



HERC HOLDINGS INC.

2025

**Task Force on Climate-Related
Financial Disclosures Report**





About this Report

Herc Holdings Inc., the parent company of Herc Rentals Inc., is committed to transparency and accountability in managing climate-related risks and opportunities. Applying the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), this report outlines our approach to climate-related governance, strategy, risk management, and metrics and targets. In this report, use of terms such as "material", "materiality", "relevant", "key", "top", "magnitude" and "prioritize" is solely within the context of our sustainability strategy and disclosure efforts, referencing TCFD guidance. These terms should not be interpreted as a determination by the Company of materiality for purposes of U.S. federal securities laws, rules and regulations or the New York Stock Exchange rules and listing standards.

Our approach to climate-related governance, strategy, risk management, and metrics and targets is informed by our 2025 climate risk and opportunity assessment, which utilized climate scenario analysis. For more information on the scenarios and assessment results, see the "[Strategy](#)" section starting on page 4. Additional details regarding reported greenhouse gas emissions (GHG) data are described in the "[Metrics and Targets](#)" section on page 11 as well as the Data Supplement that accompanies our latest Corporate Citizenship Report. This report summarizes the key outputs of our climate risk and opportunities assessment and describes our ongoing efforts to effectively manage risks and opportunities in alignment with TCFD recommendations and our broader sustainability strategy. These efforts support our desire to create long-term value for our stakeholders by enhancing the resilience of our business.

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Governance

Board Oversight of Climate-Related Risks and Opportunities

Our Board of Directors (the "Board") and senior management oversee our sustainability performance and strategy, inclusive of climate-related risks and opportunities. The Board's Nominating and Governance Committee has primary oversight of sustainability, reviewing sustainability strategies, initiatives, policies and public reports. The Nominating and Governance Committee annually reviews and approves our Corporate Citizenship Report, inclusive of biennial climate risk and opportunity assessments.

Additionally, the Board's Compensation Committee annually sets specific sustainability Management Business Objectives (MBOs), which are part of our executive annual incentive compensation, and typically focus on incremental gains needed to meet our [2030 Sustainability Goals](#). The Board's Audit Committee oversees Enterprise Risk Management ("ERM"), inclusive of environmental, social and governance risks, as well as financial disclosures, with sustainability subject matter included in our latest [Annual Report on Form 10-K](#). Our Board's engagement is an important part of responsibly managing climate-related impacts, opportunities and risks.

Management's Role in Assessing and Managing Climate-Related Risks and Opportunities

Our management, with oversight from our Board, assesses climate-related risks and opportunities, and reports relevant items in our disclosures, such as the "Risk Factor" section of Form 10-K and our sustainability reports. Our Sustainability Executive Steering Council guides our sustainability initiatives and disclosures. The Council meets quarterly and is comprised of select C-suite members responsible for ensuring that our business is accountable for sustainability priorities and achieving results. They are briefed on the process and results of climate risk and opportunity assessments, help validate findings and support key strategic interventions and risk mitigation tactics.

The Environmental Working Group and Social Impact Working Group report to the Council for specific sustainability topics not otherwise under the purview of other councils or committees overseen by senior leadership. Specifically, the Environmental Working Group is tasked with improving enterprise-wide environmental performance as well as guiding climate-related disclosures, strategy and opportunities. This involves leading initiatives to implement and track progress on climate-related risk mitigation efforts and strategic interventions.

Our Board oversees climate-related disclosures, risks and strategies. Details on the Board Committees to which management reports to is outlined above and more information is available in our latest [Proxy Statement](#).



Strategy

Our climate strategy is grounded in robust scenario analysis, evaluating physical and transition risks and opportunities under plausible climate futures. In 2025, we conducted a climate risk and opportunity assessment with support from our third-party provider using scenario analysis as a basis for much of this disclosure. To help our business remain resilient and adaptable to a range of climate outcomes, we considered the potential impacts of two divergent, plausible climate scenarios on our business (Current Policies and Net Zero 2050, as outlined in the table to the right). Insights gained from this analysis inform capital allocation, fleet modernization and operational priorities, helping us prepare for various transition pathways.

For the Current Policies scenario, we examined severe long-term physical conditions and their economic impacts if global temperatures surpass 3.0°C of warming by 2100 compared to pre-industrial levels. In the Net Zero 2050 scenario, we explored more dynamic economic challenges and opportunities in the short- to medium-term associated with a swift transition to cleaner global energy sources, with fewer long-term physical risks, if global temperatures peak at 1.6°C around 2050 and stabilize at approximately 1.4°C by 2100.

At the onset of this assessment, a diverse group of internal business leaders considered both scenarios to enumerate relevant risks and opportunities for our operations across more than 600 branches in the U.S. and Canada.

Scenarios

The following table summarizes the scenarios selected:

	Current Policies	Net Zero 2050
Overview	Climate policies as of 2023 remain largely unchanged and global GHG emissions continue to rise through 2050	Robust climate policies are swiftly adopted and applied in the 2020s to reach global net-zero emissions by 2050
Global temperature rise*	>3.0°C by 2100	1.6°C peak ~2050 and 1.4°C by 2100
Representation Concentration Pathways (RCP)**	RCP 4.5	RCP 1.9
Physical risks' impact	High	Low
Climate transition risks' impact	Low	Low to medium
Policy reaction	No new policies in 2024 and beyond	Immediate and smooth adoption of new policies
Regional policy application	Low regional variation	Medium to high regional variation
Technology change	Slow	Fast
Carbon removal	Low usage	Medium to high usage

* Compared to pre-industrial levels.

** Intergovernmental Panel on Climate Change (IPCC)'s Representation Concentration Pathways (RCP) scenario descriptions based on the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) Phase V Documentation, NGFS Climate Impact Explorer and NGFS International Institute for Applied Systems Analysis (IIASA) Scenario Explorer.

Strategy Continued

For each scenario, business leaders considered the physical risks associated with operating in a progressively warmer climate as well as the risks and opportunities arising from the potential transition to a cleaner global energy portfolio. The table below illustrates the specific variables we considered to articulate relevant business risks and opportunities:

Physical	Transition
<ul style="list-style-type: none"> • Labor productivity due to heat stress • Wildfires • Hurricanes and extreme storms 	<ul style="list-style-type: none"> • Fuel and electricity price • Investment in electricity, hydrogen and alternative fuels • Steel production • Carbon price

To understand which risks and opportunities may have the greatest impact on our strategy and financial performance, business leaders evaluated the severity of risks and significance of opportunities in the absence of mitigating actions, using materiality thresholds consistent with our ERM process. To evaluate likelihood, we engaged a third-party climate risk provider familiar with the climate scenario data projections. Our third-party provider helped us score the likelihood of impact for both the Current Policies and Net Zero 2050 scenarios for each time horizon (defined below).

Short-term	0-3 years
Medium-term	3-5 years
Long-term	5+ years

We then considered the likelihood scores alongside the severity/significance evaluation to determine the overall potential magnitude of impact over time. The final magnitude score assigned to each climate-related risk and opportunity ranges from very low to very high, accounting for the severity/significance of the impact on our business and the likelihood of its occurrence.

Tables 1-3 describe the top climate-related risks and opportunities we have identified over the short-, medium- and long-term. Additionally, these tables summarize key impacts of climate-related risks and opportunities on our business, strategy and financial planning and illustrate key efforts to enhance business resilience by mitigating top risks and implementing strategic interventions for key opportunities.

Finally, we reconvened business leaders for a final workshop to validate the results of the assessment and to discuss risk mitigation tactics and strategic interventions for the highest-impact items. Tables 1-3 also summarize current or planned risk mitigation tactics and strategic interventions identified by business leaders in the final workshop.



Progress against our climate strategy is tracked using key performance indicators, including greenhouse gas (GHG) emissions intensity, fleet electrification rates and supplier engagement metrics described in the "[Metrics and Targets](#)" section of this report. Such targets support continuous improvement efforts and integrate decarbonization tactics throughout our business, thus supporting our commitment to conducting business responsibly while advancing a lower-carbon, more circular economy.

Strategy Continued

Tables 1–3 Key:

Symbols indicate the anticipated directional change in magnitude over the short-, medium- and long-term time horizons evaluated. Magnitude refers to the combination of severity/significance and likelihood.







*No change in magnitude means that the risk or opportunity scored a high to very high impact over all time horizons (i.e., high now and will continue to be a high risk or opportunity over time).

Table 1. Summary of Top Climate-Related Physical Risks

Type	Risk	Potential Impact on Our Business	Primary Value Chain Stage Impacted	Anticipated Change to Magnitude	Risk Mitigation Tactics
Acute	Supply chain disruptions	Climate-related events can interrupt Original Equipment Manufacturer (OEM) and supplier transportation, logistics and operations, delaying equipment delivery and potentially leading to lost revenue due to the disruption of sales. The impact is likely to worsen over time as physical risks such as hurricanes and wildfires become increasingly more severe, even in a Net Zero 2050 scenario.	Upstream		<ul style="list-style-type: none"> • Maintain supplier redundancy measures, preserving relationships with multiple OEMs for key equipment categories • Negotiate commercial terms that hedge against potential supply chain disruptions with vendors • Source most equipment from North American-based OEMs and monitor top suppliers' business continuity and resilience efforts • Engage suppliers on an ongoing basis through in-person visits to manufacturing locations and supplier surveys
Chronic	Heat strain on labor	Our team members and our customers often work outside in increasingly high temperatures, which could hurt their health, productivity and morale. These risks can drive up indirect operating costs.	Direct operations		<ul style="list-style-type: none"> • Integrate climate-related physical risk mitigation into Herc Rentals' safety culture (e.g., develop plans for extreme temperature events that may impact team members considering geography or other factors) • Deploy hydration and cooling solutions in working areas when needed during extreme heat episodes • Educate team members to identify and prevent heat-related illnesses through formal training and internal communications




Strategy Continued

Table 2. Summary of Top Climate-Related Transition Risks

Type	Risk	Potential Impact on Our Business	Primary Value Chain Stage Impacted	Anticipated Change to Magnitude	Risk Mitigation Tactics
Policy and legal	Compliance costs	Carbon pricing (e.g., taxes on emissions) could increase annual operating costs. Regulatory compliance with emissions and fleet mandates would require significant capital investment and sustained reporting efforts, especially as we comply across states and provinces.	Direct operations		<ul style="list-style-type: none"> • Monitor policies proactively and prepare accordingly • Advocate for business-friendly policies through rental industry trade associations • Harmonize business and sustainability strategy through joint KPIs, goals, pillars and incentives • Streamline compliance efforts to increase uniformity and reduce fragmentation across operations as much as feasible • Plan for ongoing investment in sustainability reporting and operational needs
Markets	Declining customer demand	Declining GDP driven by macro climate-related trends may translate to a widespread change in customer behavior resulting in reduced demand (i.e., revenues) for our products and services. Macro trends may include customers shifting rental spend to competitors with broader capabilities to support their decarbonization requirements, customers offshoring outside the U.S. and Canada and customers going out of business.	Downstream		<ul style="list-style-type: none"> • Invest in developing tools and services that add value to the product offerings • Expand products and services when merited to meet customer needs • Promote sustainable rental options to customers by applying our easy, expert and efficient operating system known as E3OS
Markets	Talent recruitment and upskilling	We may lack the expertise needed for green technologies, requiring new hires or upskilling of current staff. Rising indirect costs from higher salaries, training programs, and retention challenges could follow. Attracting workers with specialized skills may also be difficult due to the industry's perception among younger generations.	Direct operations		<ul style="list-style-type: none"> • Upskill and develop team members strategically to meet future skill needs and recruit talent with appropriate subject matter expertise and work experience • Improve employee engagement through programs designed to make our company the employer of choice in the equipment rental industry and beyond
Technology	Adopting low-carbon solutions	Transitioning to electric and hybrid fleet models and procuring renewable energy can be more costly in terms of capital investment compared to traditional technology. Additionally, this shift may not always provide an adequate return on investment for our business and stakeholders within our value chain.	Upstream		<ul style="list-style-type: none"> • Scale innovative low-carbon and fuel-efficient equipment by facilitating customer adoption where feasible • Enhance efforts that help customers achieve jobsite sustainability objectives • Evaluate electric, hybrid and alternative fuel equipment options during regular fleet replacement cycles • Enable efficient jobsite energy management through fleet optimization, ProControl™ technology and rental equipment quality standards

Strategy Continued

Table 3. Summary of Top Climate-Related Transition Opportunities

Type	Opportunity	Potential Impact on Our Business	Primary Value Chain Stage Impacted	Anticipated Change to Magnitude	Strategic Interventions
Products and services	Disaster response demand	Physical climate impacts—wildfires, hurricanes, floods—create recurring revenue streams through increased demand for equipment rentals for emergency response and infrastructure recovery. Our equipment can also help by supporting community recovery.	Downstream		<ul style="list-style-type: none"> • Deploy products and services to accelerate community recovery from extreme weather events, which are expected to be more persistent and severe in both climate scenarios evaluated • Expand operations in geographies more prone to climate impacts and plan logistics to have the right products ready during critical times or locations • Maintain and test up-to-date disaster recovery plans as outlined in our Information Security Policy, designed to ensure business continuity in the event of an emergency or disaster • Help impacted team members bounce back after disasters through company programs such as the Team Herc Relief Fund, which provides financial support to employees in need, and the Employee Assistance Program, developed to support team members' mental wellness
Markets	Rental over ownership trend	As capital and ownership costs rise with interest rates and inflation, more businesses may opt to rent, potentially expanding our market penetration, resulting in increased revenues.	Downstream		<ul style="list-style-type: none"> • Leverage size and scale to help customers access cutting-edge fleet and technology solutions • Expand product lines and offer expertise to help customers comply with emerging regulations when needed • Educate customers on the benefits of renting equipment, such as access to safer, newer and more efficient equipment accompanied by utilization insights to optimize productivity • Continuously improve equipment maintenance strategies to provide best-in-class operating conditions for customers
Markets	Markets infrastructure projects	Supporting infrastructure mega projects, large-scale renewable energy builds, and microgrid installations as new and emerging markets might offer us high-margin revenue growth potential and improve our reputation as a contributor to the circular economy.	Downstream		<ul style="list-style-type: none"> • Understand public-sector incentives that may influence where mega project sites and data centers will be located and plan accordingly • Increase engagement with the most innovative suppliers (traditional and non-traditional) to help customers overcome energy management challenges at power-intensive and/or remote locations • Continue expanding internal knowledge and networking opportunities

Risk Management

We identify and assess climate-related impacts, risks and opportunities through our companywide ERM process, Double Materiality Assessments (DMA) and climate risk assessments with scenario analysis. This three-pronged approach outlined in Table 4 provides robust stakeholder engagement and creates the conditions to systematically manage climate-related risks alongside other key business risks so that climate-related considerations are integrated into decision-making. Our process is designed to mitigate top risks while harnessing key strategic opportunities with appropriate oversight from Management and the Board.

Table 4. Overall Risk Management Process

	ERM	DMA	Climate Risk Assessment
Frequency of assessment	Annually	Annually review with full-scale reassessments as needed	Biennially
Assessment outlook	1 year, assessed quarterly for the remainder of the fiscal year	1 to 3 years	Short-term: 0–3 years; Medium-term: 3–5 years; Long-term: 5+ years
Stakeholders engaged	Internal business leaders	Internal business leaders External investors, suppliers, industry groups, nonprofits and communities, manufacturers and suppliers	Internal business leaders
Primary related disclosure	Internal business leaders	Corporate Citizenship Report	TCFD Report
Purpose	Accounts for the probability and potential impact of a broad range of risks to the business, including environmental topics such as climate.	Evaluates which sustainability topics have the most applicable impacts, risks and opportunities (IROs) for our business, as well as society and the environment—considering potential impacts on human rights and the environment across all topics. Validates that internal ERM findings are consistent with external perspectives and third-party research.	Assesses physical and transition climate-related risks on the business, utilizing two plausible future climate scenarios across all branches in our operational footprint, following the recommendations of the TCFD.

Risk Management Continued

Table 4. Overall Risk Management Process

	ERM	DMA	Climate Risk Assessment
How climate-related risks are identified and assessed	Each quarter, our ERM Committee prioritizes the risks facing our organization based on its review of potential risks to our operations and financial results. We analyze risks at the business unit and enterprise levels, taking into account the probability and potential impact of each risk. We also consider interdependencies and combined effects across risks, as well as the opportunities and best practices that can help us enhance our risk management capabilities.	<p>IROs for GHG Emissions* and Climate Risk, Resilience and Adaptation** topics are assessed through a structured analysis, inclusive of analytical research and stakeholder interviews.</p> <p>To better understand each topic’s potential inward impact on enterprise value, we consider the severity of IROs in relation to our strategy and financial performance, reputation and ability to comply with regulations, alongside how likely the IRO is to occur. To gauge how our business may outwardly impact society and the environment in relation to each topic, we scored the severity of IROs considering their scale, scope and irreversibility, in conjunction with the probability of IROs to be realized.</p>	We engage members of our Environmental Working Group and other business leaders through a series of focus groups and a survey tailored to our specific business risk and opportunity profile. The “ Strategy ” section on page 4 of this disclosure includes additional details.
How climate-related risks are managed	<p>We assign “risk owners” to monitor risks broadly as we are committed to integrating ERM into our decision-making processes and fostering a culture of risk awareness and accountability across the organization. “Risk owners” support our ERM processes by monitoring the nature and scope of risks under their purview, articulating risk exposure and developing plans of action to mitigate or lessen the impacts of the risk.</p> <p>Climate-related risks are managed under the Corporate Social Responsibility topic within our ERM process. Our sustainability team serves as the risk owner, conducting double materiality and climate risk assessments and leading the Environmental Working Group.</p>	<p>The most significant IROs relating to GHG Emissions* and Climate Risk, Resilience and Adaptation** topics are managed through our governance structure. Specifically, we are working to develop more robust data collection and internal processes for these topics over the assessment outlook. This entails:</p> <ul style="list-style-type: none"> • Maintaining annual Scope 1 and 2 GHG inventory and obtaining third-party limited assurance • Rebaselining Scope 1 and 2 emissions and setting a new target • Reporting on all relevant Scope 3 GHG emissions categories over time and obtaining third-party limited assurance by 2030 • Conducting climate risk assessments with scenario analysis at regular intervals 	Members of our Environmental Working Group and other business leaders validate climate risk assessment results and identify strategic interventions for increasing our resilience by mitigating top climate-related risks and seizing the most significant opportunities. Specific risk mitigation tactics and strategic interventions are described in Tables 1-3 in the “ Strategy ” section of this report for top risks and opportunities. The Environmental Working Group also leads efforts to implement and monitor progress for climate-related risk mitigation tactics and strategic interventions.

* Efforts to manage energy use and GHG emissions. Includes activities such as energy management, measurement of emissions across Scopes 1, 2 and 3 and decarbonization of direct operations and value chain activities.

** Exposure and preparedness for climate impacts and extreme weather. Includes efforts across the value chain to understand and mitigate disruption to physical assets, execute operational functions and manage physical and transition climate-related risks and opportunities.



Metrics and Targets

We are committed to responsibly managing the complexities and interdependencies related to climate risks and opportunities. To foster continuous improvement and provide decision-useful information to our stakeholders, we report on various metrics concerning **GHG Emissions***, as well as **Climate Risk, Resilience and Adaptation**** topics. Internally, these metrics and targets allow us to assess and manage efforts we have adopted to reduce and adapt to climate-related risks and opportunities. Such metrics and targets also inform sustainability Management Business Objectives (MBOs), which are part of our executive annual incentive compensation, and typically focus on incremental gains needed to meet our 2030 Sustainability Goals. More information is available in the "[Governance](#)" section on page 3.

Reported Metrics Associated with Top Climate Risks and Opportunities:

- ▶ Absolute Scope 1 and 2 GHG emissions
- ▶ Scope 1 and 2 GHG emissions intensity, measured as metric tons of carbon dioxide equivalent per million U.S. dollars of total revenue
- ▶ Absolute Scope 3 GHG emissions categories for which we have developed measurement methodologies to enable calculations
- ▶ Percent of electric or hybrid equipment by count and Original Equipment Cost (OEC), excluding non-engine-powered fleet products
- ▶ Percent of telematics-enabled equipment, based on the portion of fleet where telematics is an applicable technology
- ▶ Percent of OEMs by spend responding to our 2025 Supplier Questionnaire

GHG Emissions Reduction Target and Progress:

We have reduced Scope 1 and 2 GHG emissions intensity by 26.5% from 2019 baseline, exceeding our 2030 goal. In June 2025, we acquired H&E Equipment Services, adding over 160 branches and more than 2,500 team members. Once the acquired branches are fully integrated into our business, we plan to re-establish a new baseline and announce revised goals consistent with our larger footprint. In the meantime, we will continue to monitor and report progress on our existing goal.

To learn details about our metrics and target, please see our latest **Corporate Citizenship Report and Data Supplement**, available at ir.hercrentals.com/sustainability.

See the "[Appendix](#)" on page 12 of this report for references aligned to the eleven recommendations of the TCFD.

* Efforts to manage energy use and GHG emissions. Includes activities such as energy management, measurement of emissions across Scopes 1, 2 and 3 and decarbonization of direct operations and value chain activities. .

** Exposure and preparedness for climate impacts and extreme weather. Includes efforts across the value chain to understand and mitigate disruption to physical assets, execute operational functions and manage physical and transition climate-related risks and opportunities.

Appendix

TCFD Pillars and Recommendations		Response Location
 <p>Governance Disclose the organization’s governance around climate-related risks and opportunities.</p>	a) Describe the organization’s processes for identifying and assessing climate-related risks.	2025 TCFD Report: p. 3 2025 Corporate Citizenship Report: p. 45–46 2025 Proxy: p. 10–12 2024 Annual Report: p. 3, 6–7, 16, 22 and 63
	b) Describe management’s role in assessing and managing climate-related risks and opportunities.	
 <p>Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning where such information is material.</p>	a) Describe the climate-related risks and opportunities the organization has identified over the short-, medium- and long-term.	2025 TCFD Report: p. 4 and 6–8: Tables 1–3
	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
 <p>Risk Management Disclose how the organization identifies, assesses and manages climate-related risks.</p>	a) Describe the organization’s processes for identifying and assessing climate-related risks.	2025 TCFD Report: p. 9
	b) Describe the organization’s processes for managing climate-related risks.	
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.	
 <p>Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	2025 TCFD Report: p. 11
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2025 TCFD Report: p. 11 2025 Corporate Citizenship Report: p. 8, 35–39 and 49

Forward-looking Statements

This report contains statements that Herc Holdings Inc. believes to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are forward-looking statements including, without limitation, statements regarding Herc Holdings’ future business strategy, targets, plans and objectives for future operations. Forward-looking statements are generally identified by the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “forecasts” and future or conditional verbs, such as “will,” “should,” “could” or “may” as well as variations of such words or similar expressions. All forward-looking statements are based upon our current expectations and various assumptions and, there can be no assurance that our current expectations will be achieved. They are subject to future events, risks and uncertainties— many of which are beyond our control— as well as potentially inaccurate assumptions, that could cause actual results to differ materially from those in the forward-looking statements. Further information on the risks that may affect our business is included in filings we make with the Securities and Exchange Commission (SEC) from time to time, including our most recent annual report on Form 10-K, subsequent quarterly reports on Form 10-Q and our other SEC filings. We undertake no obligation to update or revise forward-looking statements that have been made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

