CATERPILLAR INC.

ANNUAL REPORT 2025



CATERPILLAR®

CORPORATE OVERVIEW

Caterpillar Inc. is the world's leading manufacturer of construction and mining equipment, off-highway diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives.

For more than a century, Caterpillar has built a better, more sustainable world. Backed by one of the largest independent global dealer networks and financing services through Cat Financial, we are committed to solving our customers' toughest challenges through commercial excellence, advanced technology leadership, and a strong foundation of operational excellence. None of this would be possible without our highly talented and dedicated team.

Corporate headquarters

Irving, Texas

NYSE stock symbol

CAT

Reportable segments

Power & Energy
Construction Industries
Resource Industries
Financial Products

Dividend Aristocrat status

Paid higher annual dividends to shareholders for 32 consecutive years

$67.6B
Sales & revenues

$24B
Services revenues[1]

$2.1B
Research & development

51%
Sales outside the U.S.

~140
Primary locations
24 countries with operations

150
Cat® dealers[2]
serving ~190 countries

118,000
Employees

4M+
Cat products at work around the world[3]

1.6M+
Connected reporting assets

$55.8M
Foundation contributions

[1] Machinery, Power & Energy (MP&E) Services Revenues include, but are not limited to, aftermarket parts and other service-related revenues and exclude most Financial Products' revenues, discontinued products and captive dealer services.
[2] Dealers are independent businesses.
[3] Includes discontinued products.
[4] Adjusted profit per share and MP&E free cash flow are non-GAAP measures, and a reconciliation to the most directly comparable GAAP measures is included in our 2025 10-K SEC filing.

CHAIRMAN & CEO MESSAGE



Dear Fellow Shareholders,

The world is investing in physical infrastructure at a pace and scale that will define the next decade and beyond. Data centers are being built to meet surging demand for AI and cloud computing. Power grids are being expanded and reinforced. Critical minerals are being extracted to support growing global energy needs and power the devices we rely on every day. Roads, ports and industrial facilities are being constructed and modernized across every major economy.

These are not short-term trends. Urbanization, digitalization, electrification and the evolving global energy landscape are creating sustained, long-duration demand for the physical systems that underpin modern life. Our customers are essential to meeting that demand, and Caterpillar equips them to do it.

In 2025, we celebrated our centennial. For 100 years, Caterpillar has been essential to every major wave of infrastructure investment—from the roads and dams that modernized economies around the world, to the mines that supply the raw materials behind modern technology, to the power systems that keep critical operations running today. The world's needs have changed enormously over that span. Caterpillar has grown with them every time.

What makes this moment different is the wide range of demand coming together at the same time, combined with how we are evolving to meet it. Caterpillar today has the broadest equipment portfolio in our industries, an unmatched independent dealer network around the world, and a growing set of technology capabilities. As a result, our business is becoming more essential and valuable to the customers we serve and more integrated in their operations.

We are delivering results that reflect that positioning. In 2025, sales and revenues reached $67.6 billion, the highest in Caterpillar's history. We maintained adjusted operating profit margin within our target range, generated $9.5 billion of Machinery, Power & Energy (MP&E) free cash flow[4] and returned $7.9 billion to shareholders through share repurchases and dividends. Adjusted profit per share[4] was $19.06.

"WHAT MAKES THIS MOMENT DIFFERENT IS THE WIDE RANGE OF DEMAND COMING TOGETHER AT THE SAME TIME, COMBINED WITH HOW WE ARE EVOLVING TO MEET IT."



Employees and guests exploring the Centennial World Tour during the interactive experience's visit to Rayong, Thailand.

CHAIRMAN & CEO MESSAGE (continued)

A refreshed strategy

At our 2025 Investor Day, we introduced a refreshed strategic plan for profitable growth organized around our mission—solving our customers' toughest challenges—and three pillars: Commercial Excellence, Advanced Technology Leader and Transform How We Work. All three are built on a foundation of Operational Excellence and guided by Our Values in Action: Safety, Integrity, Teamwork, Excellence and Commitment.

Together, these pillars are designed to deepen how we serve customers across the full equipment lifecycle; accelerate the deployment of technology and digital solutions that help them work safer, more productively, and with less unplanned downtime; and strengthen the operating capabilities that allow us to grow while protecting margins and cash returns.

To support our strategy, we are making significant investments across our business, with MP&E capital expenditures increasing through the end of the decade—guided by our Operating & Execution Model to ensure every investment earns a return.

We established 2030 financial targets to reflect our confidence in the strategy and our ability to execute it. They are grounded in the demand we see, the investments we are making and the competitive advantages we continue to strengthen.

The next 100 years

As we enter our second century, we do so with conviction in the opportunity ahead and in Caterpillar's ability to capture it. The physical foundation most people never think about—generating power, extracting critical minerals, and constructing and maintaining the infrastructure that keeps economies running—is becoming more important. This is the "invisible layer" that makes progress possible, and it would not exist without Caterpillar. Demand for the invisible layer has never been greater, and our customers who build, power and maintain it have never needed us more. Caterpillar is here to deliver enduring value for customers, communities and shareholders today and for generations to come.

Thank you for your trust and partnership.



Joseph E. Creed
Chairman & CEO

CELEBRATING 100 YEARS OF CATERPILLAR

Throughout 2025, we marked our 100-year anniversary with local celebrations worldwide. More than 108,000 employees and guests participated in the Centennial World Tour, an interactive experience that traveled 86,000 miles across 139 locations in 24 countries. To honor our past and invest for the future, Caterpillar pledged $100 million over five years to equip the workforce with skills needed to succeed. In connection to the Centennial World Tour, the Caterpillar Foundation donated nearly $2 million to more than 70 charities. Through the Foundation's 10:1 matching program, $1 million in Caterpillar employee contributions generated an additional $10 million, delivering $11 million in support to more than 1,300 charities.

For the latest news on how we're solving our customers' toughest challenges, visit **caterpillar.com**.

▼ Employees, retirees and family members enjoyed a product demonstration at a Centennial World Tour stop in Edwards, Illinois.





EVOLVING OUR STRATEGY

Our refreshed strategy builds on a strong foundation, proven financial discipline and our company purpose: we build a better, more sustainable world.

As part of this refresh, we introduced a mission statement for the first time in the company's history—solving our customers' toughest challenges—reflecting our commitment to putting the customer at the center of everything we do. To deliver on this mission, we established three profitable growth pillars—Commercial Excellence, Advanced Technology Leader and Transform How We Work—built upon our solid foundation of Operational Excellence, which includes the Operating & Execution Model. How we execute matters, and we're guided every day by Our Values in Action: Safety, Integrity, Teamwork, Excellence and Commitment.

Commercial Excellence

Caterpillar's customers operate in industries where costly downtime, labor constraints and equipment performance directly affect project profitability. These pressures are global in scope and continue to intensify.

Through Commercial Excellence, we will strengthen customer engagement to deliver more value at every stage of the equipment lifecycle. By gaining a **deeper understanding** of our customers' operations and jobsites, we can help solve their toughest challenges.

To serve our global customer base, we are developing **tailored solutions** supported by local Caterpillar teams who understand the unique needs of customers across geographies, industries and sizes. We are also **building direct relationships** with our largest global customers to enhance demand planning, technology adoption and consistency of support.

Alongside our world-class independent **dealer network**, we are focused on serving customers beyond the sale of equipment. We are expanding our **services** capabilities through Customer Value Agreements, condition monitoring and predictive maintenance tools that help customers avoid unplanned downtime and keep equipment running longer and more productively.

Advanced Technology Leader

The convergence of data, connectivity, AI and automation is transforming the industries Caterpillar serves. Customers increasingly require equipment and systems that enable safer operations and higher productivity. Success extends beyond simply selling the best iron—it demands the integration of industry-leading, **on-machine technology** with advanced, **off-machine digital solutions** to improve uptime, safety and productivity across the entire operation.

We are deploying that capability across three areas: **connectivity and data platforms** that give customers real-time visibility into fleet health and jobsite performance; **AI-enabled tools**—including the new Cat® AI Assistant™—that help operators, technicians and fleet managers work more effectively; and **autonomy** solutions that are proven at scale in mining and expanding elsewhere.

In parallel, we will continue investing in next-generation powertrain solutions—including more efficient diesel, diesel-electric, battery electric, hybrid and alternative fuel systems—to help customers meet their sustainability goals.

Transform How We Work

Growth at the scale Caterpillar is targeting requires a company that can manufacture at competitive cost, develop products faster, deliver with shorter lead times, and attract the talent needed to compete in an increasingly technology-intensive industry. Our **talented and global team** is essential to executing our strategy and driving growth, and we remain committed to investing in people, processes and technology.

We are **modernizing our manufacturing** footprint to increase throughput, **deploying AI** and advanced analytics across the enterprise, and investing in **training and development** to equip our workforce for the future.



Operational Excellence

Operational Excellence remains the foundation of our growth strategy, supporting strong results and robust cash flow. Through our **Operating & Execution Model**, we use facts and data to evaluate performance, allocate resources and invest with discipline, while maintaining a relentless focus on **product quality, lean, competitive costs** and factory **velocity** to deliver for customers.



SAFETY DRIVEN

Our refreshed strategy also elevates Safety as one of Our Values in Action. Caterpillar's Safety Driven culture is focused on preventing serious injuries, learning from those closest to the work, and supporting an environment where every employee feels comfortable speaking up as we demonstrate care for one another.

Learn more about our commitment to safety in the 2025 Sustainability Report at **caterpillar.com/reports**.

2025 HIGHLIGHTS: SOLUTIONS POWERING A CHANGING WORLD

In 2025, we marked our centennial by continuing to evolve how we serve customers—moving beyond equipment to deliver integrated solutions that improve uptime, productivity and total cost of ownership. In an environment of accelerating technology, rising energy demand and increasing jobsite complexity, our strategy focused on enabling customers to build, power and maintain the physical infrastructure that underpins modern life.

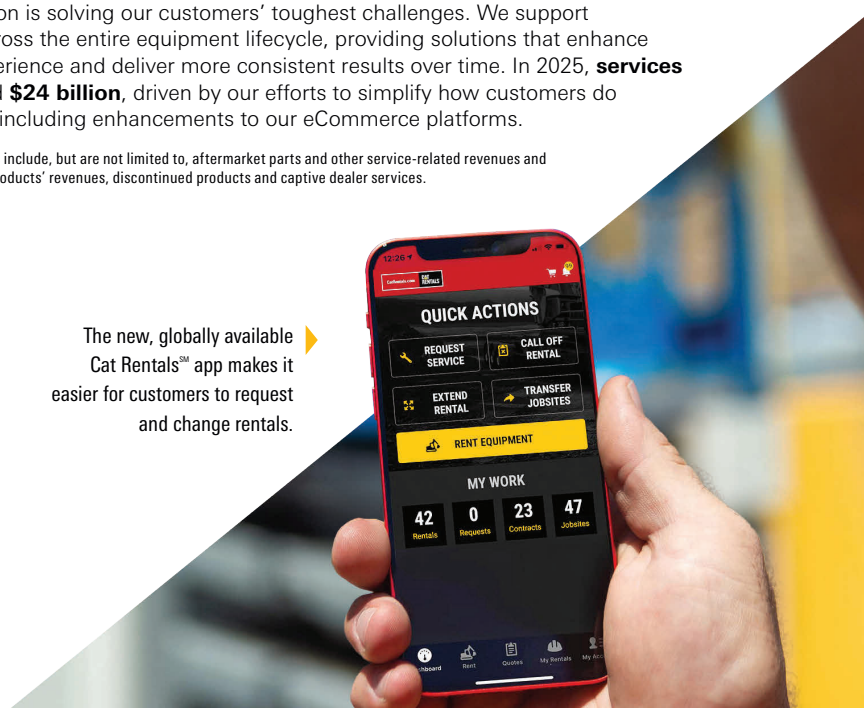
Offering solutions—not just equipment

Caterpillar's mission is solving our customers' toughest challenges. We support our customers across the entire equipment lifecycle, providing solutions that enhance the customer experience and deliver more consistent results over time. In 2025, **services** revenues[1] reached **$24 billion**, driven by our efforts to simplify how customers do business with us, including enhancements to our eCommerce platforms.

[1] MP&E Services Revenues include, but are not limited to, aftermarket parts and other service-related revenues and exclude most Financial Products' revenues, discontinued products and captive dealer services.



Cat® 777G at Luck Stone's Bull Run Quarry. Caterpillar technology hauled more than two million tons autonomously at this quarry, a first for Caterpillar in the aggregates industry.



The new, globally available Cat Rentals℠ app makes it easier for customers to request and change rentals.

Customer Value Agreements (CVAs) continued to strengthen relationships beyond the initial sale by tailoring services to help customers maximize the value of their equipment. We also introduced a new **Services Commitment** with a Cat Customer Value Agreement, offering next-day parts and two-day repair[2] to help minimize the cost and duration of unplanned downtime. Our continued expansion of **condition monitoring prioritized service events (PSEs)** enables more proactive maintenance and repair plans.

Together, these offerings reflect our shift toward integrated solutions that combine equipment, services and digital tools. By helping customers get more value from their fleets, we can strengthen customer loyalty.

[2] Applies to common repairs. Contact your local Cat® dealer for major repair commitment, and terms and conditions.

Modernizing jobsites

Alongside our dealer network, Caterpillar is helping customers modernize jobsites through connectivity, automation and digital tools that make it easier to buy, own, rent and service equipment.

In 2025, we grew our fleet to **more than 1.6 million connected and reporting assets**, helping customers manage their fleets and make more informed decisions about their equipment. Next generation **Cat® medium wheel loaders** were equipped with advanced technologies—including **Collision Warning Systems, Cat Payload and VisionLink™**—helping customers improve jobsite safety and efficiency.

We also introduced **Cat Compact** to enhance the customer experience by combining new physical retail locations with an expanded digital presence and integrated rental options. A refreshed **Cat Rentals℠** brand and digital experience further streamlines search, speeds connections with local dealers, and improves fleet management through machine telematics and advanced reporting.

Supporting these efforts, we developed AI-enabled tools, including the recently launched **Cat® AI Assistant™**, to help operators, technicians and fleet managers work more effectively across increasingly complex jobsites.

Expanding autonomy

Autonomy remains a key differentiator for Caterpillar. Our autonomous hauling solutions have improved safety, operational predictability and productivity for our customers.

In 2025, we expanded our **autonomous haul truck fleet to 827 in operation** and signed our first landmark customer agreement for a **mixed-fleet autonomy solution**.

We are also taking what we've learned in mining and have developed a solution for quarry applications. Since deploying the technology at **Luck Stone's Bull Run Quarry**, it has hauled more than **two million tons autonomously**, demonstrating the adaptability of autonomy beyond traditional mining environments.

These milestones reinforce Caterpillar's leadership in autonomy as we look to expand into new applications.

Meeting critical energy demand

Demand for reliable, scalable power continues to accelerate, as customers increasingly require solutions that deploy quickly, run continuously and integrate seamlessly with complex energy systems. In 2025, we strengthened our ability to meet these needs through targeted investments, partnerships and new offerings.

We continued expanding **large-engine capacity**, and increased **gas-turbine production** to support growing customer commitments and future demand. Through strategic agreements with **Hunt Energy Company, L.P.** and **Vertiv**, we deepened collaboration to deliver integrated, on-site power solutions that accelerate deployment and improve overall system performance.

We also launched the **Cat® G3500K Series of natural gas generator sets**, a new platform designed to deliver reliable, quick-response, high-efficiency power for multiple applications including prime and continuous power. The series comes with readily available asset monitoring capabilities, offering predictive analytics to identify and prevent failures, ultimately avoiding costly downtime.



Organizing for growth

To deliver on our strategy, we continued to evolve our organizational structure—unlocking synergies and adding greater focus on customer solutions.

In 2025, we introduced our renamed **Power & Energy** segment and announced the transition of our **Rail** division into the **Resource Industries** segment.[3] **Construction Industries' commercial teams** were reorganized to better support core and growth regions, improving consistency and customer engagement. Continued integration across **Cat Digital and Cat Technology** helped accelerate the development and deployment of connected, AI-enabled and autonomous solutions.

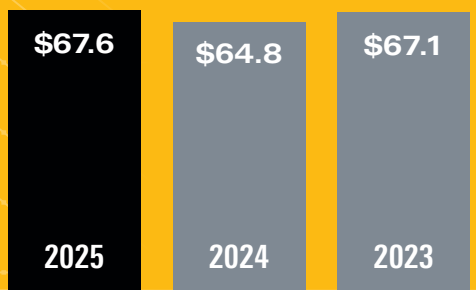
Together, these actions underscore Caterpillar's commitment to organizing around customers, aligning the right capabilities to solve their toughest challenges and drive long-term profitable growth.

[3] Rail transitioned into Resource Industries effective Jan. 1, 2026.

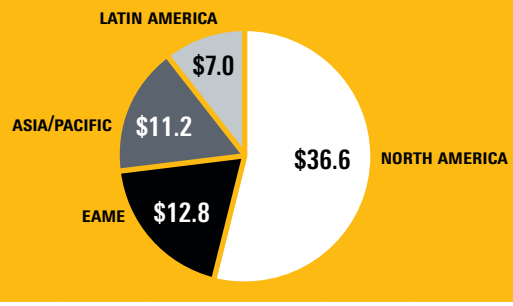
PERFORMANCE AT A GLANCE

In 2025, sales and revenues reached $67.6 billion, the highest in Caterpillar's history.

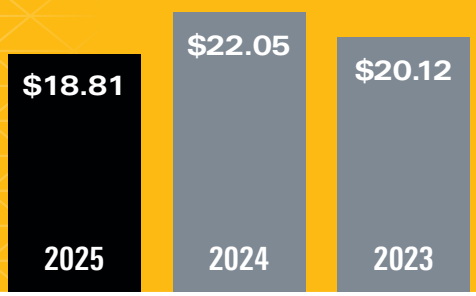
SALES & REVENUES (IN BILLIONS)



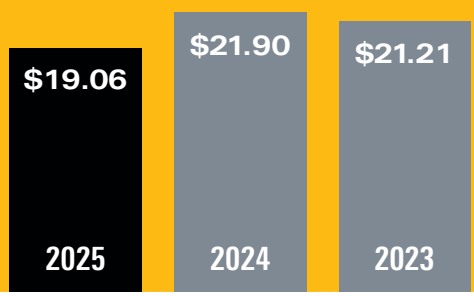
SALES & REVENUES BY REGION (IN BILLIONS)



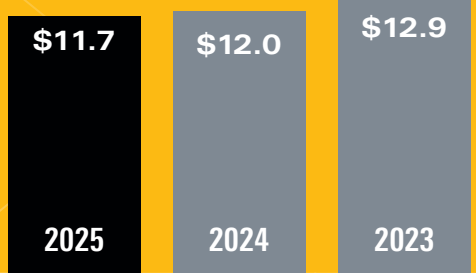
PROFIT PER SHARE (IN DOLLARS)



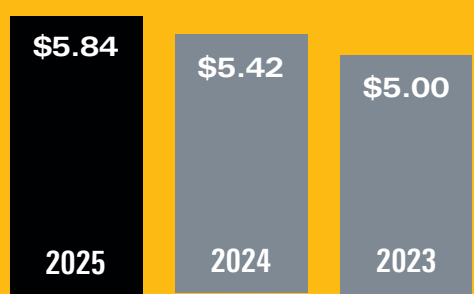
ADJUSTED PROFIT PER SHARE[1] (IN DOLLARS)



ENTERPRISE OPERATING CASH FLOW (IN BILLIONS)



DIVIDENDS PAID PER SHARE (IN DOLLARS)



[1] Adjusted profit per share is a non-GAAP measure, and a reconciliation to the most directly comparable GAAP measure is included in our 2025 10-K SEC filing.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

CATERPILLAR®

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2025
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.

Commission File No. 1-768

CATERPILLAR INC.

(Exact name of Registrant as specified in its charter)

DELAWARE	**37-0602744**
(State or other jurisdiction of incorporation)	*(IRS Employer I.D. No.)*
5205 N. O'Connor Boulevard, Suite 100, Irving, Texas	**75039**
(Address of principal executive offices)	*(Zip Code)*

(972) 891-7700

Registrant's telephone number, including area code

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:		
Title of each class	**Trading Symbol (s)**	**Name of each exchange on which registered**
Common Stock ($1.00 par value)	CAT	New York Stock Exchange
5.3% Debentures due September 15, 2035	CAT35	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
NONE

	YES	**NO**
• Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	☑	☐
• Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.	☐	☑
• Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	☑	☐
• Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).	☑	☐

• Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

• If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.	☐	
• Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.s.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.	☑	
• If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.	☐	
• Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).	☐	
• Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).	☐	☑

As of June 30, 2025, there were 468,478,923 shares of common stock of the Registrant outstanding, and the aggregate market value of the voting stock held by non-affiliates of the Registrant (assuming only for purposes of this computation that directors and executive officers may be affiliates) was approximately $180.9 billion.

As of December 31, 2025, there were 465,287,332 shares of common stock of the Registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the documents listed below have been incorporated by reference into the indicated parts of this Form 10-K, as specified in the responses to the item numbers involved.

Part III — 2026 Annual Meeting Proxy Statement (Proxy Statement) to be filed with the Securities and Exchange Commission (SEC) within 120 days after the end of the fiscal year.

TABLE OF CONTENTS

PART I	**Item 1.**	Business	1
	Item 1A.	Risk Factors	7
	Item 1B.	Unresolved Staff Comments	14
	Item 1C.	Cybersecurity	14
	Item 1D.	Information about our Executive Officers	15
	Item 2.	Properties	16
	Item 3.	Legal Proceedings	17
	Item 4.	Mine Safety Disclosures	17
PART II	**Item 5.**	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	18
	Item 6.	[Reserved]	19
	Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
	Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	39
	Item 8.	Financial Statements and Supplementary Data	40
	Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	91
	Item 9A.	Controls and Procedures	91
	Item 9B.	Other Information	91
	Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	91
PART III	**Item 10.**	Directors, Executive Officers and Corporate Governance	92
	Item 11.	Executive Compensation	92
	Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	93
	Item 13.	Certain Relationships and Related Transactions, and Director Independence	93
	Item 14.	Principal Accountant Fees and Services	93
PART IV	**Item 15.**	Exhibits and Financial Statement Schedules	94
	Item 16.	Form 10-K Summary	97
	Signatures		98

PART I

ITEM 1. Business.

General

Originally organized as Caterpillar Tractor Co. in 1925 in the State of California, our company was reorganized as Caterpillar Inc. in 1986 in the State of Delaware. As used herein, the term "Caterpillar," "we," "us," "our" or "the company" refers to Caterpillar Inc. and its subsidiaries unless designated or identified otherwise.

Overview

With 2025 sales and revenues of $67.589 billion, Caterpillar Inc. is shaping the future as the world's leading manufacturer of construction and mining equipment, off-highway diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. Backed by one of the largest independent global dealer networks and financing services through Cat Financial, the company's primary business segments: Power & Energy, Construction Industries and Resource Industries are solving customers' toughest challenges through commercial excellence and advanced technology, driven by a highly skilled, dedicated global team.

Enterprise Strategy

In 2025, our company introduced a revised strategy anchored by a new mission statement: Solving our customers' toughest challenges. Coupled with our purpose, we build a better, more sustainable world, this strategy guides how we operate with our global team and engage with customers, dealers and suppliers. The refreshed strategy establishes three profitable growth pillars focused on addressing customers' needs; Commercial Excellence, Advanced Technology Leader, and Transform How We Work. These pillars are built upon our longstanding foundation of Operational Excellence and guided by the Operating & Execution model. We also re-enforced our commitment to our Values in Action - Safety, Integrity, Teamwork, Excellence and Commitment. Caterpillar continues to operate through five operating segments, four of which are reportable segments and are described below.

Categories of Business Organization

1. **Machinery, Power & Energy** – Caterpillar Inc. and its subsidiaries, excluding Financial Products. Machinery, Power & Energy information relates to the design, manufacturing and marketing of our products.
2. **Financial Products** – Our finance and insurance subsidiaries, primarily Caterpillar Financial Services Corporation (Cat Financial) and Caterpillar Insurance Holdings Inc. (Insurance Services). Financial Products information relates to the financing to customers and dealers for the purchase and lease of Caterpillar and other equipment.

Other information about our operations in 2025, including certain risks associated with our operations, is included in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Construction Industries

Our Construction Industries segment is primarily responsible for supporting customers using machinery in infrastructure and building construction applications. The majority of machine sales in this segment are made in the heavy and general construction, rental, quarry and aggregates and mining industries.

The nature of customer demand for construction machinery varies around the world. Customers in developing economies often prioritize purchase price in making their investment decisions, while customers in developed economies generally weigh productivity and other performance criteria that contribute to lower owning and operating costs over the lifetime of the machine. To meet customer expectations in developing economies, Caterpillar developed differentiated product offerings that target customers in those regions, including our SEM brand machines. We believe that these customer-driven product innovations enable us to compete more effectively in developing economies. The majority of Construction Industries' research and development spending in 2025 focused on the next generation of construction machines.

The competitive environment for construction machinery is characterized by some global competitors and many regional and specialized local competitors. Examples of global competitors include CASE (part of CNH Industrial N.V.), Deere Construction & Forestry (part of Deere & Company), Doosan Bobcat (Part of Doosan Group), Hitachi Construction Machinery Co., Ltd., Hyundai Construction Equipment Co., Ltd., Hyundai Doosan Infracore Co., Ltd. (both part of Hyundai Heavy Industries Group), J.C. Bamford Excavators Ltd., Kobelco Construction Machinery (part of Kobe Steel, Ltd), Komatsu Ltd., Kubota Farm & Industrial Machinery (part of Kubota Corporation), Sany Heavy Industry Co., Ltd., and Volvo Construction Equipment (part of the Volvo Group). As an example of regional and local competitors, our competitors in China also include Guangxi LiuGong Machinery Co., Ltd., Longking Holdings Ltd., Sany Heavy Industry Co, XCMG Construction Machinery Co., Ltd., Shandong Lingong Construction Machinery Co., Ltd. (SDLG, JV with Volvo Construction Equipment) and Shantui Construction Machinery Co., Ltd., (part of Shandong Heavy Industry Group Co.). Each of these companies has varying product lines that compete with Caterpillar products, and each has varying degrees of regional focus.

The Construction Industries product portfolio includes the following machines and related parts, services and worktools:

- asphalt pavers
- backhoe loaders
- cold planers
- compactors
- compact track loaders
- forestry machines
- material handlers
- motor graders
- pipelayers
- road reclaimers
- skid steer loaders
- telehandlers
- track-type loaders
- track-type tractors (small, medium)
- track excavators (mini, small medium, large)
- wheel excavators
- wheel loaders (compact, small, medium)

Resource Industries

The Resource Industries segment is primarily responsible for supporting customers using machinery in mining, heavy construction and quarry and aggregates. Caterpillar offers a broad product range and services to deliver comprehensive solutions for our customers. We develop and manufacture high productivity equipment for both surface and underground mining operations around the world, as well as provide select work tools, machinery components, wear and maintenance components and related parts. Our equipment is used to extract and haul copper, iron ore, coal, oil sands, aggregates, gold and other minerals and ores, as well as a variety of heavy construction applications. In addition to equipment, Resource Industries sells technology products and services to provide customers fleet management, equipment management analytics, autonomous machine capabilities, safety services and mining performance solutions.

Customers in most markets place an emphasis on equipment that is highly productive, reliable and provides the lowest total cost of ownership over the life of the equipment. In some developing markets, customers often prioritize purchase price in making their investment decisions. We believe our ability to control the integration and design of key machine components and innovative technologies represents a competitive advantage. Our research and development efforts remain focused on providing customers the lowest total cost of ownership enabled through the highest quality, most productive products and services in the industry.

The competitive environment for Resource Industries consists of a few larger global competitors that compete in several of the markets that we serve and a substantial number of smaller companies that compete in a more limited range of products, applications, and regional markets. Our global surface competitors include Deere Construction & Forestry (part of Deere & Company), Epiroc AB, Hitachi Construction Machinery Co., Ltd., Komatsu Ltd., Liebherr-International AG, Sandvik AB, and Volvo Construction Equipment. Our global underground competitors include Epiroc AB, Komatsu Ltd., and Sandvik AB.

The Resource Industries product portfolio includes the following machines and related parts, services and worktools:

- electric rope shovels
- draglines
- hydraulic shovels
- rotary drills
- hard rock vehicles
- large track-type tractors
- large mining trucks
- large wheel loaders
- off-highway trucks
- wide-body trucks
- articulated trucks
- wheel tractor scrapers
- wheel dozers
- landfill and soil compactors

Power & Energy

Our Power & Energy segment supports customers in oil and gas, power generation, marine, rail and industrial applications, including Caterpillar machines. The product and services portfolio includes reciprocating engines, generator sets, integrated systems and solutions, turbines and turbine-related services, electrified powertrain and zero-emission power sources and service solutions development, the remanufacturing of Caterpillar engines and components, remanufacturing services for other companies, diesel-electric locomotives and other rail-related products and services as well as product support of on-highway engines.

Regulatory emissions standards require us to continue to make investments as new products and new regulations are introduced. Ongoing compliance with these regulations remains a focus. Emissions compliance in developing markets is complex due to rapidly evolving and unique requirements where enforcement processes can often vary. We employ robust product development, manufacturing processes and testing to help us comply with these regulations.

The competitive environment for reciprocating engines in marine, oil and gas, industrial and electric power generation systems along with turbines in oil and gas and electric power generation consists of a few larger global competitors that compete in a variety of markets that Caterpillar serves, and a substantial number of smaller companies that compete in a limited-size product range, geographic region and/or application. Principal global competitors include Cummins Inc., Deutz AG, Rolls-Royce Power Systems AG and Siemens Energy AG. Other competitors, such as Volvo Penta AB, FPT Industrial SpA (Iveco Group), INNIO Group, GE Vernova Inc., Kawasaki Heavy Industries Ltd., Everllence SE (formerly MAN Energy Solutions SE), Weichai Power Co., Ltd., and other emerging market competitors compete in certain markets in which Caterpillar competes. An additional set of competitors, including Aggreko plc, Generac Holdings Inc., Discovery Energy, LLC (Rehlko, formerly Kohler Energy), Baker Hughes Co., and others, are primarily packagers who source engines and/or other components from domestic and international suppliers and market products regionally and internationally through a variety of distribution channels. In rail-related businesses, our global competitors include Wabtec Corp, Greenbrier Companies, Inc., Voestalpine AG, Vossloh AG, Alstom SA, and Siemens Mobility A/S. We also compete with other companies on a more limited range of products, services and/or geographic regions.

The Power & Energy portfolio includes the following products and related parts:

- Reciprocating engine-powered generator sets
- Reciprocating engines, drivetrain and integrated systems and solutions supplied to the industrial industry as well as Caterpillar machinery
- Integrated systems and solutions used in the electric power generation industry
- Turbines, centrifugal gas compressors and turbine-related services

- Reciprocating engines, drivetrain and integrated systems and solutions for the marine and oil and gas industries
- Electrified powertrain and zero-emission power sources and service solutions
- Diesel-electric and hybrid locomotives and components and other rail-related products and services

Financial Products Segment

The business of our Financial Products Segment is primarily conducted by Cat Financial, Insurance Services and their respective subsidiaries and affiliates. Cat Financial is a wholly owned finance subsidiary of Caterpillar Inc., and it provides retail and wholesale financing alternatives to customers and dealers around the world for Caterpillar products and services, as well as financing for power generation facilities that incorporate Caterpillar products. The various financing plans offered by Cat Financial are designed to support sales of Caterpillar products and services and generate financing income for Cat Financial. In addition, Cat Financial purchases short-term wholesale trade receivables from Caterpillar. A significant portion of Cat Financial's activity is conducted in North America, and Cat Financial has additional offices and subsidiaries in Latin America, Asia/Pacific, Europe and Africa.

For over 40 years, Cat Financial has been providing financing for Caterpillar products, contributing to our knowledge of asset values, industry trends, financing structures and customer needs.

Cat Financial offers the following financing products to customers:

- Loans – Cat Financial offers loans that allow customers to purchase equipment with structured payments over time. These loans are typically secured by the equipment purchased.
- Revolving Charge Accounts – Cat Financial offers revolving charge accounts that primarily allow customers to pay for parts, services and rentals at participating Caterpillar dealers.
- Leases – Cat Financial offers non-tax finance leases and tax leases which may be classified as either finance or operating leases for accounting purposes based on the characteristics of the lease. Non-tax leases are finance leases that either require or allow the customer to purchase the equipment for a fixed price at the end of the term and the lessee for tax purposes is considered the owner of the equipment during the term of the lease. Tax leases are either operating or finance leases for accounting purposes, and for tax purposes, we are considered the owner of the equipment. At the end of tax leases, Lessees have the option to return the equipment or purchase it at market value. Lessees are obligated to maintain the equipment and insure it against damage and are responsible for payment of property and sales taxes, maintenance and other operating costs.

Cat Financial offers the following financing products to dealers:

- Wholesale Financing – Cat Financial provides dealers with inventory and rental fleet financing.
- Retail Loans – Cat Financial makes loans to certain dealers for working capital and other purposes. These loans are typically secured by dealership assets.

Cat Financial's financing products may be offered at fixed or floating interest rates. Cat Financial typically maintains a security interest in retail-financed equipment and generally requires physical damage insurance coverage on financed equipment.

Cat Financial operates in a highly competitive environment, with financing for users of Caterpillar equipment and services available through a variety of sources, principally commercial banks and finance and leasing companies. Cat Financial's competitors include Wells Fargo Equipment Finance Inc., Banc of America Leasing & Capital LLC, BNP Paribas Leasing Solutions Limited, Australia and New Zealand Banking Group Limited, Société Générale S.A. and various other banks and finance companies. In addition, many of the manufacturers that compete with Caterpillar also own financial subsidiaries, such as John Deere Capital Corporation, Komatsu Financial L.P., Volvo Financial Services and Kubota Credit Corporation, which utilize many below-market interest rate programs (funded by the manufacturer) to support machine sales. Cat Financial works with the broader Caterpillar organization to provide a broad array of financial merchandising programs to compete around the world.

Cat Financial provides financing only when certain criteria are met. Credit decisions are based on a variety of credit quality factors including prior payment experience, customer financial information, credit ratings, loan-to-value ratios and other internal metrics. Cat Financial typically maintains a security interest in retail-financed equipment and generally requires physical damage insurance coverage on financed equipment. Cat Financial finances a significant portion of Caterpillar dealers' sales and inventory of Caterpillar equipment throughout the world. Cat Financial's competitive position is improved by marketing programs offered in conjunction with Caterpillar and/or Caterpillar dealers. Under these programs, Caterpillar, or the dealer, funds an amount at the outset of the transaction, which Cat Financial then recognizes as revenue over the term of the financing. We believe that these marketing programs provide Cat Financial a significant competitive advantage in financing Caterpillar products.

In certain instances, Cat Financial's operations are subject to supervision and regulation by state, federal and various foreign governmental authorities, and may be subject to various laws and judicial and administrative decisions imposing various requirements and restrictions which, among other things, (i) regulate credit granting activities and the administration of loans, (ii) establish maximum interest rates, finance charges and other charges, (iii) require disclosures to customers, (iv) govern secured transactions, (v) set collection, foreclosure, repossession and other trade practices and (vi) regulate the use and reporting of information related to a borrower's credit experience. Cat Financial's ability to comply with these and other governmental and legal requirements and restrictions affects its operations.

The financial results of Cat Financial are largely dependent upon the ability of Caterpillar dealers to sell equipment and customers' willingness to enter into financing or leasing agreements. Cat Financial is also affected by, among other things, the availability of funds from its financing sources, its cost of funds relative to its competitors and general economic conditions such as inflation and market interest rates.

Cat Financial has a match-funding policy that addresses interest rate risk by aligning the interest rate profile (fixed or floating rate and duration) of its debt portfolio with the interest rate profile of its receivables portfolio within predetermined ranges on an ongoing basis. In connection with that policy, Cat Financial uses interest rate derivative instruments to modify the debt structure to match assets within the receivables portfolio. This matched funding reduces the volatility of margins between interest-bearing assets and interest-bearing liabilities, regardless of which direction interest rates move. For more information regarding match funding, please see Note 4 — "Derivative financial instruments and risk management" of Part II, Item 8 "Financial Statements and Supplementary Data." See also the risk factors associated with our financial products business included in Item 1A. of this Form 10-K.

In managing foreign currency risk for Cat Financial's operations, the objective is to minimize earnings volatility resulting from conversion and the remeasurement of net foreign currency balance sheet positions, and future transactions denominated in foreign currencies. This policy allows the use of foreign currency forward, option and cross currency contracts to offset the risk of currency mismatch between the assets and liabilities, and exchange rate risk associated with future transactions denominated in foreign currencies.

Caterpillar Insurance Company, a wholly owned subsidiary of Caterpillar Insurance Holdings Inc., is a U.S. insurance company domiciled in Missouri and primarily regulated by the Missouri Department of Insurance. Caterpillar Insurance Company is licensed to conduct property and casualty insurance business in 50 states, the District of Columbia and Guam and, as such, is also regulated in those jurisdictions. The State of Missouri acts as the lead regulatory authority and monitors Caterpillar Insurance Company's financial status to ensure that it is in compliance with minimum solvency requirements, as well as other financial ratios prescribed by the National Association of Insurance Commissioners. Caterpillar Insurance Company is also licensed to conduct insurance business through a branch in Zurich, Switzerland and, as such, is regulated by the Swiss Financial Market Supervisory Authority.

Caterpillar Life Insurance Company, a wholly owned subsidiary of Caterpillar, is a U.S. insurance company domiciled in Missouri and primarily regulated by the Missouri Department of Insurance. Caterpillar Life Insurance Company is licensed to conduct life and accident and health insurance business in 26 states and the District of Columbia and, as such, is also regulated in those jurisdictions. The State of Missouri acts as the lead regulatory authority, and it monitors the financial status to ensure that it is in compliance with minimum solvency requirements, as well as other financial ratios prescribed by the National Association of Insurance Commissioners. Caterpillar Life Insurance Company provides reinsurance coverage to Caterpillar Insurance Company. Specifically, Caterpillar Life Insurance Company has entered into a reinsurance agreement with Caterpillar Insurance Company, assuming 100% of the risk of an Accident and Health Stop Loss Insurance Policy to cover a Caterpillar Voluntary Employees' Benefits Association (VEBA) Trust for medical losses sustained by a select group of Caterpillar retirees and dependents.

Caterpillar Insurance Co. Ltd., a wholly owned subsidiary of Caterpillar Insurance Holdings Inc., is a captive insurance company domiciled in Bermuda and regulated by the Bermuda Monetary Authority. Caterpillar Insurance Co. Ltd. is registered as a Class 2 (General Business) and Class B (Long-Term) insurer with the Bermuda Monetary Authority. Under its Class 2 insurance license, Caterpillar Insurance Co. Ltd. insures its parent and affiliates for general liability, property, auto liability and cargo. It also provides reinsurance to Caterpillar Insurance Company under a quota share reinsurance agreement for its Domestic Machine contractual liability policy in the United States. In addition, Caterpillar Insurance Co. Ltd. reinsures 100% of the international employee benefit plans of Caterpillar Inc. through retrocession agreements with other insurers. The employee benefits coverages include medical and accident coverages, which are reported under its Class 2 insurance license, and life and disability coverages, which are reported under its Class B insurance license. The Bermuda Monetary Authority is responsible for monitoring compliance with solvency requirements and requires an Annual Financial Filing for this purpose.

Caterpillar Insurance Services Corporation, a wholly owned subsidiary of Caterpillar Insurance Holdings Inc., is a Tennessee insurance agency licensed in all 50 states, the District of Columbia and Guam. It provides brokerage and insurance services for all property and casualty and life and health lines of business.

Caterpillar's insurance group provides protection and service for claims under the following programs:

- Contractual Liability Insurance to insure certain service contract obligations of Caterpillar and its affiliates, Caterpillar dealers and original equipment manufacturers (OEMs).
- Cargo reinsurance for the worldwide cargo risks of Caterpillar products.
- Contractors' Equipment Physical Damage Insurance for equipment manufactured by Caterpillar or OEMs, which is leased, rented or sold by third party dealers to customers.
- General liability, employer's liability, auto liability and property insurance for Caterpillar.
- Life, disability, medical and accident reinsurance for Caterpillar's international employee benefits program (non-U.S.).
- Reinsurance to cover VEBA Trust for medical claims of certain Caterpillar retirees and dependents.
- Brokerage and insurance services for property and casualty and life and health business.

Competitive Environment

Caterpillar products and services are sold worldwide into a variety of highly competitive markets. In all markets, we compete on the basis of product performance, customer service, quality and price. From time to time, the intensity of competition results in price discounting in a particular industry or region. Such price discounting puts pressure on margins and can negatively impact operating profit. Outside the United States, certain competitors enjoy competitive advantages inherent to operating in their home countries or regions.

Raw Materials and Component Products

We source our raw materials and manufactured components from suppliers both domestically and internationally. These purchases include unformed materials and rough and finished parts. Unformed materials include a variety of steel products, which are then cut or formed to shape and machined in our facilities. Rough parts include various sized steel and iron castings and forgings, which are machined to final specification levels inside our facilities. Finished parts are ready to assemble components, which are made either to Caterpillar specifications or to supplier developed specifications. We machine and assemble some of the components used in our machines, engines and power generation units and to support our after-market dealer parts sales. We also purchase various goods and services used in production, logistics, offices and product development processes. We maintain global strategic sourcing models to meet our global facilities' production needs while building long-term supplier relationships and leveraging enterprise spend. We expect our suppliers to maintain, at all times, industry-leading levels of quality and the ability to timely deliver raw materials and component products for our machine and engine products. However, in some cases, increases in demand or supply chain disruptions have led to parts and components constraints across some products. We use a variety of agreements with suppliers to protect our intellectual property and processes to monitor and mitigate risks of the supply base causing a business disruption. The risks monitored include supplier financial viability, the ability to increase or decrease production levels, business continuity, quality and delivery.

Patents and Trademarks

We own a number of patents and trademarks, which have been obtained over a period of years and relate to the products we manufacture and the services we provide. These patents and trademarks are generally considered beneficial to our business. We do not regard our business as being dependent upon any single patent or group of patents.

Order Backlog

The dollar amount of backlog believed to be firm was approximately $51.2 billion at December 31, 2025 and $30.0 billion at December 31, 2024. Compared with year-end 2024, the order backlog increased across the primary segments, with the largest increase in Power & Energy. Of the total backlog at December 31, 2025, approximately $19.3 billion was not expected to be filled in 2026.

Dealers and Distributors

We distribute our machines principally through a worldwide organization of dealers (dealer network), 41 located in the United States and 109 located outside the United States, serving 190 countries. We sell reciprocating engines principally through the dealer network and to other manufacturers for use in products. We also sell some of the reciprocating engines manufactured by our subsidiary Perkins Engines Company Limited through its worldwide network of 86 distributors covering 183 countries. We sell the FG Wilson branded electric power generation systems through its worldwide network of 108 distributors covering 159 countries.

Our dealers do not deal exclusively with our products; however, in most cases sales and servicing of our products are the dealers' principal business. We sell some products, primarily turbines and locomotives, directly to end customers through sales forces employed by the company. At times, these employees are assisted by independent sales representatives.

While the large majority of our worldwide dealers are independently owned and operated, we own and operate a dealership in Japan that covers approximately 80% of the Japanese market: Nippon Caterpillar Division. We are currently operating this Japanese dealer directly and we report its results in the All Other Segment. There are also three independent dealers in the Southern Region of Japan.

For Caterpillar-branded products, the company's relationship with each of its independent dealers is memorialized in standard sales and service agreements. Pursuant to these agreements, the company grants the dealer the right to purchase and sell its products and to service the products in a specified geographic service territory. The company establishes prices to dealers after receiving input from dealers on transactional pricing in the marketplace. The company also agrees to defend its intellectual property and to provide warranty and technical support to the dealer. The agreement further grants the dealer a non-exclusive license to use the company's trademarks, service marks and brand names. In some instances, a separate trademark agreement exists between the company and a dealer.

In exchange for these rights, the agreement obligates the dealer to develop and promote the sale of the company's products to current and prospective customers in the dealer's service territory. Each dealer agrees to employ adequate sales and support personnel to market, sell and promote the company's products, demonstrate and exhibit the products, perform the company's product improvement programs, inform the company concerning any features that might affect the safe operation of any of the company's products and maintain detailed books and records of the dealer's financial condition, sales and inventories and make these books and records available at the company's reasonable request.

These sales and service agreements are terminable at will by either party primarily upon 90 days written notice.

HUMAN CAPITAL

Core Values

Caterpillar's global workforce is united by Our Values In Action, Caterpillar's Code of Conduct. Safety, Integrity, Teamwork, Excellence, and Commitment provide the foundation for our values-based culture. Our human capital management principles are embedded in our values. Our values unite us, and reflect our diverse cultures, languages, geographies, and businesses, as one Caterpillar team.

Health and Safety

The health and safety of our employees is an important focus at Caterpillar. Our safety driven strategy is focused on preventing serious injuries and learning from those closest to the work. In 2025, the Company achieved a recordable injury frequency rate of 0.41, compared to the 2024 recordable injury frequency rate of 0.43. We strive to continually reduce our recordable injuries utilizing programs that amplify our safety culture globally.

Talent and Leadership Development

In addition to our focus on values and safety, we strive to continually attract, develop, engage, and retain a high-performing global team that executes our enterprise strategy of long-term profitable growth. We are committed to fostering an inclusive environment and a workforce that is representative of the diverse customers and communities we serve around the globe. Our Values In Action enable every individual to achieve their fullest potential and every team to help drive business success. These principles guide us in our daily operating rhythm. In addition, we make on-going investments in our team to develop employees and help individuals reach their full potential.

Our leadership development programs focus on encouraging a variety of experiences to help employees broaden understanding and increase perspective. Our leadership curriculums include building resilient and high performing teams as core development principles. Additionally, skill-based programs to upskill our manufacturing employees are developed locally and tailored to the specific needs of the business. All employees have access to mentoring programs that connect participants with senior leaders and peers who can support their career goals and development.

Our global internships, engineering co-ops, and career programs for engineering, marketing, and manufacturing provide development opportunities for early career employees. We also have a continual focus on strengthening technical, professional and leadership capabilities at every level using contemporary learning strategies to foster high performance. Strategic talent reviews and succession planning occur at a minimum, annually, across our businesses. Mentoring programs connect participants with senior leaders and peers who can support their career goals and development.

Our 14 Employee Resource Groups (ERGs), which are sponsored and supported by leadership, help ensure different voices and perspectives contribute to our strategy for long-term profitable growth. They also engage our employees, helping contribute to development and retention. Our ERGs provide many contributions to help further our business strategy including partnerships with recruiters and early career and professional organizations that can assist in strengthening the talent pipeline and programs that educate and inform on the richness of the global cultures that we share.

Compensation, Benefits and Employee Insights

Providing competitive benefits and compensation underpins our commitment to our engaged and productive employees. Our pay-for-performance philosophy aligns employee's individual contributions, behaviors and business results with individual rewards. Our comprehensive Total Health programs focus on purpose, as well as physical and mental health, emotional and social support, and financial wellness. The annual Employee Insights Survey provides all employees the opportunity to confidentially share their perspectives and engages leaders to listen, learn and respond to employee feedback to help foster a positive work environment.

Employment

Management aligns employment levels with the needs of the business. We believe we have the appropriate human capital resources to successfully operate and deliver our enterprise strategy. As of December 31, 2025, we employed about 118,000 full-time persons of whom approximately 66,400 were located outside the United States. In the United States, we employed approximately 51,600 full-time persons, most of whom are at-will employees and, therefore, not subject to any type of employment contract or agreement. At select business units, we have hired certain highly specialized employees under employment contracts that specify a term of employment, pay and other benefits.

Full-Time Employees at Year-End

	2025	2024
Inside U.S.	**51,600**	51,500
Outside U.S.	**66,400**	61,400
Total	**118,000**	112,900
By Region:		
North America	**52,100**	52,000
EAME	**16,700**	15,900
Latin America	**22,300**	19,700
Asia/Pacific	**26,900**	25,300
Total	**118,000**	112,900

As of December 31, 2025, there were 7,972 hourly production employees in the United States who were covered by collective bargaining agreements with various labor unions, including The United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), The International Association of Machinists and The United Steelworkers. Outside the United States, the company enters into employment contracts and agreements in those countries in which such relationships are mandatory or customary. The provisions of these agreements generally correspond in each case with the required or customary terms in the subject jurisdiction.

Environmental Matters

The company is regulated by federal, state and international environmental laws governing our use, transport and disposal of substances and control of emissions. In addition to governing our manufacturing and other operations, these laws often impact the development of our products, including, but not limited to, required compliance with air emissions standards applicable to internal combustion engines. We have made, and will continue to make, significant research and development and capital expenditures to comply with these emissions standards.

We are engaged in remedial activities at a number of locations, often with other companies, pursuant to federal and state laws. When it is probable we will pay remedial costs at a site, and those costs can be reasonably estimated, the investigation, remediation, and operating and maintenance costs of the remedial action are accrued against our earnings. Costs are accrued based on consideration of currently available data and information with respect to each individual site, including available technologies, current applicable laws and regulations, and prior remediation experience. Where no amount within a range of estimates is more likely, we accrue the minimum. Where multiple potentially responsible parties are involved, we consider our proportionate share of the probable costs. In formulating the estimate of probable costs, we do not consider amounts expected to be recovered from insurance companies or others. We reassess these accrued amounts on a quarterly basis. The amount recorded for environmental remediation is not material and is included in the line item "Accrued expenses" in Statement 3 — "Consolidated Financial Position at December 31" of Part II, Item 8 "Financial Statements and Supplementary Data." There is no more than a remote chance that a material amount for remedial activities at any individual site, or at all the sites in the aggregate, will be required.

Available Information

The company files electronically with the Securities and Exchange Commission (SEC) required reports on Form 8-K, Form 10-Q, Form 10-K and Form 11-K; proxy materials; ownership reports for insiders as required by Section 16 of the Securities Exchange Act of 1934 (Exchange Act); registration statements on Forms S-3 and S-8, as necessary; and other forms or reports as required. The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The company maintains a website (www.Caterpillar.com) and copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to these reports filed or furnished with the SEC are available free of charge through our website (www.Caterpillar.com/secfilings) as soon as reasonably practicable after filing with the SEC. Copies of our board committee charters, our board's Guidelines on Corporate Governance Issues, Worldwide Code of Conduct and other corporate governance information are available on our website (www.Caterpillar.com/governance) and are also available free of charge. The information contained on the company's website is not included in, or incorporated by reference into, this annual report on Form 10-K.

Additional company information may be obtained as follows:

Current information -

- view additional financial information on-line at www.Caterpillar.com/en/investors/financial-information.html
- request, view or download materials on-line or register for email alerts at www.Caterpillar.com/materialsrequest

Historical information -

- view/download on-line at www.Caterpillar.com/historical

ITEM 1A. Risk Factors.

The statements in this section describe the most significant risks to our business and should be considered carefully in conjunction with Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Notes to Consolidated Financial Statements" of Part II, Item 8 "Financial Statements and Supplementary Data" to this Form 10-K. In addition, the statements in this section and other sections of this Form 10-K, including in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations," include "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 and involve uncertainties that could significantly impact results. Forward-looking statements give current expectations or forecasts of future events about the company or our outlook. You can identify forward-looking statements by the fact they do not relate to historical or current facts and by the use of words such as "believe," "expect," "estimate," "anticipate," "will be," "should," "plan," "forecast," "target," "guide," "project," "intend," "could" and similar words or expressions.

Forward-looking statements are based on assumptions and on known risks and uncertainties. Although we believe we have been prudent in our assumptions, any or all of our forward-looking statements may prove to be inaccurate, and we can make no guarantees about our future performance. Should known or unknown risks or uncertainties materialize or underlying assumptions prove inaccurate, actual results could materially differ from past results and/or those anticipated, estimated or projected.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You should, however, consult any subsequent disclosures we make in our filings with the SEC on Form 10-Q or Form 8-K.

The following is a cautionary discussion of risks, uncertainties and assumptions that we believe are material to our business. In addition to the factors discussed elsewhere in this report, the following are some of the important factors that, individually or in the aggregate, we believe could make our actual results differ materially from those described in any forward-looking statements. It is impossible to predict or identify all such factors and, as a result, you should not consider the following factors to be a complete discussion of risks, uncertainties and assumptions.

MACROECONOMIC RISKS

Our business and the industries we serve are highly sensitive to global and regional economic conditions.

Our results of operations are materially affected by economic conditions globally and regionally and in the particular industries we serve. The demand for our products and services tends to be cyclical and can be significantly reduced in periods of economic weakness characterized by lower levels of government and business investment, lower levels of business confidence, lower corporate earnings, high real interest rates, lower credit activity or tighter credit conditions, perceived or actual industry overcapacity, higher unemployment and lower consumer spending. A prolonged period of economic weakness may also result in increased expenses due to higher allowances for doubtful accounts and potential goodwill and asset impairment charges. Economic conditions vary across regions and countries, and demand for our products and services generally increases in those regions and countries experiencing economic growth and investment. Slower economic growth or a change in the global mix of regions and countries experiencing economic growth and investment could have an adverse effect on our business, results of operations and financial condition.

The energy, transportation, and mining industries are significant adopters of Caterpillar products. In these industries customers are likely to base their purchase decisions upon expected future commodity dynamics, including price. Commodity price volatility may be abrupt and unpredictable in response to global economic conditions, government actions, regulatory changes, supply/demand dynamics, innovation, and commodity substitutions among others. Economic conditions affecting the industries we serve may reduce capital expenditures in response to a variety of the aforementioned conditions. Reduction in these capital expenditures may lead to decreased demand for Caterpillar products and services as well as aftermarket parts as customers may choose to extend preventative maintenance and delay overhauls when possible.

The rates of infrastructure spending, commercial construction and housing starts also play a significant role in our results. Our products are an integral component of these activities, and as these activities decrease, demand for our products and services may be significantly impacted, which could negatively impact our results.

Catastrophic events could materially adversely affect our business, results of operations and/or financial condition.

The occurrence of a major earthquake, fire, flood, tsunami or other weather event, power loss, telecommunications failure, software or hardware malfunctions, pandemics, cyber-attack, war, terrorist attack or other catastrophic event that our disaster recovery plans do not adequately address, could adversely affect our employees, our systems, our ability to produce and distribute our products, and our reputation. Pandemics can have a significant impact around the world, prompting governments and businesses to take unprecedented measures in response. Such measures could include travel bans and restrictions, quarantines, shelter in place orders and shutdowns. Those measures could impact all or portions of our workforce and operations and the operations of our customers, dealers and suppliers. Material and component shortages, logistics constraints and labor inefficiencies could limit our ability to meet customer demand, which could have a material adverse effect on our business, results of operations and/or financial condition.

These catastrophic events can significantly increase economic and customer demand uncertainty, cause inflationary pressure in the U.S. and elsewhere and lead to volatility in customer demand for the Company's products and services and cause supply chain disruptions. Economic uncertainties could affect customer demand for the Company's products and services, the value of the equipment financed or leased, the demand for financing and the financial condition and credit risk of our dealers and customers.

A catastrophic event resulting in the destruction or disruption of our workforce, our systems, our ability to produce and distribute our products, any of our data centers or our critical business or information technology systems could adversely affect our ability to conduct normal business operations and our operating results or cash flows. The adverse effects of any such catastrophic event would be exacerbated if experienced at the same time as another unexpected and adverse event.

Commodity price changes, material price increases, fluctuations in demand for our products and services, significant disruptions to our supply chains or significant shortages of labor and material may adversely impact our financial results or our ability to meet commitments to customers.

We are a significant user of steel and many other commodities required for the manufacture of our products. Increases in the prices of such commodities would increase our costs, negatively impacting our business, results of operations and financial condition if we are unable to fully offset the effect of these increased costs through price increases, productivity improvements, cost reduction programs or hedging programs.

We rely on suppliers to produce or secure material required for the manufacture of our products. Production challenges at suppliers (including suppliers of semiconductors), a disruption in deliveries to or from suppliers or decreased availability of raw materials or commodities could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. On the other hand, in circumstances where demand for our products is less than we expect, we may experience excess inventories and be forced to incur additional costs and our profitability may suffer. Our business, competitive position, results of operations or financial condition could be negatively impacted if supply is insufficient for our operations, if significant transportation delays interfere with deliveries, if we experience excess inventories or if we are unable to adjust our production schedules or our purchases from suppliers to reflect changes in customer demand and market fluctuations on a timely basis.

Changes in government monetary or fiscal policies may negatively impact our results.

Most countries where our products and services are sold have established central banks to regulate monetary systems and influence economic activities, generally by adjusting interest rates. Interest rate changes affect overall economic growth, which affects demand for residential and nonresidential structures, as well as energy and mined products, which in turn affects sales of our products and services that support these activities. Interest rate changes may also affect our customers' ability to finance machine purchases, can change the optimal time to keep machines in a fleet and can impact the ability of our suppliers to finance the production of parts and components necessary to manufacture and support our products. Increases in interest rates could negatively impact sales and create supply chain inefficiencies.

Central banks and other policy arms of many countries may take actions to vary the amount of liquidity and credit available in an economy. The impact from a change in liquidity and credit policies could negatively affect the customers and markets we serve or our suppliers, create supply chain inefficiencies and could adversely impact our business, results of operations and financial condition.

Changes in monetary and fiscal policies, along with other factors, may cause currency exchange rates to fluctuate. Actions that lead the currency exchange rate of a country where we manufacture products to increase relative to other currencies could reduce the competitiveness of products made in that country, which could adversely affect our competitive position, results of operations and financial condition.

Government policies on taxes and spending also affect our business. Throughout the world, government spending finances a significant portion of infrastructure development, such as highways, rail systems, airports, sewer and water systems, waterways and dams. Tax regulations determine asset depreciation lives and impact the after-tax returns on business activity and investment, both of which influence investment decisions. Unfavorable developments, such as decisions to reduce public spending or to increase taxes, could negatively impact our results.

Our global operations are exposed to political and economic risks, commercial instability and events beyond our control in the countries in which we operate.

Our global operations are dependent upon products manufactured, purchased and sold in the U.S. and internationally, including in countries with political and economic instability or uncertainty. Some countries have greater political and economic volatility and greater vulnerability to infrastructure and labor disruptions than others. Our business could be negatively impacted by adverse fluctuations in freight costs, fuel costs (e.g., diesel, bunker, jet), limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points of exit and entry for our products. Operating in different regions and countries exposes us to numerous risks, including:

- multiple and potentially conflicting laws, regulations and policies that are subject to change;
- imposition of currency restrictions, restrictions on repatriation of earnings or other restraints;
- imposition of new or additional tariffs or quotas;
- withdrawal from or modification of trade agreements or the negotiation of new trade agreements;
- imposition of new or additional trade and economic sanctions laws imposed by the U.S. or foreign governments;
- war or acts of terrorism; and
- political and economic instability or civil unrest that may severely disrupt economic activity in affected countries.

The occurrence of one or more of these events may negatively impact our business, results of operations and financial condition.

OPERATIONAL RISKS

The success of our business depends on our ability to develop, produce and market quality products that meet our customers' needs.

Our business relies on continued global demand for our brands and products. To achieve business goals, we must develop and sell products that appeal to our dealers, OEMs and end-user customers. This is dependent on a number of factors, including our ability to maintain key dealer relationships; our ability to produce products that meet the quality, performance and price expectations of our

customers and our ability to develop effective sales, advertising and marketing programs. In addition, our continued success in selling products that appeal to our customers is dependent on leading-edge innovation, with respect to both products and operations, and on the availability and effectiveness of legal protection for our innovations. Failure to continue to deliver high quality, innovative, competitive products to the marketplace, to adequately protect our intellectual property rights; to supply products that meet applicable regulatory requirements, including engine exhaust emission requirements or to predict market demands for, or gain market acceptance of, our products, could have a negative impact on our business, results of operations and financial condition.

We operate in a highly competitive environment, which could adversely affect our sales and pricing.

We operate in a highly competitive environment. We compete on the basis of a variety of factors, including product performance, customer service, quality and price. There can be no assurance that our products will be able to compete successfully with other companies' products. Thus, our share of industry sales could be reduced due to aggressive pricing or product strategies pursued by competitors, unanticipated product or manufacturing difficulties, our failure to price our products competitively, our failure to produce our products at a competitive cost or an unexpected buildup in competitors' new machine or dealer-owned rental fleets, which could lead to downward pressure on machine rental rates and/or used equipment prices.

Lack of customer acceptance of price increases we announce from time to time, changes in customer requirements for price discounts, changes in our customers' behavior or a weak pricing environment could have an adverse impact on our business, results of operations and financial condition.

In addition, our results and ability to compete may be impacted negatively by changes in our geographic and product mix of sales.

Increased information technology security threats and more sophisticated computer crime pose a risk to our systems, networks, products and services.

We rely upon information technology systems and networks, some of which are managed by third parties, in connection with a variety of business activities. Additionally, we collect and store sensitive information relating to our business, customers, dealers, suppliers and employees. Operating these information technology systems and networks and processing and maintaining this data in a secure manner are critical to our business operations and strategy. Information technology security threats – from user error to cybersecurity attacks designed to gain unauthorized access to our systems, networks and data – are increasing in frequency and sophistication. Cybersecurity attacks from threat actors globally range from random attempts to coordinated and targeted attacks, including sophisticated computer crime and advanced persistent threats. These threats pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. Cybersecurity attacks could also include attacks targeting customer data or the security, integrity and/or reliability of the hardware and software installed in our products. It is possible that our information technology systems and networks, or those managed or provided by third parties, could have vulnerabilities, which could go unnoticed for a period of time. While various procedures and controls have been and are being utilized to mitigate such risks, there can be no guarantee that the actions and controls we have implemented and are implementing, or which we cause or have caused third-party service providers to implement, will be sufficient to protect and mitigate associated risks to our systems, information or other property.

We have experienced cybersecurity threats and vulnerabilities in our systems and those of our third party providers, and we have experienced viruses and attacks targeting our information technology systems and networks. Such prior events, to date, have not had a material impact on our financial condition, results of operations or liquidity. However, the potential consequences of a future material cybersecurity attack include reputational damage, litigation with third parties, government enforcement actions, penalties, disruption to systems, unauthorized release of confidential or otherwise protected information, corruption of data, diminution in the value of our investment in research, development and engineering, and increased cybersecurity protection and remediation costs, which in turn could adversely affect our competitiveness, results of operations and financial condition. Due to the evolving nature of such security threats, the potential impact of any future incident cannot be predicted. Further, the amount of insurance coverage we maintain may be inadequate to cover claims or liabilities relating to a cybersecurity attack.

In addition, data we collect, store and process are subject to a variety of U.S. and international laws and regulations, such as the European Union's General Data Protection Regulation and the California Consumer Privacy Act, which may carry significant potential penalties for noncompliance.

Our business is subject to the inventory management decisions and sourcing practices of our dealers and our OEM customers.

We sell finished products primarily through an independent dealer network and directly to OEMs and are subject to risks relating to their inventory management decisions and operational and sourcing practices. Both carry inventories of finished products as part of ongoing operations and adjust those inventories based on their assessments of future needs and market conditions, including levels of used equipment inventory and machine rental usage rates. Such adjustments may impact our results positively or negatively. If the inventory levels of our dealers and OEM customers are higher than they desire, they may postpone product purchases from us, which could cause our sales to be lower than the end-user demand for our products and negatively impact our results. Similarly, our results could be negatively impacted through the loss of time-sensitive sales if our dealers and OEM customers do not maintain inventory levels sufficient to meet customer demand.

We may not realize all of the anticipated benefits of our acquisitions, joint ventures or divestitures, or these benefits may take longer to realize than expected.

In pursuing our business strategy, we routinely evaluate targets and enter into agreements regarding possible acquisitions, divestitures and joint ventures. We often compete with others for the same opportunities. To be successful, we conduct due diligence to identify valuation issues and potential loss contingencies, negotiate transaction terms, complete complex transactions and manage post-closing matters such as the integration of acquired businesses. Further, while we seek to mitigate risks and liabilities of such transactions through due diligence, among other things, there may be risks and liabilities that our due diligence efforts fail to discover, that are not accurately or completely disclosed to us or that we inadequately assess. We may incur unanticipated costs or expenses following a completed acquisition, including post-closing asset impairment charges, expenses associated with eliminating duplicate facilities, litigation, and other liabilities. Risks associated with our past or future acquisitions also include the following:

- the failure to achieve the acquisition's revenue or profit forecast;
- the business culture of the acquired business may not match well with our culture;

- technological and product synergies, economies of scale and cost reductions may not occur as expected;
- unforeseen expenses, delays or conditions may be imposed upon the acquisition, including due to required regulatory approvals or consents;
- we may acquire or assume unexpected liabilities or be subject to unexpected penalties or other enforcement actions;
- faulty assumptions may be made regarding the macroeconomic environment or the integration process;
- unforeseen difficulties may arise in integrating operations, processes and systems;
- higher than expected investments may be required to implement necessary compliance processes and related systems, including information technology systems, accounting systems and internal controls over financial reporting;
- we may fail to retain, motivate and integrate key management and other employees of the acquired business;
- higher than expected costs may arise due to unforeseen changes in tax, trade, environmental, labor, safety, payroll or pension policies in any jurisdiction in which the acquired business conducts its operations; and
- we may experience problems in retaining customers and integrating customer bases.

Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and attention. They may also delay the realization of the benefits we anticipate when we enter into a transaction.

In order to conserve cash for operations, we may undertake acquisitions financed in part through public offerings or private placements of debt or equity securities, or other arrangements. Such acquisition financing could result in a decrease in our earnings and adversely affect other leverage measures. If we issue equity securities or equity-linked securities, the issued securities may have a dilutive effect on the interests of the holders of our common shares.

Failure to implement our acquisition strategy, including successfully integrating acquired businesses, could have an adverse effect on our business, financial condition and results of operations. Furthermore, we make strategic divestitures from time to time. In the case of divestitures, we may agree to indemnify acquiring parties for certain liabilities arising from our former businesses. These divestitures may also result in continued financial involvement in the divested businesses following the transaction, including through guarantees or other financial arrangements. Lower performance by those divested businesses could affect our future financial results.

Union disputes or other labor matters could adversely affect our operations and financial results.

Some of our employees are represented by labor unions in a number of countries under various collective bargaining agreements with varying durations and expiration dates. There can be no assurance that any current or future issues with our employees will be resolved or that we will not encounter future strikes, work stoppages or other disputes with labor unions or our employees. We may not be able to satisfactorily renegotiate collective bargaining agreements in the United States and other countries when they expire. If we fail to renegotiate our existing collective bargaining agreements, we could encounter strikes or work stoppages or other disputes with labor unions. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage at our facilities in the future. We may also be subject to general country strikes or work stoppages unrelated to our business or collective bargaining agreements. A work stoppage or other limitations on production at our facilities for any reason could have an adverse effect on our business, results of operations and financial condition. In addition, many of our customers and suppliers have unionized work forces. Strikes or work stoppages experienced by our customers or suppliers could have an adverse effect on our business, results of operations and financial condition.

Unexpected events may increase our cost of doing business or disrupt our operations.

The occurrence of one or more unexpected events, including war, acts of terrorism or violence, civil unrest, fires, tornadoes, tsunamis, hurricanes, earthquakes, floods and other forms of severe weather in the United States or in other countries in which we operate or in which our suppliers are located could adversely affect our operations and financial performance. Natural disasters, pandemic illness, equipment failures, power outages or other unexpected events could result in physical damage to and complete or partial closure of one or more of our manufacturing facilities or distribution centers, temporary or long-term disruption in the supply of component products from some local and international suppliers, and disruption and delay in the transport of our products to dealers, end-users and distribution centers. Existing insurance coverage may not provide protection for all of the costs that may arise from such events.

FINANCIAL RISKS

Disruptions or volatility in global financial markets could limit our sources of liquidity, or the liquidity of our customers, dealers and suppliers.

Continuing to meet our cash requirements over the long-term requires substantial liquidity and access to varied sources of funds, including capital and credit markets. Global economic conditions may cause volatility and disruptions in capital and credit markets. Market volatility, changes in counterparty credit risk, the impact of government intervention in financial markets and general economic conditions may also adversely impact our ability to access capital and credit markets to fund operating needs. Global or regional economic downturns could cause financial markets to decrease the availability of liquidity, credit and credit capacity for certain issuers, including certain customers, dealers and suppliers. An inability to access capital and credit markets may have an adverse effect on our business, results of operations, financial condition and competitive position. Furthermore, changes in global economic conditions, including material cost increases and decreases in key markets we serve, and the success of plans to manage cost increases, inventory and other important elements of our business may significantly impact our ability to generate funds from operations.

In addition, demand for our products generally depends on customers' ability to pay for our products, which, in turn, depends on their access to funds. Changes in global economic conditions may result in customers experiencing increased difficulty in generating funds from operations. Capital and credit market volatility and uncertainty may cause financial institutions to revise their lending standards, resulting in customers' decreased access to capital. If capital and credit market volatility occurs, customers' liquidity may decline which, in turn, would reduce their ability to purchase our products.

Failure to maintain our credit ratings could increase our cost of borrowing and could adversely affect our cost of funds, liquidity, competitive position and access to capital markets.

Each of Caterpillar's and Cat Financial's costs of borrowing and their respective ability to access the capital markets are affected not only by market conditions but also by the short- and long-term credit ratings assigned to their respective debt by the major credit rating agencies. These ratings are based, in significant part, on each of Caterpillar's and Cat Financial's performance as measured by financial metrics such as net worth, profitability, interest coverage and leverage ratios, as well as transparency with rating agencies and timeliness of financial reporting. There can be no assurance that Caterpillar and Cat Financial will be able to maintain their credit ratings. We receive debt ratings from the major credit rating agencies. A downgrade of our credit rating by any of the major credit rating agencies could result in increased borrowing costs and could adversely affect Caterpillar's and Cat Financial's liquidity, competitive position and access to the capital markets, including restricting, in whole or in part, access to the commercial paper market. There can be no assurance that the commercial paper market will continue to be a reliable source of short-term financing for Cat Financial or an available source of short-term financing for Caterpillar. An inability to access the capital markets could have an adverse effect on our cash flow, results of operations and financial condition.

Our Financial Products segment is subject to risks associated with the financial services industry.

Cat Financial is significant to our operations and provides financing support for a significant share of our global sales. The inability of Cat Financial to access funds to support its financing activities to our customers could have an adverse effect on our business, results of operations and financial condition.

Continuing to meet Cat Financial's cash requirements over the long-term could require substantial liquidity and access to sources of funds, including capital and credit markets. Cat Financial has continued to maintain access to key global medium-term note and commercial paper markets, but there can be no assurance that such markets will continue to represent a reliable source of financing. If global economic conditions were to deteriorate, Cat Financial could face materially higher financing costs, become unable to access adequate funding to operate and grow its business and/or meet its debt service obligations as they mature. Cat Financial also could be required to draw upon contractually committed lending agreements and/or seek other funding sources. However, there can be no assurance that such agreements and other funding sources would be sufficient or even available under extreme market conditions. Any of these events could negatively impact Cat Financial's business, as well as our and Cat Financial's results of operations and financial condition.

Market disruption and volatility may also lead to numerous risks in connection with these events, including but not limited to:

- Market developments that may affect customer confidence levels and cause declines in the demand for financing and adverse changes in payment patterns, causing increases in delinquencies and default rates, which could increase Cat Financial's write-offs and provision for credit losses.
- The process Cat Financial uses to estimate losses inherent in its credit exposure requires a high degree of management's judgment regarding numerous subjective qualitative factors, including forecasts of economic conditions and how economic predictors might impair the ability of its borrowers to repay their loans. Financial market disruption and volatility may impact the accuracy of these judgments.
- Cat Financial's ability to engage in routine funding transactions or to borrow from other financial institutions on acceptable terms or at all could be adversely affected by disruptions in the capital markets or other events, including actions by rating agencies and deteriorating investor expectations.
- As Cat Financial's borrowing agreements are primarily with financial institutions, their ability to perform in accordance with any of our underlying agreements could be adversely affected by market volatility and/or disruptions in financial markets.

Changes in interest rates or market liquidity conditions could adversely affect Cat Financial's and our earnings and/or cash flow.

Changes in interest rates and market liquidity conditions could have an adverse impact on Cat Financial's and our earnings and cash flows. Changes in market interest rates may influence its and our borrowing costs, returns on financial investments and the valuation of derivative contracts. Because a significant number of the loans made by Cat Financial are made utilizing fixed interest rates, its business results are subject to fluctuations in interest rates. Certain loans made by Cat Financial and various financing extended to Cat Financial are made at variable rates that use floating reference rates or indices, including the Secured Overnight Financing Rate (SOFR) as a benchmark for establishing the interest rate.

Cat Financial manages interest rate and market liquidity risks through a variety of techniques that include a match funding strategy, the selective use of derivatives and a broadly diversified funding program. There can be no assurance, however, that fluctuations in interest rates and market liquidity conditions will not have an adverse impact on its and our earnings and cash flows. If any of the variety of instruments and strategies Cat Financial uses to hedge its exposure to these types of risk is ineffective, this may have an adverse impact on our earnings and cash flows. With respect to Insurance Services' investment activities, changes in equity and bond markets could result in a decline in value of its investment portfolio, resulting in an unfavorable impact to earnings.

An increase in delinquencies, repossessions or net losses of Cat Financial customers could adversely affect its results.

Inherent in the operation of Cat Financial is the credit risk associated with its customers. The creditworthiness of each customer and the rate of delinquencies, repossessions and net losses on customer obligations are directly impacted by several factors, including relevant industry and economic conditions, the availability of capital, the experience and expertise of the customer's management team, commodity prices, political events and the sustained value of the underlying collateral. Any increase in delinquencies, repossessions and net losses on customer obligations could have a material adverse effect on Cat Financial's and our earnings and cash flows. Cat Financial evaluates and adjusts its allowance for credit losses related to past due and non-performing receivables on a regular basis. However, adverse economic conditions or other factors that might cause deterioration of the financial health of its customers could change the timing and level of payments received and necessitate an increase in Cat Financial's estimated losses, which could also have a material adverse effect on Cat Financial's and our earnings and cash flows.

Currency exchange rate fluctuations affect our results of operations.

We conduct operations in many countries involving transactions denominated in a variety of currencies. We are subject to currency-exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. Fluctuations in currency exchange rates have had, and

will continue to have, an impact on our results as expressed in U.S. dollars. There can be no assurance that currency exchange rate fluctuations will not adversely affect our results of operations, financial condition and cash flows. While the use of currency hedging instruments may provide us with protection from adverse fluctuations in currency exchange rates, by utilizing these instruments we potentially forego the benefits that might result from favorable fluctuations in currency exchange rates. In addition, our outlooks do not assume fluctuations in currency exchange rates. Adverse fluctuations in currency exchange rates from the date of our outlooks could cause our actual results to differ materially from those anticipated in any outlooks and adversely impact our business, results of operations and financial condition.

We also face risks arising from the imposition of exchange controls and currency devaluations. Exchange controls may limit our ability to convert foreign currencies into U.S. dollars or to remit dividends and other payments by our foreign subsidiaries or businesses located in or conducted within a country imposing controls. Currency devaluations result in a diminished value of funds denominated in the currency of the country instituting the devaluation.

Restrictive covenants in our debt agreements could limit our financial and operating flexibility.

We maintain a number of credit facilities to support general corporate purposes (facilities) and have issued debt securities to manage liquidity and fund operations (debt securities). The agreements relating to a number of the facilities and the debt securities contain certain restrictive covenants applicable to us and certain subsidiaries, including Cat Financial. These covenants include maintaining a minimum consolidated net worth (defined as the consolidated shareholder's equity including preferred stock but excluding the pension and other post-retirement benefits balance within accumulated other comprehensive income (loss)), limitations on the incurrence of liens and sales and leaseback transactions, restrictions on the transfer of certain property and certain restrictions on consolidation and merger. Cat Financial has also agreed under certain of these agreements not to exceed a certain leverage ratio (consolidated debt to consolidated net worth, calculated (1) on a monthly basis as the average of the leverage ratios determined on the last day of each of the six preceding calendar months and (2) at each December 31), to maintain a minimum interest coverage ratio (calculated as (1) profit excluding income taxes, interest expense and net gain (loss) from interest rate derivatives to (2) interest expense calculated at the end of each fiscal quarter for the prior four consecutive fiscal quarter period) and not to terminate, amend or modify its support agreement with us.

A breach of one or more of the covenants could result in adverse consequences that could negatively impact our business, results of operations and financial condition. These consequences may include the acceleration of amounts outstanding under certain of the facilities, triggering of an obligation to redeem certain debt securities, termination of existing unused commitments by our lenders, refusal by our lenders to extend further credit under one or more of the facilities or to enter into new facilities or the lowering or modification of our credit ratings or those of one or more of our subsidiaries.

Sustained increases in funding obligations under our pension plans may impair our liquidity or financial condition.

We maintain certain defined benefit pension plans for our employees, which impose on us certain funding obligations. We use many assumptions in determining our future payment obligations under the plans. Significant adverse changes in credit or capital markets could result in actual rates of return on pension investments being materially lower than projected and result in increased contribution requirements. These factors could increase our payment obligations under the plans and, as a result, adversely affect our business and overall financial condition. We may be required to make material contributions to our pension plans in the future and may fund contributions through the use of cash on hand, the proceeds of borrowings, shares of our common stock or a combination of the foregoing, as permitted by applicable law. We employ a liability-driven investment strategy, where the interest rate sensitivity of the pension investments and pension obligations are aligned to reduce funded status volatility.

LEGAL & REGULATORY RISKS

Our global operations are subject to a wide range of trade and anti-corruption laws and regulations.

Due to the international scope of our operations, we are subject to a complex system of import- and export-related laws and regulations. These include U.S. regulations issued by Customs and Border Protection, the Bureau of Industry and Security, the Office of Antiboycott Compliance, the Directorate of Defense Trade Controls and the Office of Foreign Assets Control, as well as the counterparts of these agencies in other countries. Any alleged or actual violations may subject us to increased government scrutiny, investigation and civil and criminal penalties, and may limit our ability to import or export our products or to provide services outside the United States. Furthermore, embargoes and sanctions imposed by the U.S. and other governments restricting or prohibiting sales to specific persons or countries or based on product classification may expose us to potential criminal and civil sanctions. We cannot predict the nature, scope or effect of future regulatory requirements to which our operations might be subject. We also cannot predict in certain locations the manner in which existing laws might be administered or interpreted.

In addition, the U.S. Foreign Corrupt Practices Act and similar foreign anti-corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence foreign government officials for the purpose of obtaining or retaining business or obtaining an unfair advantage. Recent years have seen a substantial increase in the global enforcement of anti-corruption laws. Our operations outside the United States, including in developing countries, expose us to the risk of such violations. Violations of anti-corruption laws or regulations by our employees, intermediaries acting on our behalf, or our joint venture partners may result in severe criminal or civil sanctions. Violations may also disrupt our business, and may result in an adverse effect on our reputation, business and results of operations or financial condition.

International trade policies may impact demand for our products and our competitive position.

Government policies on international trade and investment such as import quotas, capital controls or tariffs, whether adopted by individual governments or addressed by regional trade blocs, can affect the demand for our products and services, impact the competitive position of our products or prevent us from being able to sell products in certain countries. The implementation of more restrictive trade policies (such as more detailed inspections, higher tariffs or new barriers to entry) in countries where we sell large quantities of products and services could negatively impact our

business, results of operations and financial condition. For example, a government's adoption of "buy national" policies or retaliation by another government against such policies could have a negative impact on our results of operations.

We may incur additional tax expense or become subject to additional tax exposure.

We are subject to income taxes in the United States and numerous other jurisdictions. Our future results of operations could be adversely affected by changes in the effective tax rate as a result of a change in the mix of earnings between U.S. and non-U.S. jurisdictions or among jurisdictions with differing statutory tax rates. In addition, our future results of operations could also be adversely affected by changes in our overall profitability, changes in tax laws or treaties or in their application or interpretation, changes in tax rates, changes in generally accepted accounting principles, changes in the valuation of deferred tax assets and liabilities, changes in the amount of earnings indefinitely reinvested in certain non-U.S. jurisdictions, the results of audits and examinations of previously filed tax returns and continuing assessments of our tax exposures. We are also subject to the continuous examination of our income tax returns by the U.S. Internal Revenue Service and other tax authorities. We regularly assess the likelihood of an adverse outcome resulting from these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our operating results, cash flows and financial condition could be adversely affected. For information regarding additional legal matters related to our taxes, please see Note 6 — "Income taxes" and Note 22 — "Environmental and legal matters" of Part II, Item 8 "Financial Statements and Supplementary Data" to this Annual Report on Form 10-K.

Costs associated with lawsuits or investigations or adverse rulings in enforcement or other legal proceedings may have an adverse effect on our results of operations.

We are subject to a variety of legal proceedings and legal compliance risks in virtually every part of the world. We face risk of exposure to various types of claims, lawsuits and government investigations. We are involved in various claims and lawsuits related to product design, manufacture and performance liability (including claimed asbestos exposure), contracts, employment issues, environmental matters, intellectual property rights, tax, securities and other legal proceedings that arise in and outside of the ordinary course of our business. The industries in which we operate are also periodically reviewed or investigated by regulators, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims. It is not possible to predict with certainty the outcome of claims, investigations and lawsuits, and we could in the future incur judgments, fines or penalties or enter into settlements of lawsuits and claims that could have an adverse effect on our reputation, business, results of operations or financial condition in any particular period.

The global and diverse nature of our operations means that legal and compliance risks will continue to exist and additional legal proceedings and other contingencies, the outcome of which cannot be predicted with certainty, may arise from time to time. In addition, subsequent developments in legal proceedings may affect our assessment and estimates of loss contingencies recorded as a reserve and require us to make payments in excess of our reserves. Such payments could have an adverse effect on our reputation, business and results of operations or financial condition.

New regulations or changes in financial services regulation could adversely impact Caterpillar and Cat Financial.

Cat Financial's operations are highly regulated by governmental authorities in the locations where it operates, which can impose significant additional costs and/or restrictions on its business. In the United States, for example, certain Cat Financial activities are subject to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), which includes extensive provisions regulating the financial services industry. As a result, Cat Financial has become and could continue to become subject to additional regulatory costs that could be significant and have an adverse effect on Cat Financial's and our results of operations and financial condition. Changes in regulations or additional regulations in the United States or internationally impacting the financial services industry could also add significant cost or operational constraints that might have an adverse effect on Cat Financial's and our results of operations and financial condition.

We are subject to stringent environmental laws and regulations that impose significant compliance costs.

Our facilities, operations and products are subject to increasingly stringent environmental laws and regulations globally, including laws and regulations governing emissions to noise, air, releases to soil and discharges to water and the generation, handling, storage, transportation, treatment and disposal of non-hazardous and hazardous waste materials. Some environmental laws impose strict, retroactive and joint and several liability for the remediation of the release of hazardous substances, even for conduct that was lawful at the time it occurred, or for the conduct of, or conditions caused by, prior operators, predecessors or other third parties. Failure to comply with environmental laws could expose us to penalties or clean-up costs, civil or criminal liability and sanctions on certain of our activities, as well as damage to property or natural resources. The potential liabilities, sanctions, damages and remediation efforts related to any non-compliance with such laws and regulations could negatively impact our ability to conduct our operations and our financial condition and results of operations. In addition, there can be no assurances that we will not be adversely affected by costs, liabilities or claims with respect to existing or subsequently acquired operations or under present laws and regulations or those that may be adopted or imposed in the future.

Environmental laws and regulations may change from time to time, as may related interpretations and other guidance. Changes in environmental laws or regulations could result in higher expenses and payments. Uncertainty relating to environmental laws or regulations may also affect how we conduct our operations and structure our investments and could limit our ability to enforce our rights. Changes in environmental and climate change laws or regulations, including laws relating to greenhouse gas emissions, could lead to new or additional investment in product designs and could increase environmental compliance expenditures. Changes in climate change concerns, or in the regulation of such concerns, including greenhouse gas emissions, could subject us to additional costs and restrictions, including increased energy and raw materials costs. If environmental laws or regulations are either changed or adopted and impose significant operational restrictions and compliance requirements upon us or our products, they could negatively impact our reputation, business, capital expenditures, results of operations, financial condition and competitive position.

The Company's amended and restated bylaws provide that the Court of Chancery of the State of Delaware will be the exclusive forum for certain legal actions between the Company and its shareholders, which could discourage claims or limit the ability of the Company's shareholders to bring a claim in a judicial forum viewed by the shareholders as more favorable for disputes with the Company or the Company's directors, officers or other employees.

The Company's amended and restated bylaws provide to the fullest extent permitted by law that unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's shareholders, (iii) any action asserting a claim against the Company or any director or officer or other employee of the Company arising pursuant to any provision of the Delaware General Corporation Law or the Company's certificate of incorporation or bylaws (as either may be amended from time to time) or (iv) any action asserting a claim against the Company or any director or officer or other employee of the Company governed by the internal affairs doctrine.

The exclusive forum provisions in our bylaws could limit our shareholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or its directors, officers or other employees. Alternatively, if a court were to find the choice of forum provision contained in the Company's amended and restated bylaws to be inapplicable or unenforceable in an action, the Company may incur additional costs associated with resolving such action in other jurisdictions. The exclusive forum provision in the Company's amended and restated bylaws will not preclude or contract the scope of exclusive federal or concurrent jurisdiction for actions brought under the federal securities laws including the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, or the respective rules and regulations promulgated thereunder.

ITEM 1B. Unresolved Staff Comments.

None.

ITEM 1C. Cybersecurity.

As required by Item 106 of Regulation S-K, the following sets forth information regarding our cybersecurity strategy, risk management and governance.

Cybersecurity Strategy and Risk Management

Cybersecurity is critical to advancing our overall objectives and enabling our digital efforts. As a global company, we face a wide variety of cybersecurity threats that range from common attacks such as ransomware and denial-of-service, to attacks from more advanced adversaries. Our customers, suppliers, and other partners face similar cybersecurity threats, and a cybersecurity incident impacting these entities could materially adversely affect our operations, performance and results. These cybersecurity threats and related risks make it imperative that we maintain focus on cybersecurity and systemic risks.

We maintain a comprehensive cybersecurity program which is integrated within the Company's enterprise risk management system and encompasses the corporate information technology and operational technology environments as well as customer-facing products. Our cybersecurity program maintains a governance structure and process to identify, assess, manage, mitigate, respond to and report on cybersecurity risks. We utilize cybersecurity policies and frameworks based on industry and government standards. Our cyber risk management program controls are based on recognized best practices and standards, including the National Institute of Standards and Technology (NIST) Cyber Security Framework and the International Organization for Standardization (ISO 27001) Information Security Management System Requirements. We partner with third parties to support and evaluate our cybersecurity program. These third-party services span areas including cybersecurity maturity assessments, incident response, penetration testing, consulting on best practices, and others. We also consume threat intelligence from several paid and non-paid sources.

We maintain a 24 x 7 operations center which serves as a central location for the reporting of cybersecurity matters, provides monitoring of our global cybersecurity environment, and coordinates the investigation and remediation of alerts. As cybersecurity events occur, the cybersecurity team focuses on responding to and containing the threat and minimizing impact. In the event of an incident, the cybersecurity team assesses, among other factors, safety impact, supply chain and manufacturing disruption, data and personal information loss, business operations disruption, projected cost and potential for reputational harm, with participation from technical, legal and law enforcement support, as appropriate.

We have implemented a cybersecurity awareness program which covers topics such as phishing, social networking safety, password security, mobile device usage and potential risks associated with emerging technologies. We have mandatory training in the areas of cybersecurity, privacy, and confidential information handling. We also conduct regular phishing training and simulations for our employees and contractors. We provide specialized role-based training to technical professionals in cybersecurity, secure application development, and other focus areas. We also conduct periodic tabletop exercises to validate our preparation for cyber events.

We operate a third-party cybersecurity program with the goal of minimizing disruption to the Company's business and production operations, strengthening supply chain resilience, and supporting the integrity of components and systems used in its products and services. We rely heavily on our supply chain to deliver our products and services to our customers, and a cybersecurity incident at a supplier, subcontractor or joint venture partner could materially adversely impact us. We assess third-party cybersecurity controls through a cybersecurity third-party risk assessment process. Identified deficiencies are addressed through a risk remediation process. For select suppliers, we engage third-party cybersecurity monitoring and alerting services, and seek to work directly with those suppliers to address potential deficiencies identified.

As of the date of this report, we do not believe that risks from any cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to affect us, including our business strategy, results of operations or financial condition. That said, as discussed more fully under Item 1A. "Risk Factors—Operational Risks— Increased information technology security threats and more sophisticated

computer crime pose a risk to our systems, networks, products and services" of this Form 10-K, these threats pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. Cybersecurity attacks could also include attacks targeting customer data or the security, integrity and/or reliability of the hardware and software installed in our products. It is possible that our information technology systems and networks, or those managed or provided by third parties, could have vulnerabilities, which could go unnoticed for a period of time. While various procedures and controls have been and are being utilized to mitigate such risks, there can be no guarantee that the actions and controls we have implemented and are implementing, or which we cause or have caused third-party service providers to implement, will be sufficient to protect and mitigate associated risks to our systems, information or other property.

Cybersecurity Governance

Caterpillar's board has oversight for risk management with a focus on the most significant risks facing the Company, including strategic, operational, financial and legal compliance risks. The board's risk oversight process builds upon management's risk assessment and mitigation processes, which include an enterprise risk management program of which our cybersecurity processes are an integral component.

The board implements its risk oversight function both as a board and through delegation to board committees, which meet regularly and report back to the board. The board has delegated the oversight of specific risks to board committees that align with their functional responsibilities. The Audit Committee (the "AC") assists the board in overseeing the enterprise risk management program and evaluates and monitors risks related to, among other things, the Company's information security program. The AC assesses cybersecurity and information technology risks and the controls implemented to monitor and mitigate these risks. The Company's Chief Information Officer & Senior Vice President, Caterpillar IT (the "CIO") attends all bimonthly AC meetings and provides cybersecurity updates to the AC and board.

Our cybersecurity program is overseen by our CIO, who has been a Caterpillar employee for over twenty-six years. Prior to her current appointment as our CIO in September 2020, she was the Chief Information Officer for the Company's Financial Products Division. Her extensive background in IT includes global leadership for large-scale systems transformations, cybersecurity, cloud and application management, global data center management, worldwide network, servers and storage, database management and end-user services. Our CIO leads a cross-functional cybersecurity team comprised of professionals from our product, cybersecurity, legal and compliance organizations who focus on managing the security of our connected solutions. This team manages the Company's global IT systems, IT risk management, cybersecurity, global infrastructure and IT transformations.

ITEM 1D. Information about our Executive Officers.

Name and age	Present Caterpillar Inc. position and date of initial election	Principal positions held during the past five years and/or Caterpillar Inc. position most recently held
Joseph E. Creed (50)	Chief Executive Officer (2025)	Chief Operating Officer (2023-2025), Group President (2021-2023), Vice President, Oil & Gas and Marine Division (2019-2020), Interim Chief Financial Officer (2018), Vice President, Finance Services Division (2017), Group Chief Financial Officer, Power and Energy (2013-2016)
D. James Umpleby III (67)	Executive Chairman (2025)	Chairman of the Board (2018-2025), Chief Executive Officer (2017-2025), Group President (2013-2016)
Andrew R.J. Bonfield (63)	Chief Financial Officer (2018)	Group Chief Financial Officer for a multinational electricity and gas utility company (2010-2018)
Bob De Lange (56)	Group President (2017)	Vice President (2015-2016), Worldwide Product Manager, Medium Wheel Loaders, (2013-2014)
Denise C. Johnson (59)	Group President (2016)	Vice President (2012-2016)
Anthony D. Fassino (55)	Group President (2021)	Vice President, Building Construction Products (2018-2020), Director of Worldwide Forestry Products (2016-2018)
Derek R. Owens (52)	Chief Legal Officer and General Counsel (2023)	Senior Vice President (2023), Deputy General Counsel (2021-2023), Associate General Counsel, Litigation & Investigations (2019-2021), Assistant United States Attorney, U.S. Attorney's Office of the Department of Justice (2005-2019)
Christine M. Pambianchi (57)	Chief Human Resources Officer (2025)	Chief Human Resources Officer, Intel Corporation (2021-2025), Chief Human Resources Officer, Verizon Communications Inc. (2019-2021), Chief Human Resources Officer, Corning Inc. (2007-2019)
William E. Schaupp (54)	Vice President and Chief Accounting Officer (2022)	Finance Director, Global Finance Services Division (2021-2022), Vice President and Controller and Chief Accounting Officer of PPG Industries, Inc. (2018-2021)
Jason E. Kaiser (48)	Group President (2024)	Senior Vice President, Electric Power Division (2021-2023), General Manager, Electric Power Division (2019-2021), Product Manager, Electric Power Division (2016-2019)
Rodney M. Shurman (59)	Group President (2026)	Senior Vice President, Building Construction Products (2024-2026), Senior Vice President, Electrification & Energy Solutions (2022-2024), Senior Vice President, Oil & Gas, Marine Division (2021-2022)

ITEM 2. Properties.

General Information

Caterpillar's operations are highly integrated. Although the majority of our plants are involved primarily in production relating to our Construction Industries, Resource Industries or Power & Energy segments, several plants are involved in manufacturing relating to more than one business segment. In addition, several plants reported in our financial statements under the All Other Segment are involved in the manufacturing of components that are used in the assembly of products for more than one business segment. Caterpillar's parts distribution centers are involved in the storage and distribution of parts for Construction Industries, Resource Industries and Power & Energy. The research and development activities carried on at our Technical Centers in Aurora and Mossville, Illinois involve products for Construction Industries, Resource Industries and Power & Energy.

We believe the properties we own to be generally well maintained and adequate for present use. Through planned capital expenditures, we expect these properties to remain adequate for future needs. Properties we lease are covered by leases expiring over terms of generally one to ten years. We do not anticipate any difficulty in retaining occupancy of any leased facilities, either by renewing leases prior to expiration or by replacing them with equivalent leased facilities.

Headquarters and Other Key Offices

Our corporate headquarters is in a leased office located in Irving, Texas. Our Financial Products business is headquartered in Nashville, Tennessee. Additional key offices are located inside and outside the United States.

Technical Center, Training Centers, Demonstration Areas and Proving Grounds

We operate Technical Centers located in Aurora and Mossville, Illinois; Wuxi, China; and Chennai, India. Our demonstration centers are located in Tinaja Hills, Arizona; Edwards, Illinois; Chichibu, Japan and Malaga, Spain. We have various other technical and training centers, demonstration areas and proving grounds located both inside and outside the United States.

Parts Distribution Centers

Distribution of our parts is conducted from parts distribution centers inside and outside the United States. We operate parts distribution centers in the following locations: Arvin, California; Denver, Colorado; Miami, Florida; Atlanta, Georgia; Morton, Illinois; St. Paul, Minnesota; Clayton, Ohio; York, Pennsylvania; Waco, Texas; Spokane, Washington; Melbourne, Australia; Queensland, Australia; Grimbergen, Belgium; Piracicaba, Brazil; Shanghai, China; Sagami, Japan; San Luis Potosi, Mexico; Singapore, Republic of Singapore; Johannesburg, South Africa; and Dubai, United Arab Emirates. We also own or lease other facilities that support our distribution activities.

Remanufacturing and Components

Remanufacturing of our products is reported in our Power & Energy segment and is conducted primarily at the facilities in the following locations: Franklin, Indiana; Bogor, Indonesia; Corinth, Mississippi; Prentiss County, Mississippi; West Fargo, North Dakota; Piracicaba, Brazil; Shanghai, China; and Nuevo Laredo, Mexico.

Component manufacturing is reported in the All Other Segment and is conducted primarily at facilities in the following locations: East Peoria, Illinois; Mapleton, Illinois; Peoria, Illinois; Menominee, Michigan; Boonville, Missouri; West Plains, Missouri; Goldsboro, North Carolina; Sumter, South Carolina; Tianjin, China; Xuzhou, China; Atessa, Italy; Bazzano, Italy; Frosinone, Italy; San Eusebio, Italy; Ramos Arizpe, Mexico; Pyeongtaek, South Korea; and Skinningrove, United Kingdom.

We also lease or own other facilities that support our remanufacturing and component manufacturing activities.

Manufacturing

Manufacturing of products for our Construction Industries, Resource Industries and Power & Energy segments is conducted primarily at the locations listed below. These facilities are believed to be suitable for their intended purposes, with adequate capacities for current and projected needs for existing products.

Our principal manufacturing facilities include those used by the following segments in the following locations:

Segment	U.S. Facilities	Facilities Outside the U.S.
Construction Industries	**Arkansas:** North Little Rock	**Brazil:** Campo Largo, Piracicaba
	Georgia: Athens	**China:** Suzhou, Wujiang, Xuzhou, Qingzhou
	Illinois: Decatur, East Peoria	**France:** Grenoble, Echirolles
	Minnesota: Brooklyn Park	**Hungary:** Godollo
	North Carolina: Clayton, Sanford	**India:** Hosur, Thiruvallur
	Texas: Victoria	**Italy:** Minerbio, Cattolica
		Japan: Akashi
		Mexico: Torreon
		Netherlands: Den Bosch
		Poland: Janow, Sosnowiec
		Thailand: Rayong
		United Kingdom: Desford, Stockton
Resource Industries	**Illinois:** Decatur, East Peoria, Mapleton, Mossville	**Brazil:** Piracicaba
	Michigan: Menominee	**China:** Qingzhou, Tianjin, Wuxi, Xuzhou
	Missouri: Boonville, West Plains	**India:** Thiruvallur
	North Carolina: Goldsboro	**Indonesia:** Batam
	South Carolina: Sumter	**Italy:** Atessa, Bazzano, Frosinone
	Texas: Denison	**Japan:** Sagami
	Wisconsin: South Milwaukee	**Mexico:** Acuna, Monterrey, Ramos Arizpe, Reynosa
		South Korea: Pyeongtaek
		Thailand: Rayong
		United Kingdom: Leicester, Peterlee, Skinningrove
Power & Energy	**Alabama:** Albertville, Montgomery	**Australia:** Cardiff, Perth, Redbank, Revesby
	California: San Diego	**Brazil:** Curitiba, Piracicaba, Sete Lagoas
	Georgia: Griffin, Patterson	**China:** Tianjin, Wuxi
	Illinois: East Peoria, Mossville, Mapleton, Pontiac	**Czech Republic:** Zatec, Zebrak
	Indiana: Lafayette, Muncie	**Germany:** Kiel, Mannheim, Rostock
	Kansas: Wamego	**India:** Aurangabad, Hosur
	Kentucky: Decoursey, Mayfield	**Italy:** Pistoia
	Missouri: Kansas City	**Mexico:** Monterrey, San Luis Potosi, Tijuana, Torreon
	North Carolina: Winston-Salem	**United Kingdom:** Larne, Peterborough, Sandiacre, South Queensferry, Springvale, Stafford, Wimborne
	Oklahoma: Broken Arrow	
	Texas: Channelview, DeSoto, Fort Worth, Mabank, San Antonio, Schertz, Seguin, Sherman	

ITEM 3. Legal Proceedings.

Certain legal proceedings in which we are involved are discussed in Note 22 — "Environmental and legal matters" of Part II, Item 8 "Financial Statements and Supplementary Data" and should be considered an integral part of Part I, Item 3 "Legal Proceedings", which is hereby incorporated by reference.

ITEM 4. Mine Safety Disclosures.

Not applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

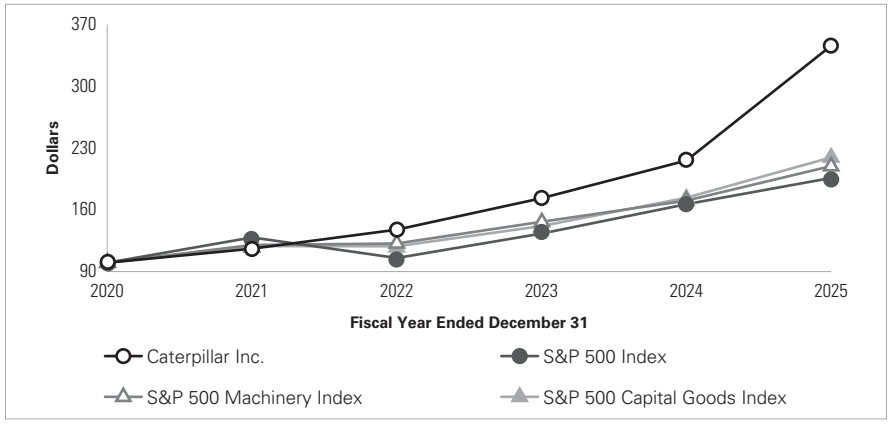
Common Stock (NYSE: CAT)

Listing Information: Caterpillar common stock is listed on the New York Stock Exchange in the United States.

Number of Shareholders: Shareholders of record at the end of 2025 totaled 19,227, compared with 20,191 at the end of 2024.

Performance Graph: Total Cumulative Shareholder Return for Five-Year Period Ending December 31, 2025

The graph below shows the cumulative shareholder return assuming an investment of $100 on December 31, 2020, and reinvestment of dividends issued thereafter.



	2020	2021	2022	2023	2024	2025
Caterpillar Inc.	$ 100.00	$ 115.95	$ 137.52	$ 173.20	$ 215.91	$ 346.12
S&P 500	$ 100.00	$ 128.71	$ 105.40	$ 133.10	$ 166.40	$ 196.16
S&P 500 Machinery	$ 100.00	$ 120.16	$ 121.84	$ 146.44	$ 170.44	$ 209.61
S&P 500 Capital Goods	$ 100.00	$ 118.95	$ 118.69	$ 141.62	$ 173.73	$ 219.46

Non-U.S. Employee Stock Purchase Plans

As of December 31, 2025, we had 38 employee stock purchase plans (the "EIP Plans") administered outside the United States for our non-U.S. employees, which had approximately 18,000 active participants in the aggregate. During the fourth quarter of 2025, approximately 40,000 shares of Caterpillar common stock were purchased by the EIP Plans pursuant to the terms of such plans.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet be Purchased under the Program (in billions) [1]
October 1-31, 2025	2,693,976	$ 385.64	2,693,976 [2]	$ 15.141
November 1-30, 2025	171,407	$ 559.93	171,407	$ 15.045
December 1-31, 2025	183,577	$ 588.28	183,577	$ 14.937
Total	3,048,960	$ 407.64	3,048,960	

[1] In May 2022, the Board approved a share repurchase authorization (the 2022 Authorization) of up to $15.0 billion of Caterpillar common stock effective August 1, 2022, with no expiration. In June 2024, the Board approved an additional share repurchase authorization (the 2024 Authorization) of up to $20.0 billion of Caterpillar common stock, effective June 12, 2024, with no expiration. As of March 31, 2025, the 2022 Authorization was fully utilized and as of December 31, 2025, approximately $14.9 billion remained available under the 2024 Authorization.

[2] Includes shares acquired pursuant to the accelerated share repurchase agreements entered into during the first quarter of 2025, which settled in October 2025.

ITEM 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to provide information that will assist the reader in understanding the company's Consolidated Financial Statements, the changes in certain key items in those financial statements between select periods and the primary factors that accounted for those changes. In addition, we discuss how certain accounting principles, policies and critical estimates affect our Consolidated Financial Statements. Our discussion also contains certain forward-looking statements related to future events and expectations. This MD&A should be read in conjunction with our discussion of cautionary statements and significant risks to the company's business under Item 1A. Risk Factors of the 2025 Form 10-K.

Highlights for the full-year 2025 include:

- Sales and revenues for 2025 were $67.589 billion, an increase of $2.780 billion, or 4 percent, compared with $64.809 billion for 2024. Sales were higher in ***Power & Energy***, about flat in ***Resource Industries*** and slightly lower in ***Construction Industries***.
- Operating profit as a percent of sales and revenues was 16.5 percent in 2025, compared with 20.2 percent in 2024. ***Adjusted operating profit margin*** was 17.2 percent in 2025, compared with 20.7 percent in 2024.
- Profit per share for 2025 was $18.81, and excluding the items in the table below, ***adjusted profit per share*** was $19.06. Profit per share for 2024 was $22.05, and excluding the items in the table below, adjusted profit per share was $21.90.
- Enterprise operating cash flow was $11.7 billion in 2025. Caterpillar ended 2025 with $10.0 billion of enterprise cash.

In order for our results to be more meaningful to our readers, we have separately quantified the impact of significant items.

(Dollars in millions except per share data)	Full Year 2025		Full Year 2024	
	Profit Before Taxes	Profit Per Share	Profit Before Taxes	Profit Per Share
Profit	**$ 11,541**	**$ 18.81**	**$ 13,373**	**$ 22.05**
Other ***restructuring (income) costs***	445	0.73	195	0.32
Pension/OPEB ***mark-to-market (gains) losses***	(294)	(0.48)	(154)	(0.23)
Restructuring (income) costs - divestitures of certain non-U.S. entities	—	—	164	0.22
Tax law change related to ***currency*** translation	—	—	—	(0.46)
Adjusted profit	$ 11,692	$ 19.06	$ 13,578	$ 21.90

A detailed reconciliation of GAAP to non-GAAP financial measures is included on pages 34 - 35.

OVERVIEW

Total sales and revenues for 2025 were $67.589 billion, an increase of $2.780 billion, or 4 percent, compared with $64.809 billion for 2024. The increase reflected higher ***sales volume***, partially offset by unfavorable ***price realization***. Higher sales volume was primarily driven by higher sales of equipment to end users. Profit per share was $18.81 in 2025, compared with profit per share of $22.05 in 2024. Profit was $8.884 billion in 2025, compared with $10.792 billion in 2024. The decrease was mainly due to unfavorable ***manufacturing costs*** and unfavorable price realization, partially offset by the profit impact of higher sales volume. Unfavorable manufacturing costs largely reflected the impact of higher tariffs.

Trends and Economic Conditions

Outlook for Key End Markets

In Construction Industries, we expect another year of sales of equipment to end users growth in 2026 compared to 2025, supported by elevated order rates and a robust backlog. The outlook for North America remains positive, as sales of equipment to end users should grow moderately compared to 2025 with construction spending remaining healthy due to Infrastructure Investment and Jobs Act (IIJA) funding and other critical infrastructure programs. We also anticipate accelerated investment in data centers, which will further bolster overall construction spending. In 2026, dealer rental fleet loading and dealer's rental revenue are both projected to increase, compared to 2025. In ***EAME***, economic conditions in Europe are expected to strengthen, and construction activity in Africa and the Middle East is projected to remain strong. In Asia Pacific, outside of China, moderate economic conditions are expected in 2026. We anticipate positive momentum in China from low levels, with growth in the above 10-ton excavator industry in 2026. Growth in ***Latin America*** is expected to continue in 2026 at a similar rate to 2025.

In Resource Industries, sales of equipment to end users is expected to increase in 2026 as compared to 2025, primarily driven by rising demand for copper and gold, and positive growth trends in heavy construction and quarry and aggregates. In mining, most key commodities remain above investment thresholds, and customer product utilization is high while the age of the fleet remains elevated. With modest increases in commodity prices projected in 2026, we expect rebuild activity to increase slightly compared to 2025.

In Power & Energy, we anticipate growth in Power Generation for both reciprocating engines and turbines and turbine-related ***services*** in 2026, driven by increasing energy demand to support data center build-out related to cloud computing and generative Artificial Intelligence (AI). Additionally, we are starting to see orders for prime power trend higher as data center customers look for alternative power solutions to keep pace with their growth. After reaching record levels in 2025, Oil & Gas is expected to see moderate growth in 2026. Reciprocating engine sales are expected to increase, driven by strong demand in gas compression applications. For turbines and turbine-related services used in Oil & Gas applications, we expect another year of strong sales in 2026 comparable to our record 2025 performance as backlog remains healthy, with continued solid order and inquiry activity. Demand for products in Industrial applications is expected to grow moderately in 2026 as we see continued recovery from previous lows. In Transportation, we anticipate growth in rail services and locomotive deliveries in 2026 compared to 2025.

Full-Year 2026 Company Trends and Expectations

Our expectations assume the Rail division within Power & Energy, as was the case through year-end 2025. In March 2026, we will file a Form 8-K recasting historical periods to reflect the movement of the Rail division to Resource Industries. This will establish an appropriate baseline for evaluating future segment-level performance and expectations. If necessary, we will also update any segment specific forward-looking assumptions impacted by this change. There will be no impact on the enterprise-wide assumptions due to the Rail division recast.

For the full-year 2026, we anticipate sales and revenues to grow around the top end of our 5 to 7 percent compound annual growth rate (CAGR) target, as compared to 2025. The strong backlog coupled with healthy end markets supports our expectations for sales volume growth in all three primary segments, as well as favorable price realization of about 2 percent of sales and revenues. We expect machine dealer inventory to increase in 2026 and offset the $500 million decrease in 2025. Services revenues are also expected to grow in 2026 as compared to 2025.

Based on the incremental tariffs announced in 2025 and in place by January 29, 2026, we expect the impact from tariffs to be around $2.6 billion in 2026, which is $800 million higher than incurred in 2025. If we do not take the mitigating actions we plan to take in 2026, the impact from tariffs could be around 20 percent higher. We remain confident that we will manage the impact of tariffs over time.

In 2026, we expect restructuring costs of approximately $300 million to $350 million and capital expenditures of around $3.5 billion. We anticipate our 2026 estimated annual effective tax rate to be 23.0 percent, excluding discrete items.

First-Quarter 2026 Company Trends and Expectations

In the first quarter of 2026 as compared to the first quarter of 2025, we expect stronger sales and revenues primarily due to higher sales volume and favorable price realization. We expect higher sales volume to be mainly driven by higher sales of equipment to end users and by the impact from changes in machine ***dealer inventories***. We expect machine dealer inventory to increase in excess of $1.0 billion during the first quarter of 2026, aligning with the seasonal pattern, compared to roughly flat levels in the first quarter of 2025.

In the first quarter of 2026 as compared to the first quarter of 2025, we anticipate strong sales growth in Construction Industries, primarily due to higher sales volume and favorable price realization. We expect higher sales volume to be driven by higher sales of equipment to end users and by the impact from changes in dealer inventories. We expect a more typical seasonal dealer inventory build in the first quarter of 2026 as compared to the first quarter of 2025. In Resource Industries, we anticipate strong sales growth in the first quarter of 2026 as compared to the first quarter of 2025, primarily due to higher sales volume. We expect higher sales volume to be driven by higher sales of equipment to end users and by the impact from changes in dealer inventories. We also expect price realization for the first quarter of 2026 to be about flat as compared to the first quarter of 2025. In Power & Energy, we anticipate sales growth in the first quarter of 2026 as compared to the first quarter of 2025, driven by strength in Power Generation and Oil & Gas, and favorable price realization. We expect sales in the first quarter of 2026 will be the lowest of the year and lower than the fourth quarter of 2025, aligned with typical seasonal pattern.

We expect the impact from incremental tariffs to be around $800 million in the first quarter of 2026, which is similar to the fourth quarter of 2025. We anticipate around 50 percent of the incremental tariff costs will be in Construction Industries, 20 percent in Resource Industries and 30 percent in Power & Energy.

In the first quarter of 2026 as compared to the first quarter of 2025, excluding the impact from incremental tariff costs, we expect the profit impact of higher sales volume and favorable price realization will be partially offset by higher manufacturing costs and higher selling, general and administrative (SG&A) and research & development (R&D) expenses.

In the first quarter of 2026 as compared to the first quarter of 2025, in Construction Industries, excluding the impact from incremental tariff costs, we anticipate favorable price realization and the profit impact of higher sales volume will be partially offset by higher manufacturing costs. In Resource Industries, excluding the impact from incremental tariff costs, we anticipate the profit impact of higher sales volume will be more than offset by unfavorable manufacturing costs and higher SG&A/R&D expenses. We also anticipate an unfavorable mix of products in Resource Industries. In Power & Energy, excluding the impact from incremental tariff costs, we anticipate the profit impact of higher sales volume and favorable price realization will be partially offset by higher manufacturing costs.

Global Business Conditions

We continue to monitor a variety of external factors around the world, such as supply chain disruptions, inflationary cost, labor pressures and the impact of trade policies. Areas of particular focus include transportation, certain components and raw materials. We continue to work to minimize supply chain challenges that may impact our ability to meet customer demand. We continue to assess the environment to determine if additional actions need to be taken.

Risk Factors

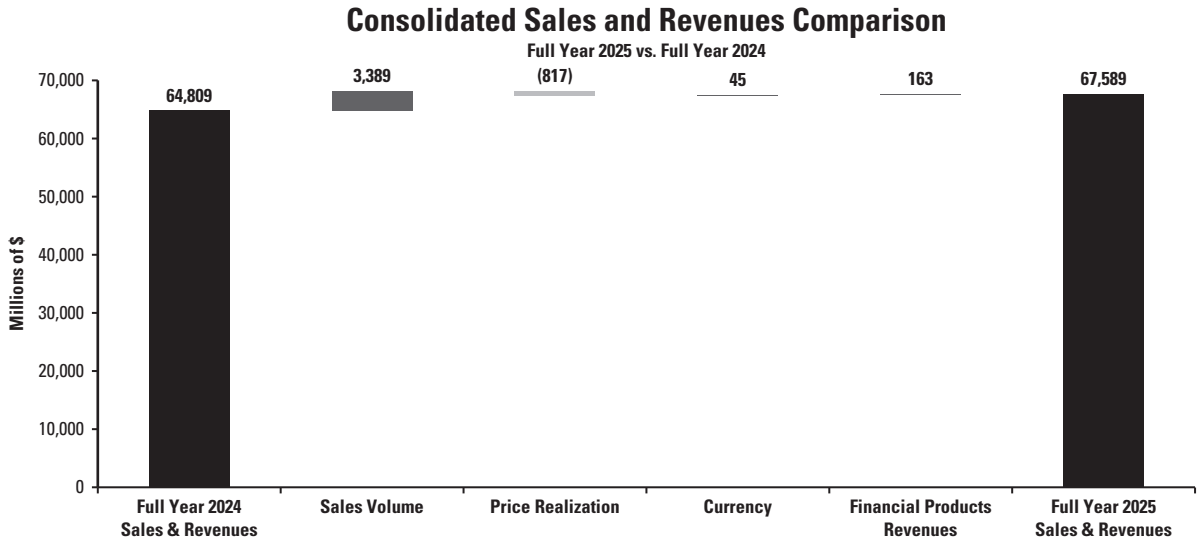
Risk factors are disclosed within Item 1A. Risk Factors of the 2025 Form 10-K.

Notes:

- Glossary of terms included on pages 25 - 26; first occurrence of terms shown in bold italics.
- Information on non-GAAP financial measures is included on pages 34 - 35.
- Some amounts within this report are rounded to the millions or billions and may not add. In addition, the sum of the components reported across periods may not equal the total amount reported year-to-date due to rounding.

2025 COMPARED WITH 2024

CONSOLIDATED SALES AND REVENUES



The chart above graphically illustrates reasons for the change in consolidated sales and revenues between 2024 (at left) and 2025 (at right). Caterpillar management utilizes these charts internally to visually communicate with the company's board of directors and employees.

Total sales and revenues for 2025 were $67.589 billion, an increase of $2.780 billion, or 4 percent, compared with $64.809 billion in 2024. The increase was primarily driven by higher sales volume of $3.389 billion, partially offset by unfavorable price realization of $817 million. The increase in sales volume was mainly driven by higher sales of equipment to end users.

Sales were higher in Power & Energy, about flat in Resource Industries and slightly lower in Construction Industries.

North America sales increased 6 percent due to higher sales volume, partially offset by unfavorable price realization. The increase in sales volume was mainly driven by higher sales of equipment to end users.

Sales increased 4 percent in Latin America primarily due to higher sales volume, partially offset by unfavorable currency impacts related to the Brazilian real. The increase in sales volume was mainly driven by higher sales of equipment to end users.

EAME sales increased 4 percent mainly due to higher sales volume and favorable currency impacts related to the euro, partially offset by unfavorable price realization. The increase in sales volume was primarily driven by the impact from changes in dealer inventories. Dealer inventory increased in 2025, compared to a decrease in 2024.

Asia/Pacific sales decreased 2 percent primarily due to unfavorable currency impacts related to the Australian dollar, and lower sales volume. The decrease in sales volume was mainly driven by lower sales of equipment to end users.

Total dealer inventory increased about $900 million during 2025, compared to an increase of about $400 million during 2024. Machine dealer inventory decreased about $500 million during 2025, compared to a decrease of about $700 million during 2024. Dealers are independent, and the reasons for changes in their inventory levels vary, including their expectations of future demand and product delivery times. Dealers' demand expectations take into account seasonal changes, macroeconomic conditions, machine rental rates and other factors. Delivery times can vary based on availability of product from Caterpillar factories and product distribution centers. We expect machine dealer inventory to increase in 2026 and offset the $500 million decrease in 2025.

Sales and Revenues by Segment

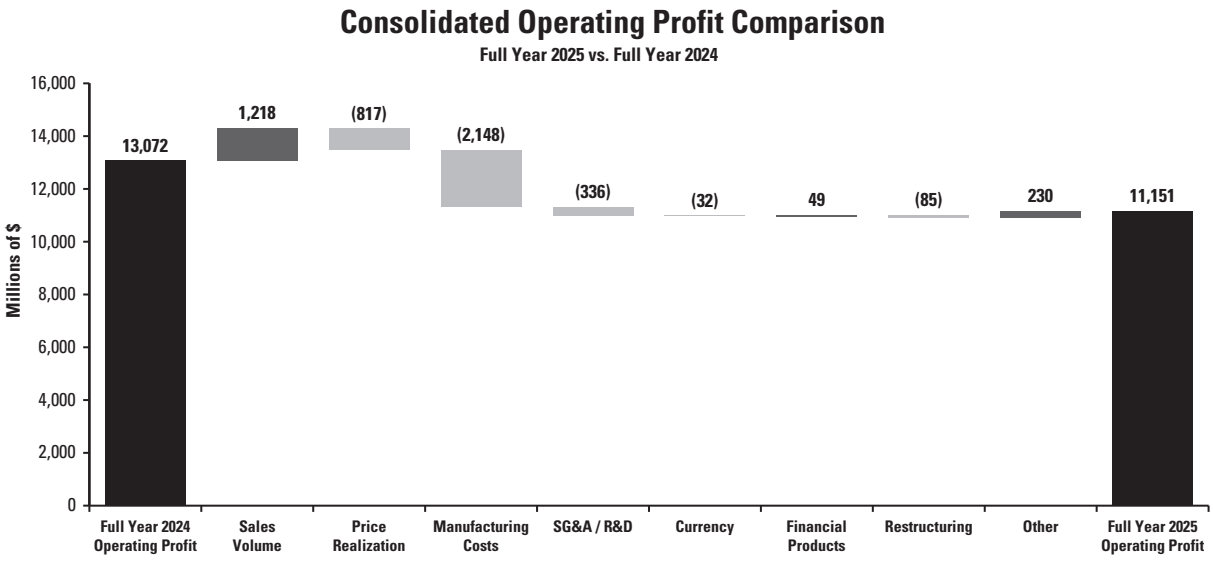
(Millions of dollars)	2024	Sales Volume	Price Realization	Currency	Inter-Segment/ Other	2025	$ Change	% Change
Construction Industries	$ 25,455	$ 568	$ (1,136)	$ 24	$ 149	$ 25,060	$ (395)	(2%)
Resource Industries	12,471	403	(272)	(46)	(82)	12,474	3	—%
Power & Energy	28,854	2,401	592	62	292	32,201	3,347	12%
All Other Segment	344	11	—	(1)	(27)	327	(17)	(5%)
Corporate Items and Eliminations	(5,761)	6	(1)	6	(332)	(6,082)	(321)	
Machinery, Power & Energy	61,363	3,389	(817)	45	—	63,980	2,617	4%
Financial Products Segment	4,053	—	—	—	167	4,220	167	4%
Corporate Items and Eliminations	(607)	—	—	—	(4)	(611)	(4)	
Financial Products **Revenues**	3,446	—	—	—	163	3,609	163	5%
Consolidated Sales and Revenues	$ 64,809	$ 3,389	$ (817)	$ 45	$ 163	$ 67,589	$ 2,780	4%

Sales and Revenues by Geographic Region

(Millions of dollars)	North America $	North America % Chg	Latin America $	Latin America % Chg	EAME $	EAME % Chg	Asia/Pacific $	Asia/Pacific % Chg	External Sales and Revenues $	External Sales and Revenues % Chg	Inter-Segment $	Inter-Segment % Chg	Total Sales and Revenues $	Total Sales and Revenues % Chg
2025														
Construction Industries	$ 14,064	(4%)	$2,358	(8%)	$ 4,595	6%	$ 3,783	(3%)	$ 24,800	(2%)	$ 260	134%	$25,060	(2%)
Resource Industries	4,643	1%	2,292	10%	2,061	14%	3,189	(12%)	12,185	1%	289	(22%)	12,474	—%
Power & Energy	15,558	20%	1,985	13%	5,717	(1%)	3,883	10%	27,143	13%	5,058	6%	32,201	12%
All Other Segment	26	30%	—	100%	6	(14%)	14	27%	46	28%	281	(9%)	327	(5%)
Corporate Items and Eliminations	(164)		1		(11)		(20)		(194)		(5,888)		(6,082)	
Machinery, Power & Energy	34,127	6%	6,636	4%	12,368	4%	10,849	(2%)	63,980	4%	—	—%	63,980	4%
Financial Products Segment	2,841	5%	442	10%	511	1%	426	(4%)	4,220 [1]	4%	—	—%	4,220	4%
Corporate Items and Eliminations	(359)		(90)		(86)		(76)		(611)		—		(611)	
Financial Products Revenues	2,482	6%	352	10%	425	—%	350	(1%)	3,609	5%	—	—%	3,609	5%
Consolidated Sales and Revenues	$ 36,609	6%	$6,988	4%	$12,793	4%	$ 11,199	(2%)	$ 67,589	4%	$ —	—%	$67,589	4%
2024														
Construction Industries	$ 14,576		$2,553		$ 4,315		$ 3,900		$ 25,344		$ 111		$25,455	
Resource Industries	4,597		2,079		1,809		3,615		12,100		371		12,471	
Power & Energy	13,005		1,763		5,787		3,533		24,088		4,766		28,854	
All Other Segment	20		(2)		7		11		36		308		344	
Corporate Items and Eliminations	(150)		(6)		(25)		(24)		(205)		(5,556)		(5,761)	
Machinery, Power & Energy	32,048		6,387		11,893		11,035		61,363		—		61,363	
Financial Products Segment	2,702		402		505		444		4,053 [1]		—		4,053	
Corporate Items and Eliminations	(353)		(81)		(82)		(91)		(607)		—		(607)	
Financial Products Revenues	2,349		321		423		353		3,446		—		3,446	
Consolidated Sales and Revenues	$ 34,397		$6,708		$12,316		$ 11,388		$ 64,809		$ —		$64,809	

[1] Includes revenues from Machinery, Power & Energy of $712 million and $711 million in 2025 and 2024, respectively.

CONSOLIDATED OPERATING PROFIT



The chart above graphically illustrates reasons for the change in consolidated operating profit between 2024 (at left) and 2025 (at right). Caterpillar management utilizes these charts internally to visually communicate with the company's board of directors and employees. The bar entitled Other includes ***consolidating adjustments*** and ***Machinery, Power & Energy other operating (income) expenses.***

Operating profit was $11.151 billion in 2025, a decrease of $1.921 billion, or 15 percent, compared with $13.072 billion in 2024. The decrease was primarily due to unfavorable manufacturing costs of $2.148 billion and unfavorable price realization of $817 million, partially offset by the profit impact of higher sales volume of $1.218 billion. Unfavorable manufacturing costs largely reflected the impact of higher tariffs.

Operating profit margin was 16.5 percent in 2025, compared with 20.2 percent in 2024.

Profit (Loss) by Segment

(Millions of dollars)	2025	2024	$ Change	% Change
Construction Industries	$ 4,675	$ 6,165	$ (1,490)	(24%)
Resource Industries	1,988	2,538	(550)	(22%)
Power & Energy	6,418	5,736	682	12%
All Other Segment	(8)	43	(51)	(119%)
Corporate Items and Eliminations	(2,189)	(1,384)	(805)	
Machinery, Power & Energy	10,884	13,098	(2,214)	(17%)
Financial Products Segment	966	932	34	4%
Corporate Items and Eliminations	(102)	(327)	225	
Financial Products	864	605	259	43%
Consolidating Adjustments	(597)	(631)	34	
Consolidated Operating Profit	$ 11,151	$ 13,072	$ (1,921)	(15%)

Other Profit/Loss and Tax Items

- Interest expense excluding Financial Products in 2025 was $502 million, compared with $512 million in 2024.
- Other income (expense) in 2025 was income of $892 million, compared with income of $813 million in 2024.
- The effective tax rate for 2025 was 24.0 percent compared to 19.7 percent for 2024. Excluding the discrete items discussed below, the annual effective tax rate was 24.1 percent for 2025 compared to 22.2 percent for 2024. The increase from 2024 was primarily due to changes in U.S. tax incentives.

  The company recorded a discrete tax charge of $41 million in 2025, compared to discrete tax benefits of $47 million in 2024, to reflect changes in estimates related to prior years. The company also recorded a tax charge of $68 million related to $294 million of mark-to-market gains for remeasurement of ***pension and other postretirement benefit (OPEB)*** plans in 2025, compared to a tax charge of $43 million related to $154 million of mark-to-market gains in 2024. In addition, a discrete tax benefit of $50 million was recorded in 2025, compared with a $57 million benefit in 2024, for the settlement of stock-based compensation awards with associated tax deductions in excess of cumulative U.S. GAAP compensation expense. In 2024, the company recorded a discrete tax benefit of $224 million for a tax law change related to currency translation. The 2024 annual effective tax rate excluded the impact of losses of $164 million for the divestitures of certain non-U.S. entities with related tax benefits of $54 million.

  Please see a reconciliation of GAAP to non-GAAP financial measures on pages 34 - 35.

Construction Industries

Construction Industries' total sales were $25.060 billion in 2025, a decrease of $395 million, or 2 percent, compared with $25.455 billion in 2024. The decrease was primarily due to unfavorable price realization of $1.136 billion, partially offset by higher sales volume of $568 million. The increase in sales volume was mainly driven by higher sales of equipment to end users, partially offset by the impact from changes in dealer inventories. Dealer inventory decreased during 2025, compared with an increase in 2024.

- In North America, sales decreased due to unfavorable price realization, partially offset by higher sales volume. Higher sales volume was primarily driven by higher sales of equipment to end users, partially offset by the impact from changes in dealer inventories. Dealer inventory decreased during 2025, compared with an increase in 2024.
- Sales decreased in Latin America due to lower sales volume, unfavorable price realization and unfavorable currency impacts primarily related to the Brazilian real. Lower sales volume was mainly driven by the impact from changes in dealer inventories. Dealer inventory increased less during 2025 than during 2024.
- In EAME, sales increased due to higher sales volume and favorable currency impacts primarily related to the euro, partially offset by unfavorable price realization. Higher sales volume was mainly driven by the impact from changes in dealer inventories. Dealer inventory increased during 2025, compared with a decrease in 2024.
- Sales decreased in Asia/Pacific due to unfavorable price realization, lower sales volume and unfavorable currency impacts primarily related to the Australian dollar. Lower sales volume was mainly driven by lower sales of equipment to end users.

Construction Industries' profit was $4.675 billion in 2025, a decrease of $1.490 billion, or 24 percent, compared with $6.165 billion in 2024. The decrease was mainly due to unfavorable price realization of $1.136 billion and unfavorable manufacturing costs of $671 million, partially offset by the profit impact of higher sales volume of $315 million. Unfavorable manufacturing costs largely reflected the impact of higher tariffs.

Construction Industries' profit as a percent of total sales was 18.7 percent in 2025, compared with 24.2 percent in 2024.

Resource Industries

Resource Industries' total sales were $12.474 billion in 2025, an increase of $3 million, or about flat, compared with $12.471 billion in 2024. Higher sales volume of $403 million was mostly offset by unfavorable price realization of $272 million and unfavorable currency impacts of $46 million, primarily related to the Australian dollar. Higher sales volume was mainly driven by the impact from changes in dealer inventories. Dealer inventory decreased less during 2025 than during 2024.

Resource Industries' profit was $1.988 billion in 2025, a decrease of $550 million, or 22 percent, compared with $2.538 billion in 2024. The decrease was mainly due to unfavorable manufacturing costs of $302 million and unfavorable price realization of $272 million. Unfavorable manufacturing costs largely reflected the impact of higher tariffs.

Resource Industries' profit as a percent of total sales was 15.9 percent for 2025, compared with 20.4 percent for 2024.

Power & Energy

Sales by Application

(Millions of dollars)	2025	2024	$ Change	% Change
Oil and Gas	$ 7,502	$ 6,980	$ 522	7%
Power Generation	10,275	7,756	2,519	32%
Industrial	4,071	3,990	81	2%
Transportation	5,295	5,362	(67)	(1%)
External Sales	27,143	24,088	3,055	13%
Inter-Segment	5,058	4,766	292	6%
Total Sales	$ 32,201	$ 28,854	$ 3,347	12%

Power & Energy's total sales were $32.201 billion in 2025, an increase of $3.347 billion, or 12 percent, compared with $28.854 billion in 2024. The increase was primarily due to higher sales volume of $2.401 billion and favorable price realization of $592 million.

- Oil and Gas – Sales increased in turbines and turbine-related services. The increase was partially offset by lower sales of reciprocating engines, primarily engines used in gas compression applications.
- Power Generation – Sales increased in large reciprocating engines, primarily data center applications. Turbines and turbine-related services increased as well.
- Industrial – Sales increased in EAME, partially offset by decreased sales in North America, Latin America and Asia/Pacific.
- Transportation – Sales decreased in marine, partially offset by increased sales in rail services.

Power & Energy's profit was $6.418 billion in 2025, an increase of $682 million, or 12 percent, compared with $5.736 billion in 2024. The increase was mainly due to the profit impact of higher sales volume of $972 million and favorable price realization of $592 million, partially offset by unfavorable manufacturing costs of $919 million. Unfavorable manufacturing costs primarily reflected the impact of higher tariffs.

Power & Energy's profit as a percent of total sales was 19.9 percent in 2025 and 2024.

Financial Products Segment

Financial Products' segment revenues were $4.220 billion in 2025, an increase of $167 million, or 4 percent, compared with $4.053 billion in 2024. The increase was primarily due to a favorable impact from higher average ***earning assets*** of $222 million driven by North America, partially offset by an unfavorable impact from lower average financing rates of $68 million across all regions except Latin America.

Financial Products' segment profit was $966 million in 2025, an increase of $34 million, or 4 percent, compared with $932 million in 2024. The increase was mainly due to a favorable impact from higher average earning assets of $90 million, partially offset by the absence of an insurance settlement of $33 million in 2024, and an unfavorable impact from higher provision for credit losses at Cat Financial of $31 million.

Corporate Items and Eliminations

Expense for corporate items and eliminations was $2.291 billion in 2025, an increase of $580 million from 2024, primarily driven by increased expenses due to timing differences, higher corporate costs and unfavorable restructuring income/costs.

2024 COMPARED WITH 2023

For discussions related to the consolidated sales and revenue and consolidated operating profit between 2024 and 2023, refer to Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, which was filed with the United States Securities and Exchange Commission on February 14, 2025 and hereby incorporated by reference.

RESTRUCTURING COSTS

In 2026, we expect to incur about $300 million to $350 million of restructuring costs. We expect that prior restructuring actions will result in an incremental benefit to operating costs, primarily Costs of goods sold and SG&A expenses, of about $40 million in 2026 compared with 2025.

Additional information related to restructuring costs is included in Note 24 — "Restructuring income/costs" of Part II, Item 8 "Financial Statements and Supplemental Data."

GLOSSARY OF TERMS

1. **Adjusted Operating Profit Margin** – Operating profit excluding restructuring income/costs as a percent of sales and revenues.
2. **Adjusted Profit Per Share** – Profit per share excluding restructuring income/costs, pension and OPEB mark-to-market gains/losses, and a discrete tax benefit for a tax law change related to currency translation in 2024.
3. **All Other Segment** – Primarily includes activities such as: business strategy; product management and development; parts distribution; integrated logistics solutions; electronics and control systems; distribution services responsible for dealer development and administration, including a wholly owned dealer in Japan; dealer portfolio management and ensuring the most efficient and effective distribution of machines, engines and parts; brand management and marketing strategy; research and development for automation, electronics and software for machines and engines and digital investments for new customer and dealer solutions that integrate data analytics with state-of-the-art digital technologies while transforming the buying experience.
4. **Consolidating Adjustments** – Elimination of transactions between Machinery, Power & Energy and Financial Products.
5. **Construction Industries** – A segment primarily responsible for supporting customers using machinery in infrastructure and building construction applications. Responsibilities include business strategy, product design, product management and development, manufacturing, marketing and sales and product support. The product portfolio includes asphalt pavers; backhoe loaders; cold planers; compactors; compact track loaders; forestry machines; material handlers; motor graders; pipelayers; road reclaimers; skid steer loaders; telehandlers; track-type loaders; track-type tractors (small, medium); track excavators (mini, small, medium, large); wheel excavators; wheel loaders (compact, small, medium); and related parts and work tools.
6. **Corporate Items and Eliminations** – Includes corporate-level expenses, timing differences (as some expenses are reported in segment profit on a cash basis), methodology differences between segment and consolidated external reporting, certain restructuring costs and inter-segment eliminations.
7. **Currency** – With respect to sales and revenues, currency represents the translation impact on sales resulting from changes in foreign currency exchange rates versus the U.S. dollar. With respect to operating profit, currency represents the net translation impact on sales and operating costs resulting from changes in foreign currency exchange rates versus the U.S. dollar. Currency only includes the impact on sales and operating profit for the Machinery, Power & Energy line of business; currency impacts on Financial Products revenues and operating profit are included in the Financial Products portions of the respective analyses. With respect to other income/expense, currency represents the effects of forward and option contracts entered into by the company to reduce the risk of fluctuations in exchange rates (hedging) and the net effect of changes in foreign currency exchange rates on our foreign currency assets and liabilities for consolidated results (translation).
8. **Dealer Inventories** – Represents dealer machine and engine inventories, excluding aftermarket parts.
9. **EAME** – A geographic region including Europe, Africa, the Middle East and Eurasia.
10. **Earning Assets** – Assets consisting primarily of total finance receivables net of unearned income, plus equipment on operating leases net of accumulated depreciation at Cat Financial.

11. **Financial Products** – The company defines Financial Products as our finance and insurance subsidiaries, primarily Caterpillar Financial Services Corporation (Cat Financial) and Caterpillar Insurance Holdings Inc. (Insurance Services). Financial Products' information relates to the financing to customers and dealers for the purchase and lease of Caterpillar and other equipment.
12. **Financial Products Segment** – Provides financing alternatives to customers and dealers around the world for Caterpillar products and services, as well as financing for power generation facilities that incorporate Caterpillar products. Financing plans include operating and finance leases, revolving charge accounts, installment sale contracts, repair/rebuild financing, working capital loans and wholesale financing plans. The segment also provides insurance and risk management products and services that help customers and dealers manage their business risk. Insurance and risk management products offered include physical damage insurance, inventory protection plans, extended service coverage and maintenance plans for machines and engines, and dealer property and casualty insurance. The various forms of financing, insurance and risk management products offered to customers and dealers help support the purchase and lease of Caterpillar equipment. The segment also earns revenues from Machinery, Power & Energy, but the related costs are not allocated to operating segments. Financial Products' segment profit is determined on a pretax basis and includes other income/expense items.
13. **Latin America** – A geographic region including Central and South American countries and Mexico.
14. **Machinery, Power & Energy (MP&E)** – The company defines MP&E as Caterpillar Inc. and its subsidiaries, excluding Financial Products. MP&E's information relates to the design, manufacturing and marketing of its products.
15. **Machinery, Power & Energy Other Operating (Income) Expenses** – Comprised primarily of gains/losses on disposal of long-lived assets, gains/losses on divestitures and legal settlements and accruals.
16. **Manufacturing Costs** – Manufacturing costs exclude the impacts of currency and represent the volume-adjusted change for variable costs and the absolute dollar change for period manufacturing costs. Variable manufacturing costs are defined as having a direct relationship with the volume of production. This includes material costs, direct labor and other costs that vary directly with production volume, such as freight, power to operate machines and supplies that are consumed in the manufacturing process. Period manufacturing costs support production but are defined as generally not having a direct relationship to short-term changes in volume. Examples include machinery and equipment repair, depreciation on manufacturing assets, facility support, procurement, factory scheduling, manufacturing planning and operations management.
17. **Mark-to-market gains/losses** – Represents the net gain or loss of actual results differing from the company's assumptions and the effects of changing assumptions for our defined benefit pension and OPEB plans. These gains and losses are immediately recognized through earnings upon the annual remeasurement in the fourth quarter, or on an interim basis as triggering events warrant remeasurement.
18. **Pension and Other Postemployment Benefits (OPEB)** – The company's defined-benefit pension and postretirement benefit plans.
19. **Power & Energy** – A segment primarily responsible for supporting customers using reciprocating engines, turbines, diesel-electric locomotives and related services across industries serving Oil and Gas, Power Generation, Industrial and Transportation applications, including marine- and rail-related businesses as well as product support of on-highway engines. Responsibilities include business strategy, product design, product management, development and testing, manufacturing, marketing and sales and product support. The product and services portfolio includes turbines, centrifugal gas compressors, and turbine-related services; reciprocating engine-powered generator sets; integrated systems and solutions used in the electric power generation industry; reciprocating engines, drivetrain and integrated systems and solutions for the marine and oil and gas industries; reciprocating engines, drivetrain and integrated systems and solutions supplied to the industrial industry as well as Caterpillar machines; electrified powertrain and zero-emission power sources and service solutions development; and diesel-electric and hybrid locomotives and components and other rail-related products and services, including remanufacturing and leasing. Responsibilities also include the remanufacturing of Caterpillar reciprocating engines and components and remanufacturing services for other companies.
20. **Price Realization** – The impact of net price changes excluding currency and new product introductions. Price realization includes geographic mix of sales, which is the impact of changes in the relative weighting of sales prices between geographic regions.
21. **Resource Industries** – A segment primarily responsible for supporting customers using machinery in mining, heavy construction and quarry and aggregates. Responsibilities include business strategy, product design, product management and development, manufacturing, marketing and sales and product support. The product portfolio includes large track-type tractors; large mining trucks; hard rock vehicles; electric rope shovels; draglines; hydraulic shovels; rotary drills; large wheel loaders; off-highway trucks; articulated trucks; wheel tractor scrapers; wheel dozers; landfill compactors; soil compactors; wide-body trucks; select work tools; machinery components; wear and maintenance components and related parts. In addition to equipment, Resource Industries also sells technology products and services to provide customers fleet management, equipment management analytics, autonomous machine capabilities, safety services and mining performance solutions. Resource Industries also manages areas that provide services to other parts of the company, including strategic procurement, lean center of excellence, integrated component design and manufacturing and research and development for hydraulic systems and cabs.
22. **Restructuring income/costs** – May include costs for employee separation, long-lived asset impairments, contract terminations and (gains)/losses on divestitures. These costs are included in Other operating (income) expenses except for defined-benefit plan curtailment losses and special termination benefits, which are included in Other income (expense). Restructuring costs also include other exit-related costs, which may consist of accelerated depreciation, inventory write-downs, building demolition, equipment relocation and project management costs and LIFO inventory decrement benefits from inventory liquidations at closed facilities, all of which are primarily included in Cost of goods sold.
23. **Sales Volume** – With respect to sales and revenues, sales volume represents the impact of changes in the quantities sold for Machinery, Power & Energy as well as the incremental sales impact of new product introductions, including emissions-related product updates. With respect to operating profit, sales volume represents the impact of changes in the quantities sold for Machinery, Power & Energy combined with product mix as well as the net operating profit impact of new product introductions, including emissions-related product updates. Product mix represents the net operating profit impact of changes in the relative weighting of Machinery, Power & Energy sales with respect to total sales. The impact of sales volume on segment profit includes inter-segment sales.
24. **Services** – Machinery, Power & Energy services revenues include, but are not limited to, aftermarket parts and other service-related revenues and exclude most Financial Products revenues, discontinued products and captive dealer services.

LIQUIDITY AND CAPITAL RESOURCES

Sources of funds

We generate significant capital resources from operating activities, which are the primary source of funding for our MP&E operations. Funding for these businesses is also available from commercial paper and long-term debt issuances. Financial Products' operations are funded primarily from commercial paper, term debt issuances and collections from its existing portfolio. During 2025, we had positive operating cash flow within both our MP&E and Financial Products' operations. On a consolidated basis, we ended 2025 with $9.980 billion of cash, an increase of $3.091 billion from year-end 2024. In addition, MP&E invests in available-for-sale debt securities and bank time deposits that are considered highly liquid and are available for current operations. These MP&E securities were $1.230 billion as of December 31, 2025 and are included in Prepaid expenses and other current assets and Other assets in the Consolidated Statement of Financial Position. We intend to maintain a strong cash and liquidity position.

Consolidated operating cash flow for 2025 was $11.739 billion, down $296 million compared to 2024. The decrease was primarily due to lower profit before taxes, adjusted for non-cash items, partially offset by lower cash taxes paid and changes in accrued wages, salaries, and employee benefits.

Total debt as of December 31, 2025 was $43.330 billion, an increase of $4.921 billion from year-end 2024. Debt related to MP&E increased $2.213 billion in 2025 primarily due to the issuance of new debt in the second quarter of 2025. MP&E issued $1.700 billion of ten-year bonds at 5.2 percent and $300 million of thirty-year bonds at 5.5 percent. The proceeds from the offering will be used for general corporate purposes, which may include the repayment of existing indebtedness. Debt related to Financial Products increased by $3.818 billion, of which $1.000 billion is related to intercompany borrowings with MP&E.

As of December 31, 2025, we had three global credit facilities with a syndicate of banks totaling $11.500 billion (Credit Facility) available in the aggregate to both Caterpillar and Cat Financial for general liquidity purposes. Based on management's allocation decision, which can be revised from time to time, the portion of the Credit Facility available to MP&E as of December 31, 2025 was $2.875 billion. Information on our Credit Facility is as follows:

- In August 2025, we entered into a new 364-day facility. The 364-day facility of $3.500 billion (of which $875 million is available to MP&E) expires in August 2026.
- In August 2025, we amended and extended the three-year facility (as amended and restated, the "three-year facility"). The three-year facility of $3.000 billion (of which $750 million is available to MP&E) expires in August 2028.
- In August 2025, we amended and extended the five-year facility (as amended and restated, the "five-year facility"). The five-year facility of $5.000 billion (of which $1.250 billion is available to MP&E) expires in August 2030.

At December 31, 2025, Caterpillar's consolidated net worth was $21.388 billion, which was above the $9.000 billion required under the Credit Facility. The consolidated net worth is defined as the consolidated shareholders' equity including preferred stock but excluding the pension and other postretirement benefits balance within AOCI.

At December 31, 2025, Cat Financial's covenant interest coverage ratio was 1.53 to 1. This was above the 1.15 to 1 minimum ratio, calculated as (1) profit excluding income taxes, interest expense and net gain/(loss) from interest rate derivatives to (2) interest expense calculated at the end of each fiscal quarter for the prior four consecutive fiscal quarter period, required by the Credit Facility.

In addition, at December 31, 2025, Cat Financial's six-month covenant leverage ratio was 7.65 to 1 and year-end covenant leverage ratio was 8.21 to 1. This was below the maximum ratio of debt to net worth of 10 to 1, calculated (1) on a monthly basis as the average of the leverage ratios determined on the last day of each of the six preceding calendar months and (2) at each December 31, required by the Credit Facility.

In the event Caterpillar or Cat Financial does not meet one or more of their respective financial covenants under the Credit Facility in the future (and are unable to obtain a consent or waiver), the syndicate of banks may terminate the commitments allocated to the party that does not meet its covenants. Additionally, in such event, certain of Cat Financial's other lenders under other loan agreements where similar financial covenants or cross default provisions are applicable may, at their election, choose to pursue remedies under those loan agreements, including accelerating the repayment of outstanding borrowings. At December 31, 2025, there were no borrowings under the Credit Facility.

The aforementioned financial covenants are being reported as calculated under the Credit Facility and not pursuant to U.S. GAAP. Please refer to the credit agreements governing the Credit Facility filed as an exhibit to our periodic reports for further information related to the calculation thereof. For risks related to our indebtedness and compliance with these covenants, please refer to the risk factor "Restrictive covenants in our debt agreements could limit our financial and operating flexibility" set forth in Part I, Item 1A of this Form 10-K.

Our total credit commitments and available credit as of December 31, 2025 were:

	December 31, 2025		
(Millions of dollars)	Consolidated	Machinery, Power & Energy	Financial Products
Credit lines available:			
Global credit facilities	$ 11,500	$ 2,875	$ 8,625
Other external	4,337	896	3,441
Total credit lines available	15,837	3,771	12,066
Less: Commercial paper outstanding	(5,408)	—	(5,408)
Less: Utilized credit	(771)	—	(771)
Available credit	$ 9,658	$ 3,771	$ 5,887

The other consolidated credit lines with banks as of December 31, 2025 totaled $4.337 billion. These committed and uncommitted credit lines, which may be eligible for renewal at various future dates or have no specified expiration date, are used primarily by our subsidiaries for local funding requirements. Caterpillar or Cat Financial may guarantee subsidiary borrowings under these lines.

We receive debt ratings from the major credit rating agencies. Fitch maintains a "high-A" debt rating, while Moody's and S&P maintain a "mid-A" debt rating. A downgrade of our credit ratings by any of the major credit rating agencies could result in increased borrowing costs and could make access to certain credit markets more difficult. In the event economic conditions deteriorate such that access to debt markets becomes unavailable, MP&E's operations would rely on cash flow from operations, use of existing cash balances, borrowings from Cat Financial and access to our committed credit facilities. Our Financial Products' operations would rely on cash flow from its existing portfolio, existing cash balances, access to our committed credit facilities and other credit line facilities of Cat Financial, and potential borrowings from Caterpillar. In addition, we maintain a support agreement with Cat Financial, which requires Caterpillar to remain the sole owner of Cat Financial and may, under certain circumstances, require Caterpillar to make payments to Cat Financial should Cat Financial fail to maintain certain financial ratios.

We facilitate voluntary supplier finance programs (the "Programs") through participating financial institutions. We account for the payments made under the Programs, the same as our other accounts payable, as a reduction to our cash flows from operations. We do not believe that changes in the availability of the Programs will have a significant impact on our liquidity. Additional information related to the Programs is included in Note 19 — "Supplier finance programs" of Part II, Item 8 "Financial Statements and Supplementary Data".

Material cash requirements for contractual obligations

We believe our balances of cash and cash equivalents of $9.980 billion and available-for-sale debt securities of $1.230 billion as of December 31, 2025, along with cash generated by ongoing operations and continued access to debt markets, will be sufficient to satisfy our cash requirements over the next 12 months and beyond.

We have committed cash outflows related to postretirement benefit obligations, long-term debt and operating lease agreements. See Notes 12, 14 and 20, respectively, of Part II, Item 8 "Financial Statements and Supplementary Data" for additional information.

We have short-term obligations related to the purchase of goods and services made in the ordinary course of business. These consist of invoices received and recorded as liabilities as of December 31, 2025, but scheduled for payment in 2026 of $8.968 billion. In addition, we have contractual obligations for material and services on order at December 31, 2025, but not yet invoiced or delivered, of $9.633 billion.

We also have long-term contractual obligations primarily for logistics services agreements; systems support, software licenses and development contracts; information technology consulting contracts; outsourcing contracts for benefit plan administration and long-term commitments entered into with key suppliers for minimum purchase quantities. These obligations total $2.399 billion, with $695 million due in the next 12 months.

Machinery, Power & Energy

Net cash provided by operating activities was $12.278 billion in 2025, compared with $11.437 billion in 2024. The increase was primarily due to lower working capital requirements and lower cash taxes paid. These were partially offset by lower profit before taxes, adjusted for non-cash items. Within working capital, changes in customer advances, accounts payable, and accrued wages, salaries, and employee benefits favorably impacted cash flow, partially offset by changes in inventories and receivables.

Net cash used by investing activities in 2025 was $2.870 billion, compared with net cash provided of $133 million in 2024. The change was primarily due to lower proceeds from maturities and sale of securities, primarily due to time deposit maturities in 2024; increased activity related to intercompany lending with Financial Products; and an increase in capital expenditures.

Net cash used for financing activities during 2025 was $6.184 billion, compared with $11.417 billion in 2024. The change was primarily due to lower payments to repurchase common stock, higher proceeds from debt issued and lower payments on debt in 2025 compared to 2024.

While our short-term priorities for the use of cash may vary from time to time as business needs and conditions dictate, our resource allocation framework is focused on the following priorities. Our top priority is to maintain a strong financial position in support of a mid-A rating. Next, we intend to fund operational commitments and strategic growth initiatives assessed using the Operating & Execution Model. Then, we intend to return capital to shareholders through dividend growth and share repurchases. Additional information on the resource allocation framework is as follows:

Strong financial position — Our top priority is to maintain a strong financial position in support of a mid-A rating. We track a diverse group of financial metrics that focus on liquidity, leverage, cash flow and margins which align with our resource allocation framework and the various methodologies used by the major credit rating agencies.

Operating & Execution Model used to assess operational commitments and strategic growth initiatives — Capital expenditures were $2.794 billion during 2025, compared to $1.988 billion in 2024. We expect MP&E's capital expenditures in 2026 to be about $3.5 billion. We made $381 million of contributions to our pension and OPEB plans during 2025. In comparison, we made $271 million of contributions to our pension and OPEB plans in 2024. We expect to make approximately $360 million of contributions to our pension and OPEB plans in 2026.

We intend to utilize our liquidity and debt capacity to fund initiatives targeted to drive long term profitable growth focused on our three strategic growth pillars. Our strategic growth pillars are commercial excellence, advanced technology leadership and transforming how we work. These pillars work together to drive sustainable growth, innovation and operational efficiency for Caterpillar and our customers.

On February 3, 2026, the Federal Court of Australia approved Caterpillar's acquisition of RPMGlobal Holdings Limited, an Australian based software company. The transaction is expected to close in the final two weeks of February with a purchase price of approximately $790 million, excluding cash acquired. RPMGlobal is a leading provider of mining software solutions with deep domain expertise in mining technology enablement and data-driven software solutions at every stage of the mining lifecycle.

Return to shareholders — Our goal is to return substantially all MP&E free cash flow to shareholders over time in the form of dividends and share repurchases, while maintaining our mid-A rating.

MP&E free cash flow is a liquidity measure we use to determine the cash generated and available for financing activities including debt repayments, dividends and share repurchases. We define MP&E free cash flow as cash from MP&E operations less capital expenditures, excluding discretionary pension and other postretirement benefit plan contributions.

Each quarter, our Board of Directors reviews the company's dividend for the applicable quarter. The Board evaluates the financial condition of the company and considers corporate cash flow, the company's liquidity needs, the economic outlook, and the health and stability of global credit markets to determine whether to maintain or change the quarterly dividend. In December 2025, the Board of Directors approved maintaining our quarterly dividend representing $1.51 per share, and we continue to expect our strong financial position to support the dividend. Dividends paid totaled $2.749 billion in 2025.

Our share repurchase plans are subject to the company's resource allocation framework and are evaluated on an ongoing basis considering the financial condition of the company, corporate cash flow, the company's liquidity needs, the economic outlook, and the health and stability of global credit markets. The timing and amount of future repurchases may vary depending on market conditions and investing priorities. In May 2022, the Board approved a share repurchase authorization (the 2022 Authorization) of up to $15.0 billion of Caterpillar common stock effective August 1, 2022 with no expiration. In June 2024, the Board approved an additional share repurchase authorization (the 2024 Authorization) of up to $20.0 billion of Caterpillar common stock, effective June 12, 2024, with no expiration. In 2025, we repurchased $5.190 billion of Caterpillar common stock. As of December 31, 2025, the 2022 Authorization was fully utilized and $14.937 billion remained under the 2024 Authorization. Caterpillar's basic shares outstanding as of December 31, 2025 were approximately 465 million.

Financial Products

Net cash provided by operating activities was $1.074 billion in 2025, compared with $1.445 billion in 2024. Net cash used for investing activities was $3.870 billion in 2025, compared with $2.787 billion used in 2024. The change was primarily due to portfolio-related activity. Net cash provided by financing activities was $2.705 billion in 2025, compared with $1.206 billion in 2024. The change was primarily due to increased intercompany borrowings from MP&E and external borrowings.

Off-balance sheet arrangements

We are a party to certain off-balance sheet arrangements, primarily in the form of guarantees. Information related to guarantees appears in Note 21 — "Guarantees and product warranty" of Part II, Item 8 "Financial Statements and Supplementary Data."

RECENT ACCOUNTING PRONOUNCEMENTS

For a discussion of recent accounting pronouncements, see Note 1J — "New accounting guidance" of Part II, Item 8 "Financial Statements and Supplementary Data."

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts. The more significant estimates include: residual values for leased assets, fair values for goodwill impairment tests, warranty liability, reserves for product liability and insurance losses, postretirement benefits, post-sale discounts, credit losses and income taxes. We have incorporated many years of data into the determination of each of these estimates and we have not historically experienced significant adjustments. We review these assumptions at least annually with the Audit Committee of the Board of Directors. Following are the methods and assumptions used in determining our estimates and an indication of the risks inherent in each.

Residual values for leased assets – We determine the residual value of Cat Financial's leased equipment based on its estimated end-of-term market value. We estimate the residual value of leased equipment at the inception of the lease based on a number of factors, including historical wholesale market sales prices, past remarketing experience and any known significant market/product trends. We also consider the following critical factors in our residual value estimates: lease term, market size and demand, total expected hours of usage, machine configuration, application, location, model changes, quantities, third-party residual guarantees and contractual customer purchase options.

Upon termination of the lease, the equipment is either purchased by the lessee or sold to a third-party, in which case we may record a gain or a loss for the difference between the estimated residual value and the sale proceeds.

During the term of our leases, we monitor residual values. For operating leases, we record adjustments to depreciation expense reflecting changes in residual value estimates prospectively on a straight-line basis. For finance leases, we recognize residual value adjustments through a reduction of finance revenue over the remaining lease term.

We evaluate the carrying value of equipment on operating leases for potential impairment when we determine a triggering event has occurred. When a triggering event occurs, we perform a test for recoverability by comparing projected undiscounted future cash flows to the carrying value of the equipment on operating leases. If the test for recoverability identifies a possible impairment, we measure the fair value of the equipment on operating leases in accordance with the fair value measurement framework. We recognize an impairment charge for the amount by which the carrying value of the equipment on operating leases exceeds its estimated fair value.

At December 31, 2025, the aggregate residual value of equipment on operating leases was $1.57 billion. Without consideration of other factors such as third-party residual guarantees or contractual customer purchase options, a 10 percent non-temporary decrease in the market value of our equipment subject to operating leases would reduce residual value estimates and result in the recognition of approximately $65 million of additional annual depreciation expense.

Fair values for goodwill impairment tests – We test goodwill for impairment annually, at the reporting unit level, and whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell all or a portion of a reporting unit. We perform our annual goodwill impairment test as of October 1 and monitor for interim triggering events on an ongoing basis.

We review goodwill for impairment utilizing either a qualitative assessment or a quantitative goodwill impairment test. If we choose to perform a qualitative assessment and determine the fair value more likely than not exceeds the carrying value, no further evaluation is necessary. For reporting units where we perform the quantitative goodwill impairment test, we compare the fair value of each reporting unit, which we primarily determine using an income approach based on the present value of discounted cash flows, to the respective carrying value, which includes goodwill. If the fair value of the reporting unit exceeds its carrying value, we do not consider the goodwill impaired. If the carrying value is higher than the fair value, we recognize the difference as an impairment loss.

For reporting units where we perform a quantitative goodwill impairment test, the process requires valuation of the respective reporting unit, which we primarily determine using an income approach based on a discounted five year forecasted cash flow

with a year-five residual value. We compute the residual value using the constant growth method, which values the forecasted cash flows in perpetuity. The assumptions about future cash flows and growth rates are based on each reporting unit's long-term forecast and are subject to review and approval by senior management. A reporting unit's discount rate is a risk-adjusted weighted average cost of capital, which we believe approximates the rate from a market participant's perspective. The estimated fair value could be impacted by changes in market conditions, interest rates, growth rates, tax rates, costs, pricing and capital expenditures. We categorize the fair value determination as Level 3 in the fair value hierarchy due to its use of internal projections and unobservable measurement inputs.

The Company completed its annual goodwill impairment tests in the fourth quarter of 2025. Based on those tests, the fair value of each reporting unit was substantially above its respective carrying value, including goodwill, resulting in no impairment charges. Caterpillar's market capitalization has remained significantly above the net book value of the Company.

An unfavorable change in our expectations for the financial performance of our reporting units, particularly long-term growth and profitability, would reduce the fair value of our reporting units. The demand for our equipment and related parts is highly cyclical and significantly impacted by commodity prices, although the impact may vary by reporting unit. The energy and mining industries are major users of our products, including the mineral extraction, oil and natural gas industries. Decisions to purchase our products are dependent upon the performance of those industries, which in turn are dependent in part on commodity prices. Lower commodity prices or industry specific circumstances that have a negative impact to the valuation assumptions may reduce the fair value of our reporting units. Should such events occur and it becomes more likely than not that a reporting unit's fair value has fallen below its carrying value, we will perform an interim goodwill impairment test(s), in addition to the annual impairment test. Future impairment tests may result in a goodwill impairment, depending on the outcome of the quantitative impairment test. We would report a goodwill impairment as a non-cash charge to earnings.

Product warranty liability – At the time we recognize a sale, we record estimated future warranty costs. We determine the product warranty liability by applying historical claim rate experience to the current field population and dealer inventory. Generally, we base historical claim rates on actual warranty experience for each product by machine model/engine size by customer or dealer location (inside or outside North America). We develop specific rates for each product shipment month and update them monthly based on actual warranty claim experience. Warranty costs may differ from those estimated if actual claim rates are higher or lower than our historical rates.

Product liability and insurance loss reserve – We determine these reserves based upon reported claims in process of settlement and actuarial estimates for losses incurred but not reported. Loss reserves, including incurred but not reported reserves, are based on estimates, and ultimate settlements may vary significantly from such estimates due to increased claims frequency or severity over historical levels. The amount of these reserves totaled $1.6 billion and $1.5 billion at December 31, 2025 and 2024, respectively. The majority of the balance in both 2025 and 2024 consisted of unearned insurance premiums.

Postretirement benefits – We sponsor defined benefit pension plans and/or other postretirement benefit plans (retirement healthcare and life insurance) to employees in many of our locations throughout the world. There are assumptions used in the accounting for these defined benefit plans that include discount rate, expected return on plan assets, expected rate of compensation increase, the future health care cost trend rate, mortality and other economic and demographic assumptions. The actuarial assumptions we use may change or differ significantly from actual results, which may result in a material impact to our consolidated financial statements.

The effects of actual results differing from our assumptions and the effects of changing assumptions are considered actuarial gains or losses. We utilize a mark-to-market approach in recognizing actuarial gains or losses immediately through earnings upon the annual remeasurement in the fourth quarter, or on an interim basis as triggering events warrant remeasurement.

Primary actuarial assumptions were determined as follows:

- The discount rate is used to discount the future benefit obligations back to today's dollars. The U.S. discount rate is based on a benefit cash flow-matching approach and represents the rate at which our benefit obligations could effectively be settled as of our measurement date, December 31. The benefit cash flow-matching approach involves analyzing Caterpillar's projected cash flows against a high quality bond yield curve, calculated using a wide population of corporate Aa bonds available on the measurement date. We use a similar approach to determine the assumed discount rate for our most significant non-U.S. plans. In estimating the service and interest cost components of net periodic benefit cost, we utilize a full yield curve approach in determining a discount rate. This approach applies the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. Discount rates are sensitive to changes in interest rates.
- The expected rate of return on plan assets is based on our estimate of long-term returns for equities and fixed income securities weighted by the allocation of our plan assets. This rate is impacted by changes in general market conditions, but because it represents a long-term rate, it is not significantly impacted by short-term market swings. Changes in our allocation of plan assets would also impact this rate. For example, a shift to more fixed income securities would lower the rate. The expected return on plan assets is based on asset allocations as of our measurement date, December 31.
- We use the expected rate of compensation increase to develop benefit obligations using projected pay at retirement. It represents average long-term salary increases. This rate is influenced by our long-term compensation policies.
- The assumed health care cost trend rate represents the rate at which costs are assumed to increase and is based on historical and expected experience. Changes in our projections of future health care costs due to general economic conditions and those specific to health care (e.g., technology driven cost changes) will impact this trend rate.
- We use the mortality assumption to estimate the life expectancy of plan participants.

Postretirement Benefit Plan Actuarial Assumptions Sensitivity

The effects of a one percentage-point change in certain actuarial assumptions on 2025 pension and OPEB costs and obligations are as follows:

(Millions of dollars)	2025 Benefit Cost Increase (Decrease)		Year-end Benefit Obligation Increase (Decrease)	
	One percentage-point increase	One percentage-point decrease	One percentage-point increase	One percentage-point decrease
U.S. Pension Benefits: [1]				
Discount rate	$ 50	$ (62)	$ (978)	$ 1,144
Expected return on plan assets	(114)	114	—	—
Non-U.S. Pension Benefits:				
Discount rate	7	(10)	(314)	384
Expected rate of compensation increase	4	(4)	34	(29)
Expected return on plan assets	(33)	33	—	—
Other Postretirement Benefits:				
Discount rate	4	(5)	(168)	195
Expected rate of compensation increase	—	—	1	(1)
Expected return on plan assets	(1)	1	—	—

[1] Effective December 31, 2019, all U.S. pension benefits were frozen, and accordingly the expected rate of compensation increase assumption is no longer applicable.

Actuarial Assumptions

	U.S. Pension Benefits			Non-U.S. Pension Benefits			Other Postretirement Benefits		
	2025	2024	2023	**2025**	2024	2023	**2025**	2024	2023
Weighted-average assumptions used to determine benefit obligation, end of year:									
Discount rate	**5.3%**	5.6%	5.0%	**4.3%**	4.1%	3.9%	**5.3%**	5.6%	5.1%
Expected rate of compensation increase [1]	**—%**	—%	—%	**2.2%**	2.2%	2.3%	**4.0%**	4.0%	4.0%
Weighted-average assumptions used to determine net periodic benefit cost:									
Discount rate used to measure service cost [1]	**—%**	—%	—%	**3.2%**	3.6%	3.8%	**5.7%**	5.1%	5.4%
Discount rate used to measure interest cost	**5.3%**	5.0%	5.2%	**3.9%**	3.9%	4.2%	**5.3%**	5.0%	5.3%
Expected rate of return on plan assets	**6.3%**	5.7%	5.8%	**5.2%**	5.1%	5.2%	**6.1%**	7.4%	7.4%
Expected rate of compensation increase [1]	**—%**	—%	—%	**2.2%**	2.3%	2.3%	**4.0%**	4.0%	4.0%
Health care cost trend rates at year-end:									
Health care cost trend rate for next year							**6.7%**	6.0%	6.2%
Rate that the cost trend rate gradually declines to							**4.7%**	4.7%	4.7%
Year that the cost trend rate reaches ultimate rate							**2037**	2030	2030

[1] Effective December 31, 2019, all U.S. pension benefits were frozen, and accordingly this assumption is no longer applicable.

See Note 12 — "Postemployment benefit plans" of Part II, Item 8 "Financial Statement and Supplemental Data" for further information regarding the accounting for postretirement benefits.

Post-sale discount reserve – We provide discounts to dealers through merchandising programs. We have numerous programs that are designed to promote the sale of our products. The most common dealer programs provide a discount when the dealer sells a product to a targeted end user. The amount of accrued post-sale discounts was $2.5 billion and $2.2 billion at December 31, 2025 and 2024, respectively. The reserve represents discounts that we expect to pay on previously sold units and is reviewed at least quarterly. We adjust the reserve if discounts paid differ from those estimated. Historically, those adjustments have not been material.

Allowance for credit losses – The allowance for credit losses is management's estimate of expected losses over the life of our finance receivables portfolio calculated using loss forecast models that take into consideration historical credit loss experience, current economic conditions and forecasts and scenarios that capture country and industry-specific economic factors. In addition, we consider qualitative factors not able to be fully captured in our loss forecast models, including borrower-specific and company-specific factors. These qualitative factors are subjective and require a degree of management judgment.

We measure the allowance for credit losses on a collective (pool) basis when similar risk characteristics exist and on an individual basis when we determine that similar risk characteristics do not exist. We identify finance receivables for individual evaluation based on past due status and information available about the customer, such as financial statements, news reports and published credit ratings, as well as general information regarding industry trends and the economic environment in which our customers operate. The allowance for credit losses attributable to finance receivables that are individually evaluated is primarily based on the fair value of the collateral for collateral-dependent receivables. In determining collateral value, we estimate the current fair market value of the collateral less selling costs. We also consider credit enhancements such as additional collateral and contractual third-party guarantees.

While management believes it has exercised prudent judgment and applied reasonable assumptions, there can be no assurance that in the future, changes in economic conditions or other factors would not cause changes in the financial health of our customers. If the financial health of our customers deteriorates, the timing and level of payments received could be impacted and therefore, could result in a change to our estimated losses.

Income taxes – We are subject to the income tax laws of the many jurisdictions in which we operate. These tax laws are complex, and the manner in which they apply to our facts is sometimes open to interpretation. In establishing the provision for income taxes, we must make judgments about the application of these inherently complex tax laws. Our income tax positions and analysis are based on currently enacted tax law. Future changes in tax law or related interpretations could significantly impact the provision for income taxes, the amount of taxes payable, and the deferred tax asset and liability balances. Changes in tax law are reflected in the period of enactment with related interpretations considered in the period received.

Despite our belief that our tax return positions are consistent with applicable tax laws, we believe that taxing authorities could challenge certain positions. Settlement of any challenge can result in no change, a complete disallowance, or some partial adjustment reached through negotiations or litigation. We record tax benefits for uncertain tax positions based upon management's evaluation of the information available at the reporting date. To be recognized in the financial statements, a tax benefit must be at least more likely than not of being sustained based on technical merits. The benefit for positions meeting the recognition threshold is measured as the largest benefit more likely than not of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Significant judgment is required in making these determinations and adjustments to unrecognized tax benefits may be necessary to reflect actual taxes payable upon settlement. Adjustments related to positions impacting the effective tax rate affect the provision for income taxes. Adjustments related to positions impacting the timing of deductions impact deferred tax assets and liabilities.

Deferred tax assets generally represent tax benefits for tax deductions or credits available in future tax returns. Certain estimates and assumptions are required to determine whether it is more likely than not that all or some portion of the benefit of a deferred tax asset will not be realized. In making this assessment, management analyzes the trend of U.S. GAAP earnings and estimates the impact of future taxable income, reversing temporary differences and available prudent and feasible tax planning strategies. We give less weight in this analysis to mark-to-market adjustments to remeasure our pension and OPEB plans as we do not consider these adjustments indicative of ongoing earnings trends. Should a change in facts or circumstances lead to a change in judgment about the ultimate realizability of a deferred tax asset, we record or adjust the related valuation allowance in the period that the change in facts and circumstances occurs, along with a corresponding increase or decrease in the provision for income taxes.

Additional information related to income taxes is included in Note 6 — "Income taxes" of Part II, Item 8 "Financial statements and Supplementary Data."

OTHER MATTERS

Information related to legal proceedings appears in Note 22 — "Environmental and legal matters" of Part II, Item 8 "Financial Statements and Supplementary Data."

RETIREMENT BENEFITS

We recognize mark-to-market gains and losses immediately through earnings upon the remeasurement of our pension and OPEB plans. Mark-to-market gains and losses represent the effects of actual results differing from our assumptions and the effects of changing assumptions. Changes in discount rates and differences between the actual return on plan assets and the expected return on plan assets generally have the largest impact on mark-to-market gains and losses.

The table below summarizes the amounts of net periodic benefit cost recognized for 2025, 2024 and 2023, respectively, and includes expected cost for 2026.

(Millions of dollars)	2026 Expected	2025	2024	2023
U.S. Pension Benefits	**$ (160)**	**$ (108)**	$ (74)	$ (33)
Non-U.S. Pension Benefits	**(5)**	**(3)**	(4)	2
Other Postretirement Benefits	**150**	**174**	177	188
Mark-to-market loss (gain)	**—** [1]	**(294)**	(154)	(97)
Total net periodic benefit cost (benefit)	**$ (15)**	**$ (231)**	$ (55)	$ 60

[1] Expected net periodic benefit cost (benefit) does not include an estimate for mark-to-market gains or losses.

- **Expected decrease in expense in 2026 compared to 2025** – Excluding the impact of mark-to-market gains and losses, our net periodic benefit cost is expected to decrease $78 million in 2026. This expected decrease is primarily due to lower interest cost in 2026 as a result of lower discount rates at the end of 2025.
- **Decrease in expense in 2025 compared to 2024** – Primarily due to higher mark-to-market gains in 2025 compared to 2024, higher expected return on plan assets in 2025 and lower interest cost in 2025 as a result of higher discount rates at the end of 2024 creating a lower obligation base.
- **Decrease in expense in 2024 compared to 2023** – Primarily due to higher mark-to-market gains in 2024 compared to 2023, lower interest cost in 2024 as a result of lower discount rates at year-end 2023 and a higher expected return on plan assets due to a higher asset base at year-end 2023 compared to year-end 2022.

The primary factors that resulted in mark-to-market losses (gains) for 2025, 2024 and 2023 are described below. We include the net mark-to-market losses (gains) in Other income (expense) in the Results of Operations.

- **2025 net mark-to-market gain of $294 million** – Primarily due to a higher actual return on plan assets compared to the expected return on plan assets (U.S. pension plans had an actual rate of return of 10.1 percent compared to an expected rate of return of 6.3 percent) and changes to certain demographic assumptions related to our U.S. other postretirement benefit plans. This was partially offset by lower discount rates at the end of 2025 compared to the end of 2024.
- **2024 net mark-to-market gain of $154 million** – Primarily due to higher discount rates at the end of 2024 compared to the end of 2023. This was partially offset by a lower actual return on plan assets compared to the expected return on plan assets (U.S. pension plans had an actual rate of return of 0.7 percent compared to an expected rate of return of 5.7 percent).
- **2023 net mark-to-market gain of $97 million** – Primarily due to higher actual return on plan assets compared to the expected return on plan assets (U.S. pension plans had an actual rate of return of 10.4 percent compared to an expected rate of return of 5.8 percent) and favorable claims experience related to our other postretirement benefit plans. This was partially offset by lower discount rates at the end of 2023 compared to the end of 2022.

SENSITIVITY

Foreign Exchange Rate Sensitivity

MP&E operations use foreign currency forward and option contracts to manage unmatched foreign currency cash inflow and outflow. Our objective is to minimize the risk of exchange rate movements that would reduce the U.S. dollar value of our foreign currency cash flow. Our policy allows for managing anticipated foreign currency cash flow for up to approximately five years. Based on the anticipated and firmly committed cash inflow and outflow for our MP&E operations for the next 12 months and the foreign currency derivative instruments in place at year-end, a hypothetical 10 percent weakening of the U.S. dollar relative to all other currencies would adversely affect our expected 2026 cash flow for our MP&E operations by approximately $135 million. Last year, similar assumptions and calculations yielded a potential $77 million adverse impact on 2025 cash flow. We determine our net exposures by calculating the difference in cash inflow and outflow by currency and adding or subtracting outstanding foreign currency derivative instruments. We multiply these net amounts by 10 percent to determine the sensitivity.

In managing foreign currency risk for our Financial Products operations, our objective is to minimize earnings volatility resulting from conversion and the remeasurement of net foreign currency balance sheet positions and future transactions denominated in foreign currencies. Since our policy allows the use of foreign currency forward, option and cross currency contracts to offset the risk of currency mismatch between our assets and liabilities and exchange rate risk associated with future transactions denominated in foreign currencies, a 10 percent change in the value of the U.S. dollar relative to all other currencies would not have a material effect on our consolidated financial position, results of operations or cash flow. Neither our policy nor the effect of a 10 percent change in the value of the U.S. dollar has changed from that reported at the end of last year.

The effect of the hypothetical change in exchange rates ignores the effect this movement may have on other variables, including competitive risk. If it were possible to quantify this competitive impact, the results would probably be different from the sensitivity effects shown above. In addition, it is unlikely that all currencies would uniformly strengthen or weaken relative to the U.S. dollar. In reality, some currencies may weaken while others may strengthen. Our primary exposure (excluding competitive risk) is to exchange rate movements in the Australian dollar, Chinese yuan, Euro, Indian rupee and Mexican peso.

Interest Rate Sensitivity

For our MP&E operations, we have the option to use interest rate contracts to lower the cost of borrowed funds by attaching fixed-to-floating interest rate contracts to fixed-rate debt, and by entering into forward rate agreements on future debt issuances. A hypothetical 100 basis point adverse move in interest rates along the entire interest rate yield curve would have a minimal impact to the 2026 pre-tax earnings of MP&E. Last year, similar assumptions and calculations yielded a minimal impact to 2025 pre-tax earnings.

For our Financial Products operations, we use interest rate derivative instruments primarily to meet our match-funding objectives and strategies. We have a match-funding policy that addresses the interest rate risk by aligning the interest rate profile (fixed or floating rate and duration) of our debt portfolio with the interest rate profile of our finance receivable portfolio within a predetermined range on an ongoing basis. In connection with that policy, we use interest rate derivative instruments to modify the debt structure to match assets within the finance receivable portfolio. Match funding reduces the volatility of margins between interest-bearing assets and interest-bearing liabilities, regardless of which direction interest rates move.

In order to properly manage sensitivity to changes in interest rates, Financial Products measures the potential impact of different interest rate assumptions on pre-tax earnings. All on-balance sheet positions, including derivative financial instruments, are included in the analysis. The primary assumptions included in the analysis are that there are no new fixed rate assets or liabilities, the proportion of fixed rate debt to fixed rate assets remains unchanged and the level of floating rate assets and debt remain constant. An analysis of the December 31, 2025 balance sheet, using these assumptions, estimates the impact of a 100 basis point immediate and sustained adverse change in interest rates to have a minimal impact on 2026 pre-tax earnings. Last year, similar assumptions and calculations yielded a minimal impact to 2025 pre-tax earnings.

This analysis does not necessarily represent our current outlook of future market interest rate movement, nor does it consider any actions management could undertake in response to changes in interest rates. Accordingly, no assurance can be given that actual results would be consistent with the results of our estimate.

NON-GAAP FINANCIAL MEASURES

We provide the following definitions for the non-GAAP financial measures used in this report. These non-GAAP financial measures have no standardized meaning prescribed by U.S. GAAP and therefore are unlikely to be comparable to the calculation of similar measures for other companies. Management does not intend these items to be considered in isolation or as a substitute for the related GAAP measures.

We believe it is important to separately quantify the profit impact of four significant items in order for our results to be meaningful to our readers. These items consist of (i) other restructuring income/costs, (ii) pension and OPEB mark-to-market gains/losses resulting from plan remeasurements, (iii) restructuring income/costs related to the divestitures of certain non-U.S. entities in 2024 and (iv) a discrete tax benefit for a tax law change related to currency translation in 2024. We do not consider these items indicative of earnings from ongoing business activities and believe the non-GAAP measures will provide investors with useful perspective on underlying business results and trends and aids with assessing our period-over-period results.

Reconciliations of adjusted results to the most directly comparable GAAP measures are as follows:

(Dollars in millions except per share data)	Operating Profit	Operating Profit Margin	Profit Before Taxes	Provision (Benefit) for Income Taxes	Profit	Profit per Share
Twelve Months Ended December 31, 2025 – U.S. GAAP	**$ 11,151**	**16.5%**	**$ 11,541**	**$ 2,768**	**$ 8,884**	**$ 18.81**
Other restructuring (income) costs	444	0.7%	445	102	346	0.73
Pension/OPEB mark-to-market (gains) losses	—	—%	(294)	(68)	(226)	(0.48)
Twelve Months Ended December 31, 2025 – Adjusted	$ 11,595	17.2%	$ 11,692	$ 2,802	$ 9,004	$ 19.06
Twelve Months Ended December 31, 2024 – U.S. GAAP	**$ 13,072**	**20.2%**	**$ 13,373**	**$ 2,629**	**$ 10,792**	**$ 22.05**
Restructuring (income) costs - divestitures of certain non-U.S. entities	164	0.2%	164	54	110	0.22
Other restructuring (income) costs	195	0.3%	195	46	149	0.32
Pension/OPEB mark-to-market (gains) losses	—	—%	(154)	(43)	(111)	(0.23)
Tax law change related to currency translation	—	—%	—	224	(224)	(0.46)
Twelve Months Ended December 31, 2024 – Adjusted	$ 13,431	20.7%	$ 13,578	$ 2,910	$ 10,716	$ 21.90

We believe it is important to separately disclose our annual effective tax rate, excluding discrete items for our results to be meaningful to our readers. The annual effective tax rate is discussed using non-GAAP financial measures that exclude the effects of amounts associated with discrete items recorded fully in the quarter they occur. These items consist of (i) pension and OPEB mark-to-market gains/losses resulting from plan remeasurements, (ii) the impact of changes in estimates related to prior years, (iii) the settlement of stock-based compensation awards with associated tax deductions in excess of cumulative U.S. GAAP compensation expense, (iv) a discrete tax benefit for a tax law change related to currency translation in 2024 and (v) restructuring income/costs related to the divestitures of certain non-U.S. entities in 2024. We believe the non-GAAP measures will provide investors with useful perspective on underlying business results and trends and aids with assessing the company's period-over-period results.

A reconciliation of our effective tax rate to annual effective tax rate, excluding discrete items is below:

(Millions of dollars)	Profit Before Taxes	Provision (Benefit) for Income Taxes	Effective Tax Rate
Twelve Months Ended December 31, 2025 – U.S. GAAP	**$ 11,541**	**$ 2,768**	**24.0%**
Pension/OPEB mark-to-market (gains) losses	(294)	(68)	
Changes in estimates related to prior years	—	(41)	
Excess stock-based compensation	—	50	
Annual effective tax rate, excluding discrete items	$ 11,247	$ 2,709	24.1%
Other restructuring (income) costs	445	102	
Changes in estimates related to prior years	—	41	
Excess stock-based compensation	—	(50)	
Twelve Months Ended December 31, 2025 – Adjusted	$ 11,692	$ 2,802	
Twelve Months Ended December 31, 2024 – U.S. GAAP	**$ 13,373**	**$ 2,629**	**19.7%**
Restructuring (income) costs - divestitures of certain non-U.S. entities	164	54	
Pension/OPEB mark-to-market (gains) losses	(154)	(43)	
Tax law change related to currency translation	—	224	
Change in estimates related to prior years	—	47	
Excess stock-based compensation	—	57	
Annual effective tax rate, excluding discrete items	$ 13,383	$ 2,968	22.2%
Other restructuring (income) costs	195	46	
Changes in estimates related to prior years	—	(47)	
Excess stock-based compensation	—	(57)	
Twelve Months Ended December 31, 2024 – Adjusted	$ 13,578	$ 2,910	

In addition, we provide a calculation of MP&E free cash flow as we believe it is an important measure for investors to determine the cash generation available for financing activities including debt repayments, dividends and share repurchases.

Reconciliations of MP&E free cash flow to the most directly comparable GAAP measure, net cash provided by operating activities are as follows:

Millions of dollars	Twelve Months Ended December 31,	
	2025	2024
MP&E net cash provided by operating activities [1]	**$ 12,278**	$ 11,437
MP&E capital expenditures	**(2,794)**	(1,988)
MP&E free cash flow	**$ 9,484**	$ 9,449

[1] See reconciliation of MP&E net cash provided by operating activities to consolidated net cash provided by operating activities on page 38.

Supplemental Consolidating Data

We are providing supplemental consolidating data for the purpose of additional analysis. We have grouped the data as follows:

Consolidated – Caterpillar Inc. and its subsidiaries.

Machinery, Power & Energy – We define MP&E as it is presented in the supplemental data as Caterpillar Inc. and its subsidiaries, excluding Financial Products. MP&E's information relates to the design, manufacturing and marketing of our products.

Financial Products – We define Financial Products as it is presented in the supplemental data as our finance and insurance subsidiaries, primarily Caterpillar Financial Services Corporation (Cat Financial) and Caterpillar Insurance Holdings Inc. (Insurance Services). Financial Products' information relates to the financing to customers and dealers for the purchase and lease of Caterpillar and other equipment.

Consolidating Adjustments – Eliminations of transactions between MP&E and Financial Products.

The nature of the MP&E and Financial Products businesses is different, especially with regard to the financial position and cash flow items. Caterpillar management utilizes this presentation internally to highlight these differences. We believe this presentation will assist readers in understanding our business.

Pages 36 to 38 reconcile MP&E and Financial Products to Caterpillar Inc. consolidated financial information.

Supplemental Data for Results of Operations

For The Years Ended December 31,

				Supplemental consolidating data								
	Consolidated			Machinery, Power & Energy			Financial Products			Consolidating Adjustments		
(Millions of dollars)	**2025**	2024	2023	**2025**	2024	2023	**2025**	2024	2023	**2025**	2024	2023
Sales and revenues:												
Sales of Machinery, Power & Energy	**$ 63,980**	$ 61,363	$ 63,869	**$ 63,980**	$ 61,363	$ 63,869	**$ —**	$ —	$ —	**$ —**	$ —	$ —
Revenues of Financial Products	**3,609**	3,446	3,191	**—**	—	—	**4,382**	4,212	3,927	**(773)** [1]	(766) [1]	(736) [1]
Total sales and revenues	**67,589**	64,809	67,060	**63,980**	61,363	63,869	**4,382**	4,212	3,927	**(773)**	(766)	(736)
Operating costs:												
Cost of goods sold	**44,752**	40,199	42,767	**44,761**	40,206	42,776	**—**	—	—	**(9)** [2]	(7) [2]	(9) [2]
Selling, general and administrative expenses	**6,985**	6,667	6,371	**6,183**	5,881	5,696	**842**	786	704	**(40)** [2]	—	(29) [2]
Research and development expenses	**2,148**	2,107	2,108	**2,148**	2,107	2,108	**—**	—	—	**—**	—	—
Interest expense of Financial Products	**1,359**	1,286	1,030	**—**	—	—	**1,389**	1,286	1,032	**(30)** [2]	—	(2) [2]
Other operating (income) expenses	**1,194**	1,478	1,818	**4**	71	630	**1,287**	1,535	1,268	**(97)** [2]	(128) [2]	(80) [2]
Total operating costs	**56,438**	51,737	54,094	**53,096**	48,265	51,210	**3,518**	3,607	3,004	**(176)**	(135)	(120)
Operating profit	**11,151**	13,072	12,966	**10,884**	13,098	12,659	**864**	605	923	**(597)**	(631)	(616)
Interest expense excluding Financial Products	**502**	512	511	**516**	518	511	**—**	—	—	**(14)** [3]	(6) [3]	—
Other income (expense)	**892**	813	595	**685**	728	340	**113**	85	(16)	**94** [4]	—	271 [4]
Consolidated profit before taxes	**11,541**	13,373	13,050	**11,053**	13,308	12,488	**977**	690	907	**(489)**	(625)	(345)
Provision (benefit) for income taxes	**2,768**	2,629	2,781	**2,525**	2,663	2,560	**243**	(34)	221	**—**	—	—
Profit of consolidated companies	**8,773**	10,744	10,269	**8,528**	10,645	9,928	**734**	724	686	**(489)**	(625)	(345)
Equity in profit (loss) of unconsolidated affiliated companies	**109**	44	63	**109**	44	67	**—**	—	—	**—**	—	(4) [5]
Profit of consolidated and affiliated companies	**8,882**	10,788	10,332	**8,637**	10,689	9,995	**734**	724	686	**(489)**	(625)	(349)
Less: Profit (loss) attributable to noncontrolling interests	**(2)**	(4)	(3)	**(3)**	(5)	(4)	**1**	1	5	**—**	—	(4) [6]
Profit [7]	**$ 8,884**	$ 10,792	$ 10,335	**$ 8,640**	$ 10,694	$ 9,999	**$ 733**	$ 723	$ 681	**$ (489)**	$ (625)	$ (345)

1 Elimination of Financial Products' revenues earned from MP&E.

2 Elimination of net expenses recorded between MP&E and Financial Products.

3 Elimination of interest expense recorded between Financial Products and MP&E.

4 Elimination of discount recorded by MP&E on receivables sold to Financial Products and of interest earned between MP&E and Financial Products as well as dividends paid by Financial Products to MP&E.

5 Elimination of equity profit (loss) earned from Financial Products' subsidiaries partially owned by MP&E subsidiaries.

6 Elimination of noncontrolling interest profit (loss) recorded by Financial Products for subsidiaries partially owned by MP&E subsidiaries.

7 Profit attributable to common shareholders.

Supplemental Data for Financial Position

At December 31,

			Supplemental consolidating data					
	Consolidated		Machinery, Power & Energy		Financial Products		Consolidating Adjustments	
(Millions of dollars)	2025	2024	2025	2024	2025	2024	2025	2024
Assets								
Current assets:								
Cash and cash equivalents	$ 9,980	$ 6,889	$ 9,333	$ 6,165	$ 647	$ 724	$ —	$ —
Receivables - trade and other	10,920	9,282	3,883	3,463	657	688	6,380 [1,2]	5,131 [1,2]
Receivables - finance	10,649	9,565	—	—	17,325	14,957	(6,676) [2]	(5,392) [2]
Prepaid expenses and other current assets	2,801	3,119	2,448	2,872	441	401	(88) [3]	(154) [3]
Inventories	18,135	16,827	18,135	16,827	—	—	—	—
Total current assets	52,485	45,682	33,799	29,327	19,070	16,770	(384)	(415)
Property, plant and equipment - net	15,140	13,361	10,985	9,531	4,106	3,830	49 [4]	—
Long-term receivables - trade and other	2,142	1,225	1,982	500	163	86	(3) [1,2]	639 [1,2]
Long-term receivables - finance	14,272	13,242	—	—	15,538	14,048	(1,266) [2]	(806) [2]
Noncurrent deferred and refundable income taxes	2,882	3,312	3,208	3,594	133	118	(459) [5]	(400) [5]
Intangible assets	241	399	241	399	—	—	—	—
Goodwill	5,321	5,241	5,321	5,241	—	—	—	—
Other assets	6,102	5,302	4,525	4,050	2,651	2,277	(1,074) [6]	(1,025) [6]
Total assets	$ 98,585	$ 87,764	$ 60,061	$ 52,642	$ 41,661	$ 37,129	$ (3,137)	$ (2,007)
Liabilities								
Current liabilities:								
Short-term borrowings	$ 5,514	$ 4,393	$ —	$ —	$ 5,514	$ 4,393	$ —	$ —
Accounts payable	8,968	7,675	8,988	7,619	268	331	(288) [7,8]	(275) [7,8]
Accrued expenses	5,587	5,243	4,877	4,589	710	654	—	—
Accrued wages, salaries and employee benefits	2,554	2,391	2,494	2,335	60	56	—	—
Customer advances	3,314	2,322	3,311	2,305	3	3	—	14 [8]
Dividends payable	703	674	703	674	—	—	—	—
Other current liabilities	2,798	2,909	2,259	2,388	645	696	(106) [5,9]	(175) [5,9]
Long-term debt due within one year	7,120	6,665	35	46	7,085	6,619	—	—
Total current liabilities	36,558	32,272	22,667	19,956	14,285	12,752	(394)	(436)
Long-term debt due after one year	30,696	27,351	10,955	8,731	21,018	18,787	(1,277) [10]	(167) [10]
Liability for postemployment benefits	3,838	3,757	3,837	3,757	1	—	—	—
Other liabilities	6,175	4,890	5,162	3,977	1,516	1,344	(503) [5]	(431) [5]
Total liabilities	77,267	68,270	42,621	36,421	36,820	32,883	(2,174)	(1,034)
Commitments and contingencies								
Shareholders' equity								
Common stock	7,181	6,941	7,181	6,941	905	905	(905) [11]	(905) [11]
Treasury stock	(49,539)	(44,331)	(49,539)	(44,331)	—	—	—	—
Profit employed in the business	65,448	59,352	60,639	54,787	4,799	4,555	10 [11]	10 [11]
Accumulated other comprehensive income (loss)	(1,772)	(2,471)	(843)	(1,182)	(929)	(1,289)	—	—
Noncontrolling interests	—	3	2	6	66	75	(68) [11]	(78) [11]
Total shareholders' equity	21,318	19,494	17,440	16,221	4,841	4,246	(963)	(973)
Total liabilities and shareholders' equity	$ 98,585	$ 87,764	$ 60,061	$ 52,642	$ 41,661	$ 37,129	$ (3,137)	$ (2,007)

1 Elimination of receivables between MP&E and Financial Products.

2 Reclassification of MP&E's trade receivables purchased by Financial Products and Financial Products' wholesale inventory receivables.

3 Elimination of MP&E's insurance premiums that are prepaid to Financial Products.

4 Reclassification of Financial Products' other assets to property, plant and equipment.

5 Reclassification reflecting required netting of deferred tax assets/liabilities by taxing jurisdiction.

6 Elimination of other intercompany assets and liabilities between MP&E and Financial Products.

7 Elimination of payables between MP&E and Financial Products.

8 Reclassification of Financial Products' payables to customer advances.

9 Elimination of prepaid insurance in Financial Products' other liabilities.

10 Elimination of debt between MP&E and Financial Products.

11 Eliminations associated with MP&E's investments in Financial Products' subsidiaries.

Supplemental Data for Cash Flow

For the Years Ended December 31,

	Consolidated		Supplemental consolidating data					
			Machinery, Power & Energy		Financial Products		Consolidating Adjustments	
(Millions of dollars)	2025	2024	2025	2024	2025	2024	2025	2024
Cash flow from operating activities:								
Profit of consolidated and affiliated companies	**$ 8,882**	$ 10,788	**$ 8,637**	$ 10,689	**$ 734**	$ 724	**$ (489)** [1,5]	$ (625) [1,5]
Adjustments to reconcile profit to net cash provided by operating activities:								
Depreciation and amortization	**2,262**	2,153	**1,497**	1,368	**765**	785	**—**	—
Actuarial (gain) loss on pension and postretirement benefits	**(294)**	(154)	**(294)**	(154)	**—**	—	**—**	—
Provision (benefit) for deferred income taxes	**465**	(621)	**395**	(327)	**70**	(294)	**—**	—
(Gain) loss on divestiture	**30**	164	**30**	(46)	**—**	210	**—**	—
Other	**742**	564	**658**	355	**(513)**	(388)	**597** [2]	597 [2]
Changes in assets and liabilities, net of acquisitions and divestitures:								
Receivables - trade and other	**(2,138)**	(160)	**(503)**	413	**63**	207	**(1,698)** [2,3]	(780) [2,3]
Inventories	**(1,477)**	(414)	**(1,473)**	(400)	**—**	—	**(4)** [2]	(14) [2]
Accounts payable	**1,179**	(282)	**1,217**	(200)	**(11)**	(41)	**(27)** [2]	(41) [2]
Accrued expenses	**438**	191	**486**	78	**(48)**	113	**—**	—
Accrued wages, salaries and employee benefits	**187**	(363)	**185**	(358)	**2**	(5)	**—**	—
Customer advances	**1,933**	370	**1,933**	369	**—**	1	**—**	—
Other assets—net	**(176)**	(97)	**(48)**	(188)	**(28)**	48	**(100)** [2]	43 [2]
Other liabilities—net	**(294)**	(104)	**(442)**	(162)	**40**	85	**108** [2]	(27) [2]
Net cash provided by (used for) operating activities	**11,739**	12,035	**12,278**	11,437	**1,074**	1,445	**(1,613)**	(847)
Cash flow from investing activities:								
Capital expenditures—excluding equipment leased to others	**(2,821)**	(1,988)	**(2,758)**	(1,952)	**(94)**	(41)	**31** [2]	5 [2]
Expenditures for equipment leased to others	**(1,465)**	(1,227)	**(36)**	(36)	**(1,438)**	(1,211)	**9** [2]	20 [2]
Proceeds from disposals of leased assets and property, plant and equipment	**708**	722	**79**	35	**665**	698	**(36)** [2]	(11) [2]
Additions to finance receivables	**(15,329)**	(15,409)	**—**	—	**(18,058)**	(16,845)	**2,729** [3]	1,436 [3]
Collections of finance receivables	**13,515**	13,608	**—**	—	**15,664**	14,707	**(2,149)** [3]	(1,099) [3]
Net intercompany purchased receivables	**—**	—	**—**	—	**(529)**	129	**529** [3]	(129) [3]
Proceeds from sale of finance receivables	**71**	83	**—**	—	**71**	83	**—**	—
Additions to intercompany receivables (original maturities greater than three months)	**—**	—	**(1,000)**	—	**—**	—	**1,000** [4]	—
Collections of intercompany receivables (original maturities greater than three months)	**—**	—	**—**	—	**80**	—	**(80)** [4]	—
Net intercompany borrowings	**—**	—	**—**	—	**—**	21	**—**	(21) [4]
Investments and acquisitions (net of cash acquired)	**(47)**	(34)	**(47)**	(34)	**—**	—	**—**	—
Proceeds from sale of businesses and investments (net of cash sold)	**22**	(61)	**22**	92	**—**	(153)	**—**	—
Proceeds from maturities and sale of securities	**2,494**	3,155	**1,541**	2,795	**953**	360	**—**	—
Investments in securities	**(1,930)**	(1,495)	**(797)**	(909)	**(1,133)**	(586)	**—**	—
Other—net	**75**	193	**126**	142	**(51)**	51	**—**	—
Net cash provided by (used for) investing activities	**(4,707)**	(2,453)	**(2,870)**	133	**(3,870)**	(2,787)	**2,033**	201
Cash flow from financing activities:								
Dividends paid	**(2,749)**	(2,646)	**(2,749)**	(2,646)	**(500)**	(625)	**500** [5]	625 [5]
Common stock issued, and other stock compensation transactions, net	**(16)**	20	**(16)**	20	**—**	—	**—**	—
Payments to purchase common stock	**(5,190)**	(7,697)	**(5,190)**	(7,697)	**—**	—	**—**	—
Excise tax paid on purchases of common stock	**(73)**	(40)	**(73)**	(40)	**—**	—	**—**	—
Proceeds from intercompany borrowings (original maturities greater than three months)	**—**	—	**—**	—	**1,000**	—	**(1,000)** [4]	—
Payments on intercompany borrowings (original maturities greater than three months)	**—**	—	**(80)**	—	**—**	—	**80** [4]	—
Net intercompany borrowings	**—**	—	**—**	(21)	**—**	—	**—**	21 [4]
Proceeds from debt issued (original maturities greater than three months)	**11,105**	10,283	**1,976**	—	**9,129**	10,283	**—**	—
Payments on debt (original maturities greater than three months)	**(8,081)**	(9,316)	**(51)**	(1,032)	**(8,030)**	(8,284)	**—**	—
Short-term borrowings - net (original maturities three months or less)	**1,106**	(168)	**—**	—	**1,106**	(168)	**—**	—
Other—net	**(1)**	(1)	**(1)**	(1)	**—**	—	**—**	—
Net cash provided by (used for) financing activities	**(3,899)**	(9,565)	**(6,184)**	(11,417)	**2,705**	1,206	**(420)**	646
Effect of exchange rate changes on cash	**(43)**	(106)	**(58)**	(94)	**15**	(12)	**—**	—
Increase (decrease) in cash, cash equivalents and restricted cash	**3,090**	(89)	**3,166**	59	**(76)**	(148)	**—**	—
Cash, cash equivalents and restricted cash at beginning of period	**6,896**	6,985	**6,170**	6,111	**726**	874	**—**	—
Cash, cash equivalents and restricted cash at end of period	**$ 9,986**	$ 6,896	**$ 9,336**	$ 6,170	**$ 650**	$ 726	**$ —**	$ —

1 Elimination of equity profit earned from Financial Products' subsidiaries partially owned by MP&E subsidiaries.
2 Elimination of non-cash adjustments and changes in assets and liabilities related to consolidated reporting.
3 Reclassification of Financial Products' cash flow activity from investing to operating for receivables that arose from the sale of inventory.
4 Elimination of proceeds and payments to/from MP&E and Financial Products.
5 Elimination of dividend activity between Financial Products and MP&E.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Information required by Item 7A appears in Note 1 — "Operations and summary of significant accounting policies," Note 2 — "Sales and revenue recognition," Note 4 — "Derivative financial instruments and risk management," Note 7 — "Cat Financial financing activities," Note 11 — "Investments in debt and equity securities," and Note 18 — "Fair value disclosures" of Part II, Item 8 "Financial Statements and Supplementary Data." Other information required by Item 7A is included in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 8. Financial Statements and Supplementary Data.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Caterpillar Inc. (company) is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2025. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework* (2013). Based on our assessment we concluded that, as of December 31, 2025, the company's internal control over financial reporting was effective based on those criteria.

The effectiveness of the company's internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. Their report appears on pages 41 - 42.

/s/ Joseph E. Creed

Joseph E. Creed

Chief Executive Officer

/s/ Andrew R.J. Bonfield

Andrew R.J. Bonfield

Chief Financial Officer

February 13, 2026

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Caterpillar Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statement of financial position of Caterpillar Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of results of operations, of comprehensive income (loss), of changes in shareholders' equity and of cash flow for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Product Warranty Liability

As described in Notes 2 and 21 to the consolidated financial statements, the Company's product warranty liability as of December 31, 2025 was $1,626 million. At the time the Company recognizes a sale, management records estimated future warranty costs. Management determines the product warranty liability by applying historical claim rate experience to the current field population and dealer inventory. Generally, management bases historical claim rates on actual warranty experience for each product by machine model/engine size by customer or dealer location (inside or outside North America). Management develops specific rates for each product shipment month and updates them monthly based on actual warranty claim experience.

The principal considerations for our determination that performing procedures relating to the product warranty liability is a critical audit matter are (i) the significant judgment by management when developing the estimate of the product warranty liability, (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumption related to historical claim rates, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's estimate of the product warranty liability. These procedures also included, among others (i) testing the completeness and accuracy of underlying data provided by management and (ii) the involvement of professionals with specialized skill and knowledge to assist in evaluating the reasonableness of management's estimate by performing one or a combination of procedures, including (a) developing an independent actuarial estimate of the product warranty liability, and comparing the independent estimate to management's actuarial determined liability; and (b) evaluating the appropriateness of management's actuarial methodologies and the reasonableness of management's significant assumption related to historical claim rates.

/s/ PricewaterhouseCoopers LLP

Dallas, Texas
February 13, 2026

We have served as the Company's auditor since 1925.

STATEMENT 1 **Caterpillar Inc.**

Consolidated Results of Operations for the Years Ended December 31,

(Dollars in millions except per share data)

	2025	2024	2023
Sales and revenues:			
Sales of Machinery, Power & Energy	**$ 63,980**	$ 61,363	$ 63,869
Revenues of Financial Products	**3,609**	3,446	3,191
Total sales and revenues	**67,589**	64,809	67,060
Operating costs:			
Cost of goods sold	**44,752**	40,199	42,767
Selling, general and administrative expenses	**6,985**	6,667	6,371
Research and development expenses	**2,148**	2,107	2,108
Interest expense of Financial Products	**1,359**	1,286	1,030
Other operating (income) expenses	**1,194**	1,478	1,818
Total operating costs	**56,438**	51,737	54,094
Operating profit	**11,151**	13,072	12,966
Interest expense excluding Financial Products	**502**	512	511
Other income (expense)	**892**	813	595
Consolidated profit before taxes	**11,541**	13,373	13,050
Provision (benefit) for income taxes	**2,768**	2,629	2,781
Profit of consolidated companies	**8,773**	10,744	10,269
Equity in profit (loss) of unconsolidated affiliated companies	**109**	44	63
Profit of consolidated and affiliated companies	**8,882**	10,788	10,332
Less: Profit (loss) attributable to noncontrolling interests	**(2)**	(4)	(3)
Profit [1]	**$ 8,884**	$ 10,792	$ 10,335
Profit per common share	**$ 18.90**	$ 22.17	$ 20.24
Profit per common share — diluted [2]	**$ 18.81**	$ 22.05	$ 20.12
Weighted-average common shares outstanding (millions)			
- Basic	**470.0**	486.7	510.6
- Diluted [2]	**472.3**	489.4	513.6

[1] Profit attributable to common shareholders.

[2] Diluted by assumed exercise of stock-based compensation awards using the treasury stock method.

See accompanying notes to Consolidated Financial Statements.

STATEMENT 2 **Caterpillar Inc.**

Consolidated Comprehensive Income (Loss) for the Years Ended December 31,

(Millions of dollars)

	2025	2024	2023
Profit (loss) of consolidated and affiliated companies	**$ 8,882**	$ 10,788	$ 10,332
Other comprehensive income (loss), net of tax (Note 17):			
Foreign currency translation:	**557**	(528)	546
Pension and other postretirement benefits:	**(9)**	(12)	(10)
Derivative financial instruments:	**85**	(113)	39
Available-for-sale securities:	**66**	2	62
Total other comprehensive income (loss), net of tax	**699**	(651)	637
Comprehensive income (loss)	**9,581**	10,137	10,969
Less: comprehensive income (loss) attributable to the noncontrolling interests	**(2)**	(4)	(3)
Comprehensive income (loss) attributable to shareholders	**$ 9,583**	$ 10,141	$ 10,972

See accompanying notes to Consolidated Financial Statements.

STATEMENT 3 **Caterpillar Inc.**

Consolidated Financial Position at December 31,

(Dollars in millions)

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	**$ 9,980**	$ 6,889
Receivables – trade and other	**10,920**	9,282
Receivables – finance	**10,649**	9,565
Prepaid expenses and other current assets	**2,801**	3,119
Inventories	**18,135**	16,827
Total current assets	**52,485**	45,682
Property, plant and equipment – net	**15,140**	13,361
Long-term receivables – trade and other	**2,142**	1,225
Long-term receivables – finance	**14,272**	13,242
Noncurrent deferred and refundable income taxes	**2,882**	3,312
Intangible assets	**241**	399
Goodwill	**5,321**	5,241
Other assets	**6,102**	5,302
Total assets	**$ 98,585**	$ 87,764
Liabilities		
Current liabilities:		
Short-term borrowings:		
Financial Products	**$ 5,514**	$ 4,393
Accounts payable	**8,968**	7,675
Accrued expenses	**5,587**	5,243
Accrued wages, salaries and employee benefits	**2,554**	2,391
Customer advances	**3,314**	2,322
Dividends payable	**703**	674
Other current liabilities	**2,798**	2,909
Long-term debt due within one year:		
Machinery, Power & Energy	**35**	46
Financial Products	**7,085**	6,619
Total current liabilities	**36,558**	32,272
Long-term debt due after one year:		
Machinery, Power & Energy	**10,678**	8,564
Financial Products	**20,018**	18,787
Liability for postemployment benefits	**3,838**	3,757
Other liabilities	**6,175**	4,890
Total liabilities	**77,267**	68,270
Commitments and contingencies (Notes 21 and 22)		
Shareholders' equity		
Common stock of $1.00 par value:		
Authorized shares: 2,000,000,000		
Issued shares: (2025 and 2024 – 814,894,624 shares) at paid-in amount	**7,181**	6,941
Treasury stock: (2025 - 349,607,292 shares; and 2024 - 336,962,600 shares) at cost	**(49,539)**	(44,331)
Profit employed in the business	**65,448**	59,352
Accumulated other comprehensive income (loss)	**(1,772)**	(2,471)
Noncontrolling interests	**—**	3
Total shareholders' equity	**21,318**	19,494
Total liabilities and shareholders' equity	**$ 98,585**	$ 87,764

See accompanying notes to Consolidated Financial Statements.

Changes in Consolidated Shareholders' Equity for the Years Ended December 31

(Dollars in millions)

	Common stock	Treasury stock	Profit employed in the business	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total
Balance at December 31, 2022	**$ 6,560**	**$ (31,748)**	**$ 43,514**	**$ (2,457)**	**$ 22**	**$ 15,891**
Profit (loss) of consolidated and affiliated companies	—	—	10,335	—	(3)	10,332
Foreign currency translation, net of tax	—	—	—	546	—	546
Pension and other postretirement benefits, net of tax	—	—	—	(10)	—	(10)
Derivative financial instruments, net of tax	—	—	—	39	—	39
Available-for-sale securities, net of tax	—	—	—	62	—	62
Change in ownership from noncontrolling interests	—	—	—	—	(7)	(7)
Dividends declared	—	—	(2,599)	—	—	(2,599)
Common shares issued from treasury stock for stock-based compensation: 2,497,799	(112)	124	—	—	—	12
Stock-based compensation expense	208	—	—	—	—	208
Common shares repurchased: 19,466,020	—	(4,675)	—	—	—	(4,675)
Outstanding authorized accelerated share repurchase	(300)	—	—	—	—	(300)
Other	47	(40)	—	—	(3)	4
Balance at December 31, 2023	**$ 6,403**	**$ (36,339)**	**$ 51,250**	**$ (1,820)**	**$ 9**	**$ 19,503**
Profit (loss) of consolidated and affiliated companies	—	—	10,792	—	(4)	10,788
Foreign currency translation, net of tax	—	—	—	(528)	—	(528)
Pension and other postretirement benefits, net of tax	—	—	—	(12)	—	(12)
Derivative financial instruments, net of tax	—	—	—	(113)	—	(113)
Available-for-sale securities, net of tax	—	—	—	2	—	2
Dividends declared	—	—	(2,690)	—	—	(2,690)
Common shares issued from treasury stock for stock-based compensation: 1,972,037	(58)	78	—	—	—	20
Stock-based compensation expense	223	—	—	—	—	223
Common shares repurchased: 23,417,282	—	(7,997)	—	—	—	(7,997)
Settlement of outstanding authorized accelerated share repurchase	300	—	—	—	—	300
Other	73	(73)	—	—	(2)	(2)
Balance at December 31, 2024	**$ 6,941**	**$ (44,331)**	**$ 59,352**	**$ (2,471)**	**$ 3**	**$ 19,494**

(Continued)

Changes in Consolidated Shareholders' Equity for the Years Ended December 31

(Dollars in millions)

	Common stock	Treasury stock	Profit employed in the business	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total
Balance at December 31, 2024	**$ 6,941**	**$ (44,331)**	**$ 59,352**	**$ (2,471)**	**$ 3**	**$ 19,494**
Profit (loss) of consolidated and affiliated companies	**—**	**—**	**8,884**	**—**	**(2)**	**8,882**
Foreign currency translation, net of tax	**—**	**—**	**—**	**557**	**—**	**557**
Pension and other postretirement benefits, net of tax	**—**	**—**	**—**	**(9)**	**—**	**(9)**
Derivative financial instruments, net of tax	**—**	**—**	**—**	**85**	**—**	**85**
Available-for-sale securities, net of tax	**—**	**—**	**—**	**66**	**—**	**66**
Dividends declared [1]	**—**	**—**	**(2,788)**	**—**	**—**	**(2,788)**
Common shares issued from treasury stock for stock-based compensation: 1,433,723	**(47)**	**31**	**—**	**—**	**—**	**(16)**
Stock-based compensation expense	**242**	**—**	**—**	**—**	**—**	**242**
Common shares repurchased: 14,078,415 [2]	**—**	**(5,190)**	**—**	**—**	**—**	**(5,190)**
Other	**45**	**(49)**	**—**	**—**	**(1)**	**(5)**
Balance at December 31, 2025	**$ 7,181**	**$ (49,539)**	**$ 65,448**	**$ (1,772)**	**$ —**	**$ 21,318**

[1] Dividends per share of common stock of $5.94, $5.53 and $5.10 were declared in the years ended December 31, 2025, 2024 and 2023, respectively.

[2] See Note 16 regarding shares repurchased.

See accompanying notes to Consolidated Financial Statements.

STATEMENT 5 **Caterpillar Inc.**

Consolidated Statement of Cash Flow for the Years Ended December 31,

(Millions of dollars)	2025	2024	2023
Cash flow from operating activities:			
Profit of consolidated and affiliated companies	**$ 8,882**	$ 10,788	$ 10,332
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation and amortization	**2,262**	2,153	2,144
Actuarial (gain) loss on pension and postretirement benefits	**(294)**	(154)	(97)
Provision (benefit) for deferred income taxes	**465**	(621)	(592)
(Gain) loss on divestiture	**30**	164	572
Other	**742**	564	375
Changes in assets and liabilities, net of acquisitions and divestitures:			
Receivables – trade and other	**(2,138)**	(160)	(437)
Inventories	**(1,477)**	(414)	(364)
Accounts payable	**1,179**	(282)	(754)
Accrued expenses	**438**	191	796
Accrued wages, salaries and employee benefits	**187**	(363)	486
Customer advances	**1,933**	370	80
Other assets – net	**(176)**	(97)	(95)
Other liabilities – net	**(294)**	(104)	439
Net cash provided by (used for) operating activities	**11,739**	12,035	12,885
Cash flow from investing activities:			
Capital expenditures – excluding equipment leased to others	**(2,821)**	(1,988)	(1,597)
Expenditures for equipment leased to others	**(1,465)**	(1,227)	(1,495)
Proceeds from disposals of leased assets and property, plant and equipment	**708**	722	781
Additions to finance receivables	**(15,329)**	(15,409)	(15,161)
Collections of finance receivables	**13,515**	13,608	14,034
Proceeds from sale of finance receivables	**71**	83	63
Investments and acquisitions (net of cash acquired)	**(47)**	(34)	(75)
Proceeds from sale of businesses and investments (net of cash sold)	**22**	(61)	(4)
Proceeds from maturities and sale of securities	**2,494**	3,155	1,891
Investments in securities	**(1,930)**	(1,495)	(4,405)
Other – net	**75**	193	97
Net cash provided by (used for) investing activities	**(4,707)**	(2,453)	(5,871)
Cash flow from financing activities:			
Dividends paid	**(2,749)**	(2,646)	(2,563)
Common stock issued, and other stock compensation transactions, net	**(16)**	20	12
Payments to purchase common stock	**(5,190)**	(7,697)	(4,975)
Excise tax paid on purchases of common stock	**(73)**	(40)	—
Proceeds from debt issued (original maturities greater than three months):			
- Machinery, Power & Energy	**1,976**	—	—
- Financial Products	**9,129**	10,283	8,257
Payments on debt (original maturities greater than three months):			
- Machinery, Power & Energy	**(51)**	(1,032)	(106)
- Financial Products	**(8,030)**	(8,284)	(6,212)
Short-term borrowings – net (original maturities three months or less)	**1,106**	(168)	(1,345)
Other – net	**(1)**	(1)	—
Net cash provided by (used for) financing activities	**(3,899)**	(9,565)	(6,932)
Effect of exchange rate changes on cash	**(43)**	(106)	(110)
Increase (decrease) in cash, cash equivalents and restricted cash	**3,090**	(89)	(28)
Cash, cash equivalents and restricted cash at beginning of period	**6,896**	6,985	7,013
Cash, cash equivalents and restricted cash at end of period	**$ 9,986**	$ 6,896	$ 6,985

Cash equivalents primarily represent short-term, highly liquid investments with original maturities of generally three months or less.

See accompanying notes to Consolidated Financial Statements.

1. Operations and summary of significant accounting policies

A. Nature of operations

Information in our financial statements and related commentary are presented in the following categories:

Machinery, Power & Energy (MP&E) – We define MP&E as Caterpillar Inc. and its subsidiaries, excluding Financial Products. MP&E's information relates to the design, manufacturing and marketing of our products.

Financial Products – We define Financial Products as our finance and insurance subsidiaries, primarily Caterpillar Financial Services Corporation (Cat Financial) and Caterpillar Insurance Holdings Inc. (Insurance Services). Financial Products' information relates to the financing to customers and dealers for the purchase and lease of Caterpillar and other equipment.

We sell our products primarily under the brands "Caterpillar," "CAT," design versions of "CAT" and "Caterpillar," "EMD," "FG Wilson," "MWM," "Perkins," "Progress Rail," "SEM" and "Solar Turbines."

We conduct operations in our MP&E line of business under highly competitive conditions, including intense price competition. We place great emphasis on the high quality and performance of our products and our dealers' service support. Although no one competitor is believed to produce all of the same types of equipment that we do, there are numerous companies, large and small, which compete with us in the sale of each of our products.

We distribute our machines principally through a worldwide organization of dealers (dealer network), 41 located in the United States and 109 located outside the United States, serving 190 countries. We sell reciprocating engines principally through the dealer network and to other manufacturers for use in products. We also sell some of the reciprocating engines manufactured by our subsidiary Perkins Engines Company Limited through its worldwide network of 86 distributors covering 183 countries. We sell the FG Wilson branded electric power generation systems through its worldwide network of 108 distributors covering 159 countries. Our dealers do not deal exclusively with our products; however, in most cases sales and servicing of our products are the dealers' principal business. We sell some products, primarily turbines and locomotives, to end customers through sales forces employed by the company. At times, these employees are assisted by independent sales representatives.

The Financial Products line of business also conducts operations under highly competitive conditions. Financing for users of Caterpillar products is available through a variety of competitive sources, principally commercial banks and finance and leasing companies. We offer various financing, insurance and risk management products designed to support sales of our products and generate financing income for our company. We conduct a significant portion of Financial Products activity in North America, with additional offices in Latin America, Asia/Pacific, Europe and Africa.

B. Basis of presentation

The consolidated financial statements include the accounts of Caterpillar Inc. and its subsidiaries where we have a controlling financial interest.

Investments in companies where our ownership exceeds 20 percent and we do not have a controlling interest or where the ownership is less than 20 percent and for which we have a significant influence are accounted for by the equity method.

We consolidate all variable interest entities (VIEs) where Caterpillar Inc. is the primary beneficiary. The primary beneficiary of a VIE is the party that has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. See Note 21 for further discussion on a consolidated VIE.

Cat Financial has end-user customers and dealers that are VIEs of which we are not the primary beneficiary. Our maximum exposure to loss from our involvement with these VIEs is limited to the credit risk inherently present in the financial support that we have provided. Credit risk was evaluated and reflected in our financial statements as part of our overall portfolio of finance receivables and related allowance for credit losses.

We include shipping and handling costs in Cost of goods sold in Statement 1. Other operating (income) expenses primarily include Cat Financial's depreciation on equipment leased to others, Insurance Services' underwriting expenses, employee separation charges, long-lived asset impairment charges, (gains) losses on divestitures and (gains) losses on disposal of long-lived assets.

Prepaid expenses and other current assets in Statement 3 primarily include investments in debt and equity securities, prepaid and refundable income taxes, right of return assets, contract assets, prepaid insurance, assets held for sale, core to be returned for remanufacturing, and restricted cash and other short-term investments.

Long-term receivables - trade and other in Statement 3 includes $377 million at December 31, 2025, for recoveries from over-payments made during the importation process. At December 31, 2024, the amount was inconsequential.

Certain amounts for prior years have been reclassified to conform with the current-year financial statement presentation.

C. Inventories

We state inventories at the lower of cost or net realizable value. We principally determine cost using the last-in, first-out (LIFO) method. The value of inventories on the LIFO basis represented about 70 percent and 65 percent of total inventories at December 31, 2025 and 2024, respectively.

If the FIFO (first-in, first-out) method had been in use, inventories would have been $4,305 million and $3,864 million higher than reported at December 31, 2025 and 2024, respectively.

D. Depreciation and amortization

We compute depreciation of plant and equipment principally using accelerated methods. We compute depreciation on equipment leased to others, primarily for Financial Products, using the straight-line method over the term of the lease. The depreciable basis is the original cost of the equipment less the estimated residual value of the equipment at the end of the lease term. In 2025, 2024 and 2023, Cat Financial depreciation on equipment leased to others was $699 million, $722 million and $713 million, respectively, which we include in Other operating (income) expenses in Statement 1. In 2025, 2024 and 2023, consolidated depreciation expense was $2,093 million, $1,983 million and $1,929 million, respectively. We compute amortization of purchased finite-lived intangibles principally using the straight-line method, generally not to exceed a period of 20 years.

E. Foreign currency translation

The functional currency for most of our MP&E consolidated subsidiaries is the U.S. dollar. The functional currency for most of our Financial Products consolidated subsidiaries is the respective local currency. We include gains and losses resulting from the remeasurement of foreign currency amounts to the functional currency in Other income (expense) in Statement 1. We include gains and losses resulting from translating assets and liabilities from the functional currency to U.S. dollars in Accumulated other comprehensive income (loss) (AOCI) in Statement 3.

F. Derivative financial instruments

Our earnings and cash flow are subject to fluctuations due to changes in foreign currency exchange rates, interest rates, commodity prices and certain deferred compensation plan liabilities. Our Risk Management Policy allows for the use of derivative financial instruments to prudently manage foreign currency exchange rate, interest rate, commodity price and certain deferred compensation plan liability exposures. Our policy specifies that derivatives are not to be used for speculative purposes. Derivatives that we use are primarily foreign currency forward, option and cross currency contracts, interest rate contracts, commodity forward and option contracts and total return swap contracts. All derivatives are recorded at fair value. See Note 4 for more information.

G. Income taxes

We determine the provision for income taxes using the asset and liability approach taking into account guidance related to uncertain tax positions. Tax laws require items to be included in tax filings at different times than the items are reflected in the financial statements. We recognize a current liability for the estimated taxes payable for the current year. Deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. We adjust deferred taxes for enacted changes in tax rates and tax laws. We record valuation allowances to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. See Note 6 for further discussion.

H. Goodwill

For acquisitions accounted for as a business combination, goodwill represents the excess of the cost over the fair value of the net assets acquired. We are required to test goodwill for impairment, at the reporting unit level, annually and when events or circumstances make it more likely than not that an impairment may have occurred. A reporting unit is an operating segment or one level below an operating segment (referred to as a component) to which goodwill is assigned when initially recorded. We assign goodwill to reporting units based on our integration plans and the expected synergies resulting from the acquisition. Because Caterpillar is a highly integrated company, the businesses we acquire are sometimes combined with or integrated into existing reporting units. When changes occur in the composition of our operating segments or reporting units, we reassign goodwill to the affected reporting units based on their relative fair values.

We perform our annual goodwill impairment test as of October 1 and monitor for interim triggering events on an ongoing basis. We review goodwill for impairment utilizing either a qualitative assessment or a quantitative goodwill impairment test. If we choose to perform a qualitative assessment and determine the fair value more likely than not exceeds the carrying value, no further evaluation is necessary. For reporting units where we perform the quantitative goodwill impairment test, we compare the fair value of each reporting unit, which we primarily determine using an income approach based on the present value of discounted cash flows, to the respective carrying value, which includes goodwill. If the fair value of the reporting unit exceeds its carrying value, we do not consider the goodwill impaired. If the carrying value is higher than the fair value, we would recognize the difference as an impairment loss. See Note 10 for further details.

I. Estimates in financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts. The more significant estimates include: residual values for leased assets, fair values for goodwill impairment tests, warranty liability and reserves for product liability and insurance losses, postretirement benefits, post-sale discounts, credit losses and income taxes.

J. New accounting guidance

A. Adoption of new accounting standards

Income tax reporting (ASU 2023-09) — In December 2023, the Financial Accounting Standards Board (FASB) issued accounting guidance to expand the annual disclosure requirements for income taxes, primarily related to the rate reconciliation and income taxes paid. The expanded disclosures were effective for the year ending December 31, 2025, and are being applied prospectively. See Note 6, Income taxes, for additional information.

All other ASUs effective January 1, 2025, were assessed and determined that they either were not applicable or did not have a material impact on our financial statements.

B. Accounting standards issued but not yet adopted

Disaggregation of income statement expenses (ASU 2024-03) — In November 2024, the FASB issued accounting guidance to enhance transparency into the nature and function of income statement expenses. The amendments require that, on an annual and interim basis, entities disclose disaggregated operating expense information about specific categories, including purchases of inventory, employee compensation, depreciation and amortization. The expanded annual disclosures are effective for our year ending December 31, 2027, and the expanded interim disclosures are effective in 2028, with early adoption permitted. We are in the process of evaluating the effect of this new guidance on the related disclosures.

Internal-use software costs (ASU 2025-06) — In September 2025, the FASB issued accounting guidance to modernize the accounting for internal-use software costs. Under this guidance, capitalization for internal-use software costs begins when management has authorized and committed to funding the project and it is probable the project will be completed, and the software will be used to perform the intended function. This guidance is effective January 1, 2028, with early adoption permitted, and can be applied on a prospective basis, a modified basis for in-process projects, or a retrospective basis. We are in the process of evaluating the effect of this new guidance on our financial statements.

All other ASUs issued but not yet adopted were assessed and determined that they either were not applicable or were not expected to have a material impact on our financial statements.

2. Sales and revenue recognition

A. Sales of Machinery, Power & Energy

We recognize sales of MP&E when all the following criteria are satisfied: (i) a contract with an independently owned and operated dealer or an end user exists which has commercial substance; (ii) it is probable we will collect the amount charged to the dealer or end user; and (iii) we have completed our performance obligation whereby the dealer or end user has obtained control of the product. A contract with commercial substance exists once we receive and accept a purchase order under a dealer sales agreement, or once we enter into a contract with an end user. If collectibility is not probable, the sale is deferred and not recognized until collection is probable or payment is received. Control of our products typically transfers when title and risk of ownership of the product has transferred to the dealer or end user. Typically, where product is produced and sold in the same country, title and risk of ownership transfer when we ship the product. Products that are exported from a country for sale typically transfer title and risk of ownership at the border of the destination country.

Our remanufacturing operations are primarily focused on the remanufacture of Cat engines and components and rail related products. In this business, we inspect, clean and remanufacture used engines and related components (core). In connection with the sale of our remanufactured product to dealers, we collect a deposit that is repaid if the dealer returns an acceptable core within a specified time period. Caterpillar owns and has title to the cores when they are returned from dealers. The rebuilt engine or component (the core plus any new content) is then sold as a remanufactured product to dealers and end users. We recognize revenue pursuant to the same transfer of control criteria as MP&E sales noted above. At the time of sale, we recognize the deposit in Other current liabilities in Statement 3, and we recognize the core to be returned as an asset in Prepaid expenses and other current assets in Statement 3 at the estimated replacement cost (based on historical experience with usable cores). Upon receipt of an acceptable core, we repay the deposit and relieve the liability. We then transfer the returned core asset into inventory. In the event that the deposit is forfeited (i.e., upon failure by the dealer to return an acceptable core in the specified time period), we recognize the core deposit and the cost of the core in Sales and Cost of goods sold, respectively.

We provide discounts to dealers through merchandising programs. We have numerous programs that are designed to promote the sale of our products. The most common dealer programs provide a discount when the dealer sells a product to a targeted end user. Generally, we estimate the cost of these discounts for each product by model by geographic region based on historical experience and known changes in merchandising programs. We report the cost of these discounts as a reduction to the transaction price when we recognize the product sale. We accrue a corresponding post-sale discount reserve in Statement 3, which represents discounts we expect to pay on units sold. If discounts paid differ from those estimated, we report the difference as a change in the transaction price in the subsequent period when the final discount is paid. As a result of differences between actual and estimated payments and changes in estimates, we recognized a decrease in revenue of $497 million during 2025, related to prior period sales. Products sold to dealers in a prior period that remained in dealer inventory during 2025 were subject to merchandising program actions taken in 2025 which resulted in higher discounts paid in the current year. The change in revenue during 2024 related to prior periods sales was inconsequential.

Except for replacement parts, no right of return exists on the sale of our products. We estimate replacement part returns based on historical experience and recognize a parts return asset in Prepaid expenses and other current assets in Statement 3, which represents our right to recover replacement parts we expect will be returned. We also recognize a refund liability in Accrued expenses in Statement 3 for the refund we expect to pay for returned parts. If actual replacement part returns differ from those estimated, we recognize the difference in the estimated replacement part return asset and refund liability in Cost of goods sold and Sales, respectively.

Trade receivables represent amounts due from dealers and end users for the sale of our products, and include amounts due from wholesale inventory financing provided by Cat Financial for a dealer's purchase of inventory. See Note 7 for further information. We recognize trade receivables from dealers and end users in Receivables – trade and other and Long-term receivables – trade and other in Statement 3. Trade receivables from dealers and end users were $9,402 million, $7,864 million and $7,923 million as of December 31, 2025, 2024 and 2023, respectively. Long-term trade receivables from dealers and end users were $1,006 million, $640 million and $589 million as of December 31, 2025, 2024 and 2023, respectively.

Our standard dealer invoice terms are established by marketing region. Our invoice terms for end user sales are established by the responsible business unit. Payments from dealers are due shortly after the time of sale. When we make a sale to a dealer, the dealer is responsible for payment even if the product is not sold to an end user. Dealers and end users must make payment within the established invoice terms to avoid potential interest costs. Interest at or above prevailing market rates may be charged on any past due balance, and generally our practice is to not forgive this interest. Regular credit evaluations of our dealers and end users are performed. Collateral generally is not required, and the majority of our trade receivables are unsecured. Various devices, such as security agreements and letters of credit, are used to protect our interests, when deemed necessary. No single dealer or end user represents a significant concentration of credit risk. Our allowance for credit losses is not significant for MP&E receivables.

For certain contracts, we invoice for payment when contractual milestones are achieved. We recognize a contract asset when a sale is recognized before achieving the contractual milestone for invoicing. We reduce the contract asset when we invoice for payment and recognize a corresponding trade receivable. Contract assets are included in Prepaid expenses and other current assets in Statement 3. Contract assets were $297 million, $238 million and $246 million as of December 31, 2025, 2024 and 2023, respectively.

We invoice in advance of recognizing the sale of certain products. We recognize advanced customer payments as a contract liability in Customer advances and Other liabilities in Statement 3. Contract liabilities were $4,678 million, $2,745 million and $2,389 million as of December 31, 2025, 2024 and 2023, respectively. We reduce the contract liability when we recognize revenue. During 2025, we recognized $1,894 million of revenue that was recorded as a contract liability at the beginning of 2025. During 2024, we recognized $1,591 million of revenue that was recorded as a contract liability at the beginning of 2024.

We have elected the practical expedient to not adjust the amount of revenue to be recognized under a contract with a dealer or end user for the effects of time value of money when the timing difference between receipt of payment and recognition of revenue is less than one year.

As of December 31, 2025, we have entered into contracts with dealers and end users for which sales have not been recognized as we have not satisfied our performance obligations and transferred control of the products. The dollar amount of unsatisfied performance obligations for contracts with an original duration greater than one year is $30.1 billion, with about one-third of the amount expected to be completed and revenue recognized in the twelve months following December 31, 2025. We have elected the practical expedient to not disclose unsatisfied performance obligations with an original contract duration of one year or less. Contracts with an original duration of one year or less are primarily sales to dealers for machinery, engines and replacement parts.

We exclude sales and other related taxes from the transaction price. We account for shipping and handling costs associated with outbound freight after control over a product has transferred as a fulfillment cost which is included in Cost of goods sold.

We provide a standard manufacturer's warranty of our products at no additional cost. At the time we recognize a sale, we record estimated future warranty costs. See Note 21 for further discussion of our product warranty liabilities.

See Note 23 for further disaggregated sales and revenues information.

B. Revenues of Financial Products

Revenues of Financial Products are generated primarily from finance revenue on finance receivables and rental payments on operating leases. We record finance revenue over the life of the related finance receivables using the interest method, including the accretion of certain direct origination costs that are deferred. Operating lease revenue is recorded on a straight-line basis over the term of the lease.

We suspend recognition of finance revenue and operating lease revenue and place an account on non-accrual status when management determines that collection of future income is not probable (generally after 120 days past due). We resume recognition of revenue, and recognize previously suspended income, when we consider collection of remaining amounts to be probable. Payments received while a finance receivable is on non-accrual status are applied to interest and principal in accordance with the contractual terms. We write off interest earned but uncollected prior to the receivables being placed on non-accrual status through Provision for credit losses when, in the judgment of management, we consider it to be uncollectible. See Note 7 for more information.

3. Stock-based compensation

Our stock-based compensation plans primarily provide for the granting of stock options, restricted stock units (RSUs) and performance-based restricted stock units (PRSUs) to Officers and other key employees, as well as non-employee Directors. Stock options permit a holder to buy Caterpillar stock at the stock's price when the option was granted. RSUs are agreements to issue shares of Caterpillar stock at the time of vesting. PRSUs are similar to RSUs and include performance conditions in the vesting terms of the award.

Our long-standing practices and policies specify that the Compensation Committee (the Committee) of the Board of Directors approve all stock-based compensation awards. The award approval process specifies the grant date, value and terms of the award. We consistently apply the same terms and conditions to all employee grants, including Officers. The Committee approves all individual Officer grants. We determine the number of stock-based compensation award units included in an individual's award based on the methodology approved by the Committee. The exercise price methodology approved by the Committee is the closing price of the Company stock on the date of the grant. In June of 2014, shareholders approved the Caterpillar Inc. 2014 Long-Term Incentive Plan (the 2014 Plan) under which all new stock-based compensation awards were granted. In June of 2023, shareholders approved the Caterpillar Inc. 2023 Long-Term Incentive Plan (the 2023 Plan), which superseded and replaced the 2014 Plan.

Common stock issued from Treasury stock under the plans totaled 1,433,723 for 2025, 1,972,037 for 2024 and 2,497,799 for 2023. The total number of shares authorized for equity awards under the 2023 Plan is 42,500,000. As of December 31, 2025, 39,336,515 shares remained available for issuance, which includes shares returned to the 2023 Plan upon cancellation or shares withheld for taxes incurred in connection with issuance or vesting of grants made under the 2014 Plan.

Stock option and RSU awards generally vest according to a three-year graded vesting schedule. One-third of the award will become vested on the first anniversary of the grant date, one-third of the award will become vested on the second anniversary of the grant date and one-third of the award will become vested on the third anniversary of the grant date. PRSU awards generally have a three-year performance period and cliff vest at the end of the period based upon achievement of performance targets established at the time of grant.

Upon separation from service, if the participant is 55 years of age or older with more than five years of service, the participant meets the criteria for a "Long Service Separation." Award terms for stock option and RSU grants allow for continued vesting as of each vesting date specified in the award document for employees who meet the criteria for a "Long Service Separation" and fulfill a requisite service period of six months. We recognize compensation expense for eligible employees for the grants over the period from the grant date to the end date of the six-month requisite service period. For employees who become eligible for a "Long Service Separation" subsequent to the end date of the six-month requisite service period and prior to the completion of the vesting period, we recognized compensation expense over the period from the grant date to the date eligibility is achieved.

Award terms for PRSU grants allow for continued vesting upon achievement of the performance target specified in the award document for employees who meet the criteria for a "Long Service Separation" and fulfill a requisite service period of six months. We recognize compensation expense for the PRSU grants with respect to employees who have met the criteria for a "Long Service Separation" over the period from the grant date to the end of the six-month requisite service period. For employees who become eligible for a "Long Service Separation" subsequent to the end date of the six-month requisite service period and prior to the completion of the vesting period, we recognize compensation expense over the period from the grant date to the date eligibility is achieved.

At grant, option awards have a term life of ten years. For awards granted prior to 2016, if the "Long Service Separation" criteria are met, the vested options have a life that is the lesser of ten years from the original grant date or five years from the separation date. For awards granted beginning in 2016, the vested options have a life equal to ten years from the original grant date.

Accounting guidance on share-based payments requires companies to estimate the fair value of options on the date of grant using an option-pricing model. The fair value of our option grants was estimated using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model considers a range of assumptions related to volatility, risk-free interest rate and historical employee behavior. Expected volatility was based on historical Caterpillar stock price movement and current implied volatilities from traded options on Caterpillar stock. The risk-free interest rate was based on U.S. Treasury security yields at the time of grant. The weighted-average dividend yield was based on historical information. We determine the expected life from the actual historical employee exercise behavior. The following table provides the assumptions used in determining the fair value of the option awards for the years ended December 31, 2025, 2024 and 2023, respectively:

	Grant Year		
	2025	2024	2023
Weighted-average dividend yield	**2.13%**	2.40%	2.60%
Weighted-average volatility	**30.5%**	30.7%	31.0%
Range of volatilities	**26.6%-32.6%**	26.3%-32.3%	28.5%-35.5%
Range of risk-free interest rates	**4.13%-4.4%**	4.28%-5.03%	3.92%-5.03%
Weighted-average expected lives	**7 years**	7 years	7 years

We credit RSU and PRSU awards with dividend equivalent units on each date that we pay a cash dividend to holders of common stock. The dividend equivalent units are forfeitable if the associated award is forfeited. Therefore, the RSU and PSRUs, as well as dividend equivalent units are not treated as participating securities for earnings per share. We determine the fair value of the RSU awards granted in 2025, 2024 and 2023 as the closing stock price on the date of the grant.

The PRSUs granted in 2025 and 2024 contain a market condition and a Monte Carlo simulation was utilized to estimate the fair value of the awards. The following table provides the assumptions used in determining the fair value of the PRSUs granted in 2025 and 2024, respectively:

	Grant Year	
	2025	2024
Expected volatility of the Company's stock	**29.5%**	29.8%
Risk-free interest rate	**3.90%**	4.38%

We determine the fair value of the PRSU awards granted in 2023 as the closing stock price on the date of the grant.

Please refer to Tables I and II below for additional information on our stock-based compensation awards.

TABLE I — Financial Information Related to Stock-based Compensation

	Stock options			
	Shares	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Life (Years)**	**Aggregate Intrinsic Value [1]**
Outstanding at January 1, 2025	**3,732,862**	**$ 195.28**		
Granted to officers and key employees	**299,523**	**$ 331.62**		
Exercised	**(997,947)**	**$ 159.25**		
Forfeited / expired	**(17,385)**	**$ 232.23**		
Outstanding at December 31, 2025	**3,017,053**	**$ 220.52**	**5.81**	**$ 1,063**
Exercisable at December 31, 2025	**2,279,192**	**$ 192.44**	**5.02**	**$ 867**

[1] The difference between a stock award's exercise price and the underlying stock's closing market price at December 31, 2025, for awards with market price greater than the exercise price. Amounts are in millions of dollars.

	RSUs		PRSUs	
	Shares	**Weighted-Average Grant Date Fair Value**	**Shares**	**Weighted-Average Grant Date Fair Value**
Outstanding at January 1, 2025	**776,637**	**$ 284.36**	**390,013**	**$ 321.58**
Granted to officers and key employees	**530,834**	**$ 357.02**	**203,491**	**$ 345.60**
Vested	**(403,533)**	**$ 259.27**	**(220,897)**	**$ 253.98**
Forfeited / expired	**(25,108)**	**$ 316.72**	**(8,323)**	**$ 326.09**
Outstanding at December 31, 2025	**878,830**	**$ 338.27**	**364,284**	**$ 374.52**

The computations of weighted-average exercise prices and aggregate intrinsic values are not applicable to RSUs or PRSUs since these awards represent an agreement to issue shares of stock at the time of vesting. At December 31, 2025, there were 878,830 outstanding RSUs with a weighted average remaining vesting period of 1.7 years and 364,284 outstanding PRSUs with a weighted-average remaining vesting period of 1.5 years.

TABLE II— Additional Stock-based Award Information

(Dollars in millions except per share data)	2025	2024	2023
Stock options activity:			
Weighted-average fair value per share of stock awards granted	**$ 106.04**	$ 104.27	$ 75.79
Intrinsic value of stock awards exercised	**$ 298**	$ 354	$ 356
Fair value of stock awards vested [1]	**$ 46**	$ 56	$ 53
Cash received from stock awards exercised	**$ 82**	$ 113	$ 98
RSUs activity:			
Weighted-average fair value per share of stock awards granted	**$ 357.02**	$ 338.65	$ 252.24
Fair value of stock awards vested [2]	**$ 136**	$ 144	$ 126
PRSUs activity:			
Weighted-average fair value per share of stock awards granted	**$ 345.60**	$ 408.64	$ 251.97
Fair value of stock awards vested [2]	**$ 127**	$ 94	$ 80

[1] Based on the grant date fair value.

[2] Based on the underlying stock's closing market price on the vesting date.

In accordance with guidance on share-based payments, stock-based compensation expense is based on the grant date fair value and is classified within Cost of goods sold, Selling, general and administrative expenses and Research and development expenses corresponding to the same line item as the cash compensation paid to respective employees, officers and non-employee directors. We recognize stock-based compensation expense on a straight-line basis over the requisite service period for awards with terms that specify cliff or graded vesting and contain only service conditions. Stock-based compensation expense for PRSUs is based on the probable number of shares expected to vest and is recognized primarily on a straight-line basis.

Before tax, stock-based compensation expense for 2025, 2024 and 2023 was $242 million, $223 million and $208 million, respectively, with a corresponding income tax benefit of $38 million, $30 million and $33 million, respectively.

The amount of stock-based compensation expense capitalized for the years ended December 31, 2025, 2024 and 2023 did not have a significant impact on our financial statements.

At December 31, 2025, there was $209.1 million of total unrecognized compensation cost from stock-based compensation arrangements granted under the plans, which is related to non-vested stock-based awards. We expect to recognize the compensation expense over a weighted-average period of approximately 1.9 years.

We currently use shares in Treasury stock to satisfy share award exercises.

The cash tax benefits realized from stock awards exercised for 2025, 2024 and 2023 were $81 million, $90 million and $89 million, respectively. We use the direct only method and tax law ordering approach to calculate the tax effects of stock-based compensation.

4. Derivative financial instruments and risk management

Our earnings and cash flow are subject to fluctuations due to changes in foreign currency exchange rates, interest rates, commodity prices and certain deferred compensation plan liabilities. Our Risk Management Policy allows for the use of derivative financial instruments to prudently manage foreign currency exchange rate, interest rate, commodity price and certain deferred compensation plan liability exposures. Our policy specifies that derivatives are not to be used for speculative purposes. Derivatives that we use are primarily foreign currency forward, option and cross currency contracts, interest rate contracts, commodity forward and option contracts and total return swap contracts. Our derivative activities are subject to the management, direction and control of our senior financial officers. We present at least annually to the Audit Committee of the Board of Directors on our risk management practices, including our use of financial derivative instruments.

We recognize all derivatives at their fair value in Statement 3. On the date the derivative contract is entered into, we designate the derivative as (1) a hedge of the fair value of a recognized asset or liability (fair value hedge), (2) a hedge of a forecasted transaction or the variability of cash flow (cash flow hedge) or (3) an undesignated instrument. We record in current earnings changes in the fair value of a derivative that is qualified, designated and highly effective as a fair value hedge, along with the gain or loss on the hedged recognized asset or liability that is attributable to the hedged risk. For foreign exchange contracts designated as fair value hedges, the interim settlements are excluded from the effectiveness assessment and are recognized under a systematic and rational method over the life of the hedging instrument within Interest expense. We record in AOCI changes in the fair value of a derivative that is qualified, designated and highly effective as a cash flow hedge, to the extent effective, in Statement 3 until we reclassify them to earnings in the same period or periods during which the hedged transaction affects earnings. We report changes in the fair value of undesignated derivative instruments in current earnings. We classify cash flows from designated derivative financial instruments within the same category as the item being hedged on Statement 5. We include cash flows from undesignated derivative financial instruments in the investing category on Statement 5.

We formally document all relationships between hedging instruments and hedged items, as well as the risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair value hedges to specific assets and liabilities in Statement 3 and linking cash flow hedges to specific forecasted transactions or variability of cash flow.

We also formally assess, both at the hedge's inception and on an ongoing basis, whether the designated derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flow of hedged items. When a derivative is determined not to be highly effective as a hedge or the underlying hedged transaction is no longer probable, we discontinue hedge accounting prospectively, in accordance with the derecognition criteria for hedge accounting.

A. Foreign currency exchange rate risk

Foreign currency exchange rate movements create a degree of risk by affecting the U.S. dollar value of sales made and costs incurred in foreign currencies. Movements in foreign currency rates also affect our competitive position as these changes may affect business practices and/or pricing strategies of non-U.S.-based competitors. Additionally, we have balance sheet positions denominated in foreign currencies, thereby creating exposure to movements in exchange rates.

Our MP&E operations purchase, manufacture and sell products in many locations around the world. As we have a diversified revenue and cost base, we manage our future foreign currency cash flow exposure on a net basis. We use foreign currency forward and option contracts to manage unmatched foreign currency cash inflow and outflow. Our objective is to minimize the risk of exchange rate movements that would reduce the U.S. dollar value of our foreign currency cash flow. Our policy allows for managing anticipated foreign currency cash flow for up to approximately five years. As of December 31, 2025, the maximum term of these outstanding contracts at inception was approximately 60 months.

We generally designate as cash flow hedges at inception of the contract any foreign currency forward or option contracts that meet the requirements for hedge accounting and the maturity extends beyond the current quarter-end. We perform designation on a specific exposure basis to support hedge accounting. The remainder of MP&E foreign currency contracts are undesignated.

In managing foreign currency risk for our Financial Products operations, our objective is to minimize earnings volatility resulting from conversion and the remeasurement of net foreign currency balance sheet positions and future transactions denominated in foreign currencies. Our policy allows the use of foreign currency forward, option and cross currency contracts to offset the risk of currency mismatch between our assets and liabilities and exchange rate risk associated with future transactions denominated in foreign currencies. Our foreign currency forward and option contracts are primarily undesignated. We designate fixed-to-fixed cross currency contracts as cash flow hedges to protect against movements in exchange rates on foreign currency fixed-rate assets and liabilities. We designate float-to-float cross currency contracts as fair value hedges to protect against movements in exchange rates on floating-rate assets and liabilities.

B. Interest rate risk

Interest rate movements create a degree of risk by affecting the amount of our interest payments and the value of our fixed-rate debt. Our practice is to use interest rate contracts to manage our exposure to interest rate changes.

Our MP&E operations generally use fixed-rate debt as a source of funding. Our objective is to minimize the cost of borrowed funds. Our policy allows us to enter into fixed-to-floating interest rate contracts and forward rate agreements to meet that objective. We designate fixed-to-floating interest rate contracts as fair value hedges at inception of the contract, and we designate certain forward rate agreements as cash flow hedges at inception of the contract.

Financial Products operations has a match-funding policy that addresses interest rate risk by aligning the interest rate profile (fixed or floating rate and duration) of Cat Financial's debt portfolio with the interest rate profile of our receivables portfolio within predetermined ranges on an ongoing basis. In connection with that policy, we use interest rate derivative instruments to modify the debt structure to match assets within the receivables portfolio. This matched funding reduces the volatility of margins between interest-bearing assets and interest-bearing liabilities, regardless of which direction interest rates move.

Our policy allows us to use fixed-to-floating, floating-to-fixed and floating-to-floating interest rate contracts to meet the match-funding objective. We designate fixed-to-floating interest rate contracts as fair value hedges to protect debt against changes in fair value due to changes in the benchmark interest rate. We designate most floating-to-fixed interest rate contracts as cash flow hedges to protect against the variability of cash flows due to changes in the benchmark interest rate.

If we liquidate fixed-to-floating or floating-to-fixed interest rate contracts at MP&E or Financial Products, we amortize any deferred gains or losses into earnings over the remaining term of the previously hedged item.

C. Commodity price risk

Commodity price movements create a degree of risk by affecting the price we must pay for certain raw materials. Our policy is to use commodity forward and option contracts to manage the commodity risk and reduce the cost of purchased materials.

Our MP&E operations purchase base and precious metals embedded in the components we purchase from suppliers. Our suppliers pass on to us price changes in the commodity portion of the component cost. In addition, we are subject to price changes on energy products such as natural gas and diesel fuel purchased for operational use.

Our objective is to minimize volatility in the price of these commodities. Our policy allows us to enter into commodity forward and option contracts to lock in the purchase price of a portion of these commodities within a five-year horizon. All such commodity forward and option contracts are undesignated.

D. Deferred compensation plan liability risk

We are also exposed to variability in compensation expense related to certain non-qualified deferred compensation obligations to employees. We utilize total return swaps to economically hedge this exposure to offset the related compensation expense. All such total return swap contracts are undesignated.

The location and fair value of derivative instruments reported in Statement 3 were as follows:

	Fair Value			
	December 31, 2025		December 31, 2024	
(Millions of dollars)	Assets [1]	Liabilities [2]	Assets [1]	Liabilities [2]
Designated derivatives				
Foreign exchange contracts	**$ 364**	**$ (147)**	$ 357	$ (275)
Interest rate contracts	**59**	**(99)**	10	(201)
Total	**$ 423**	**$ (246)**	$ 367	$ (476)
Undesignated derivatives				
Foreign exchange contracts	**$ 62**	**$ (75)**	$ 91	$ (56)
Commodity contracts	**10**	**(2)**	4	(6)
Total return swap contracts	**1**	**(2)**	—	(33)
Total	**$ 73**	**$ (79)**	$ 95	$ (95)

[1] Assets are classified as Receivables - trade and other or Long-term receivables - trade and other.

[2] Liabilities are classified as Accrued expenses or Other liabilities.

The total notional amounts of the derivative instruments as of December 31, 2025 and 2024 were $29.3 billion and $27.0 billion, respectively. The notional amounts of the derivative financial instruments do not represent amounts exchanged by the parties. We calculate the amounts exchanged by the parties by referencing the notional amounts and by other terms of the derivatives, such as foreign currency exchange rates, interest rates, commodity prices or certain deferred compensation plan liabilities.

Gains (losses) on derivative instruments are categorized as follows:

(Millions of dollars)	Years ended December 31,								
	Gains (Losses) Recognized in Statement 1 [1]			Gains (Losses) Recognized in AOCI			Gains (Losses) Reclassified from AOCI [2]		
	2025	2024	2023	**2025**	2024	2023	**2025**	2024	2023
Cash Flow Hedges									
Foreign exchange contracts	**$ —**	$ —	$ —	**$ 156**	$ 53	$ 39	**$ 55**	$ 168	$ (58)
Interest rate contracts	**—**	—	—	**16**	11	9	**6**	39	55
Fair Value Hedges									
Foreign exchange contracts	**—**	—	—	**(9)**	—	—	**(8)**	—	—
Interest rate contracts	**(69)**	(139)	(135)	**—**	—	—	**—**	—	—
Undesignated Hedges									
Foreign exchange contracts	**(65)**	162	12	**—**	—	—	**—**	—	—
Commodity contracts	**26**	(10)	10	**—**	—	—	**—**	—	—
Total return swap contracts	**118**	40	—	**—**	—	—	**—**	—	—
Total	**$ 10**	$ 53	$ (113)	**$ 163**	$ 64	$ 48	**$ 53**	$ 207	$ (3)

[1] Foreign exchange contract, Commodity contract and Total return swap contract gains (losses) are included in Other income (expense). Interest rate contract gains (losses) are included in Interest expense of Financial Products and Interest expense excluding Financial Products.

[2] Foreign exchange contract gains (losses) are primarily included in Other income (expense). Interest rate contract gains (losses) are primarily included in Interest expense of Financial Products.

The following amounts were recorded in Statement 3 related to cumulative basis adjustments for fair value hedges:

	Years ended December 31,			
	Carrying Value of the Hedged Liabilities		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Value of the Hedged Liabilities	
(Millions of dollars)	**2025**	2024	**2025**	2024
Long-term debt due within one year	**$ 602**	$ 483	**$ 3**	$ (16)
Long-term debt due after one year	**5,513**	5,327	**(37)**	(170)
Total	**$ 6,115**	$ 5,810	**$ (34)**	$ (186)

We enter into International Swaps and Derivatives Association (ISDA) master netting agreements within MP&E and Financial Products that permit the net settlement of amounts owed under their respective derivative contracts. Under these master netting agreements, net settlement generally permits the company or the counterparty to determine the net amount payable for contracts due on the same date and in the same currency for similar types of derivative transactions. The master netting agreements may also provide for net settlement of all outstanding contracts with a counterparty in the case of an event of default or a termination event. Our exposure to credit loss in the event of nonperformance by the counterparties is limited to only those gains that we have recorded, but for which we have not yet received cash payment.

Collateral is typically not required of the counterparties or of our company under the master netting agreements. As of December 31, 2025 and 2024, no cash collateral was received or pledged under the master netting agreements.

The effect of the net settlement provisions of the master netting agreements on our derivative balances upon an event of default or termination event was as follows:

	December 31, 2025		December 31, 2024	
(Millions of dollars)	**Assets**	**Liabilities**	Assets	Liabilities
Gross Amounts Recognized	**$ 496**	**$ (325)**	$ 462	$ (571)
Financial Instruments Not Offset	**(160)**	**160**	(186)	186
Net Amount	**$ 336**	**$ (165)**	$ 276	$ (385)

5. Other income (expense)

	Years ended December 31,		
(Millions of dollars)	**2025**	2024	2023
Investment and interest income	**$ 416**	$ 482	$ 494
Foreign exchange gains (losses) [1]	**(168)**	71	(96)
License fee income	**143**	142	146
Gains (losses) on securities	**30**	39	11
Net periodic pension and OPEB income (cost), excluding service cost	**343**	165	47
Miscellaneous income (loss)	**128**	(86)	(7)
Total	**$ 892**	$ 813	$ 595

[1] Includes gains (losses) from foreign exchange derivative contracts. See Note 4 for further details.

6. Income taxes

As described in Note 1J, New accounting guidance, we have elected to prospectively adopt the guidance in ASU 2023-09. The following table is a reconciliation of the U.S. federal statutory tax rate of 21 percent to our effective tax rate for the year ended December 31, 2025 in accordance with the guidance in ASU 2023-09.

Reconciliation of the U.S. federal statutory tax rate to effective tax rate:

	Year ended December 31,	
(Millions of dollars)	**2025**	
Taxes at U.S. statutory tax rate	**$ 2,424**	**21.0%**
(Decreases)/increases resulting from:		
Non-U.S. tax effects		
Switzerland		
Federal statutory tax rate difference	**(310)**	**(2.7)%**
State and local income taxes, net of federal	**160**	**1.4%**
Other	**(27)**	**(0.2)%**
Other Non-U.S. jurisdictions	**342**	**3.0%**
Other	**179**	**1.5%**
Provision (benefit) for income taxes	**$ 2,768**	**24.0%**

The following table is a reconciliation of the U.S. federal statutory tax rate of 21 percent to our effective tax rate for the years ended December 31, 2024 and December 31, 2023 prior to the adoption of the guidance in ASU 2023-09.

Reconciliation of the U.S. federal statutory tax rate to effective tax rate:

	Years ended December 31,			
(Millions of dollars)	2024		2023	
Taxes at U.S. statutory rate	$ 2,809	21.0%	$ 2,740	21.0%
(Decreases) increases resulting from:				
Non-U.S. subsidiaries taxed at other than the U.S. rate	186	1.4%	129	1.0%
U.S. tax incentives	(245)	(1.8)%	(170)	(1.3)%
Tax law change related to currency translation	(224)	(1.7)%	—	—%
Other—net	103	0.8%	82	0.6%
Provision (benefit) for income taxes	$ 2,629	19.7%	$ 2,781	21.3%

The provision for income taxes for 2024 included a non-cash tax benefit of $224 million due to the reversal of a deferred tax liability from a U.S. tax law change related to currency translation. Included in the line item above labeled "Non-U.S. subsidiaries taxed at other than the U.S. rate" are the effects of local and U.S. taxes related to earnings of non-U.S. subsidiaries, changes in the amount of unrecognized tax benefits associated with these earnings, losses at non-U.S. subsidiaries without local tax benefits due to valuation allowances and other permanent differences between tax and U.S. GAAP results.

The components of profit (loss) before taxes were:

	Years ended December 31,		
(Millions of dollars)	**2025**	2024	2023
U.S.	**$ 5,407**	$ 6,219	$ 6,463
Non-U.S.	**6,134**	7,154	6,587
	$ 11,541	$ 13,373	$ 13,050

The components of the provision (benefit) for income taxes were:

	Years ended December 31,		
(Millions of dollars)	**2025**	2024	2023
Current tax provision (benefit):			
U.S. Federal [1]	**$ 804**	$ 1,584	$ 1,627
Non-U.S.	**1,390**	1,531	1,592
U.S. State and local	**109**	135	154
	2,303	3,250	3,373
Deferred tax provision (benefit):			
U.S. Federal [1]	**393**	(553)	(391)
Non-U.S.	**56**	(69)	(164)
U.S. State and local	**16**	1	(37)
	465	(621)	(592)
Total provision (benefit) for income taxes	**$ 2,768**	$ 2,629	$ 2,781

[1] Includes U.S. taxes related to non-U.S. earnings. We account for U.S. taxes on global intangible low-taxed income as a period cost.

We paid net income tax and related interest of $2,206 million, $3,126 million and $2,949 million in 2025, 2024 and 2023, respectively.

In accordance with the guidance in ASU 2023-09, net income tax and related interest paid in 2025 to the following jurisdictions were:

Income tax and related interest paid (net of refunds received) to:

(Millions of dollars)	December 31, 2025
U.S. Federal	$ 605
U.S. State and local	138
Non-U.S.[1]	
Switzerland	500
China	264
Brazil	135
India	128
Other	436
Net income tax and related interest paid	$ 2,206

[1] Includes federal, state and local jurisdictions within each country.

Accounting for income taxes under U.S. GAAP requires that individual tax-paying entities of the company offset all deferred tax liabilities and assets within each particular tax jurisdiction and present them as a noncurrent deferred tax liability or asset in the Consolidated Financial Position. Amounts in different tax jurisdictions cannot be offset against each other. The amount of deferred income taxes at December 31, included on the following lines in Statement 3, were as follows:

(Millions of dollars)	December 31, 2025	2024
Assets:		
Noncurrent deferred and refundable income taxes	$ 2,757	$ 3,191
Liabilities:		
Other liabilities	494	432
Deferred income taxes—net	$ 2,263	$ 2,759

The components of deferred tax assets and liabilities were:

(Millions of dollars)	December 31, 2025	2024
Deferred income tax assets:		
Research expenditures	$ 1,399	$ 1,735
Tax carryforwards	1,298	1,346
Employee compensation and benefits	607	531
Postemployment benefits	425	560
Post sale discounts	303	260
Warranty reserves	287	303
Other—net	579	622
	4,898	5,357
Deferred income tax liabilities:		
Capital and intangible assets, including lease basis differences	(1,366)	(1,270)
Outside basis differences	(429)	(454)
	(1,795)	(1,724)
Valuation allowance for deferred tax assets	(840)	(874)
Deferred income taxes—net	$ 2,263	$ 2,759

At December 31, 2025, deferred tax assets for U.S. state and local losses and credit carryforwards of $72 million expire on or before the end of 2045 while the remaining $14 million may be carried over indefinitely. Of these U.S. state and local deferred tax assets, $52 million were reduced by valuation allowances. The deferred tax assets for U.S. federal losses and credit carryforwards of $174 million primarily expire on or before the end of 2035. Of these U.S. federal deferred tax assets, $171 million were reduced

by valuation allowances. Deferred tax assets for losses and credit carryforwards of non-U.S. entities of $274 million expire on or before the end of 2045 while the remaining $764 million may be carried over indefinitely. Non-U.S. entities that have not demonstrated consistent and/or sustainable profitability to support the realization of net deferred tax assets, including certain entities in Luxembourg, have recorded valuation allowances of $617 million against tax carryforwards and other deferred tax assets.

Distributions of profits from non-U.S. subsidiaries are not expected to cause a significant incremental U.S. tax impact in the future. However, these distributions may be subject to non-U.S. withholding taxes if profits are distributed from certain jurisdictions. Determination of the amount of unrecognized deferred tax liability related to indefinitely reinvested profits is not feasible primarily due to our legal entity structure and the complexity of U.S. and local tax laws.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for uncertain tax positions, including positions impacting only the timing of tax benefits, follows.

Reconciliation of unrecognized tax benefits: [1]

	Years ended December 31,		
(Millions of dollars)	2025	2024	2023
Beginning balance	$ 1,289	$ 1,223	$ 1,140
Additions for tax positions related to current year	68	118	94
Additions for tax positions related to prior years	35	49	42
Reductions for tax positions related to prior years	(6)	(30)	(19)
Reductions for settlements [2]	(29)	(60)	(27)
Reductions for expiration of statute of limitations	(10)	(11)	(7)
Ending balance	$ 1,347	$ 1,289	$ 1,223
Amount that, if recognized, would impact the effective tax rate	$ 1,199	$ 1,137	$ 997

[1] Foreign currency impacts are included within each line as applicable.
[2] Includes cash payment or other reduction of assets to settle liability.

We classify interest and penalties on income taxes as a component of the provision for income taxes. We recognized a net provision for interest and penalties of $67 million, $35 million and $36 million during the years ended December 31, 2025, 2024 and 2023, respectively. The total amount of interest and penalties accrued was $268 million and $190 million as of December 31, 2025 and 2024, respectively.

We are subject to the continuous examination of our U.S. federal income tax returns by the Internal Revenue Service, and tax years 2017 to 2019 are currently under examination. In our major non-U.S. jurisdictions, tax years are typically subject to examination for three to ten years.

7. Cat Financial financing activities

A. Wholesale inventory receivables

Wholesale inventory receivables are receivables of Cat Financial that arise when Cat Financial provides financing for a dealer's purchase of inventory and were $2,169 million and $1,750 million, at December 31, 2025 and 2024, respectively. We include these receivables in Receivables—trade and other and Long-term receivables—trade and other in Statement 3.

Contractual maturities of outstanding wholesale inventory receivables:

(Millions of dollars)	December 31, 2025		
	Wholesale Loans	Wholesale Leases	Total
Amounts Due In			
2026	$ 1,128	$ 30	$ 1,158
2027	497	21	518
2028	256	15	271
2029	91	9	100
2030	39	5	44
Thereafter	17	1	18
Total	2,028	81	2,109
Guaranteed residual value [1]	39	22	61
Unguaranteed residual value [1]	9	21	30
Less: Unearned income	(22)	(9)	(31)
Total	$ 2,054	$ 115	$ 2,169

[1] For Wholesale loans, represents residual value on failed sale leasebacks.

Cat Financial's wholesale inventory receivables generally may be repaid or refinanced without penalty prior to contractual maturity.

Please refer to Note 18 for fair value information.

B. Finance receivables

Finance receivables are receivables of Cat Financial and are reported in Statement 3 net of an allowance for credit losses.

Contractual maturities of outstanding finance receivables:

(Millions of dollars)	December 31, 2025		
	Retail Loans	Retail Leases	Total
Amounts Due In			
2026	$ 8,372	$ 2,561	$ 10,933
2027	4,992	1,740	6,732
2028	3,324	1,052	4,376
2029	1,779	566	2,345
2030	687	207	894
Thereafter	149	54	203
Total	19,303	6,180	25,483
Guaranteed residual value [1]	7	429	436
Unguaranteed residual value [1]	8	528	536
Less: Unearned income	(642)	(663)	(1,305)
Total	$ 18,676	$ 6,474	$ 25,150

[1] For Retail loans, represents residual value on failed sale leasebacks.

Cat Financial's finance receivables generally may be repaid or refinanced without penalty prior to contractual maturity.

Please refer to Note 18 for fair value information.

C. Allowance for credit losses

Portfolio segments

A portfolio segment is the level at which Cat Financial develops a systematic methodology for determining its allowance for credit losses. Cat Financial's portfolio segments and related methods for estimating expected credit losses are as follows:

Customer

Cat Financial provides loans and finance leases to end-user customers primarily for the purpose of financing new and used Caterpillar machinery, engines and equipment for commercial use. Cat Financial also provides financing for power generation facilities that incorporate Caterpillar products. The average original term of Cat Financial's customer finance receivables portfolio was approximately 51 months with an average remaining term of approximately 28 months as of December 31, 2025.

Cat Financial typically maintains a security interest in financed equipment and generally requires physical damage insurance coverage on the financed equipment, both of which provide Cat Financial with certain rights and protections. If Cat Financial's collection efforts fail to bring a defaulted account current, Cat Financial generally can repossess the financed equipment, after satisfying local legal requirements, and sell it within the Caterpillar dealer network or through third-party auctions.

Cat Financial estimates the allowance for credit losses related to its customer finance receivables based on loss forecast models utilizing probabilities of default and the estimated loss given default based on past loss experience adjusted for current conditions and reasonable and supportable forecasts capturing country and industry-specific economic factors.

During the year ended December 31, 2025, Cat Financial's forecasts reflected a continuation of global market uncertainty and actions by global central banks aimed at balancing economic growth and managing inflation. Cat Financial believes the economic forecasts employed represent reasonable and supportable forecasts, followed by a reversion to long-term trends.

Dealer

Cat Financial provides financing to Caterpillar dealers on a secured and unsecured basis in the form of wholesale financing plans and retail loans. Cat Financial's wholesale financing plans provide financing to dealers for their new Caterpillar equipment inventory and rental fleets. The retail loans to dealers are primarily for working capital.

Cat Financial estimates the allowance for credit losses for dealer finance receivables based on historical loss rates with consideration of current economic conditions and reasonable and supportable forecasts.

In general, Cat Financial's Dealer portfolio segment has not historically experienced large increases or decreases in credit losses based on changes in economic conditions due to its close working relationships with the dealers and their financial strength. Therefore, Cat Financial made no adjustments to historical loss rates during the year ended December 31, 2025.

Classes of finance receivables

Cat Financial further evaluates portfolio segments by the class of finance receivables, which is defined as a level of information (below a portfolio segment) in which the finance receivables have the same initial measurement attribute and a similar method for assessing and monitoring credit risk. Cat Financial's classes, which align with management reporting for credit losses, are as follows:

- **North America** - Finance receivables originated in the United States and Canada.
- **EAME** - Finance receivables originated in Europe, Africa, the Middle East and Eurasia.
- **Asia/Pacific** - Finance receivables originated in Australia, New Zealand, China, Japan, Southeast Asia and India.
- **Latin America** - Finance receivables originated in Mexico and Central and South American countries.
- **Mining** - Finance receivables originated worldwide related to large mining customers worldwide.
- **Power** - Finance receivables originated worldwide related to large power customers of Caterpillar electrical power generation, gas compression and co-generation systems and non-Caterpillar equipment that is powered by these systems.

Receivable balances, including accrued interest, are written off against the allowance for credit losses when, in the judgment of management, they are considered uncollectible (generally upon repossession of the collateral). The amount of the write-off is primarily determined by comparing the fair value of the collateral, less estimated selling costs, to the amortized cost of the receivable. Subsequent recoveries, if any, are credited to the allowance for credit losses when received.

An analysis of the allowance for credit losses was as follows:

(Millions of dollars)	December 31, 2025			December 31, 2024		
	Customer	Dealer	Total	Customer	Dealer	Total
Allowance for Credit Losses:						
Beginning balance	**$ 258**	**$ 4**	**$ 262**	$ 276	$ 51	$ 327
Write-offs	**(148)**	**—**	**(148)**	(125)	(47)	(172)
Recoveries	**47**	**—**	**47**	57	—	57
Provision for credit losses[1]	**109**	**—**	**109**	84	—	84
Other	**7**	**—**	**7**	(34)	—	(34)
Ending balance	**$ 273**	**$ 4**	**$ 277**	$ 258	$ 4	$ 262
Finance Receivables	**$ 23,635**	**$ 1,515**	**$ 25,150**	$ 21,517	$ 1,512	$ 23,029

[1] Excludes provision for credit losses on unfunded commitments and other miscellaneous

Gross write-offs by origination year for the Customer portfolio segment were as follows:

(Millions of dollars)	Year Ended December 31, 2025							
	2025	2024	2023	2022	2021	Prior	Revolving Finance Receivables	Total
North America	**$ 3**	**$ 15**	**$ 27**	**$ 12**	**$ 8**	**$ 4**	**$ 8**	**$ 77**
EAME	**1**	**5**	**7**	**3**	**2**	**1**	**1**	**20**
Asia/Pacific	**2**	**6**	**3**	**2**	**1**	**—**	**—**	**14**
Latin America	**1**	**3**	**3**	**5**	**2**	**1**	**—**	**15**
Mining	**—**	**8**	**6**	**6**	**—**	**1**	**—**	**21**
Power	**—**	**—**	**—**	**—**	**—**	**1**	**—**	**1**
Total	**$ 7**	**$ 37**	**$ 46**	**$ 28**	**$ 13**	**$ 8**	**$ 9**	**$ 148**

	Year Ended December 31, 2024							
	2024	2023	2022	2021	2020	Prior	Revolving Finance Receivables	Total
North America	$ 2	$ 19	$ 13	$ 6	$ 3	$ 1	$ 9	$ 53
EAME	1	4	5	4	2	1	—	17
Asia/Pacific	1	4	5	4	1	1	—	16
Latin America	—	3	6	5	3	8	—	25
Mining	8	3	3	—	—	—	—	14
Total	$ 12	$ 33	$ 32	$ 19	$ 9	$ 11	$ 9	$ 125

All $47 million of gross write-offs in the Dealer portfolio segment for the year ended December 31, 2024 were in Latin America and originated prior to 2020.

Credit quality of finance receivables

At origination, Cat Financial evaluates credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, credit ratings, loan-to-value ratios, probabilities of default, industry trends, macroeconomic factors and other internal metrics. On an ongoing basis, Cat Financial monitors credit quality based on past-due status as there is a meaningful correlation between the past-due status of customers and the risk of loss. In determining past-due status, Cat Financial considers the entire finance receivable past due when any installment is over 30 days past due.

Customer

The aging analysis of Cat Financial's Customer portfolio segment by origination year was as follows:

(Millions of dollars)	December 31, 2025							
	2025	2024	2023	2022	2021	Prior	Revolving Finance Receivables	Total Finance Receivables
North America								
Current	$ 5,531	$ 3,634	$ 1,845	$ 743	$ 318	$ 20	$ 510	$ 12,601
31-60 days past due	30	42	28	18	6	1	4	129
61-90 days past due	11	14	10	5	3	—	2	45
91+ days past due	11	34	29	20	8	3	1	106
EAME								
Current	1,551	929	614	316	114	44	—	3,568
31-60 days past due	5	12	6	6	2	—	—	31
61-90 days past due	3	5	3	2	1	—	—	14
91+ days past due	5	9	12	6	3	2	—	37
Asia/Pacific								
Current	996	571	290	104	25	1	—	1,987
31-60 days past due	5	8	3	1	—	—	—	17
61-90 days past due	2	3	1	2	—	—	—	8
91+ days past due	1	1	2	2	—	—	—	6
Latin America								
Current	984	511	212	96	15	1	4	1,823
31-60 days past due	3	6	5	3	—	—	—	17
61-90 days past due	2	2	2	1	—	1	—	8
91+ days past due	1	10	7	4	1	—	—	23
Mining								
Current	765	698	484	278	106	46	—	2,377
31-60 days past due	3	—	—	—	—	—	—	3
61-90 days past due	—	—	—	—	—	—	—	—
91+ days past due	1	1	8	—	—	—	—	10
Power								
Current	168	250	179	37	8	35	148	825
31-60 days past due	—	—	—	—	—	—	—	—
61-90 days past due	—	—	—	—	—	—	—	—
91+ days past due	—	—	—	—	—	—	—	—
Totals by Aging Category								
Current	9,995	6,593	3,624	1,574	586	147	662	23,181
31-60 days past due	46	68	42	28	8	1	4	197
61-90 days past due	18	24	16	10	4	1	2	75
91+ days past due	19	55	58	32	12	5	1	182
Total Customer	$ 10,078	$ 6,740	$ 3,740	$ 1,644	$ 610	$ 154	$ 669	$ 23,635

(Millions of dollars)	December 31, 2024							
	2024	2023	2022	2021	2020	Prior	Revolving Finance Receivables	Total Finance Receivables
North America								
Current	$ 5,340	$ 3,035	$ 1,567	$ 980	$ 244	$ 23	$ 385	$ 11,574
31-60 days past due	30	42	29	18	5	1	3	128
61-90 days past due	9	14	10	6	2	1	1	43
91+ days past due	13	37	26	16	6	2	1	101
EAME								
Current	1,235	874	532	285	92	72	—	3,090
31-60 days past due	7	10	4	3	1	—	—	25
61-90 days past due	3	4	1	1	1	—	—	10
91+ days past due	3	14	8	6	4	1	—	36
Asia/Pacific								
Current	898	531	256	87	14	2	—	1,788
31-60 days past due	4	6	5	2	—	—	—	17
61-90 days past due	1	1	2	1	—	—	—	5
91+ days past due	4	1	2	1	1	—	—	9
Latin America								
Current	800	363	220	60	8	2	—	1,453
31-60 days past due	4	6	5	1	—	2	—	18
61-90 days past due	1	2	1	—	—	—	—	4
91+ days past due	2	6	8	4	1	1	—	22
Mining								
Current	924	755	444	206	67	34	21	2,451
31-60 days past due	—	1	—	—	—	—	—	1
61-90 days past due	—	1	—	—	—	—	—	1
91+ days past due	4	5	5	1	—	3	—	18
Power								
Current	169	184	39	43	64	56	166	721
31-60 days past due	—	—	—	—	—	—	—	—
61-90 days past due	—	—	—	—	—	—	—	—
91+ days past due	—	—	—	—	—	2	—	2
Totals by Aging Category								
Current	9,366	5,742	3,058	1,661	489	189	572	21,077
31-60 days past due	45	65	43	24	6	3	3	189
61-90 days past due	14	22	14	8	3	1	1	63
91+ days past due	26	63	49	28	12	9	1	188
Total Customer	$ 9,451	$ 5,892	$ 3,164	$ 1,721	$ 510	$ 202	$ 577	$ 21,517

Dealer

As of December 31, 2025 and 2024, Cat Financial's total amortized cost of finance receivables within the Dealer portfolio segment was current.

Non-accrual finance receivables

Recognition of income is suspended and the finance receivable is placed on non-accrual status when management determines that collection of future income is not probable. Contracts on non-accrual status are generally more than 120 days past due. Recognition is resumed and previously suspended income is recognized when collection is considered probable. Payments received while the finance receivable is on non-accrual status are applied to interest and principal in accordance with the contractual terms. Interest earned but uncollected prior to the receivable being placed on non-accrual status is written off through Provision for credit losses when, in the judgment of management, it is considered uncollectible.

In Cat Financial's Customer portfolio segment, finance receivables which were on non-accrual status and finance receivables over 90 days past due and still accruing income as of December 31, were as follows:

	December 31, 2025		December 31, 2024	
	Amortized Cost		Amortized Cost	
(Millions of dollars)	Non-accrual	91+ Still Accruing	Non-accrual	91+ Still Accruing
North America	$ 90	$ 20	$ 83	$ 20
EAME	35	5	33	5
Asia/Pacific	4	2	5	5
Latin America	24	1	24	—
Mining	10	—	29	—
Power	—	—	2	—
Total	$ 163	$ 28	$ 176	$ 30

There were no finance receivables in Cat Financial's Dealer portfolio segment on non-accrual status as of December 31, 2025 and 2024.

Modifications

Cat Financial periodically modifies the terms of their finance receivable agreements. Typically, the types of modifications granted are payment deferrals, interest-only payment periods and/or term extensions. Many modifications Cat Financial grants are for commercial reasons or for borrowers experiencing some form of short-term financial stress and may result in insignificant payment delays. Cat Financial does not consider these borrowers to be experiencing financial difficulty. Modifications for borrowers Cat Financial does consider to be experiencing financial difficulty typically result in payment deferrals and/or reduced payments for a period of four months or longer, term extension of six months or longer or a combination of both.

During the years ended December 31, 2025 and 2024, there were no finance receivable modifications granted to borrowers experiencing financial difficulty in Cat Financial's Dealer portfolio segment.

The ending amortized cost of finance receivables modified with borrowers experiencing financial difficulty in Cat Financial's Customer portfolio segment for the years ended December 31, 2025 and 2024 were as follows:

(Millions of dollars)	2025	2024
Amortized cost of finance receivables modified	$ 38	$ 33
Modifications as a percentage of Customer portfolio	0.16%	0.15%

The financial effects of term extensions and payment delays for borrowers experiencing financial difficulty for the years ended December 31, were as follows:

(In months)	2025	2024
Weighted average extension to term of modified contracts	19	8
Weighted average payment deferral and/or interest only periods	6	6

After Cat Financial modifies a finance receivable, they continue to track its performance under its most recent modified terms. As of December 31, 2025 and 2024, defaults of loans modified in the prior twelve months were not significant.

The effect of most modifications made to finance receivables for borrowers experiencing financial difficulty is already included in the allowance for credit losses based on the methodologies used to estimate the allowance; therefore, a change to the allowance for credit losses is generally not recorded upon modification. On rare occasions when principal forgiveness is provided, the amount forgiven is written off against the allowance for credit losses.

D. Concentration of Credit Risk

Finance receivables and wholesale inventory receivables primarily represent receivables under installment sales contracts, receivables arising from leasing transactions and notes receivable. No single customer or dealer represented a significant concentration of credit risk.

8. Inventories

Inventories (principally using the LIFO method) are comprised of the following:

(Millions of dollars)	December 31, 2025	December 31, 2024
Raw materials	**$ 7,434**	$ 6,681
Work-in-process	**1,598**	1,438
Finished goods	**8,725**	8,329
Supplies	**378**	379
Total inventories	**$ 18,135**	$ 16,827

9. Property, plant and equipment

(Millions of dollars)	Useful Lives (Years)	December 31, 2025	December 31, 2024
Land	—	**$ 616**	$ 612
Buildings and land improvements	20-45	**7,761**	7,281
Machinery, equipment and other	2-10	**13,737**	12,523
Software	3-7	**1,696**	1,609
Equipment leased to others	1-7	**6,004**	5,701
Construction-in-process	—	**2,092**	1,751
Total property, plant and equipment, at cost		**31,906**	29,477
Less: Accumulated depreciation		**(16,766)**	(16,116)
Property, plant and equipment–net		**$ 15,140**	$ 13,361

10. Intangible assets and goodwill

A. Intangible assets

Intangible assets were comprised of the following:

	December 31, 2025		
(Millions of dollars)	Gross Carrying Amount [1]	Accumulated Amortization [1]	Net
Customer relationships	**$ 2,012**	**$ (1,877)**	**$ 135**
Intellectual property	**479**	**(399)**	**80**
Other	**117**	**(91)**	**26**
Total finite-lived intangible assets	**$ 2,608**	**$ (2,367)**	**$ 241**

	December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	$ 2,220	$ (1,950)	$ 270
Intellectual property	496	(401)	95
Other	117	(83)	34
Total finite-lived intangible assets	$ 2,833	$ (2,434)	$ 399

[1] For the year ended December 31, 2025, $248 million of intangible assets were fully amortized and have been removed.

Finite-lived intangible assets are amortized over their estimated useful lives and tested for impairment if events or changes in circumstances indicate that the asset may be impaired.

Amortization expense related to intangible assets was $169 million, $176 million and $218 million for 2025, 2024 and 2023, respectively.

As of December 31, 2025, amortization expense related to intangible assets is expected to be:

(Millions of dollars)					
2026	**2027**	**2028**	**2029**	**2030**	**Thereafter**
$98	$35	$27	$24	$21	$36

B. Goodwill

There were no goodwill impairments during 2025, 2024 or 2023.

The changes in carrying amount of goodwill by reportable segment for the years ended December 31, 2025 and 2024 were as follows:

(Millions of dollars)	December 31, 2024	Other Adjustments [1]	December 31, 2025
Construction Industries			
Goodwill	$ 261	$ 3	$ 264
Impairments	(22)	—	(22)
Net goodwill	239	3	242
Resource Industries			
Goodwill	4,124	37	4,161
Impairments	(1,175)	—	(1,175)
Net goodwill	2,949	37	2,986
Power & Energy			
Goodwill	2,939	40	2,979
Impairment	(925)	—	(925)
Net goodwill	2,014	40	2,054
All Other [2]			
Goodwill	39	—	39
Consolidated total			
Goodwill	7,363	80	7,443
Impairments	(2,122)	—	(2,122)
Net goodwill	$ 5,241	$ 80	$ 5,321

	December 31, 2023	Other Adjustments [1]	December 31, 2024
Construction Industries			
Goodwill	$ 277	$ (16)	$ 261
Impairments	(22)	—	(22)
Net goodwill	255	(16)	239
Resource Industries			
Goodwill	4,151	(27)	4,124
Impairments	(1,175)	—	(1,175)
Net goodwill	2,976	(27)	2,949
Power & Energy			
Goodwill	2,959	(20)	2,939
Impairment	(925)	—	(925)
Net goodwill	2,034	(20)	2,014
All Other [2]			
Goodwill	43	(4)	39
Consolidated total			
Goodwill	7,430	(67)	7,363
Impairments	(2,122)	—	(2,122)
Net goodwill	$ 5,308	$ (67)	$ 5,241

[1] Other adjustments are comprised primarily of foreign currency translation.

[2] Includes All Other Segment (See Note 23).

11. Investments in debt and equity securities

We have investments in certain debt and equity securities, which we record at fair value and primarily include in Other assets in Statement 3. Short-term and long-term investments are held with high quality institutions and, by policy, the amount of credit exposure to any one institution is limited.

We classify debt securities primarily as available-for-sale. We include the unrealized gains and losses arising from the revaluation of available-for-sale debt securities, net of applicable deferred income taxes, in equity (AOCI in Statement 3). We include the unrealized gains and losses arising from the revaluation of the equity securities in Other income (expense) in Statement 1. We generally determine realized gains and losses on sales of investments using the specific identification method for available-for-sale debt and equity securities and include them in Other income (expense) in Statement 1.

The cost basis and fair value of available-for-sale debt securities with unrealized gains and losses included in equity (AOCI in Statement 3) were as follows:

Available-for-sale debt securities	**December 31, 2025**			December 31, 2024		
(Millions of dollars)	**Cost Basis**	**Unrealized Pretax Net Gains (Losses)**	**Fair Value**	Cost Basis	Unrealized Pretax Net Gains (Losses)	Fair Value
Government debt securities						
U.S. treasury bonds	**$ 10**	**$ —**	**$ 10**	$ 10	$ —	$ 10
Other U.S. and non-U.S. government bonds	**72**	**2**	**74**	71	(3)	68
Corporate debt securities						
Corporate bonds and other debt securities	**2,457**	**23**	**2,480**	3,199	(29)	3,170
Asset-backed securities	**273**	**—**	**273**	220	(1)	219
Mortgage-backed debt securities						
U.S. governmental agency	**580**	**(8)**	**572**	476	(33)	443
Residential	**2**	**(1)**	**1**	2	—	2
Commercial	**141**	**(2)**	**139**	136	(6)	130
Total available-for-sale debt securities	**$ 3,535**	**$ 14**	**$ 3,549**	$ 4,114	$ (72)	$ 4,042

Available-for-sale debt securities in an unrealized loss position:	**December 31, 2025**					
	Less than 12 months [1]		**12 months or more [1]**		**Total**	
(Millions of dollars)	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Government debt securities						
Other U.S. and non-U.S. government bonds	**$ —**	**$ —**	**$ 17**	**$ —**	**$ 17**	**$ —**
Corporate debt securities						
Corporate bonds	**130**	**—**	**306**	**6**	**436**	**6**
Asset-backed securities	**38**	**—**	**43**	**1**	**81**	**1**
Mortgage-backed debt securities						
U.S. governmental agency	**3**	**—**	**307**	**15**	**310**	**15**
Residential	**—**	**—**	**1**	**1**	**1**	**1**
Commercial	**6**	**—**	**89**	**3**	**95**	**3**
Total	**$ 177**	**$ —**	**$ 763**	**$ 26**	**$ 940**	**$ 26**

(Millions of dollars)	December 31, 2024					
	Less than 12 months [1]		12 months or more [1]		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Government debt securities						
Other U.S. and non-U.S. government bonds	$ —	$ —	$ 55	$ 4	$ 55	$ 4
Corporate debt securities						
Corporate bonds	729	3	812	33	1,541	36
Asset-backed securities	7	—	37	2	44	2
Mortgage-backed debt securities						
U.S. governmental agency	126	3	273	30	399	33
Commercial	13	—	113	6	126	6
Total	$ 875	$ 6	$ 1,290	$ 75	$ 2,165	$ 81

[1] Indicates the length of time that individual securities have been in a continuous unrealized loss position.

The unrealized losses on our investments in government debt securities, corporate debt securities, and mortgage-backed debt securities relate to changes in underlying interest rates and credit spreads since time of purchase. We do not intend to sell the investments, and it is not likely that we will be required to sell the investments before recovery of their respective amortized cost basis. In addition, we did not expect credit-related losses on these investments as of December 31, 2025.

The cost basis and fair value of available-for-sale debt securities at December 31, 2025, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to prepay and creditors may have the right to call obligations.

(Millions of dollars)	December 31, 2025	
	Cost Basis	Fair Value
Due in one year or less	**$ 744**	**$ 748**
Due after one year through five years	**1,488**	**1,504**
Due after five years through ten years	**378**	**383**
Due after ten years	**202**	**202**
U.S. governmental agency mortgage-backed securities	**580**	**572**
Residential mortgage-backed securities	**2**	**1**
Commercial mortgage-backed securities	**141**	**139**
Total debt securities – available-for-sale	**$ 3,535**	**$ 3,549**

For the years ended December 31, 2025, 2024 and 2023 proceeds from available-for-sale debt securities were $2,166 million, $1,223 million and $940 million respectively.

The net unrealized gains (losses) for equity securities held at December 31, 2025, 2024 and 2023 were $20 million, $25 million and $(12) million respectively.

12. Postemployment benefit plans

We provide defined benefit pension plans, defined contribution plans and/or other postretirement benefit plans (retirement health care and life insurance) to employees in many of our locations throughout the world. Our defined benefit pension plans provide a benefit based on years of service and/or the employee's average earnings near retirement. Our defined contribution plans allow employees to contribute a portion of their salary to help save for retirement, and in most cases, we provide a matching contribution. The benefit obligation related to our non-U.S. defined benefit pension plans are for employees located primarily in Europe, Japan and Brazil. For other postretirement benefits (OPEB), substantially all of our benefit obligation is for employees located in the United States.

A. Obligations, assets and funded status

(Millions of dollars)	U.S. Pension Benefits 2025	U.S. Pension Benefits 2024	Non-U.S. Pension Benefits 2025	Non-U.S. Pension Benefits 2024	Other Postretirement Benefits 2025	Other Postretirement Benefits 2024
Accumulated benefit obligation, end of year	**$ 12,066**	$ 12,171	**$ 3,011**	$ 2,880		
Change in benefit obligation:						
Benefit obligation, beginning of year	**$ 12,171**	$ 13,137	**$ 2,989**	$ 3,265	**$ 2,469**	$ 2,741
Service cost [1]	**—**	—	**49**	43	**63**	67
Interest cost	**612**	625	**118**	118	**125**	131
Plan amendments	**—**	—	**6**	—	**—**	—
Actuarial loss (gain)	**276**	(603)	**(93)**	(31)	**(96)**	(202)
Foreign currency exchange rates	**—**	—	**291**	(203)	**21**	(33)
Participant contributions	**—**	—	**5**	5	**41**	45
Benefits paid - gross	**(993)**	(988)	**(189)**	(193)	**(287)**	(286)
Less: federal subsidy on benefits paid	**—**	—	**—**	—	**6**	6
Curtailments, settlements and termination benefits	**—**	—	**(45)**	(15)	**—**	—
Benefit obligation, end of year	**$ 12,066**	$ 12,171	**$ 3,131**	$ 2,989	**$ 2,342**	$ 2,469
Change in plan assets:						
Fair value of plan assets, beginning of year	**$ 11,898**	$ 12,738	**$ 3,203**	$ 3,467	**$ 88**	$ 144
Actual return on plan assets	**1,158**	96	**103**	74	**25**	25
Foreign currency exchange rates	**—**	—	**307**	(194)	**—**	—
Company contributions	**50**	52	**70**	59	**261**	160
Participant contributions	**—**	—	**5**	5	**41**	45
Benefits paid	**(993)**	(988)	**(189)**	(193)	**(287)**	(286)
Settlements and termination benefits	**—**	—	**(45)**	(15)	**—**	—
Fair value of plan assets, end of year	**$ 12,113**	$ 11,898	**$ 3,454**	$ 3,203	**$ 128**	$ 88
Over (under) funded status	**$ 47**	$ (273)	**$ 323**	$ 214	**$ (2,214)**	$ (2,381)
Amounts recognized in Statement 3:						
Other assets (non-current asset)	**$ 670**	$ 354	**$ 681**	$ 541	**$ —**	$ —
Accrued wages, salaries and employee benefits (current liability)	**(50)**	(50)	**(22)**	(21)	**(146)**	(204)
Liability for postemployment benefits (non-current liability) [2]	**(573)**	(577)	**(336)**	(306)	**(2,068)**	(2,177)
Net (liability) asset recognized	**$ 47**	$ (273)	**$ 323**	$ 214	**$ (2,214)**	$ (2,381)
Amounts recognized in AOCI (pre-tax):						
Prior service cost (credit)	**$ —**	$ —	**$ 27**	$ 21	**$ —**	$ (5)
Weighted-average assumptions used to determine benefit obligation, end of year:						
Discount rate	**5.3%**	5.6%	**4.3%**	4.1%	**5.3%**	5.6%
Rate of compensation increase [1]	**—%**	—%	**2.2%**	2.2%	**4.0%**	4.0%

[1] All U.S. pension benefits are frozen, and accordingly there is no longer any service cost and certain assumptions are no longer applicable.

[2] The Liability for postemployment benefits reported in Statement 3 includes liabilities for other postemployment benefits and non-qualified deferred compensation plans. For 2025 and 2024, these liabilities were $861 million and $697 million, respectively.

For 2025, Actuarial loss (gain) impacting the benefit obligation was primarily due to lower discount rates at the end of 2025 compared to the end of 2024. For 2024, Actuarial loss (gain) impacting the benefit obligation was primarily due to higher discount rates at the end of 2024 compared to the end of 2023.

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
(Millions of dollars)	**2025**	2024	**2025**	2024
Pension plans with projected benefit obligation in excess of plan assets:				
Projected benefit obligation	**$ 623**	$ 627	**$ 412**	$ 370
Fair value of plan assets	**$ —**	$ —	**$ 54**	$ 43
Pension plans with accumulated benefit obligation in excess of plan assets:				
Accumulated benefit obligation	**$ 623**	$ 627	**$ 300**	$ 279
Fair value of plan assets	**$ —**	$ —	**$ 19**	$ 7

The accumulated postretirement benefit obligation exceeds plan assets for all of our other postretirement benefit plans for all years presented.

B. Net periodic benefit cost

	U.S. Pension Benefits			Non-U.S. Pension Benefits			Other Postretirement Benefits		
(Millions of dollars)	**2025**	2024	2023	**2025**	2024	2023	**2025**	2024	2023
Net periodic benefit cost:									
Service cost [1]	**$ —**	$ —	$ —	**$ 49**	$ 43	$ 40	**$ 63**	$ 67	$ 67
Interest cost	**612**	625	656	**118**	118	124	**125**	131	144
Expected return on plan assets	**(720)**	(699)	(689)	**(171)**	(165)	(163)	**(9)**	(7)	(11)
Curtailments, settlements and termination benefits	**—**	—	—	**—**	—	1	**—**	—	—
Amortization of prior service cost (credit)	**—**	—	—	**1**	—	—	**(5)**	(14)	(12)
Actuarial loss (gain) [2]	**(162)**	—	(138)	**(26)**	59	172	**(106)**	(213)	(131)
Net periodic benefit cost (benefit) [3]	**$ (270)**	$ (74)	$ (171)	**$ (29)**	$ 55	$ 174	**$ 68**	$ (36)	$ 57
Amounts recognized in other comprehensive income (pre-tax):									
Current year prior service cost (credit)	**$ —**	$ —	$ —	**$ 7**	$ —	$ 1	**$ —**	$ —	$ (2)
Amortization of prior service (cost) credit	**—**	—	—	**(1)**	—	—	**5**	14	12
Total recognized in other comprehensive income	**—**	—	—	**6**	—	1	**5**	14	10
Total recognized in net periodic cost and other comprehensive income	**$ (270)**	$ (74)	$ (171)	**$ (23)**	$ 55	$ 175	**$ 73**	$ (22)	$ 67
Weighted-average assumptions used to determine net periodic benefit cost:									
Discount rate used to measure service cost [1]	**—%**	—%	—%	**3.2%**	3.6%	3.8%	**5.7%**	5.1%	5.4%
Discount rate used to measure interest cost	**5.3%**	5.0%	5.2%	**3.9%**	3.9%	4.2%	**5.3%**	5.0%	5.3%
Expected rate of return on plan assets	**6.3%**	5.7%	5.8%	**5.2%**	5.1%	5.2%	**6.1%**	7.4%	7.4%
Rate of compensation increase [1]	**—%**	—%	—%	**2.2%**	2.3%	2.3%	**4.0%**	4.0%	4.0%

1 All U.S. pension benefits are frozen, and accordingly there is no longer any service cost and certain assumptions are no longer applicable.

2 Actuarial loss (gain) represents the effects of actual results differing from our assumptions and the effects of changing assumptions. We recognize actuarial loss (gain) immediately through earnings upon the annual remeasurement in the fourth quarter, or on an interim basis as triggering events warrant remeasurement.

3 The service cost component is included in Operating costs and all other components are included in Other income (expense) in Statement 1.

Our expected rate of return on U.S. plan assets is based on our estimate of long-term returns for equities and fixed income securities weighted by the asset allocations as of December 31. We use a similar process to determine this rate for our non-U.S. plans.

The assumed health care cost trend rate represents the rate at which costs are assumed to increase. We assumed a weighted-average increase of 6.0 percent in our calculation of 2025 benefit expense. We expect a weighted-average increase of 6.7 percent during 2026. The 2026 rates are assumed to decrease gradually to the ultimate health care trend rate of 4.7 percent in 2037.

C. Expected contributions and Benefit payments

The following table presents information about expected contributions and benefit payments for pension and other postretirement benefit plans:

(Millions of dollars)	2026
Expected employer contributions:	
U.S. Pension Benefits	$ 50
Non-U.S. Pension Benefits	$ 64
Other Postretirement Benefits	$ 246

Expected benefit payments:	2026	2027	2028	2029	2030	2031-2035	Total
U.S. Pension Benefits	$ 1,000	$ 985	$ 975	$ 965	$ 950	$ 4,510	$ 9,385
Non-U.S. Pension Benefits	$ 215	$ 200	$ 210	$ 215	$ 220	$ 1,120	$ 2,180
Other Postretirement Benefits	$ 225	$ 225	$ 220	$ 215	$ 210	$ 1,010	$ 2,105
Expected Medicare Part D subsidy:	$ 6	$ 5	$ 5	$ 5	$ 4	$ 17	$ 42

The above table reflects the total expected employer contributions and expected benefits to be paid from the plan or from company assets and does not include the participants' share of the cost. The expected benefit payments for our other postretirement benefits include payments for prescription drug benefits. The above table also includes Medicare Part D subsidy amounts expected to be received by the company which will offset other postretirement benefit payments.

D. Plan assets

In general, our strategy for both the U.S. and non-U.S. pensions is designed to decrease funded status volatility through ongoing alignment of the interest rate sensitivity of our investments to our obligations, while reducing risk from return seeking assets in our portfolio. The current U.S. pension target asset allocation is 87 percent fixed income and 13 percent equities. We will revise this target allocation periodically to ensure it reflects our overall objectives. The non-U.S. pension weighted-average target allocations are 59 percent fixed income, 18 percent insurance contracts, 11 percent equities, 7 percent real estate, and 5 percent other. The target allocations for each plan vary based upon local statutory requirements, demographics of plan participants and funded status. We primarily invest the non-U.S. plan assets in non-U.S. securities.

Our target allocation for the other postretirement benefit plans is 40 percent equities and 60 percent fixed income.

We rebalance the U.S. plans to within the appropriate target asset allocation ranges on a monthly basis. The frequency of rebalancing for the non-U.S. plans varies depending on the plan. As a result of our diversification strategies, there are no significant concentrations of risk within the portfolio of investments.

We permit the use of certain derivative instruments where appropriate and necessary for achieving overall investment policy objectives. The plans do not use derivative contracts for speculative purposes.

The accounting guidance on fair value measurements specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques (Level 1, 2 and 3). Certain assets that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. See Note 18 for a discussion of the fair value hierarchy.

We determine fair values as follows:

- Equity securities are primarily based on valuations for identical instruments in active markets.
- Fixed income securities are primarily based upon models that take into consideration such market-based factors as recent sales, risk-free yield curves and prices of similarly rated bonds.
- Real estate is stated at the fund's net asset value or at appraised value.
- Insurance contracts are valued on an insurer pricing basis updated for changes in insurance market pricing, market rates, and inflation.
- Cash, short-term instruments and other are based on the carrying amount, which approximates fair value, or the fund's net asset value.

The fair value of the pension and other postretirement benefit plan assets by category is summarized below:

(Millions of dollars)	December 31, 2025 Level 1	Level 2	Level 3	Measured at NAV	Total Assets at Fair Value
U.S. Pension					
Equity securities:					
U.S. equities	$ 1,049	$ 1	$ 22	$ 50	$ 1,122
Non-U.S. equities	998	—	14	—	1,012
Fixed income securities:					
U.S. corporate bonds	—	5,598	28	91	5,717
Non-U.S. corporate bonds	—	958	—	—	958
U.S. government bonds	—	2,619	—	—	2,619
U.S. governmental agency mortgage-backed securities	—	184	—	—	184
Non-U.S. government bonds	—	151	—	—	151
Cash, short-term instruments and other	68	10	—	272	350
Total U.S. pension assets	$ 2,115	$ 9,521	$ 64	$ 413	$ 12,113

(Millions of dollars)	December 31, 2024 Level 1	Level 2	Level 3	Measured at NAV	Total Assets at Fair Value
U.S. Pension					
Equity securities:					
U.S. equities	$ 1,087	$ —	$ 28	$ 62	$ 1,177
Non-U.S. equities	946	—	10	—	956
Fixed income securities:					
U.S. corporate bonds	—	5,396	33	36	5,465
Non-U.S. corporate bonds	—	972	—	—	972
U.S. government bonds	—	2,656	—	—	2,656
U.S. governmental agency mortgage-backed securities	—	180	—	—	180
Non-U.S. government bonds	—	132	—	—	132
Cash, short-term instruments and other	48	12	—	300	360
Total U.S. pension assets	$ 2,081	$ 9,348	$ 71	$ 398	$ 11,898

(Millions of dollars)	December 31, 2025 Level 1	Level 2	Level 3	Measured at NAV	Total Assets at Fair Value
Non-U.S. Pension					
Equity securities:					
U.S. equities	$ 78	$ —	$ —	$ —	$ 78
Non-U.S. equities	232	27	—	3	262
Global equities [1]	41	—	—	10	51
Fixed income securities:					
U.S. corporate bonds	—	89	—	—	89
Non-U.S. corporate bonds	—	917	—	—	917
U.S. government bonds	—	73	—	—	73
Non-U.S. government bonds	—	606	—	—	606
Global fixed income [1]	—	113	—	213	326
Real estate	—	250	—	10	260
Insurance contracts	—	—	577	—	577
Cash, short-term instruments and other [2]	24	191	—	—	215
Total non-U.S. pension assets	$ 375	$ 2,266	$ 577	$ 236	$ 3,454

(Millions of dollars)	December 31, 2024 Level 1	Level 2	Level 3	Measured at NAV	Total Assets at Fair Value
Non-U.S. Pension					
Equity securities:					
U.S. equities	$ 74	$ —	$ —	$ —	$ 74
Non-U.S. equities	197	26	—	20	243
Global equities [1]	32	—	—	17	49
Fixed income securities:					
U.S. corporate bonds	—	87	—	—	87
Non-U.S. corporate bonds	—	468	—	—	468
U.S. government bonds	—	61	—	—	61
Non-U.S. government bonds	—	916	—	—	916
Global fixed income [1]	—	104	—	193	297
Real estate	—	207	—	9	216
Insurance contracts	—	—	601	—	601
Cash, short-term instruments and other [2]	35	156	—	—	191
Total non-U.S. pension assets	$ 338	$ 2,025	$ 601	$ 239	$ 3,203

[1] Includes funds that invest in both U.S. and non-U.S. securities.

[2] Includes funds that invest in multiple asset classes, hedge funds and other.

(Millions of dollars)	**December 31, 2025 Level 1**	**Level 2**	**Level 3**	**Measured at NAV**	**Total Assets at Fair Value**
Other Postretirement Benefits					
Equity securities:					
U.S. equities	**$ 46**	**$ —**	**$ —**	**$ 3**	**$ 49**
Non-U.S. equities	**23**	**—**	**—**	**3**	**26**
Fixed income securities:					
U.S. corporate bonds	**—**	**—**	**—**	**21**	**21**
Cash, short-term instruments and other	**—**	**—**	**—**	**32**	**32**
Total other postretirement benefit assets	**$ 69**	**$ —**	**$ —**	**$ 59**	**$ 128**

(Millions of dollars)	December 31, 2024 Level 1	Level 2	Level 3	Measured at NAV	Total Assets at Fair Value
Other Postretirement Benefits					
Equity securities:					
U.S. equities	$ 41	$ —	$ —	$ 2	$ 43
Non-U.S. equities	18	—	—	2	20
Fixed income securities:					
U.S. corporate bonds	—	—	—	20	20
Cash, short-term instruments and other	—	—	—	5	5
Total other postretirement benefit assets	$ 59	$ —	$ —	$ 29	$ 88

The activity attributable to U.S. pension assets measured at fair value using Level 3 inputs for the years ended December 31, 2025 and 2024 was insignificant. The activity in our non-U.S. pension Level 3 assets involved insurance contracts. During 2025, activity was settlements of $58 million and unrealized gains of $34 million. During 2024, activity was settlements of $59 million and unrealized losses of $15 million. We valued these instruments using pricing models that, in management's judgment, reflect the assumptions a market participant would use.

E. Defined contribution plans

We have both U.S. and non-U.S. employee defined contribution plans to help employees save for retirement. Our primary U.S. 401(k) plan allows eligible employees to contribute a portion of their cash compensation to the plan. Employees are eligible for matching contributions equal to 100 percent of employee contributions to the plan up to 6 percent of cash compensation and an annual employer contribution that ranges from 3 to 5 percent of cash compensation (depending on years of service and age).

These 401(k) plans include various investment funds, including a non-leveraged employee stock ownership plan (ESOP). As of December 31, 2025 and 2024, the ESOP held 9.6 million and 10.4 million shares, respectively. We allocate all of the shares held by the ESOP to participant accounts. Dividends paid to participants are automatically reinvested into company shares unless the participant elects to have all or a portion of the dividend paid to the participant. Various other U.S. and non-U.S. defined contribution plans generally allow eligible employees to contribute a portion of their cash compensation to the plans, and in most cases, we provide a matching contribution to the funds.

Total company costs related to U.S. and non-U.S. defined contribution plans were as follows:

(Millions of dollars)	2025	2024	2023
U.S. plans [1]	**$ 696**	$ 610	$ 567
Non-U.S. plans	**139**	131	114
	$ 835	$ 741	$ 681

[1] Includes costs related to our non-qualified deferred compensation plans. We utilize total return swaps to economically hedge this exposure to offset the related costs. See Note 4 for additional information.

For our U.S. plans, changes in annual defined contribution costs are primarily due to fair value adjustments related to our non-qualified deferred compensation plans.

13. Short-term borrowings

	December 31,	
(Millions of dollars)	2025	2024
Machinery, Power & Energy:		
Notes payable to banks	**$ —**	$ —
	—	—
Financial Products:		
Commercial paper	**5,408**	3,946
Notes payable to banks	**106**	165
Demand notes	**—**	282
	5,514	4,393
Total short-term borrowings	**$ 5,514**	$ 4,393

The weighted-average interest rates on short-term borrowings outstanding were:

	December 31,	
	2025	2024
Commercial paper	**3.8%**	4.5%
Notes payable to banks	**10.1%**	10.8%
Demand notes	**—%**	4.2%

Please refer to Note 18 for fair value information on short-term borrowings.

14. Long-term debt

(Millions of dollars)	Effective Yield to Maturity [1]	December 31, 2025	2024
Machinery, Power & Energy:			
Notes—$759 million of 5.200% due 2041 [2]	5.27%	**$ 753**	$ 753
Debentures—$193 million of 6.625% due 2028 [2]	6.68%	**193**	193
Debentures—$500 million of 2.600% due 2029 [2]	2.67%	**499**	498
Debentures—$800 million of 2.600% due 2030 [2]	2.72%	**796**	796
Debentures—$500 million of 1.900% due 2031 [2]	2.04%	**497**	496
Debentures—$242 million of 7.300% due 2031 [2]	7.38%	**241**	241
Debentures—$1,700 million of 5.200% due 2035 [2]	5.30%	**1,688**	—
Debentures—$307 million of 5.300% due 2035 [2]	8.64%	**241**	237
Debentures—$460 million of 6.050% due 2036 [2]	6.12%	**457**	457
Debentures—$65 million of 8.250% due 2038 [2]	8.38%	**64**	64
Debentures—$160 million of 6.950% due 2042 [2]	7.02%	**158**	158
Debentures—$1,722 million of 3.803% due 2042 [2]	6.39%	**1,395**	1,375
Debentures—$500 million of 4.300% due 2044	4.39%	**494**	494
Debentures—$1,000 million of 3.250% due 2049 [2]	3.34%	**985**	984
Debentures—$1,200 million of 3.250% due 2050 [2]	3.32%	**1,187**	1,186
Debentures—$300 million of 5.500% due 2055 [2]	5.74%	**289**	—
Debentures—$500 million of 4.750% due 2064	4.81%	**494**	494
Debentures—$246 million of 7.375% due 2097 [2]	7.51%	**241**	241
Finance lease obligations & other [3]		**6**	(103)
Total Machinery, Power & Energy		**10,678**	8,564
Financial Products:			
Medium-term notes		**19,675**	18,568
Other		**343**	219
Total Financial Products		**20,018**	18,787
Total long-term debt due after one year		**$ 30,696**	$ 27,351

[1] Effective yield to maturity includes the impact of discounts, premiums and debt issuance costs.

[2] Redeemable at our option in whole or in part at any time at a redemption price equal to the greater of (i) 100% of the principal amount or (ii) the discounted present value of the notes or debentures, calculated in accordance with the terms of such notes or debentures.

[3] Includes $(88) million and $(170) million of mark-to-market adjustments related to fair value interest rate swap contracts as of December 31, 2025 and 2024, respectively.

All outstanding notes and debentures are unsecured and rank equally with one another.

On May 12, 2025, we issued $1.7 billion of 5.200% Senior Notes due 2035 and $300 million 5.500% Senior Notes due 2055. Interest on each series of notes will be paid semi-annually on May 15 and November 15 of each year, commencing on November 15, 2025.

Cat Financial's medium-term notes are offered by prospectus and are issued through agents at fixed and floating rates. Medium-term notes due after one year have a weighted average interest rate of 3.8% with remaining maturities up to 5 years at December 31, 2025.

The aggregate amounts of maturities of long-term debt during each of the years 2026 through 2030, including amounts due within one year and classified as current, are:

(Millions of dollars)	December 31, 2026	2027	2028	2029	2030
Machinery, Power & Energy	$ 35	$ 30	$ 219	$ 522	$ 805
Financial Products	7,085	8,890	7,528	2,590	456
	$ 7,120	$ 8,920	$ 7,747	$ 3,112	$ 1,261

Medium-term notes of $1.75 billion maturing in the first quarter of 2026 were excluded from the current maturities of long-term debt in Statement 3 as of December 31, 2025 due to a $1.75 billion issuance of medium-term notes on January 8, 2026 of which $1.25 billion and $500 million mature in 2028 and 2031, respectively. The preceding maturity table reflects the reclassification of $1.75 billion from maturities in 2026 to $1.25 billion in 2028 and $500 million in 2031.

Interest paid on short-term and long-term borrowings for 2025, 2024 and 2023 was $1,842 million, $1,738 million and $1,435 million, respectively.

Please refer to Note 18 for fair value information on long-term debt.

15. Credit commitments

(Millions of dollars)	December 31, 2025 Consolidated	Machinery, Power & Energy	Financial Products
Credit lines available:			
Global credit facilities	$ 11,500	$ 2,875	$ 8,625
Other external	4,337	896	3,441
Total credit lines available	15,837	3,771	12,066
Less: Commercial paper outstanding	(5,408)	—	(5,408)
Less: Utilized credit	(771)	—	(771)
Available credit	$ 9,658	$ 3,771	$ 5,887

As of December 31, 2025, we had three global credit facilities with a syndicate of banks totaling $11.50 billion (Credit Facility) available in the aggregate to both Caterpillar and Cat Financial for general liquidity purposes. Based on management's allocation decision, which can be revised from time to time, the portion of the Credit Facility available to MP&E as of December 31, 2025 was $2.88 billion. Information on our Credit Facility is as follows:

- In August 2025, we entered into a new 364-day facility. The 364-day facility of $3.50 billion (of which $875 million is available to MP&E) expires in August 2026.
- In August 2025, we amended and extended the three-year facility (as amended and restated, the "three-year facility"). The three-year facility of $3.00 billion (of which $750 million is available to MP&E) expires in August 2028.
- In August 2025, we amended and extended the five-year facility (as amended and restated, the "five-year facility"). The five-year facility of $5.00 billion (of which $1.25 billion is available to MP&E) expires in August 2030.

Other consolidated credit lines with banks as of December 31, 2025 totaled $4.34 billion. These committed and uncommitted credit lines, which may be eligible for renewal at various future dates or have no specified expiration date, are used primarily by our subsidiaries for local funding requirements. Caterpillar or Cat Financial may guarantee subsidiary borrowings under these lines.

In the event Caterpillar or Cat Financial does not meet one or more of their respective financial covenants under the Credit Facility in the future (and are unable to obtain a consent or waiver), the syndicate of banks may terminate the commitments allocated to the party that does not meet its covenants. Additionally, in such event, certain of Cat Financial's other lenders under other loan agreements where similar financial covenants or cross default provisions are applicable may, at their election, choose to pursue remedies under those loan agreements, including accelerating the repayment of outstanding borrowings. At December 31, 2025, there were no borrowings under the Credit Facility, and Caterpillar and Cat Financial were in compliance with their respective financial covenants under the Credit Facility.

16. Profit per share

Computations of profit per share:

(Dollars in millions except per share data)	2025	2024	2023
Profit for the period (A) [1]	$ 8,884	$ 10,792	$ 10,335
Determination of shares (in millions):			
Weighted average number of common shares outstanding (B)	470.0	486.7	510.6
Shares issuable on exercise of stock awards, net of shares assumed to be purchased out of proceeds at average market price	2.3	2.7	3.0
Average common shares outstanding for fully diluted computation (C) [2]	472.3	489.4	513.6
Profit per share of common stock:			
Assuming no dilution (A/B)	$ 18.90	$ 22.17	$ 20.24
Assuming full dilution (A/C) [2]	$ 18.81	$ 22.05	$ 20.12
Shares outstanding as of December 31, (in millions)	465.3	477.9	499.4

[1] Profit attributable to common shareholders.

[2] Diluted by assumed exercise of stock-based compensation awards using the treasury stock method.

For the years ended December 31, 2025, 2024 and 2023, we excluded 0.1 million, 0.3 million and 0.8 million of outstanding stock options, respectively, from the computation of diluted earnings per share because the effect would have been antidilutive.

In May 2022, the Board approved a new share repurchase authorization (the 2022 Authorization) of up to $15.0 billion of Caterpillar common stock effective August 1, 2022, with no expiration. In June 2024, the Board approved an additional share repurchase authorization (the 2024 Authorization) of up to $20.0 billion of Caterpillar common stock, effective June 12, 2024, with no expiration. As of March 31, 2025, the 2022 Authorization was fully utilized and as of December 31, 2025, approximately $14.9 billion remained available under the 2024 Authorizations.

During 2025, 2024 and 2023, we repurchased 14.1 million, 23.4 million and 19.5 million shares of Caterpillar common stock, respectively, at an aggregate cost of $5.2 billion, $8.0 billion and $4.7 billion, respectively. We made these purchases through a combination of accelerated share repurchase (ASR) agreements with third-party financial institutions and open market transactions.

In the first quarter of 2025, we entered into ASR agreements to repurchase an aggregate of $3.0 billion of common stock. We advanced $3.0 billion and received approximately 5.7 million shares of Caterpillar common stock with a value of $2.1 billion. In the fourth quarter of 2025, upon final settlement of the ASRs, we received approximately 2.4 million additional shares.

17. Accumulated other comprehensive income (loss)

We present comprehensive income and its components in Statement 2. Changes in the balances for each component of AOCI were as follows:

(Millions of dollars)	2025	2024	2023
Foreign currency translation			
Beginning balance	**$ (2,310)**	$ (1,782)	$ (2,328)
Gains (losses) on foreign currency translation	**559**	(535)	32
Less: Tax provision /(benefit)	**2**	21	(21)
Net gains (losses) on foreign currency translation	**557**	(556)	53
(Gains) losses reclassified to earnings	**—**	28	493
Less: Tax provision /(benefit)	**—**	—	—
Net (gains) losses reclassified to earnings	**—**	28	493
Other comprehensive income (loss), net of tax	**557**	(528)	546
Ending balance	**$ (1,753)**	$ (2,310)	$ (1,782)
Pension and other postretirement benefits			
Beginning balance	**$ (61)**	$ (49)	$ (39)
Current year prior service credit (cost)	**(7)**	—	1
Less: Tax provision /(benefit)	**(2)**	—	—
Net current year prior service credit (cost)	**(5)**	—	1
Amortization of prior service (credit) cost	**(4)**	(14)	(12)
Less: Tax provision /(benefit)	**—**	(2)	(1)
Net amortization of prior service (credit) cost	**(4)**	(12)	(11)
Other comprehensive income (loss), net of tax	**(9)**	(12)	(10)
Ending balance	**$ (70)**	$ (61)	$ (49)
Derivative financial instruments			
Beginning balance	**$ (46)**	$ 67	$ 28
Gains (losses) deferred	**163**	64	48
Less: Tax provision /(benefit)	**38**	27	11
Net gains (losses) deferred	**125**	37	37
(Gains) losses reclassified to earnings	**(53)**	(207)	3
Less: Tax provision /(benefit)	**(13)**	(57)	1
Net (gains) losses reclassified to earnings	**(40)**	(150)	2
Other comprehensive income (loss), net of tax	**85**	(113)	39
Ending balance	**$ 39**	$ (46)	$ 67
Available-for-sale securities			
Beginning balance	**$ (54)**	$ (56)	$ (118)
Gains (losses) deferred	**78**	(2)	72
Less: Tax provision /(benefit)	**18**	—	11
Net gains (losses) deferred	**60**	(2)	61
(Gains) losses reclassified to earnings	**8**	4	1
Less: Tax provision /(benefit)	**2**	—	—
Net (gains) losses reclassified to earnings	**6**	4	1
Other comprehensive income (loss), net of tax	**66**	2	62
Ending balance	**$ 12**	$ (54)	$ (56)
Total AOCI Ending Balance at December 31,	**$ (1,772)**	$ (2,471)	$ (1,820)

18. Fair value disclosures

A. Fair value measurements

The guidance on fair value measurements defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. This guidance also specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. In accordance with this guidance, fair value measurements are classified under the following hierarchy:

- **Level 1** – Quoted prices for identical instruments in active markets**.**
- **Level 2** – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value-drivers are observable in active markets.
- **Level 3** – Model-derived valuations in which one or more significant inputs or significant value-drivers are unobservable.

When available, we use quoted market prices to determine fair value, and we classify such measurements within Level 1. In some cases where market prices are not available, we make use of observable market based inputs to calculate fair value, in which case the measurements are classified within Level 2. If quoted or observable market prices are not available, fair value is based upon valuations in which one or more significant inputs are unobservable, including internally developed models that use, where possible, current market-based parameters such as interest rates, yield curves and currency rates. These measurements are classified within Level 3.

We classify fair value measurements according to the lowest level input or value-driver that is significant to the valuation. We may therefore classify a measurement within Level 3 even though there may be significant inputs that are readily observable.

Fair value measurement includes the consideration of nonperformance risk. Nonperformance risk refers to the risk that an obligation (either by a counterparty or Caterpillar) will not be fulfilled. For financial assets traded in an active market (Level 1 and certain Level 2), the nonperformance risk is included in the market price. For certain other financial assets and liabilities (certain Level 2 and Level 3), our fair value calculations have been adjusted accordingly.

Investments in debt and equity securities

We have investments in certain debt and equity securities that are recorded at fair value. Fair values for our U.S. treasury bonds and equity securities are based upon valuations for identical instruments in active markets. Fair values for other government debt securities, corporate debt securities and mortgage-backed debt securities are based upon models that take into consideration such market-based factors as recent sales, risk-free yield curves and prices of similarly rated bonds.

We also have investments in time deposits classified as held-to-maturity debt securities. The fair value of these investments is based upon valuations observed in less active markets than Level 1. These investments have a maturity of less than one year and are recorded at amortized costs, which approximate fair value.

In addition, Insurance Services has an equity investment in a real estate investment trust (REIT) which is recorded at fair value based on the net asset value (NAV) of the investment and is not classified within the fair value hierarchy.

See Note 11 for additional information on our investments in debt and equity securities.

Derivative financial instruments

The fair value of interest rate contracts is primarily based on a standard industry accepted valuation model that utilizes the appropriate market-based forward swap curves and zero-coupon interest rates to determine discounted cash flows. The fair value of foreign currency and commodity forward, option and cross currency contracts is based on standard industry accepted valuation models that discount cash flows resulting from the differential between the contract price and the market-based forward rate. The fair value of total return swap contracts is primarily based on valuing the underlying securities or funds using pricing by industry providers and the average Secured Overnight Financing Rate (SOFR) plus a spread.

See Note 4 for additional information.

Assets and liabilities measured on a recurring basis at fair value included in Statement 3 as of December 31, 2025 and 2024 were as follows:

(Millions of dollars)	December 31, 2025 Level 1	Level 2	Level 3	Measured at NAV	Total Assets/ Liabilities, at Fair Value
Assets					
Debt securities					
Government debt securities					
U.S. treasury bonds	$ 10	$ —	$ —	$ —	$ 10
Other U.S. and non-U.S. government bonds	—	74	—	—	74
Corporate debt securities					
Corporate bonds and other debt securities	—	2,480	—	—	2,480
Asset-backed securities	—	273	—	—	273
Mortgage-backed debt securities					
U.S. governmental agency	—	572	—	—	572
Residential	—	1	—	—	1
Commercial	—	139	—	—	139
Total debt securities	10	3,539	—	—	3,549
Equity securities					
Large capitalization value	283	—	—	—	283
Smaller company growth	65	—	—	—	65
REIT	—	—	—	174	174
Total equity securities	348	—	—	174	522
Derivative financial instruments - assets					
Foreign currency contracts - net	—	204	—	—	204
Commodity contracts - net	—	8	—	—	8
Total assets	$ 358	$ 3,751	$ —	$ 174	$ 4,283
Liabilities					
Derivative financial instruments - liabilities					
Interest rate contracts - net	$ —	$ 40	$ —	$ —	$ 40
Total return swap contracts - net	—	1	—	—	1
Total liabilities	$ —	$ 41	$ —	$ —	$ 41

(Millions of dollars)	December 31, 2024 Level 1	Level 2	Level 3	Measured at NAV	Total Assets/ Liabilities, at Fair Value
Assets					
Debt securities					
Government debt securities					
U.S. treasury bonds	$ 10	$ —	$ —	$ —	$ 10
Other U.S. and non-U.S. government bonds	—	68	—	—	68
Corporate debt securities					
Corporate bonds and other debt securities	—	3,170	—	—	3,170
Asset-backed securities	—	219	—	—	219
Mortgage-backed debt securities					
U.S. governmental agency	—	443	—	—	443
Residential	—	2	—	—	2
Commercial	—	130	—	—	130
Total debt securities	10	4,032	—	—	4,042
Equity securities					
Large capitalization value	261	—	—		261
Smaller company growth	41	—	—		41
REIT	—	—	—	167	167
Total equity securities	302	—	—	167	469
Derivative financial instruments - assets					
Foreign currency contracts - net	—	117	—	—	117
Total assets	$ 312	$ 4,149	$ —	$ 167	$ 4,628
Liabilities					
Derivative financial instruments - liabilities					
Interest rate contracts - net	$ —	$ 191	$ —	$ —	$ 191
Commodity contracts - net	—	2	—	—	2
Total return swap contracts - net	—	33	—	—	33
Total liabilities	$ —	$ 226	$ —	$ —	$ 226

In addition to the amounts above, certain Cat Financial loans are subject to measurement at fair value on a nonrecurring basis and are classified as Level 3 measurements. A loan is measured at fair value when management determines that collection of contractual amounts due is not probable and the loan is individually evaluated. In these cases, an allowance for credit losses may be established based either on the present value of expected future cash flows discounted at the receivables' effective interest rate, the fair value of the collateral for collateral-dependent receivables, or the observable market price of the receivable. In determining collateral value, Cat Financial estimates the current fair market value of the collateral less selling costs. Cat Financial had loans carried at fair value of $63 million and $59 million as of December 31, 2025 and 2024, respectively.

B. Fair values of financial instruments

In addition to the methods and assumptions we use to record the fair value of financial instruments as discussed in the Fair value measurements section above, we use the following methods and assumptions to estimate the fair value of our financial instruments:

Cash and cash equivalents

Carrying amount approximates fair value. We classify cash and cash equivalents as Level 1. See Statement 3.

Our financial instruments not carried at fair value were as follows:

Restricted cash and short-term investments

Carrying amount approximates fair value. We include restricted cash and short-term investments in Prepaid expenses and other current assets in Statement 3. We classify these instruments as Level 1 except for time deposits which are Level 2. See Note 11 for additional information.

Finance receivables

We estimate fair value by discounting the future cash flows using current rates, representative of receivables with similar remaining maturities.

Wholesale inventory receivables

We estimate fair value by discounting the future cash flows using current rates, representative of receivables with similar remaining maturities.

Short-term borrowings

Carrying amount approximates fair value. We classify short-term borrowings as Level 1. See Note 13 for additional information.

Long-term debt

We estimate fair value for fixed and floating rate debt based on quoted market prices.

	2025		2024			
(Millions of dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Fair Value Levels	Reference
Assets at December 31,						
Finance receivables–net (excluding finance leases) [1]	**$ 17,922**	**$ 17,648**	$ 16,180	$ 15,788	3	Note 7
Wholesale inventory receivables–net (excluding finance leases) [1]	**1,931**	**1,871**	1,568	1,527	3	Note 7
Liabilities at December 31,						
Long-term debt (including amounts due within one year):						
Machinery, Power & Energy	**10,713**	**10,363**	8,610	7,980	2	Note 14
Financial Products	**27,103**	**27,204**	25,406	25,304	2	Note 14

[1] Represents finance leases and failed sale leasebacks of $7,189 million and $6,769 million at December 31, 2025 and 2024, respectively.

19. Supplier finance programs

We facilitate voluntary supplier finance programs (the "Programs") through participating financial institutions. The Programs are available to a wide range of suppliers and allow them the option to manage their cash flow. We are not a party to the agreements between the participating financial institutions and the suppliers in connection with the Programs. The range of payment terms, typically 60-90 days, we negotiate with our suppliers is consistent, irrespective of whether a supplier participates in the Programs. The amount of obligations outstanding that are confirmed as valid to the participating financial institutions for suppliers who voluntarily participate in the Programs, included in Accounts payable in Statement 3, were $936 million and $830 million at December 31, 2025 and 2024, respectively.

The rollforward of our outstanding obligations confirmed as valid under the Programs for the Years ended December 31, were as follows:

(Millions of dollars)	2025	2024
Confirmed obligations outstanding, beginning of period	**$ 830**	$ 803
Invoices confirmed during the period	**5,669**	5,140
Confirmed invoices paid during the period	**(5,563)**	(5,113)
Confirmed obligations outstanding, end of period	**$ 936**	$ 830

20. Leases

A. Lessee arrangements

We lease certain property, information technology equipment, warehouse equipment, vehicles and other equipment through operating leases. We recognize a lease liability and corresponding right-of-use asset based on the present value of lease payments. To determine the present value of lease payments for most of our leases, we use our incremental borrowing rate based on information available on the lease commencement date. For certain property and information technology equipment leases, we have elected to separate payments for lease components from non-lease components. For all other leases, we have elected not to separate payments for lease and non-lease components. Our lease agreements may include options to extend or terminate the lease. When it is reasonably certain that we will exercise that option, we have included the option in the recognition of right-of-use assets and lease liabilities. We have elected not to recognize right-of-use assets or lease liabilities for leases with a term of twelve months or less.

Our finance leases are not significant and therefore are not included in the following disclosures.

The components of lease costs were as follows:

	Years Ended December 31,		
(Millions of dollars)	**2025**	2024	2023
Operating lease cost	**$ 192**	$ 185	$ 189
Short-term lease cost	**$ 67**	$ 65	$ 62

We recognize operating lease right-of-use assets in Other assets in Statement 3. We recognize the operating lease liabilities in Other current liabilities and Other liabilities.

Supplemental information related to leases was as follows:

(Millions of dollars)	**December 31, 2025**	December 31, 2024
Operating Leases		
Other assets	**$ 708**	$ 592
Other current liabilities	**$ 158**	$ 143
Other liabilities	**$ 570**	$ 459
Weighted average remaining lease term		
Operating leases	**7 years**	7 years
Weighted average discount rates		
Operating leases	**4%**	3%

Maturities of operating lease liabilities were as follows:

(Millions of dollars)	**December 31, 2025**
Amounts Due In	
2026	**$ 183**
2027	**149**
2028	**115**
2029	**98**
2030	**74**
Thereafter	**223**
Total lease payments	**842**
Less: Imputed interest	**(114)**
Total	**$ 728**

Supplemental cash flow information related to leases was as follows:

(Millions of dollars)	Years ended December 31, 2025	2024	2023
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	**$ 185**	$ 179	$ 180
Right-of-use assets obtained in exchange for lease obligations:			
Operating leases	**$ 259**	$ 187	$ 148

B. Lessor arrangements

We lease Caterpillar machinery, engines and other equipment to customers and dealers around the world, primarily through Cat Financial. Cat Financial leases to customers primarily through sales-type (non-tax) leases, where the lessee for tax purposes is considered to be the owner of the equipment during the term of the lease. Cat Financial also offers tax leases that are classified as either operating or direct finance leases for financial accounting purposes, depending on the characteristics of the lease. For tax purposes, Cat Financial is considered the owner of the equipment. Our lease agreements may include options for the lessee to purchase the underlying asset at the end of the lease term for either a stated fixed price or fair market value.

We determine the residual value of Cat Financial's leased equipment based on its estimated end-of-term market value. We estimate the residual value of leased equipment at the inception of the lease based on a number of factors, including historical wholesale market sales prices, past remarketing experience and any known significant market/product trends. We also consider the following critical factors in our residual value estimates: lease term, market size and demand, total expected hours of usage, machine configuration, application, location, model changes, quantities, third-party residual guarantees and contractual customer purchase options.

During the term of our leases, we monitor residual values. For operating leases, we record adjustments to depreciation expense reflecting changes in residual value estimates prospectively on a straight-line basis. For finance leases, we recognize residual value adjustments through a reduction of finance revenue over the remaining lease term.

See Note 7 for contractual maturities of finance lease receivables (sales-type and direct finance leases).

The carrying amount of equipment leased to others, included in Property, plant and equipment - net in Statement 3, under operating leases was as follows:

(Millions of dollars)	December 31, 2025	2024
Equipment leased to others - at original cost	**$ 6,004**	$ 5,701
Less: Accumulated depreciation	**(1,999)**	(1,927)
Equipment leased to others - net	**$ 4,005**	$ 3,774

Payments due for operating leases as of December 31, 2025, were as follows:

(Millions of dollars) 2026	2027	2028	2029	2030	Thereafter	Total
$ 896	$ 598	$ 397	$ 200	$ 104	$ 80	$ 2,275

Revenues from finance and operating leases, primarily included in Revenues of Financial Products on Statement 1, were as follows:

(Millions of dollars)	Year ended December 31, 2025	2024	2023
Finance lease revenue	**$ 473**	$ 440	$ 420
Operating lease revenue	**1,216**	1,212	1,166
Total	**$ 1,689**	$ 1,652	$ 1,586

We present revenues net of sales and other related taxes.

21. Guarantees and product warranty

We have provided various guarantees that have varying terms and limit potential payment. Under the guarantees, non-performance by the third parties could require Caterpillar to satisfy the contractual obligation by providing goods, services or financial compensation. The maximum potential amount of future payments (undiscounted and without reduction for any amounts possibly recoverable) that we could be required to make under the guarantees was $458 million and $368 million at December 31, 2025 and 2024, respectively.

We have dealer performance guarantees and third-party performance guarantees that do not limit potential payment to end users related to indemnities and other commercial contractual obligations. In addition, we have entered into contracts involving industry standard indemnifications that do not limit potential payment. For these unlimited guarantees, we are unable to estimate a maximum potential amount of future payments that could result from claims made.

No significant loss has been experienced or is anticipated under any of these guarantees.

Cat Financial provides guarantees to purchase certain loans of Caterpillar dealers from a special-purpose corporation (SPC) that qualifies as a variable interest entity. Cat Financial receives a fee for providing this guarantee. The purpose of the SPC is to provide short-term working capital loans to Caterpillar dealers. This SPC issues commercial paper and uses the proceeds to fund its loan program. Cat Financial is the primary beneficiary of the SPC as its guarantees result in Cat Financial having both the power to direct the activities that most significantly impact the SPC's economic performance and the obligation to absorb losses, and therefore Cat Financial has consolidated the financial statements of the SPC. As of December 31, 2025 and 2024, the SPC's assets of $1.19 billion and $1.14 billion, respectively, were primarily comprised of loans to dealers, and the SPC's liabilities of $1.19 billion and $1.14 billion, respectively, were primarily comprised of commercial paper. The assets of the SPC are not available to pay Cat Financial's creditors. Cat Financial may be obligated to perform under the guarantee if the SPC experiences losses. No loss has been experienced or is anticipated under this loan purchase agreement.

Cat Financial has commitments to extend credit to customers and Caterpillar dealers through lines of credit and other pre-approved credit arrangements. Cat Financial applies the same credit policies and approval process for these commitments as we do for other financing. If credit is extended, collateral is generally required upon funding. The unused commitments to extend credit to customers and dealers that are not unconditionally cancellable were $901 million and $291 million at December 31, 2025, respectively. Cat Financial also has other pre-approved lines of credit and other credit arrangements with Caterpillar dealers that we generally have the right to unconditionally cancel, alter, or amend the terms for these at any time.

We determine our product warranty liability by applying historical claim rate experience to the current field population and dealer inventory. Generally, we base historical claim rates on actual warranty experience for each product by machine model/engine size by customer or dealer location (inside or outside North America). We develop specific rates for each product shipment month and update them monthly based on actual warranty claim experience.

The reconciliation of the change in our product warranty liability balances for the years ended December 31, was as follows:

(Millions of dollars)	2025	2024
Warranty liability, beginning of period	**$ 1,700**	$ 1,894
Reduction in liability (payments)	**(836)**	(824)
Increase in liability (new warranties)	**762**	630
Warranty liability, end of period	**$ 1,626**	$ 1,700

22. Environmental and legal matters

The Company is regulated by federal, state and international environmental laws governing its use, transport and disposal of substances and control of emissions. In addition to governing our manufacturing and other operations, these laws often impact the development of our products, including, but not limited to, required compliance with air emissions standards applicable to internal combustion engines. We have made, and will continue to make, significant research and development and capital expenditures to comply with these emissions standards.

We are engaged in remedial activities at a number of locations, often with other companies, pursuant to federal and state laws. When it is probable we will pay remedial costs at a site, and those costs can be reasonably estimated, we accrue the investigation, remediation, and operating and maintenance costs against our earnings. We accrue costs based on consideration of currently available data and information with respect to each individual site, including available technologies, current applicable laws and regulations, and prior remediation experience. Where no amount within a range of estimates is more likely, we accrue the minimum. Where multiple potentially responsible parties are involved, we consider our proportionate share of the probable costs. In formulating the estimate of probable costs, we do not consider amounts expected to be recovered from insurance companies or others. We reassess these accrued amounts on a quarterly basis. The amount recorded for environmental remediation is not material and is included in Accrued expenses. We believe there is no more than a remote chance that a material amount for remedial activities at any individual site, or at all the sites in the aggregate, will be required.

Our operations in Brazil are subject to highly complex labor, tax, customs and other laws. While we believe that we are in compliance with such laws, we are periodically engaged in litigation regarding the application of these laws, including certain tax and customs disputes with federal, state and municipal authorities in Brazil relating to export activities associated with Caterpillar Brasil Ltda. The Company is unable to predict the outcome or reasonably estimate any potential losses; however, we currently believe that any matters raised will not have a material adverse effect on the Company's consolidated results of operations, financial position or liquidity.

In addition, we are involved in other unresolved legal actions that arise in the normal course of business. The most prevalent of these unresolved actions involve disputes related to product design, manufacture and performance liability (including claimed asbestos exposure), contracts, employment issues, environmental

matters, intellectual property rights, taxes (other than income taxes) and securities laws. The aggregate range of reasonably possible losses in excess of accrued liabilities, if any, associated with these unresolved legal actions is not material. In some cases, we cannot reasonably estimate a range of loss because there is insufficient information regarding the matter. However, we believe there is no more than a remote chance that any liability arising from these matters would be material. Although it is not possible to predict with certainty the outcome of these unresolved legal actions, we believe that these actions will not individually or in the aggregate have a material adverse effect on our consolidated results of operations, financial position or liquidity.

23. Segment information

A. Basis for segment information

Our Executive Office is comprised of a Chief Executive Officer (CEO), four Group Presidents, a Chief Financial Officer (CFO), a Chief Legal Officer and General Counsel and a Chief Human Resources Officer. The Group Presidents and CFO are accountable for a related set of end-to-end businesses that they manage. The Chief Legal Officer and General Counsel leads the Law, Security and Public Policy Division. The Chief Human Resources Officer leads the Human Resources Organization. The CEO allocates resources and manages performance at the Group President/CFO level. As such, the CEO serves as our Chief Operating Decision Maker (CODM), and operating segments are primarily based on the Group President/CFO reporting structure.

Three of our operating segments, Construction Industries, Resource Industries and Power & Energy are led by Group Presidents. One operating segment, Financial Products, is led by the CFO who also has responsibility for Corporate Services. Corporate Services is a cost center primarily responsible for the performance of certain support functions globally and to provide centralized services; it does not meet the definition of an operating segment. One Group President leads one smaller operating segment that is included in the All Other Segment. The Law, Security and Public Policy Division and the Human Resources Organization are cost centers and do not meet the definition of an operating segment.

Effective July 1, 2025, we made the following changes to segment reporting. These changes were made to reflect changes in organizational accountabilities and refinements to our internal reporting.

- Responsibility for business strategy, product design, product management and development, manufacturing, marketing and sales and product support for and sourcing of wear and maintenance components and related parts moved from All Other Segment to Resource Industries.
- Responsibility for business strategy, product design, product management and development, manufacturing and product support for electronics and control systems moved from Resource Industries to All Other Segment.
- Responsibility for research and development for automation, electronics and software for machines and engines moved from Resource Industries to the All Other Segment.

Segment information for 2024 and 2023 has been retrospectively adjusted to conform to the 2025 presentation.

B. Description of segments

We have five operating segments, of which four are reportable segments. Following is a brief description of our reportable segments and the business activities included in the All Other Segment:

Construction Industries: A segment primarily responsible for supporting customers using machinery in infrastructure and building construction applications. Responsibilities include business strategy, product design, product management and development, manufacturing, marketing and sales and product support. The product portfolio includes asphalt pavers; backhoe loaders; cold planers; compactors; compact track loaders; forestry machines; material handlers; motor graders; pipelayers; road reclaimers; skid steer loaders; telehandlers; track-type loaders; track-type tractors (small, medium); track excavators (mini, small, medium, large); wheel excavators; wheel loaders (compact, small, medium); and related parts and work tools. Inter-segment sales are a source of revenue for this segment.

Resource Industries: A segment primarily responsible for supporting customers using machinery in mining, heavy construction and quarry and aggregates. Responsibilities include business strategy, product design, product management and development, manufacturing, marketing and sales and product support. The product portfolio includes large track-type tractors; large mining trucks; hard rock vehicles; electric rope shovels; draglines; hydraulic shovels; rotary drills; large wheel loaders; off-highway trucks; articulated trucks; wheel tractor scrapers; wheel dozers; landfill compactors; soil compactors; wide-body trucks; select work tools; machinery components; wear and maintenance components and related parts. In addition to equipment, Resource Industries also sells technology products and services to provide customers fleet management, equipment management analytics, autonomous machine capabilities, safety services and mining performance solutions. Resource Industries also manages areas that provide services to other parts of the company, including strategic procurement, lean center of excellence, integrated component design and manufacturing and research and development for hydraulic systems and cabs. Inter-segment sales are a source of revenue for this segment.

Power & Energy: A segment primarily responsible for supporting customers using reciprocating engines, turbines, diesel-electric locomotives and related services across industries serving Oil and Gas, Power Generation, Industrial and Transportation applications, including marine- and rail-related businesses as well as product support of on-highway engines. Responsibilities include business strategy, product design, product management, development and testing, manufacturing, marketing and sales and product support. The product and services portfolio includes turbines, centrifugal gas compressors, and turbine-related services; reciprocating engine-powered generator sets; integrated systems and solutions used in the electric power generation industry; reciprocating engines, drivetrain and integrated systems and solutions for the marine and oil and gas industries; reciprocating engines, drivetrain and integrated systems and solutions supplied to the industrial industry as well as Caterpillar machines; electrified powertrain and zero-emission power sources and service solutions development; and diesel-electric and hybrid locomotives and components and other rail-related products and services, including remanufacturing and leasing. Responsibilities also include the remanufacturing of Caterpillar reciprocating engines and components and remanufacturing services for other companies. Inter-segment sales are a source of revenue for this segment.

Financial Products Segment: Provides financing alternatives to customers and dealers around the world for Caterpillar products and services, as well as financing for power generation facilities that incorporate Caterpillar products. Financing plans include operating and finance leases, revolving charge accounts, installment sale contracts, repair/rebuild financing, working capital loans and wholesale financing plans. The segment also provides insurance and risk management products and services that help customers and dealers manage their business risk. Insurance and risk management products offered include physical damage insurance, inventory protection plans, extended service coverage and maintenance plans for machines and engines, and dealer property and casualty insurance. The various forms of financing, insurance

and risk management products offered to customers and dealers help support the purchase and lease of Caterpillar equipment. The segment also earns revenues from Machinery, Power & Energy, but the related costs are not allocated to operating segments. Financial Products' segment profit is determined on a pretax basis and includes other income/expense items.

All Other Segment: Primarily includes activities such as: business strategy; product management and development; parts distribution; integrated logistics solutions; electronics and control systems; distribution services responsible for dealer development and administration, including a wholly owned dealer in Japan; dealer portfolio management and ensuring the most efficient and effective distribution of machines, engines and parts; brand management and marketing strategy; research and development for automation, electronics and software for machines and engines and digital investments for new customer and dealer solutions that integrate data analytics with state-of-the-art digital technologies while transforming the buying experience. Results for the All Other Segment are included as a reconciling item between reportable segments and consolidated external reporting.

C. Segment measurement and reconciliations

We determine the segment profit of Construction Industries, Resource Industries, Power & Energy and our All Other Segment on a pretax basis and exclude most interest expense and certain other income (expense) items. We determine Financial Products Segment profit on a pretax basis and include other income (expense) items.

Our CODM evaluates the operating performance of the segments using segment profit as it provides insight into the financial health of each segment. The CODM reviews this metric regularly to compare the profitability of segments, identify trends, and evaluate which segments require additional resources or strategic adjustments. The CODM uses segment profit to support the allocation of resources predominantly in the annual budget and forecasting process. Additionally, the CODM monitors forecast-to-actual variances, focusing on areas where performance deviates from expectations, when evaluating the performance of each segment and making decisions about allocating capital and other resources to each segment.

There are several methodology differences between our segment reporting and our external reporting. The following is a list of the more significant methodology differences:

- For Construction Industries, Resource Industries, Power & Energy and our All Other Segment, net assets generally include inventories, receivables, property, plant and equipment, goodwill, intangibles, accounts payable and customer advances. We generally manage at the corporate level liabilities other than accounts payable and customer advances, and we do not include these in segment operations. Financial Products Segment assets generally include all categories of assets.
- We value segment inventories and cost of sales using a current cost methodology.
- We amortize goodwill allocated to segments using a fixed amount based on a 20-year useful life. This methodology difference only impacts segment assets. We do not include goodwill amortization expense in segment profit. In addition, we have allocated to segments only a portion of goodwill for certain acquisitions made in 2011 or later.
- We generally manage currency exposures for operating segments, other than Financial Products, at the corporate level and do not include in segment profit the effects of changes in exchange rates on results of operations within the year. We report the net difference created in the translation of revenues and costs between exchange rates used for U.S. GAAP reporting and exchange rates used for segment reporting as a methodology difference.
- We do not include stock-based compensation expense in segment profit.
- Postretirement benefit expenses are split; segments are generally responsible for service costs, with the remaining elements of net periodic benefit cost included as a methodology difference.

Reconciling items are created based on accounting differences between segment reporting and our consolidated external reporting. Please refer to pages 89 to 90 for financial information regarding significant reconciling items. Most of our reconciling items are self-explanatory given the above explanations. For the reconciliation of profit, we have grouped the reconciling items as follows:

- **Corporate costs:** These costs are related to corporate requirements primarily for compliance and legal functions for the benefit of the entire organization.
- **Restructuring income/costs:** May include costs for employee separation, long-lived asset impairments, contract terminations and (gains)/losses on divestitures. These costs are included in Other operating (income) expenses except for defined-benefit plan curtailment losses and special termination benefits, which are included in Other income (expense). Restructuring costs also include other exit-related costs, which may consist of accelerated depreciation, inventory write-downs, building demolition, equipment relocation and project management costs and LIFO inventory decrement benefits from inventory liquidations at closed facilities, all of which are primarily included in Cost of goods sold. See Note 24 for more information.
- **Methodology differences:** See previous discussion of significant accounting differences between segment reporting and consolidated external reporting.
- **Timing:** Timing differences in the recognition of costs between segment reporting and consolidated external reporting. For example, we report certain costs on the cash basis for segment reporting and the accrual basis for consolidated external reporting.

For the years ended December 31, 2025, 2024 and 2023, sales and revenues by geographic region reconciled to consolidated sales and revenues were as follows:

Sales and Revenues by Geographic Region

(Millions of dollars)	North America	Latin America	EAME	Asia/ Pacific	External Sales and Revenues	Intersegment Sales and Revenues	Total Sales and Revenues
2025							
Construction Industries	**$ 14,064**	**$ 2,358**	**$ 4,595**	**$ 3,783**	**$ 24,800**	**$ 260**	**$ 25,060**
Resource Industries	**4,643**	**2,292**	**2,061**	**3,189**	**12,185**	**289**	**12,474**
Power & Energy	**15,558**	**1,985**	**5,717**	**3,883**	**27,143**	**5,058**	**32,201**
Financial Products Segment	**2,841**	**442**	**511**	**426**	**4,220** [1]	**—**	**4,220**
Total sales and revenues from reportable segments	**37,106**	**7,077**	**12,884**	**11,281**	**68,348**	**5,607**	**73,955**
All Other Segment	**26**	**—**	**6**	**14**	**46**	**281**	**327**
Corporate Items and Eliminations	**(523)**	**(89)**	**(97)**	**(96)**	**(805)**	**(5,888)**	**(6,693)**
Total Sales and Revenues	**$ 36,609**	**$ 6,988**	**$ 12,793**	**$ 11,199**	**$ 67,589**	**$ —**	**$ 67,589**
2024							
Construction Industries	$ 14,576	$ 2,553	$ 4,315	$ 3,900	$ 25,344	$ 111	$ 25,455
Resource Industries	4,597	2,079	1,809	3,615	12,100	371	12,471
Power & Energy	13,005	1,763	5,787	3,533	24,088	4,766	28,854
Financial Products Segment	2,702	402	505	444	4,053 [1]	—	4,053
Total sales and revenues from reportable segments	34,880	6,797	12,416	11,492	65,585	5,248	70,833
All Other Segment	20	(2)	7	11	36	308	344
Corporate Items and Eliminations	(503)	(87)	(107)	(115)	(812)	(5,556)	(6,368)
Total Sales and Revenues	$ 34,397	$ 6,708	$ 12,316	$ 11,388	$ 64,809	$ —	$ 64,809
2023							
Construction Industries	$ 15,343	$ 2,307	$ 5,254	$ 4,390	$ 27,294	$ 124	$ 27,418
Resource Industries	5,292	2,040	2,075	3,922	13,329	340	13,669
Power & Energy	11,982	1,983	5,929	3,461	23,355	4,646	28,001
Financial Products Segment	2,440	416	491	438	3,785 [1]	—	3,785
Total sales and revenues from reportable segments	35,057	6,746	13,749	12,211	67,763	5,110	72,873
All Other Segment	28	(1)	12	6	45	318	363
Corporate Items and Eliminations	(479)	(80)	(88)	(101)	(748)	(5,428)	(6,176)
Total Sales and Revenues	$ 34,606	$ 6,665	$ 13,673	$ 12,116	$ 67,060	$ —	$ 67,060

[1] Includes revenues from Construction Industries, Resource Industries, Power & Energy and All Other Segment of $712 million, $711 million and $690 million in the years ended December 31, 2025, 2024 and 2023, respectively.

For the years ended December 31, 2025, 2024 and 2023, Power & Energy segment sales by end user application were as follows:

Power & Energy External Sales

(Millions of dollars)	2025	2024	2023
Oil and Gas	**$ 7,502**	$ 6,980	$ 6,988
Power Generation	**10,275**	7,756	6,362
Industrial	**4,071**	3,990	4,871
Transportation	**5,295**	5,362	5,134
Power & Energy External Sales	**$ 27,143**	$ 24,088	$ 23,355

Profit from Reportable Segments

(Millions of dollars)	Construction Industries	Resource Industries	Power & Energy	Financial Products Segment	Total from Reportable Segments
2025					
Sales and revenues	**$ 25,060**	**$ 12,474**	**$ 32,201**	**$ 4,220**	**$ 73,955**
Less [1]:					
Cost of goods sold	**18,393**	**9,018**	**22,474**	**—**	**49,885**
SG&A/R&D [2]	**1,902**	**1,513**	**3,330**	**829**	**7,574**
Other segment items [3]	**90**	**(45)**	**(21)**	**2,425**	**2,449**
Segment Profit	**$ 4,675**	**$ 1,988**	**$ 6,418**	**$ 966**	**$ 14,047**
2024					
Sales and revenues	$ 25,455	$ 12,471	$ 28,854	$ 4,053	$ 70,833
Less [1]:					
Cost of goods sold	17,326	8,452	19,796	—	45,574
SG&A/R&D [2]	1,931	1,460	3,241	771	7,403
Other segment items [3]	33	21	81	2,350	2,485
Segment Profit	$ 6,165	$ 2,538	$ 5,736	$ 932	$ 15,371
2023					
Sales and revenues	$ 27,418	$ 13,669	$ 28,001	$ 3,785	$ 72,873
Less [1]:					
Cost of goods sold	18,658	9,439	19,875	—	47,972
SG&A/R&D [2]	1,844	1,395	3,084	691	7,014
Other segment items [3]	(59)	(1)	106	2,185	2,231
Segment Profit	$ 6,975	$ 2,836	$ 4,936	$ 909	$ 15,656

[1] The significant expense categories and amounts align with the segment-level information that is regularly provided to the CODM. Inter-segment income/expenses are included within the amounts shown.

[2] Includes selling, general and administrative (SG&A) and research and development (R&D) expenses. The combined presentation aligns with the segment-level information that is regularly provided to the CODM.

[3] Other segment items for each reportable segment primarily includes:

Construction Industries/Resource Industries/Power & Energy – other operating (income) expenses, currency impacts defined as a methodology difference between exchange rates used in U.S. GAAP and segment reporting, and equity in (profit) loss of unconsolidated affiliated companies.

Financial Products Segment – interest expense, Cat Financial's depreciation on equipment leased to others, Insurance Services' underwriting expenses and investment and interest income, and foreign exchange (gains) losses.

Reconciliation of Consolidated profit before taxes:

(Millions of dollars)	2025	2024	2023
Total profit from reportable segments	**14,047**	15,371	15,656
Profit from All Other Segment	**(8)**	43	16
Cost centers	**(11)**	(1)	(7)
Corporate costs	**(1,006)**	(889)	(913)
Timing	**(175)**	133	(30)
Restructuring costs	**(445)**	(359)	(780)
Methodology differences:			
Inventory/cost of sales	**49**	33	160
Postretirement benefit income (expense)	**185**	67	(65)
Stock-based compensation expense	**(230)**	(223)	(208)
Financing costs	**(180)**	(126)	(91)
Currency	**(81)**	145	6
Goodwill impairment charge	**—**	—	—
Other income/expense methodology differences	**(470)**	(740)	(624)
Other methodology differences	**(134)**	(81)	(70)
Total consolidated profit before taxes	**$ 11,541**	$ 13,373	$ 13,050

Reconciliation of Assets:

(Millions of dollars)	December 31,	
	2025	2024
Assets from reportable segments:		
Construction Industries	**$ 5,442**	$ 5,546
Resource Industries	**6,087**	6,082
Power & Energy	**11,387**	11,772
Financial Products Segment	**41,476**	36,925
Total assets from reportable segments	**64,392**	60,325
Assets from All Other Segment	**1,516**	1,403
Items not included in segment assets:		
Cash and cash equivalents	**9,333**	6,165
Deferred income taxes	**2,749**	3,194
Goodwill and intangible assets	**4,669**	4,478
Property, plant and equipment – net and other assets	**4,689**	4,808
Inventory methodology differences	**(3,622)**	(3,560)
Liabilities included in segment assets	**15,330**	11,973
Other	**(471)**	(1,022)
Total assets	**$ 98,585**	$ 87,764

Reconciliation of Depreciation and amortization:

(Millions of dollars)	2025	2024	2023
Depreciation and amortization from reportable segments:			
Construction Industries	**$ 266**	$ 233	$ 221
Resource Industries	**252**	230	277
Power & Energy	**661**	578	551
Financial Products Segment	**719**	740	731
Total depreciation and amortization from reportable segments	**1,898**	1,781	1,780
Items not included in segment depreciation and amortization:			
All Other Segment	**267**	284	261
Cost centers	**103**	95	91
Other	**(6)**	(7)	12
Total depreciation and amortization	**$ 2,262**	$ 2,153	$ 2,144

Reconciliation of Capital expenditures:

(Millions of dollars)	2025	2024	2023
Capital expenditures from reportable segments:			
Construction Industries	**$ 358**	$ 323	$ 376
Resource Industries	**353**	228	210
Power & Energy	**1,774**	1,279	944
Financial Products Segment	**1,341**	1,085	1,299
Total capital expenditures from reportable segments	**3,826**	2,915	2,829
Items not included in segment capital expenditures:			
All Other Segment	**254**	285	295
Cost centers	**98**	193	102
Timing	**22**	(149)	(44)
Other	**86**	(29)	(90)
Total capital expenditures	**$ 4,286**	$ 3,215	$ 3,092

Enterprise-wide Disclosures:

Information about Geographic Areas:

	External sales and revenues [1]			Property, plant and equipment - net December 31,	
(Millions of dollars)	2025	2024	2023	2025	2024
Inside United States	**$ 32,880**	$ 30,624	$ 31,053	**$ 9,455**	$ 8,213
Outside United States	**34,709**	34,185	36,007	**5,685**	5,148
Total	**$ 67,589**	$ 64,809	$ 67,060	**$ 15,140**	$ 13,361

[1] Sales of MP&E are based on dealer or customer location. Revenues from services provided are based on where service is rendered.

24. Restructuring income/costs

Our accounting for employee separations is dependent upon how the particular program is designed. For voluntary programs, we recognize eligible separation costs at the time of employee acceptance unless the acceptance requires explicit approval by the company. For involuntary programs, we recognize eligible costs when management has approved the program, the affected employees have been properly notified and the costs are estimable.

Restructuring costs for 2025, 2024 and 2023 were as follows:

(Millions of dollars)	2025	2024	2023
Employee separations [1]	**$ 106**	$ 64	$ 74
Divestitures [1]	**30**	164	586
Contract terminations [1]	**4**	7	7
Long-lived asset impairments [1]	**17**	6	3
Other [2]	**291**	118	110
Total restructuring (income) costs	**$ 448**	$ 359	$ 780

[1] Recognized in Other operating (income) expenses.

[2] Represents costs related to our restructuring programs, primarily for inventory write-downs, project management and accelerated depreciation, all of which are primarily included in Cost of goods sold.

The restructuring costs in 2025 were related to restructuring actions across the company including write-downs in the value of inventory in the Rail division. The restructuring costs in 2024 were related to restructuring actions across the company including the divestitures of certain non-U.S. entities. The restructuring costs in 2023 were primarily related to the divestiture of the company's Longwall business within Resource Industries.

In 2025, 2024 and 2023, all restructuring costs were excluded from segment profit.

25. Subsequent event

On February 3, 2026, the Federal Court of Australia approved Caterpillar's acquisition of RPMGlobal Holdings Limited, an Australian based software company. The transaction is expected to close in the final two weeks of February with a purchase price of approximately $790 million, excluding cash acquired. RPMGlobal is a leading provider of mining software solutions with deep domain expertise in mining technology enablement and data-driven software solutions at every stage of the mining lifecycle.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not Applicable.

ITEM 9A. Controls and Procedures.

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the company's disclosure controls and procedures, as that term is defined in Rule 13a-15(e) under the Exchange Act, as of the end of the period covered by this annual report. Based on that evaluation, the CEO and CFO concluded that the company's disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Management's Report on Internal Control Over Financial Reporting

Management's report on the company's internal control over financial reporting as of December 31, 2025 is included on page 40 of Part II, Item 8 "Financial Statements and Supplementary Data." The effectiveness of the company's internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. Their report appears on pages 41 - 42 of Part II, Item 8 "Financial Statements and Supplementary Data."

Changes in Internal Control over Financial Reporting

During the last fiscal quarter, there has been no significant change in the company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

ITEM 9B. Other Information.

On August 28, 2025, Andrew R.J. Bonfield, Chief Financial Officer of the Company, entered into a Rule 10b5-1 sales plan intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended. The sales plan will be in effect until the earlier of (1) November 13, 2026 and (2) the date on which an aggregate of 20,000 shares of our common stock have been sold under the plan.

On November 21, 2025, Joseph E. Creed, Chief Executive Officer of the Company, entered into a Rule 10b5-1 sales plan intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended. The sales plan will be in effect until the earlier of (1) March 5, 2026 and (2) the date on which an aggregate of 2,500 shares of our common stock have been sold under the plan.

Disclosure Required Pursuant to Section 13(r) of the Securities Exchange Act of 1934

Caterpillar maintains a portfolio of trademarks in Iran, which it registers with the Intellectual Property Center of the Islamic Republic of Iran (IPC), through intellectual property counsel and service providers located in United Arab Emirates and Iran. On November 30, 2023, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") granted Caterpillar a specific license to make payments to IPC at its account in Bank Melli, which was designated on November 5, 2018, by OFAC under its counter terrorism authority pursuant to Executive Order 13224. As authorized by OFAC's specific license, in the period ended December 31, 2024, Caterpillar paid approximately $608 to IPC as part of its intellectual property protection efforts in Iran. Caterpillar plans to continue these activities, as authorized under the specific license, and does not generate any revenues or profits from this activity.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance.

Identification of Directors and Business Experience

Information required by this Item is incorporated by reference from the 2026 Proxy Statement.

Identification of Executive Officers and Business Experience

Information required by this Item appears in Item 1D of this Form 10-K.

Family Relationships

There are no family relationships between the officers and directors of the company.

Legal Proceedings Involving Officers and Directors

If applicable, information required by this Item is incorporated by reference from the 2026 Proxy Statement.

Audit Committee Financial Expert

Information required by this Item is incorporated by reference from the 2026 Proxy Statement.

Identification of Audit Committee

Information required by this Item is incorporated by reference from the 2026 Proxy Statement.

Shareholder Recommendation of Board Nominees

Information required by this Item is incorporated by reference from the 2026 Proxy Statement.

Compliance with Section 16(a) of the Exchange Act

If applicable, information required by this Item relating to compliance with Section 16(a) of the Exchange Act is incorporated by reference from the 2026 Proxy Statement.

Code of Ethics

Our Worldwide Code of Conduct (Code), first published in 1974 and most recently updated in 2019, sets a high standard for honesty and ethical behavior by every director and employee, including the principal executive officer, principal financial officer and principal accounting officer. The Code is posted on our website at www.Caterpillar.com/code. To obtain a copy of the Code at no charge, submit a written request to the Corporate Secretary at 5205 N. O'Connor Boulevard, Suite 100, Irving, TX 75039. We post on our website at www.Caterpillar.com/code any required amendments to or waivers granted under our Code pursuant to SEC or New York Stock Exchange disclosure rules.

Insider Trading Laws and Policies

From time to time, the Company may engage in transactions in its own securities. It is the Company's policy to comply with all applicable securities and state laws (including appropriate approvals by the Board of Directors or appropriate committee, if required) when engaging in transactions in Company securities.

The other information required by this Item is incorporated by reference from the 2026 Proxy Statement.

ITEM 11. Executive Compensation.

Information required by this Item is incorporated by reference from the 2026 Proxy Statement.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information required by this Item relating to security ownership of certain beneficial owners and management is incorporated by reference from the 2026 Proxy Statement.

Information required by this Item relating to securities authorized for issuance under equity compensation plans is included in the following table:

Equity Compensation Plan Information (as of December 31, 2025)

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	4,710,403	$ 220.52	39,336,515
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	4,710,403	$ 220.52	39,336,515

ITEM 13. Certain Relationships and Related Transactions, and Director Independence.

Information required by this Item is incorporated by reference from the 2026 Proxy Statement.

ITEM 14. Principal Accountant Fees and Services.

Our independent registered public accounting firm is PricewaterhouseCoopers LLP, Dallas, Texas, Auditor Firm ID: 238.

Information required by this Item is incorporated by reference from the 2026 Proxy Statement.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules.

Exhibits:

3.1	Restated Certificate of Incorporation, effective February 3, 2021 (incorporated by reference from Exhibit 3.2 to the Company's Form 8-K filed February 9, 2021)
3.2	Bylaws amended and restated as of January 6, 2026 (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed January 6, 2026)
4.1	Indenture dated as of May 1, 1987, between Caterpillar Inc. and The First National Bank of Chicago, as Trustee (incorporated by reference from Exhibit 4.1 to Form S-3 filed February 19, 1997)
4.2	First Supplemental Indenture, dated as of June 1, 1989, between Caterpillar Inc. and The First National Bank of Chicago, as Trustee (incorporated by reference from Exhibit 4.2 to Form S-3 filed February 19, 1997)
4.3	Appointment of Citibank, N.A. as Successor Trustee, dated October 1, 1991, under the Indenture, as supplemented, dated as of May 1, 1987 (incorporated by reference from Exhibit 4.3 to Form S-3 filed February 19, 1997)
4.4	Second Supplemental Indenture, dated as of May 15, 1992, between Caterpillar Inc. and Citibank, N.A., as Successor Trustee (incorporated by reference from Exhibit 4.4 to Form S-3 filed February 19, 1997)
4.5	Third Supplemental Indenture, dated as of December 16, 1996, between Caterpillar Inc. and Citibank, N.A., as Successor Trustee (incorporated by reference from Exhibit 4.5 to Form S-3 filed February 19, 1997)
4.6	Tri-Party Agreement, dated as of November 2, 2006, between Caterpillar Inc., Citibank, N.A. and U.S. Bank National Association appointing U.S. Bank as Successor Trustee under the Indenture dated as of May 1, 1987, as amended and supplemented (incorporated by reference from Exhibit 4.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006)
4.7	Form of 3.803% Rule 144A Global Debenture due 2042 (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K, filed August 28, 2012)
4.8	Form of 3.803% Regulation S Global Debenture due 2042 (incorporated by reference from Exhibit 4.2 to Form 8-K, filed August 28, 2012)
4.9	Form of 3.803% Global Debenture due 2042 (incorporated by reference from Exhibit 4.9 to Form S-4 filed on September 7, 2012)
4.10	Form of 4.30% Senior Note due 2044 (incorporated by reference from Exhibit 4.2 to the Company's Current Report on Form 8-K, filed on May 8, 2014)
4.11	Form of 4.75% Senior Note due 2064 (incorporated by reference from Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on May 8, 2014)
4.12	Form of 2.600% Senior Note due 2029 (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K filed September 19, 2019)
4.13	Form of 3.250% Senior Note due 2049 (incorporated by reference from Exhibit 4.2 to the Company's Current Report on Form 8-K filed September 19, 2019)
4.14	Form of 2.600% Senior Notes due 2030 (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K filed April 9, 2020)
4.15	Form of 3.250% Senior Notes due 2050 (incorporated by reference from Exhibit 4.2 to the Company's Current Report on Form 8-K filed April 9, 2020)
4.16	Form 1.900% Senior Notes due 2031 (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 12, 2021)
4.17	Form of 5.200% Senior Note due 2035 (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K filed May 15, 2025)
4.18	Form of 5.500% Senior Note due 2055 (incorporated by reference from Exhibit 4.2 to the Company's Current Report on Form 8-K filed May 15, 2025)
4.19	Description of Securities (incorporated by reference from Exhibit 4.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019)
10.1	Caterpillar Inc. 2023 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 20, 2023)*
10.2	Form of Restricted Stock Unit Award pursuant to the 2023 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024)*
10.3	Form of Restricted Stock Unit Award for Directors pursuant to the 2023 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024)*
10.4	Form of Nonqualified Stock Options Award pursuant to the 2023 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024)*

10.5	Form of Performance-Based Restricted Stock Unit Award pursuant to the 2023 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024)*
10.6	Form of Nonqualified Stock Options Award pursuant to the 2023 Long-Term Incentive Plan (China Payroll Addendum) (incorporated by reference from Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023)*
10.7	Caterpillar Inc. Supplemental Retirement Plan (formerly known as the Caterpillar Inc. Supplemental Pension Benefit Plan), amended and restated effective January 1, 2020 (incorporated by reference from Exhibit 10.17 to the Company's Annual report on Form 10-K for the year ended December 31, 2020)*
10.8	First Amendment to the Caterpillar Inc. Supplemental Retirement Plan, effective January 1, 2022 (incorporated by reference from Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021)*
10.9	Second Amendment to the Caterpillar Inc. Supplemental Retirement Plan, effective July 1, 2022 (incorporated by reference from Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022)*
10.10	Caterpillar Inc. Supplemental Employees' Investment Plan, amended and restated as of May 15, 2017 (incorporated by reference from Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017)*
10.11	First Amendment to the Caterpillar Inc. Supplemental Employees' Investment Plan, effective as of July 24, 2017 (incorporated by reference from Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017)*
10.12	Second Amendment to the Caterpillar Inc. Supplemental Employees' Investment Plan, dated December 14, 2018 (incorporated by reference to Exhibit 10.22 the Company's Annual Report on Form 10-K for the year ended December 31, 2018)*
10.13	Third Amendment to the Caterpillar Inc. Supplemental Employees' Investment Plan, effective January 1, 2022 (incorporated by reference from Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021)*
10.14	Fourth Amendment to the Caterpillar Inc. Supplemental Employees' Investment Plan, effective as of July 1, 2022 (incorporated by reference to Exhibit 10.4 the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022)*
10.15	Caterpillar Inc. Directors' Deferred Compensation Plan, as amended and restated effective July 1, 2018 (incorporated by reference from Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018)*
10.16	First Amendment to the Caterpillar Inc. Directors' Deferred Compensation Plan dated January 22, 2019 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019)*
10.17	Second Amendment to the Caterpillar Inc. Directors' Deferred Compensation Plan, effective as of July 1, 2022 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022)*
10.18	Caterpillar Inc. Directors' Charitable Award Program, as amended and restated effective April 1, 2008 (incorporated by reference from Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008)*
10.19	Caterpillar Inc. Deferred Employees' Investment Plan amended and restated as of May 15, 2017 (incorporated by reference from Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017)*
10.20	First Amendment to the Caterpillar Inc. Deferred Employees' Investment Plan, effective as of July 24, 2017 (incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018)*
10.21	Second Amendment to the Caterpillar Inc. Deferred Employees' Investment Plan, dated December 14, 2018 (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018)*
10.22	Third Amendment to the Caterpillar Inc. Deferred Employees' Investment Plan, effective as of January 1, 2022 (incorporated by reference from Exhibit 10.28 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021)*
10.23	Fourth Amendment to the Caterpillar Inc. Deferred Employees' Investment Plan, effective as of July 1, 2022 (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022)*
10.24	Caterpillar Inc. Supplemental Deferred Compensation Plan amended and restated as of May 15, 2017 (incorporated by reference from Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017)*
10.25	First Amendment to the Caterpillar Inc. Supplemental Deferred Compensation Plan, effective as of July 24, 2017 (incorporated by reference from Exhibit 10.28 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017)*
10.26	Second Amendment to the Caterpillar Inc. Supplemental Deferred Compensation Plan, dated December 14, 2018 (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018)*
10.27	Third Amendment to the Caterpillar Inc. Supplemental Deferred Compensation Plan effective January 1, 2019 (incorporated by reference from Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019)*
10.28	Fourth Amendment to the Caterpillar Supplemental Deferred Compensation Plan, effective as of January 1, 2022 (incorporated by reference from Exhibit 10.33 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021)*
10.29	Fifth Amendment to the Caterpillar Inc. Supplemental Deferred Compensation Plan, effective as of July 1, 2022 (incorporated by reference from Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022)*
10.30	Solar Turbines Incorporated Managerial Retirement Objective Plan, as amended and restated through First Amendment, dated December 10, 2014 (incorporated by reference from Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014)*
10.31	Second Amendment to the Solar Turbines Incorporated Managerial Retirement Objective Plan, effective January 1, 2022 (incorporated by reference from Exhibit 10.35 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021)*
10.32	Solar Turbines Incorporated Pension Plan for European Foreign Service Employees, as amended and restated, effective January 1, 2015 (incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015)*

10.33	First Amendment to the Solar Turbines Incorporated Pension Plan for European Foreign Service Employees effective January 1, 2020 (incorporated by reference from Exhibit 10.35 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019)*
10.34	Second Amendment to the Solar Turbines Incorporated Pension Plan for European Foreign Service Employees effective January 1, 2022 (incorporated by reference from Exhibit 10.38 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021)*
10.35	Revised Letter Agreement by and between Caterpillar Inc. and Andrew Bonfield dated August 28, 2018 (incorporated by reference from Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018)*
10.36	Mercer Super Trust CatSuper Special Arrangement Agreement between Caterpillar of Australia PTY LTD and Robert Brian Charter dated June 26, 2007 (incorporated by reference from Exhibit 10.38 to the Company's Annual Report on Form 10-K filed on February 14, 2019)*
10.37	Mercer Super Trust CatSuper Special Arrangement Agreement, by and between Caterpillar of Australia PTY LTD. and Robert Brian Charter dated April 4, 2018 (incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018)*
10.38	Time Sharing Agreement dated January 10, 2017 (incorporated by reference from Exhibit 10.29 to the Company's Annual Report on Form 10-K filed December 31, 2016)*
10.39	Credit Agreement (2025 364-Day Facility), dated August 28, 2025, among Caterpillar Inc., Caterpillar Financial Services Corporation, Caterpillar International Finance Designated Activity Company, and Caterpillar Finance Kabushiki Kaisha, certain financial institutions named therein, Citibank, N.A., as agent, Citibank Europe PLC, UK Branch, as Local Currency Agent, and MUFG Bank, Ltd. as Japan Local Currency Agent (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 3, 2025)
10.40	CIF Local Currency Addendum to the 2025 364-Day Facility dated August 28, 2025, among Caterpillar Financial Services Corporation, Caterpillar International Finance Designated Activity Company, the Local Currency Banks named therein, Citibank, N.A., as Agent, and Citibank Europe plc, UK Branch, as Local Currency Agent (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 3, 2025)
10.41	CIF LUX Local Currency Addendum to the 2025 364-Day Facility dated August 28, 2025, among Caterpillar Financial Services Corporation, Caterpillar International Finance Designated Activity Company, the Local Currency Banks named therein, Citibank, N.A., as Agent, and Citibank Europe plc, UK Branch, as Local Currency Agent (incorporated by reference from Exhibit 10.3 to the Company's Current Report on Form 8-K filed September 3, 2025)
10.42	Japan Local Currency Addendum, dated as of August 28, 2025, to the Credit Agreement (2025 364-Day Facility) (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K filed September 3, 2025)
10.43	Fourth Amended and Restated Credit Agreement (3-Year Facility) dated August 28, 2025, among the Company, Caterpillar Financial Services Corporation, Caterpillar International Finance Designated Activity Company and Caterpillar Finance Kabushiki Kaisha, certain financial institutions named therein, Citibank, N.A., as Agent, Citibank Europe plc, UK Branch, as Local Currency Agent, and MUFG Bank, LTD., as Japan Local Currency Agent (incorporated by reference from Exhibit 10.5 to the Company's Current Report on Form 8-K filed September 3, 2025)
10.44	CIF Local Currency Addendum to the 3-Year Facility dated August 28, 2025, among Caterpillar Financial Services Corporation, Caterpillar International Finance Designated Activity Company, the Local Currency Banks named therein, Citibank, N.A., as Agent, and Citibank Europe plc, UK Branch, as Local Currency Agent (incorporated by reference from Exhibit 10.6 to the Company's Current Report on Form 8-K filed September 3, 2025)
10.45	CIF LUX Local Currency Addendum to the 3-Year Facility dated August 28, 2025, among Caterpillar Financial Services Corporation, Caterpillar International Finance Designated Activity Company, the Local Currency Banks named therein, Citibank, N.A., as Agent, and Citibank Europe plc, UK Branch, as Local Currency Agent (incorporated by reference from Exhibit 10.7 to the Company's Current Report on Form 8-K filed September 3, 2025)
10.46	Japan Local Currency Addendum to the 3-Year Facility dated August 28, 2025, among Caterpillar Financial Services Corporation, Caterpillar Finance Kabushiki Kaisha, the Japan Local Currency Banks named therein, Citibank, N.A., as Agent, and MUFG Bank, Ltd., as Japan Local Currency Agent (incorporated by reference from Exhibit 10.8 to the Company's Current Report on Form 8-K filed September 3, 2025)
10.47	Fourth Amended and Restated Credit Agreement (5-Year Facility) dated August 28, 2025, among the Company, Caterpillar Financial Services Corporation, Caterpillar International Finance Designated Activity Company and Caterpillar Finance Kabushiki Kaisha, certain financial institutions named therein, Citibank, N.A., as Agent, Citibank Europe plc, UK Branch, as Local Currency Agent, and MUFG Bank, LTD., as Japan Local Currency Agent (incorporated by reference from Exhibit 10.9 to the Company's Current Report on Form 8-K filed September 3, 2025)
10.48	CIF Local Currency Addendum to the Five-Year Facility dated August 28, 2025, among Caterpillar Financial Services Corporation, Caterpillar International Finance Designated Activity Company, the Local Currency Banks named therein, Citibank, N.A., as Agent, and Citibank Europe plc, UK Branch, as Local Currency Agent (incorporated by reference from Exhibit 10.10 to the Company's Current Report on Form 8-K, filed September 3, 2025)
10.49	CIF LUX Local Currency Addendum to the Five-Year Facility dated August 28, 2025, among Caterpillar Financial Services Corporation, Caterpillar International Finance Designated Activity Company, the Local Currency Banks named therein, Citibank, N.A., as Agent, and Citibank Europe plc, UK Branch, as Local Currency Agent (incorporated by reference from Exhibit 10.11 to the Company's Current Report on Form 8-K, filed September 3, 2025)

10.50	Japan Local Currency Addendum to the 5-Year Facility dated August 28, 2025, among Caterpillar Financial Services Corporation, Caterpillar Finance Kabushiki Kaisha, the Japan Local Currency Banks named therein, Citibank, N.A., as Agent, and MUFG Bank, Ltd., as Japan Local Currency Agent (incorporated by reference from Exhibit 10.12 to the Company's Current Report on Form 8-K, filed September 3, 2025)
10.51	Caterpillar Inc. 2014 Long-Term Incentive Plan, amended and restated effective October 8, 2019 (incorporated by reference from Exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019)*
10.52	First Amendment to Caterpillar Inc. 2014 Long-Term Incentive Plan, effective July 1, 2022 (incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022)
10.53	Form of Restricted Stock Unit Award pursuant to the 2014 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023)*
10.54	Form of Restricted Stock Unit Award for Directors pursuant to the 2014 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023)*
10.55	Form of Nonqualified Stock Options Award pursuant to the 2014 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023)*
10.56	Form of Performance-Based Restricted Stock Unit Award pursuant to the 2014 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023)*
10.57	First Amended and Restated Aircraft Time Sharing Agreement, dated as of April 28, 2025 (incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025)*
10.58	Aircraft Time Sharing Agreement, dated as of May 7, 2025 (incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025)*
19	Caterpillar Inc. Insider Trading Policy (as adopted January 30, 2025)
21	Subsidiaries and Affiliates of the Registrant
23	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer of Caterpillar Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer of Caterpillar Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer of Caterpillar Inc. and Chief Financial Officer of Caterpillar Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97	Caterpillar Inc. Incentive Compensation Clawback Policy (as adopted October 11, 2023)
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are imbedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive File (embedded within the Inline XBRL document and included in Exhibit 101)

* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of this report.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

ITEM 16. Form 10-K Summary.

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		CATERPILLAR INC.
		Registrant
February 13, 2026	By:	*/s/ Derek Owens*
		Derek Owens
		Chief Legal Officer and General Counsel

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

February 13, 2026	*/s/ Joseph E. Creed* Joseph E. Creed	Chief Executive Officer and Director
February 13, 2026	*/s/ Andrew R.J. Bonfield* Andrew R.J. Bonfield	Chief Financial Officer
February 13, 2026	*/s/ William E. Schaupp* William E. Schaupp	Vice President and Chief Accounting Officer
February 13, 2026	*/s/ D. James Umpleby III* D. James Umpleby III	Executive Chairman
February 13, 2026	*/s/ James C. Fish, Jr.* James C. Fish, Jr.	Director
February 13, 2026	*/s/ Gerald Johnson* Gerald Johnson	Director
February 13, 2026	*/s/ Nazzic S. Keene* Nazzic S. Keene	Director
February 13, 2026	*/s/ David W. MacLennan* David W. MacLennan	Director
February 13, 2026	*/s/ Judith F. Marks* Judith F. Marks	Director
February 13, 2026	*/s/ Debra L. Reed-Klages* Debra L. Reed-Klages	Lead Independent Director
February 13, 2026	*/s/ Susan C. Schwab* Susan C. Schwab	Director
February 13, 2026	*/s/ Rayford Wilkins, Jr.* Rayford Wilkins, Jr.	Director

CORPORATE GOVERNANCE

Caterpillar's governance structure provides leadership, accountability and transparency to the management of the company and its businesses.

Our corporate governance framework serves the interests of shareholders with the highest standards of responsibility, integrity and commitment to enhance shareholder value over the long term. These standards are developed and implemented by our board of directors and executive officers.

Board of Directors

Reflective of director nominees standing for re-election at the annual shareholder meeting on June 10, 2026.

Joseph E. Creed
Chairman and CEO
of Caterpillar Inc.

James C. Fish, Jr.
President and CEO
of Waste Management, Inc.

Gerald Johnson
Retired Executive
Vice President, Global
Manufacturing & Sustainability
of General Motors Company

Nazzic S. Keene
Former CEO of Science
Applications International Corp.

David W. MacLennan
Former Chair and CEO
of Cargill, Inc.

Judith F. Marks
Chair, CEO and President
of Otis Worldwide Corporation

Debra L. Reed-Klages
Lead Independent Director
of Caterpillar Inc. and former
Chairman and CEO
of Sempra Energy

Susan C. Schwab
Professor Emerita at the
University of Maryland School
of Public Policy, Strategic
Advisor for Mayer Brown LLP,
and former United States
Trade Representative

Rayford Wilkins, Jr.
Former CEO of Diversified
Businesses at AT&T Inc.

Executive Officers

As of May 1, 2026.

Chairman and CEO
Joseph E. Creed

Group Presidents
Bob De Lange
Denise C. Johnson
Jason E. Kaiser
Rod Shurman

Chief Financial Officer
Kyle J. Epley

Chief Legal Officer and General Counsel
Derek Owens

Chief Human Resources Officer
Christy Pambianchi

Group President, Retired
Anthony D. Fassino

Executive Advisor and CFO Emeritus
Andrew R.J. Bonfield

Learn more about our corporate governance framework and voting on matters for the annual meeting in Caterpillar's Proxy Statement:
https://www.caterpillar.com/en/investors/financial-information/proxy-statement.

Learn more about how Caterpillar is solving our customers' toughest challenges at **caterpillar.com/reports**.

© 2026 Caterpillar. All Rights Reserved. CAT, CATERPILLAR, LET'S DO THE WORK, their respective logos, "Caterpillar Corporate Yellow," the "Power Edge," and Cat "Modern Hex" trade dress, as well as corporate and product identity used herein, are trademarks of Caterpillar and may not be used without permission.

Design by Sia/Addison: addison.com



CATERPILLAR®