Unaudited Consolidated Financial Statements and Other Information

For The Period Ended September 30, 2025

The Cleveland Clinic Foundation
d.b.a. Cleveland Clinic Health System

Contents

The following summary describes the unaudited, consolidated financial results for the Cleveland Clinic Health System (System) for the quarters and nine months ended September 30, 2025 and 2024.

Operating income for the System in the third quarter of 2025 was $206 million on total unrestricted revenues of $4.5 billion, resulting in a 4.5% operating margin, as compared to operating income of $43.4 million and a 1.1% operating margin in the third quarter of 2024. The System's operating income and EBIDA in the third quarter of 2025 represent increases over the prior year quarter of 376% and 77%, respectively. Excess of revenues over expenses in the third quarter of 2025 was $706 million, a 14% total margin, and represented an 88% increase over $375 million reported in the third quarter of 2024.

Operating income for the System for the first nine months of 2025 was $514 million on total unrestricted revenues of $13.3 billion, resulting in a 3.9% operating margin, as compared to operating income of $139 million and a 1.2% operating margin in the first nine months of 2024. The System generated $1.1 billion in operating cash flow (EBIDA) during the first nine months of 2025, an 8.6% EBIDA margin, compared to $717 million and a 6.1% EBIDA margin in the first nine months of 2024. The System's operating income and EBIDA in the first nine months of 2025 represent year-over-year increases of 270% and 59%, respectively. The improved operating performance in the first nine months of 2025 resulted from a 12.8% increase in operating revenues, supported by strong patient demand for outpatient services and new Medicare Advantage delegated premium and risk agreements that went into effect January 1, 2025. Operating expenses increased 9.7% over the same period. Overall, the System reported an excess of revenues over expenses of $1.6 billion in the first nine months of 2025, a 10.8% total margin, compared to an excess of revenues over expenses of $895 million, a 7.1% total margin, in the first nine months of 2024.

The following table summarizes patient utilization statistics for the System:

	For the quarter ended September 30				For the nine months ended September 30			
	2025	2024	Variance	%	2025	2024	Variance	%
Inpatient admissions(1)	70,138	68,724	1,414	2.1%	209,078	207,691	1,387	0.7%
Patient days(1)	353,790	342,059	11,731	3.4%	1,062,668	1,042,760	19,908	1.9%
Surgical cases								
Inpatient	21,643	21,105	538	2.6%	63,939	63,734	205	0.3%
Outpatient	62,300	59,644	2,656	4.5%	186,088	180,894	5,194	2.9%
	83,944	80,749	3,195	4.0%	250,028	244,628	5,400	2.2%
Emergency department visits	250,935	250,126	809	0.3%	749,614	741,973	7,641	1.0%
Clinic outpatient evaluation and management visits	2,073,676	1,990,205	83,471	4.2%	6,246,367	5,980,679	265,688	4.4%
Total patient encounters	3,653,915	3,601,054	52,861	1.5%	10,969,833	10,813,695	156,138	1.4%

(1) Excludes newborns

Total operating revenue increased $564 million (14.2%) in the third quarter and $1.5 billion (12.8%) in the first nine months of 2025 compared to the same periods in 2024. Revenue growth in 2025 includes increases of $728 million in net patient service revenue, supported by a 1.4% increase in total patient encounters, including favorable service mix and a strong inpatient case mix index that improved revenue quality. Also contributing to the growth in revenue was $457 million of premium revenue related to new Medicare Advantage delegated premium and risk agreements that were effective January 1, 2025, which also increased expenses for related claim payments. Other unrestricted revenues increased $322 million primarily due to growth in outpatient retail and specialty pharmacy revenues.

Total operating expenses increased $402 million (10.2%) in the third quarter and $1.1 billion (9.7%) in the first nine months of 2025 compared to the same periods in 2024. The increase in expenses is due primarily to the growth in patients served and inflationary trends that increased personnel costs and pharmaceutical expenses, as well as costs associated with the new delegated premium and risk agreements noted above. The System has implemented initiatives to stabilize its workforce, including reduced reliance on agency personnel and premium labor, allowing the System to manage the year-over-year rate of growth in personnel costs to 4.5%. The System continues to implement cost reduction and efficiency initiatives to appropriately capture the scale-synergy opportunities across its global enterprise and to develop a lean cost structure that is aligned with patients served.

The following table summarizes the financial results of the System ($ in thousands):

	For the quarter ended September 30				For the nine months ended September 30			
	2025	2024	Variance	%	2025	2024	Variance	%
Total unrestricted revenue	$ 4,542,025	$ 3,977,616	$ 564,409	14.2%	$ 13,292,216	$ 11,785,801	$ 1,506,415	12.8%
Operating income before interest, depreciation and amortization	$ 414,391	$ 234,632	$ 179,759	76.6%	$ 1,141,835	$ 717,477	$ 424,358	59.1%
Operating cashflow margin	9.1%	5.9%			8.6%	6.1%		
Operating income	$ 206,230	$ 43,372	$ 162,858	375.5%	$ 514,378	$ 138,909	$ 375,469	270.3%
Operating margin	4.5%	1.1%			3.9%	1.2%		
Net nonoperating gains and losses	$ 499,921	$ 331,451	$ 168,470	50.8%	$ 1,039,585	$ 756,490	$ 283,095	37.4%
Excess of revenues over expenses	$ 706,151	$ 374,823	$ 331,328	88.4%	$ 1,553,963	$ 895,399	$ 658,564	73.5%
Total margin	14.0%	8.7%			10.8%	7.1%		

Gains and losses from nonoperating activities are recorded below operating income in the statement of operations. The System recognized nonoperating gains of $1.0 billion in the first nine months of 2025 compared to net gains of $756 million in the first nine months of 2024. Investment returns on the System's investment portfolio approximated 10.4% in the first nine months of 2025 compared to returns of 8.3% in the same period of 2024. Total cash and investments for the System were $16.1 billion at September 30, 2025, which is an increase of $1.3 billion compared to $14.8 billion at December 31, 2024.

Shape the future
with confidence

Ernst & Young LLP
North Point Tower II
1001 Lakeside Avenue
Suite 1800
Cleveland, OH 44114

Tel: +1 216 861 5000
Fax: +1 216 583 1831
ey.com

Review Report of Independent Auditors

The Board of Directors
The Cleveland Clinic Foundation

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated financial statements of The Cleveland Clinic Foundation and controlled affiliates, d.b.a Cleveland Clinic Health System (the System), which comprise the consolidated balance sheet as of September 30, 2025, and the related statements of operations and changes in net assets for the three-month and nine-month periods ended September 30, 2025, and cash flows for the nine-month periods ended September 30, 2025, and the related notes (collectively referred to as the "interim financial information").

Based on our review we are not aware of any material modifications that should be made to the accompanying interim financial information as of and for the three and nine months ended September 30, 2025, for it to be in accordance with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial information of the Company for the three-month and nine-month periods ended September 30, 2024, was not reviewed by us, and accordingly, we do not express any form of assurance on it.

Basis for Review Results

We conducted our review in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

Ernst + Young LLP

November 14, 2025

Unaudited Consolidated Balance Sheets
($ in thousands)

	September 30 2025	December 31 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 1,084,203	$ 1,022,346
Patient receivables	1,949,752	1,850,016
Investments for current use	89,627	89,627
Other current assets	978,415	863,182
Total current assets	4,101,997	3,825,171
Investments:		
Long-term investments	13,079,986	11,944,509
Funds held by trustees	39,532	6,169
Assets held for self-insurance	168,725	165,757
Donor restricted assets	1,658,507	1,571,601
	14,946,750	13,688,036
Property, plant, and equipment, net	7,271,427	6,882,228
Other assets:		
Pledges receivable, net	162,787	137,852
Trusts and interests in foundations	102,983	97,562
Operating lease right-of-use assets	387,942	374,656
Other noncurrent assets	1,206,257	1,110,529
	1,859,969	1,720,599
Total assets	$ 28,180,143	$ 26,116,034

Unaudited Consolidated Balance Sheets (continued)

($ in thousands)

	September 30 2025	December 31 2024
Liabilities and net assets		
Current liabilities:		
Accounts payable	$ 678,124	$ 819,544
Compensation and amounts withheld from payroll	700,840	708,934
Current portion of long-term debt	101,860	108,261
Variable rate debt classified as current	437,879	701,499
Other current liabilities	866,296	786,970
Total current liabilities	2,784,999	3,125,208
Long-term debt	5,074,067	4,580,902
Other liabilities:		
Professional and general insurance liability reserves	322,154	260,469
Accrued retirement benefits	196,452	198,805
Operating lease liabilities	338,627	328,034
Other noncurrent liabilities	943,365	798,901
	1,800,598	1,586,209
Total liabilities	9,659,664	9,292,319
Net assets:		
Without donor restrictions	16,515,835	14,908,343
With donor restrictions	2,004,644	1,915,372
Total net assets	18,520,479	16,823,715
Total liabilities and net assets	$ 28,180,143	$ 26,116,034

See notes to unaudited consolidated financial statements.

Unaudited Consolidated Statements of Operations and Changes in Net Assets

($ in thousands)

Operations

	Three Months Ended September 30	
	2025	2024
Unrestricted revenues		
Net patient service revenue	$ 3,719,093	$ 3,393,702
Premium revenue	146,604	-
Other	676,328	583,914
Total unrestricted revenues	4,542,025	3,977,616
Expenses		
Salaries, wages, and benefits	2,347,207	2,254,915
Supplies	427,145	379,610
Pharmaceuticals	700,966	594,482
Medical claims	59,749	-
Purchased services and other fees	319,546	287,413
Administrative services	61,592	57,432
Facilities	130,683	121,789
Insurance	80,746	47,343
	4,127,634	3,742,984
Operating income before interest, depreciation, and amortization expenses	414,391	234,632
Interest	43,465	43,222
Depreciation and amortization	164,696	148,038
Operating income	206,230	43,372
Nonoperating gains and losses		
Investment return	502,381	339,876
Derivative gains (losses)	79	(5,702)
Other, net	(2,539)	(2,723)
Net nonoperating gains and losses	499,921	331,451
Excess of revenues over expenses	706,151	374,823

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Unaudited Consolidated Statements of Operations and Changes in Net Assets (continued)
($ in thousands)

Changes in Net Assets

	Three Months Ended September 30	
	2025	2024
Changes in net assets without donor restrictions:		
Excess of revenues over expenses	$ 706,151	$ 374,823
Donated capital	(2)	21
Net assets released from restriction for capital purposes	6,019	18,732
Retirement benefits adjustment	(799)	(792)
Foreign currency translation	(1,877)	3,910
Other	(547)	(186)
Increase in net assets without donor restrictions	708,945	396,508
Changes in net assets with donor restrictions:		
Gifts and bequests	31,953	57,132
Net investment income	38,239	23,960
Net assets released from restrictions used for operations included in other unrestricted revenues	(38,804)	(35,909)
Net assets released from restriction for capital purposes	(6,019)	(18,732)
Change in interests in foundations	549	371
Change in value of perpetual trusts	1,158	1,258
Other	500	100
Increase in net assets with donor restrictions	27,576	28,180
Increase in net assets	736,521	424,688
Net assets at beginning of period	17,783,958	16,268,705
Net assets at end of period	$ 18,520,479	$ 16,693,393

See notes to unaudited consolidated financial statements.

Unaudited Consolidated Statements of Operations and Changes in Net Assets (continued)

($ in thousands)

Operations

	Nine Months Ended September 30	
	2025	2024
Unrestricted revenues		
Net patient service revenue	$ 10,907,636	$ 10,179,519
Premium revenue	456,650	-
Other	1,927,930	1,606,282
Total unrestricted revenues	13,292,216	11,785,801
Expenses		
Salaries, wages, and benefits	7,064,572	6,761,564
Supplies	1,233,781	1,156,790
Pharmaceuticals	2,036,457	1,662,885
Medical claims	196,966	-
Purchased services and other fees	895,278	839,297
Administrative services	178,407	174,494
Facilities	377,572	357,510
Insurance	167,348	115,784
	12,150,381	11,068,324
Operating income before interest, depreciation, and amortization expenses	1,141,835	717,477
Interest	128,089	134,092
Depreciation and amortization	499,368	444,476
Operating income	514,378	138,909
Nonoperating gains and losses		
Investment return	1,050,299	758,697
Derivative (losses) gains	(2,921)	5,856
Other, net	(7,793)	(8,063)
Net nonoperating gains and losses	1,039,585	756,490
Excess of revenues over expenses	1,553,963	895,399

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Unaudited Consolidated Statements of Operations and Changes in Net Assets (continued)

($ in thousands)

Changes in Net Assets

	Nine Months Ended September 30	
	2025	2024
Changes in net assets without donor restrictions:		
Excess of revenues over expenses	$ 1,553,963	$ 895,399
Donated capital	82	76
Net assets released from restriction for capital purposes	55,481	31,305
Retirement benefits adjustment	(2,397)	(2,375)
Foreign currency translation	4,607	2,806
Other	(4,244)	(772)
Increase in net assets without donor restrictions	1,607,492	926,439
Changes in net assets with donor restrictions:		
Gifts and bequests	148,161	151,116
Net investment income	104,265	75,259
Net assets released from restrictions used for operations included in other unrestricted revenues	(115,306)	(106,717)
Net assets released from restriction for capital purposes	(55,481)	(31,305)
Change in interests in foundations	1,482	1,018
Change in value of perpetual trusts	3,651	3,223
Other	2,500	2,100
Increase in net assets with donor restrictions	89,272	94,694
Increase in net assets	1,696,764	1,021,133
Net assets at beginning of year	16,823,715	15,672,260
Net assets at end of period	$ 18,520,479	$ 16,693,393

See notes to unaudited consolidated financial statements.

Unaudited Consolidated Statements of Cash Flows

($ in thousands)

	Nine Months Ended September 30 2025	Nine Months Ended September 30 2024
Operating activities and net nonoperating gains and losses		
Increase in net assets	$ 1,696,764	$ 1,021,133
Adjustments to reconcile increase in net assets to net cash provided by operating activities and net nonoperating gains and losses:		
(Gain) loss on extinguishment of debt	(457)	414
Retirement benefits adjustment	2,397	2,375
Net realized and unrealized gains on investments	(1,232,873)	(879,550)
Depreciation and amortization	499,366	440,690
Foreign currency translation gain	(4,607)	(2,806)
Donated capital	(82)	(76)
Restricted gifts, bequests, and other	(153,294)	(230,616)
Accreted interest and amortization of bond premiums	(10,521)	(7,229)
Net loss (gain) in value of derivatives	1,921	(5,117)
Changes in operating assets and liabilities:		
Patient receivables	(94,969)	(17,460)
Other current assets	(140,075)	(51,043)
Other noncurrent assets	(94,584)	(89,808)
Accounts payable and other current liabilities	(47,705)	(1,217)
Other liabilities	195,624	123,297
Net cash provided by operating activities and net nonoperating gains and losses	616,905	302,987
Financing activities		
Proceeds from short-term borrowings	40,000	-
Payments on short-term borrowings	(40,000)	-
Proceeds from long-term borrowings	285,094	503,218
Payments for redemption of long-term debt	(20,490)	(300,000)
Principal payments on long-term debt	(102,874)	(99,539)
Debt issuance costs	(2,792)	(3,318)
Change in pledges receivables, trusts and interests in foundations	(3,729)	32,676
Restricted gifts, bequests, and other	153,294	230,616
Net cash provided by financing activities	308,503	363,653
Investing activities		
Expenditures for property, plant and equipment	(853,451)	(688,621)
Proceeds from sale of property, plant and equipment	10,900	11,410
Net change in cash equivalents reported in long-term investments	108,244	(395,338)
Purchases of investments	(5,970,939)	(4,271,951)
Sales of investments	5,845,355	4,638,707
Net cash used in investing activities	(859,891)	(705,793)
Effect of exchange rate changes on cash	4,841	2,023
Increase (decrease) in cash and cash equivalents	70,358	(37,130)
Cash, cash equivalents and restricted cash at beginning of year	1,026,968	703,716
Cash, cash equivalents and restricted cash at end of period	$ 1,097,326	$ 666,586

See notes to unaudited consolidated financial statements.

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. Operating results for the nine months ended September 30, 2025 are not necessarily indicative of the results to be expected for the year ended December 31, 2025. For further information, refer to the audited financial statements and notes thereto for the year ended December 31, 2024.

2. Organization and Consolidation

The Cleveland Clinic Foundation (Clinic) is a nonprofit, tax-exempt, Ohio corporation organized and operated to provide medical and hospital care, medical research, and education. The accompanying consolidated financial statements include the accounts of the Clinic and its controlled affiliates, d.b.a. Cleveland Clinic Health System (System). All significant intercompany balances and transactions have been eliminated in consolidation.

The System is the leading provider of healthcare services in northeast Ohio. As of September 30, 2025, the System operates 21 hospitals with approximately 5,500 staffed beds. Fifteen of the hospitals are operated in the northeast Ohio area, anchored by the Clinic. The System operates 22 outpatient family health centers and nine ambulatory surgery centers, as well as numerous physician offices, which are located throughout northeast Ohio, and specialized cancer centers in Sandusky and Mansfield, Ohio. In southeast Florida, the System operates five hospitals, a clinical facility in Weston, outpatient family health centers in Port St. Lucie, Stuart and West Palm Beach, an outpatient family health and ambulatory surgery center in Coral Springs, and numerous physician offices located throughout southeast Florida. In the United Kingdom, the System operates a hospital and two outpatient facilities in the central London area. In addition, the System operates a health and wellness center and a sports medicine clinic in Toronto, Canada, and a specialized neurological clinical center in Las Vegas, Nevada. Pursuant to agreements, the System also provides management services for Ashtabula County Medical Center, located in Ashtabula, Ohio, with approximately 120 staffed beds, and Cleveland Clinic Abu Dhabi, a multispecialty hospital offering a range of complex quaternary and general acute care services that is part of M42 Health’s network of healthcare facilities located in Abu Dhabi, United Arab Emirates, with 364 staffed beds.

3. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

4. Net Patient Service Revenue and Patient Receivables

Net patient service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled for providing patient care. These amounts are due from patients, third-party payors, and others and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits. Generally, the System bills the patients and third-party payors several days after the services are performed or shortly after discharge. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the System. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The System believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. The System measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and the System does not believe it is required to provide additional services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, the System has elected to apply the optional exemption provided in Financial Accounting Standards Board Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The System is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net patient service revenue. The System accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for inpatient revenue and outpatient revenue. Based on historical collection trends and other analyses, the System has concluded that revenue for a given portfolio would not be materially different from accounting for revenue on a contract-by-contract basis.

4. Net Patient Service Revenue and Patient Receivables (continued)

The System has agreements with third-party payors that generally provide for payments to the System at amounts different from its established rates. For uninsured patients who do not qualify for charity care, the System recognizes revenue based on established rates (charges), subject to certain discounts and implicit price concessions as determined by the System. The System determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with the System's policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration the System expects to receive from patients, which are determined based on historical collection experience, current market conditions and other factors.

Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductibles and coinsurance, which vary in amount. The System estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price increased net patient service revenue by $70.2 million in the first nine months of 2025. Adjustments arising from a change in the transaction price were not significant in the first nine months of 2024.

The System is paid a prospectively determined rate for the majority of inpatient acute care and outpatient, skilled nursing, and rehabilitation services provided (principally Medicare, Medicaid, and certain insurers). These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Payments for capital are received on a prospective basis for Medicare and Medicaid. Payments are received on a prospective basis for the System's medical education costs, subject to certain limits. The System is paid for cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicare Administrative Contractor.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation as well as significant regulatory action, and, in the normal course of business, the System is subject to contractual reviews and audits, including audits initiated by the Medicare Recovery Audit Contractor program. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term. The System believes it is in compliance with applicable laws and regulations governing the Medicare and Medicaid programs and that adequate provisions have been made for any adjustments that may result from final settlements.

4. Net Patient Service Revenue and Patient Receivables (continued)

Settlements with third-party payors for retroactive adjustments due to reviews and audits are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care in the period the related services are provided. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the System's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known or as years are settled or are no longer subject to such reviews and audits. Adjustments arising from a change in estimated settlements were not significant in the first nine months of 2025 or 2024.

The System provides care to patients who do not have the ability to pay and who qualify for charity care pursuant to established policies of the System. Charity care is defined as services for which patients have the obligation to pay but do not have the ability to do so. The System does not report charity care as net patient service revenue.

Net patient service revenue by major payor source, for the three months and nine months ended September 30, 2025 and 2024 is as follows (in thousands):

	Three Months Ended September 30, 2025		**Three Months Ended September 30, 2024**	
Medicare	**$ 1,407,765**	**38%**	$ 1,347,344	40%
Medicaid	**367,819**	**10**	324,018	9
Managed care and commercial	**1,873,331**	**50**	1,665,157	49
Self-pay	**70,178**	**2**	57,183	2
Net patient service revenue	**$ 3,719,093**	**100%**	$ 3,393,702	100%

	Nine Months Ended September 30, 2025		**Nine Months Ended September 30, 2024**	
Medicare	**$ 4,177,840**	**38%**	$ 3,988,825	39%
Medicaid	**1,050,327**	**10**	978,313	10
Managed care and commercial	**5,476,719**	**50**	5,040,047	49
Self-pay	**202,750**	**2**	172,334	2
Net patient service revenue	**$ 10,907,636**	**100%**	$ 10,179,519	100%

5. Premium Revenue and Medical Claim Expenses

Effective January 1, 2025, the System entered into two value-based care risk agreements to manage populations of patients. The agreements allow the System to provide care coordination and other population health management activities for attributed members participating in Medicare Advantage plans currently written by two national payors (the Contracted Plans). The agreements have a term of two years, expiring on December 31, 2026, and are renewable annually at the mutual discretion of the System and the Contracted Plans. During the term of both agreements, the Contracted Plans will allocate a percentage of premium (Delegated Premium) the Contracted Plans receive from the Centers for Medicare and Medicaid Services to the System. Delegated Premium is recognized as revenue in the month that members are eligible to receive health care services. The System is responsible for both providing or arranging for the provision of medical services to attributed members. Medical claim expenses are recognized in the month in which the services are provided, including amounts for reported claims and an estimate of incurred but not reported claims using past experience adjusted for current trends. Estimates for medical claim expenses may be more or less than amounts ultimately paid when claims are settled. Such changes in estimates are recorded in the current period in the consolidated statements of operations. Medical claim expenses on the consolidated statement of operations exclude amounts related to services provided by System provider entities and include costs directly related to the administration of the agreements.

The agreements provide that, if medical claim expenses are lower than the Delegated Premium, then such amount constitutes a savings, which is shared between the System and the Contracted Plans. In the same manner, the agreements provide that, if medical claim expenses are higher than the Delegated Premium, then such amount constitutes a deficit, which is allocated between the System and the Contracted Plans.

6. Cash and Cash Equivalents

The System considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash equivalents are recorded at fair value in the consolidated balance sheets and exclude amounts held for long-term investment purposes and amounts included in long-term investment portfolios as those amounts are commingled with long-term investments.

The reconciliation of cash, cash equivalents, and restricted cash within the consolidated balance sheets that comprise the amount reported on the consolidated statements of cash flows at September 30, 2025 and December 31, 2024 is as follows (in thousands):

	September 30 2025	December 31 2024
Cash and cash equivalents	**$ 1,084,203**	$ 1,022,346
Restricted cash in investments	**13,123**	4,622
Total cash, cash equivalents, and restricted cash	**$ 1,097,326**	$ 1,026,968

Restricted cash in investments includes amounts held by the System's captive insurance subsidiaries and restricted cash for various programs.

7. Fair Value Measurements

Fair value measurements are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Authoritative guidance provides an option to elect fair value as an alternative measurement for selected financial assets and liabilities not previously recorded at fair value. The System did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

The framework for measuring fair value is comprised of a three-level hierarchy based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

7. Fair Value Measurements (continued)

The following tables present the financial instruments measured at fair value on a recurring basis as of September 30, 2025 and December 31, 2024, based on the valuation hierarchy (in thousands):

September 30, 2025

	Level 1	Level 2	Level 3	Total
Assets				
Cash and investments:				
Cash and cash equivalents	$ 1,097,326	$ –	$ –	$ 1,097,326
Money market funds	387,816	–	–	387,816
Fixed-income securities:				
U.S. treasuries	1,169,077	–	–	1,169,077
U.S. government agencies	–	459,442	–	459,442
U.S. corporate	–	834,097	–	834,097
Foreign	–	182,393	–	182,393
Fixed-income mutual funds	213,915	–	–	213,915
Common and preferred stocks:				
U.S.	241,895	–	–	241,895
Foreign	726,288	37,278	–	763,566
Equity mutual funds	105,723	–	–	105,723
Total cash and investments	3,942,040	1,513,210	–	5,455,250
Perpetual and charitable trusts	–	73,396	–	73,396
Investments in affiliates	–	–	77,742	77,742
Total assets at fair value	$ 3,942,040	$ 1,586,606	$ 77,742	$ 5,606,388
Liabilities				
Interest rate swaps	$ –	$ 7,998	$ –	$ 7,998
Total liabilities at fair value	$ –	$ 7,998	$ –	$ 7,998

7. Fair Value Measurements (continued)

December 31, 2024

	Level 1	Level 2	Level 3	Total
Assets				
Cash and investments:				
Cash and cash equivalents	$ 1,026,968	$ –	$ –	$ 1,026,968
Money market funds	496,060	–	–	496,060
Fixed-income securities:				
U.S. treasuries	900,871	–	–	900,871
U.S. government agencies	–	450,237	–	450,237
U.S. corporate	–	739,667	–	739,667
Foreign	–	148,683	–	148,683
Fixed-income mutual funds	535,822	–	–	535,822
Common and preferred stocks:				
U.S.	171,563	278	–	171,841
Foreign	578,934	63,616	–	642,550
Equity mutual funds	68,390	–	–	68,390
Total cash and investments	3,778,608	1,402,481	–	5,181,089
Perpetual and charitable trusts	–	69,457	–	69,457
Investments in affiliates	–	–	66,433	66,433
Total assets at fair value	$ 3,778,608	$ 1,471,938	$ 66,433	$ 5,316,979
Liabilities				
Interest rate swaps	$ –	$ 6,078	$ –	$ 6,078
Total liabilities at fair value	$ –	$ 6,078	$ –	$ 6,078

7. Fair Value Measurements (continued)

Financial instruments at September 30, 2025 and December 31, 2024 are reflected in the consolidated balance sheets as follows (in thousands):

	September 30 2025	December 31 2024
Cash, cash equivalents, and investments measured at fair value	**$ 5,455,250**	$ 5,181,089
Commingled funds measured at net asset value	**2,382,904**	2,302,355
Alternative investments measured at net asset value	**8,282,426**	7,316,565
Total cash, cash equivalents, and investments	**$ 16,120,580**	$ 14,800,009
Perpetual and charitable trusts measured at fair value	**$ 73,396**	$ 69,457
Interests in foundations	**29,587**	28,105
Trusts and interests in foundations	**$ 102,983**	$ 97,562

Investments in affiliates measured at fair value are reported in other noncurrent assets in the consolidated balance sheets.

Interest rate swaps (Note 8) are reported in other noncurrent liabilities in the consolidated balance sheets.

The following is a description of the System's valuation methodologies for assets and liabilities measured at fair value.

Level 1 is based upon quoted market prices.

Level 2 is determined as follows:

Investments classified as Level 2 are primarily determined using techniques that are consistent with the market approach. Valuations are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs, which include broker/dealer quotes, reported/comparable trades, and benchmark yields, are obtained from various sources, including market participants, dealers, and brokers.

7. Fair Value Measurements (continued)

The fair value of perpetual and charitable trusts in which the System receives periodic payments from the trust is determined based on the present value of expected cash flows to be received from the trust using discount rates ranging from 4.3% to 5.0%, which are based on Treasury yield curve interest rates or the assumed yield of the trust assets. The fair value of charitable trusts in which the System is a remainder beneficiary is based on the System's beneficial interest in the investments held in the trust, which are measured at fair value.

The fair value of interest rate swaps is determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved. The valuations include a credit spread adjustment to market interest rate curves to appropriately reflect nonperformance risk. The credit spread adjustment is derived from other comparably rated healthcare entities' bonds. The System manages credit risk based on the net portfolio exposure with each counterparty.

Level 3 investments consist of start-up private medical technology companies. The fair value for each investment is determined using inputs from the most recent post-closing valuation or series funding. Other factors such as financial performance, projections and industry developments are also inputs used to support the fair value of each investment. The range of significant unobservable inputs is dependent on the nature and characteristics of each investment and may vary at each balance sheet date.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

8. Derivative Instruments

The System has entered into various derivative financial instruments to manage interest rate risk.

The System's objective with respect to interest rate risk is to manage the risk of rising interest rates on the System's variable rate debt. Consistent with its interest rate risk management objective, the System has entered into various interest rate swap agreements with a total notional amount of $277.0 and $289.4 million at September 30, 2025 and December 31, 2024, respectively.

8. Derivative Instruments (continued)

The swap agreements mature in varying years between 2027 and 2039. During the term of these transactions, the System pays interest at a fixed rate, ranging from 3.04% to 5.12%, and receives interest at a variable rate based on the Secured Overnight Financing Rate plus a spread. The swap agreements are not designated as hedging instruments. Net interest paid or received under the swap agreements is included in derivative (losses) gains in the consolidated statements of operations and changes in net assets.

The following table summarizes the location and fair value for the System's derivative instruments (in thousands):

	Balance Sheet Location	September 30 2025	December 31 2024
Derivatives not designated as hedging instruments			
Interest rate swap agreements	Other noncurrent liabilities	**$ 7,998**	$ 6,078

The following table summarizes the location and amounts of derivative (losses) gains on the System's derivative instruments (in thousands):

	Location of Gain (Loss) Recognized	Three Months Ended September 30 2025	Three Months Ended September 30 2024	Nine Months Ended September 30 2025	Nine Months Ended September 30 2024
Derivatives not designated as hedging instruments					
Interest rate swap agreements	Derivative gains (losses)	**$ 79**	$ (5,702)	**$ (2,921)**	$ 5,856

The System has used various derivative contracts in connection with certain prior obligations and investments. Although minimum credit ratings are required for counterparties, this does not eliminate the risk that a counterparty may fail to honor its obligations. Derivative contracts are subject to periodic "mark-to-market" valuations. A derivative contract may, at any time, have a positive or negative value to the System. In the event that the negative value reaches certain thresholds established in the derivative contracts, the System is required to post collateral, which could adversely affect its liquidity. At September 30, 2025 and December 31, 2024, the System had no posted collateral. In addition, if the System were to choose to terminate a derivative contract or if a derivative contract were terminated pursuant to an event of default or a termination event as described in the derivative contract, the System could be required to pay a termination payment to the counterparty.

9. Pensions and Other Postretirement Benefits

The System maintains five defined benefit pension plans, including three tax-qualified funded plans and two unfunded plans. The CCHS Retirement Plan is a tax-qualified defined benefit pension plan that provides benefits to substantially all employees of the System, except those employed by Akron General, Mercy Hospital, Union Hospital or Indian River Hospital. All benefit accruals under the CCHS Retirement Plan ceased as of December 31, 2012. Martin Health System had a tax-qualified defined benefit plan covering substantially all of its employees who were hired before October 1, 2005, and met certain eligibility requirements. All benefit accruals under the Martin Health System defined benefit plan ceased as of January 1, 2013. On June 30, 2019, the Martin Health System defined benefit pension plan merged with the CCHS Retirement Plan, with the CCHS Retirement Plan being a single continuing pension plan. Akron General has a tax-qualified defined benefit plan covering substantially all of its employees who were hired before 2004 and meet certain eligibility requirements. All benefit accruals under the Akron General defined benefit plan ceased as of December 31, 2017. Indian River Hospital has a tax-qualified defined benefit plan covering substantially all of its employees who were hired before December 31, 2002, and meet certain eligibility requirements. All benefit accruals under the Indian River Hospital defined benefit plan ceased as of December 31, 2002. The benefits for the System’s tax-qualified defined benefit pension plans are provided based on age, years of service, and compensation. The System’s policy for its tax-qualified defined benefit pension plans is to fund at least the minimum amounts required by the Employee Retirement Income Security Act of 1974. The System maintains two unfunded, nonqualified defined benefit supplemental retirement plans, which cover certain professional staff and administrative employees.

The System sponsors two noncontributory, defined contribution plans and three contributory, defined contribution plans covering active System employees. The Cleveland Clinic Investment Pension Plan (IPP) is a noncontributory, defined contribution plan that covers substantially all of the System’s employees, except employees covered by the Cleveland Clinic Cash Balance Plan and certain employees of Indian River Hospital. The System’s contribution to the IPP for participants is based upon a percentage of employee compensation and years of creditable service. The Cleveland Clinic Cash Balance Plan (CBP) is a noncontributory, defined contribution plan that covers certain professional and administrative employees not covered by the IPP. The System’s contribution to the CBP is a percentage of employee compensation that is determined according to age. Prior to 2024, the System sponsored ten tax-qualified contributory, defined contribution plans covering active System employees. In 2024, the System established a new contributory, defined contribution plan and merged eight defined contribution plans related to various System entities into the new or existing plans. Accordingly, the System currently sponsors three tax-qualified contributory, defined contribution plans, including a plan that covers certain employees of Indian River Hospital and two plans that cover substantially all other employees of the System. The plans generally permit employees to make pretax, Roth and after-tax employee deferrals and to become entitled to certain employer matching contributions that are based on pretax and Roth employee contributions.

9. Pensions and Other Postretirement Benefits (continued)

The components of net periodic benefit cost for defined benefit pension plans and defined contribution plan expenses are as follows (in thousands):

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	**2024**	**2025**	**2024**
Amounts related to defined benefit pension plans:				
Service credit	**$ (423)**	$ (561)	**$ (1,269)**	$ (1,682)
Interest cost	**17,909**	17,853	**53,727**	53,560
Expected return on assets	**(15,967)**	(16,494)	**(47,900)**	(49,483)
Net amortization and deferral	**(454)**	(454)	**(1,362)**	(1,362)
Total defined benefit pension plans	**1,065**	344	**3,196**	1,033
Defined contribution plans	**108,088**	106,692	**359,192**	341,531
	$ 109,153	$ 107,036	**$ 362,388**	$ 342,564

The service credit component of net periodic benefit cost and defined contribution plan expenses are included in salaries, wages, and benefits in the consolidated statements of operations and changes in net assets. The components of net periodic benefit cost other than the service credit component are included in other nonoperating gains and losses in the consolidated statements of operations and changes in net assets.

10. Sale-leaseback

In September 2025, the System entered into a sale-leaseback transaction to sell 24 off campus properties and immediately lease those properties back from the buyer. The leases for each property are for an initial term of twelve and a half years and include two five-year renewal options as well as an option to purchase the properties at the end of the initial term. The System accounted for the transaction as a financing arrangement because it did not transfer control of the underlying assets. Accordingly, the proceeds from the transaction totaling $285 million were recorded as long-term debt in the consolidated balance sheets.

In connection with the sale-leaseback transaction, the System redeemed or defeased $19.2 million of certain outstanding bonds. As a result, the System recorded a $0.5 million gain on extinguishment of debt, which is recorded in other nonoperating gains and losses in the consolidated statements of operations and changes and net assets.

11. Subsequent Events

The System evaluated events and transactions occurring subsequent to September 30, 2025 through November 14, 2025, the date the unaudited consolidated financial statements were issued. During this period, there were no subsequent events requiring recognition in the consolidated financial statements, and there were no nonrecognized subsequent events requiring disclosure.

Unaudited Consolidating Balance Sheets
($ in thousands)

	September 30, 2025				December 31, 2024			
	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated
Assets								
Current assets:								
Cash and cash equivalents	$ 916,947	$ 167,256	$ -	$ 1,084,203	$ 986,681	$ 35,665	$ -	$ 1,022,346
Patient receivables, net	1,639,434	371,976	(61,658)	1,949,752	1,558,559	361,195	(69,738)	1,850,016
Due from affiliates	30,617	30,224	(60,841)	-	29,717	7,664	(37,381)	-
Investments for current use	-	89,627	-	89,627	-	89,627	-	89,627
Other current assets	768,900	223,953	(14,438)	978,415	683,359	188,409	(8,586)	863,182
Total current assets	3,355,898	883,036	(136,937)	4,101,997	3,258,316	682,560	(115,705)	3,825,171
Investments:								
Long-term investments	11,608,529	1,471,457	-	13,079,986	10,613,125	1,331,384	-	11,944,509
Funds held by trustees	39,532	-	-	39,532	6,169	0	-	6,169
Assets held for self-insurance	-	168,725	-	168,725	-	165,757	-	165,757
Donor restricted assets	1,539,654	118,853	-	1,658,507	1,443,640	127,961	-	1,571,601
	13,187,715	1,759,035	-	14,946,750	12,062,934	1,625,102	-	13,688,036
Property, plant, and equipment, net	5,619,081	1,652,346	-	7,271,427	5,262,656	1,619,572	-	6,882,228
Other assets:								
Pledges receivable, net	145,081	17,706	-	162,787	123,392	14,460	-	137,852
Trusts and beneficial interests in foundations	70,398	32,585	-	102,983	67,364	30,198	-	97,562
Operating lease right-of-use assets	132,588	255,354	-	387,942	138,883	235,773	-	374,656
Other noncurrent assets	1,116,003	166,517	(76,263)	1,206,257	1,001,915	184,440	(75,826)	1,110,529
	1,464,070	472,162	(76,263)	1,859,969	1,331,554	464,871	(75,826)	1,720,599
Total assets	$ 23,626,764	$ 4,766,579	$ (213,200)	$ 28,180,143	$ 21,915,460	$ 4,392,105	$ (191,531)	$ 26,116,034

	September 30, 2025				December 31, 2024			
	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated
Liabilities and net assets								
Current liabilities:								
Accounts payable	$ 549,794	$ 128,454	$ (124)	$ 678,124	$ 678,591	$ 141,077	$ (124)	$ 819,544
Compensation and amounts withheld from payroll	623,254	77,586	-	700,840	627,337	81,597	-	708,934
Current portion of long-term debt	93,811	8,049	-	101,860	100,795	7,466	-	108,261
Variable rate debt classified as current	398,583	39,296	-	437,879	659,393	42,106	-	701,499
Due to affiliates	11,555	38,440	(49,995)	-	5,150	32,752	(37,902)	-
Other current liabilities	695,486	232,798	(61,988)	866,296	639,770	217,362	(70,162)	786,970
Total current liabilities	2,372,483	524,623	(112,107)	2,784,999	2,711,036	522,360	(108,188)	3,125,208
Long-term debt	4,083,145	994,505	(3,583)	5,074,067	3,691,201	892,847	(3,146)	4,580,902
Other liabilities:								
Professional and general insurance liability reserves	180,184	141,970	-	322,154	130,894	129,575	-	260,469
Accrued retirement benefits	195,536	916	-	196,452	197,807	998	-	198,805
Operating lease liabilities	88,397	250,230	-	338,627	98,130	229,904	-	328,034
Other noncurrent liabilities	890,099	78,096	(24,830)	943,365	738,046	68,372	(7,517)	798,901
	1,354,216	471,212	(24,830)	1,800,598	1,164,877	428,849	(7,517)	1,586,209
Total liabilities	7,809,844	1,990,340	(140,520)	9,659,664	7,567,114	1,844,056	(118,851)	9,292,319
Net assets:								
Without donor restrictions	14,001,111	2,587,404	(72,680)	16,515,835	12,632,974	2,348,049	(72,680)	14,908,343
With donor restrictions	1,815,809	188,835	-	2,004,644	1,715,372	200,000	-	1,915,372
Total net assets	15,816,920	2,776,239	(72,680)	18,520,479	14,348,346	2,548,049	(72,680)	16,823,715
Total liabilities and net assets	$ 23,626,764	$ 4,766,579	$ (213,200)	$ 28,180,143	$ 21,915,460	$ 4,392,105	$ (191,531)	$ 26,116,034

Please refer to Management's Discussion and Analysis for a listing of the hospitals in the Obligated Group.

Unaudited Consolidating Statements of Operations and Changes in Net Assets
($ in thousands)

Operations

	Three Months Ended September 30, 2025				Three Months Ended September 30, 2024			
	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated
Unrestricted revenues								
Net patient service revenue	$ 3,232,899	$ 727,868	$ (241,674)	$ 3,719,093	$ 2,837,492	$ 669,668	$ (113,458)	$ 3,393,702
Premium revenue	146,604	-	-	146,604	-	-	-	-
Other	608,825	125,074	(57,571)	676,328	526,179	115,383	(57,648)	583,914
Total unrestricted revenues	3,988,328	852,942	(299,245)	4,542,025	3,363,671	785,051	(171,106)	3,977,616
Expenses								
Salaries, wages, and benefits	2,046,031	457,669	(156,493)	2,347,207	1,912,092	470,692	(127,869)	2,254,915
Supplies	338,630	88,747	(232)	427,145	303,181	76,733	(304)	379,610
Pharmaceuticals	634,732	66,234	-	700,966	532,127	62,355	-	594,482
Medical claims	152,633	-	(92,884)	59,749	-	-	-	-
Purchased services and other fees	277,433	63,809	(21,696)	319,546	243,268	64,074	(19,929)	287,413
Administrative services	3,071	69,111	(10,590)	61,592	2,013	63,461	(8,042)	57,432
Facilities	94,681	36,323	(321)	130,683	87,311	34,865	(387)	121,789
Insurance	47,092	50,658	(17,004)	80,746	29,074	32,819	(14,550)	47,343
	3,594,303	832,551	(299,220)	4,127,634	3,109,066	804,999	(171,081)	3,742,984
Operating income (loss) before interest, depreciation, and amortization expenses	394,025	20,391	(25)	414,391	254,605	(19,948)	(25)	234,632
Interest	35,103	8,362	-	43,465	34,581	8,641	-	43,222
Depreciation and amortization	125,420	39,301	(25)	164,696	109,123	38,940	(25)	148,038
Operating income (loss)	233,502	(27,272)	-	206,230	110,901	(67,529)	-	43,372
Nonoperating gains and losses								
Investment return	430,565	71,816	-	502,381	287,853	52,023	-	339,876
Derivative gains (losses)	79	-	-	79	(5,702)	-	-	(5,702)
Other, net	(2,862)	323	-	(2,539)	(2,294)	(429)	-	(2,723)
Net nonoperating gains and losses	427,782	72,139	-	499,921	279,857	51,594	-	331,451
Excess (deficiency) of revenues over expenses	661,284	44,867	-	706,151	390,758	(15,935)	-	374,823

Please refer to Management's Discussion and Analysis for a listing of the hospitals in the Obligated Group.

Certain prior period amounts have been updated to conform to the current year presentation.

Unaudited Consolidating Statements of Operations and Changes in Net Assets (continued)
($ in thousands)

Changes in Net Assets

	Three Months Ended September 30, 2025				Three Months Ended September 30, 2024			
	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated
Changes in net assets without donor restrictions:								
Excess (deficiency) of revenues over expenses	$ 661,284	$ 44,867	$ -	$ 706,151	$ 390,758	$ (15,935)	$ -	$ 374,823
Donated capital	(2)	-	-	(2)	21	-	-	21
Net assets released from restriction for capital purposes	3,550	2,469	-	6,019	17,674	1,058	-	18,732
Retirement benefits adjustment	(599)	(200)	-	(799)	(592)	(200)	-	(792)
Foreign currency translation	-	(1,877)	-	(1,877)	-	3,910	-	3,910
Other	(35,673)	35,126	-	(547)	(52,004)	51,818	-	(186)
Increase in net assets without donor restrictions	628,560	80,385	-	708,945	355,857	40,651	-	396,508
Changes in net assets with donor restrictions:								
Gifts and bequests	28,272	3,681	-	31,953	51,419	5,713	-	57,132
Net investment income	35,596	2,643	-	38,239	22,729	1,231	-	23,960
Net assets released from restrictions used for operations included in other unrestricted revenues	(34,730)	(4,074)	-	(38,804)	(31,821)	(4,088)	-	(35,909)
Net assets released from restriction for capital purposes	(3,550)	(2,469)	-	(6,019)	(17,674)	(1,058)	-	(18,732)
Change in interests in foundations	549	-	-	549	371	-	-	371
Change in value of perpetual trusts	417	741	-	1,158	749	509	-	1,258
Other	5,201	(4,701)	-	500	(385)	485	-	100
Increase (decrease) in net assets with donor restrictions	31,755	(4,179)	-	27,576	25,388	2,792	-	28,180
Increase in net assets	660,315	76,206	-	736,521	381,245	43,443	-	424,688
Net assets at beginning of period	15,156,605	2,700,033	(72,680)	17,783,958	14,030,280	2,291,105	(52,680)	16,268,705
Net assets at end of period	$ 15,816,920	$ 2,776,239	$ (72,680)	$ 18,520,479	$ 14,411,525	$ 2,334,548	$ (52,680)	$ 16,693,393

Please refer to Management's Discussion and Analysis for a listing of the hospitals in the Obligated Group.

Certain prior period amounts have been updated to conform to the current year presentation.

Unaudited Consolidating Statements of Operations and Changes in Net Assets (continued)

($ in thousands)

Operations

	Nine Months Ended September 30, 2025				Nine Months Ended September 30, 2024			
	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated
Unrestricted revenues								
Net patient service revenue	$ 9,459,470	$ 2,131,516	$ (683,350)	$ 10,907,636	$ 8,517,882	$ 1,985,174	$ (323,537)	$ 10,179,519
Premium revenue	456,650	-	-	456,650	-	-	-	-
Other	1,731,382	374,984	(178,436)	1,927,930	1,439,108	333,616	(166,442)	1,606,282
Total unrestricted revenues	11,647,502	2,506,500	(861,786)	13,292,216	9,956,990	2,318,790	(489,979)	11,785,801
Expenses								
Salaries, wages, and benefits	6,161,266	1,353,112	(449,806)	7,064,572	5,711,371	1,411,388	(361,195)	6,761,564
Supplies	972,428	261,855	(502)	1,233,781	909,117	248,199	(526)	1,156,790
Pharmaceuticals	1,839,818	196,639	-	2,036,457	1,493,672	169,213	-	1,662,885
Medical claims	454,680	-	(257,714)	196,966	-	-	-	-
Purchased services and other fees	780,267	182,342	(67,331)	895,278	715,802	183,384	(59,889)	839,297
Administrative services	(6,016)	215,779	(31,356)	178,407	14,787	183,259	(23,552)	174,494
Facilities	272,059	106,689	(1,176)	377,572	254,104	104,456	(1,050)	357,510
Insurance	118,793	102,381	(53,826)	167,348	86,645	72,831	(43,692)	115,784
	10,593,295	2,418,797	(861,711)	12,150,381	9,185,498	2,372,730	(489,904)	11,068,324
Operating income (loss) before interest, depreciation, and amortization expenses	1,054,207	87,703	(75)	1,141,835	771,492	(53,940)	(75)	717,477
Interest	104,422	23,667	-	128,089	108,016	26,076	-	134,092
Depreciation and amortization	378,942	120,501	(75)	499,368	326,645	117,906	(75)	444,476
Operating income (loss)	570,843	(56,465)	-	514,378	336,831	(197,922)	-	138,909
Nonoperating gains and losses								
Investment return	892,065	158,234	-	1,050,299	632,417	126,280	-	758,697
Derivative (losses) gains	(2,921)	-	-	(2,921)	6,017	(161)	-	5,856
Other, net	(8,131)	338	-	(7,793)	(8,252)	189	-	(8,063)
Net nonoperating gains and losses	881,013	158,572	-	1,039,585	630,182	126,308	-	756,490
Excess (deficiency) of revenues over expenses	1,451,856	102,107	-	1,553,963	967,013	(71,614)	-	895,399

Please refer to Management's Discussion and Analysis for a listing of the hospitals in the Obligated Group.

Unaudited Consolidating Statements of Operations and Changes in Net Assets (continued)

($ in thousands)

Changes in Net Assets

	Nine Months Ended September 30, 2025				Nine Months Ended September 30, 2024			
	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated
Changes in net assets without donor restrictions:								
Excess (deficiency) of revenues over expenses	$ 1,451,856	$ 102,107	$ -	$ 1,553,963	$ 967,013	$ (71,614)	$ -	$ 895,399
Donated capital	82	-	-	82	76	-	-	76
Net assets released from restriction for capital purposes	51,736	3,745	-	55,481	28,088	3,217	-	31,305
Retirement benefits adjustment	(1,798)	(599)	-	(2,397)	(1,776)	(599)	-	(2,375)
Foreign currency translation	-	4,607	-	4,607	-	2,806	-	2,806
Other	(133,739)	129,495	-	(4,244)	(136,244)	135,472	-	(772)
Increase in net assets without donor restrictions	1,368,137	239,355	-	1,607,492	857,157	69,282	-	926,439
Changes in net assets with donor restrictions:								
Gifts and bequests	130,667	17,494	-	148,161	131,164	19,952	-	151,116
Net investment income	99,087	5,178	-	104,265	70,419	4,840	-	75,259
Net assets released from restrictions used for operations included in other unrestricted revenues	(101,624)	(13,682)	-	(115,306)	(94,918)	(11,799)	-	(106,717)
Net assets released from restriction for capital purposes	(51,736)	(3,745)	-	(55,481)	(28,088)	(3,217)	-	(31,305)
Change in interests in foundations	1,482	-	-	1,482	1,018	-	-	1,018
Change in value of perpetual trusts	1,097	2,554	-	3,651	1,766	1,457	-	3,223
Other	21,464	(18,964)	-	2,500	2,218	(118)	-	2,100
Increase (decrease) in net assets with donor restrictions	100,437	(11,165)	-	89,272	83,579	11,115	-	94,694
Increase in net assets	1,468,574	228,190	-	1,696,764	940,736	80,397	-	1,021,133
Net assets at beginning of year	14,348,346	2,548,049	(72,680)	16,823,715	13,470,789	2,254,151	(52,680)	15,672,260
Net assets at end of period	$ 15,816,920	$ 2,776,239	$ (72,680)	$ 18,520,479	$ 14,411,525	$ 2,334,548	$ (52,680)	$ 16,693,393

Please refer to Management's Discussion and Analysis for a listing of the hospitals in the Obligated Group.

Unaudited Consolidating Statements of Cash Flows

($ in thousands)

	Nine Months Ended September 30, 2025				Nine Months Ended September 30, 2024			
	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated	Obligated Group	Non-Obligated Group	Consolidating Adjustments & Eliminations	Consolidated
Operating activities and net nonoperating gains and losses								
Increase in total net assets	$ 1,468,574	$ 228,190	$ -	$ 1,696,764	$ 940,736	$ 80,397	$ -	$ 1,021,133
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities and net nonoperating gains and losses:								
(Gain) loss on extinguishment of debt	(457)	-	-	(457)	414	-	-	414
Retirement benefits adjustment	1,798	599	-	2,397	1,776	599	-	2,375
Net realized and unrealized gains on investments	(1,084,687)	(148,186)	-	(1,232,873)	(759,448)	(120,102)	-	(879,550)
Depreciation and amortization	378,942	120,499	(75)	499,366	326,645	114,120	(75)	440,690
Foreign currency translation gain	-	(4,607)	-	(4,607)	-	(2,806)	-	(2,806)
Donated capital	(82)	-	-	(82)	(76)	-	-	(76)
Restricted gifts, bequests, and other	(133,246)	(20,048)	-	(153,294)	(204,367)	(26,249)	-	(230,616)
Transfers to (from) affiliates	133,737	(133,737)	-	-	136,246	(136,246)	-	-
Accreted interest and amortization of bond premiums	(10,656)	135	-	(10,521)	(7,363)	134	-	(7,229)
Net loss (gain) in value of derivatives	1,921	-	-	1,921	(5,117)	-	-	(5,117)
Changes in operating assets and liabilities:								
Patient receivables	(80,875)	(6,014)	(8,080)	(94,969)	(72,957)	15,361	40,136	(17,460)
Other current assets	(107,894)	(61,493)	29,312	(140,075)	(58,269)	(40,185)	47,411	(51,043)
Other noncurrent assets	(108,015)	12,919	512	(94,584)	(101,679)	11,450	421	(89,808)
Accounts payable and other current liabilities	(43,944)	158	(3,919)	(47,705)	77,196	(4,994)	(73,419)	(1,217)
Other liabilities	185,620	27,317	(17,313)	195,624	176,845	(39,419)	(14,129)	123,297
Net cash provided by (used in) operating activities and net nonoperating gains and losses	600,736	15,732	437	616,905	450,582	(147,940)	345	302,987
Financing activities								
Proceeds from short-term borrowings	40,000	-	-	40,000	-	-	-	-
Payments on short-term borrowings	(40,000)	-	-	(40,000)	-	-	-	-
Proceeds from long-term borrowings	237,599	47,932	(437)	285,094	503,218	345	(345)	503,218
Payments for advance refunding of long-term debt	(20,490)	-	-	(20,490)	(300,000)	-	-	(300,000)
Principal payments on long-term debt	(96,292)	(6,582)	-	(102,874)	(92,936)	(6,603)	-	(99,539)
Debt issuance costs	(2,792)	-	-	(2,792)	(3,318)	-	-	(3,318)
Change in pledges receivable, trusts and interests in foundations	(3,270)	(459)	-	(3,729)	37,406	(4,730)	-	32,676
Restricted gifts, bequests, and other	133,246	20,048	-	153,294	204,367	26,249	-	230,616
Net cash provided by financing activities	248,001	60,939	(437)	308,503	348,737	15,261	(345)	363,653
Investing activities								
Expenditures for property, plant and equipment	(755,540)	(97,911)	-	(853,451)	(598,559)	(90,062)	-	(688,621)
Proceeds from sale of property, plant and equipment	10,900	-		10,900	11,410	-		11,410
Net change in cash equivalents reported in long-term investments	93,481	14,763	-	108,244	(384,902)	(10,436)	-	(395,338)
Purchases of investments	(5,355,206)	(615,733)	-	(5,970,939)	(3,802,720)	(469,231)	-	(4,271,951)
Sales of investments	5,221,860	623,495	-	5,845,355	4,118,497	520,210	-	4,638,707
Transfers (to) from affiliates	(133,737)	133,737	-	-	(136,246)	136,246	-	-
Net cash (used in) provided by investing activities	(918,242)	58,351	-	(859,891)	(792,520)	86,727	-	(705,793)
Effect of exchange rate changes on cash	-	4,841		4,841	-	2,023		2,023
Increase (decrease) in cash and cash equivalents	(69,505)	139,863	-	70,358	6,799	(43,929)	-	(37,130)
Cash, cash equivalents and restricted cash at beginning of year	990,202	36,766	-	1,026,968	658,473	45,243	-	703,716
Cash, cash equivalents and restricted cash at end of period	$ 920,697	$ 176,629	$ -	$ 1,097,326	$ 665,272	$ 1,314	$ -	$ 666,586

Please refer to Management's Discussion and Analysis for a listing of the hospitals in the Obligated Group.

Utilization

The following table provides selected utilization statistics for the System:

	Year Ended December 31			YTD September 30	
	2022	2023	2024	2024	2025
Total Staffed Beds[1]	5,512	5,527	5,454	5,527	5,504
Percent Occupancy[1]	72.4%	74.9%	76.8%	77.4%	78.8%
Inpatient Admissions[1]					
Acute	236,684	258,731	265,502	200,546	201,838
Post-acute	9,856	9,591	9,473	7,145	7,240
Total	246,540	268,322	274,975	207,691	209,078
Patient Days[1]					
Acute	1,266,144	1,289,273	1,305,988	984,888	1,005,155
Post-acute	81,399	78,413	76,251	57,872	57,513
Total	1,347,543	1,367,686	1,382,239	1,042,760	1,062,668
Average Length of Stay					
Acute	5.16	4.90	4.80	4.91	4.97
Post-acute	8.04	8.19	8.09	8.12	8.05
Surgical Facility Cases					
Inpatient	73,867	80,049	84,208	63,734	63,939
Outpatient	209,330	232,066	242,221	180,894	186,088
Total	283,197	312,115	326,429	244,628	250,028
Emergency Department Visits	907,491	951,863	993,993	741,973	749,614
Outpatient Observations	68,613	68,572	73,002	53,629	55,271
Outpatient Evaluation and Management Visits	6,896,348	7,580,447	7,992,804	5,980,679	6,246,367
Acute Medicare Case Mix Index - Health System	2.00	1.98	2.03	2.01	2.05
Acute Medicare Case Mix Index - Cleveland Clinic	2.95	2.99	3.09	3.07	3.15
Total Acute Patient Case Mix Index - Health System	1.93	1.91	1.95	1.94	1.98
Total Acute Patient Case Mix Index - Cleveland Clinic	2.84	2.84	2.93	2.92	2.98

(1) Acute and post-acute, including rehabilitative and psychiatric services within post-acute, but excluding newborns and bassinets.

Utilization statistics for Cleveland Clinic London are included in the above table, including certain prior period statistics that have been updated to conform with the current year presentation.

Utilization (continued)

The following table provides selected utilization statistics for the Obligated Group:

	Year Ended December 31			YTD September 30	
	2022	2023	2024	2024	2025
Total Staffed Beds[1]	4,104	4,113	4,047	4,113	4,105
Percent Occupancy[1]	74.9%	78.1%	79.7%	80.4%	80.7%
Inpatient Admissions[1]					
Acute	181,709	196,482	200,013	150,813	150,518
Post-acute	5,762	5,938	5,830	4,417	4,211
Total	187,471	202,420	205,843	155,230	154,729
Patient Days[1]					
Acute	989,958	1,002,826	1,011,518	762,523	772,495
Post-acute	48,716	50,874	50,166	38,055	36,025
Total	1,038,674	1,053,700	1,061,684	800,578	808,520
Surgical Facility Cases					
Inpatient	59,384	62,661	64,626	49,043	48,499
Outpatient	166,565	187,565	195,904	146,691	151,132
Total	225,949	250,226	260,530	195,734	199,631
Emergency Department Visits	660,421	697,515	732,958	546,675	551,445
Outpatient Observations	51,084	53,109	57,142	42,064	43,562
Outpatient Evaluation and Management Visits	5,447,629	5,965,741	6,283,469	4,701,732	4,907,769
Acute Medicare Case Mix Index	2.05	2.04	2.08	2.07	2.11
Total Acute Patient Case Mix Index	1.98	1.97	2.01	2.00	2.04

(1) Acute and post-acute, including rehabilitative and psychiatric services within post-acute, but excluding newborns and bassinets.

Please refer to Management’s Discussion and Analysis for a listing of the hospitals in the Obligated Group.

Payor Mix

The following table shows payor mix as a percentage of gross patient service revenue for the System and Obligated Group as a whole:

CLEVELAND CLINIC HEALTH SYSTEM
Based on Gross Patient Service Revenue

	Year Ended December 31			YTD September 30	
	2022	**2023**	**2024**	**2024**	**2025**
Payor					
Managed Care and Commercial	34%	34%	34%	34%	34%
Medicare	51%	51%	51%	51%	51%
Medicaid	13%	13%	12%	12%	12%
Self-Pay & Other	2%	2%	3%	3%	3%
Total	100%	100%	100%	100%	100%

OBLIGATED GROUP
Based on Gross Patient Service Revenue

	Year Ended December 31			YTD September 30	
	2022	**2023**	**2024**	**2024**	**2025**
Payor					
Managed Care and Commercial	37%	37%	37%	37%	36%
Medicare	48%	49%	49%	49%	50%
Medicaid	13%	12%	12%	12%	11%
Self-Pay & Other	2%	2%	2%	2%	3%
Total	100%	100%	100%	100%	100%

Please refer to Management’s Discussion and Analysis for a listing of the hospitals in the Obligated Group.

Research Support

($ in thousands)

The Clinic funds the annual cost of research from external sources, such as federal grants and contracts and contributions restricted for research, and internal sources, such as contributions, endowment earnings and revenue from operations. The following table summarizes the sources of research support for the Clinic:

	Year Ended December 31			YTD September 30	
	2022	2023	2024	2024	2025
External Grants Earned					
Federal Sources	$ 161,270	$ 157,489	$ 164,172	$ 125,237	$ 128,028
Non-Federal Sources	138,925	145,922	171,933	127,393	133,084
Total	300,195	303,411	336,105	252,630	261,112
Internal Support	77,569	100,549	105,725	78,849	71,818
Total Sources of Support	$ 377,764	$ 403,960	$ 441,830	$ 331,479	$ 332,930

Debt Service Coverage

($ in thousands)

The following table provides the Obligated Group's income available to pay maximum annual debt service of the Obligated group:

	Year Ended December 31			YTD September 30	
	2022	2023	2024	2024	2025
Excess (deficiency) of revenues over expenses	$ (760,743)	$ 1,127,365	$ 1,120,242	$ 1,555,113	$ 1,605,085
Plus depreciation, amortization and interest	613,647	569,116	620,076	515,150	668,779
(Less) plus (increase) decrease in unrealized net (gains) losses on investments and earnings on alternative investments	947,024	(729,756)	(673,845)	(1,138,614)	(648,469)
Less increase in fair value of derivative instruments	(84,336)	(1,815)	(10,981)	12,090	(3,943)
Actuarial gains and losses related to pension plans, gains and losses resulting from changes in foreign currency exchange rates and other	89,857	29,269	6,321	23,247	6,211
Funds available for debt service	$ 805,449	$ 994,179	$ 1,061,813	$ 966,986	$ 1,627,663
Maximum annual debt service**	$ 237,645	$ 262,828	$ 289,198	$ 276,421	$ 288,365
Maximum annual debt service coverage (x)	3.39	3.78	3.67	3.50	5.64

Calculated using 12-month rolling income statement

**Maximum annual debt service is calculated based on the master trust indenture

Other Key Ratios

The following table provides selected key ratios for the System:

	Year Ended December 31			YTD September 30	
	2022	2023	2024	2024	2025
Liquidity ratios					
Days of cash on hand	334	316	315	315	321
Days of revenue in accounts receivable	50	53	48	51	47
Coverage ratios					
Cash to debt (%)	228.8	228.3	240.5	234.0	252.3
Interest expense coverage (x)	3.9	4.8	5.9	4.9	10.3
Leverage ratios					
Debt to cash flow (x)	8.5	6.2	5.2	6.2	3.2
Debt to capitalization (%)	28.1	27.5	26.6	26.9	25.4
Debt to revenue (%)	38.8	36.3	33.8	35.1	32.2
Profitability ratios					
Operating margin (%)	(1.6)	0.4	1.7	1.2	3.9
Operating cash flow margin (%)	4.3	5.5	6.8	6.1	8.6
Excess margin (%)	(10.4)	5.9	5.9	7.1	10.8
Return on assets (%)	(5.4)	3.7	3.8	4.6	7.4

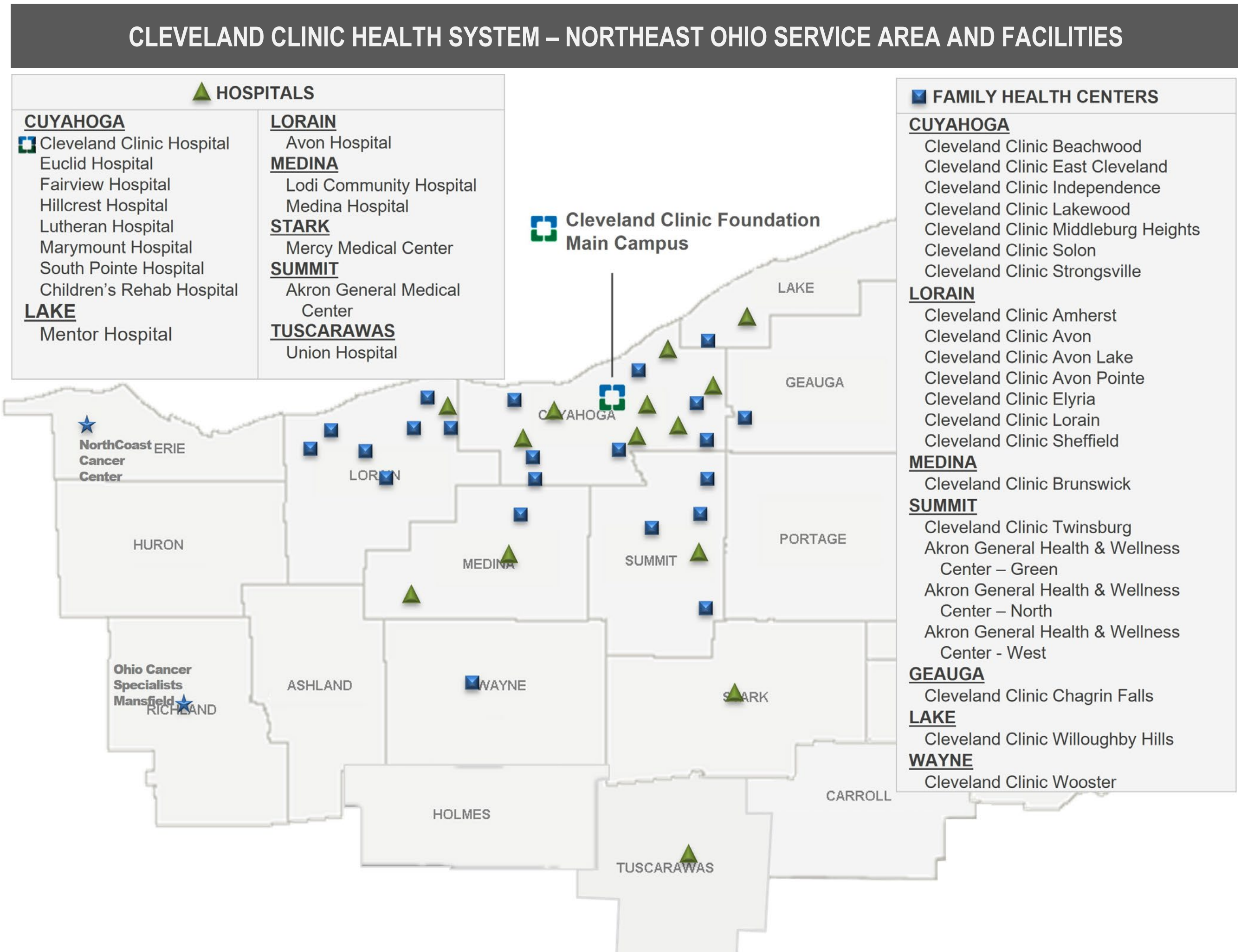
Liquidity, coverage and leverage ratios are calculated using a 12-month rolling income statement.

Days of revenue in accounts receivable includes revenue associated with value-based contracts.

OVERVIEW

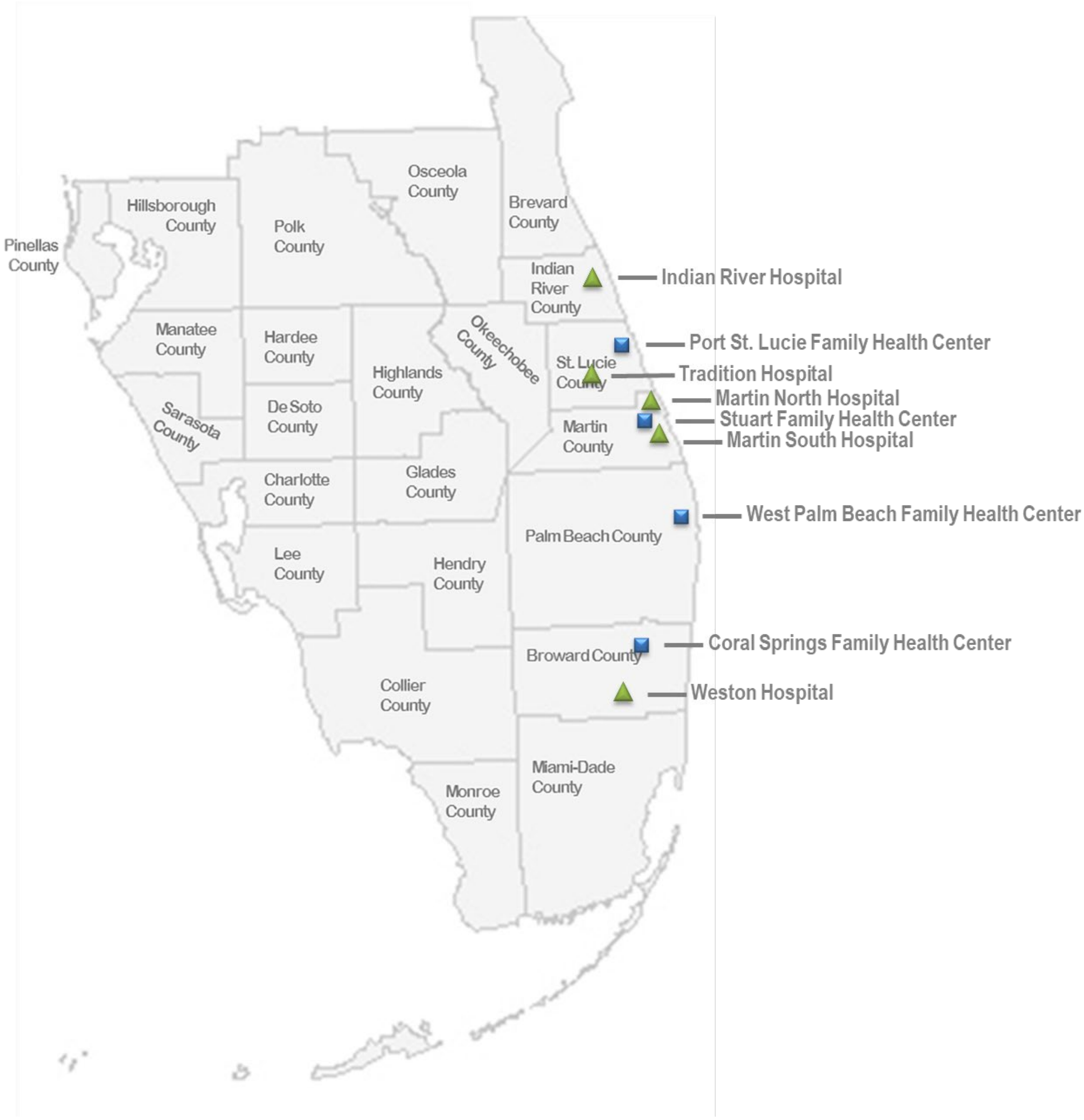
The Cleveland Clinic Health System (System) is a world-renowned provider of healthcare services that attracted patients from across the United States and from 178 other countries in 2024. As of September 30, 2025, the System operates 21 hospitals with approximately 5,500 staffed beds and is the leading provider of healthcare services in Northeast Ohio. Fifteen of the hospitals are operated in the Northeast Ohio area, anchored by The Cleveland Clinic Foundation (Clinic). The System also operates 22 outpatient family health centers, nine ambulatory surgery centers, numerous physician offices located throughout Northeast Ohio, and specialized cancer centers in Sandusky and Mansfield, Ohio. In Southeast Florida, the System operates five hospitals, including an academic medical center in Weston, outpatient family health centers in Port St. Lucie, Stuart and West Palm Beach, an outpatient family health and ambulatory surgery center in Coral Springs and numerous physician offices located throughout Southeast Florida. In the United Kingdom, the System operates a hospital and two outpatient facilities in the central London area. In addition, the System operates a health and wellness center and a sports medicine clinic in Toronto, Canada and a specialized neurological clinical center in Las Vegas, Nevada. Pursuant to agreements, the System also provides management services for Ashtabula County Medical Center, located in Ashtabula, Ohio, with approximately 120 staffed beds, and Cleveland Clinic Abu Dhabi, a multispecialty hospital offering a range of complex quaternary and general acute care services that is part of M42 Health's network of healthcare facilities located in Abu Dhabi, United Arab Emirates with approximately 364 staffed beds.

The location of the System's hospitals, its family health centers and its specialized cancer centers in the Northeast Ohio area are identified on the following map:



The location of the System's hospitals and family health centers in the Southeast Florida area are identified on the following map:

CLEVELAND CLINIC HEALTH SYSTEM – SOUTHEAST FLORIDA FACILITIES



The following table sets forth the hospitals operated by the obligated issuers and their affiliates, together with each hospital's staffed bed count as of September 30, 2025:

	Staffed Beds
OBLIGATED	
Cleveland Clinic	1,273
Avon Hospital	126
Euclid Hospital	146
Fairview Hospital	498
Hillcrest Hospital	474
Lutheran Hospital	192
Martin North Hospital	244
Martin South Hospital	100
Marymount Hospital	263
Medina Hospital	148
Mentor Hospital	34
South Pointe Hospital	172
Tradition Hospital	177
Weston Hospital	258
	4,105
NON-OBLIGATED	
Akron General Medical Center	478
Children's Rehabilitation Hospital	25
Indian River Hospital	267
Lodi Hospital	20
London Hospital	184
Mercy Hospital	323
Union Hospital	102
	1,399
HEALTH SYSTEM	5,504

AWARDS & RECOGNITION

The Clinic was named by *U.S. News and World Report* to the Honor Roll in its 2025-2026 edition of "America's Best Hospitals." The Honor Roll recognizes 20 top-performing hospitals based on their rankings in various specialties and procedures, an honor the Clinic has received for 35 consecutive years. The Clinic was nationally ranked in 14 specialties, including eight in the top ten. The following table summarizes the Clinic's national rankings by medical specialty:

2025-26 U.S. NEWS & WORLD REPORT RANKINGS

BEST HOSPITALS
U.S. News & WORLD REPORT
HONOR ROLL 2025-26

In America's Top 10

Rheumatology	2nd
Cardiology, Heart & Vascular Surgery	3rd
Gastroenterology & GI Surgery	3rd
Geriatrics	5th
Pulmonology & Lung Surgery	6th
Obstetrics & Gynecology	8th
Urology	9th
Ophthalmology	10th

The publication also evaluated hospitals by state and metropolitan area with a methodology similar to that used to determine the national rankings. The Clinic was ranked as the best hospital in both the State of Ohio and the Cleveland metropolitan area, which includes the City of Cleveland and its surrounding counties. The report also ranked additional System hospitals in the top hospitals in the Cleveland metropolitan area and Ohio. Hillcrest Hospital ranked second in the Cleveland metropolitan area and fifth in Ohio. Fairview Hospital ranked third in the Cleveland metropolitan area and sixth in Ohio. Akron General Medical Center, located in Summit County, was ranked first in the Akron metropolitan area and seventh (tie) in the State of Ohio. In Florida, Weston Hospital was ranked first in the Miami-Fort Lauderdale metro area and sixth in the State of Florida; Martin Health was ranked 21st in the State of Florida; and Indian River Hospital was ranked 28th in the State of Florida.

Cleveland Clinic Children's Hospital located on the Clinic's main campus earned national recognition in eleven out of eleven pediatric specialties ranked by *U.S. News and World Report* in its 2025-2026 edition of "Best Children's Hospitals." For 17 consecutive years, the Cleveland Clinic Children's Hospital has ranked among the nation's top 50 pediatric hospitals. Regionally, Cleveland Clinic Children's Hospital has also been ranked as the third best (tie) pediatric hospital in the Midwest and the third best (tie) in Ohio.

In February 2025, the Clinic was named the second-best hospital in the world for the seventh consecutive year by *Newsweek* as part of its "World's Best Hospitals 2025" list. *Newsweek* partnered with global research data company Statista to rank the leading hospitals in 30 countries. According to *Newsweek,* its rankings are based on data sources including: opinions from more than 85,000 global medical experts; publicly available data on patient experience and hospital quality metrics; and patient reported outcome measures. Fairview Hospital and Cleveland Clinic Abu Dhabi were also ranked in the top 225 hospitals internationally, and the System had four other hospitals listed among the best hospitals in the U.S.

In June 2025, *Newsweek* announced that Cleveland Clinic Children's was nationally ranked in all eight specialties in its "America's Best Children's Hospitals 2025" list, including second for Cardiology & Cardiac Surgery. The rankings are based on four data sources: peer recommendations for healthcare professionals; hospital quality metrics; patient experience survey results; and patient-reported outcome measures.

In September 2025, the Clinic was recognized among the top hospitals in the world in *Newsweek's* "World's Best Specialized Hospitals of 2026." The Clinic was ranked as the number one hospital in the world for both cardiology and urology care and among the world's best in all twelve specialties rated by *Newsweek*. In addition to cardiology and urology, ranked specialties include cardiac surgery, endocrinology, gastroenterology, neurology, neurosurgery, obstetrics and gynecology, oncology, orthopedics, pediatrics and pulmonology. Fairview Hospital, Hillcrest Hospital and Weston Hospital were also recognized among the world's best specialized hospitals in at least one specialty.

In *Newsweek's* separate "World's Best Smart Hospitals of 2026" list, the Clinic was ranked as the number two smart hospital in the world. In its rankings, *Newsweek* identified hospitals that implement new medical technologies and fundamentally rethink how patient care is provided using some of the most advanced technologies. The list highlights hospitals that lead in their use of artificial intelligence (AI), robotic surgery, digital imaging, telemedicine, smart buildings, information technology infrastructure and electronic medical records.

CORPORATE GOVERNANCE

The Board of Directors of the Clinic is responsible for all of its operations and affairs and controls its property. The Board of Directors is also responsible for ensuring that the Clinic is organized, and at all times operated, consistent with its charitable mission and its status as an Ohio nonprofit corporation and tax-exempt charitable organization. The Board of Directors generally meets four times per year, including an annual meeting during which the Clinic's officers are elected and standing committees are appointed. The size of the Board of Directors can range between 15 to 30 Directors (currently there are 21 Directors). The Board of Trustees serves as an advisor to the Board of Directors. Trustees actively serve on the committees of the Board of Directors. At present, there are 77 active Trustees, two Professional Staff Trustees, 13 Emeritus Directors and six Emeritus Trustees. Directors and Trustees each serve four-year terms and are selected on the basis of their expertise and experience in a variety of areas beneficial to the Clinic.

The Board of Directors annually appoints certain committees to perform duties that it delegates to them from time to time, subject to ratification of such action by the Board of Directors. The current committees are as follows:

- Audit and Conflict of Interest
- Board Policy
- Compensation
- Finance
- Governance
- Investment
- Medical Staff Appointment
- Philanthropy
- Technology

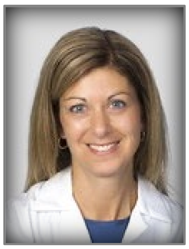
Members of the Committees are chosen based on the interests and skills of individual Board members and the needs of the particular Committee. Most Committees meet three or four times per year, though a few meet more often. Board members also have the opportunity to participate in regular discussions on Safety, Quality and Patient Experience, Research and Education, Community Relations and Government Relations. The Governance Committee is authorized to function as an Executive Committee. The Clinic is engaged in an ongoing review of its governance practices, as well as those of other top academic medical centers, to ensure the Clinic's governance structures function at a high level.

The System maintains a governance model for the Ohio regional hospitals that maintains separate boards of trustees for each hospital. The Ohio regional hospital boards meet quarterly and, among other topics, provide local input on quality, patient safety and community health needs.

The System maintains a separate Board of Directors to oversee the Florida hospitals. This Board of Directors has representatives from the Clinic Board of Directors and each of the Florida hospitals. Local boards at Martin Health, Indian River Hospital and Weston Hospital provide input on quality, patient safety and community health needs.

APPOINTMENTS

Brian Harte, MD was appointed President of Hillcrest and Mentor Hospitals and President of the East Submarket of the Northeast Ohio Market, effective February 1, 2025. Dr. Harte has been with the System for more than 20 years and most recently served as President of Akron General and Lodi Hospital and President of the South Submarket of the Northeast Ohio Market. Dr. Harte previously served as President of both Hillcrest and South Pointe Hospitals and was the former Chair of the Department of Hospital Medicine and the Medicine Institute at the Clinic.



Teri Lash-Ritter, MD was appointed President of Akron General and Lodi Hospitals and President of the South Submarket of the Northeast Ohio Market, effective February 1, 2025. Dr. Lash-Ritter most recently served as the Chief Medical Officer at Akron General and Lodi hospitals. She previously served as the Associate Chief Experience Officer for Cleveland Clinic Regional Hospitals and the Associate Chief Experience Officer for Akron General. Dr. Lash-Ritter replaces Dr. Harte, who was appointed the new President of Hillcrest and Mentor hospitals and President of the East Submarket of the Northeast Ohio Market.

Rakesh Sharma was appointed Chief Information Security Officer, effective February 15, 2025. Mr. Sharma joined the Clinic in 2022 as the Senior Director of Cybersecurity Assurance and most recently served as the Interim Chief Information Security Officer since November 2024. Mr. Sharma has more than 25 years of experience in healthcare information technology and cybersecurity leadership. His past appointments include roles at Accenture, Health Care Service Corporation and Froedtert Health.

Spencer Kowal was appointed Senior Vice President, Finance and Chief Accounting Officer, effective October 26, 2025. Mr. Kowal will oversee all financial reporting activities of the System, as well as financial planning, budgeting, payroll, accounts payable and internal controls. He has three decades of healthcare experience as a finance executive at organizations such as Akron Children's Hospital, Children's Hospital of Philadelphia, Geisinger Health System and Presence Health in Chicago. Most recently Mr. Kowal served as the interim Chief Financial Officer of Geisinger Health for the past year.

STRATEGY

The System's mission statement is as follows:

Caring for life
Researching for health
Educating those who serve

The System's vision is to be the best place to receive care anywhere and the best place to work in healthcare. The System strives to serve more patients with the highest quality, compassionate care and to create a rewarding experience for caregivers.

The Clinic's Professional Staff is organized as an integrated academic group of practicing physicians, scientists and other health-related professionals. It is a unique model that continues to be conducive to the achievement of excellence in the delivery of health care services. The System's commitment to excellence, its integrated, academic group practice approach to the delivery of health care services and its commitment to the guiding principles established by its founders — namely, cooperation, compassion and innovation — enable the System to continue to attract and retain world-class physicians in all specialty areas to deliver world-class health care services to patients from throughout the world.

The System's strategy charts the course to achieve the mission and vision of the System, while navigating an industry undergoing dramatic change. The System's strategic planning process prioritizes work, focuses resources appropriately and monitors performance. Anchoring the strategy is the System's belief that modern nonprofit healthcare organizations must tend to four care priorities: care for patients; care for caregivers; care for the organization; and care for the community.

The System's operating model aligns services and enhance quality, safety and patient experience across all System locations creating organizational synergies and efficiencies needed in a challenging operating environment. It is designed to optimize the current footprint of the System and provide a framework for strategic growth plans. In 2024, the System adopted a new enterprise, market-focused planning approach. The strategy emerging from this process guides the organization and positions the System to not only succeed, but also to lead. Through this strategy, the System will strive to build on its integrated strategic, financial and capital plan to sustainably achieve its mission and fulfill its vision.

The strategy to achieve the System's vision is organized around four focus areas:

Transform Care	Providing care that is consistent, continuous and customized.
Empower Caregivers	Ensuring a work environment that is safe, rewarding and team-based.
Uplift Communities	Focusing on prevention and solutions.
Sustain Cleveland Clinic	Controlling costs to allow for sustainable growth.

The strategic focus areas are aligned with the four care priorities and the path to achieve the mission and fulfill the vision. Each focus area has multi-year strategic initiatives with various goals and tactics.

Overall, the System continues to identify and pursue ways to improve on every dimension of the enterprise's performance: the relentless pursuit of quality and safety; efficient organization and delivery of care; engaging environment for caregivers; development of new technologies; integration of research and education; and providing value to the patient. The System is committed to a path that responds to the changing healthcare environment and develops novel approaches that preserve excellence in care.

AFFILIATIONS AND PARTNERSHIPS

The Clinic has entered into various affiliations with national and regional partners that are seeking to improve clinical quality, patient care, medical education and research. The goal of clinical affiliations is to provide value-added, high-quality clinical care to patients through the support, expansion and development of Institute-driven integrated care strategies. In addition, the Clinic has partnered with educational institutions with the goal of improving medical education and research.

In March 2021, the Clinic and International Business Machines Corporation (IBM) announced a planned ten-year partnership to establish the Discovery Accelerator, a joint Cleveland Clinic – IBM partnership with the mission of fundamentally advancing the pace of discovery in healthcare and life sciences through high performance computing on the hybrid cloud, AI and quantum computing technologies. As part of the collaboration, IBM installed its first private sector, on-premises IBM Quantum System One in the United States on the Clinic's main campus. The Quantum System One, IBM's commercial quantum computer, went online in the first quarter of 2023. This quantum program is designed to actively engage with universities, government, industry, startups and other relevant organizations and serve as the foundation of a new quantum ecosystem for life sciences.

In February 2024, the System joined the AI Alliance, a group launched by IBM and Meta that is dedicated to AI innovation. The AI Alliance is focused on creating an open research environment between different companies and will also work to develop benchmarks and evaluation standards for AI safety.

In October 2024, the Clinic and the Cleveland Cavaliers, partnering with Bedrock Real Estate, broke ground on the Cleveland Clinic Global Peak Performance Center – an innovative sports performance center and training facility. Plans include the development of an interdisciplinary training center, which will be located on the Cuyahoga Riverfront in downtown Cleveland. The center, which is expected to open in 2027, plans to offer personalized expertise in training, treatment, nutrition and recovery from the Clinic's professional medical specialists.

In October 2024, the Clinic and Amazon One Medical announced a collaboration to expand access to high-quality coordinated care in the Cleveland area. Amazon One Medical, a hybrid virtual and in-person primary care organization, opened its first primary care office in affiliation with the Clinic in October 2025, offering same and next-day appointment availability, onsite lab services and virtual care support for members. The Clinic and Amazon One Medical will determine additional locations for new facilities over the next several years. This new relationship ensures that patients have increased access to coordinated care through Amazon One Medical's innovative care model and the Clinic's network of specialists, hospitals and facilities.

In January 2025, the Clinic and Miami University announced a partnership to advance education in quantum computing. The partnership will establish Ohio's first specialized degree programs and research experiences in quantum computing. The partnership advances each institution's mission by delivering innovative, comprehensive educational offerings in quantum computing and its healthcare applications. In September 2025, the Clinic and Miami University announced an expansion of their partnership with a goal of supporting students and training the next generation of caregivers. The expanded partnership includes the naming of the Cleveland Clinic Health Sciences and Wellness facility at Miami University through a sponsorship and naming agreement.

In May 2025, the Clinic announced a partnership with Regent Surgical (Regent) to develop ambulatory surgery centers designed to enhance access, streamline care delivery and provide support for physicians and care teams. Ambulatory surgery centers offer convenient access for patients who need surgical care as an alternative to the traditional hospital setting. Regent works with health systems to develop, manage and operate surgery center partnerships with a focus on enhancing care quality, improving patient experience and driving operational excellence. The Clinic is the majority owner of the joint venture and will maintain a controlling interest in the partnership.

VALUE-BASED CARE RISK AGREEMENTS

Effective January 1, 2025, the System entered into two value-based care risk agreements to manage populations of patients attributed to Clinic employed providers and independent providers in the Quality Alliance. The Quality Alliance is a clinically integrated provider network that integrates employed Clinic providers and independent physician practices with a goal of improving clinical quality and efficiency of patient care. The agreements allow the Clinic to provide care coordination and other population health management activities for those attributed members participating in Medicare Advantage plans currently written by two national payors (the Contracted Plans). The terms of the agreements are two years, expiring on December 31, 2026. During the term of both agreements, the Contracted Plans will allocate a percentage of premium (Delegated Premium) the Contracted Plans receive from the Centers for Medicare and Medicaid Services to the Clinic. The Delegated Premium is allocated to a Clinic-specific medical cost fund. The Delegated Premium amounts have been determined based on a target medical loss ratio of total premium. In some cases, the Clinic will also receive administrative fees from the Contracted Plans to coordinate patient care and other population health management activities with providers. The Clinic is taking on such delegated activities from one of the Contracted Plans in accordance with their requirements for such population health management activities. In exchange for the Delegated Premium and administrative fees, the Clinic is responsible for both providing or arranging for the provision of medical services to assigned Contracted Plan members with the Quality Alliance and the agreed upon delegated activities. The Delegated Premium is recorded as premium revenue, while related medical claims costs and administrative expenses are recorded as operating expenses in the consolidated statements of operations.

The agreements provide that, if medical claim expenses are lower than the Delegated Premium allocated to the Clinic-specific medical cost fund, then such amount constitutes a savings, which is shared between the Clinic (as the risk bearing entity) and the Contracted Plans. In the same manner, the agreements provide that, if medical claim expenses are higher than the Delegated Premium allocated to the Clinic-specific medical cost fund, then such amount constitutes a deficit, which is allocated between the Clinic and the Contracted Plans. Such savings or deficit will be allocated appropriately amongst the provider groups in the Quality Alliance (including the Clinic) and stop-loss insurance with be in place to manage against any significant deficits.

CLEVELAND INNOVATION DISTRICT

The Cleveland Innovation District (District) is designed to leverage talent and research across multiple clinical and academic institutions to drive the next generation of healthcare technology. It includes the Clinic, University Hospitals Health System, The MetroHealth System, Case Western Reserve University and Cleveland State University. The purpose of the District is to be a center of excellence to act as a catalyst for ongoing investment in Northeast Ohio, including the attraction of businesses and talent.

Included in the District is the Clinic's Sheikha Fatima bint Mubarak Global Center for Pathogen and Human Health Research (Global Pathogen Research Center). In January 2021, the Clinic, the State of Ohio, JobsOhio and the Ohio Development Services Agency announced a partnership to support the Clinic's Global Pathogen Research Center. The Global Pathogen Research Center allows the Health System to significantly expand its global commitment to infectious disease research and translational programs and brings together a research team focused on broadening the understanding of viral pathogens, virus-induced cancers, genomics, immunology and immunotherapies. Construction of two new research buildings on the Clinic's main campus is ongoing and will be home to the Global Pathogen Research Center. See "EXPANSION AND IMPROVEMENT PROJECTS" for additional details on this project.

In October 2021, the Clinic and Brooks Automation opened a 22,000 square-foot biorepository facility in the District that increased and centralized the storage capacity for biologic samples at the Clinic, while enhancing researchers' study of human tissue samples to more rapidly translate laboratory discoveries into new treatments for patients.

In November 2023, the Clinic and Canon Inc. (Canon) announced intentions to form a strategic research partnership to develop innovative imaging and healthcare technologies aimed at improving diagnosis, care and outcomes for patients. Joint research projects will focus on cardiology, neurology and musculoskeletal medicine and will have three major components – pre-clinical imaging, human imaging and image analysis. In February 2025, Canon announced its acquisition of a building in the District, which will serve as the foundation for the comprehensive imaging research center.

In January 2024, the grocery store company Meijer, along with the City of Cleveland, the Clinic, Fairfax Renaissance Development Corporation (FRDC) and Fairmount Properties, opened a mixed-use building in the Fairfax neighborhood of Cleveland near the main campus in the District. The building includes a 40,000 square-foot Meijer grocery store and an apartment complex. The project is designed to help revitalize and transform the neighborhood, which has been identified by the U.S. Department of Agriculture as an urban food desert for its lack of accessible supermarkets, by creating a healthier community and supporting economic development in the area.

CLEVELAND CLINIC INNOVATIONS

Cleveland Clinic Innovations (CCI) encompasses commercial innovation, start-up company investments, licensing and healthcare technology partnership opportunities for the System. CCI moves the System toward its vision of being the best place to receive and partner for care by focusing on novel solutions that seek better and more efficient methods to achieve healthcare goals.

CCI identifies, assesses and commercializes transformative solutions. It focuses on three domain portfolios — therapeutics and diagnostics, medical devices and digital health — and employs a unique approach to assess, protect, build, test and market the most promising ideas of System caregivers. Since its inception in 2000, CCI has transacted over 950 technology licenses, has had over 2,800 patents issued and contributed to several of the System's historical advancements.

A dedicated team within CCI focuses on investing in companies that align with organizational priorities and address healthcare white space opportunities to resolve pressing medical problems. The team transforms strategic licensed and patented solutions developed at the System into investible, stand-alone companies. Since 2000, CCI has formed a total of 108 spin-off companies, 40 of which are currently operational and 28 of which have been monetized.

EXPANSION AND IMPROVEMENT PROJECTS

The System is investing in buildings, equipment and technology to better serve its patients and has the following expansion and improvement projects currently in progress:

Neurological Institute Building – The Clinic is in the midst of a multi-year project to build a new Neurological Institute building on its main campus to accommodate the expansion of patient care, research and education. The approximately one million square-foot facility for the Neurological Institute will centralize all neurological care on the main campus, bringing together services currently delivered in eight locations. Construction began in 2023, and the facility is scheduled to open in the first quarter of 2027. Services are expected to include digitized patient evaluations, imaging, neuro-simulation training, infusion therapy, neurodiagnostics and brain-mapping suites. The facility will also include research space dedicated to investigation and discovery of new therapies and will serve as the nucleus for neurology-related distance healthcare and digitized data processing and management. A portion of the construction costs are being raised through fundraising efforts and donations.

Cole Eye Building Expansion – The Clinic is nearing completion of a multi-year project, which began in 2022, to expand and renovate the Cole Eye building on its main campus to accommodate the expansion of patient care, research and education. The project includes a new four-story addition that opened for patients in February 2025. The new addition adds approximately 150,000 square feet to the existing building and features an ophthalmic surgical center with eight operating rooms, 60 new exam rooms, enhanced imaging capabilities and dedicated spaces for patient check-in and discharge. The second phase of the project includes the renovation and redesign of the existing 130,000 square foot building, which is expected to be complete in the fourth quarter of 2025. The renovation will include a dedicated space for pediatric ophthalmology and updated imaging services. A portion of the project costs have been raised through fundraising efforts and donations.

Cleveland Innovation District –The initial phase of the District project opened in September 2023 and includes approximately 45,000 square feet of remodeled space in existing research facilities to house leading-edge laboratories for many of the Clinic's growing research programs. The Clinic is also constructing two new research buildings totaling approximately 296,000 square feet on the Clinic's main campus. The new buildings, which are expected to be completed in the first quarter of 2026, will be dedicated to scientific investigation and will feature research laboratories, dedicated classroom space and offices. For additional description of the District, associated partnerships and related projects refer to "CLEVELAND INNOVATION DISTRICT."

Palm Beach Hospital – In December 2024, the System announced plans to build a new hospital in West Palm Beach, Florida. The plans for the new hospital include approximately 150 inpatient beds, an emergency department and a broad range of specialties, with the flexibility to adapt and add specialty care to meet the needs of the community. In addition to the new hospital, plans also include leasing space for a new outpatient location that will nearly quadruple the square footage of the existing health center in Palm Beach County. Additional outpatient services include chemotherapy and infusions, imaging, endoscopy and outpatient surgery. Construction of the hospital will begin when initial fundraising goals are achieved.

Avon Campus – In June 2025, the System announced plans to expand both Avon Hospital and Richard E. Jacobs Family Health Center. The hospital expansion will include an additional bed tower, new operating rooms and expansion of imaging services, laboratory space and the emergency department. The expansion of the family health center will include more than 90 rooms for preventive and specialty care and expansion of cancer services, including radiation oncology. A new parking garage will also be added to accommodate the additional patients and caregivers accessing the campus. Construction is expected to begin in 2026 and be completed in 2028.

Fairview Hospital – In June 2025, the System announced renovation plans at Fairview Hospital that include a new cancer center, medical office building and a new parking structure to replace existing facilities. These renovations are expected to be completed and open to patients and caregivers by the end of 2027.

Cleveland Clinic London – In July 2025, the System announced plans for the construction of an 81,000 square foot cancer center in London that will be located next to London Hospital. The center will offer multidisciplinary cancer care including surgical oncology, medical oncology and hematology, as well as systemic cancer therapies, such as immunotherapy, chemotherapy, targeted therapies and radiotherapy. In addition to cancer care, Cleveland Clinic London plans to introduce a wider range of clinical services at the facility in the future. Construction is expected to begin in the fourth quarter of 2025 and be completed by the end of 2027.

INTERNATIONAL GROWTH

Cleveland Clinic London Hospital (London Hospital) opened on March 29, 2022. London Hospital has 184 beds, including 29 ICU beds, eight operating theaters and a 42-bed neurological rehabilitation unit. It provides comprehensive medical and surgical services with a special focus on cardiovascular, digestive, neurological and orthopedic care utilizing the latest technology. The hospital is located in central London with two outpatient facilities located near the hospital. London Hospital recently announced an expansion of cancer services with construction expected to be completed by the end of 2027. For additional description of the project see "EXPANSION AND IMPROVEMENT PROJECTS." The facilities are operated by Cleveland Clinic London Ltd, a private company limited by shares that is incorporated and domiciled in England and Wales. The Clinic through a subsidiary is the sole shareholder of London Hospital.

In addition to the London Hospital, the System's international portfolio includes a health and wellness center and a sports medicine clinic in Toronto, Canada, and management services provided to Cleveland Clinic Abu Dhabi, which operates a multispecialty 364-staffed bed hospital offering critical and acute care services and a ten-story cancer treatment center located adjacent to the hospital tower.

CLEVELAND CLINIC CONNECTED

In 2017, the Clinic launched Cleveland Clinic Connected, a global affiliation program that aims to improve patient care delivery around the world by enabling healthcare providers both in the United States and internationally to access the Clinic's best practices. Facilities affiliated with the Clinic through the program will experience the Clinic model of care through the Clinic’s collaboration and guidance in the areas of quality, patient safety and best practices for patient care and engagement. Providers at the facilities have the option of consulting on complex cases for second opinions and guidance from the Clinic where legally permissible, and physicians at the facilities have access to clinical and executive education opportunities aimed at improving healthcare delivery. The Clinic also supports continuous improvement through the provision of advisory services across a spectrum of clinical and non-clinical areas.

Vinmec Healthcare System (Vinmec) in Vietnam, owned by Vingroup, currently has two Cleveland Clinic Connected member hospitals. In April 2025, the Clinic and Vingroup announced a collaboration to develop a new Vinmec hospital designed to meet Cleveland Clinic Connected standards, incorporating the Clinic model of care, comprehensive specialties, advanced clinical centers and world-class technology. In August 2025, Central Asian University in Tashkent, Uzbekistan, became a provisional Cleveland Clinic Connected member respective to its future Central Asian University Hospital to be developed on its campus. The new hospital will be built to Cleveland Clinic Connected standards and is expected to join the program upon completion.

In August 2025, the Clinic welcomed Radiochirurgia Zagreb in Croatia as the first European member of Cleveland Clinic Connected. Founded in 2016, Radiochirurgia Zagreb is Croatia's leading specialty hospital for early cancer diagnosis and treatment, utilizing advanced oncologic technologies.

Cleveland Clinic Connected has three domestic members, including Parrish Medical Center located on Florida’s Space Coast in Brevard County, which became a member in March 2024, Columbus Regional Health, a health system that serves a ten-county region in southeastern Indiana, which became a member in January 2025 and Barton Health, a non-profit, community health system in the Lake Tahoe region, which became a member in July 2025.

SUSTAINABILITY

The System's sustainability program is designed to enhance the patient experience while reducing operating expenses. The System met its previous goal of becoming 20% more energy efficient by 2020 from a 2010 baseline on more than 20 million square feet of facilities. The System set a new goal in 2021 to make its facilities 40% more efficient by 2030 and joined the Department of Energy's Better Climate Challenge in 2022.

Areas of focus for the System's sustainability initiatives include:

- Energy Efficiency: Using energy efficiently reduces operational expenses and supports the System's commitment to human and environmental health. With support from its 29 facility-level Green Teams, the System actively engages caregivers in stewardship behaviors across the enterprise.

- Waste reduction: The System strives to identify and embed operational processes that reduce waste and implement programs that divert waste from landfills via reusing, reprocessing, recycling and composting.

- Better Buying: The System is committed to selecting non-hazardous and environmentally-preferable alternatives to conventional products, seeking out ways to stop waste at its source and engaging its suppliers in sustainable practices.

The System is committed to designing and constructing safe, green buildings in which to work and heal and has incorporated green building practices from leading frameworks in its design guidelines, such as the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) criteria. Currently, the System has 20 LEED-certified buildings covering more than six million square feet, including seven projects that are certified LEED-Gold: the Clinic's Global Cardiovascular Innovation Center; Marymount Hospital Surgical Expansion; Twinsburg Family Health and Surgery Center; the Tomsich Pathology Laboratories building; the Sheila and Eric Samson Pavilion at Health Education Campus; Cleveland Clinic Abu Dhabi; and the Cleveland Clinic Abu Dhabi Fatima bint Mubarak Center. In the second quarter of 2025, the System achieved LEED-Silver certification for Mentor Hospital and is currently pursuing LEED certification for the London Hospital.

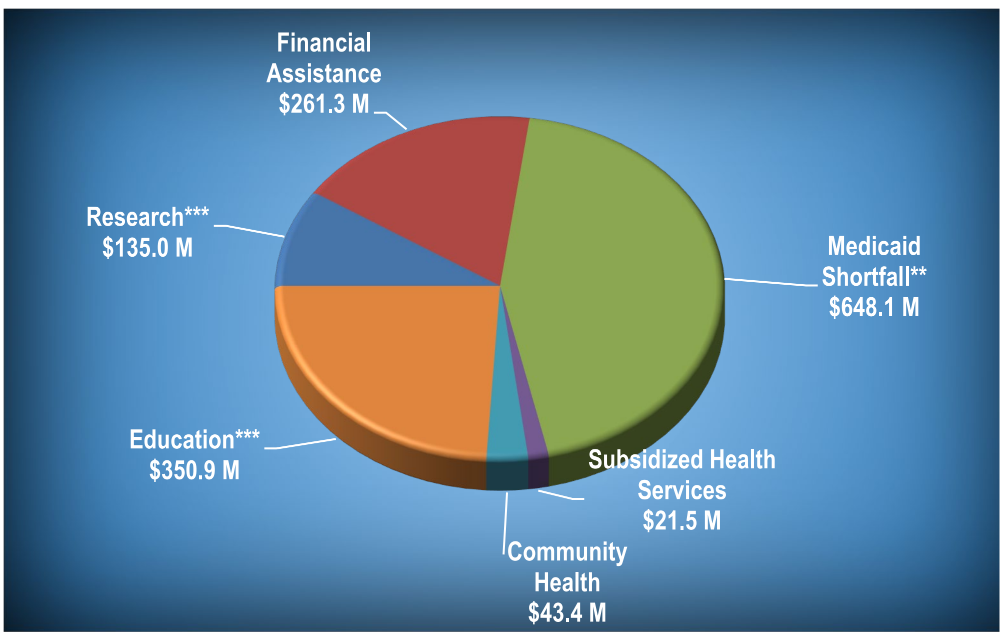
COMMUNITY BENEFIT

The Clinic and its hospital affiliates within the System are comprised of charitable, tax-exempt healthcare organizations. The System's mission includes addressing health service needs and providing benefits to the communities it serves. The tax-exempt members of the System must satisfy a community benefit standard to maintain their tax-exempt status. Community benefit reporting for the System conforms to Internal Revenue Service (IRS) requirements and is reported on the IRS Form 990, the information return required to be filed annually with the IRS by exempt organizations.

Community benefit includes activities or programs that improve access to health services, enhance public health, advance generalizable knowledge and relieve government burden. The primary categories for assessing community benefit include financial assistance, Medicaid shortfall, subsidized health services, community health improvement programs, research and education. The System provided $1.46 billion in community benefits in 2023, which is the most current year that community benefit information is available for the System. The full community benefit report and additional community information are available on the Health System's website (https://my.clevelandclinic.org/about/community/reports/benefit).

The following chart summarizes community benefits for the System:

Cleveland Clinic Health System*
Breakdown of Community Benefit (2023)
$1.46 Billion



* Includes all System operations in Ohio, Nevada and Florida
** Includes net Hospital Care Assurance Program receipts of $7.2 million
*** Research and Education are reported net of externally sponsored funding of $325.4 million.

Community Health Needs Assessment

The System completes comprehensive community health needs assessments (CHNA) and implementation strategy reports once every three years for each hospital facility in adherence with Internal Revenue Code Section 501(r). To gain an in-depth understanding of the community risk indicators, data from a number of sources is analyzed, and input from persons representing broad interest of the community, including those with special knowledge or expertise in public health, is solicited.

Key CHNA needs identified throughout the System include:

- access to affordable healthcare (available services, internet access);
- behavioral health (substance use disorder and mental health);
- chronic disease prevention and management (heart disease, cancer, diabetes, asthma and obesity);
- maternal and infant mortality;
- socioeconomic issues (food insecurity, affordable and safe housing); and
- additional overarching community themes of health equity and medical research and professional health education.

The current CHNA reports and implementation strategies for the System hospitals are available on the Clinic's website (www.clevelandclinic.org/CHNAReports).

Addressing Hunger in Greater Cleveland

In December 2023, in collaboration with the City of Cleveland, Greater Cleveland Food Bank, University Hospitals Health System and The MetroHealth System, the Clinic announced a commitment to donate $10.4 million over the next five years toward new programs that will help address food insecurity in Greater Cleveland communities. The Clinic's commitment will also be used to support local food partners, including donations to Greater Cleveland Food Bank and Children's Hunger Alliance and a grant to the Nourishing Power Network.

CONFLICT OF INTEREST

The System maintains policies that require internal reporting of outside financial and fiduciary interests to ensure that potential conflicts of interests do not inappropriately influence research, patient care, education, business or professional decision making. In connection with these policies, the System developed the Innovation Management and Conflict of Interest Program, which is designed to promote innovation while at the same time reducing, eliminating or managing real or perceived bias either due to System personnel consulting with pharmaceutical, medical device and diagnostic companies (industry) or the commercialization efforts undertaken by the System to develop discoveries and make them accessible to patients. The program works with physicians, managers and other caregivers who interact with industry to manage any conflicts. Provisions related to whether or not "compelling circumstances" are required to justify conducting research in the presence of related financial interests have been modified in policies that went into effect in 2013, consistent with the value the System places on beneficial relationships with industry. The System is committed to a process that maintains integrity in innovation and places the interests of its patients first. The Innovation Management and Conflict of Interest Program reviews situations in which a physician or other clinician prescribes or uses products of a company in their practice and has a financial relationship with that company. When appropriate, the program will put management plans in place to address any conflict (for example, by disclosure). The goal of this policy is not to interfere with the practice of medicine.

An initiative to bring transparency to the System's relationships with industry has been in place since 2008 in which the specific types of interactions that individual physicians and scientists have with industry were disclosed on publicly-accessible web pages on the System's internet site. Information can be accessed by patients that describes the training, type of practice and accomplishments of a specific doctor or scientist, as well as the names of companies with which the doctor has financial or fiduciary relations as an inventor, consultant, speaker or board member. These disclosures are updated regularly. The System was the first academic medical center in the country to have made these interactions public. Many other academic medical centers have followed the System's lead by providing similar disclosures. The System maintains a Conflict of Interest in Education Policy to reflect its values and represent its and its caregivers' best interests. This policy is responsive to guidelines from the Association of American Medical Colleges, the Institute of Medicine and other organizations. It places restrictions on outside speaking activities that are not Accreditation Council for Continuing Medical Education approved and are generally considered marketing. Speakers must present content that is data-driven and balanced; speakers must create their own slides or use only unbranded slides created by industry. This policy puts the System in step with other top academic medical centers that have already banned speaker's bureaus. In addition, the policy requires instructors to disclose relevant financial interests with companies to trainees.

The Innovation Management and Conflict of Interest Committee of the System has also established processes with cross-membership and seamless interactions and communications with the Board of Directors' Audit and Conflict of Interest Committee.

Board members of the Clinic and the regional hospitals in the System are required to complete annual disclosure questionnaires. These questionnaires are designed to identify possible conflicts of interest that may exist and ensure that any such conflicts do not inappropriately influence the operations of the System. The information obtained from these questionnaires is used to respond to the related-party transactions and other disclosures required by the IRS on Form 990. The Forms 990 for the Clinic and for the System are available on the Clinic's website, as well as additional information regarding the Clinic's Board of Directors and any business relationships the Directors may have with the System.

ENTERPRISE RISK MANAGEMENT

The System's Enterprise Risk Management (ERM) process is a formalized and systemic approach to the identification, assessment, prioritization and mitigation of risks. The process is closely aligned with the System's strategic objectives and long-range planning. The ERM process includes participation by executive risk owners, risk owners and risk contributors who report on the System's top risks to an Enterprise Risk Steering Committee on a monthly basis. Additionally, ERM reports to the Executive Team and the Audit and Conflict of Interest Committee of the Board of Directors at least two times per year. Risk identification is continuously conducted through annual senior leader risk interviews, ERM Steering Committee input and the observations arising out of the business operations and activities of risk owners.

The ERM process results in eight broad top risk categories, which are separated into hierarchical risk categories and risks for evaluation, analysis and development of mitigation actions. This work is performed by the various risk owners and risk contributors. Risks have traditionally been scored for likelihood and impact. To enhance the risk rating, management is implementing a comprehensive quant-model application to overlay estimated values of top risks from the enterprise risk register onto the long-range (five-year) financial projections of the System. This activity includes risk simulation of the velocity, probability and scale of the unmitigated risks of the System into a risk-adjusted set of financial projections and key results to be used as part of enterprise-wide strategic and financial planning, as well as informing the System of the most impactful risks in order to prioritize risk mitigation efforts.

INTERNAL CONTROL OVER FINANCIAL REPORTING

System management regularly evaluates its internal control environment over the System's financial reporting processes through an initiative based upon concepts established in the Sarbanes-Oxley Act of 2002. The goals of the initiative are to ensure the integrity and reliability of financial information, strengthen internal control in the reporting process, reduce the risk of fraud and improve efficiencies in the financial reporting process. The initiative reviews all aspects of the financial reporting process, identifies potential risks and ensures that they have been mitigated utilizing a management self-assessment process. As a result of this initiative, management of the System issued a report on the effectiveness of its internal control over financial reporting as part of the issuance of its consolidated financial results for 2024, which is the 16^{th} year the management report was completed. As part of the internal control evaluation process for 2024, certifications were completed by 130 members of System management, including top leadership. The System is one of the first nonprofit hospitals to issue a management report on the effectiveness of internal control over financial reporting, a step that further increases the transparency of the organization. There were no changes in internal controls over financial reporting during the nine months ended September 30, 2025 that have materially affected, or are likely to materially affect, the internal controls over financial reporting for the System.

PATIENTS SERVED

The following table summarizes patient utilization statistics for the System:

	For the quarter ended September 30				For the nine months ended September 30			
	2025	2024	Variance	%	2025	2024	Variance	%
Inpatient admissions[1]								
Acute admissions	67,815	66,403	1,412	2.1%	201,838	200,546	1,292	0.6%
Post-acute admissions	2,323	2,321	2	0.1%	7,240	7,145	95	1.3%
	70,138	68,724	1,414	2.1%	209,078	207,691	1,387	0.7%
Patient days[1]								
Acute patient days	335,916	323,178	12,738	3.9%	1,005,155	984,888	20,267	2.1%
Post-acute patient days	17,874	18,881	-1,007	-5.3%	57,513	57,872	-359	-0.6%
	353,790	342,059	11,731	3.4%	1,062,668	1,042,760	19,908	1.9%
Surgical cases								
Inpatient	21,643	21,105	538	2.6%	63,939	63,734	205	0.3%
Outpatient	62,300	59,644	2,656	4.5%	186,088	180,894	5,194	2.9%
	83,944	80,749	3,195	4.0%	250,028	244,628	5,400	2.2%
Emergency department visits	250,935	250,126	809	0.3%	749,614	741,973	7,641	1.0%
Observations	18,174	18,431	-257	-1.4%	55,271	53,629	1,642	3.1%
Clinic outpatient evaluation and management visits	2,073,676	1,990,205	83,471	4.2%	6,246,367	5,980,679	265,688	4.4%
Total Encounters	3,653,915	3,601,054	52,861	1.5%	10,969,833	10,813,695	156,138	1.4%

[1] Excludes newborns

Utilization statistics for London Hospital are included in the above table. In the first nine months of 2025, London Hospital reported approximately 111,800 patient encounters, a 13.8% increase compared to the same period in 2024.

Inpatient acute admissions for the System increased 2.1% in the third quarter of 2025 and 0.6% in the first nine months of 2025 compared to the same period in 2024. In 2025, acute admissions for the System in Ohio increased 2.0%, while the Florida facilities decreased 4.3% compared to 2024.

Total surgical cases for the System increased 4.0% in the third quarter of 2025 and 2.2% in the first nine months of 2025 compared to the same period in 2024. In 2025, total surgical cases for the System in Ohio increased 1.3%, while the Florida facilities increased 3.9% compared to 2024.

Evaluation and management visits for the System increased 4.2% in the third quarter of 2025 and 4.4% in the first nine months of 2025 compared to the same period in 2024. In 2025, evaluation and management visits for the System in Ohio increased 4.0%, while the Florida facilities increased 6.2% compared to 2024.

LIQUIDITY

Cash and Investments

The majority of the System's cash and cash equivalents are held in operating bank accounts for general expenditures. The System is continually monitoring its forecasted operating performance and cash position using various scenarios and assumptions to ensure that there is sufficient liquidity to meet the cash needs of the organization.

The System's objectives for its long-term investment portfolio are to achieve a market return to enhance the purchasing power of the enterprise in excess of inflation, and to provide capital capacity to support ongoing reinvestment in its tripartite mission and related capital needs of the enterprise, including cost-effective access to the debt capital markets. The asset allocation of the portfolio is broadly diversified across global equity and global fixed income asset classes and alternative investment strategies and is designed to maximize the probability of achieving the long-term investment objectives at an appropriate level of risk while maintaining a level of liquidity to meet the needs of ongoing portfolio management. This allocation is formalized into a strategic policy benchmark that guides the management of the portfolio and provides a standard to use in evaluating the portfolio's performance.

Investments are primarily maintained in a master trust fund administered using a bank as custodian. The Cleveland Clinic Investment Office is charged with the day-to-day management of the System's investments and their strategic direction. These portfolios include the System's general short-term and long-term investment portfolios, its defined benefit pension fund and the captive insurance fund. The System has established formal investment policies that support the System's investment objectives and provide an appropriate balance between return and risk.

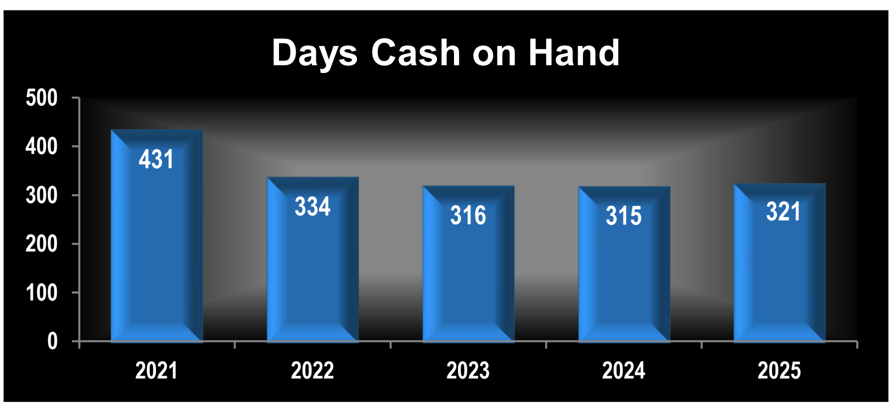
The following table sets forth the allocation of the System's cash and investments in its general investment portfolios and captive insurance fund at September 30, 2025 and December 31, 2024:

Cash and Investments
(Dollars in thousands)

	September 30, 2025		December 31, 2024	
Cash and cash equivalents	$ 1,485,142	9%	$ 1,523,028	10%
Fixed income securities*	3,451,623	22%	2,829,198	19%
Marketable equity securities*	2,901,389	18%	3,131,218	21%
Alternative investments	8,282,426	51%	7,316,565	50%
Total cash and investments	$ 16,120,580	100%	$ 14,800,009	100%
Less restricted investments**	(1,956,391)		(1,833,154)	
Unrestricted cash and investments	$ 14,164,189		$ 12,966,855	
Days cash on hand	321		315	

* Fixed income securities and marketable equity securities include mutual funds and commingled investment funds within each investment allocation category.
** Restricted investments include funds held by trustees, assets held for self-insurance and donor-restricted assets.

The following chart summarizes days cash on hand for the System at December 31 for the last four years and September 30, 2025:



At September 30, 2025, total cash and investments for the System (including restricted investments) were $16.1 billion, an increase of approximately $1.3 billion from $14.8 billion at December 31, 2024. This includes a $1.2 billion increase in unrestricted cash and investments in 2025. Since 2018, unrestricted cash and investments have increased from $8.0 billion at December 31, 2018 to $14.2 billion at September 30, 2025.

Included in the System's cash and investments are investments held for self-insurance. These investments totaled $258.4 million at September 30, 2025, with an asset mix of 6% cash and short-term investments, 33% fixed income securities, 25% equity investments and 36% alternative investments. The asset mix reflects the need for liquidity and the objective to maintain stable returns utilizing a lower tolerance for risk and volatility consistent with insurance regulatory requirements.

The System invests in alternative investments to increase the portfolio's diversification. Alternative investments are primarily limited partnerships that invest in marketable securities, privately held securities, real estate and derivative products and are reported based on the net asset value of the investment.

Alternative investments at September 30, 2025 and December 31, 2024 consist of the following:

Alternative Investments
(Dollars in thousands)

	September 30, 2025			December 31, 2024		
Hedge funds	$	4,330,329	52%	$	3,677,767	50%
Private equity/venture capital		3,952,097	48%		3,638,798	50%
Total alternative investments	$	8,282,426	100%	$	7,316,565	100%

Alternative investments have varying degrees of liquidity and are generally less liquid than the traditional equity and fixed income classes of investments. Over time, investors may earn a premium return in exchange for this lack of liquidity. Hedge funds typically contain redeemable interests and offer the most liquidity of the alternative investment classes. These investment funds permit holders periodic opportunities to redeem interests at frequencies that can range from daily to annually, subject to lock-up provisions that are generally imposed upon initial investment in the fund. It is common, however, that a small portion (5-10%) of withdrawal proceeds are held back from distribution pending the fund's annual audit, which can be up to a year away. Private equity/venture capital funds typically have non-redeemable partnership interests. Due to the inherent illiquidity of the underlying investments, the funds generally contain lock-up provisions that prohibit redemptions during the fund's life. Distributions from the funds are received as the underlying investments in the fund are liquidated. These investments have an initial subscription period, under which commitments are made to contribute a specified amount of capital as called for by the general partner of the fund. The System periodically reviews unfunded commitments to ensure adequate liquidity exists to fulfill anticipated contributions to alternative investments.

Investment Return

Investment return, including income on alternative investments, is reported as nonoperating gains and losses except for interest and dividends earned on assets held for self-insurance and amounts designated for current operations from board-designated endowment funds, which are included in other unrestricted revenues. Investment return greater or less than amounts designated for current operations from board-designated funds is recorded in nonoperating gains and losses. Donor-restricted investment return on restricted investments is included in net assets with donor restrictions.

The System maintains a board-designated endowment fund that was established effective July 2023 with a contribution of net assets without donor restrictions of $3.5 billion, and the fund was increased to $5.0 billion during the third quarter of 2024. Appropriations from the board-designated endowment fund are used to support research and education activities of the System.

The System's long-term investment portfolio, which excludes assets held for self-insurance, reported preliminary investment gains of 10.4% in the first nine months of 2025 compared to gains of 8.3% during the same period in 2024. The preliminary investment returns do not include all of the valuation adjustments of private equity investments that have not yet issued their final earnings reports.

Total investment return for the System is comprised of the following:

Investment Return
(Dollars in thousands)

	For the quarter ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Other unrestricted revenue:				
Interest income and dividends	$ 1,031	$ 1,266	$ 3,239	$ 4,028
Investment return designated for current operations	62,500	62,500	187,500	150,000
	63,531	63,766	190,739	154,028
Nonoperating gains and losses, net:				
Interest income and dividends	43,946	45,059	120,458	121,955
Net realized gains on sales of investments	228,148	16,329	387,514	59,969
Net change in unrealized gains on investments	(26,288)	219,349	173,882	332,827
Equity method income on alternative investments	327,153	130,357	579,669	418,933
Investment management fees	(8,078)	(8,718)	(23,724)	(24,987)
Investment return designated for current operations	(62,500)	(62,500)	(187,500)	(150,000)
	502,381	339,876	1,050,299	758,697
Other changes in net assets:				
Investment income on restricted investments	38,239	23,960	104,265	75,259
Total investment return	$ 604,151	$ 427,602	$ 1,345,303	$ 987,984

Operating Lines of Credit

As of September 30, 2025, the System had two operating lines of credit totaling $450 million with no amounts drawn and $450 million in available capacity. The lines are structured with $250 million expiring on April 22, 2026 and $200 million expiring on May 29, 2026.

Long-term Debt

At September 30, 2025, outstanding current and long-term debt for the System totaled $5.6 billion, comprised of $5,040 million in bonds and notes, $285 million related to proceeds from sale-leaseback transactions, $129 million in finance leases and $192 million in unamortized net premium, offset by $33 million of unamortized debt issuance costs. Bonds and notes are structured with approximately 80% fixed-rate debt and 20% variable-rate debt. The System utilizes various interest rate swap derivative contracts to manage the risk of increased debt service resulting from rising market interest rates on variable-rate bonds. The total notional amount on the System's interest rate swap contracts at September 30, 2025 was $277.0 million. Using an interest rate benchmark based on the Secured Overnight Financing Rate, the swap contracts convert variable-rate debt to a fixed-rate, which further reduces the System's exposure to variable interest rates. The interest rate swap contracts can be unwound by the System at any time, whereas the counterparty has the option to unwind the contracts only upon an event of default as defined in the contracts.

As of September 30, 2025, approximately $592 million of variable-rate debt are bonds secured by irrevocable direct pay letters of credit or standby bond purchase agreements. Debt supported by letters of credit or standby bond purchase agreements that expire within one year, require repayment of a remarketing draw within one year, or contain a subjective clause that would allow the lender to declare an event of default and cause immediate repayment of such bonds are classified as current liabilities.

As of September 30, 2025, the System maintains $401 million of variable-rate bonds supported by the System's self-liquidity program. Debt supported by self-liquidity includes the Series 2014A CP Notes (described below) and certain variable-rate bonds that are remarketed in commercial paper or weekly mode. Bonds and notes supported by self-liquidity are classified as current liabilities. The System has sufficient liquidity within its investment portfolio to support the self-liquidity program.

The System maintains the Cleveland Clinic Health System Obligated Group Commercial Paper Program (CP Program), which provides for the issuance of the Series 2014A CP Notes. The CP Program was established in November 2014 and will terminate no later than January 2044. The Series 2014A CP Notes may be issued from time to time in a maximum outstanding face amount of $100 million and are supported by the System's self-liquidity program. At September 30, 2025, the System did not have any outstanding Series 2014A CP Notes.

In September 2025, the System entered into a sale-leaseback transaction to sell 24 off campus properties and immediately lease those properties back from the buyer. The leases for each property are for an initial term of twelve and a half years and include two five-year renewal options as well as an option to purchase the properties at the end of the initial term. The System accounted for the transaction as a financing arrangement because it did not transfer control of the underlying assets. Accordingly, the proceeds from the transaction totaling $285 million were recorded as long-term debt in the consolidated balance sheets.

In connection with the transaction, the System redeemed or defeased $19.2 million of certain outstanding bonds. As a result, the System recorded a $0.5 million gain on extinguishment of debt, which is recorded in other nonoperating gains and losses in the consolidated statements of operations and changes and net assets.

The System is subject to certain restricted covenants associated with its debt, including provisions related to certain debt ratios, days cash on hand and other matters. The System was in compliance with these covenants at September 30, 2025.

The System through a United Kingdom subsidiary issued £665 million of sterling notes (2018 Sterling Notes) in 2018 pursuant to a private placement agreement. The proceeds of the 2018 Sterling notes were used to support expansion in London. The outstanding 2018 Sterling Notes have been converted to U.S. dollars in the consolidated balance sheet using exchange rates of $1.34 and $1.26 at September 30, 2025 and December 31, 2024, respectively.

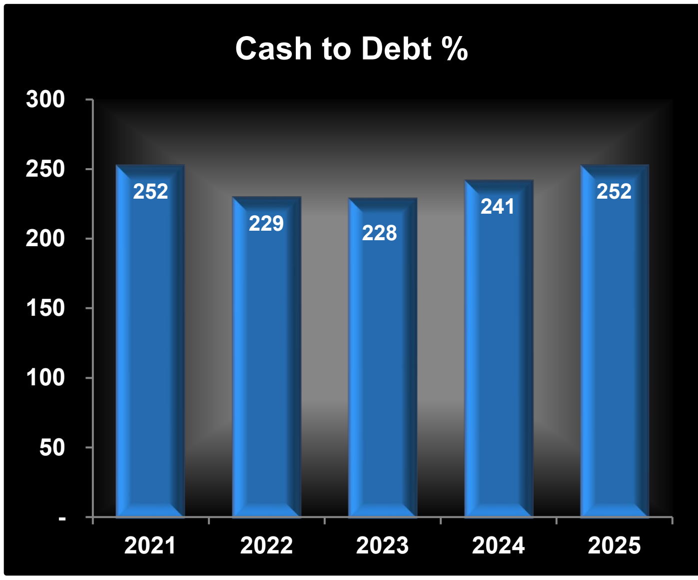
Outstanding long-term debt (including current portion) for the System as of September 30, 2025 and December 31, 2024 consist of the following:

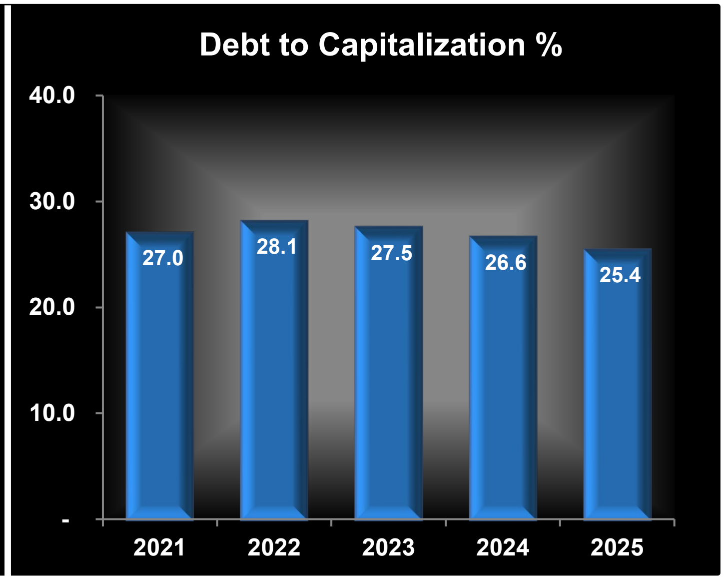
Hospital Revenue Bonds and Notes
(Dollars in thousands)

Series	Type	Final Maturity	September 30 2025	December 31 2024
2024A Bonds	Fixed	2035	$ 435,470	$ 440,420
2021A Bonds	Fixed	2049	83,810	83,810
2021B Bonds	Fixed	2039	167,160	179,595
2021 Term Loan	Fixed	2025	–	16,460
2020 Term Loan	Fixed	2025	1,160	1,160
2019A Bonds	Fixed	2046	247,045	247,045
2019B Bonds	Fixed	2046	244,790	250,320
2019C Bonds	Fixed	2052	89,000	89,000
2019D Bonds	Variable	2052	119,340	119,340
2019E Bonds	Variable	2052	130,405	130,405
2019F Bonds	Variable	2052	130,405	130,405
2019G Bonds	Fixed	2042	240,185	241,835
2018 Sterling Notes[1]	Fixed	2068	893,314	835,648
2017A Bonds	Fixed	2043	662,765	696,160
2017B Bonds	Fixed	2043	157,735	160,030
2017C Bonds	Fixed	2032	5,455	6,080
2016 Private Placement	Fixed	2046	325,000	325,000
2014 Taxable Bonds	Fixed	2114	400,000	400,000
2013A Bonds	Fixed	2042	34,955	34,955
2013B Bonds	Variable	2039	201,160	201,160
2013 Keep Memory Alive Bonds	Variable	2037	42,260	44,960
2011B Bonds	Fixed	2031	14,300	16,295
2011C Bonds	Fixed	2032	44,155	61,345
2008B Bonds	Variable	2042	327,575	327,575
2003C Bonds	Variable	2035	41,905	41,905
Notes Payable	Varies	Varies	671	896
Sale-Leaseback	Varies	Varies	284,715	–
Finance Leases	Varies	Varies	129,484	133,825
			$ 5,454,219	$ 5,215,629

[1]Converted to U.S. dollars using foreign exchange rates at the period end date

The following charts summarize cash-to-debt and debt-to-capitalization ratios for the System at December 31 for the last four years and at September 30, 2025:





BOND RATINGS

The obligated group's outstanding bonds have been assigned ratings of Aa2 (stable outlook) and AA (stable outlook) by Moody's and S&P, respectively.

In September 2025, S&P affirmed its AA rating on the obligated group's outstanding debt and maintained its stable outlook. S&P cited various reasons to support the rating, including a very strong and increasingly diverse enterprise profile, growing and diversifying operations in three states and internationally, trend of improving margins, healthy unrestricted reserves and a growing capacity with continued high demand for services. S&P also noted that the System has strong research and philanthropy capabilities, as well as a national and international reputation for quality, innovation and integrated services. Challenges to the current rating include slightly elevated leverage metrics for the rating level, Northeast Ohio's unfavorable demographic trends, the System's robust capital spending program and a highly competitive service area in Ohio and Florida.

In September 2025, Moody's affirmed its Aa2 rating on the obligated group's outstanding debt and maintained its stable outlook. Moody's cited various factors to support this rating and outlook, including a national and international reputation in highly complex care and research, a centralized governance model, strong liquidity, strong patient demand and exceptional fundraising abilities. In its report, Moody's indicated that these strengths compensate for challenges such as moderately high debt levels, the ongoing integration and improvement strategies in Florida, weak demographic trends in Northeast Ohio and heavy competition in the Florida market.

CONSOLIDATED RESULTS OF OPERATIONS

For the Quarters ended September 30, 2025 and 2024

The following narrative describes the consolidated results of operations for the System for the quarters ended September 30, 2025 and 2024.

Operating income for the System in the third quarter of 2025 was $206.2 million, resulting in an operating margin of 4.5%, as compared to operating income of $43.4 million and an operating margin of 1.1% in the third quarter of 2024. The higher operating margin was due to a 14.2% increase in operating revenues, which outpaced a 10.2% increase in operating expenses. The System experienced nonoperating gains of $499.9 million in the third quarter of 2025 compared to gains of $331.5 million in the third quarter of 2024. The increase from the prior year was primarily due to higher investment returns in the third quarter of 2025 compared to the same period in 2024. Overall, the System reported an excess of revenues over expenses of $706.2 million, a 14.0% total excess margin, in the third quarter of 2025 compared to $374.8 million, an 8.7% total excess margin, in the third quarter of 2024.

The System's net patient service revenue increased $325.4 million (9.6%) in the third quarter of 2025 compared to the same period in 2024. Total patient encounters increased 1.5% in the third quarter of 2025 compared to the same period in 2024, driven by a 2.1% increase in acute admissions, a 4.0% increase in total surgical cases and a 4.2% increase in outpatient evaluation and management visits. Net patient revenue for inpatient activity was favorably impacted by a strong case mix. The System also implemented annual rate increases on the System's managed care contracts that became effective in 2025.

Premium revenue was $146.6 million in the third quarter of 2025. Premium revenue relates to new Medicare Advantage delegated premium and risk agreements that were effective January 1, 2025. The System also records related medical claim expenses on the new agreements. See "VALUE-BASED CARE RISK AGREEMENTS" for additional details.

Other unrestricted revenues increased $92.4 million (15.8%) in the third quarter of 2025 compared to the same period in 2024. The increase in other unrestricted revenues was primarily due to an $88.3 million increase in outpatient pharmacy revenue primarily due to higher utilization of outpatient and specialty drugs, a $7.6 million increase related to the valuation of companies managed by CCI, a $6.7 million increase in management advisory revenue and a $4.9 million increase in unrestricted gifts and assets released from restriction. Partially offsetting the increase was a $20.2 million decrease in grants earned primarily due to Federal Emergency Management Agency (FEMA) grants that were received in the third quarter of 2024 to reimburse the System for pandemic-related costs.

Total operating expenses increased $401.6 million (10.2%) in the third quarter of 2025 compared to the same period in 2024. The growth in expenses was primarily due to the growth in patient volumes and inflationary trends that increased personnel, supplies and pharmaceutical expenses, as well as costs related to the new delegated risk premium contracts in 2025. The System continues to develop and implement cost reduction and containment initiatives designed to make a more affordable care model for patients and to enable investments in key strategic initiatives.

Salaries, wages and benefits increased $92.3 million (4.1%) in the third quarter of 2025 compared to the same period in 2024. Salaries, excluding benefits, increased $88.4 million (4.6%) due primarily to annual salary adjustments averaging 3% across the System that were awarded in the second quarter of 2025 and a 0.6% increase in full-time equivalent employees in the third quarter of 2025 compared to the same period in 2024. Benefit costs increased $3.9 million (1.2%) during the same period primarily due to the growth in salaries and full-time equivalent employees. The System experienced a $9.8 million increase in various benefit categories including FICA expenses, workers compensation, long term disability, parental leave, tuition reimbursement and defined contribution plan expenses. Partially offsetting the increase was an $8.8 million decrease in employee health plan expenses.

Supplies expense increased $47.5 million (12.5%) in the third quarter of 2025 compared to the same period in 2024. The increase in supplies is primarily due to increases in total patient encounters and recent inflationary trends for many supplies.

Pharmaceutical costs increased $106.5 million (17.9%) in the third quarter of 2025 compared to the same period in 2024. The increase in pharmaceuticals was primarily due to recent inflationary trends and increased utilization in outpatient areas including retail and specialty pharmacy. The System also experienced a corresponding increase in outpatient pharmacy revenues related to the increased utilization.

Medical claims expenses were $59.7 million in the third quarter of 2025. Medical claims expenses relate to new Medicare Advantage delegated premium and risk agreements that were effective January 1, 2025. The System also records premium revenue on the new agreements. Medical claims for services provided at System facilities are eliminated from both net patient service revenue and medical claims expense on the statement of operations. See "VALUE-BASED CARE RISK AGREEMENTS" for additional details.

Purchased services and other fees increased $32.1 million (11.2%) in the third quarter of 2025 compared to the same period in 2024. The increase in purchased services was comprised of a $36.9 million increase in purchased nonmedical services, offset by a $4.7 million decrease in purchased medical services. The increase in purchased nonmedical services was primarily due to state franchise fee expenses.

Administrative services expenses increased $4.2 million (7.2%) in the third quarter of 2025 compared to the same period in 2024. The increase in administrative services was related to increases in professional services and consulting fees for various strategic initiatives.

Facilities expense increased $8.9 million (7.3%) in the third quarter of 2025 compared to the same period in 2024. The increase in facilities expense was primarily due to a $6.0 million increase utilities expenses and a $2.8 million increase in lease costs.

Insurance expense increased $33.4 million (70.6%) in the third quarter of 2025 compared to the same period in 2024. The increase in insurance expense was due to an increase in malpractice claim payments and related settlements the System has experienced over the last few years. The System's medical professional insurance program has been influenced by the impact of both regular and social inflation that has created an upward national trend of jury verdicts and settlement amounts.

Interest expense increased $0.2 million (0.6%) in the third quarter of 2025 compared to the same period in 2024. The increase in interest expense was primarily due to interest expense from bonds issued in June 2024 that was partially offset by the reduction in debt from regularly scheduled principal payments in 2025.

Depreciation and amortization expenses increased $16.7 million (11.3%) in the third quarter of 2025 compared to the same period in 2024. Changes in depreciation included property, plant and equipment that was fully depreciated in 2024, offset by depreciation for property, plant and equipment that was acquired and placed into service in 2024 and 2025.

Gains and losses from nonoperating activities resulted in net gains to the System of $499.9 million in the third quarter of 2025 compared to gains of $331.5 million in the third quarter of 2024. Investment returns, net of appropriations from the board-designated endowment fund, were $502.4 million in the third quarter of 2025 compared to $339.9 million in the same period in 2024 driven by changes in financial markets. Derivative gains were $0.1 million in the third quarter of 2025 compared to losses of $5.7 million in the third quarter of 2024. Derivative gains and losses result from changes in interest rate benchmarks associated with the System's interest rate swap agreements, including net interest paid or received under the swap agreements. Other nonoperating gains and losses were flat in the third quarter of 2025 compared to the same period in 2024.

For the Nine months ended September 30, 2025 and 2024

The following narrative describes the consolidated results of operations for the System for the nine months ended September 30, 2025 and 2024.

Operating income for the System in the first nine months of 2025 was $514.4 million, resulting in an operating margin of 3.9%, as compared to operating income of $138.9 million and an operating margin of 1.2% in the first nine months of 2024. The higher operating margin was due to a 12.8% increase in operating revenues, which outpaced a 9.7% increase in operating expenses. The System experienced nonoperating gains of $1,040 million in the first nine months of 2025 compared to gains of $756.5 million in the first nine months of 2024. The increase from the prior year was primarily due to higher investment returns in the first nine months of 2025 compared to the same period in 2024. Overall, the System reported an excess of revenues over expenses of $1,554 million, a 10.8% total excess margin, in the first nine months of 2025 compared to $895.4 million, a 7.1% total excess margin, in the first nine months of 2024.

The System's net patient service revenue increased $728.1 million (7.2%) in the first nine months of 2025 compared to the same period in 2024. Total patient encounters increased 1.4% in the first nine months of 2025 compared to the same period in 2024, driven by a 0.6% increase in acute admissions, a 2.2% increase in total surgical cases and a 4.4% increase in outpatient evaluation and management visits. Net patient revenue for inpatient activity was favorably impacted by a strong case mix. The System also implemented annual rate increases on the System's managed care contracts that became effective in 2025.

Premium revenue was $456.7 million in the first nine months of 2025. Insurance premium revenue relates to new Medicare Advantage delegated premium and risk agreements that were effective January 1, 2025. The System also records related medical claim expenses on the new agreements. See "VALUE-BASED CARE RISK AGREEMENTS" for additional details.

Other unrestricted revenues increased $321.6 million (20.0%) in the first nine months of 2025 compared to the same period in 2024. The increase in other unrestricted revenues was primarily due to a $261.1 million increase in outpatient pharmacy revenue primarily due to higher utilization of outpatient and specialty drugs, a $37.5 million increase in investment return designated for current operations, an $18.3 million increase in management advisory revenue, a $12.7 million increase related to the valuation of companies managed by CCI and a $10.5 million increase in unrestricted gifts and assets released from restriction. Partially offsetting the increase was a $29.6 million decrease in grants earned primarily due to Federal Emergency Management Agency (FEMA) grants that were received in the first nine months of 2024 to reimburse the System for pandemic-related costs.

Total operating expenses increased $1,131 million (9.7%) in the first nine months of 2025 compared to the same period in 2024. The growth in expenses was primarily due to the growth in patient volumes and inflationary trends that increased personnel, supplies and pharmaceutical expenses, as well as costs related to the new delegated risk premium contracts in 2025. The System continues to develop and implement cost reduction and containment initiatives designed to make a more affordable care model for patients and to enable investments in key strategic initiatives.

Salaries, wages and benefits increased $303.0 million (4.5%) in the first nine months of 2025 compared to the same period in 2024. Salaries, excluding benefits, increased $278.4 million (4.9%) due primarily to annual salary adjustments averaging 3% across the System that were awarded in the second quarter of 2025 and a 0.8% increase in full-time equivalent employees in the first nine months of 2025 compared to the same period in 2024. Benefit costs increased $24.6 million (2.4%) during the same period primarily due to the growth in salaries and full-time equivalent employees. The System experienced a $17.7 million increase in defined contribution plan expenses, a $15.0 million increase in FICA expenses and a 4.0 million increase in tuition reimbursement. The increases were partially offset by a $26.4 million decrease in employee health plan expenses.

Supplies expense increased $77.0 million (6.7%) in the first nine months of 2025 compared to the same period in 2024. The increase in supplies is primarily due to increases in total patient encounters and recent inflationary trends for many supplies.

Pharmaceutical costs increased $373.6 million (22.5%) in the first nine months of 2025 compared to the same period in 2024. The increase in pharmaceuticals was primarily due to recent inflationary trends and increased utilization in outpatient areas including retail and specialty pharmacy. The System also experienced a corresponding increase in outpatient pharmacy revenues related to the increased utilization.

Medical claims expenses were $197.0 million in the first nine months of 2025. Medical claims expenses relate to new Medicare Advantage delegated premium and risk agreements that were effective January 1, 2025. The System also records premium revenue on the new agreements. Medical claims for services provided at System facilities are eliminated from both net patient service revenue and medical claims expense on the statement of operations. See "VALUE-BASED CARE RISK AGREEMENTS" for additional details.

Purchased services and other fees increased $56.0 million (6.7%) in the first nine months of 2025 compared to the same period in 2024. The increase in purchased services was comprised of a $62.1 million increase in purchased nonmedical services, offset by a $6.1 million decrease in purchased medical services. The increase in purchased nonmedical services was primarily due to state franchise fee expenses.

Administrative services expenses increased $3.9 million (2.2%) in the first nine months of 2025 compared to the same period in 2024. The increase in administrative services was related to increases in professional services for various strategic initiatives and travel and education expenses.

Facilities expense increased $20.1 million (5.6%) in the first nine months of 2025 compared to the same period in 2024. The increase in facilities expense was primarily due to a $14.1 million increase in utilities expenses and a $7.9 million increase in lease costs. The increase was partially offset by a $3.2 million decrease in maintenance and repair costs.

Insurance expense increased $51.6 million (44.5%) in the first nine months of 2025 compared to the same period in 2024. The increase in insurance expense was due to an increase in malpractice claim payments and related settlements the System has experienced over the last few years. The System's medical professional insurance program has been influenced by the impact of both regular and social inflation that has created an upward national trend of jury verdicts and settlement amounts.

Interest expense decreased $6.0 million (4.5%) in the first nine months of 2025 compared to the same period in 2024. The decrease in interest expense was primarily due to the reduction in debt from regularly scheduled principal payments in 2025 and a lease modification in the third quarter of 2024 that reclassified certain finance leases to operating leases. The decrease was partially offset by interest expense from bonds issued in June 2024.

Depreciation and amortization expenses increased $54.9 million (12.3%) in the first nine months of 2025 compared to the same period in 2024. Changes in depreciation included property, plant and equipment that was fully depreciated in 2024, offset by depreciation for property, plant and equipment that was acquired and placed into service in 2024 and 2025.

Gains and losses from nonoperating activities resulted in net gains to the System of $1,040 million in the first nine months of 2025 compared to gains of $756.5 million in the first nine months of 2024. Investment returns, net of appropriations from the board-designated endowment fund, were $1,050 million in the first nine months of 2025 compared to $758.7 million in the same period in 2024 driven by financial markets. Derivative losses were $2.9 million in the first nine months of 2025 compared to gains of $5.9 million in the first nine months of 2024. Derivative gains and losses result from changes in interest rate benchmarks associated with the System's interest rate swap agreements, including net interest paid or received under the swap agreements. Other nonoperating gains and losses were flat in the first nine months of 2025 compared to the same period in 2024.

BALANCE SHEET – SEPTEMBER 30, 2025 COMPARED TO DECEMBER 31, 2024

The following narrative describes the consolidated balance sheets for the System as of September 30, 2025 and December 31, 2024.

Cash and cash equivalents increased $61.9 million (6.1%) from December 31, 2024 to September 30, 2025. The majority of the System's cash and cash equivalents are held in operating bank accounts for general expenditures. The increase in cash equivalents related to the timing of operating and financing cash flows and transfers to or from the investment portfolio to manage the liquidity needs of the System.

Patient accounts receivable increased $99.7 million (5.4%) from December 31, 2024 to September 30, 2025. The increase in patient receivables was primarily attributable to the increase in net patient revenue in 2025 compared to 2024 and rate increases on the System's managed care contracts that became effective in January 2025. The System has various initiatives to enhance cash collection efforts and create efficiencies in the revenue cycle process. Days revenue outstanding for the System, which is calculated based on average daily revenue for the most recent quarter, decreased from 48 days at December 31, 2024 to 47 days at September 30, 2025.

Investments for current use were unchanged from December 31, 2024 to September 30, 2025. Investments for current use include assets held for self-insurance that will be used to pay the current portion of estimated claim liabilities.

Other current assets increased $115.2 million (13.3%) from December 31, 2024 to September 30, 2025. The increase in other current assets was primarily due to a $72.9 million increase in receivables related to government programs that provide assistance to hospitals due to the timing of payments for the program, a $55.7 million increase in prepaid expenses due primarily to information technology contracts and a $37.4 million increase in inventories. The increase in other current assets was partially offset by a $26.6 million decrease in the current portion of pledges receivable and a $25.9 million decrease in in third-party receivables.

Unrestricted long-term investments increased $1,135 million (9.5%) from December 31, 2024 to September 30, 2025. The increase in long-term investments was primarily due to $1,238 million of unrestricted investment gains experienced in the System's investment portfolio that reported preliminary investment returns of 10.4% in the first nine months of 2025. Other changes in unrestricted investments include transfers to operating cash to support the liquidity needs of the System.

Funds held by trustees increased $33.4 million (540.8%) from December 31, 2024 to September 30, 2025. The increase in funds held by trustees was primarily due to an increase in collateral posted for commodity future holdings in the System's investment portfolio. Funds held by trustees also include collateral posted with the counterparties on various initiatives and programs of the System and unexpended bond proceeds.

Assets held for self-insurance increased $3.0 million (1.8%) from December 31, 2024 to September 30, 2025. The increase in self-insurance assets was primarily due to insurance premiums received and investment returns on investments in excess of claims paid by the System's captive insurance companies.

Donor-restricted assets increased $86.9 million (5.5%) from December 31, 2024 to September 30, 2025. The increase in restricted assets was primarily from the receipt of donor-restricted gifts and investment gains on restricted investments in excess of expenditures from restricted funds.

Net property, plant and equipment increased $389.2 million (5.7%) from December 31, 2024 to September 30, 2025. The System had expenditures for property, plant and equipment of $853.5 million, offset by depreciation expense of $499.4 million. Other increases in property, plant and equipment resulted from $53.5 million foreign currency translation gains, offset by $10.9 million of proceeds from the sale of property, plant and equipment. Capital expenditures in 2025 include amounts paid on retainage liabilities recorded at December 31, 2024 and exclude assets acquired through finance leases and other financing arrangements. Retainage liabilities decreased $25.7 million, and new finance leases totaled $17.9 million in 2025. Expenditures for property, plant and equipment were incurred at numerous facilities across the System and included expenditures for strategic construction, expansion and technological investment, as well as replacement of existing facilities and equipment. For a description of a few of the System's current projects, refer to "EXPANSION AND IMPROVEMENT PROJECTS."

Pledges receivable increased $24.9 million (18.1%) from December 31, 2024 to September 30, 2025. The increase in pledges receivable was due to new pledges received in 2025, offset by the reclassification of pledges receivable, due within one year, from long-term to current.

Trusts and interests in foundations increased $5.4 million (5.6%) from December 31, 2024 to September 30, 2025. The increase in trusts and interests in foundations was comprised of a $3.9 million increase in perpetual and charitable trusts and a $1.5 million increase in interests in community foundations.

Operating lease right-of-use assets increased $13.3 million (3.5%) from December 31, 2024 to September 30, 2025. The increase in operating lease right-of-use assets was primarily due to the addition of new operating leases recorded during 2025 and changes in foreign currency exchange rates related to leases at London Hospital, offset by the reduction in value of future lease payments through the recognition of operating lease expenses.

Other noncurrent assets increased $95.7 million (8.6%) from December 31, 2024 to September 30, 2025. The increase in other noncurrent assets was due to a $90.5 million increase in deferred compensation plan assets driven by changes in investment markets (corresponding increase in noncurrent liabilities) and a $27.4 million increase in investments in affiliates including investments in joint venture rehabilitation and long-term acute care hospitals. The increases were partially offset by a $10.5 million decrease in cloud computing assets primarily due to amortization.

Accounts payable decreased $141.4 million (17.3%) from December 31, 2024 to September 30, 2025. The decrease in accounts payable was primarily attributable to the timing of payment processing for trade payables and a $25.7 million decrease in retainage liabilities for current construction projects.

Compensation and amounts withheld from payroll decreased $8.1 million (1.1%) from December 31, 2024 to September 30, 2025. The decrease in compensation and amounts withheld from payroll was primarily attributable to the timing of payroll and changes in employee benefit accruals.

Current portion of long-term debt decreased $6.4 million (5.9%) from December 31, 2024 to September 30, 2025. Changes in the current portion of long-term debt include the reclassification of regularly scheduled principal payments from long-term to current that are due within one year, offset by principal payments made in 2025. The decreases were partially offset by a $5.4 million increase related to proceeds from a sale-leaseback transaction in September 2025.

Variable-rate debt classified as current decreased $263.6 million (37.6%) from December 31, 2024 to September 30, 2025. Variable-rate debt classified as current consists of long-term variable-rate bonds supported by the System's self-liquidity program and bonds with letters of credit or standby bond purchase agreements that expire within one year, require repayment of a remarketing draw within one year or contain a subjective clause that would allow the lender to declare an event of default and cause immediate repayment of such bonds. The System does not expect to make principal payments on these bonds in the next year but classifies them as current for accounting purposes. The decrease in variable-rate debt classified as current was primarily due to the reclassification of $260.8 million from current to long-term for bonds supported by standby bond purchase agreements that were scheduled to expire in 2025. The System entered into amended agreements that allowed the bonds to be classified as long-term at September 30, 2025.

Other current liabilities increased $79.3 million (10.1%) from December 31, 2024 to September 30, 2025. The increase in other current liabilities was primarily due to an $86.1 million increase in state franchise fee liabilities due to the timing of payments and an $11.6 million increase in deferred revenue related to research projects. The increases were partially offset by a $38.3 million decrease in accrued interest payable related to the timing of semi-annual interest payments.

Long-term debt increased $493.2 million (10.8%) from December 31, 2024 to September 30, 2025. The increase in long-term debt was primarily due to a $279.3 million increase related to proceeds from a sale-leaseback transaction in September 2025 and the reclassification of $260.8 million from current to long-term for bonds supported by standby bond purchase agreements that were scheduled to expire in 2025. The System entered into amended agreements that allowed the bonds to be classified as long-term at September 30, 2025. Also contributing to the increase were $57.7 million of foreign currency translation losses on the 2018 Sterling Notes. These increases were partially offset by the reclassification of regularly scheduled principal payments from long-term to current for debt payments due within one year.

Professional and general insurance liability reserves increased $61.7 million (23.7%) from December 31, 2024 to September 30, 2025. The increase in insurance liability reserves was due to expenses recorded for the accrual of estimated claims in excess of claim liability payments. The System's medical professional insurance program has been influenced by the impact of both regular and social inflation that has created an upward national trend of jury verdicts and settlement amounts.

Accrued retirement benefits decreased $2.4 million (1.2%) from December 31, 2024 to September 30, 2025. The decrease in accrued retirement benefits was comprised of a $3.9 million decrease in certain defined benefit pension plan liabilities offset by a $1.6 million increase in other postretirement benefit liabilities.

Operating lease liabilities increased $10.6 million (3.2%) from December 31, 2024 to September 30, 2025. The increase in operating lease liabilities was primarily due to the addition of new operating leases recorded in 2025 and changes in foreign currency exchange rates related to leases at London Hospital, offset by the reclassification of operating lease payments from long-term to short-term.

Other noncurrent liabilities increased $144.5 million (18.1%) from December 31, 2024 to September 30, 2025. The increase in other noncurrent liabilities was primarily due to a $90.8 million increase in deferred compensation plan liabilities (corresponding increase in noncurrent assets) primarily due to changes in investment markets, a $33.0 million increase in third party reserves and a $20.0 million increase related to deferred grants.

Total net assets increased $1,697 million (10.1%) from December 31, 2024 to September 30, 2025. Net assets without donor restrictions increased $1,607 million (10.8%) primarily due to an excess of revenues over expenses of $1,554 million, net assets released from restriction for capital purposes of $55.5 million and foreign currency translation gains of $4.6 million. The increases were partially offset by retirement benefit adjustments of $2.4 million. Net assets with donor restrictions increased $89.3 million (4.7%), primarily due to restricted gifts of $148.2 million and investment gains of $104.3 million, offset by assets released from restrictions of $170.8 million.

FORWARD-LOOKING STATEMENTS

Forward-looking statements contained in this report and other written reports and oral statements are made based on known events and circumstances at the time of release, and as such, are subject in the future to unforeseen uncertainties and risks. All statements regarding future performance, events or developments are forward-looking statements. It is possible that the System's future performance may differ materially from current expectations depending on economic conditions within the healthcare industry and other factors. Among other factors that might affect future performance are:

- The impact of executive orders from the President of the U.S. and regulatory, litigation or other actions from federal agencies that might affect the operations of the System, including reductions in federal funding for research, education or other programs or the ability of the System to provide adequate staffing of caregivers;
- The impact of a pandemic, epidemic or outbreak of an infectious disease such as COVID-19, including but not limited to (1) a quarantine, temporary shutdown, overburdening of facilities or diversion of patients, (2) bed, staffing or supply shortages, (3) reduced patient volumes and operating revenues, (4) the loss of employment and health insurance for a significant portion of the population, or (5) staffing reductions resulting from vaccination mandates of employees;
- Changes to the Medicare and Medicaid reimbursement systems resulting in reductions in payments and/or changes in eligibility of patients to qualify for Medicare and Medicaid;
- Legislative reforms or actions that reduce the payment for, and/or utilization of, and/or cost of providing, healthcare services, such as the One Big Beautiful Bill Act, the Patient Protection and Affordable Care Act and/or 340B drug discount program;
- Possible repeal and/or replacement of the Patient Protection and Affordable Care Act, and repeal of the individual mandate;
- Adjustments resulting from Medicare and Medicaid reimbursement audits, including audits initiated by the Medicare Recovery Audit Contractor program;
- Future contract negotiations between public and private insurers, employers and participating hospitals, including the System's hospitals, and other efforts by these insurers and employers to limit hospitalization costs and coverage;
- Increased competition in the areas served by the System and limited options to respond to the same in part due to uncertainty in the enforcement of antitrust laws;
- The ability of the System to integrate the hospitals in Florida into a regional health system;
- The ability of the System to access capital for the funding of capital projects;
- Availability of malpractice, cyber or other insurance at reasonable rates, if at all;
- The System's ability to recruit and retain professionals;

- The ability of the Clinic to continue developing the London Hospital and operate in that market;
- General economic and business conditions, internationally, nationally and regionally, including the impact of interest rates, inflation, foreign currencies, financial market conditions and volatility and increases in the number of self-pay patients;
- The increasing number and severity of cyber threats and the costs of preventing them and protecting patient and other data, including the risks pertaining to third parties who have access to the data;
- Unfavorable demographic trends in the Greater Cleveland area;
- Impact of federal and state laws on tax-exempt organizations relating to exemption from income taxes, sales taxes, real estate taxes, excise taxes and bond financing;
- Changes in federal and state employment laws and regulations, as well as interpretations of those laws and regulations by courts and governmental agencies;
- Management, utilization and increases in the cost of medical drugs and devices as technological advancement progresses without concurrent increases in federal reimbursement;
- Ability of the System to adjust its cost structure and reduce operating expenses; and
- Changes in accounting standards or practices.

The System undertakes no obligation to update or publicly revise these forward-looking statements to reflect events or circumstances that arise after the date of this report.

Cleveland Clinic

Every life deserves world class care.