

Risk Factors Comparison 2024-12-05 to 2023-12-06 Form: 10-K

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

Deterioration of economic conditions could harm the Company's business. The Company's business may be adversely affected by changes in national or global economic conditions, including inflation, interest rates, tax rates, availability of capital, energy availability and costs (including fuel surcharges), political developments, civil unrest, and the effects of governmental initiatives to manage economic conditions. Decreases in consumer spending rates and shifts in consumer product preferences could also negatively impact the Company. Volatility in financial markets and the deterioration of national and global economic conditions could impact the Company's operations as follows:

- The financial stability of the Company's customers and suppliers may be compromised, which could result in challenges in collecting accounts receivable or non-performance by suppliers.
- Unfavorable economic conditions may lead customers and consumers to delay or reduce purchases of the Company's products.
- Customer demand for products may not materialize to levels required to achieve the Company's anticipated financial results or may decline as distributors and retailers seek to reduce inventory positions if there is an economic downturn or economic uncertainty in key markets.
- The value of the Company's investments in debt and equity securities may decline, including, most significantly, **assets held in pension plans and** the trading securities held as part of a rabbi trust to fund supplemental executive retirement plans and deferred **compensation** income plans and the Company's **assets held in pension plans**.
- Future volatility or disruption in the capital and credit markets could impair the Company's liquidity or increase costs of borrowing.
- The Company may be required to redirect cash flow ~~from provided by~~ operations or explore alternative strategies, such as disposing of assets, to fulfill the payment of principal and interest on its indebtedness. The Company has no **manufacturing** operations in Russia ~~or~~, Ukraine, **or the Middle East**, yet it has experienced inflated fuel costs and supply chain shortages and delays due to the impact of the military ~~conflict~~ **conflicts** on the global economy. If ~~this~~ **these conflict conflicts**, or others **arise or** such as the Israel-Hamas war, ~~escalates~~ **escalate** further, ~~it~~ **the Company** could ~~result in~~, among other things, **face** additional supply chain disruptions, rising prices for oil and other commodities, volatility in capital markets and foreign exchange rates, rising interest rates, or heightened cybersecurity risks, any of which may adversely affect the Company's business. **In addition, the effects of the ongoing conflict could heighten many of the other risk factors included in Item 1A.** The Company utilizes **manages its exposure to commodity prices through** hedging programs **that utilize** to manage its exposure to various market risks, such as commodity prices and interest rates, which qualify for hedge accounting, **where qualified**, for financial reporting purposes. Volatile fluctuations in market conditions could cause these instruments to become ineffective, which could require any gains or losses associated with these instruments to be reported in the Company's earnings each period. These instruments may limit the Company's ability to benefit from market gains if commodity prices ~~and/or interest rates~~ become more favorable than those secured under the Company's hedging programs. **If a highly pathogenic human disease outbreak developed, such as COVID-19, it may negatively impact the global economy, demand for Company products, the supply chain, the Company's co-manufacturers, and / or the Company's workforce availability including leadership, and the Company's financial results could suffer. The Company has developed contingency plans to address infectious disease scenarios and the potential impact on its operations and will continue to update these plans, as necessary. There can be no assurance given, however, that these plans will be effective in eliminating the negative effects of any such diseases on the** Company's ~~inability to consummate a transaction timely or on favorable terms,~~ diversion of management's attention from other business concerns, loss of key employees and customers of current or acquired companies, inability to integrate or divest operations successfully, assumption of unknown liabilities, disputes with buyers, sellers, or partners, inability to obtain favorable financing terms, ~~and the inherent risks in entering markets or lines of business in which the Company has limited or no prior experience.~~ There is also the risk of post-acquisition impairment charges if purchase assumptions are not achieved, **and the inherent risks in entering markets or lines of business in which the Company has limited or no prior experience.** Due to the nature of **these arrangements**, joint ventures and equity investments ~~these arrangements~~ involve further risks, including the possibility that the Company is unable to execute business strategies and manage operations given limitations of the Company's control. Additionally, partners may **become bankrupt**, make business decisions that are inconsistent with the Company's goals, ~~or~~ block or delay necessary decisions, ~~or experience financial difficulties of their own~~. Acquisitions, joint ventures, or equity investments outside the U.S. may also present unique challenges and increase the Company's exposure to the risks associated with foreign operations. **Any or all of these risks could impact the Company's financial results and business reputation.** The Company's level of indebtedness **increased significantly to fund the purchase of the Planters® snack nuts business and** may **continue to** increase to fund future acquisitions, joint ventures, or equity investments. Higher levels of debt may, among other things, impact the Company's liquidity or credit rating and increase the Company's exposure to negative fluctuations in interest rates. **During fiscal 2023,** Any of these risks could impact the Company's financial results and ~~an~~ business reputation. Risks and uncertainties associated with intangible assets, including any future goodwill or intangible asset impairment **was indicated for the Justin's® trade name, resulting in an impairment charge** ~~charge~~, may negatively ~~of~~ **\$ 28.4 million and** its goodwill and indefinite-lived intangible assets are initially recorded at fair value and are not amortized ~~but~~ are reviewed for impairment annually or more frequently if impairment indicators arise. Impairment testing requires judgment around estimates and assumptions and is impacted by factors such as revenue growth rates, operating margins, tax rates, royalty rates, and discount rates. An unfavorable change in these factors may lead to the impairment of goodwill and / or intangible assets. During fiscal 2023, an impairment was indicated for the Justin's® trade name, resulting in an impairment charge of \$ 28.4 million. ~~Additionally~~ **In addition,** ~~during~~ if a highly

pathogenic human disease outbreak developed, such as COVID-19, it may negatively impact the global economy, demand for Company products, the supply chain, the Company's co-manufacturers, and / or the Company's workforce availability including leadership, and the Company's financial results could suffer. The Company has developed contingency plans to address infectious disease scenarios and the potential impact on its operations, and will continue to update these plans as necessary. There can be no assurance given, however, that these plans will be effective in eliminating the negative effects of any such diseases on the Company's operating results. The Company's operations are subject to the general risks associated with acquisitions, joint ventures, equity investments, and divestitures. The Company regularly reviews opportunities to support the Company's strategic initiative of delivering long-term value to shareholders through acquisitions, joint ventures, and equity investments and to divest non-strategic assets. The Company has made several acquisitions, joint ventures, equity investments, and divestitures in recent years, including the acquisition of the Planters® snack nuts business in fiscal 2021 and purchase of a minority interest in Garudafood in fiscal 2023. Potential risks associated with these transactions include the inability to consummate a transaction timely or on favorable terms, **diversion of management's attention from..... of \$ 28. 4 million** and the Company recorded a \$ 7. 0 million impairment charge related to a corporate venturing investment to recognize a decline in fair value not believed to be temporary. **Fiscal 2024 net sales for Planters® snack nuts were negatively impacted by production disruptions at the Suffolk, Virginia, facility. The Company believes these impacts are short term in nature (less than one year) and projects sales to recover to historical levels shortly after supply normalizes. Should the impact last longer, or be more severe than currently anticipated, it is likely the Company would have to recognize an impairment charge on this trade name, which is currently valued at \$ 675 million.** The Company is subject to **the risk of disruption of operations, including at owned facilities, co-manufacturers, suppliers, logistics providers, customers, or other third-party service providers.** **Disruption of the Company's ability, and the ability of operations at the Company's co-manufacturers, suppliers, or and logistics providers have and may continue to manufacture, supply impact the Company's product and input supplies as well as the ability to distribute the Company's products is critical.** **Disruptions related to the Company's success. A significant customers or sales channels has and could continue to result in a reduction in sales or change in the mix of products sold.** **Disruption in services from partners such as the operation of the Company's manufacturing, supply, or distribution capabilities, whether Company-owned or supported by third parties -party service providers used to support various business functions such as benefit plan administration, payroll processing, information technology and cloud computing services could have an adverse effect a negative impact on the Company's ability to operate its business.** **Disruptions of third-party providers have had and may continue to have an adverse effect on the Company's financial results.** Actions taken to mitigate the impact of any potential disruption, including increasing inventory in anticipation of a potential production or supply interruption, may adversely affect the Company's financial results. Additionally, labor-related challenges have caused disruptions for many of these providers and may continue to impact the Company's ability to receive inputs or distribute products. **The Company relies on its customers to sell its products to ultimate consumers. Disruptions related to significant customers or sales channels could result in a reduction in sales or a change in the mix of products sold. The Company also relies on a variety of third-party service providers to support its operations. Disruption in services from third-party service providers used to support business functions such as benefit plan administration, payroll processing, information technology (IT) and cloud computing services could have a negative impact on the Company's business.** The Company may not realize the anticipated cost savings or operating efficiencies **profit improvements** associated with strategic initiatives, including. The Company operates in the highly competitive food industry and is **its Transform and Modernize initiative** subject to volatile cost inputs. **The Company implements Strategic strategic initiatives are implemented to achieve a profitable cost structure, operate efficiently more profitably, better serve customers, and optimize cash flow. These initiatives may focus on opportunities to improve the procurement, manufacturing, and logistics within the Company's supply chain as well as general and administrative processes. A failure or delay in implementing the improvements associated with these strategic initiatives could adversely impact the Company's results, ability to meet its long-term growth expectations, and ability to fund future initiatives. The Company began its Transform and Modernize enterprise transformation and modernization initiative in the second half of fiscal 2023 to provide cost savings and with a goal of contributing meaningful operating efficiencies by profit growth through fiscal 2026. If this initiative does not achieve the expected financial impact or is not completed in a timely manner the aggregate or on the expected timeline, the Company's financial results and ability to meet its long-term growth expectations could be adversely impacted.** **customer service, and process efficiencies, and upgrade technologies.** The projects, including updating modernizing the Company's order-to-cash process, are expected to improve the efficiency and effectiveness of certain financial and business transaction processes and the underlying systems environment. Multiple phases of these projects have already been implemented and additional phases are expected to be implemented in the upcoming years. These implementations are a major undertaking from a financial, management, and personnel perspective and may prove to be more difficult, costly, or time consuming than expected, and there can be no assurance that these projects will be beneficial to **the extent anticipated** The Company is subject to **risk of the loss of a material significant contract or unfavorable changes in the Company's relationships with significant customers.** The Company is a party to several supply, distribution, contract packaging and other **material significant** contracts. The loss of a **material significant** contract or failure to obtain new **material significant** contracts could adversely affect the Company's **financial results. Sales to the Company's largest customer, Walmart, accounted for approximately 16 percent of consolidated gross sales less returns and allowances during fiscal 2024. Walmart is a customer for the Company's Retail and International segments. The Company's top five customers collectively represented approximately 37 percent of consolidated gross sales less returns and allowances during fiscal 2024. The loss of one or more of the top customers in any of the reportable segments could have a material adverse effect upon such segment's financial results.** The Company may be adversely impacted if the Company is **affected by cybersecurity unable to protect information technology systems**

against, or effectively respond to, cyber attacks or, security breaches, or other IT interruptions, involving its own systems or those with whom it does business. IT information technology systems are an important part of the Company's business operations. The In addition, the Company also increasingly relies upon third- party service providers for a variety of business functions, including cloud- based services. Cyber incidents are occurring more frequently across U. S. industries and are being made by groups and individuals with a wide range of motives and expertise. Continued In addition, high- profile data security incidents and IT interruptions at other companies, including companies with whom the Company does business, evidence an external environment that is becoming increasingly hostile-challenging. From time to time, the Company has experienced, and may experience in the future, breaches of its security measures due to human error, malfeasance, insider threats, system errors or vulnerabilities or other irregularities, none of which have been material to date. In Remote work arrangements may bring additional-- addition information technology and, from time to time the Company has experienced disruptions to its operations due to IT interruptions at third parties with whom it does business. To data-date security risks, none of these have been material. Although the Company has programs in place related to business continuity, disaster recovery, and information security initiatives to maintain the confidentiality, integrity, and availability of systems, business applications, and customer information, the Company may not be able to anticipate or implement effective preventive measures against all potential IT interruptions or cybersecurity threats, especially because, in connection with cybersecurity threats the techniques used change frequently and because attacks can originate from a wide variety of sources, both domestic and foreign. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapidly evolving nature of the threats, targets, and consequences. In addition, If the Company experiences a loss or significant disruption in its operations due to a cybersecurity event or the other IT interruption, the Company may suffer reputational, competitive, and business harm and may be exposed to legal liability, which may adversely affect the Company's results of operations. The Company may be adversely affected if it fails to timely replace legacy technologies. The Company has been evolving its IT infrastructure but continues to rely on a variety of legacy technologies across its business. The Company is investing significant funds to update its IT infrastructure. If the midst Company fails to timely complete this work, the risk of multi-year an adverse cybersecurity incident may increase, if, for example, vendors fail to continue to provide security updates. Reliance on legacy technology for an extended period may also increase the Company's IT maintenance expense and risk of system downtime, as well as slow the Company's adoption of more innovative technologies or ability to benefit from more sophisticated data and technology transformation projects to achieve better analytics, customer service, and process efficiencies..... will be beneficial to the extent anticipated. Deterioration of labor relations, labor availability or increases in labor costs could harm the Company's business. As of October 29, 2023, the Company employed approximately 20,000 people worldwide, of which approximately 20 percent were represented by labor unions, principally the United Food and Commercial Workers Union. Union contracts at two of the Company's manufacturing facilities, covering approximately 250 employees, will expire during fiscal 2024. A significant increase in labor costs or a deterioration of labor relations at any of the Company's owned facilities or co-manufacturing facilities resulting in work slowdowns or stoppages could harm the Company's financial results. Labor and skilled labor availability challenges could continue to have an adverse effect on the Company's business. The Company periodically renegotiates its collective bargaining agreements as such agreements expire. New or increased unionization efforts at a facility or failure to successfully negotiate with existing unions could lead to disruptions in the Company's business supply chain, increases in operating costs, and constraints on operating flexibility. Industry Risks The Company's operations are subject to the general risks of the food industry. The food products manufacturing industry is subject to the risks posed by a number of factors, including: ▪ food spoilage; ▪ food contamination caused by disease-producing organisms or pathogens, such as Listeria monocytogenes, Salmonella, and pathogenic E coli.; ▪ mislabeling, including with respect to food allergens ; ▪ food spoilage; ▪ claims of false or deceptive advertising ; ▪ nutritional and health-related concerns; ▪ federal, state, and local food processing controls; ▪ consumer product liability claims; ▪ product tampering; and ▪ the possible unavailability and / or expense of liability insurance. The pathogens that may cause food contamination are found generally in livestock and in the environment and thus may be present in the Company's products. These pathogens can also be introduced to products as a result of improper handling by customers or consumers. The Company does not have control over handling procedures once products have been shipped for distribution. If one or more of these risks were to materialize, the Company's could incur significant costs, loss of sales, regulatory action, or litigation as well as negative impacts to its brand and business reputation could be negatively impacted. In addition During the third quarter of fiscal 2024, revenues could decrease the Company voluntarily recalled a limited number of Planters® products due to the potential for contamination of the product with Listeria monocytogenes. Although to- date there have been no reports of illness related to the recalled products, the Company has experienced costs and of doing business impacts associated with could increase, and the event Company's operating results could be adversely affected. Outbreaks of disease among livestock and poultry flocks could harm the Company's revenues and operating margins. The Company is subject to risks associated with the outbreak of disease in pork and beef livestock, and poultry flocks, including African swine fever (ASF), Bovine Spongiform Encephalopathy (BSE), pneumo- virus, Porcine Circovirus 2 (PCV2), Porcine Reproduction & Respiratory Syndrome (PRRS), Foot- and- Mouth Disease (FMD), Porcine Epidemic Diarrhea Virus (PEDv), and Highly Pathogenic Avian Influenza (HPAI). The outbreak of such diseases could adversely affect the Company's supply of raw materials, increase the cost of production, reduce utilization of the Company's harvest facilities, and reduce earnings operating margins. The impact of global climate change may increase these risks due to changes in weather or migratory patterns, which may result in certain types of diseases occurring more frequently or with more intense effects. Additionally, the outbreak of disease may hinder the Company's ability to market and sell products both domestically and internationally. In recent years, the outbreak outbreaks of ASF has have impacted hog herds in China, Asia, Europe, and the Caribbean. If an outbreak of ASF were to occur in the U. S., the Company's supply of hogs and pork could be

materially impacted. HPAI was detected within the Company's turkey supply chain during the fourth quarter of fiscal 2023 and the first quarter of fiscal 2024. HPAI could continue to be detected in the future. The impact of HPAI has reduced and the Company believes it will continue to reduce production volume in the Company's turkey facilities into fiscal 2024. The Company is continuing to monitor the situation and will take the appropriate actions to protect the health of the turkeys across the supply chain. The Company has developed business continuity plans for various disease scenarios and will continue to update these plans, as necessary. There can be no assurance given, however, that these plans will be effective in eliminating the negative effects of any such diseases on the Company's operating results. Fluctuations in commodity prices and availability of raw materials and other inputs could harm the Company's earnings. The Company's results of operations and financial condition are largely dependent upon the cost and supply of pork, poultry, beef, feed grains, and nuts, energy, and other inputs, as well as supplies, energy and other inputs and the selling prices for many of the Company's products, which are determined by dynamic constantly changing market forces of supply and demand. The Company takes a balanced approach to sourcing pork raw materials, including hogs purchased for the Austin, Minnesota processing facility, long-term supply agreements for pork, and spot market purchases of pork. This approach is designed to ensure a more stable supply of raw materials while minimizing extreme fluctuations in costs over the long-term. This may result, in the short-term, in higher or lower live hog costs compared to the cash spot market. Market-based pricing on certain product lines, and lead time required to implement pricing adjustments, may prevent all or part of these cost increases from being recovered, and these higher costs could adversely affect the Company's short-term financial results. The Company raises turkeys and contracts with turkey growers to meet its raw material requirements for whole birds and processed turkey products. Results in these operations are affected by the cost and supply of feed grains, which fluctuate due to climate conditions, production forecasts, and supply and demand conditions at local, regional, national, and worldwide markets. The Company attempts to manage some of its short-term exposure to fluctuations in feed prices by forward buying, using futures contracts, and pursuing pricing advances. However, these strategies may not be adequate to overcome sustained increases in market prices due to alternate uses for feed grains or other changes in these market conditions. The Company may be subject to decreased availability or less favorable pricing for nuts, tomatoes, avocados, or other produce if poor growing conditions have a negative effect on agricultural productivity. Reductions in crop size or quality due to unfavorable growing conditions may have an adverse effect on the Company's results. The supplies of natural and organic proteins may impact the Company's ability to ensure a continuing supply of these products. To mitigate this risk, the Company partners with multiple long-term suppliers. International trade barriers and other restrictions or disruptions could result in decreased foreign demand and increased domestic supply of proteins, thereby potentially lowering prices. The Company occasionally utilizes in-country production to limit this exposure. Market demand for the Company's products may fluctuate, including due to private label products and lower-priced alternatives. The Company faces competition from a variety of sources, including other national brands, private label producers, and producers of alternative meats and protein sources, including pork, beef, turkey, chicken, fish, nuts, nut butters, whey, and plant-based proteins. The factors on which the Company competes include: price; product quality and attributes; brand identification; breadth of product line; and customer service. Demand for the Company's products is also affected by competitors' promotional spending, the effectiveness of the Company's advertising and marketing programs, and consumer perceptions. Failure, including those related to identify and react to changes in food trends such as sustainability of product sources and animal welfare, The Company's failure to compete successfully on these factors could lead to, among other things, reduced demand for the Company's brands and products, which could negatively impact the Company's financial condition and results of operations. The Company faces risks related to its ability to respond to changing consumer preferences, diets and eating patterns, including through its innovation and marketing investments. The Company invests in consumer insights and research and development to deliver innovative products that resonate with consumers, appeal to customers, and support sales growth. Consumer preferences for food products are impacted by a variety of factors, including convenience, flavor variety and developments in options for weight management (e.g., the use of medications). If the Company is unsuccessful in developing and introducing new products that resonate with consumers, the return on the Company's investment in new product development will be unable less than anticipated and the Company's efforts to compete grow sales through innovation will be less successfully successful than expected on any or all of these factors in the future. Damage to the Company's reputation or brand image can adversely affect its business. Maintaining and continually enhancing the perception of the Company's reputation of the Company and its key brands is critical to business success. The Company's reputation of the Company and its brands have been in the past, and could in the future be, adversely impacted by a number of factors, including unfavorable consumer perception related to events or rumors, adverse publicity, and negative information disseminated through social and digital media. Failure to maintain, extend, and expand the Company's reputation or brand image could adversely impact operating results. Climate change, or legal, regulatory or market measures to address climate change, could have an adverse impact on the Company's business and results of operations. There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. If such climate change has a negative impact on agricultural productivity, the Company may have decreased availability of, or less favorable pricing for, the raw materials necessary for its operations. Climate change may also cause decreased availability of, or less favorable pricing for, water, which could have an adverse effect on the Company's financial results, operations, and supply chain. In addition, natural disasters and extreme weather, including those caused by climate change, have caused and could continue to cause disruptions disruption in the Company's operations and supply chain and increases in property insurance premiums. The increasing concern over climate change may also result in greater local, state, federal, and foreign legal requirements, including requirements to limit greenhouse gas emissions or conserve water usage. If such requirements are enacted, the Company could experience significant cost increases in its operations and supply chain. The

Company has developed and, publicly announced, and had validated through the Science Based Targets initiative, goals to reduce its impact on greenhouse gas emissions. The Company's ability to achieve its greenhouse gas emissions goals, and its the other environment environmentally such as the focused goals set forth in its 20 by 30 Challenge, and the recently announced validation of its greenhouse gas reduction targets by the Science Based Targets initiative. The Company's ability to achieve these goals is subject to numerous factors and conditions, many of which are outside of its control. Examples include, among others, evolving regulatory requirements, disclosure frameworks, and methodologies for reporting data. Failure-The Company's inability to accomplish its goals related to greenhouse gas emissions reductions, or with respect to other environmental matters set forth in the 20 by 30 Challenge may disappoint the Company related to climate change or meet expectations of various Company stakeholders may, cause decreased demand for the Company's products, and have an adverse effect on the Company's results of operations. Legal and Regulatory Risks The Company's operations are subject to the general risks of litigation. The Company is involved on an ongoing basis in litigation arising in the ordinary course of business. Trends in litigation may include class actions involving employees, consumers, competitors, suppliers, shareholders, or others, and claims relating to product liability, contract disputes, antitrust regulations, intellectual property, advertising, labeling, wage and hour laws, employment practices or environmental matters. Neither litigation trends nor the outcomes of litigation can be predicted with certainty and adverse litigation trends and outcomes could negatively affect the Company's financial results. Government regulation, present and future, exposes the Company to potential sanctions and compliance costs that could adversely affect the Company's business. The Company's operations, and those of its suppliers, are subject to extensive regulation in the U. S. and abroad, by the U. S. Department of Agriculture, the U. S. Food and Drug Administration, the U. S. Department of Homeland Security, international the U. S. Department of Agriculture, the U. S. Food and Drug Administration, federal, and state taxing authorities and other international, federal, state, and local authorities which, including those that oversee workforce immigration mobility, taxation, animal welfare, food safety, and the processing, packaging, storage, distribution, advertising, and labeling of the Company's products. The Company's manufacturing facilities and products are subject to ongoing inspection by federal, state and local authorities. Claims or enforcement proceedings could be brought against the Company in the future. In addition, these regulations could become more restrictive, which could lead to increased costs for the Company. For example, pork harvest facilities that the Company relies upon in its supply chain are subject to maximum production line speeds. The current maximum line speeds are under review by the government. If line speeds are required to be slowed, harvest capacity and costs may be negatively impacted. The Company's manufacturing facilities and products are also subject to ongoing inspection by federal, state, and local authorities. The loss of the availability of government inspectors due to a government furlough could also cause disruption to the Company's manufacturing facilities. Additionally, the Company is subject to new or modified laws, regulations, and accounting standards. The Company's failure or inability to comply with such requirements could subject the Company to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions. A federal district court ruling has had a negative impact on harvest capacity and labor costs. Harvest facilities the Company uses are negotiating to resolve the situation and expect to reach a solution, but harvest capacity and labor costs may continue to be negatively impacted until a solution is reached. There can be no assurance a solution will be reached, in which case the negative impacts of the ruling would continue. The Company is subject to stringent environmental regulations and potentially subject to environmental litigation, proceedings, and investigations. The Company's past and present business operations and the Company's ownership and operation of real property are subject to stringent international, federal, state, and local environmental laws and regulations pertaining to the discharge of materials into the environment and the handling and disposition of wastes (including solid and hazardous wastes) or otherwise relating to protection of the environment. Compliance with these laws and regulations, as well as any modifications, is material to the Company's business. Some of the Company's facilities have been in operation for many years and, over time, the Company and other prior operators of these facilities may have generated and disposed of wastes that now may be considered hazardous. Future discovery of contamination of property underlying or in the vicinity of the Company's present or former properties or manufacturing facilities and / or waste disposal sites could require the Company to incur additional expenses related to additional investigation, assessment, or other requirements. The occurrence of any of these events, the implementation of new laws and regulations or stricter interpretation of existing laws or regulations could adversely affect the Company's financial results. The Company's foreign operations pose additional risks to the Company's business. The Company operates its business and markets its products internationally. The Company's foreign operations are subject to the risks described above, as well as risks related to fluctuations in currency values, foreign currency exchange controls, compliance with foreign regulations and tax laws, compliance with applicable U. S. laws, including the Foreign Corrupt Practices Act, and other economic or political uncertainties. International sales are subject to risks related to general economic conditions, imposition of tariffs, quotas, trade barriers and other restrictions, enforcement of remedies in foreign jurisdictions and compliance with applicable foreign laws, and other economic and political uncertainties. All of these risks could result in increased costs or decreased revenues, which could adversely affect the Company's financial results.