Risk Factors Comparison 2024-02-20 to 2023-02-21 Form: 10-K

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We are subject to a variety of possible risks that could adversely impact our revenues, results of operations or financial condition. Some of these risks relate to general economic and financial conditions, while others are more specific to us and the industry in which we operate. The following factors set out potential risks we have identified that could adversely affect us. The risks described below may not be the only risks we face. Additional risks that we do not yet know of, or that we currently think are immaterial, could also have a negative impact on our business operations or financial condition. See also Statement Regarding Forward- Looking Disclosure. Risks Related to the Global Market and the Economy • Our results of operations are highly susceptible to unfavorable **or uncertain** economic conditions. We are exposed to risks associated with weak or uncertain regional or global economic conditions and disruption in the financial markets. Market conditions can be and have been adversely affected by natural and human disruptions, such as natural disasters, public health crises, severe weather events, military conflict or civil unrest. **Economic downturns or uncertainty about the strength of the global economy generally, or adverse economic conditions in certain regions or market sectors and resulting caution with respect to spending on the part of marketers, can have and has had a negative effect on the demand for advertising and marketing communication services.** The global economy continues to be challenging ~~and may be deteriorating in certain of our principal markets~~, including as a result of the adverse effects of the continuing impact of ~~the COVID- 19 pandemic and related~~ supply chain and labor disruptions, inflationary pressures and conflict in Ukraine **and** ~~. Economic downturns or uncertainty about~~ the ~~strength of the global economy generally,~~ **Middle East. Any prolonged disruption to business** or **financial** ~~economic conditions in certain regions or market~~ **markets in** ~~sectors, and caution on~~ the **United States** ~~part of marketers~~, ~~can~~ **which accounted for approximately 65 % of our consolidated total revenue in 2023, as a result of anticipated or actual governmental shutdowns or debt defaults could** have an ~~effect~~ **adverse impact** on **our clients** ~~the demand for advertising~~ and **our business** ~~marketing communication services~~. Our industry ~~can be~~ **has in the past been** affected more severely than other sectors by an economic downturn and ~~can recover~~ **recovered** more slowly than the economy in general. ~~In the past~~ **Previously in response to negative economic and financial conditions**, including in connection with the outbreak of the COVID- 19 pandemic in 2020, some clients ~~have~~ responded ~~to weak economic and financial conditions~~ by reducing their marketing budgets, which include discretionary components that are easier to reduce in the short term than other operating expenses **. Our 2023 results for example, were negatively impacted by significant reductions in spending by clients in the technology & telecom sector**. This pattern may recur in the future. Furthermore, unexpected revenue shortfalls can result in misalignments of costs and revenues, resulting in a negative impact to our operating margins. If our business is significantly adversely affected by unfavorable economic conditions or other market disruptions that adversely affect client spending, the negative impact on our revenue could pose a challenge to our operating income and cash generation from operations. • The ~~continuing~~ impact of the COVID- 19 pandemic ~~remains uncertain~~ and **any future public health crises** may **in the future** adversely impact our business, financial condition and results of operations. The ~~global reach of the~~ COVID- 19 pandemic ~~, including the emergence of new variants of the virus, continues to create~~ **created** both regional and worldwide operational volatility ~~,~~ **and** uncertainty **in** ~~and disruption. The extent of the continuing impact will depend on numerous evolving factors, which are highly uncertain~~ -- **certain markets** and **sectors** ~~unpredictable, including: • the duration, severity and scope of the pandemic, including as new variants emerge and spread; • governmental actions~~ that **have been slower** ~~may be taken in response~~ to **rebound** ~~the outbreak, including travel restrictions and local or regional business shut- downs and other restrictions; • the impact of the pandemic on labor costs and supply; and • the effect of the pandemic on our~~ - **or continue to face lingering** ~~clients and other business partners, including the impact of supply- chain~~ disruptions. ~~In the past, some~~ **Some** clients, particularly in the early months of the pandemic, responded to **resulting** weak or volatile economic and financial conditions by reducing their marketing budgets, thereby decreasing the market and demand for our services, or adjusted, reduced or suspended operating activities, which negatively impacted certain of the markets or industries we serve. These patterns may recur in future periods, including as a result of pandemic developments such as the emergence of new virus variants that may be more transmissible, virulent or both. Risks Related to Our Industry and Operations • We operate in a highly competitive industry. The advertising and marketing communications business is highly competitive and constantly changing. Our agencies and media services compete with other agencies and other providers of creative, marketing or media services to maintain existing client relationships and to win new business. Our competitors include not only other large multinational advertising and marketing communications companies, but also smaller entities that operate in local or regional markets as well as new forms of market participants. Competitive challenges also arise from rapidly ~~-~~ evolving and new technologies in the marketing and advertising space, creating opportunities for new and existing competitors and a need for continued significant investment in tools, technologies and process improvements. As data- driven marketing solutions become increasingly core to the success of our brands, **and with the development of new and emerging technologies like generative AI,** any failure to keep up with rapidly changing technologies and standards in this space could harm our competitive position **. These technologies also present risks related to ethical considerations, intellectual property protection and privacy and data protection**. The client' s perception of the quality of our agencies' creative work, its confidence in our ability to protect the confidentiality of their and their customers' data and its relationships with key personnel at the Company or our agencies are important factors that affect our competitive position. An agency' s ability to serve clients, particularly large international clients, on a broad geographic basis and across a range of services and technologies may also be an important competitive consideration. On the other hand, because an agency' s principal asset is its people and freedom of entry into the industry is almost unlimited, our relationships with clients can be affected by the departure of key personnel and a small agency is, on occasion, able to take all or some portion of a client' s account from a much larger competitor. • Clients may terminate or reduce their relationships with us on short notice. Many companies put their advertising and marketing communications business up for competitive review from time to time, and we have ~~won and~~ lost client accounts in the past as a result of such periodic competitions. Our clients may choose to terminate their contracts, or reduce their relationships with us, on a relatively short time frame and for any reason. A relatively small number of clients contribute a significant portion of our revenue. In the aggregate, our top ten clients based on revenue before billable expenses accounted for approximately 20 % of revenue before billable expenses in ~~2022~~ **2023** . A substantial decline in a large client' s advertising and marketing spending, or the loss of a significant part of its business, could have a material adverse effect upon our business and results of operations. Our ability to attract new clients and to retain existing clients may also, in some cases, be limited by clients' policies or perceptions about conflicts of interest, or our own exclusivity arrangements with certain clients. These policies can, in some cases, prevent one agency, or even different agencies under our ownership, from performing similar services for competing products or companies. • We may lose or fail to attract and retain key employees and management personnel. Our employees, including creative, digital, research, media and account specialists, and their skills and relationships with clients, are among our most valuable assets. An important aspect of our competitiveness is our ability to identify and develop the appropriate talent and to attract and retain key employees and management personnel. Our ability to do so is influenced by a variety of factors, including the compensation we award and factors which may be beyond our control. The advertising and marketing services industry can be particularly sensitive to shifts in labor markets, as it is characterized by a high degree of employee mobility and significant use of third- party or temporary workers to staff new, growing or temporary assignments. The impact of the ~~Covid~~ **COVID** - 19 pandemic ~~has~~ contributed in recent years to an increase in labor costs, shortages, disruptions and turnover. In addition, changes to U. S. or other immigration policies or travel restrictions imposed as a result of public health, political or security concerns that restrain the flow of professional talent also may inhibit our ability to staff our offices or projects. If we were to fail to attract key personnel or lose them to competitors or clients, or fail to manage our workforce effectively, our business and results of operations could be adversely affected. • We are subject to industry regulations and other legal or reputational risks that could restrict our activities or negatively impact our performance or financial condition. Our industry is subject to government regulation and other governmental action, both domestic and foreign. Advertisers and consumer groups may challenge advertising through legislation, regulation, judicial actions or otherwise, for example on the grounds that the advertising is false and deceptive or injurious to public welfare. Our business is also subject to specific rules, prohibitions, media restrictions, labeling disclosures and warning requirements applicable to advertising for certain products. Existing and proposed laws and regulations, in particular in the European Union, the United Kingdom and the United States, concerning user privacy, use and protection of personal information and ~~on- line tracking technologies could affect the efficacy and profitability of internet- based, digital and targeted marketing. We are also subject to laws and regulations that govern~~ whether and how we can transfer, process or receive certain data that we use in our operations ~~. Since July 2020, the transfer of personal data~~ , including ~~via cookies or other~~ -- **the** ~~tracking technologies, under~~ **General Data Protection Regulation (the "** GDPR ~~from~~ **") in** the European Economic Area **and as retained in the United Kingdom, the California Consumer Privacy Act (the " CCPA "), and other U. S. state comprehensive privacy laws, could affect the efficacy and profitability of internet- based, digital and targeted marketing. For instance, the GDPR imposes strict requirements on transfers of personal data** to **third countries, including** the United States ~~has come under scrutiny~~ , **whose** ~~the lawfulness of which, and the adequacy of~~ protection ~~afforded~~ **of** that data **is not deemed** ~~in the United States, continue~~ to be **adequate** ~~the subject of negotiations between the European Commission and the United States. Separate negotiations are underway between the United Kingdom Information Commissioner' s Office and the United States to determine the lawfulness of data transfers from the United Kingdom to the United States. The collection, processing, and storage of biometric identifiers is increasingly regulated in the United States, and is the subject of class action litigation~~ . Changes in the interpretation of existing consumer protection laws, including **if** ~~restrictions on digital or~~ **our** ~~targeted advertising practices or the enactment or future enforcement of state privacy laws, such as the California CCPA, as amended by the CCPA, or other comprehensive privacy laws in Colorado, Connecticut, Utah, and Virginia, or the application in an unanticipated manner of such laws and regulations, may increase the costs of compliance, harm our business or result in significant penalties or legal liability~~ -- **ability** ~~. The imposition of restrictions on certain technologies by private market participants in response to privacy concerns could also have a negative impact on our digital business. If we are unable~~ to transfer data between countries and regions in which we operate **is restricted** , **may increase the costs of compliance, harm** ~~or~~ **our business or result in significant penalties or legal liability. Regulators and legislators in the European Union, United Kingdom, and United States are increasingly focused on the use of cookies, online tracking technologies, and the sharing of personal data with third parties for targeted or behavioral advertising. This has resulted in the promulgation or consideration of new or updated regulations under the GDPR, the CCPA, and other U. S. state privacy laws. Our digital business could be adversely affected if such laws or regulations are adopted, interpreted or implemented in a manner that is inconsistent with, or that requires changes to, our current business practices. Restrictions on digital or targeted advertising practices, the enactment or future enforcement of state privacy laws, or the unanticipated application of such laws and regulations, could affect the manner in which we provide our services or adversely affect our financial results. Furthermore,** if we are prohibited from sharing data among our products and services, ~~it~~ **or if regulators enforce strict limitations on the use of tracking technologies for targeted or behavioral advertising, this** could ~~affect~~ **lead to substantial costs, limit** the **effectiveness of** ~~manner in which we provide~~ our services **, and subject us to additional liabilities. The imposition of restrictions on these technologies by private market participants in response to privacy concerns could also have a negative impact on** ~~or~~ **our digital business** ~~adversely affect our financial results~~ . Legislators, agencies and other governmental units may also continue to initiate proposals to ban the advertising of specific products, such as alcohol, tobacco or marijuana products, and to impose taxes on or deny deductions for advertising, which, if successful, may hinder our ability to accomplish our clients' goals and have an adverse effect on advertising expenditures and, consequently, on our revenues or results. Governmental action, including judicial rulings, on the relative responsibilities of clients and their marketing agencies for the content of their marketing can also impact our operations. Furthermore, we could suffer reputational risk as a result of governmental or legal action or from undertaking work that may be challenged by consumer groups or considered controversial, in poor taste or not conforming to contemporary social standards. • We rely extensively on information technology systems and ~~could~~ face cybersecurity risks. ~~We~~ **As discussed under Item 1C, Cybersecurity, we** rely extensively and increasingly on information technologies and infrastructure to manage our business ~~(including the digital storage of marketing strategies and client information)~~ , develop new business opportunities and digital products, and process business transactions ~~. Our~~ **, and our** business operations depend on the **availability, integrity and** secure processing, storage, and transmission of confidential and sensitive information **digitally** ~~over the internet~~ and through interconnected systems, including those of our vendors ~~or~~ **,** service providers **and other third parties** . The incidence of malicious technology- related events, such as cyberattacks, computer hacking, computer viruses ~~, worms~~ or other destructive or disruptive software, phishing attacks and other attempts to gain access to confidential or personal data, denial of service or ransomware attacks or other malicious activities **,** is on the rise worldwide and highlights the need for continual and effective cybersecurity awareness and education. We, our clients and our vendors are increasingly the target of hackers and other threat actors, denial of service attacks and malicious code, which can result in the unauthorized access, misuse, loss, or destruction of data (including confidential and sensitive data), unavailability of services and supply chain disruptions, or other adverse events. Our business, which increasingly involves the collection, use and transmission of customer data, ~~may~~ **including personal information,** ~~make~~ **makes** us and our agencies attractive targets for malicious third- party attempts to access this data. Power outages, equipment failure, natural disasters (including extreme weather), terrorist activities or human error ~~may~~ also affect our systems and **can** result in disruption of our services or loss or improper disclosure of personal data, business information, including intellectual property, or other confidential information. We utilize in- house and third- party services, including third-party " cloud " computing services, to perform key operational functions, including the storage, transfer or processing of data. System failures or network disruptions or breaches in such in- house or third- party systems could adversely affect our **business operations, financial condition and** reputation ~~or business~~ or expose us to increased risk of litigation or regulatory enforcement action. **The** ~~We maintain, and we require our third- party service providers to maintain, security controls designed to ensure the confidentiality, integrity, and availability of our systems and the confidential and sensitive information we maintain and process. Despite our best efforts, however, the~~ threat landscape is constantly evolving. ~~A cybersecurity~~ **Cybersecurity** ~~incident~~ **incidents** or data ~~breach~~ **breaches** affecting the confidentiality, integrity, or availability of the information we process, our data systems, or those operated on our behalf by third- party service providers ~~could~~ adversely affect our ability to manage our risk exposure and could significantly harm our business. We operate in many respects on a decentralized basis, with a large number of agencies and legal entities, and the resulting size, diversity and disparity of our technology systems and complications in implementing standardized technologies and procedures ~~could increase~~ **increases** our ~~potential~~ vulnerability to such breakdowns, malicious intrusions or attacks. Data privacy or cybersecurity breaches, ~~as well as improper use~~ **or any failure to maintain the confidentiality** of ~~social media~~ **sensitive information** , by employees and others ~~may pose~~ **poses** ~~a~~ **the** risk that sensitive data, such as personal ~~identifiable~~ information, strategic plans and trade secrets, could be exposed to third parties or to the general public. ~~Any such breaches~~ **Breaches** or breakdowns ~~could~~ **that** result in a loss of our or our clients' or vendors' proprietary information ~~,~~ expose us to legal liability and **can** be expensive to remedy. We consider the ethical treatment of data to be a business strength, and **so** the damage to our reputation and business from any such breach could be significant and costly. Efforts to develop, implement and maintain security measures are costly, may not be successful in preventing these events from occurring and require ongoing monitoring and updating as technologies and cyberattack techniques change frequently, or are not recognized until successful and efforts to overcome security measures become more sophisticated. We operate worldwide, and the legal rules governing data transfers are often complex, conflicting, unclear or ever- changing. Increased privacy and cybersecurity requirements ~~may~~ increase our operating **and compliance** costs and **can** negatively impact our business **or financial condition** . Furthermore, ~~in~~ **as part of our** response to the challenges of the COVID- 19 pandemic, modified processes, procedures and controls **were** ~~have been~~ required to respond to the changes in our business environment as a significant number of our employees have continued to work from home for at least a portion of the work week. The increase in remote working of our employees ~~may exacerbate~~ **exacerbates** risks related to the increased demand for information technology resources, malicious technology- related events, including cyberattacks and phishing attacks, and improper dissemination of personal, proprietary or confidential information. • International business risks could adversely affect our operations. We are a global business, with agencies operating in over 100 countries ~~, including every significant world market~~ . Operations outside the United States represent a significant portion of our revenue before billable expenses, approximately 35 % in ~~2022~~ **2023** . These operations are exposed to risks that include local legislation, currency variation, exchange control restrictions, local labor and employment laws that hinder workforce flexibility, large- scale local or regional public health crises, and other difficult social, political or economic conditions. We also must comply with applicable U. S., local and other international anti- corruption laws, including the FCPA and the U. K. Anti- Bribery Act (2010), which can be comprehensive, complex and stringent, in all jurisdictions where we operate, certain of which present heightened compliance challenges. Export controls and economic sanctions, such as those maintained by the Office of Foreign Assets Control of the U. S. Department of the Treasury, can impose limitations on our ability to operate in certain geographic regions or to seek or service certain potential clients, including in Russia and, increasingly, China. These restrictions can place us at a competitive disadvantage with respect to those competitors who may not be subject to comparable restrictions. Failure to comply or to implement business practices that sufficiently prevent corruption or violation of sanctions laws could result in significant remediation expense and expose us to significant civil and criminal penalties and reputational harm. ~~,~~ In addition, in developing countries or regions, we may face further risks, such as slower receipt of payments, nationalization, social and economic instability, currency repatriation restrictions and undeveloped or inconsistently enforced commercial laws. These risks may limit our ability to grow our business and effectively manage our operations in those countries. • The costs of compliance with sustainability or other environmental, social responsibility or governance (ESG) laws, regulations or policies, including investor and client- driven policies and standards, could adversely affect our business. **We** ~~While as a non – location – specific, non – manufacturing service business we have to date been sheltered from or able to mitigate many direct impacts from climate change and related laws and regulations, we~~ are ~~nevertheless~~ increasingly impacted by the effects of climate change and laws and regulations related to **climate and** other ESG concerns. We could also incur related costs indirectly through our clients or investors. Increasingly our clients request that we comply with their own social responsibility, sustainability or other business policies or standards, which may be more restrictive than current laws and regulations, before they commence, or continue, doing business with us, and ESG issues are increasingly a focus of the investor community. If large shareholders were to reduce their ownership stakes in our Company as a result of dissatisfaction with our policies or efforts in this area, there could be negative impact on our stock price, and we could also suffer reputational harm. Further, if clients' costs are adversely affected by climate change or related laws and regulations, this could negatively impact their spending on our advertising and marketing services. We could also face increased prices from our own suppliers that face climate change- related and other ESG costs and seek to pass on their increased costs to their customers. In 2021, we committed to certain science- based emissions targets, the sourcing of 100 % of our electricity needs from renewable sources by 2030 and the realization of net- zero carbon emissions by 2040. Some clients and investors may request that we commit to emissions targets and timeframes that may be more aggressive than the commitments we have already undertaken. Any setbacks in the feasibility or timing of the achievement of our commitments could result in reputational harm or damaged relationships with clients or consumers. We expect the financial and operational costs of complying with ESG laws and regulations or achieving our ESG goals and related certification requirements will grow significantly in future years. • If our clients experience financial distress, it could negatively affect our own financial position and results. We have a large and diverse client base, and at any given time, one or more of our clients may experience financial difficulty, file for bankruptcy protection or go out of business. Unfavorable economic and financial conditions, including those resulting from regional or global economic downturns, ~~the COVID- 19 pandemic,~~ and military ~~conflict~~ **conflicts** ~~and~~ **or** other geopolitical risks ~~,~~ could result in an increase in client financial difficulties that **negatively** affect us. The direct impact on us could include reduced revenues and write- offs of accounts receivable and expenditures billable to clients, and if these effects were severe, the indirect impact could include impairments of intangible assets, credit facility covenant violations and reduced liquidity. • If our clients seek to change or delay payment terms, it could negatively affect our own financial position and results. In most of our businesses, our agencies enter into commitments to pay production and media costs on behalf of clients. The amounts involved substantially exceed our revenues and primarily affect the level of accounts receivable, expenditures billable to clients, accounts payable and accrued liabilities. To the extent possible, we pay production and media charges only after we have received funds from our clients. However, if clients are unable to pay for commitments that we have entered into on their behalf, or if clients seek to significantly delay or otherwise alter payment terms, there could be an adverse effect on our working capital, which would negatively impact our operating cash flow. • We face risks associated with our acquisitions and other investments. We regularly undertake acquisitions and other investments that we believe will enhance our service offerings to our clients, such as our acquisition of Acxiom in 2018 and RafterOne in 2022. These transactions can involve significant challenges and risks, including that the transaction does not advance our business strategy or fails to produce a satisfactory return on our investment. Our customary business, legal and financial due diligence with the goal of identifying and evaluating the material risks involved may be unsuccessful in ascertaining or evaluating all such risks. Though we typically structure our acquisitions to provide for future contingent purchase payments that are based on the future performance of the acquired entity, our forecasts of the investment' s future performance also factor into the initial consideration. When actual financial results differ, our returns on the investment could be adversely affected. We may also experience difficulty integrating new employees, businesses, assets or systems into our organization, including with respect to our internal policies and required controls. We may face reputational and legal risks in situations where we have a significant minority investment but limited control over the investment' s operations. Furthermore, it may take longer than anticipated to realize the expected benefits from these transactions, or those benefits may ultimately be smaller than anticipated or may not be realized at all. Talent is among our most valuable assets, and we also may not realize the intended benefits of a transaction if we fail to retain targeted personnel. Acquisition and integration activity may also divert management' s attention and other corporate resources from other business needs. If we fail to realize the intended advantages of any given investment or acquisition, or if we do not identify or correctly measure the associated risks and liabilities, our results of operations and financial position could be adversely affected. Risks Related to Our Financial Condition and Results • Our financial condition could be adversely affected if our available liquidity is insufficient. Agency operating cash flows have a significant impact on our liquidity, and we maintain a commercial paper program, a committed corporate credit facility and uncommitted lines of credit to increase flexibility in support of our operating needs. If any of these sources were unavailable or insufficient, our liquidity and ability to adequately fund our operations could be adversely affected, and we could be required to refinance, restructure or otherwise amend some or all of our obligations, sell assets or raise additional cash in the capital markets, and there could be a negative impact on our credit ratings. ~~Rising~~ **Increases in** interest rates **raise our** ~~will likely increase~~ borrowing costs. We cannot assure you that we would be able to access any new sources of liquidity, including in the capital markets, on commercially reasonable terms or at all or, if accomplished, that we would raise sufficient funds to meet our needs. We maintain a $ 1. 5 billion committed corporate credit facility (the " Credit Agreement ") as a backstop source of liquidity. The Credit Agreement also supports **our ability to** ~~borrowings~~ ---- **borrow** under our commercial paper program. Under our commercial paper program, we are authorized to issue short- term debt up to an aggregate amount outstanding at any time of $ 1. 5 billion, which we may use for working capital and general corporate purposes. If credit under the Credit Agreement or our ability to access the commercial paper market were unavailable or insufficient, our liquidity could be adversely affected. The Credit Agreement contains a leverage ratio and other, non- financial, covenants, and events like a material economic downturn could adversely affect our ability to comply with them. For example, compliance with the financial covenant would be more difficult to achieve if we were to experience increased indebtedness or substantially lower revenues, including as a result of economic downturns, client losses or a substantial increase in client defaults. If we were unable to comply with any of the covenants contained in the Credit Agreement, we could be required to seek an amendment or waiver from our lenders, and our costs under these agreements ~~could~~ **would likely** increase. If we were unable to obtain a necessary amendment or waiver, the Credit Agreement could be terminated, any outstanding amounts could be subject to acceleration, and we could lose access to certain uncommitted financing arrangements and commercial paper. For further discussion of our liquidity profile and outlook, see Liquidity and Capital Resources in Part II, Item 7, Management' s Discussion and Analysis of Financial Condition and Results of Operations. • Downgrades of our credit ratings could adversely affect us. Because ratings are an important factor influencing our ability to access capital and the terms of any new indebtedness, including covenants and interest rates, we could be adversely affected if our credit ratings were downgraded or if they were significantly weaker than those of our competitors. Our access to the commercial paper market is contingent on our maintenance of sufficient short- term debt ratings, and any downgrades to those ratings could increase our borrowing costs and reduce the market capacity for, or our ability to issue, commercial paper. Our clients and vendors may also consider our credit profile when negotiating contract terms, and if they were to change the terms on which they deal with us, it could have an adverse effect on our liquidity. • Our earnings would be adversely affected if we were required to recognize asset impairment charges or increase our deferred tax valuation allowances. We evaluate all of our long- lived assets (including goodwill, other intangible assets, fixed assets and operating lease right- of- use assets), investments and deferred tax assets for possible impairment or realizability annually or whenever there is an indication that they are impaired or not realizable. If certain criteria are met, we are required to record an impairment charge or valuation allowance. As of December 31, ~~2022~~ **2023** , we had substantial amounts of long- lived assets, deferred tax assets and investments on our Consolidated Balance Sheet, including approximately $ 5. 1 billion of goodwill. Future events, including our financial performance, market valuation of us or market multiples of comparable companies, loss of a significant client' s business or strategic decisions, could cause us to conclude that impairment indicators exist and that the asset values associated with long- lived assets, deferred tax assets and investments may have become impaired. Any significant impairment loss would have an adverse impact on our reported earnings in the period in which the charge is recognized. For further discussion of goodwill and other intangible assets, as well as our sensitivity analysis of our valuation of these assets, see Critical Accounting Estimates in Part II, Item 7, Management' s Discussion and Analysis of Financial Condition and Results of Operations. • Our financial results are exposed to exchange rate risk. Because a significant portion of our business is denominated in currencies other than the U. S. Dollar, such as the British Pound Sterling, the Euro, the Japanese Yen and Australian Dollar, fluctuations in exchange rates between the U. S. Dollar and such currencies may adversely affect our financial results. • We may not be able to meet our performance targets and milestones. From time to time, we communicate to the public certain targets and milestones for our financial and operating performance that are intended to provide metrics against which to evaluate our performance. They should not be understood as predictions or guidance about our expected performance. Our ability to meet any target or milestone is subject to inherent risks and uncertainties, and we caution investors against placing undue reliance on them. See Statement Regarding Forward- Looking Disclosure.