

MAYO
CLINIC



MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED
DECEMBER 31, 2025

March 2026

PATIENT-CENTERED CARE VIA ADVANCED TECHNOLOGY

Mayo Clinic remains focused on what matters most: putting the needs of the patient first by advancing our efforts to Cure, Connect and Transform healthcare. Guided by our integrated Practice, Research and Education mission, we are investing in [Mayo Clinic Platform](#) and platform-based, AI-assisted capabilities to improve health outcomes for people with serious and/or complex conditions and create pathways for other care providers to safely and responsibly adopt AI technology. Through our Bold. Forward. strategy, we are enabling collaboration around high-quality, de-identified data and integrating next-generation digital tools and physical spaces to continue to support Category-of-One, patient-centered care everywhere.

Highlights

Mayo Clinic's 2025 performance advances its patient-centered mission

In 2025, through its Bold. Forward. strategy, Mayo Clinic introduced hundreds of innovations to advance cures, accelerate diagnoses and improve access for patients — reinforcing its commitment to putting patients first. Performance highlights include:

- Cared for patients from every state and 141 countries, including 161,590 surgical patients, an increase of more than 4% from 2024.
- Performed 149 new surgeries and procedures, reflecting new treatments and cures for patients.
- Completed 2,065 solid organ transplants — an increase of 3% over 2024 — and 792 bone marrow transplants, for a total of 2,857, the most in the country.
- Named "World's Best Hospital" and named "World's Best Smart Hospital" by Newsweek.
- Ranked top three in more specialties than any other hospital for 36 straight years by U.S. News & World Report.
- Performed more than 26 million diagnostic tests for patients worldwide, including implementing more than 100 new tests.
- Licensed nearly 300 Mayo Clinic-developed technologies and entered nearly 200 licensing agreements in areas including biopharma, diagnostics, IT/AI and medical devices.

Mayo Clinic leaders advocate for new data architecture in healthcare

In an [essay for the World Economic Forum](#), Mayo Clinic's CEO and other leaders outlined how legacy data systems are detrimental to AI transformation in healthcare and highlighted the need for architecture that analyzes data in real time, supporting solutions that can reason, learn and immediately inform care and drive research insights. Agentic AI tools designed from this architecture could automate reasoning, enabling better and less costly healthcare at scale.

Mayo Clinic names new leader for Education

Mayo Clinic has [appointed Nneka Comfere, M.D.](#), as the new Juanita Kious Waugh Executive Dean of Education and dean of the Mayo Clinic Alix School of Medicine. [Dr. Comfere](#), a member of Mayo Clinic's Board of Governors and Board of Trustees, brings a proven track record in clinical excellence and innovation, including as medical director of the Digital Health, Artificial Intelligence and Innovations program in the Department of Dermatology.

Her experience in advancing responsible AI application positions Mayo Clinic to further strengthen digitally enabled education, workforce readiness and operational scalability in a rapidly evolving healthcare environment.

Mayo Clinic hospitals earn highest grades for patient safety from Leapfrog Group

Eight eligible Mayo Clinic [hospitals earned A grades](#) from [The Leapfrog Group](#), an independent national nonprofit. All eight hospitals have maintained straight As since spring 2022. Mayo Clinic in Arizona is among just 11 hospitals in the nation that have achieved an A in every Leapfrog grading cycle since 2012. The ratings help patients choose healthcare providers by focusing on safe, high-quality care.

Mayo Clinic, GE HealthCare unveil bold research collaboration in advanced cancer care

Mayo Clinic is taking part in the [GE HealthCare-Mayo Clinic Initiative in Radiation Therapy](#), or GEMINI-RT, which aims to personalize radiation therapy and cancer care at every step of the patient journey. GEMINI-RT combines Mayo Clinic's world-class clinical and research expertise with GE HealthCare's leading technical and engineering solutions in oncology care and radiation therapy to drive innovation in prediction, planning, automation, workflow and monitoring for radiation oncology.

Mayo Clinic Platform programs provide access to Mayo expertise

[Mayo Clinic Platform](#), Mayo Clinic's initiative to accelerate healthcare innovation by securely connecting like-minded collaborators to clinical expertise, de-identified data and AI, has launched two additional programs to enable healthcare transformation.

- [Mayo Clinic Platform Orchestrate](#) helps biopharma and medical device companies bring innovative therapies to patients faster. The program provides a single point of access to Mayo Clinic's research and clinical foundation, de-identified data, advanced AI tools and international collaborators, removing barriers that traditionally slow clinical development. Three organizations joined the program at its launch in late 2025.
- [Mayo Clinic Platform Insights](#) provides healthcare organizations across the globe access to Mayo Clinic's data-driven AI insights and clinical knowledge as well as Mayo Clinic's best practices, guidance and support. The program offers a path for providers to keep pace with AI advances and implement solutions to their biggest challenges. Six organizations joined the program in 2025.

Mayo Clinic Platform_Accelerate supports AI startups

Companies working to predict genomic mutations, develop AI-powered, at-home cancer detection tests and leverage data to deliver more personalized mental healthcare participated in 2025 in the [Mayo Clinic Platform Accelerate](#) program. Thirty-nine national and international health-tech startups participated in an immersive 30-week program that offers participants access to Mayo Clinic's de-identified data and tools to develop and validate their AI-driven healthcare solutions, turning breakthrough ideas into healthcare solutions.

BioLabs' new facility will foster collaboration with Mayo Clinic

Mayo Clinic [helped welcome BioLabs](#), an international innovation platform that operates a network of shared laboratory spaces for life science startups, to Rochester, Minnesota. BioLabs'

expansion was developed in collaboration with Mayo Clinic and other partners and includes a 16,000-square-foot facility at Discovery Square, a health-tech innovation hub adjacent to Mayo Clinic's campus. The facility will enable companies to scale lab operations without prohibitive initial investments and provide access to Mayo Clinic's clinical, research and educational expertise, helping translate discoveries into real-world therapies.

Mayo Clinic researchers identify a new stem cell patch to gently heal damaged hearts

Researchers at Mayo Clinic in Arizona have developed a [pioneering method to mend damaged hearts](#) without open-heart surgery, a breakthrough that could transform heart failure treatment. For patients with severe heart failure, few options exist beyond mechanical pumps or transplants. The new approach uses lab-grown heart tissue made from reprogrammed adult stem cells, delivered through a tiny incision rather than a surgically opened chest cavity. In preclinical testing, the stem cell patch helped restore heart function and improved healing.

Researchers find new hope for toughest myeloma with off-the-shelf immunotherapy

Mayo Clinic researchers discovered that an [off-the-shelf therapy](#) already available to treat multiple myeloma can produce long-lasting results in extramedullary multiple myeloma — an aggressive, treatment-resistant form of the disease. The approach combines engineered antibodies that force T cells to attack cancer cells. Among patients in a clinical trial who responded to the treatment, nearly two-thirds maintained disease control at one year, an improvement for a myeloma subtype that typically has a months-long life expectancy.

AI-powered heart tests can help find diseases earlier

Mayo Clinic researchers have developed a new AI-powered algorithm capable of [detecting obstructive sleep apnea](#), especially in women, using a standard 12-lead ECG, a routine heart test. The innovation could help clinicians evaluate whether sleep apnea treatment may be able to reduce patients' cardiovascular risk. Mayo Clinic researchers also developed an AI-powered ECG model to [diagnose liver disease](#) earlier in patients with no symptoms, helping them get treatment before the disease has progressed. These innovations could make it faster, cheaper, and easier to detect diseases with noninvasive, inexpensive tests.

Proton beam therapy may lead to fewer side effects for those with throat cancer

A nationwide [study](#) in The Lancet that included Mayo Clinic found that patients with throat cancer may live longer and have fewer side effects if treated with [proton beam radiation therapy](#) as opposed to the standard radiation therapy, which can sometimes cause long-term complications. Proton therapy uses charged particles that can be targeted with precisely defined proton fields, sparing structures such as the mouth, voice box and swallowing muscles.

About Mayo Clinic

Mayo Clinic is the No. 1-ranked hospital in the world. With a workforce of 85,000, Mayo Clinic earned over \$21.5 billion in annual revenue while providing high-quality, compassionate care to patients from all 50 states and 141 countries in 2025.

DISCUSSION OF 2025 RESULTS

In 2025, Mayo Clinic generated income from operating activities of \$473 million, equivalent to a 2.3% margin. Income from current activities, including philanthropy and investment returns available for operating activities, was \$1.47 billion, a 6.8% margin. During this period, the increase in net assets before other changes, including noncurrent and other items, was \$4.56 billion.

Year Ended December 31, 2025

<i>(\$ in Millions):</i>	2024	2025	Change From 2024
Revenue from operating activities	\$18,777	\$20,531	9.3%
Expenses from operating activities	18,502	20,058	8.4%
Income from operating activities	\$275	\$473	72.0%
Investment return and contributions available for current activities	1,018	995	-2.3%
Income from current activities	\$1,293	\$1,468	13.5%
Noncurrent and other items	1,613	3,087	91.4%
Increase (decrease) in net assets before other changes	\$2,906	\$4,555	56.7%
Postretirement adjustment/other	915	599	-34.5%
Increase (decrease) in net assets	\$3,821	\$5,154	34.9%

REVENUE

Year Ended December 31, 2025

<i>(\$ in Millions):</i>	2024	2025	Change From 2024
Revenue			
Net medical service revenue	\$16,554	\$18,126	9.5%
Grants and contracts	772	788	2.1%
Other operating revenue	1,451	1,617	11.4%
Contributions	540	448	-17.0%
Investments	478	547	14.4%
Total operating revenue	\$19,795	\$21,526	8.7%

2025 Financial Performance Overview

For the year ended December 31, 2025, net medical service revenue of \$18.13 billion comprised 84.2% of total revenue and reflected a 9.5% increase from the prior year. This growth was driven by strong outpatient, surgical and hospital volumes and increased service demand. Mayo Clinic's total operating revenue for the period was \$21.53 billion, an 8.7% increase over the same period in 2024.

Contributions available for operating activities decreased from 2024 to 2025 due to a greater portion of total contributions being directed to non-operating activities such as endowments and capital projects. Investment income available for operating activities increased slightly from 2024 to 2025 due to a slightly higher rate of return on short-term and working capital funds.

VOLUME METRICS

The table below shows 2025 clinical volumes. All measures show an increase compared to 2023 and 2024, reflecting strong, sustained demand for services.

	Year Ended December 31, 2025			Change	
	2023	2024	2025	From 2024	From 2023
Outpatient visits	5,223,715	5,478,035	5,729,845	4.6%	9.7%
Surgical cases	149,934	155,086	161,590	4.2%	7.8%
Admissions	122,553	131,599	140,727	6.9%	14.8%
Patient days	709,106	746,482	786,020	5.3%	10.8%

EXPENSES

Operating expenses for the year ended December 31, 2025, were \$20.06 billion, reflecting year-over-year growth of 8.4%. Salaries and benefits, totaling \$11.16 billion, rose by 6.5% from the prior period and accounted for 55.6% of total expenses. Volume increases similarly drove the rise in supplies and services expenses. Finance and investment expense decreased slightly on a lower average interest expense, while an increase in facilities and depreciation is due to recently completed construction projects and campus improvements.

(\$ in Millions):	Year Ended December 31, 2025		Change From 2024
	2024	2025	
Expenses			
Salaries and benefits	\$10,482	\$11,159	6.5%
Supplies and services	6,731	7,485	11.2%
Facilities	1,100	1,228	11.6%
Finance and investment	189	186	-1.6%
Total expenses	\$18,502	\$20,058	8.4%

NONCURRENT AND OTHER ITEMS

Noncurrent and other items include portions of philanthropic contributions and investment income not available to support operating activities, as well as deferred compensation and other charges. As of December 31, 2025, noncurrent investment returns of \$2.51 billion exceeded 2024 noncurrent investment returns of \$1.31 billion.

Most of Mayo Clinic's employees participate in its defined benefit retirement plans. The funded status of Mayo Clinic's pension plans increased during the year, primarily due to investment returns. As of December 31, 2025, Mayo Clinic's pension plans are 143.6% funded, an increase from 134.9% at the beginning of the year. Benefit payments during 2025 were \$544 million, while investment returns and Mayo Clinic contributions to the plans totaled \$1.72 billion and \$270 million, respectively. The pension plans' net funded status as of December 31, 2025, was \$3.95 billion compared to \$2.99 billion on December 31, 2024.

CASH, INVESTMENTS, AND BALANCE SHEET STRENGTH

Cash and investments totaled \$24.91 billion as of December 31, 2025, an increase of \$3.91 billion since the end of 2024, largely driven by investment gains. Of this total, \$4.63 billion, or 18.6%, is held for liquidity in working capital and short-term funds.

LONG TERM FUND

As of December 31, 2025, Mayo's cash and investment position included \$18.25 billion in long-term investments in our primary investment vehicle, the Long Term Fund (LTF). The LTF is composed of \$7.63 billion of endowed funds (both donor and board-restricted) and \$10.62 billion of unrestricted reserves. The LTF generated a 4.9% gain for the quarter ended December 31, 2025, and a gain of 16.4% year to date. On a three-year, five-year and 10-year basis, the LTF's investment returns remained consistent with investment objectives, with returns of 11.7%, 9.9% and 10.1%, respectively, over these periods. Investment earnings on Mayo's endowed funds are a vital source of support for our research and education programs. They underpin sustained investments in long-term initiatives that advance Mayo Clinic's mission to transform healthcare around the world and minimize reliance on external sources of funding.

CAPITAL EXPENDITURES

Capital expenditures totaled \$1.38 billion for the year ended December 31, 2025. The total includes \$670 million for major projects, \$540 million for equipment and \$172 million for other projects. Major spending for Bold. Forward. Unbound. — Mayo Clinic's investment in physical and digital transformation — includes the bed tower modernization and expansions in Mankato, Minnesota, and La Crosse, Wisconsin; the campus expansion and Integrated Education and Research Building in Arizona; the Duan Family Building, radiology expansion, hospital expansion, and central utility plant in Florida; and campus improvement and expansion projects including the proton beam facility expansion and the Link Bus Rapid Transit (BRT) system in Rochester, Minnesota.

2025 Financial Performance Overview

The table below shows continued strength in key balance sheet metrics, all of which remain strong and well within "AA" rating parameters.

	2023	2024	2025
Days revenue outstanding	45.2	44.4	41.7
Days cash on hand	358	362	397
Max debt service coverage ratio	7.2x	9.1x	9.9x
Cash to debt	336%	384%	419%
Debt to capitalization	23%	19%	17%

SUMMARY

Driven by our enduring commitment to put the needs of the patient first, Mayo Clinic made significant strides in 2025 to Cure, Connect and Transform healthcare for people everywhere. Strong, sustained financial performance enables Mayo Clinic to continue to care for patients and support our staff today while investing in new physical and digital infrastructure and emerging technologies to accelerate healthcare transformation. This progress is made possible by our dedicated staff, who work tirelessly to advance our mission.

OPERATING STATISTICS

Measures of Clinical Service
Rochester, Florida, Arizona, Mayo Clinic Health System
2023–2025

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Outpatient Visits	5,223,715	5,478,035	5,729,845
Surgical Patients	149,934	155,086	161,590

Payor Mix
Percentage of Gross Revenue
Rochester, Florida, Arizona, Mayo Clinic Health System
2023–2025

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Medicare	48.2%	48.4%	49.1%
Medicaid	8.8%	8.4%	8.1%
Contract	35.3%	35.2%	35.2%
Other/Self-pay	7.7%	8.0%	7.6%

Measures of Hospital Service
Rochester, Florida, Arizona, Mayo Clinic Health System Hospitals
2023–2025

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Admissions	122,553	131,599	140,727
Patient Days	709,106	746,482	786,020
Average Length of Stay	5.8	5.7	5.6

MAYO CLINIC PATIENT ORIGIN

Rochester

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Minnesota	63.6%	63.0%	62.3%
Wisconsin	7.6%	8.1%	8.2%
Iowa	7.3%	7.3%	7.4%
Illinois	3.4%	3.4%	3.4%
North Dakota	1.8%	1.9%	1.9%
Michigan	1.6%	1.6%	1.6%
South Dakota	1.5%	1.5%	1.6%
Missouri	0.9%	1.0%	1.0%
Indiana	0.8%	0.8%	0.8%
Subtotal	<u>88.5%</u>	<u>88.6%</u>	<u>88.2%</u>
Other U.S.	10.4%	10.4%	10.8%
Canada	0.2%	0.2%	0.2%
Other Foreign	0.9%	0.9%	0.8%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Florida

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Florida	80.3%	80.2%	79.8%
Georgia	8.4%	8.5%	8.6%
South Carolina	1.8%	1.8%	2.0%
Alabama	0.9%	0.9%	1.0%
North Carolina	0.9%	0.9%	0.9%
Tennessee	0.7%	0.7%	0.7%
Subtotal	<u>93.0%</u>	<u>93.0%</u>	<u>93.0%</u>
Other U.S.	5.9%	5.9%	5.9%
Foreign	1.1%	1.1%	1.1%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

2025 Financial Performance Overview

Arizona

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Arizona	78.8%	78.6%	78.1%
New Mexico	2.9%	2.9%	3.1%
California	2.8%	2.8%	2.9%
Nevada	1.8%	1.9%	1.9%
Texas	1.5%	1.5%	1.5%
Colorado	1.4%	1.4%	1.4%
Subtotal	<u>89.2%</u>	<u>89.1%</u>	<u>88.9%</u>
Other U.S.	9.9%	10.0%	10.1%
Foreign	0.9%	0.9%	1.0%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>