

## Risk Factors Comparison 2025-02-28 to 2024-02-29 Form: 10-K

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

You should carefully consider the risks described below, together with all of the information included in this Annual Report on Form 10-K, in evaluating us and our Capital Stock. They are not the only ones facing the Company. Other risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, or results of operations. ROTO-ROOTER We face intense competition from numerous, fragmented competitors. If we do not compete effectively, our business may suffer. We face intense competition from numerous competitors. The sewer, drain and pipe cleaning, excavation, plumbing repair and water restoration businesses are highly fragmented, with the bulk of the competitors consisting of local and regional entities. **Private equity businesses have recently made significant investments in home services companies, including plumbing.** We compete primarily on the basis of advertising, range of services provided, name recognition, availability of emergency service, speed and quality of customer service, service guarantees and pricing. Our competitors may succeed in developing new or enhanced products and services more successful than ours and in marketing and selling existing and new products and services better than we do. In addition, new competitors may emerge. We cannot make any assurances that we will continue to be able to compete successfully with any of these companies. Our operations are subject to numerous laws and regulations, exposing us to potential claims and compliance costs that could adversely affect our business. We are subject to federal, state and local laws and regulations relating to franchising, insurance and other aspects of our business. These are discussed in greater detail under “ Government Regulations ” in the Description of Business section hereof. If we fail to comply with existing or future laws and regulations, we may be subject to governmental or judicial fines and sanctions. Our franchising activities are subject to various federal and state franchising laws and regulations, including the rules and regulations of the FTC regarding the offering or sale of franchises. These rules and regulations require us to provide all of our prospective franchisees with specific information regarding us and our franchise program in the form of a detailed franchise offering circular. In addition, a number of states require us to register our franchise offering prior to offering or selling franchises in such states. Various state laws also provide for certain rights in favor of franchisees, including (i) limitations on the franchisor’s ability to terminate a franchise except for good cause, (ii) restrictions on the franchisor’s ability to deny renewal of a franchise, (iii) circumstances under which the franchisor may be required to purchase certain inventory of franchisees when a franchise is terminated or not renewed in violation of such laws and (iv) provisions relating to arbitration. The ability to engage in the plumbing repair business is also subject to certain limitations and restrictions imposed by the state and local licensing laws and regulations. We cannot predict what legislation or regulations affecting our business will be enacted in the future, how existing or future laws or regulations will be enforced, administered and interpreted, or the amount of future expenditures that may be required to comply with these laws or regulations. Compliance costs associated with governmental regulations could have a material adverse effect on our business, financial condition and results of operations. Roto- Rooter’s loss of key management personnel or its inability to hire and retain skilled employees could adversely affect its business, financial condition and results of operations. Roto- Rooter’s future success significantly depends upon the continued service of its senior management personnel. The loss of one or more of Roto- Rooter’s key senior management personnel or its inability to hire and retain new skilled employees could negatively impact its ability to maintain or increase customer calls and jobs, a key aspect of its growth strategy, and could adversely affect its future operating results. Competition for skilled employees, particularly licensed plumbers, is intense, and the process of locating and recruiting skilled employees with the combination of qualifications and attributes required to adequately perform plumbing duties can be difficult and lengthy. We cannot assure you that Roto- Rooter will be successful in attracting, retaining or training highly skilled personnel. Roto- Rooter’s business could be disrupted and its growth and profitability negatively impacted if it is unable to attract and retain skilled employees. Cybersecurity Our information technology systems hold sensitive customer information in the ordinary course of business, including names, addresses, and partial credit card information. We utilize those same systems to perform our day- to- day activities, such as receiving customer calls, dispatching technicians to jobs, and maintaining an accurate record of all transactions. We have not experienced any known ~~modern~~ **material** system / data breaches on our information technology systems that compromised customer data or the company’s proprietary data. We maintain our information technology systems with safeguard protection against cyber- attacks, including intrusion detection and protection services, firewalls, and ~~virus detection~~ **endpoint security** software. Every month, we test our information technology systems using cyber- scanning software and other methods to learn how a successful system / data breach may occur. If a deficiency is detected, our IT staff will log and remediate the deficiency prescribed by the vendor or manufacturer. Roto- Rooter has developed and tested a response plan in the event of a successful system / data breach and maintains commercial insurance related to cyber- security. We obtain internal control reports from key vendors that maintain company data or process company transactions on a yearly basis. We review these reports to detect any potential cybersecurity issues. However, these safeguards do not ensure that a significant system / data breach may occur. ~~Since Due to~~ the pandemic, certain roles have been conducted remotely, increasing the role and importance of our information technology and security systems. **Chemed’s Chief Legal Officer and Chief Financial Officer are alerted to any potential issues and evaluate those issues for cybersecurity materiality.** A successful attack on our information technology systems could significantly affect the business, including liability for compromised customer information and business interruption. Roto- Rooter’s success is highly dependent on its brand reputation Roto- Rooter’s national reputation and brand image for performing necessary, high quality services in a timely manner is critical to Roto- Rooter’s continued success. Adverse publicity, litigation or on- line negative reviews focused on the

Roto- Rooter brand could negatively impact Roto- Rooter' s national reputation resulting in decreased future demand for Roto- Rooter branded services. Roto- Rooter maintains a reputation management risk program, however, a loss of brand reputation at Roto- Rooter could adversely affect consumer willingness to use our service and thus, adversely affect our future operating performance. VITAS VITAS is highly dependent on payments from Medicare and Medicaid. If there are changes in the rate or methods governing these payments, VITAS' net patient service revenue and profits could be materially affected. In excess of 95 % of VITAS' net patient service revenue consists of payments from the Medicare and Medicaid programs. Such payments are made primarily on a " per diem " basis ~~subject to annual reimbursement caps~~. Because VITAS receives a per diem fee to provide eligible services to all patients, VITAS' profitability is largely dependent upon its ability to manage the costs of providing hospice services to patients. Increases in operating costs, such as labor and supply costs that are subject to inflation, without a compensating increase in Medicare and Medicaid rates, could have a material adverse effect on VITAS' business in the future. Additionally, regulators are increasing scrutiny of claims, including through the ~~new~~-TPE program, which may require additional resources to respond to audits, and which may cause additional delays or denials in receiving payments. Medicare and Medicaid currently adjust the various hospice payment rates annually based primarily on the increase or decrease of the hospital wage index basket, regionally adjusted. However, the increases may be less than actual inflation. VITAS' profitability could be negatively impacted if this adjustment were eliminated or reduced, or if VITAS' costs of providing hospice services increased more than the annual adjustment. In addition, cost pressures resulting from shorter patient lengths of stay and the use of more expensive forms of palliative care, including drugs and drug delivery systems, could negatively impact VITAS' profitability. Many payors are increasing pressure to control health care costs. The U. S. federal budget remains in flux, which could, among other things, cut Medicare payments to providers. The Medicare program is frequently mentioned as a target for spending cuts and within the Medicare program the hospice benefit is often specifically targeted for cuts ~~and a lowering of the Medicare Caps~~. The full impact on our business of any future cuts in Medicare ~~(including lowering of the Medicare Caps)~~ or other programs is uncertain. In addition, both public and private payors are increasing pressure to decrease, or limit increases in, reimbursement rates for health care services. VITAS' levels of revenue and profitability will be subject to the effect of possible reductions in coverage or payment rates by third- party payors, including payment rates from Medicare and Medicaid . **Hospice Medicare reimbursement is subject to certain limitations or " caps " based on the number of inpatient days of care and overall average capitation per admission. The cap per admission is increased yearly based on the national average Medicare reimbursement increase for hospice. However, the actual reimbursement increase is calculated on a county- by- county basis and may vary significantly from the national average. Because of the potentially significant difference between these two calculations, there is a risk that VITAS could incur a significant cap limitation in one or more of its programs, if the actual reimbursement increase for one of it' s programs significantly outpaces the associated increase in the per admission cap** . Each state that maintains a Medicaid program has the option to provide reimbursement for hospice services at reimbursement rates generally required to be at least as much as Medicare rates. All states in which VITAS operates cover Medicaid hospice services; however, we cannot assure you that the states in which VITAS is presently operating or states into which VITAS could expand operations will continue to cover Medicaid hospice services. In addition, the Medicare and Medicaid programs are subject to statutory and regulatory changes, retroactive and prospective rate and payment adjustments, administrative rulings, freezes and funding reductions, all of which may adversely affect the level of program payments and could have a material adverse effect on VITAS' business. We cannot assure that Medicare and / or Medicaid payments to hospices will not decrease. Reductions in amounts paid by government programs for services or changes in methods or regulations governing payments could cause VITAS' net patient service revenue and profits to materially decline. 15 % to 20 % of VITAS' days of care are provided to patients who reside in nursing homes. Changes in the laws and regulations regarding payments for hospice services and " room and board " provided to VITAS' hospice patients residing in nursing homes could reduce its net patient service revenue and profitability. For VITAS' hospice patients receiving nursing home care under certain state Medicaid programs who elect hospice care under Medicare and Medicaid, the state generally must pay VITAS, in addition to the applicable Medicare or Medicaid hospice per diem rate, an amount equal to at least 95 % of the Medicaid per diem nursing home rate for " room and board " furnished to the patient by the nursing home. VITAS contracts with various nursing homes for the nursing homes' provision of certain " room and board " services that the nursing homes would otherwise provide Medicaid nursing home patients. VITAS bills and collects from the applicable state Medicaid program an amount equal to approximately 95 % of the amount that would otherwise have been paid directly to the nursing home under the state' s Medicaid plan. Under VITAS' standard nursing home contracts, it pays the nursing home for these " room and board " services at approximately 100 % of the Medicaid per diem nursing home rate. The reduction or elimination of Medicare and Medicaid payments for hospice patients residing in nursing homes would reduce VITAS' net patient service revenue and profitability. In addition, changes in the way nursing homes are reimbursed for " room and board " services provided to hospice patients residing in nursing homes could affect VITAS' ability to serve patients in nursing homes. If VITAS is unable to maintain relationships with existing patient referral sources or to establish new referral sources, VITAS' growth and profitability could be adversely affected. VITAS' success is heavily dependent on referrals from physicians, long- term care facilities, hospitals and other institutional health care providers, managed care companies, insurance companies and other patient referral sources in the communities that its hospice locations serve, as well as on its ability to maintain good relations with these referral sources. VITAS' referral sources may refer their patients to other hospice care providers or not to a hospice provider at all. Additionally, during the pandemic, VITAS experienced significant changes in referral patterns and sources. **In the event that CMS re- institutes the SFP and any VITAS program is identified as a " poor performer ", we do not know the extent to which such identification will affect industry referrals or referral patterns.** VITAS' growth and profitability depend significantly on its ability to establish and maintain close working relationships with these patient referral sources and to increase awareness and acceptance of hospice care by its referral sources and their patients. We cannot assure that VITAS will be able to maintain

its existing relationships or that it will be able to develop and maintain new relationships in existing or new markets. Moreover, if ~~pandemic-related or other~~ shifts to referrals continue, it could materially adversely affect the business. VITAS' loss of existing relationships or its failure to develop new relationships could adversely affect its ability to expand or maintain its operations and operate profitably. Moreover, we cannot assure you that awareness or acceptance of hospice care will increase or remain at current levels. VITAS operates in an industry that is subject to extensive government regulation and claims reviews, and changes in law and regulatory interpretations could reduce its net patient service revenue and profitability and adversely affect its financial condition and results of operations. The healthcare industry is subject to extensive federal, state and local laws, rules and regulations relating to, among others:  Payment for services;  Conduct of operations, including quality assurance **and compliance with conditions of participation**, fraud and abuse, anti- kickback prohibitions, self- referral prohibitions and false claims;  Privacy and security of medical records;  Employment practices; and  Various state approval requirements, such as facility and professional licensure, ~~certificate~~ **Certificate of need-Need**, compliance surveys and other certification or recertification requirements. Changes in these laws, rules and regulations or their interpretations or methods of enforcement, including the elimination of any ~~certificate~~ **Certificate of need-Need** laws or other license restrictions, could reduce VITAS' net patient service revenue and profitability, or increase VITAS' liabilities, cost of compliance, or legal and other costs in defending any claims. VITAS' ability to comply with such regulations is a key factor in determining the success of its business. See the " Government Regulations " section of this 10- K for a greater description of these matters. VITAS maintains an internal regulatory compliance review program and from time to time retains regulatory counsel for guidance on compliance matters. We cannot assure you, however, that VITAS' practices, if reviewed, would be found to be in compliance with applicable health regulatory laws, as such laws ultimately may be interpreted, or that any non- compliance with such laws would not have a material adverse effect on VITAS. Federal and state legislative and regulatory initiatives could require VITAS to expend substantial sums on acquiring, implementing and supporting new information systems, which could negatively impact its profitability and cash flows. There are currently numerous legislative and regulatory initiatives at both the state and federal levels that address patient privacy concerns. We cannot predict the total financial or other impact of the regulations on VITAS' operations. In addition, although VITAS' management believes it is in compliance with the requirement of patient privacy regulations, we cannot assure you that VITAS will not be found to have violated state and federal laws, rules or guidelines surrounding patient privacy. Compliance with current and future HIPAA and HITECH requirements or any other federal or state privacy initiatives could require VITAS to make substantial investments, which could negatively impact its profitability and cash flows. VITAS' growth strategies may not be successful, which could adversely affect its business. A significant element of VITAS' growth strategy is expected to include expansion of its business in new and existing markets. This aspect of VITAS' growth strategy may not be successful, which could adversely impact its growth and profitability. We cannot assure you that VITAS will be able to:  Identify markets that meet its selection criteria for new hospice locations;  Hire and retain qualified management teams to operate each of its new hospice locations;  Manage a large and geographically diverse group of hospice locations;  Become Medicare and Medicaid certified in new markets;  Generate sufficient hospice admissions to operate profitably in these new markets;  Compete effectively with existing hospices in new markets; or  Obtain state licensure and / or a ~~certificate~~ **Certificate of need-Need** from appropriate state agencies in new markets. VITAS' loss of key management personnel or its inability to hire and retain skilled employees could adversely affect its business, financial condition and results of operations. VITAS' future success significantly depends upon the continued service of its senior management personnel. The loss of one or more of VITAS' key senior management personnel or its inability to hire and retain new skilled employees could negatively impact VITAS' ability to maintain or increase patient referrals, a key aspect of its growth strategy, and could adversely affect its future operating results. Competition for skilled employees is intense, and the process of locating and recruiting skilled employees with the combination of qualifications and attributes required to care effectively for terminally ill patients and their families can be difficult and lengthy. We cannot assure you that VITAS will be successful in attracting, retaining or training highly skilled nursing, management, community education, operations, admissions and other personnel. VITAS' business could be disrupted and its growth and profitability negatively impacted if it is unable to attract and retain skilled employees. A nationwide shortage of qualified nurses and aides could adversely affect VITAS' profitability, growth and ability to continue to provide quality, responsive hospice services to its patients as nursing and health aides' wages and benefits increase. A significant portion of VITAS' workforce is licensed nurses. VITAS depends on qualified nurses to provide quality, responsive hospice services to its patients. The current nationwide shortage of qualified nurses impacts some of the markets in which VITAS provides hospice services. In response to this shortage, VITAS has adjusted its wages and benefits to recruit and retain nurses and to engage contract nurses. Similarly, there recently has been a shortage of home health aides, who provide many of the hospice services provided by VITAS. VITAS has also adjusted its wages and benefits to recruit and retain home health and other aides. VITAS' inability to attract and retain qualified nurses and aides as well as other healthcare workers, could adversely affect its ability to provide quality, responsive hospice services to its patients and its ability to increase or maintain patient census in those markets. Increases in the wages and benefits required to attract and retain qualified nurses or an increase in reliance on contract nurses could negatively impact profitability. VITAS may not be able to compete successfully against other hospice providers, and competitive pressures may limit its ability to maintain or increase its market position, which could adversely affect its profitability, financial condition and cash flows. Hospice care in the United States is highly competitive. In many areas in which VITAS' hospices are located, they compete with a large number of organizations, including:  Community- based hospice providers;  National and regional companies;  Hospital- based hospice and palliative care programs;  Physician groups;  Nursing homes;  Home health agencies;  Infusion therapy companies; and  Nursing agencies. Various health care companies have diversified into the hospice industry and there is an increasing consolidation across hospice industry. Other companies, including hospitals and health care organizations that are not currently providing hospice care, may enter the markets VITAS serves and expand the variety of services offered to include hospice care.

Additionally, jurisdictions where VITAS operates where competition is limited by Certificates of Need, may remove or lessen these restrictions, which could increase competition. We cannot assure you that VITAS will not encounter increased competition in the future that could limit its ability to maintain or increase its market position, including competition from parties in a position to impact referrals to VITAS. Such increased competition could have a material adverse effect on VITAS' business, financial condition and results of operations. Changes in rates or methods of payment for VITAS' services could adversely affect its revenues and profits. Managed care organizations have grown substantially in terms of the percentage of the population they cover and their control over an increasing portion of the health care economy. Managed care organizations have continued to consolidate to enhance their ability to influence the delivery of health care services and to exert pressure to control health care costs. VITAS has a number of contractual arrangements with managed care organizations and other similar parties. VITAS provides hospice care to many Medicare beneficiaries who have elected Medicare managed care. Under such contracts between HMOs and the federal Department of Health and Human Services, the Medicare payments for hospice services are excluded from the per- member, per- month payment from Medicare to HMOs and instead are paid directly by Medicare to the hospices. As a result, VITAS' payments for Medicare beneficiaries enrolled in Medicare risk HMOs are processed in the same way with the same rates as other Medicare beneficiaries. We cannot assure, however, that payment for hospice services will continue to be excluded from HMO payment under Medicare risk contracts and similar Medicare managed care plans or that if not excluded, managed care organizations or other large third- party payors would not use their power to influence and exert pressure on health care providers to reduce costs in a manner that could have a material adverse effect on VITAS' business, financial condition and results of operations. Liability claims may have an adverse effect on VITAS, and its insurance coverage may be inadequate. Participants in the hospice industry are subject to lawsuits alleging negligence, professional liability, wage and hour or other similar legal theories, many of which involve large claims and significant defense costs. ~~Additionally, the pandemic may lead to different claims or a higher volume of claims than we typically face.~~ We are also subject to the risk of lawsuits under the False Claims Act and comparable state laws for allegedly submitting fraudulent bills for services to the Medicare and Medicaid programs and other federal and state healthcare programs. These lawsuits, which may be initiated by " whistleblowers ", subpoenas or Civil Investigative Demands can involve significant monetary damages, fines, attorneys' fees and the award of bounties to private qui tam plaintiffs. From time to time, VITAS is subject to such claims and other types of lawsuits. See the description below under Legal Proceedings in the Notes to the Consolidated Financial Statements. The ultimate liability for claims, if any, could have a material adverse effect on its financial condition or operating results. Although VITAS currently maintains liability insurance intended to cover certain claims, we cannot assure you that the coverage limits of such insurance policies will be adequate or that all such claims will be covered by the insurance. In addition, VITAS' insurance policies must be renewed annually and may be subject to cancellation during the policy period. While VITAS has been able to obtain liability insurance in the past, such insurance varies in cost, and may not be available in the future on terms acceptable to VITAS, if at all. A successful claim in excess of the insurance coverage could have a material adverse effect on VITAS. Claims, regardless of their merit or eventual outcome, also may have a material adverse effect on VITAS' business and reputation due to the costs of litigation, diversion of management' s time and related publicity. VITAS procures professional liability coverage on a claims- made basis. The insurance contracts specify that coverage is available only during the term of each insurance contract. VITAS' management intends to renew or replace the existing claims- made policy annually but such coverage is difficult to obtain, may be subject to cancellation and may be written by carriers that are unable, or unwilling to pay claims. Additionally, some risks and liabilities, including claims for punitive damages, are not covered by insurance. Cybersecurity In the normal course of business, our information technology systems hold sensitive patient information including patient demographic data, eligibility for various medical plans including Medicare and Medicaid and protected health information. We utilize those same systems to perform our day- to- day activities, such as receiving referrals, assigning medical teams to patients, documenting medical information and maintaining an accurate record of all transactions. Recently healthcare organizations have been the focus of increased cybersecurity attacks. We have not experienced any known ~~attacks~~ **material system / data breaches** on our information technology systems that ~~have~~ **compromised patient customer** data or the ~~Company~~ **company**' s proprietary data. We maintain our information technology systems with safeguard protection against cyber- attacks including active intrusion protection, firewalls and virus detection software. As discussed previously, we are subject to and comply with HIPAA and HITECH regulations. We have developed and tested a response plan in the event of a successful attack and we maintain commercial insurance related to a cyber- attack. We obtain internal control reports from key vendors that maintain company data or process company transactions on a yearly basis. We review these reports to detect any potential cybersecurity issues. However, these safeguards do not ensure that a significant cyber- attack could not occur. Increases in working from home and the provision of telehealth services due to the pandemic have significantly increased our usage of information technology systems and heightened the need for security of those systems. **We are regularly the target of attempted cyber and other security threats and must continuously monitor and develop our information technology networks and infrastructure to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses and other events that could have a security impact. Insider or employee cyber and security threats are increasingly a concern for all large companies, including ours. Chemed' s Chief Legal Officer and Chief Financial Officer are alerted to any potential issues and evaluate those issues for cybersecurity materiality** A successful attack on our information technology systems could have significant consequences to the business including liability for compromised patient information and business interruption. ~~We are regularly the target of attempted cyber and other security threats and must continuously monitor and develop our information technology networks and infrastructure to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses and other events that could have a security impact. Insider or employee cyber and security threats are increasingly a concern for all large companies, including ours.~~ VITAS' success is highly dependent on its brand reputation VITAS' reputation for performing quality routine and high acuity patient hospice care within the regulations mandated by

Medicare, Medicaid and commercial payors is critical to our success. Failure to provide quality patient care within the regulations mandated by our third- party payors, or the perception of inappropriate care resulting in adverse publicity, litigation or a campaign of negative on- line reviews are some of the factors that could negatively impact VITAS' national reputation. VITAS maintains a reputation management risk program however, a loss of brand reputation at VITAS could adversely affect referral sources' willingness to refer our service and thus, adversely affect our future operating performance. It is unclear what ~~affects~~ **effects** that CMS' new Special Focus Program (" SFP ") may have on VITAS' brand reputation. ~~In the event that CMS selects hospices for the SFP program utilizing the current algorithm, it is possible that certain VITAS hospice locations are included in the hospices that the algorithm identifies within the bottom 10 % or even bottom 1 % of hospices. Although CMS has~~ **halted implementation** ~~stated that providers will not be able to replicate the results of the~~ **program. However, if** ~~algorithm because not all information utilized by CMS~~ **revises the program and** ~~has been made public, given what is its~~ **reimplementation** ~~known, large providers appear to be significantly more likely to be identified~~ **identifies any VITAS programs** ~~as "poor performers because the formula does not account for size of program when analyzing the number of substantiated complaints. Additionally, providers who submit Consumer Assessment of Healthcare Providers and Systems (" CAHPS" ) scores (as VITAS does) appear to be more likely to be identified as poor performers. In the event that one or more VITAS programs is identified in the bottom 10 % of hospices, it~~ **such designation** ~~could negatively affect VITAS' brand reputation in a material adverse manner. Additionally, if~~ **and** ~~any VITAS program is identified in the bottom 1 % of hospices and placed in the SFP, it will have additional governmental oversight and intervention that~~ **could materially adversely affect the operations and profitability of** ~~such~~ **any affected program programs** . VITAS' headquarters and a significant portion of its operations are in ~~south~~ Florida. The occurrence of a natural disaster in any region that VITAS has significant operations could have a negative impact on the business. VITAS' headquarters are located in south Florida. In addition, two of our largest programs and an office complex are in south Florida **and a substantial percentage of our revenue is derived from our operations across Florida** . The location of our headquarters and ~~these~~ **the large programs size of our operations across Florida** increases our exposure to hurricanes. ~~A major~~ **Major** ~~hurricane~~ **hurricanes** in ~~south~~ Florida could impede our ability to bill for our services, operate our businesses and serve our patients in the affected area. VITAS maintains a disaster recovery program to mitigate this risk **and has successfully weathered many hurricanes through the years** ; however, natural disasters could have an adverse effect on our future operating performance. GENERAL The agreements and instruments governing borrowing capacity contain restrictions and limitations that could significantly impact our ability to operate our business and adversely affect the price of our Capital Stock. The operating and financial restrictions and covenants in our instruments of indebtedness restrict our ability to incur additional debt; issue and sell capital stock of subsidiaries; sell assets; engage in transactions with affiliates; restrict distributions from subsidiaries; incur liens; engage in business other than permitted businesses; engage in sale / leaseback transactions; engage in mergers or consolidations; make capital expenditures; make guarantees; make investments and acquisitions; enter into operating leases; hedge interest rates; and prepay other debt. Moreover, if we are unable to meet the terms of the financial covenants or if we breach any of these covenants, a default could result under one or more of these agreements. A default, if not waived by our lenders, could accelerate repayment of our outstanding indebtedness. If acceleration occurs, we may not be able to repay our debt and it is unlikely that we would be able to borrow sufficient additional funds to refinance such debt on acceptable terms. In the event of any default under our credit facilities, the lenders thereunder could elect to declare all outstanding borrowings, together with accrued and unpaid interest and other fees, to be due and payable, and to require us to apply all of our available cash to repay these borrowings, any of which would be an event of default. We depend on our management team and the loss of their service could have a material adverse effect on our business, financial condition and results of operations. Our success depends to a large extent upon the continued services of our executive management team. The loss of key personnel could have a material adverse effect on our business, financial condition, results of operations and cash flows. Additionally, we cannot assure you that we will be able to attract or retain other skilled personnel in the future. Environmental and safety compliance costs and liabilities could increase our expenses and adversely affect our financial condition. Our operations are subject to numerous environmental, health and safety laws and regulations that prohibit or restrict the discharge of pollutants into the environment and regulate employee exposure to hazardous substance in the workplace. Failure to comply with these laws could subject us to material costs and liabilities, including civil and criminal fines, costs to cleanup contamination we cause and, in some circumstances, costs to cleanup contamination we discover on our own property but did not cause. Because we use and generate hazardous materials in some of our operations, we are potentially subject to material liabilities relating to the cleanup of contamination and personal injury claims. In addition, we have retained certain environmental liabilities in connection with the sale of former businesses. We are currently funding the cleanup of historical contamination at one of our former properties and contributing to the cleanup of third- party sites as a result of our sale of our former subsidiary DuBois Chemicals Inc. Although we have established a reserve for these liabilities, actual cleanup costs may exceed our current estimates due to factors beyond our control, such as the discovery of additional contamination or the enforcement of more stringent cleanup requirements. New laws and regulations or their stricter enforcement, the discovery of presently unknown conditions or the receipt of additional claims for indemnification could require us to incur costs or become the basis for new or increased liabilities including impairment of our brand that could have a material adverse effect on our business, financial condition and results of operations. We are subject to certain anti- takeover statutes that might make it more difficult to effect a change in control of the Company. We are subject to the anti- takeover provisions of Section 203 of the Delaware General Corporation Law, which prohibits us from engaging in a " business combination " with an " interested stockholder " for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. The application of Section 203 could have the effect of delaying or preventing a change of control that could be advantageous to stockholders. ~~Additionally, the FTC and other antitrust regulators have recently heightened their scrutiny of both horizontal and vertical~~

merges in healthcare which could delay or prevent potential acquisitions, divestitures or a change in control. 19