware law could prevent or delay a potential acquisition of control of our Company, which could decrease the trading price of our common stock. Our amended and restated certificate of incorporation, amended and restated by- laws and the laws in the State of Delaware contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the prospective acquirer and to encourage prospective acquirers to negotiate with our Board of Directors rather than to attempt a hostile takeover. Delaware law also imposes restrictions on mergers and other business combinations between us and any holder of 15 % or more of our outstanding common stock. We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by effectively requiring those who seek to obtain control of the Company to negotiate with our Board of Directors and by providing our Board with more time to assess any such potential acquisition of control. However, these provisions could apply even if such a potential acquisition of control of the Company may be considered beneficial by some stockholders and could delay or prevent an acquisition of control that our Board of Directors determines is not in the best interests of our Company and our stockholders. ~~30~~