

CATERPILLAR INC  
Form 11-K  
June 23, 2009

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

(Mark  
One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File No. 1-768

CATERPILLAR 401(K) PLAN  
(Full title of the Plan)

CATERPILLAR INC.  
(Name of issuer of the securities held pursuant to the Plan)

100 NE Adams Street, Peoria, Illinois 61629  
(Address of principal executive offices)

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REQUIRED INFORMATION

Item 1.

The audited statements of net assets available for Plan benefits as of the end of the latest two fiscal years of the Plan are attached hereto as Exhibit A.

Item 2.

The audited statements of changes in net assets available for Plan benefits for the latest two fiscal years of the Plan are attached hereto as Exhibit B.

Item 3.

The statements required by Items 1 and 2 have been prepared in accordance with the applicable financial reporting requirements of ERISA.

Item 4.

The Consent of Independent Registered Public Accounting Firm is attached hereto as Exhibit C.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this annual report to be signed on its behalf by the undersigned, hereunto duly authorized.

CATERPILLAR 401(K) PLAN

CATERPILLAR INC. (Issuer)

June 23, 2009

By: /s/ David B. Burritt  
Name: David B. Burritt  
Title: Vice President and Chief Financial Officer

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Caterpillar 401(k) Plan  
Financial Statements and Supplemental Schedule  
December 31, 2008 and 2007

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Report of Independent Registered Public Accounting Firm

Financial Statements

Statements of Net Assets Available for Benefits December 31, 2008 and 2007

Statements of Changes in Net Assets Available for Benefits Years Ended December 31, 2008 and 2007

Notes to Financial Statements December 31, 2008 and 2007

Supplemental Schedule

Schedule H, Line 4i - Schedule of Assets (Held at End of Year) December 31, 2008

Note: Other schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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Report of Independent Registered Public Accounting Firm

To the Participants, Plan Administrator, Investment  
Plan Committee and Benefit Funds Committee of the  
Caterpillar 401(k) Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Caterpillar 401(k) Plan (the "Plan") at December 31, 2008 and 2007, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held at end of year is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has

been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Peoria, Illinois  
June 23, 2009

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Exhibit A

Caterpillar 401(k) Plan  
Statements of Net Assets Available for Benefits  
December 31, 2008 and 2007

(in thousands of dollars)	2008	2007
<b>Investments</b>		
Interest in the Caterpillar Investment Trust	\$ 3,465,803	\$ 4,888,837
Participant loans receivable	63,636	56,226
Other investments – participant directed brokerage accounts	119,802	179,941
<b>Total investments</b>	<b>3,649,241</b>	<b>5,125,004</b>
<b>Receivables</b>		
Participant contributions receivable	10,560	9,945
Employer contributions receivable	9,575	8,336
<b>Total receivables</b>	<b>20,135</b>	<b>18,281</b>
Net assets available for benefits, at fair value	3,669,376	5,143,285
Adjustment from fair value to contract value for synthetic guaranteed investment contracts	87,916	7,650
<b>Net assets available for benefits</b>	<b>\$ 3,757,292</b>	<b>\$ 5,150,935</b>

The accompanying notes are an integral part of these financial statements.

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Exhibit B

Caterpillar 401(k) Plan  
Statements of Changes in Net Assets Available for Benefits  
Years Ended December 31, 2008 and 2007

(in thousands of dollars)	2008	2007
<b>Investment income (loss)</b>		
Plan interest in net investment income (loss) of	\$ (1,493,535)	\$ 612,006

Caterpillar Investment Trust		
Interest on participant loans receivable	4,585	3,981
Net investment income (loss) from participant directed brokerage accounts	(63,055)	16,256
Net investment income (loss)	(1,552,005)	632,243
Contributions		
Participant	235,469	216,133
Employer	152,843	133,555
Total contributions	388,312	349,688
Deductions		
Withdrawals	(235,598)	(325,462)
Administrative expenses	(2,721)	(2,902)
Total deductions	(238,319)	(328,364)
Increase (decrease) in net assets available for benefits	(1,402,012)	653,567
Transfers		
Transfers from other plans, net	8,369	4,677
Net increase (decrease) in net assets available for benefits	(1,393,643)	658,244
Net assets available for benefits		
Beginning of year	5,150,935	4,492,691
End of year	\$ 3,757,292	\$ 5,150,935

The accompanying notes are an integral part of these financial statements.

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Caterpillar 401(k) Plan  
Notes to Financial Statements  
December 31, 2008 and 2007

1. Plan Description

The following description of the Caterpillar 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a contributory defined contribution plan established by Caterpillar Inc. (the "Company") effective January 1, 2003 to enable eligible employees of the Company and its subsidiaries (the "participating employers"), which adopt the Plan to accumulate funds for retirement. The Plan is subject to the provisions of the Employee Retirement Income Security Act, as amended ("ERISA").

Participation

Management, salaried and non-bargained hourly employees who meet certain age and service requirements are eligible to participate in the Plan. Participating eligible employees (the “participants”) elect to defer a portion of their compensation until retirement through pre-tax contributions.

#### Participant Accounts

Accounts are separately maintained for each participant. The participant's account is credited with the participant's contribution as defined below, employer contributions and an allocation of Plan earnings. Allocations of earnings are based on participant account balances, as defined. Participant benefits are limited to their vested account balance.

#### Contributions

Participant contributions are made through a pre-tax compensation deferral as elected by the participants. Participants who are at least 50 years old by the end of the calendar year are allowed by the Plan to make a catch-up contribution for that year. Contributions are subject to certain limitations set by the Internal Revenue Code.

Employer matching contributions are 100 percent of participant 401(k) contributions up to a maximum of 6 percent of compensation. The Company may change the match percentage or the limit on matching contributions from time to time.

Participants direct the investment of their contributions and employer matching contributions into various investment options offered by the Plan as discussed in Note 3. Participants may change their contribution elections and prospective investment elections on a daily basis and reallocate the investment of their existing account balance either daily or every seven business days depending on the investment.

Starting January 1, 2007, newly eligible employees were subject to an automatic enrollment process. Unless electing otherwise, employees who become newly eligible will be enrolled with a default 6% deferral of their eligible pay and their default investment election is to the Model Portfolio – Moderately Aggressive fund.

#### Vesting and Distribution Provisions

Participants are fully vested in their participant contributions and earnings thereon. Participants also vest immediately in the Company's matching contributions and the earnings thereon. Upon termination of employment for any reason, including death, retirement or total and permanent disability, or upon Plan termination, the balance in participants' accounts is distributable in a single lump sum cash payment unless the participant (or beneficiary) elects to receive Company shares in kind. The value of any full or fractional shares paid in cash will be based upon the average price per share the Trustee receives from sales of Company shares for the purpose of making the distribution. Participants also have the option to leave their vested account balance in the Plan, subject to certain limitations.

#### Participant Loans

The Plan provides for participant loans against eligible participants' account balances. Eligible participants obtain loans by filing a loan application with the Plan's

record keeper and receiving all requisite approvals. Loan amounts are generally limited to the lesser of \$50,000 or 50 percent of the individual participant's vested account balance, with certain regulatory restrictions. Each loan specifies a repayment period that cannot extend beyond five years. However, the five-year limit shall not apply to any loan used to acquire any dwelling unit which within a reasonable time is to be used (determined at the time the loan is made) as the principal residence of the participant. Loans bear interest at the prime interest rate plus 1 percent, as determined at the time of loan origination. Repayments, including interest, are made through after-tax payroll deductions and are credited to the individual participant's account balance. At December 31, 2008, participant loans have various maturity dates through August 31, 2018, with varying interest rates ranging from 4.25 to 11.0 percent.

#### Administration

The Plan is administered by Caterpillar Inc., which is responsible for non-financial matters, and the Benefit Funds Committee of Caterpillar Inc., which is responsible for financial aspects of the Plan. Caterpillar Inc. and the Benefit Funds Committee have entered into a trust agreement with The Northern Trust Company (the "Trustee") to receive contributions, administer the assets of the Plan and distribute withdrawals pursuant to the Plan.

#### Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan at any time to terminate the Plan subject to provisions of ERISA. In the event of Plan termination, Plan assets will be distributed in accordance with the provisions of the Plan.

#### Plan Qualification

The Plan obtained its latest determination letter on October 16, 2008, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. Although the Plan has been amended subsequent to the period covered by the determination letter, the Plan Administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

## 2. Summary of Significant Accounting Policies

### New Accounting Guidance