DEPENDENCE ON KEY CUSTOMERS. The company has depended, and will continue to depend, on key customers for a material portion of its revenues. Many of the company's key customers are large restaurant chains. The number of new store openings by these chains can vary from quarter to quarter depending on internal growth plans, construction, seasonality and other factors. If these chains were to conclude that the market for their type of restaurant has become saturated, they could open fewer restaurants. In addition, during an economic downturn, key customers could both open fewer restaurants and defer purchases of new equipment for existing restaurants. Either of these conditions could have a material adverse effect on the company's financial condition and results of operations.

INTERNATIONAL EXPOSURE. The company has manufacturing operations located in Asia and distribution operations in Asia, Europe and Latin America. The company's operations are subject to the impact of economic downturns, political instability and foreign trade restrictions, which may adversely affect its financial condition and operating results. The company anticipates that international sales will continue to account for a significant portion of consolidated net sales in the foreseeable future. Some sales by the foreign operations are in local currency, and an increase in the relative value of the U.S. dollar against such currencies would lead to the reduction in consolidated sales and earnings. Additionally, foreign currency exposures are not fully hedged, and there can be no assurances that future results of operations will not be adversely affected by currency fluctuations.

STRATEGIC INVESTMENTS. To achieve strategic objectives, the company may in the future seek to acquire or invest in other companies, businesses or technologies. Acquisitions entail numerous risks, including the following:

- difficulties in the assimilation of acquired businesses or technologies;
- diversion of management's attention from other business concerns;
- assumption of unknown material liabilities;
- failure to achieve financial or operating objectives; and
- potential loss of customers or key employees of acquired companies.

The company may not be able to integrate successfully any operations, personnel, services or products that the company has acquired or may acquire in the future.

The company also may seek to expand or enhance some of its operations by forming joint ventures or alliances with various strategic partners throughout the world. Entering into joint ventures and alliances also entails risks, including difficulties in developing and expanding the business of newly formed joint ventures, exercising influence over the activities of joint ventures in which the company does not have a controlling interest, and potential conflicts with joint venture or alliance partners.

SOURCES OF SUPPLY. The company uses large amounts of stainless steel, aluminized steel, and other commodities in the manufacture of its products. A significant increase in the prices of these commodities that the company is unable to pass on to customers would adversely affect its operating results. While the company has some supply contracts, the protection they provide is limited, so that the company remains exposed to price increases. In addition, an interruption in or the cessation of an important supply by any third party and the company's inability to make alternative arrangements in a timely manner, or at all, could have a material adverse effect on the company's business, financial condition and operating results.

INTELLECTUAL PROPERTY. The company relies primarily on trade secret, copyright, service mark, trademark and patent law and contractual protections to protect its proprietary technology and other proprietary rights. The company has filed patent applications covering its technology. Notwithstanding the precautions the company takes to protect its intellectual property rights, it is possible that third parties may copy or otherwise obtain and use its proprietary technology without authorization or otherwise infringe on the company's rights. In some cases, including a number of the company's most important products, there may be no effective legal recourse against duplication by competitors. In addition, in the future, the company may have to rely on litigation to enforce its intellectual property rights, protect trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Any such litigation, whether successful or unsuccessful, could result in substantial costs and diversions of resources, either of which could adversely affect the business.

PATENT INFRINGEMENT. Patents of third parties may have an important bearing on the company's ability to offer certain of its products and services. The company's competitors as well as other companies and individuals may obtain, and may be expected to obtain in the future, patents related to the types of products and services the company offers or plans to offer. The company cannot assure that it is or will be aware of all patents containing claims that may pose a risk of infringement by its products and services. In addition, some patent applications in the United States are confidential until a patent is issued and, therefore, the company cannot evaluate the extent to which its products and services may be covered or asserted to be covered by claims contained in pending patent applications. In general, if one or more of the company's products or services were to infringe patents held by others, the company may be required