Risk Factors Comparison 2024-03-05 to 2023-03-06 Form: 10-K

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

Our operations and financial results are subject to various risks and uncertainties, including but not limited to those described below, that could adversely affect our business, financial condition, results of operations, cash flows and the trading price of our common stock. **Risk Factors Related to the Proposed Merger The proposed Merger is subject to the satisfaction of certain closing conditions, including government consents and approvals, some or all of which may not be satisfied or completed within the expected timeframe, if at all. On January 31, 2024, the adoption of the Merger Agreement was approved by (i) holders of a majority of the voting power represented by the issued and outstanding shares of our common stock that were entitled to vote thereon and (ii) holders of a majority of the voting power represented by the issued and outstanding shares of our common stock that were entitled to vote thereon and held by Unaffiliated Stockholders. Completion of the Merger, however, remains subject to a number of additional closing conditions, including the expiration or termination of the waiting periods (and any extensions thereof) applicable to the consummation of the Merger under the HSR Act, the receipt of other required regulatory approvals, consents or clearances with respect to the Merger from (i) the Federal Communications Commission, (ii) the Committee on Foreign Investment in the United States, (iii) state public utility commissions and (iv) local regulators in connection with the provision of telecommunications and media services. We can provide no assurance that all required consents and approvals will be obtained or that all closing conditions will otherwise be satisfied (or waived, if applicable), and, even if all required consents and approvals can be obtained and all closing conditions are satisfied (or waived, if applicable), we can provide no assurance as to the terms, conditions and timing of such consents and approvals or the timing of the completion of the Merger. Many of the conditions to completion of the Merger are not within our control, and we cannot predict when or if these conditions will be satisfied (or waived, if applicable). Any adverse consequence of the pending Merger could be exacerbated by any delays in completion of the Merger or termination of the Merger Agreement. Each party' s obligation to consummate the Merger is also subject to the accuracy of the representations and warranties of the other party (subject to customary materiality qualifications) and compliance in all material respects with the covenants and agreements contained in the Merger Agreement as of the closing of the Merger, including, with respect to us, covenants to conduct our business in the ordinary course of business and to refrain from taking certain types of actions without Parent' s consent and to not engage in certain kinds of material transactions prior to closing without Parent' s consent. In addition, the Merger Agreement may be terminated under certain specified circumstances. As a result, we cannot assure you that the Merger will be completed, even though our stockholders have approved the Merger, or that, if completed, it will be exactly on the terms set forth in the Merger Agreement or within the expected timeframe. We may not complete the proposed Merger within the timeframe we anticipate or at all, which could have an adverse effect on our business, financial results and / or operations. The proposed Merger may not be completed within the expected timeframe, or at all, as a result of various factors and conditions, some of which may be beyond our control. If the Merger is not completed for any reason, our stockholders will not receive any payment for their shares of our common stock in connection with the Merger. Instead, we will remain a public company, our common stock will continue to be listed and traded on Nasdaq and registered under the Exchange Act of 1934, as amended, and we will be required to continue to file periodic reports with the SEC. Moreover, our ongoing business may be materially adversely affected, and we would be subject to a number of risks, including the following: ● we may experience negative reactions from the financial markets, including negative impacts on our stock price, and it is uncertain when, if ever, the price of the shares would return to the prices at which the shares currently trade; ● we may experience negative publicity, which could have an adverse effect on our ongoing operations including, but not limited to, retaining and attracting employees, customers, partners, suppliers and others with whom we do business; ● we will still be required to pay certain significant costs relating to the Merger, such as legal, accounting, financial advisory, printing and other professional services fees, which may relate to activities that we would not have undertaken other than in connection with the Merger; ● we may be required to pay a cash termination fee to Parent, as required under the Merger Agreement under certain circumstances; ● while the Merger Agreement is in effect, we are subject to restrictions on our business activities, including, among other things, restrictions on our ability to engage in certain kinds of material transactions, which could prevent us from pursuing strategic business opportunities, taking actions with respect to our business that we may consider advantageous and responding effectively and / or timely to competitive pressures and industry developments, and may as a result materially adversely affect our business, results of operations and financial condition; ● our Credit Agreement, with respect to the revolving credit facility only, requires us to comply with specified financial ratios, including a financial covenant based on a maximum Consolidated First Lien Leverage Ratio. If the proposed Merger is not completed by August 1, 2025, the increase in the maximum Consolidated First Lien Leverage Ratio as permitted in the Fifth Amendment to the Credit Agreement to provide interim financial covenant relief will end and the maximum Consolidated First Lien Leverage Ratio will revert to the levels set forth in the Credit Agreement. Borrowings under our revolving credit facility are our primary source of near- term liquidity. If we are not able to comply with the financial covenants on the revolving credit facility, the amount of borrowings available to us may be reduced or eliminated, which may result in losing access to a large portion of our current source of liquidity. ● matters relating to the Merger require substantial commitments of time and resources by our management, which could result in the distraction of management from ongoing business operations and pursuing** other opportunities that could have been beneficial to us; and ● we may commit significant time and resources to defending against litigation related to the Merger. 15If the Merger is not consummated, the risks described above may materialize, and they may have a material adverse effect on our business operations, financial results, liquidity and stock price, particularly to the extent that the current market price of our common stock reflects an assumption that the Merger will be completed. Additionally, other risk factors contained in this Annual Report on Form 10- K may be materially exacerbated by a failure to consummate the Merger. We will be subject to various uncertainties while the Merger is pending that may cause disruption and may make it more difficult to maintain relationships with customers and other third- party business partners. Our efforts to complete the Merger could cause substantial disruptions in, and create uncertainty surrounding, our business, which may materially adversely affect our results of operation and our business. Uncertainty as to whether the Merger will be completed may affect our ability to recruit prospective employees or to retain and motivate existing employees. Employee retention may be particularly challenging while the Merger is pending because employees may experience uncertainty about their roles following the Merger. As mentioned above, a substantial amount of our management' s and employees' attention is being directed toward the completion of the Merger and thus is being diverted from our day- to- day operations. Uncertainty as to our future could adversely affect our business and our relationship with customers and potential customers. For example, customers, suppliers and other third parties may defer decisions concerning working with us, or seek to change existing business relationships with us. Changes to or termination of existing business relationships could adversely affect our revenue, earnings and financial condition, as well as the market price of our common stock. The adverse effects of the pendency of the Merger could be exacerbated by any delays in completion of the Merger or termination of the Merger Agreement. We have incurred, and will continue to incur, direct and indirect costs as a result of the Merger. We have incurred, and will continue to incur, significant costs and expenses, including regulatory costs, fees for professional services and other transaction costs in connection with the Merger, for which we will have received little or no benefit if the Merger is not completed. There are a number of factors beyond our control that could affect the total amount or the timing of these costs and expenses. Many of these fees and costs will be payable by us even if the Merger is not completed and may relate to activities that we would not have undertaken other than to complete the Merger. Litigation challenging the Merger Agreement may prevent the Merger from being consummated within the expected timeframe or at all. In connection with the Merger, two complaints were filed in the United States District Court for the Southern District of New York and the Fifth Judicial Circuit of Illinois, Coles County, Illinois, (collectively, the " Actions "). The complaints each alleged that the proxy statement issued in connection with the proposed transaction and Merger omitted material information that rendered the proxy statement incomplete and misleading. Specifically, the complaints alleged, among other things, violations of Section 14 (a), Section 20 (a) and Rule 14a- 9 of the Securities Exchange Act of 1934, as amended, violations of the Illinois Securities Act of 1953, as well as claims under Illinois law for negligent misrepresentation and concealment and negligence. A supplemental disclosure was filed by the Company as definitive additional proxy soliciting material on Schedule 14A with the SEC on January 24, 2024. On January 4, 2024, the complaint in the United States District Court for the Southern District of New York was dismissed. On January 25, 2024, the complaint in the Fifth Judicial Circuit of Illinois was dismissed. While the Actions have been dismissed, additional lawsuits may be filed against us, our Board of Directors, the Special Committee of the Board of Directors or other parties to the Merger Agreement, challenging our acquisition by Parent making other claims in connection therewith. Such lawsuits may be brought by our purported stockholders and may seek, among other things, to enjoin consummation of the Merger. One of the conditions to the consummation of the Merger is that the consummation of the Merger is not restrained, made illegal, enjoined or prohibited by any order or legal or regulatory restraint or prohibition of a court of competent jurisdiction or any governmental entity. As such, if the plaintiffs in such potential lawsuits are successful in obtaining an injunction prohibiting the defendants from completing the Merger on the agreed upon terms, then such injunction may prevent the Merger from becoming effective, or from becoming effective within the expected timeframe. If the Merger is completed, our stockholders will forgo the opportunity to benefit from potential future appreciation in the value of the Company. The Merger Agreement provides for the stockholders of record of the Company' s common stock to receive cash consideration of $ 4. 70 per share of Company common stock, without interest, upon the closing of the transactions contemplated by the Merger Agreement. If the transaction is consummated, our stockholders will no longer hold interests in the Company and, therefore, will not be entitled to benefit from any potential future appreciation in the value of the Company. In the absence of the transactions contemplated by the Merger Agreement, we could have various opportunities to enhance the Company' s value, including, but not limited to, entering into a transaction that values the shares of our common stock higher than the value provided for in the Merger Agreement. Therefore, if the Merger is completed, stockholders will forgo future appreciation, if any, in the value of the Company and the opportunity to 16participate in any other potential transactions that may have resulted in a higher price per share than the price to be paid in the transaction contemplated by the Merger Agreement. If the Merger is not consummated on or before January 15, 2025, either the Company or Parent may terminate the Merger Agreement. Either the Company or Parent may terminate the Merger Agreement if the Merger has not been consummated by January 15, 2025, as such date may be automatically extended pursuant to the terms of the Merger Agreement. This termination right, however, will not be available to a party if that party failed to fulfill its obligations under the Merger Agreement and that failure was the principal cause of, or directly resulted in, the failure to consummate the Merger on time. In the event the Merger Agreement is terminated by either party due to the failure of the Merger to close by January 15, 2025 (as may be extended), we will have incurred significant costs and will have diverted significant management focus and resources from other strategic opportunities and ongoing business activities without realizing the anticipated benefits of the

Merger. Risks Relating to Our ~~Business~~ **BusinessWe** ~~We~~ expect to continue to face significant competition in all parts of our business and the level of competition could intensify among our customer channels. The telecommunications industry is highly competitive. We face actual and potential competition from many existing and emerging companies, including wireline and wireless companies, long- distance carriers and resellers, Internet service providers, including fixed wireless Internet service providers (“ WISPs ”), satellite companies and cable television companies, and, in some cases, new forms of providers that are able to offer competitive services through software applications requiring a comparatively small initial investment. Due to consolidations and strategic alliances within the industry, we cannot predict the number of competitors we will face at any given time. The wireless business has expanded significantly and has caused many subscribers with traditional telephone and land-based Internet access services to give up those services and rely exclusively on wireless service. Wireless companies are aggressively developing networks using next- generation data technologies, including 5G wireless broadband services, in order to provide increasingly faster data speeds to their customers. A growing number of telecommunications companies are also building and enhancing their fiber networks within many of our service areas. Broadband- deployment funding initiatives from federal and state agencies, including federal infrastructure legislation enacted in 2021, may also result in other service providers deploying new subsidized fiber networks within our service territories. In addition, our video service faces increased competition as consumers’ options for viewing television shows have expanded as content becomes increasingly available through alternative sources. Some providers, including television and cable television content owners, provide streaming and other Over- The- Top (“ OTT ”) services that deliver video content to televisions, computers and other devices over the Internet. Newer products and services will likely continue to be developed, further increasing the number of competitors that all our services face. We may not be able to successfully anticipate and respond to many of the various competitive factors affecting the industry, including regulatory changes that may affect our competitors and us differently, new technologies, services and applications that may be introduced, changes in consumer preferences, demographic trends, and discount or bundled pricing strategies by competitors. The incumbent telephone carriers in the markets we serve enjoy certain business advantages, including size, financial resources, a favorable regulatory position, a more diverse product mix, brand recognition and connection to virtually all of our customers and potential customers. The largest cable operators also enjoy certain business advantages, including size, financial resources, ownership of or superior access to desirable programming and other content, a more diverse product mix, brand recognition and first- in- field advantages with a customer base that generates positive cash flow for their operations. Our competitors continue to add features, increase data speeds and adopt aggressive pricing and packaging for services comparable to the services we offer. Their success in selling services that are competitive with ours among our various customer channels could lead to revenue erosion in our business. We face intense competition in our markets for long- distance, Internet access, video service and other ancillary services that are important to our business and to our growth strategy. If we do not compete effectively **,** we could lose customers, revenue and market share. ~~We~~ **17We** must adapt to rapid technological changes. If we are unable to take advantage of technological developments, or if we adopt and implement them at a slower rate than our competitors, we may experience a decline in the demand for our services. Our industry operates in a technologically complex environment. New technologies are continually developed and existing products and services undergo constant improvement. Emerging technologies offer consumers a variety of choices for their communications and broadband needs. To remain competitive, we will need to adapt to future changes in technology to enhance our existing offerings and to introduce new or improved offerings that anticipate and respond to the varied and continually changing demands of our various customer channels. Our business and results of operations could be adversely affected if we are unable to match the benefits offered by competing technologies on a timely basis and at an acceptable cost, or if we fail to employ technologies desired by our customers before our competitors do so ~~. New technologies, particularly alternative methods for the distribution, access and viewing of content, have been, and will likely continue to be, developed that will further increase the number of competitors that we face and drive changes in consumer behavior. Consumers seek more control over when, where and how they consume content and are increasingly interested in communications services outside of the home and in newer services in wireless Internet technology and devices such as tablets, smartphones and mobile wireless routers that connect to such devices. These new technologies, distribution platforms and consumer behaviors may have a negative impact on our business~~ . In addition, evolving technologies can reduce the costs of entry for others, resulting in greater competition and significant new advantages for competitors. Technological developments could require us to make significant new capital investments in order to remain competitive with other service providers. We expect to continue to incur additional costs as we execute on our technological developments including our fiber network expansion plan. If we do not replace or upgrade our network and its technology on a timely basis, we may not be able to compete effectively and could lose customers. We may also be placed at a cost disadvantage in offering our services. Wireless companies are aggressively developing networks using next- generation data technologies, which are capable of delivering high- speed Internet service via wireless technology to a large geographic footprint. In addition, a growing number of telecommunications companies are building advanced fiber networks to significantly increase broadband speeds. Although we use fiber optics in parts of our networks and are continuing to expand and enhance our fiber network, we continue to rely on coaxial cable and copper transport media to serve customers in certain areas. If we cannot develop new services and products to keep pace with technological advances, or if such services and products are not widely embraced by our customers, our results of operations could be adversely impacted. Shifts in our product mix may result in a decline in operating profitability. Margins vary among our products and services. Our profitability may be impacted by technological changes, customer demands, regulatory changes, the competitive nature of our business and changes in the product mix of our sales. These shifts may also result in our long- lived assets becoming impaired or our inventory becoming obsolete. We review long-lived assets for potential impairment if certain events or changes in circumstances indicate that impairment may be present. We currently manage potential inventory obsolescence through reserves, but future technology changes may cause inventory obsolescence to exceed current reserves. Public health threats ~~, such as the recent outbreak of COVID- 19,~~ could have a material adverse effect on our business, results of operations, cash flows and stock price. We may face risks associated with public health threats or outbreaks of epidemic, pandemic or communicable diseases, such as the outbreak of ~~the coronavirus (“~~ COVID- 19 ~~”)~~ and its variants. The severity, magnitude and duration of global or regional pandemics are uncertain and hard to predict. **Public** ~~Although the domestic and global economies have begun to recover from the COVID- 19 pandemic as many~~ health **threats** ~~and safety restrictions have been lifted, certain adverse consequences of the pandemic continue to impact the economy, including disruptions in the supply chain, labor shortages, rising inflationary pressures and interest rates, and the risk of a recession. As a critical infrastructure provider, we continued to operate our business and provide services to our customers. A future resurgence in the transmission of current or new variants of COVID- 19 or other pandemic conditions~~ that result in any preventive or protective actions implemented by governmental authorities may have a material adverse effect on our operations, customers and suppliers. **Such events may cause certain adverse consequences to the economy, including disruptions in the supply chain, labor shortages, rising inflationary pressures and interest rates, and the risk of a recession.** Adverse economic and market conditions as a result of ~~COVID- 19 or other~~ pandemics could adversely affect the demand for our products and services and may also impact the ability of our customers to satisfy their obligations to us. In addition, volatility in financial and other capital markets may adversely affect the market price of our common stock and our ability to access capital markets. **We** ~~In response to the COVID- 19 pandemic, we have transitioned a substantial number of our employees to telecommuting and remote work arrangements, which may increase the risk of a security breach or cybersecurity attack on our information technology systems that could impact our business. 16We~~ receive support from various funds established under federal and state laws, and the continued receipt of that support is not assured. A ~~significant~~ portion of our revenues come from network access and subsidies. An order adopted by the FCC in 2011 (the “ Transformation Order ”) significantly impacted the amount of support revenue we receive from the Universal Service Fund (“ USF ”), Connect America Fund (“ CAF ”) and intercarrier compensation (“ ICC ”). The Transformation Order reformed core parts of the USF, broadly recast the existing ICC scheme, established the CAF to replace support revenues provided by the USF and redirected ~~support from voice services to broadband services. In 2012, CAF funding was implemented, which froze USF support to price cap carriers until the FCC implemented a broadband cost model to shift~~ support from voice services to broadband services. In 2020, the FCC adopted an order establishing the Rural Digital Opportunity Fund (“ RDOF ”), the next phase of the CAF program ~~, which resulted in a reduction of approximately $ 42. 2 million in the annual support we receive as of January 1, 2022~~ . See Part I – Item 1 – “ Regulatory Environment ” above for statistics of current funding levels. We must comply with numerous FCC and state requirements to continue receiving the RDOF funding. Any failure to comply with the requirements could impact our current funding, which could adversely impact our results of operations and financial condition. We receive subsidy payments from various federal and state universal service support programs, including high- cost support, Lifeline, which reduces the cost of communications services for low- income consumers, and E- Rate, which ~~subsidizes~~ **18subsidizes** the purchase of communications services by schools and libraries. The total cost of the various federal universal service programs has increased significantly in recent years, putting pressure on regulators to reform the programs and to limit both eligibility and support. We cannot predict future changes that may impact the subsidies we receive. However, a reduction in subsidies support may directly affect our profitability and cash flows. A disruption in our networks and infrastructure could cause service delays or interruptions, which could cause us to lose customers and incur additional expenses. Our customers depend on reliable service over our network. The primary risks to our network infrastructure include physical damage to lines, security breaches, capacity limitations, power surges or outages, software defects and disruptions beyond our control, such as natural disasters and acts of terrorism. From time to time in the ordinary course of business, we experience short disruptions in our service due to factors such as physical damage, inclement weather and service failures of our third- party service providers. We could experience more significant disruptions in the future. For example, climate change may increase the intensity and frequency of various natural disasters, as well as contribute to chronic changes in the physical environment (such as changes to ambient temperature and precipitation patterns or sea- level rise) that may impair the operating conditions of our infrastructure or otherwise adversely impact our operations. Disruptions may cause service interruptions or reduced capacity for customers, either of which could cause us to lose customers and incur unexpected expenses. A cyber- attack may lead to unauthorized access to confidential customer, personnel and business information that could adversely affect our business. We utilize our information technology infrastructure to manage and store various proprietary information and sensitive or confidential data relating to our operations. We routinely process, store and transmit large amounts of data for our customers, including sensitive and personally identifiable information. We depend on our information technology infrastructure to conduct business operations and provide customer services. We may be subject to data breaches and disruptions of the information technology systems we use for these purposes. Attempts by others to gain unauthorized access to organizations' information technology systems by hackers and other malicious actors such as foreign governments, criminals, hacktivists, terrorists and insider threats are becoming more frequent and sophisticated, and are sometimes successful. These attempts may include covertly introducing malware to companies' computers and networks, impersonating authorized users or" hacking" into systems. Hackers and other malicious actors may be able to penetrate our network security and misappropriate or compromise our confidential, sensitive, personal or proprietary information, or that of third parties, and engage in the unauthorized use or dissemination of such information. They may be able to create system disruptions, or cause shutdowns. Hackers and other malicious actors may be able to develop and deploy viruses, worms, ransomware and other malicious software programs that attack our products or otherwise exploit any security vulnerabilities of our systems. In addition, sophisticated hardware and operating system software and applications that we procure from third parties may contain defects in design or manufacture, including “ bugs, ” cybersecurity vulnerabilities and other problems that could unexpectedly interfere with the operation or security of our systems. We seek to prevent, detect and investigate all security incidents that do occur, however we may be unable to prevent or detect a significant attack in the future. Significant information technology security failures could result in the theft, loss, damage, unauthorized use or publication of our confidential business information, which could harm our competitive position, subject us to additional regulatory scrutiny, expose us to litigation or otherwise adversely affect our business. ~~17To~~ **To** date, interruptions of our information technology infrastructure and third party suppliers have been infrequent and have not had a material impact on our operations. However, because technology is increasingly complex and cyber- attacks are increasingly sophisticated and more frequent, there can be no assurance that such incidents will not have a material adverse effect on us in the future. The consequences of a breach of our security measures or those of a third- party provider, a cyber- related service or operational disruption, or a breach of personal, confidential, proprietary or sensitive data caused by a hacker or other malicious actor could be significant for us, our customers and other affected third parties. For example, the consequences could include damage to infrastructure and property, impairment of business operations, disruptions to customer service, financial costs and harm to our liquidity, costs associated with remediation, loss of revenues, loss of customers, competitive disadvantage, legal expenses associated with litigation, regulatory action, fines or penalties or damage to our brand and reputation. In addition, the costs to us to eliminate or address the foregoing security challenges and vulnerabilities before or after a cyber- incident could be significant. In addition, our remediation efforts may not be successful and could result in interruptions, delays or cessation of service. We could also lose existing or potential customers for our services in connection with any actual or perceived security vulnerabilities in the services. ~~We~~ **19We** are subject to laws, rules and regulations relating to the collection, use and security of user data. Our operations are also subject to federal and state laws governing information security. In the event of a data breach or operational disruption caused by an information security incident, such rules may require consumer and government agency notification and may result in regulatory enforcement actions with the potential of monetary forfeitures as well as civil litigation. We have incurred, and will continue to incur, expenses to comply with privacy and security standards and protocols imposed by law, regulation, industry standards and contractual obligations. Our operations require substantial capital expenditures and our business, financial condition, results of operations and liquidity may be impacted if funds for capital expenditures are not available when needed. We require significant capital expenditures to maintain, upgrade and enhance our network facilities and operations. While we have historically been able to fund capital expenditures from cash generated from operations and borrowings under our revolving credit facility, the other risk factors described in this section could materially reduce cash available from operations or significantly increase our capital expenditure requirements, which may result in our inability to fund the necessary level of capital expenditures to maintain, upgrade or enhance our network. This could adversely affect our business, financial condition, results of operations and liquidity. If we cannot obtain and maintain necessary rights- of- way for our network, our operations may be interrupted and we could be faced with increased costs. We are dependent on easements, franchises and licenses from state and local governmental authorities, including highway and transit authorities, as well as from various private parties, such as telephone companies, including long- distance companies, and other utilities, and railroads for access to aerial pole space, underground conduits and other rights- of- way in order to construct and operate our networks. Some agreements relating to rights- of- way may be short- term or revocable at will, and we cannot be certain that we will continue to have access to existing rights- of- way after the governing agreements terminate or expire. If any of our right- of- way agreements were terminated or could not be renewed, we may be forced to remove, relocate or abandon our network facilities in the affected areas, which could interrupt our operations, force us to find alternative rights- of- way and incur unexpected capital expenditures. We may be unable to obtain necessary hardware, software and operational support from third- party vendors. We depend on third- party vendors to supply us with a significant amount of hardware, software and operational support necessary to provide certain of our services, to maintain, upgrade and enhance our network facilities and operations, and to support our information and billing systems. Some of our third- party vendors are our primary source of supply for certain products and services for which there are few substitutes. ~~The~~ **Disruptions in the** global supply chains ~~have been and may continue to be impacted by the COVID- 19 pandemic~~ , ~~which has~~ **as experienced in recent years, may** ~~caused~~ **cause** a delay in the development, manufacturing and shipping of products and in some cases an increase in product costs. If any of these vendors should experience financial difficulties, experience supply chain issues, have demand that exceeds their capacity or can no longer meet our specifications or provide products or services we need or at reasonable prices, our ability to provide some services may be hindered, in which case our business, financial condition and results of operations may be adversely affected. Video content costs are substantial and continue to increase. We expect video content costs to continue to be one of our largest operating costs associated with providing video service. Video programming content includes network programming designed to be shown in linear channels, as well as the programming of local over- the- air television stations that we retransmit. The cable industry has experienced continued increases in the cost of programming, especially the cost ~~18of~~ **of** sports programming and local broadcast station retransmission content. Programming costs are generally assessed on a per- subscriber basis, and therefore, are directly related to the number of subscribers to which the programming is provided. Our relatively small subscriber base limits our ability to negotiate lower per- subscriber programming costs. Larger providers can often qualify for discounts based on the number of their subscribers. This cost difference can cause us to experience reduced operating margins, while our competitors with a larger subscriber base may not experience similar margin compression. In addition, escalators in existing content agreements can result in cost increases that exceed general inflation. While we expect video content costs to continue to increase, we may not be able to pass such cost increases on to our customers, especially as an increasing amount of programming content becomes available via the Internet at little or no cost. Also, some competitors or their affiliates own programming in their own right and we may not be able to secure license rights to that programming. As our programming contracts with content providers expire, there is no assurance that they will be renewed on acceptable terms or that they will be renewed at all, in which case we may not be able to provide such programming as part of our video services packages and our business and results of operations may be adversely affected. ~~We~~ **20We** have employees who are covered by collective bargaining agreements. If we are unable to enter into new agreements or renew existing agreements timely, we could experience work stoppages or other labor actions that could materially disrupt our business of providing services to our customers. As of December 31, ~~2022~~ **2023** , approximately ~~49~~ **44** % of our employees were covered by collective bargaining agreements. These employees are hourly workers throughout our service territories and are represented by various unions and locals. Our existing collective bargaining agreements expire between ~~2023~~ **2024** through 2026, of which contracts covering ~~2~~ **6** % of our employees will expire in ~~2023~~ **2024** . We cannot predict the outcome of the negotiations related to the collective bargaining agreements covering our employees. If we are unable to reach new agreements or renew existing agreements, employees subject to collective bargaining agreements may engage in strikes, work stoppages or slowdowns, or other labor actions, which could materially disrupt our ability to provide services to our customers. New labor agreements, or the renewal of existing agreements, may impose significant new costs on us, which could adversely affect our financial condition and result of operations. While we believe our relations with the unions representing these employees are good, any protracted labor disputes or labor disruptions by our employees could negatively impact our business. Our ability to attract and / or retain certain key management and other personnel in the future could have an adverse effect on our business. We rely on the talents and efforts of key management personnel, many of whom have been with our company or in our industry for decades. While we maintain long- term and emergency transition plans for key management personnel and believe we could either identify internal candidates or attract outside candidates to fill any vacancy created by the loss of any key management personnel, the loss of one or more of our key management personnel could have a negative impact on our business. Acquisitions **or other strategic initiatives** present many risks and we may be unable to realize the anticipated benefits of acquisitions. From time to time, we make acquisitions and investments or enter into other strategic transactions. In connection with these types of transactions, we may incur unanticipated expenses; fail to realize anticipated benefits; have difficulty integrating the acquired businesses; disrupt relationships with current and new employees, customers and vendors; incur significant indebtedness or have to delay or not proceed with announced transactions. The occurrence of any of the foregoing events could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may face significant challenges in combining the operations of an acquired business with ours in a timely and efficient manner. The failure to successfully integrate an acquired business and to successfully manage the challenges presented by the integration process may result in our inability to achieve anticipated benefits of the acquisition, including operational and financial synergies. Even if we are successful in integrating acquired businesses, we cannot guarantee that the integration will result in the complete realization of anticipated financial synergies or that they will be realized within the expected time frames. Increasing attention to, and evolving expectations for, environmental, social, and governance (" ESG ") initiatives could increase our costs, harm our reputation, or otherwise adversely impact our business. Companies across industries are facing increasing scrutiny from a variety of stakeholders related to their ESG practices. Expectations regarding voluntary ESG initiatives and disclosures may result in increased costs (including but not limited to increased costs related to compliance, stakeholder engagement, contracting and insurance), changes in demand for ~~19certain~~ -- **certain** offerings, enhanced compliance or disclosure obligations, or other adverse impacts to our business, financial condition, or results of operations. While we may at times engage in voluntary initiatives (such as voluntary disclosures, certifications, or goals, among others) to improve the ESG profile of our company and / or offerings or to respond to stakeholder demands, such initiatives may be costly and may not have the desired effect. Expectations around companies' management of ESG matters continues to evolve rapidly, in many instances due to factors that are out of our control. While we commit to certain initiatives or goals, we may not ultimately be able to achieve them due to cost, technological, or other constraints. Moreover, actions or statements that we may take based on based on expectations, assumptions, or third- party information that we currently believe to be reasonable may subsequently be determined to be erroneous or be subject to misinterpretation. Even if this is not the case, our current actions may subsequently be determined to be insufficient by various stakeholders, and we may be subject to investor or regulator engagement on our ESG initiatives and disclosures, even if such initiatives are currently voluntary. Certain market participants, including major institutional investors and capital providers, use third- party benchmarks and scores to assess companies' ESG profiles in making investment or voting decisions. Unfavorable ESG ratings could lead ~~to~~ **21to** increased negative investor sentiment towards us, which could negatively impact our share price as well as our access to and cost of capital. To the extent ESG matters negatively impact our reputation, it may also impede our ability to compete as effectively to attract and retain employees, customers, or business partners, which may adversely impact our operations. In addition, we expect there will likely be increasing levels of regulation, disclosure- related and otherwise, with respect to ESG matters, which will likely lead to increased costs as well as scrutiny that could heighten all of the risks identified in this risk factor. Additionally, many of our customers and suppliers may be subject to similar expectations, which may augment or create additional risks, including risks that may not be known to us. Risks Relating to Current Economic ConditionsUnfavorable changes in financial markets could adversely affect pension plan investments resulting in material funding requirements to meet our pension obligations. We expect that we will continue to make future cash contributions to our pension plans, the amount and timing of which will depend on various factors including funding regulations, future investment performance, changes in future discount rates and mortality tables and changes in participant demographics. Unfavorable fluctuations or adverse changes in any of these factors, most of which are outside our control, could impact the funded status of the plans and increase future funding requirements. Returns generated on plan assets have historically funded a large portion of the benefits paid under these plans. If the financial markets experience a downturn and returns fall below the estimated long- term rate of return, our future funding requirements could increase significantly, which could adversely affect our cash flows from operations. Weak economic conditions may have a negative impact on our business, results of operations and financial condition. Downturns in the economic conditions in the markets and industries we serve, including the impacts of inflation ~~and~~ **, unemployment rates, economic growth, disruptions in the global supply chain,** the ongoing war between Russia and Ukraine ~~,~~ **and the conflict in the Middle East** could adversely affect demand for our products and services and have a negative impact on our results of operations. Economic weakness or uncertainty may make it difficult for us to obtain new customers and may cause our existing customers to reduce or discontinue their services to which they subscribe. This risk may be worsened by the expanded availability of free or lower cost services, such as streaming or OTT services or substitute services, such as wireless phones and public Wi- Fi networks. In addition, recent inflationary pressures may also have an adverse impact on our cost structure and result in increased costs for materials, labor and other operating expenses. If such impacts are prolonged and substantial, it could have a negative impact on our results of operations and capital expenditures. Weak economic conditions may also impact the ability of our customers and third parties to satisfy their obligations to us. ~~20Risks~~ -- **Risks** Relating to Our Common and Preferred StockThe price of our common stock may be volatile and may fluctuate substantially, which could negatively affect holders of our common stock. The market price of our common stock may fluctuate widely as a result of various factors including, but not limited to, period- to- period fluctuations in our operating results, the volume of sales of our common stock, the limited number of holders of our common stock and the resulting limited liquidity in our common stock, dilution, developments in the communications industry, the failure of securities analysts to cover our common stock, changes in financial estimates by securities analysts, short interests in our common stock, competitive factors, regulatory developments, labor disruptions, general market conditions and market conditions affecting the stock of communications companies. Communications companies have, in the past, experienced extreme volatility in the trading prices and volumes of their securities, which has often been unrelated to operating performance. High levels of market volatility may have a significant adverse effect on the market price of our common stock. In addition, in the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert management' s attention and resources, which could have a material adverse impact on our business, financial condition, results of operations, liquidity and / or the market price of our common stock. Our organizational documents could limit or delay another party' s ability to acquire us and, therefore, could deprive our investors of a possible takeover premium for their shares. A number of provisions in our amended and restated certificate of incorporation and bylaws could make it difficult for another company to acquire us. Among other things, these provisions: ● Provide that directors may only be removed for cause and then only upon the affirmative vote of holders of two- thirds or more of the voting power of our outstanding common stock; **22** ● Require the affirmative vote of holders of two- thirds or more of the voting power of our outstanding common stock to amend, alter, change or repeal specified provisions of our amended and restated certificate of incorporation and bylaws; ● Require stockholders to provide us with advance notice if they wish to nominate any candidates for election to our Board of Directors or if they intend to propose any matters for consideration at an annual stockholders meeting; and ● Authorize the issuance of so- called " blank check " preferred stock without stockholder approval upon such terms as the Board of Directors may determine. We also are subject to laws that may have a similar effect. For example, federal and certain state telecommunications laws and regulations generally prohibit a direct or indirect transfer of control over our business without prior regulatory approval. Similarly, Section 203 of the Delaware General Corporation Law restricts our ability to engage in a business combination with an " interested stockholder ". These laws and regulations make it difficult for another company to acquire us, and therefore, could limit the price that investors might be willing to pay in the future for shares of our common stock. In addition, the rights of our common stockholders are subject to, and may be adversely affected by, the rights of holders of any class or series of preferred stock that we may issue in the future. The rights of our Series A Preferred Stock could negatively impact our cash flows. The terms of our Series A Preferred Stock provide rights to holders that could negatively impact us. Holders of our Series A Preferred Stock are entitled to receive cumulative dividends on the liquidation preference at a rate of 9 % per annum payable semi- annually, until October 2, 2027 at our election, either in cash or in- kind through an accrual of unpaid dividends, which are automatically added to the liquidation preference; and after October 2, 2027, solely in cash. In addition, upon a liquidation event, holders of the Series A Preferred Stock will have the right to require the Company to repurchase all or any part of the outstanding Series A Preferred Stock for cash at a price equal to the liquidation preference plus any accrued and unpaid dividends. The existence of senior securities such as the Series A Preferred Stock could have an adverse effect on the value of our common stock. The Series A Preferred Stock ranks senior to our common stock with respect to dividend distribution payments upon liquidation. The rights of holders of our Series A Preferred Stock rank senior to the rights of holders of our common ~~21stock~~ -- **stock** . Before dividends, if any, can be paid to holders of our common stock, any dividends, including accrued and unpaid dividends, must first be paid to holders of our Series A Preferred Stock. In addition, upon a liquidation event, holders of Series A Preferred Stock are entitled to receive full payment for their shares before any payment can be made to holders of our common stock. The existence of senior securities such as the Series A Preferred Stock could have an adverse effect on the value of our common stock. Risks Relating to Our Indebtedness and Our Capital StructureWe have a substantial amount of debt outstanding, which could adversely affect our business and restrict our ability to fund working capital and planned capital expenditures. As of December 31, ~~2022~~ **2023** , we had $ 2. 1 billion of debt outstanding. Our substantial level of indebtedness could adversely impact our business, including: ● We may be required to use a substantial portion of our cash flow from operations to make principal and interest payments on our debt, which will reduce funds available for operations, capital expenditures, future business opportunities and strategic initiatives; ● We may have limited flexibility to react to changes in our business and our industry; ● It may be more difficult for us to satisfy our other obligations; ● We may have a limited ability to borrow additional funds or to sell assets to raise funds if needed for working capital, capital expenditures, acquisitions or other purposes; ● We may become more vulnerable to general adverse economic and industry conditions, including changes in interest rates; ~~and~~ **and23** ● We may be at a disadvantage compared to our competitors that have less debt. We cannot guarantee that we will generate sufficient revenues to service our debt and have adequate funds left over to achieve or sustain profitability in our operations, meet our working capital and capital expenditure needs or compete successfully in our markets. Our credit agreement and the indentures governing our Senior Notes contain covenants that limit management' s discretion in operating our business and could prevent us from capitalizing on opportunities and taking other corporate actions. Among other things, our credit agreement limits or restricts our ability (and the ability of certain of our subsidiaries), and the separate indenture governing the Senior Notes limits the ability of our subsidiary, Consolidated Communications, Inc., and its restricted subsidiaries to: incur or guarantee additional indebtedness or issue preferred stock; make restricted payments, including paying dividends on, redeeming, repurchasing or retiring our capital stock; make investments and prepay or redeem debt; enter into agreements restricting our subsidiaries' ability to pay dividends, make loans or transfer assets to us; create liens; sell or otherwise dispose of assets, including capital stock of, or other ownership interests in subsidiaries; engage in transactions with affiliates; engage in sale and leaseback transactions; make capital expenditures; engage in a business other than telecommunications; and consolidate, merge or transfer all or substantially all of the assets of the Company. In addition, our credit agreement, with respect to the revolving credit facility only, requires us to comply with specified financial ratios, including a financial covenant based on a maximum consolidated first lien leverage ratio. Our ability to comply with these ratios may be affected by events beyond our control. These restrictions limit our ability to plan for or react to market conditions, meet capital needs or otherwise constrain our activities or business plans. They also may adversely affect our ability to finance our operations, enter into acquisitions or engage in other business activities that would be in our interest. A breach of any of the covenants contained in our credit agreement, in any future credit agreement, or in the separate indentures governing the Senior Notes, or our inability to comply with the financial ratios could result in an event of default, which would allow the lenders to declare all borrowings outstanding to be due and payable. If the amounts outstanding under our credit facilities were to be accelerated, we cannot assure that our assets would be sufficient to repay in full the money owed. In such a situation, the lenders could foreclose on the assets and capital stock pledged to them. ~~22We~~ **We** may not be able to refinance our existing debt if necessary, or we may only be able to do so at a higher interest rate. We may be unable to refinance or renew our credit facilities and our failure to repay all amounts due on the maturity dates would cause a default under the credit agreement. Alternatively, any renewal or refinancing may occur on less favorable terms. If we refinance our credit facilities on terms that are less favorable to us than the terms of our existing debt, our interest expense may increase significantly, which could impact our results of operations and impair our ability to use our funds for other purposes. Our variable- rate debt subjects us to interest rate risk, which could impact our cost of borrowing and operating results. Certain of our debt obligations are at variable rates of interest and expose us to interest rate risk. Increases in interest rates could negatively impact our results of operations and operating cash flows. We utilize interest rate swap agreements to convert a portion of our variable- rate debt to a fixed- rate basis. However, we do not maintain interest rate hedging agreements for all of our variable- rate debt and our existing hedging agreements may not fully mitigate our interest rate risk, may prove disadvantageous or may create additional risks. Changes in fair value of cash flow hedges that have been de- designated or determined to be ineffective are recognized in earnings. Significant increases or decreases in the fair value of these cash flow hedges could cause favorable or adverse fluctuations in our results of operations. ~~In addition, a substantial portion of our variable- rate debt bears interest based on the London Interbank Offering Rate (" LIBOR "). In 2017, the Financial Conduct Authority (" FCA "), which regulates LIBOR, announced that it intends to stop requiring banks to submit rates for the calculation of LIBOR after 2021. In November 2020, ICE Benchmark Administration (" IBA "), the administrator of LIBOR, extended the cessation date for submission and publication of rates for all LIBOR tenors until June 30, 2023, except for the one- week and two- month LIBOR tenors, which ceased on December 31, 2021. As of January 1, 2022, regulated U. S. financial institutions are no longer permitted to enter into new contracts referencing any LIBOR settings. The U. S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee (" ARRC "), has proposed replacing LIBOR with the Secured Overnight Financing Rate (" SOFR "), a new index based on trading in overnight repurchase agreements. The Adjustable Interest Rate (LIBOR) Act (the " LIBOR Act "), enacted in March 2022, provides a framework for certain contracts to replace LIBOR with a benchmark rate based on SOFR. While the LIBOR Act effectively established SOFR as the default replacement rate for LIBOR, it is not possible to predict at this time whether SOFR will become the most prevalent alternative reference rate in the market or what impact the transition from LIBOR to alternative reference rates may have on the interest rates for our current and future debt obligations as well as our interest rate swap agreements, which may be adversely affected. In addition, any transition process from LIBOR to an alternative rate could cause, among other things, LIBOR to perform differently than in the past, a disruption in the financial markets, or increases in benchmark rates, any of which could adversely affect our results of operations, cash flows and liquidity. We currently expect to complete the transition from LIBOR to SOFR or an alternate base rate for our variable rate debt and interest rate swap agreements during the second quarter of 2023.~~ Risks Related to the Regulation of Our BusinessWe are subject to a complex and uncertain regulatory environment, and we face compliance costs and restrictions greater than those of many of our competitors. Our businesses are subject to regulation by the FCC and other federal, state and local governmental authorities. Rapid changes in technology and market conditions have resulted in changes in how the government regulates telecommunications, video programming and Internet services. Many businesses that compete with our Incumbent Local Exchange Carrier (" ILEC ") and non- ILEC subsidiaries are comparatively less regulated. Some of our competitors are either not subject to utilities regulation or are subject to significantly fewer regulations. In contrast to our subsidiaries regulated as cable operators and satellite video providers, competing on- demand ~~and~~ **24and** OTT providers and motion picture ~~and DVD~~ firms have almost no regulation of their video activities. Recently, federal and state authorities have become more active in seeking to address critical issues in each of our product and service markets. The adoption of new laws or regulations, or changes to the existing regulatory framework at the federal, state or local level, could require significant and costly adjustments that could adversely affect our business plans. New regulations could impose additional costs or capital requirements, require new reporting, impair revenue opportunities, potentially impede our ability to provide services in a manner that would be attractive to our customers and potentially create barriers to enter new markets or to acquire new lines of business. We face continued regulatory uncertainty in the immediate future. Not only are these governmental entities continuing to move forward on these matters, their actions remain subject to reconsideration, appeal and legislative modification over an extended period of time, and it is unclear how their actions will ultimately impact our business. We cannot predict future developments or changes to the regulatory environment or the impact such developments or changes may have on us. ~~23Increased -~~- **Increased** regulation of the Internet could increase our cost of doing business. Current laws and regulations governing access to, ~~or~~ **and** commerce on, the Internet are relatively limited. ~~As the significance of the Internet continues to expand, federal, state and local governments may adopt new rules and regulations applicable to, or apply existing laws and regulations to, the Internet.~~ In **particular, in** 2017, the FCC adopted an order ~~rescinding~~ **restoring** its previous classification of **mass- market broadband** Internet **access** service as ~~a telecommunications~~ **an information** service ~~regulated~~ under Title ~~II~~ **I** of the Communications Act **and eliminating bright- line federal network neutrality requirements** , which has effectively limited the FCC' s authority over Internet Service Providers **(" ISPs ")** . However, the ~~FCC~~ **order** retained rules requiring **ISPs** ~~Internet Service Providers~~ to disclose **pricing and performance information for their services, as well as their network management** practices ~~associated with~~ **, including any** blocking, throttling ~~and~~ **or** paid prioritization of Internet traffic. The ~~FCC~~ order was challenged in court and in 2019, a U. S. Court of Appeals upheld the FCC' s decision **to** ~~reclassifying~~ --- **reclassify broadband** Internet access ~~services~~ - **service** as an information service **and rescind its bright- line network neutrality rules** . ~~However~~ **Federal** , **state and local governments may adopt new rules and regulations applicable to, or apply existing laws and regulations to,** the **Internet. While the 2019 court** ruling **upheld broadband Internet access service' s information- service classification, it** invalidated the FCC' s decision ~~that~~ **to preempt all** state ~~regulators may not impose obligations similar to the federal~~ network neutrality ~~obligations~~ **requirements** . Several states have adopted rules similar to the network neutrality requirements that were eliminated by the FCC and new state legislation may be adopted in the future. **Moreover, in October 2023, the FCC released a notice of proposed rulemaking seeking to reclassify mass- market broadband Internet access service as telecommunications service under Title II of the Communications Act, and to reimpose certain bright- line network neutrality rules, among other requirements, on ISPs.** The outcome of ~~pending matters before~~ **this proceeding, as well as** the **prospect of** ~~FCC and the Federal Trade Commission (" FTC ") and any~~ potential congressional action **related to network neutrality,** cannot be determined at this time **,** but could lead to increased costs for the Company in connection with our provision of **broadband** Internet **access** ~~services~~ - **service** , and could affect our ability to compete in the markets we serve. We are subject to extensive laws and regulations relating to the protection of the environment, natural resources and worker health and safety. Our operations and properties are subject to federal, state and local laws and regulations relating to the protection of the environment, natural resources and worker health and safety, including laws and regulations governing and creating liability in connection with the management, storage and disposal of hazardous materials, asbestos and petroleum products. We are also subject to laws and regulations governing air emissions from our fleet vehicles. As a result, we face several risks, including: ● Hazardous materials may have been released at properties that we currently own or formerly owned (perhaps through our predecessors). Under certain environmental laws, we could be held jointly and severally liable, without regard to fault, for the costs of investigating and remediating any actual or threatened contamination at these properties and for contamination associated with disposal by us, or by our predecessors, of hazardous materials at third- party disposal sites; ● We could incur substantial costs in the future if we acquire businesses or properties subject to environmental requirements or affected by environmental contamination. In particular, environmental laws regulating wetlands, endangered species and other land use and natural resources may increase the costs associated with future business or expansion or delay, alter or interfere with such plans; ● The presence of contamination can adversely affect the value of our properties and make it difficult to sell any affected property or to use it as collateral; and ● We could be held responsible for third- party property damage claims, personal injury claims or natural resource damage claims relating to contamination found at any of our current or past properties. **25** ~~The cost of complying with environmental requirements could be significant. Similarly, the adoption of new environmental laws or regulations, or changes in existing laws or regulations or their interpretations, could result in significant compliance costs or unanticipated environmental liabilities. Effects of climate change may impose risk of damage to our infrastructure, our ability to provide services, and may cause changes in federal and state regulation, all of which may result in potential adverse impact to our financial results. Extreme weather events precipitated by long- term climate change have the potential to directly damage network facilities or disrupt our ability to build and maintain portions of our network. Any such disruption could delay network deployment plans, interrupt service for our customers, increase our costs and have a negative effect on our operating results. The potential physical effects of climate change, such as increased frequency and severity of storms, droughts, floods, fires, freezing conditions, sea- level rise, and other climate- related events, could adversely affect our operations, infrastructure, and financial results. Operational impacts resulting from the potential physical effects of climate change, such as damage to our network infrastructure, could result in increased costs and loss of revenue. We could incur significant costs to improve the climate resiliency of our infrastructure and otherwise prepare for, respond to, and mitigate such physical 24~~