Risk Factors Comparison 2024-02-16 to 2023-02-21 Form: 10-K

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Our business is subject to a number of risks and uncertainties, many of which are beyond our control, that may cause our actual operating results or financial performance to be materially different from our expectations and make an investment in our securities risky. If one or more of the events discussed in this report were to occur, actual outcomes could differ materially from those expressed in or implied by any forward - looking statements we make in this report or our other filings with the SEC, and our business, financial condition, results of operations or liquidity could be materially adversely affected; furthermore, the trading price of our common stock could decline and our shareholders could lose all or part of their investment. Additional risks and uncertainties not presently known, or currently deemed immaterial, may also constrain our business and operations. Risks Related to Our Overall Operations ~~The COVID- 19 pandemic continues to adversely impact our operations; we cannot predict whether or how any future laws and regulations related to or in response to the pandemic will affect us; and the lingering economic effects of the pandemic could harm our liquidity. In 2022, the public health and economic effects of the COVID - 19 pandemic continued to adversely impact our operations, as well as our patients, communities and employees, to varying degrees. New variants of the virus caused additional outbreaks in 2022, and there continues to be a lack of clarity about the nature and degree of the health effects of COVID - 19 over time. Known and unknown risks and uncertainties caused by the pandemic, including those described below, have had, and are continuing to have, a material impact on our business, financial condition, results of operations and cash flows; such risks and uncertainties may heighten other risks to our business as described herein. Surges of COVID - 19 at various points throughout 2022 caused periodic spikes in COVID admissions at our hospitals and resulted in increased case cancellations in our Ambulatory Care segment. We have incurred and continue to incur additional costs to protect the health and well - being of patients and staff. In addition, the demand for care of COVID - 19 patients in some of our hospitals put a strain on our resources and personnel. We have been required, and we may in the future be required, to temporarily reduce overall operating capacity or suspend certain services at individual facilities due to staffing constraints and other COVID - 19- related factors. As further described below, the pandemic also exacerbated previously existing workforce shortages – and, thereby, competition for qualified candidates – as more employees chose to retire early, leave the workforce or take travel assignments. Over the past several years, we have had to rely on higher - cost temporary and contract labor, which we compete with other healthcare providers to secure, and pay premiums above standard compensation for essential workers. Moreover, throughout the pandemic, we have experienced significant price increases in medical supplies, particularly for personal protective equipment, and we have encountered supply- chain disruptions, including shortages and delays. In addition, our Ambulatory Care segment has been impacted by shipment delays in construction materials and capital equipment with respect to its de novo facility development efforts, which are a key part of our portfolio expansion strategy. COVID - 19 surges and outbreaks of new variants could further impact the cost of medical supplies, and supply shortages and delays may impact our ability to see, admit and treat patients. As described in detail in MD & A, the various federal legislative actions provided relief measures intended to mitigate some of the adverse financial impacts of the COVID - 19 pandemic on the healthcare industry. We are unable to predict whether future changes, if any, to these relief measures will negatively affect our business, financial condition, results of operations or cash flows. Furthermore, some of the measures allowing for flexibility in delivery of care and financial support for healthcare providers are available only for the duration of the public health emergency as declared by the Secretary of HHS, which is now scheduled to expire on May 11, 2023. The federal government and state and local governments may consider additional stimulus and relief efforts, but we are unable to predict whether any such measures will be enacted. There can also be no assurance that we will be eligible or apply for, or receive or benefit from, additional COVID - 19 - related stimulus assistance in the future, nor can there be any assurance as to the amount and type of assistance we may receive or seek or whether we will be able to comply with the applicable terms and conditions to retain such assistance. To the extent we do receive amounts or benefits under future relief measures related to or in response to the COVID - 19 pandemic, we cannot predict how such assistance will affect our operations or whether it will offset the negative impacts on our operations arising from the pandemic. Broad economic factors resulting from the pandemic, including higher inflation, increased unemployment rates in certain areas where we operate and reduced consumer spending, have impacted, and are continuing to impact, our service mix, revenue mix and patient volumes. Business closings and layoffs in the areas we operate may lead to increases in the uninsured and underinsured populations and adversely affect demand for our services, as well as the ability of patients to pay for services. Any increase in the amount of or deterioration in the collectability of patient accounts receivable could adversely affect our cash flows and results of operations. If general economic conditions deteriorate or remain uncertain for an extended period of time, our liquidity and ability to repay our outstanding debt may be impacted, and there can be no assurance that we will be able to raise additional funds on terms acceptable to us, if at all. In general, the extent of the impact of the COVID - 19 pandemic on our future operational and financial performance is currently uncertain and will depend on many factors outside of our control, including, among others: the duration, severity and trajectory of the pandemic, including the possible spread of potentially more contagious and / or virulent forms of the virus; future economic conditions, as well as the impact of government actions and administrative regulations on the hospital industry and broader economy, including through existing and any future stimulus efforts; the development, availability and widespread use of effective medical treatments and vaccines; the imposition of public safety measures; the volume of canceled or rescheduled procedures at our facilities; and the volume of COVID - 19 patients across our care network. Moreover, we cannot predict when or if our hospital volumes and case mix will return to pre-pandemic levels, particularly given that millions of Americans could lose Medicaid coverage once states restart their eligibility~~

~~determinations on April 1, 2023.~~ If we are unable to enter into, maintain and renew managed care contractual arrangements on competitive terms, if we experience material reductions in the contracted rates we receive from managed care payers or if we have difficulty collecting from managed care payers, our results of operations could be adversely affected. Our ability to enter into, maintain and renew favorable contracts with HMOs, insurers offering preferred provider arrangements and other managed care plans, as well as add new facilities to our existing agreements at contracted rates, significantly affects our revenues and operating results. For the year ended December 31, ~~2022~~ **2023** , approximately 70 %, or $ ~~9~~ **10** . ~~730~~ **248** billion, of our net patient service revenues for the hospitals and related outpatient facilities in our Hospital Operations segment was attributable to managed care payers, including Medicare and Medicaid managed care programs. Moreover, in ~~2022~~ **2023** , our commercial managed care net inpatient revenue per admission from the hospitals in our Hospital Operations segment was approximately ~~81~~ **86** % higher than our aggregate yield on a per - admission basis from government payers, including **Medicare and Medicaid** managed ~~Medicare~~ **care programs. The ongoing trend toward consolidation among non - government payers tends to increase their bargaining power over contract terms. Generally, we compete for these contracts on the basis of price, market reputation, geographic location, quality** and ~~Medicaid insurance plans~~ **range of services, caliber of the medical staff and convenience. Our contracts with managed care payers require us to comply with a number of terms related to the provision of and billing for services. If we are unable to negotiate increased reimbursement rates, maintain existing rates or other favorable contract terms, effectively respond to managed care payer cost controls and reimbursement policies, or comply with the terms of our contracts, the payments we receive for our services may be reduced. Also, we are increasingly experiencing payment denials from managed care payers, both prospectively and retroactively** . We currently have thousands of managed care contracts with various HMOs and PPOs; however, our top 10 managed care payers generated ~~62~~ **65** % of our managed care net patient service revenues for the year ended December 31, ~~2022~~ **2023** . Because of this concentration, we may experience a short **-** or long - term adverse effect on our net operating revenues if we cannot renew, replace or otherwise mitigate the impact of expired contracts with significant payers. Furthermore, material payment delays and disputes between us and significant managed care payers could have a material adverse effect on our financial condition, results of operations or cash flows. At December 31, ~~2022~~ **2023** , ~~66~~ **68** % of our **Hospital Operations segment' s** net accounts receivable ~~for our Hospital Operations segment~~ was due from managed care payers. Private payers are increasingly attempting to control healthcare costs through direct contracting with hospitals to provide services on a discounted basis, increased utilization reviews and greater enrollment in managed care programs, such as HMOs and PPOs. Any negotiated discount programs we agree to generally limit our ability to increase reimbursement rates to offset increasing costs. ~~Furthermore~~ **In addition** , **enrollment of individuals in high- deductible health plans has** ~~the ongoing trend toward consolidation among non - government payers tends to increase~~ **increased** ~~their bargaining power~~ over ~~contract terms~~ **the last decade** . ~~Generally~~ **In comparison to traditional health plans** , ~~we compete for~~ these **plans have higher co- pays** ~~contracts on the basis of price, market reputation, geographic location, quality~~ and ~~range of services~~ **deductibles due from patients** , ~~caliber of the medical staff~~ **which subjects us to increased collection risk. Moreover, high- deductible health plans may exclude our hospitals** and ~~convenience~~ **employed physicians from coverage** . Our relationships with payers, and reimbursement for the care we provide, may be further impacted by clinical and price transparency initiatives and out - of - network billing restrictions, including those in the No Surprises Act, which took effect January 1, 2022. In general, any material reductions in the contracted or out- of- network rates we receive for our services or any significant difficulties in collecting receivables from managed care payers could have a material adverse effect on our financial condition, results of operations or cash flows. Future changes in **healthcare laws generally, and** the Medicare and Medicaid programs or other government healthcare programs **specifically** , including reductions in scale and scope, could have an adverse effect on our business. We **cannot predict whether or how the Affordable Care Act may be modified, amended or implemented in the future, and we** are ~~uncompensated care~~ **also unable to predict the impacts on our business from the enactment of** , ~~which would adversely affect our~~ - **or** ~~results of operations~~ **changes in,other statutes** and **regulations affecting** ~~cash flows.There is also uncertainty regarding~~ the ~~potential impact of other~~ healthcare **industry generally** ~~- related reform efforts at the federal and state levels~~ .Some ~~reform~~ initiatives,requirements and proposals could increase our operating costs,negatively impact our **patient volumes,** case **mix and revenue** mix,adversely affect the reimbursement we receive for our services or require us to expend resources to modify certain aspects of our operations.Moreover,some current reforms could impact our competitive position,as well as our relationships with insurers and patients,including the No Surprises Act and CMS' rules relating to hospital price transparency **.We are also** unable to predict the effect of future government healthcare funding policy changes on our operations. If the rates paid by governmental payers are reduced, if the scope of services covered by governmental payers is limited, or if we or one or more of our hospitals are excluded from participation in the Medicare or Medicaid program or any other government healthcare program, there could be a material adverse effect on our business, financial condition, results of operations or cash flows. For the year ended December 31, ~~2022~~ **2023** , approximately ~~17~~ **16** % and ~~7~~ **8** % of our net patient service revenues for the hospitals and related outpatient facilities in our Hospital Operations segment were from the Medicare program and various state Medicaid programs, respectively, in each case excluding Medicare and Medicaid managed care programs. The Medicare and Medicaid programs are subject to: • statutory and regulatory changes, administrative and judicial rulings, interpretations and determinations concerning patient eligibility requirements, funding levels and the method of calculating reimbursements, among other things; • requirements for utilization review; and • federal and state funding restrictions. Any of these factors could materially increase or decrease payments from these government programs in the future, as well as affect the cost of providing services to our patients and the timing of payments to our facilities, which could in turn adversely affect our overall business, financial condition, results of operations or cash flows. ~~Even prior to the COVID - 19 pandemic, several~~ **Several** states in which we operate **continue to** ~~faced~~ - **face** budgetary challenges that **have** resulted in reduced Medicaid funding levels to hospitals and other providers. Because most states must operate with balanced budgets, and the Medicaid program is generally a significant portion of a state' s budget, states can be expected to adopt or consider adopting future legislation designed to reduce or not increase their Medicaid expenditures. In addition, some states delay issuing Medicaid payments to providers to manage state expenditures. As an alternative means of funding provider payments, many of the states **where** ~~in which~~ we operate have adopted supplemental payment programs **under** ~~or have received federal government waivers allowing them~~ - **the Social Security Act** ~~to test new approaches and demonstration projects to improve care. Federal government denials or delayed approvals of waiver applications or extension requests by the states in which we operate could materially impact our Medicaid funding levels~~ . Continuing pressure on state budgets and other factors, including legislative and regulatory changes, could result in future reductions to Medicaid payments, payment delays or changes to Medicaid supplemental payment programs that could negatively impact our financial condition, results of operations or cash flows. **Federal government denials or delayed approvals of waiver applications or extension requests by the states where we operate could also materially impact our Medicaid funding levels. Because we cannot predict what actions the federal government or the states may take under existing or future legislation and / or regulatory changes to address budget gaps, deficits, Medicaid expansion, Medicaid eligibility redeterminations, provider fee programs, state - directed payment programs or Medicaid Section 1115 waivers, we are unable to assess the effect that any such legislation or regulatory action might have on our business; however, the overall impact on our future financial position, results of operations or cash flows could be material.** It is essential to our ongoing business that we attract an appropriate number of quality physicians in the specialties required to support our services and that we maintain good relations with those physicians. The success of our business and clinical program development depends in large part on the number, quality, specialties, and admitting and scheduling practices of the licensed physicians who are members of the medical staffs of our hospitals and other facilities, as well as physicians who affiliate with us and use our facilities as an extension of their practices. Physicians are often not employees of the hospitals or surgery centers at which they practice. Members of the medical staffs of our facilities also often serve on the medical staffs of facilities we do not operate, and they are free to terminate their association with our facilities or admit their patients to competing facilities at any time. In addition, although physicians who own interests in our facilities are generally subject to agreements restricting them from owning an interest in competitive facilities, we may not learn of, or may be unsuccessful in preventing, our physician partners from acquiring interests in competitive facilities. We compete with system - affiliated hospitals and healthcare companies, as well as health insurers and private equity companies, in recruiting physicians, acquiring physician practices and, where permitted by law, employing physicians. In ~~2022~~ **2023** , we continued to experience challenges in recruiting and retaining physicians. In some of the regions **where** ~~in which~~ we operate, physician recruitment and retention are affected by a shortage of qualified physicians in certain higher- demand clinical service lines and specialties. Furthermore, our ability to recruit and employ physicians is closely regulated. For example, the types, amount and duration of compensation and assistance we can provide to recruited physicians are limited by the federal Anti - kickback Statute and Stark law, as well as other applicable antifraud and abuse laws and regulations. All arrangements with physicians must also be fair market value and commercially reasonable. If we are unable to attract and retain sufficient numbers of quality physicians by providing adequate support personnel, technologically advanced equipment, and facilities that meet the needs of those physicians and their patients, physicians may choose not to refer patients to our facilities, admissions and outpatient visits may decrease, and our operating performance may decline. Our labor costs have been, and we expect will continue to be, adversely affected by competition for staffing, the shortage of experienced nurses and other healthcare professionals, and labor union activity. Our operations are dependent on the availability, efforts, abilities and experience of management and medical support personnel, including nurses, therapists, pharmacists and lab technicians, among others. We have always competed with other healthcare providers in recruiting and retaining ~~these~~ **qualified** employees; however, over the past several years, our industry has **faced** ~~been facing~~ considerable workforce challenges. Like other hospital companies, we continue to experience ~~a shortage~~ **shortages** of advanced practice providers and critical - care nurses in certain disciplines and geographic areas. The COVID - 19 pandemic exacerbated these shortages – and, thereby, competition for qualified candidates – as more employees chose to retire early, leave the workforce or take travel assignments. ~~We expect these impacts may persist beyond the duration of the pandemic.~~ In addition, in some areas, the increased demand for care of patients with ~~COVID - 19, influenza and other~~ respiratory viruses ~~in~~ **at** our ~~hospitals~~ **facilities** , as well as the direct impact of ~~these~~ illnesses on physicians, employees and their families, have put a strain on our resources and staff. ~~As a result of the aforementioned challenges, we have been, and we may continue to be, required to enhance wages and benefits to recruit and retain experienced employees, pay premiums above standard compensation for essential workers, make greater investments in education and training for newly licensed medical support personnel, or hire more expensive temporary or contract employees, which we also compete with other healthcare providers to secure.~~ We also depend on the available labor pool of semi - skilled and unskilled workers in ~~each of~~ the areas where we operate. In some of our communities, employers across various industries have increased their minimum wage, which has created more competition and, in some cases, higher labor costs for this sector of employees. **Furthermore** ~~In addition~~ , we expect that **state- mandated minimum wage increases in California** ~~inflationary pressures, which we are unable to predict or control,~~ will **result in** ~~continue to impact our salaries, wages and~~ - **an increase** ~~benefits expense~~ in ~~the future~~ **compensation costs for certain of our employees and vendors beginning in 2024** . ~~Furthermore, state~~ **State** - mandated nurse - staffing ratios in California affect not only our labor costs, but they also cause us to limit admissions if we do not have the necessary number of nurses available to meet the required ratios, which has a corresponding adverse effect on our revenues. If other states adopt similarly restrictive staffing laws, these impacts would be compounded and could be material **. As a result of the aforementioned challenges, we have been, and we may continue to be, required to enhance wages and benefits to recruit and retain experienced employees, pay premiums above standard compensation for essential workers, make greater investments in education and training for newly licensed medical support personnel, or hire more expensive temporary or contract employees, which we also compete with other healthcare providers to secure. In addition, we expect that inflationary pressures,**

which we are unable to predict or control, will continue to impact our salaries, wages, benefits and other costs . Increased labor union activity is another factor that can adversely affect our labor costs. At December 31, ~~2022~~ **2023** , approximately ~~26~~ **23** % of the employees in our Hospital Operations segment were represented by labor unions. Unionized employees – primarily registered nurses and service, technical and maintenance workers – are located at 33 of our hospitals, the majority of which are in California, Florida and Michigan. Organizing activities by labor unions could increase our level of union representation in future periods. When we are negotiating collective bargaining agreements with unions (whether such agreements are renewals or first contracts), work stoppages and strikes may be threatened or occur ~~, as they did at one of our hospitals in 2021~~ . Extended strikes have had, and could in the future have, an adverse effect on our patient volumes, net operating revenues and labor costs at individual hospitals or in local markets. ~~In general~~ **For the reasons stated above** , our failure to successfully recruit qualified employees, manage attrition, avoid labor disruptions, control costs and plan for future labor needs could have a material adverse effect on our ability to treat patients and our overall business, financial condition, results of operations or cash flows. Our hospitals, outpatient centers and other healthcare businesses operate in competitive environments, and **this** competition ~~in our markets~~ can adversely affect ~~patient volumes and other aspects of~~ our operations. We believe our hospitals and outpatient facilities compete within local communities on the basis of many factors, including: quality of care; location and ease of access; the scope and breadth of services offered; reputation; and the caliber of the facilities, equipment and employees. Furthermore, healthcare consumers are now able to access hospital performance data on quality measures and patient satisfaction, as well as standard charges for services, to compare competing providers. The No Surprises Act created additional price transparency requirements beginning January 1, 2022, including requiring providers to send to health plans of insured patients and to uninsured patients good faith estimates of the expected charges and diagnostic codes prior to the scheduled dates of services. If any of our hospitals achieve poor results (or results that are lower than our competitors) on quality measures or patient satisfaction surveys, or if our standard charges are or are perceived to be higher than our competitors, we may attract fewer patients. In addition, the competitive positions of hospitals and outpatient facilities depend in large part on the number, quality, specialties, and admitting and scheduling practices of the licensed physicians who are members of the medical staffs of those facilities, as well as physicians who affiliate with and use outpatient centers as an extension of their practices. We compete with system - affiliated hospitals and healthcare companies, as well as health insurers ~~and private equity companies, in recruiting physicians, acquiring physician practices and, where permitted by law, employing physicians.~~ Some of the hospitals that compete with our hospitals are owned by tax - supported government agencies, and many others are owned by not - for - profit organizations that may have financial advantages not available to our facilities, including (1) support through endowments, charitable contributions and tax revenues, (2) access to tax - exempt financing, and (3) exemptions from sales, property and income taxes. In addition, in certain areas **where** ~~in which~~ we operate, large teaching hospitals provide highly specialized facilities, equipment and services that may not be available at most of our hospitals. The existence or absence of state laws that require findings of need for construction and expansion of healthcare facilities or services may also impact competition. In recent years, the number of freestanding specialty hospitals, surgery centers, EDs ~~and~~ **,** imaging centers **and UCCs** in the geographic areas **where** ~~in which~~ we operate has increased significantly. Some of these facilities are physician - owned. Another major factor in the competitive position of a hospital or outpatient facility is the scope of its relationships with managed care plans given that HMOs, PPOs, third - party administrators and other third - party payers use managed care contracts to encourage patients to use certain hospitals in exchange for discounts from the hospitals' established charges. Generally, we compete for managed care contracts on the basis of price, market reputation, geographic location, quality and range of services, caliber of the medical staff and convenience. Other healthcare providers may affect our ability to enter into acceptable managed care contractual arrangements or negotiate commercial rate increases. For example, some of our competitors may negotiate exclusivity provisions with managed care plans or otherwise restrict the ability of managed care companies to contract with us. Vertical integration efforts involving third - party payers and healthcare providers, among other factors, may increase competitive challenges. If our **healthcare** competitors are better able to attract patients, recruit physicians, expand services or obtain favorable managed care contracts at their facilities than we are, we may experience an overall decline in patient volumes.
The market for our revenue cycle management services is also competitive. To be successful, we must respond more quickly and effectively than our competitors to new or changing opportunities, technologies, standards, regulations and client requirements. There can be no assurance that we will be successful in generating new client relationships or maintaining existing relationships on favorable terms. We cannot predict the future course and impacts of COVID- 19, or the potential emergence and effects of a future pandemic, epidemic or outbreak of an infectious disease, on our operations, financial condition and liquidity. New variants or future surges of COVID - 19, or the emergence or outbreak of another infectious disease, could adversely impact our patient volumes, service mix, revenue mix, operating expenses and net operating revenues in some markets or broadly across our enterprise, depending on how widespread the illness becomes. As previously experienced during the COVID- 19 pandemic, we could experience spikes in admissions at our hospitals, which may put a strain on our resources and personnel, and increased case cancellations in our Ambulatory Care segment. We have been required, and we may in the future be required, to temporarily reduce overall operating capacity or suspend certain services at individual facilities due to staffing constraints and other infectious disease- related factors. Further, COVID - 19 surges, outbreaks of new variants and future pandemics, epidemics or outbreaks could exacerbate existing workforce shortages, result in significant price increases in medical supplies, particularly for personal protective equipment, and worsen supply shortages and delays, all of which may impact our ability to see, admit and treat patients. In general, the future course and impacts of COVID- 19, or the potential emergence and effects of a future pandemic, epidemic or outbreak of an infectious disease, on our operational and financial performance is uncertain and will depend on many factors outside of our control, including, among others: the duration, severity and trajectory of the illness, including the possible spread of potentially more contagious and / or

virulent forms of the infection; future economic conditions, as well as the impact of government actions and administrative regulations on the hospital industry and broader economy, including through stimulus efforts; the development, availability and widespread use of effective medical treatments and vaccines; the imposition of public safety measures; the volume of canceled or rescheduled procedures at our facilities; and the volume of affected patients across our care network. Our business could be significantly and negatively impacted by security threats, catastrophic events and other disruptions affecting our information technology and related **information** systems **and confidential business data** . Our information technology systems are critical to the day - to - day operation of our business. We rely on our information technology to process, transmit and store clinical, financial and operational data that includes PHI, **PII** ~~personally identifiable information~~ , and proprietary and confidential business data. We utilize electronic health records **(" EHRs ")** and other information technology in connection with all of our operations, including our billing and other financial systems, supply chain and labor management tools. Our systems, in turn, interface with and rely on third - party systems that we do not control, including medical devices and other processes supporting the interoperability of healthcare infrastructures. We rely on these third - party providers to have appropriate controls to protect **our systems,** confidential information and other sensitive or regulated data. While we seek to obtain assurances that third parties will protect our information **and business operations** , there is a risk the security of data held by such third parties could be breached ~~. We monitor and routinely test our~~ - **or** ~~security~~ **that** systems **are rendered unavailable causing direct business operations impacts** ~~and processes and have a diversified data network that provides redundancies as well as other measures designed to protect the integrity, security and availability of the data we process, transmit and store~~ . **The** ~~However, the~~ information technology and infrastructure we use, ~~and~~ the third - party systems we interact with **and the suppliers we use** , have been, and will likely continue to be, subject to **cyber attacks,** computer viruses ~~, attacks by hackers,~~ or breaches due to malfeasance or employee error ~~. The COVID - 19 pandemic placed additional stress on our information technology systems, and the risk of attack, breach or other disruption to these systems remains elevated in the current environment~~ . In April 2022, we experienced a cybersecurity incident that temporarily disrupted a subset of our **hospital** ~~acute care~~ operations and involved the exfiltration of certain confidential company and patient information. ~~We~~ **Threat actors** continue to ~~face a heightened risk~~ **proliferate, adapt and devote significant effort to attacking the information systems and electronically transmitted and stored data** of ~~cybersecurity threats targeting~~ healthcare providers ~~,~~ **and related entities. The risk of cyber attack (** including ransomware ~~attacks~~ - **attack)** ~~. In general~~ , **breach or other disruption to healthcare systems, including ours, remains elevated in the current environment.** ~~attacks~~ **Attacks** on, or breaches or other disruptions to, our information technology assets or those of third parties that we rely upon could impact the integrity, security or availability of data we process, transmit or store **and could impact our operations, as well as patient PHI and customer PII** . The preventive actions we take to reduce the risk of such incidents and protect our information technology **and data** may not be sufficient. As cybersecurity threats continue to evolve, we may not be able to anticipate certain attack methods in order to implement effective protective measures **. We** ~~, and we~~ continue to be required to expend significant additional resources to modify and strengthen our security measures, investigate and **respond to cybersecurity incidents,** remediate any vulnerabilities in our information systems and infrastructure, and invest in new technology designed to mitigate security risks. Our insurance against **cybersecurity risks and** cyber ~~- risks and~~ attacks may not provide the coverage we anticipate or offset the financial impact of a material loss event. In addition, the **occurrence of cybersecurity incidents and the continued and** elevated risk of **attacks (including** ransomware ~~attacks~~ **)** , **system and data** breaches **,** and other disruptions to information technology systems in the current environment has caused increases in our cyber premiums and lower coverage limits. Third parties to whom we outsource certain of our functions, **that are part of our supply chain** or with whom our systems interface and who may, in some instances, store our sensitive and confidential data, are also subject to the risks outlined above and may not have or use controls effective to protect such information. An attack, breach or other system disruption affecting any of these third parties could similarly harm our business. Further, successful cyber ~~-~~ attacks at other healthcare services companies, whether or not we are impacted, could lead to a general loss of consumer confidence in our industry that could negatively affect us, including harming the market perception of the effectiveness of our security measures or of the healthcare industry in general, which could result in reduced use of our services. Our networks and technology systems have also experienced disruption due to planned events, such as system implementations, upgrades, and other maintenance and improvements, and they are subject to disruption in the future for similar events, as well as catastrophic events, including a major earthquake, fire, hurricane, telecommunications failure, terrorist attack or the like. Any ransomware attack, breach, system interruption or unavailability of our information systems or of third- party systems with access to our data could result in: the unauthorized disclosure, misuse, loss or corruption of such data; interruptions and delays in our normal business operations (including the collection of revenues); patient harm; potential liability under privacy, security, consumer protection or other applicable laws; regulatory penalties; **ransomware payments;** and negative publicity and damage to our reputation. Any of these could have a material adverse effect on our business, financial condition, results of operations or cash flows. We ~~cannot predict the~~ **are subject to operational cybersecurity risks that could materially** impact **our business. Because we operate an expansive, nationwide** healthcare ~~reform efforts~~ **delivery network, changes to our information systems often take months or years to implement, are costly and, in some circumstances, are not compatible with other applications and devices in use. In addition, when we acquire facilities, physician practices and other operations, it takes time and resources to assess the security in place, and then implement and integrate our security practices at the acquired businesses. As a result, we operate these businesses for a period of time with their existing security programs, which** may **include deficiencies or vulnerabilities. We must prioritize changes and improvements to be made, and we may not be successful identifying gaps or developing alternative methods to secure our systems and data. If we are not successful, we may be more vulnerable to cybersecurity incidents that could** have **a material impact** on our ~~business,~~ **results of operations and** financial condition **. Moreover, not all standard cybersecurity tools and solutions we use are**

employed at all locations, as expansion of tool and solution use is based on numerous factors. There is no guarantee that we will employ the right tools and solutions at each location or that the expansion of certain tools and solutions will be successful. Machine learning and artificial intelligence (" AI ") are increasingly driving innovations in technology, and some of our facilities employ robotics, clinical diagnostic AI tools and similar systems. If these technologies or applications fail to operate as anticipated or do not perform as specified, including due to potential design defects and defects in the development of algorithms or other technologies, human error or otherwise, we may be subject to liability and reputational harm. If we are unable to successfully maintain, enhance or operate our information systems, including through the implementation of such technologies or applications in our operations, we may be, among other things, unable to efficiently adapt to evolving laws and requirements, unable to remain competitive with others who successfully implement and advance this technology, and our patients' safety may be adversely impacted, any of which could have a material adverse impact on our overall business, financial condition , results of operations or cash flows . The initial expansion of health insurance......' rules relating to hospital price transparency . The industry trends toward value- based purchasing and alternative payment models may negatively impact our revenues. Value - based purchasing and alternative payment model initiatives of both governmental and private payers tying financial incentives to quality and efficiency of care ~~will~~ **are** increasingly ~~affect~~ **affecting** the results of operations of our hospitals and other healthcare facilities, and may negatively impact our revenues if we are unable to meet expected quality standards. Medicare requires providers to report certain quality measures in order to receive full reimbursement increases for inpatient and outpatient procedures that were previously awarded automatically; each year, CMS updates these measures through refinement or removal of existing measures and the addition of new measures. Moreover, hospitals that meet or exceed certain quality performance standards will receive increased reimbursement payments, and hospitals that have " excess readmissions " for specified conditions will receive reduced reimbursement. The COVID - 19 pandemic **was** ~~has been~~ a disruptive force for CMS' quality measurement programs; as a result, we expect there will continue to be volatility with respect to readmission penalties in the near term. Furthermore, Medicare no longer pays hospitals additional amounts for the treatment of certain hospital - acquired conditions (" HACs "), unless the conditions were present at admission. Hospitals that rank in the worst 25 % of all hospitals nationally for HACs in the previous year receive reduced Medicare reimbursements. In addition, the Affordable Care Act prohibits the use of federal funds under the Medicaid program to reimburse providers for treating certain provider - preventable conditions. The Affordable Care Act also created the CMS Innovation Center to develop and test innovative payment and service delivery models that have the potential to reduce Medicare, Medicaid or Children' s Health Insurance Program expenditures while preserving or enhancing the quality of care for beneficiaries. Congress has defined – both through the Affordable Care Act and previous legislation – a number of specific demonstrations for CMS to conduct, including bundled payment models. Generally, the bundled payment models hold hospitals financially accountable for the quality and costs for an entire episode of care for a specific diagnosis or procedure from the date of the hospital admission or inpatient procedure through 90 days post - discharge, including services not provided by the hospital, such as physician, inpatient rehabilitation, skilled nursing and home health care. Provider participation in some of these models is voluntary; however, participation in certain other bundled payment arrangements is mandatory for providers located in randomly selected geographic locations. Under the mandatory models, hospitals are eligible to receive incentive payments or will be subject to payment reductions within certain corridors based on their performance against quality and spending criteria. It is difficult to predict what impact, if any, these demonstration programs will have on our inpatient volumes, net revenues or cash flows. There are also trends among private payers toward value - based purchasing and alternative payment models for healthcare services. Many large commercial payers expect hospitals to report quality data, and several of these payers will not reimburse hospitals for certain preventable adverse events. ~~We expect value~~ **Value** - based purchasing programs, including programs that condition reimbursement on patient outcome measures, ~~to~~ **may** become more common and ~~to~~ **may** involve a higher percentage of reimbursement amounts. We are unable at this time to predict how the industry trends toward value - based purchasing and alternative payment models will affect our **future** results of operations, but they could negatively impact our revenues, particularly if we are unable to meet the quality and cost standards established by both governmental and private payers. Violations of existing regulations or failure to comply with new or changed regulations could harm our business and financial results. Our hospitals, outpatient centers and related healthcare businesses are subject to an extensive and complex framework of government regulation at the federal, state and local levels. These legal and regulatory standards relate to, among other topics: ownership and operation of facilities and physician practices; licensure, certification and enrollment in government programs; the necessity and adequacy of medical care; quality of medical equipment and services; relationships with and qualifications of physicians and employees; operating conduct, policies and procedures; screening, stabilization and transfer of individuals who have emergency medical conditions; rate - setting, billing and coding for services; the preparation and filing of cost reports; the handling of overpayments; contractual arrangements; relationships with referral sources and referral recipients; privacy and security; maintenance of adequate records; construction, acquisition, expansion and closure of healthcare facilities or services; environmental protection; compliance with fire prevention and building codes; debt collection; and communications with patients and consumers. In addition, various permits are required to dispense narcotics, operate pharmacies, handle radioactive materials and operate certain equipment. Our facilities are also subject to periodic inspection by governmental and other authorities to determine their compliance with applicable regulations, as well as the standards necessary for licensing and accreditation. The policies and procedures we have in place to facilitate compliance with applicable laws, rules and regulations cannot ensure compliance in every case. Moreover, government regulations often change, and we may have to make adjustments to our facilities, equipment, personnel and services to remain in compliance. The potential consequences for failing to comply with applicable laws, rules and regulations include (1) required refunds of previously received government program payments, (2) the assessment of civil monetary penalties, including treble damages, (3) fines, which could be significant, (4) exclusion from participation in federal healthcare programs and (5) criminal sanctions, including sanctions against current or former employees. Our Medicare and Medicaid payments may be suspended pending even an investigation of what the government determines to be a credible allegation of fraud. Any of the aforementioned consequences could have a material adverse effect on our business, financial condition, results of operations or cash flows. Furthermore, even a public announcement that we are being investigated for possible violations of law could have a material adverse effect on the value of our common stock and our business reputation could suffer. ~~In general~~ **As noted** , the healthcare industry continues to attract much legislative interest and public attention. We are unable to predict the future course of federal, state and local healthcare legislation, regulation or enforcement efforts. Further changes in the regulatory framework negatively affecting healthcare providers could have a material adverse effect on our business, financial condition, results of operations or cash flows. **Violations of existing consumer protection** regulations or failure to comply with new or changed regulations could harm ~~Conifer' s~~ **our revenue cycle management services** business ~~and financial results~~ .Conifer is subject to numerous federal,state and local consumer protection and other laws governing such topics as privacy,financial services,and billing and collections activities.Regulations **related to such laws** ~~governing Conifer' s operations~~ are subject to changing interpretations that may be inconsistent among different jurisdictions.In addition,a regulatory determination made by,or a settlement or consent decree entered into with,one regulatory agency may not be binding upon,or preclude,investigations or regulatory actions by other agencies.Conifer' s failure to comply with applicable consumer protection and other laws could result in,among other things,the issuance of cease and desist orders (which can include orders for restitution or rescission of contracts,as well as other kinds of affirmative relief),the imposition of fines or refunds,and other civil and criminal penalties,some of which could be significant in the case of knowing or reckless violations.In addition,Conifer' s failure to comply with the statutes and regulations applicable to it could result in **a** reduced demand for ~~its~~ services,invalidate all or portions of some ~~of Conifer' s~~ services agreements with ~~its~~ clients,give clients the right to terminate ~~Conifer' s~~ services agreements ~~with them~~ or give rise to contractual liabilities,among other things,any of which could have a material adverse effect on **our** ~~Conifer' s~~ business.Furthermore,if Conifer becomes subject to fines or other penalties,it could harm Conifer' s reputation,thereby making it more difficult **to retain existing clients or attract new clients.** We could be subject to substantial uninsured liabilities or increased insurance costs as a result of significant legal actions. We are subject to medical malpractice lawsuits, antitrust claims and other legal actions in the ordinary course of business. In addition, from time to time, we have been and expect to continue to be subject to regulatory proceedings and private litigation (including employee class action lawsuits) concerning our application of various federal and state labor laws, rules and regulations governing a variety of workplace wage and hour issues. Some of these actions involve large demands, as well as substantial defense costs. Even in states that have imposed caps on damages, litigants are seeking recoveries under new theories of liability that might not be subject to such caps. Our commercial insurance does not cover all claims against us and may not offset the financial impact of a material loss event. Moreover, commercial insurance may not continue to be available at a reasonable cost for us to maintain at adequate levels. We cannot predict the outcome of current or future legal actions against us or the effect that judgments or settlements in such matters may have on us or on our insurance costs. Additionally, professional and general liability insurance we purchase is subject to per- claim and policy period aggregate limits. If the policy period aggregate limit of any of these policies is exhausted, in whole or in part, it could deplete or reduce the limits available to pay other material claims applicable to that policy period. Any losses not covered by or in excess of the amounts maintained under insurance policies will be funded from our working capital or other sources of liquidity. Furthermore, one or more of our insurance carriers could become insolvent and unable to fulfill its or their obligations to defend, pay or reimburse us when those obligations become due. In that case or if payments of claims exceed our estimates or are not covered by insurance, it could have a material adverse effect on our business, financial condition, results of operations or cash flows. Any future cost- reduction initiatives may not deliver the benefits we expect, and actions taken may adversely affect our business. Our future financial performance and level of profitability may depend, in part, on various cost - reduction initiatives, including the outsourcing of certain functions unrelated to direct patient care. We may encounter challenges in executing cost - reduction initiatives and not achieve the intended cost savings. In addition, we may face wrongful termination, discrimination or other legal claims from employees affected by any workforce reductions, and we may incur substantial costs defending against such claims, regardless of their merits. The threat of such claims may also significantly increase our severance costs. Workforce reductions, whether as a result of internal restructuring or in connection with outsourcing efforts, may result in the loss of numerous long - term employees, the loss of institutional knowledge and expertise, the reallocation of certain job responsibilities and the disruption of business continuity, all of which could negatively affect operational efficiencies and increase our operating expenses in the short term. Moreover, outsourcing and offshoring expose us to additional risks, such as reduced control over operational quality and timing, foreign political and economic instability, compliance and regulatory challenges, and natural disasters not typically experienced in the United States, such as volcanic activity and tsunamis. **Adverse financial** ~~Trends~~ **trends** affecting our actual or anticipated results may require us to record impairment and restructuring charges that may negatively impact our results of operations. As a result of factors that have negatively affected our industry generally and our business specifically, we have been, and in the future expect to be, required to record various charges in our results of operations. During the year ended December 31, ~~2022~~ **2023** , we recorded $ ~~94~~ **43** million of impairment charges and $ ~~118~~ **79** million of restructuring charges. Our impairment tests presume stable, improving or, in some cases, declining operating results in our facilities, which are based on programs and initiatives being implemented that are designed to achieve each facility' s most recent projections. If these projections are not met, or negative trends occur that impact our future outlook, future impairments of long - lived assets and goodwill may occur, and we may incur additional restructuring charges, which could be material. We believe significant factors that contribute to adverse financial trends include reductions in volumes of insured patients, shifts in payer mix from commercial to governmental payers combined with reductions in reimbursement rates from governmental payers, and high levels of uninsured patients. Future restructuring of our operating structure that changes our goodwill reporting units could also result in future impairments of our goodwill. Any such charges could negatively impact our results of operations. **Inflation, consumer behavior and other economic factors have had, and may continue to have, an adverse impact on our volumes and our ability to collect outstanding receivables on a timely basis, among other things. Our business has been impacted by the rise in inflation and its effects on salaries, wages and benefits, as well as other costs. Additional economic factors, including unemployment rates and consumer spending, affect our patient volumes, service mix and revenue mix. Business closings and layoffs in the areas where we operate may lead to increases in the uninsured and underinsured populations and adversely affect demand for our services, as well as the ability of patients to pay for services. Any significant deterioration in the collectability of patient accounts receivable could adversely affect our cash flows and results of operations. Medical supply prices remain high due to current economic conditions and other factors. In addition, our Ambulatory Care segment continues to be impacted by shipment delays in construction materials and capital equipment with respect to its de novo facility development efforts, which are a key part of our portfolio expansion strategy. Supply chain operational challenges may continue or worsen in the future, whether due to geopolitical conflicts, inflationary pressures and the recessionary environment, climate change, weather events or other issues yet to emerge. If general economic conditions deteriorate or remain uncertain for an extended period of time, our liquidity and ability to repay our outstanding debt may be impacted, and there can be no assurance that we will be able to raise additional funds on terms acceptable to us, if at all.** Risks Related to Acquisitions, Divestitures and Joint Ventures When we acquire new assets or businesses, we become subject to various risks and uncertainties that could adversely affect our results of operations and financial condition. We have completed a number of acquisitions in recent years, and we expect to pursue additional transactions in the future. A key business strategy for USPI, in particular, is the acquisition and development of facilities, primarily through the formation of joint ventures with physicians and health system partners. With respect to planned or future transactions, we cannot provide any assurances that we will be able to identify suitable candidates, consummate transactions on terms that are favorable to us, or achieve synergies or other benefits in a timely manner or at all. Furthermore, companies or operations we acquire may not be profitable or may not achieve the profitability that justifies the investments made. Businesses we acquire may also have pre - existing unknown or contingent liabilities, including liabilities for failure to comply with applicable healthcare regulations. These liabilities could be significant, and, if we are unable to exclude them from the acquisition transaction or successfully obtain and pursue indemnification from a third party **or insurance proceeds** , they could harm our business and financial condition. In addition, we may be unable to timely and effectively integrate ASCs, physician practices and other businesses that we acquire with our ongoing operations, or we may experience delays implementing operating procedures, personnel and systems, which could impact the financial performance of the acquired business. Significant acquisitions have required, and may in the future require, a substantial investment of time and resources across our enterprise; these efforts may affect management focus and impact our ability to properly prioritize and successfully execute on our other strategic initiatives. Moreover, future acquisitions could result in the incurrence of additional debt and contingent liabilities, potentially dilutive issuances of equity securities, and increased operating expenses, any of which could adversely affect our results of operations and financial condition. We cannot provide any assurances that we will be successful in divesting assets we wish to sell. **From time to time, we pursue opportunities to refine our portfolio of hospitals and other healthcare facilities when we believe such refinements will help us improve profitability, allocate capital more effectively in areas where we have a stronger presence, deploy proceeds on higher- return investments across our business, enhance cash flow generation and reduce our debt, among other things.** We ~~continue to~~ **also periodically** exit service lines and businesses that ~~we believe~~ are no longer a core part of our long - term growth and synergy strategies. We cannot provide any assurances that completed, planned or future divestitures or other strategic transactions will achieve their business goals or the benefits we expect. We have in the past, and may in the future, fail to obtain applicable regulatory approvals, including FTC ~~approvals~~ **clearances** , with respect to planned divestitures of assets or businesses **. Most recently, in December 2023, John Muir announced it no longer intended to pursue its proposed acquisition of our 51 % ownership interest in San Ramon Regional Medical Center and certain related operations after the FTC took action to challenge the transaction** . Moreover, we may encounter difficulties in finding acquirers or alternative exit strategies on terms that are favorable to us, which could delay the receipt of anticipated proceeds necessary for us to complete our planned strategic objectives. In addition, our divestiture activities have required, and may in the future require, us to retain significant pre - closing liabilities, recognize impairment charges (as discussed above) or agree to contractual restrictions that limit our ability to reenter a particular market, which may be material. Many of our ~~acute care~~ hospital divestitures also necessitate us entering into a transition services agreement with the buyer for information technology and other related services. As a consequence, we may be exposed to the financial status of the buyer for any payments under such transition services agreements or for transferred contractual liabilities, which could be significant. **Our divestitures also include the assignment of contracts, such as leases, to the buyers; in many cases, we continue to be exposed to liabilities under such arrangements if the buyers do not timely pay the obligations.** Furthermore, our divestiture and other corporate development activities may present financial and operational risks, including (1) the diversion of management attention from existing core businesses, (2) adverse effects (including a deterioration in the related asset or business) from the announcement of the planned or potential ~~activity~~ **transaction** , and (3) the challenges associated with separating personnel and financial and other systems. USPI and our hospital- based joint ventures depend on existing relationships with key health system partners. If we are unable to maintain synergistic relationships with these systems, or enter into new relationships, we may be unable to implement our business strategies successfully. USPI and our hospital - based joint ventures depend in part on the efforts, reputations and success of health system partners and the strength of our relationships with those systems. Our joint ventures could be adversely affected by any damage to those health systems' reputations or to our relationships with them. In addition, damage to our business reputation could negatively impact the willingness of health systems to enter into relationships with us or USPI. If we are unable to maintain existing arrangements on favorable terms or enter into relationships with additional health system partners, we may be unable to implement our business strategies for our joint ventures successfully. Our joint venture arrangements are subject to a number of operational risks that could have a material adverse effect on our business, results of operations and financial condition. We have invested in a number of joint ventures with other entities when circumstances warranted the use of these structures, and we may form additional joint ventures in the future. These joint ventures may not be profitable or may not achieve the profitability that justifies the investments made. Furthermore, the nature of a joint venture requires us to consult with and share certain decision - making powers with unaffiliated third parties, some of which may be not - for - profit health systems. If our joint venture partners do not fulfill their obligations, the affected joint venture may not be able to operate according to its business or strategic plans. In that case, our results of operations could be adversely affected or we may be required to increase our level of financial commitment to the joint venture. Moreover, differences in economic or business interests or goals among joint venture participants could result in delayed decisions, failures to agree on major issues and even litigation. If these differences cause the joint ventures to deviate from their business or strategic plans, or if our joint venture partners take actions contrary to our policies, objectives or the best interests of the joint venture, our results of operations could be adversely affected. In addition, our relationships with not - for - profit health systems and the joint venture agreements that govern these relationships are intended to be structured to comply with current revenue rulings published by the Internal Revenue Service, as well as case law relevant to joint ventures between for - profit and not - for - profit healthcare entities. Material changes in these authorities could adversely affect our relationships with not - for - profit health systems and related joint venture arrangements. Our participation in joint ventures is also subject to the risks that: • We could experience an impasse on certain decisions because we do not have sole decision - making authority, which could require us to expend additional resources on resolving such impasses or potential disputes. • We may not be able to maintain good relationships with our joint venture partners (including health systems), which could limit our future growth potential and could have an adverse effect on our business strategies. • Our joint venture partners could have investment or operational goals that are not consistent with our corporate - wide objectives, including the timing, terms and strategies for investments or future growth opportunities. • Our joint venture partners might become bankrupt, fail to fund their share of required capital contributions or fail to fulfill their other obligations as joint venture partners, which may require us to infuse our own capital into any such venture on behalf of the related joint venture partner or partners despite other competing uses for such capital. • The requirements in many of our existing joint ventures that one of our wholly owned subsidiaries provide a working capital line of credit to the joint venture could necessitate the allocation of substantial financial resources to the joint venture, potentially impacting our ability to fund our other short - term obligations. • Provisions in some of our existing joint venture arrangements requiring mandatory capital expenditures for the benefit of the applicable joint venture could limit our ability to expend funds on other corporate opportunities. • Our joint venture partners may have competing interests in our markets that could create conflict of interest issues **, which could impact the sustainability of our relationships** . • Any sale or other disposition of our interest in a joint venture or underlying assets of the joint venture may require consents from our joint venture partners, which we may not be able to obtain. • Certain corporate - wide or strategic transactions may also trigger other contractual rights held by a joint venture partner (including termination or liquidation rights) depending on how the transaction is structured, which could impact our ability to complete such transactions. • Put / call arrangements and other joint venture exit rights could require us to utilize our cash flow, incur additional indebtedness or issue stock to satisfy the payment obligations in respect of such arrangements. • Our joint venture arrangements that involve financial and ownership relationships with physicians and others who either refer or influence the referral of patients to our hospitals or other healthcare facilities are subject to greater regulatory scrutiny from government enforcement agencies. While we endeavor to comply with the applicable safe harbors under the Anti - kickback Statute, certain of our current arrangements, including joint venture arrangements, do not qualify for safe harbor protection. Risks Related to Conifer Conifer operates in a highly competitive...... attract new clients. Risks Related to Our Indebtedness Our level of indebtedness could, among other things, adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, and prevent us from meeting our obligations under the agreements relating to our indebtedness. At December 31, ~~2022~~ **2023** , we had approximately $ 15. ~~079~~ **002** billion of total long - term debt, as well as $ ~~116~~ **111** million in standby letters of credit outstanding in the aggregate under our senior secured revolving credit facility (as amended, " Credit Agreement ") and our letter of credit facility agreement (as amended, " LC Facility "). Our Credit Agreement is collateralized by eligible inventory and patient accounts receivable, including receivables for Medicaid supplemental payments, of substantially all of our wholly owned acute care and specialty hospitals, and our LC Facility is guaranteed and secured by a first priority pledge of the capital stock and other ownership interests of certain of our hospital subsidiaries on an equal - ranking basis with our existing senior secured notes. From time to time, we expect to engage in additional capital market, bank credit and other financing activities, depending on our needs and financing alternatives available at that time. The interest expense associated with our indebtedness offsets a substantial portion of our operating income. During ~~2022~~ **2023** , our interest expense was $ ~~890~~ **901** million and represented ~~38~~ **36** % of our $ 2. ~~333~~ **510** billion of operating income. As a result, relatively small percentage changes in our operating income can result in a relatively large percentage change in our net income and earnings per share, both positively and negatively. In addition: • Our substantial indebtedness may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors that have less debt. • We may be more vulnerable in the event of a deterioration in our business, in the healthcare industry or in the economy generally, or if federal or state governments substantially limit or reduce reimbursement under the Medicare or Medicaid programs. • Our debt service obligations reduce the amount of funds available for our operations, capital expenditures and corporate development activities, and may make it more difficult for us to satisfy our financial obligations. • Our operations are capital intensive and require significant investment to maintain buildings, equipment, software and other assets. Our substantial indebtedness could limit our ability to obtain additional financing to fund future capital expenditures, as well as working capital, acquisitions or other needs. • Our significant indebtedness may result in the market value of our stock being more volatile, potentially resulting in larger investment gains or losses for our shareholders, than the market value of the common stock of other companies that have a relatively smaller amount of indebtedness. • A significant portion of our outstanding debt is subject to early prepayment penalties, such as make - whole premiums; as a result, it may be costly to pursue debt repayment as a deleveraging strategy. Furthermore, our Credit Agreement, our LC Facility and the indentures governing our outstanding notes contain, and any future debt obligations may contain, covenants that, among other things, restrict our ability to pay dividends, incur additional debt and sell assets. We may not be able to generate sufficient cash to service all of our indebtedness, and we may not be able to refinance our indebtedness on favorable terms. If we are forced to take other actions to satisfy our obligations under our indebtedness, these actions may not be successful. Our ability to make scheduled payments on or to refinance our indebtedness depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to financial, business and other factors that may be beyond our control. ~~We cannot~~ **There can be no** ~~assure~~ **assurance** ~~you~~ that we will **be able to** maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. In addition, our ability to meet our debt service obligations is dependent upon the operating results of our subsidiaries and their ability to pay dividends or make other payments or advances to us. We hold most of our assets at, and conduct substantially all of our operations through, direct and indirect subsidiaries. Moreover, we rely on dividends or other intercompany transfers of funds from our subsidiaries to meet our debt service and other obligations, including payment on our outstanding debt. The ability of our subsidiaries to pay dividends or make other payments or advances to us will depend on their operating results and will be subject to applicable laws and restrictions contained in agreements governing the debt of such subsidiaries. **Subsidiaries** ~~Our less than~~ **that are not** wholly owned ~~subsidiaries~~ may also be subject to restrictions on their ability to distribute cash to us in their financing or other agreements and, as a result, we may not be able to access their cash flows to service their respective debt obligations. In recent years, we have regularly issued new notes to refinance our outstanding notes prior to their maturity, and we are likely to continue this practice in the future. Current capital market conditions, including the impact of inflation, have increased borrowing rates and can be expected to significantly increase our cost of capital as compared to prior periods should we seek additional funding. Moreover, global capital markets have experienced significant volatility and uncertainty in the past, and there can be no assurance that such financing alternatives will be available to us on favorable terms, or at all, should we determine it necessary or advisable to seek additional capital. In addition, our ability to incur secured indebtedness (which would generally enable us to achieve better pricing than the incurrence of unsecured indebtedness) depends in part on the value of our assets, which depends, in turn, on the strength of our cash flows and results of operations, as well as on economic and market conditions and other factors. If our cash flows and capital resources are insufficient to fund our debt service obligations and we are unable to refinance our indebtedness on acceptable terms, we may be forced to reduce or delay investments and capital expenditures, including those required for physical plant maintenance or operation of our existing facilities, for integrating our historical acquisitions or for future corporate development activities, and such reduction or delay could continue for years. We also may be forced to sell assets or operations, seek additional capital, or restructure our indebtedness. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations, or that these actions would be permitted under the terms of our existing or future debt agreements, including our Credit Agreement, our LC Facility and the indentures governing our outstanding notes. Restrictive covenants in the agreements governing our indebtedness may adversely affect us. Our Credit Agreement, our LC Facility and the indentures governing our outstanding notes contain various covenants that, among other things, limit our ability and the ability of our subsidiaries to: • incur, assume or guarantee additional indebtedness; • incur liens; • make certain investments; • provide subsidiary guarantees; • consummate asset sales; • redeem debt that is subordinated in right of payment to outstanding indebtedness; • enter into sale and lease - back transactions; • enter into transactions with affiliates; and • consolidate, merge or sell all or substantially all of our assets. These restrictions are subject to a number of important exceptions and qualifications. In addition, under certain circumstances, the terms of our Credit Agreement require us to maintain a financial ratio relating to our ability to satisfy certain fixed expenses, including interest payments. Our ability to meet this financial ratio and the aforementioned restrictive covenants may be affected by events beyond our control, and ~~we cannot~~ **there can be no** ~~assure~~ **assurance** ~~you~~ that we will meet those tests. These restrictions could limit our ability to obtain future financing, make acquisitions or needed capital expenditures, withstand economic downturns in our business or the economy in general, conduct operations or otherwise take advantage of business opportunities that may arise. In addition, a breach of any of these covenants could cause an event of default, which, if not cured or waived, could require us to repay the indebtedness immediately. Under these conditions, we are not certain whether we would have, or be able to obtain, sufficient funds to make accelerated payments. Despite current indebtedness levels, we have the ability and may decide to incur substantially more debt or otherwise increase our leverage. This could further intensify the risks described above. We have the ability to incur additional indebtedness in the future, subject to the restrictions contained in our Credit Agreement, our LC Facility and the indentures governing our outstanding notes. We may decide to incur additional secured or unsecured debt in the future to finance our operations and any judgments or settlements or for other business purposes. Our Credit Agreement provides for revolving loans in an aggregate principal amount of up to $ 1. 500 billion, with a $ 200 million subfacility for standby letters of credit. Our LC Facility provides for the issuance of standby and documentary letters of credit in an aggregate principal amount of up to $ 200 million. At December 31, ~~2022~~ **2023** , we had no cash borrowings outstanding under the Credit Agreement, and we had $ ~~116~~ **111** million of standby letters of credit outstanding in the aggregate under the Credit Agreement and the LC Facility. Based on our eligible receivables, $ 1. 500 billion was available for borrowing under the Credit Agreement at December 31, ~~2022~~ **2023** . If new indebtedness is added or our leverage increases, the related risks that we now face could intensify. ~~29~~