CATERPILLAR INC
Form 11-K
June 24, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)	
[X]	ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 2007
	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)

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 24, 2008	By:	/s/David B. Burritt	
		Name:	David B. Burritt
		Title:	Vice President and Chief Financial Officer

Caterpillar 401(k) Plan
Financial Statements and Supplemental Schedules
December 31, 2007 and 2006

Caterpillar Inc.
Caterpillar 401(k) Plan
Index

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 fo 1974 have been omitted because they are not applicable.

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, 2007 and 2006, 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 and supplemental schedule of nonexempt transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are 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. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Peoria, Illinois
June 24, 2008

Exhibit A

Caterpillar 401(k) Plan
Statements of Net Assets Available for Benefits
December 31, 2007 and 2006

(in thousands of dollars)		2007		2006
Investments				
Interest in the Caterpillar Investment Trust	$	4,888,837	$	4,285,308
Participant loans receivable		56,226		46,589
Other investments – participant directed brokerage accounts		179,941		145,364
Total investments		5,125,004		4,477,261
Receivables				
Participant contributions receivable		9,945		9,635
Employer contributions receivable		8,336		7,950
Total receivables		18,281		17,585
Net assets available for benefits, at fair value		5,143,285		4,494,846
Adjustment from fair value to contract value for synthetic guaranteed investment contracts		7,650		(2,155)
Net assets available for benefits	$	5,150,935	$	4,492,691

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

Exhibit B

Caterpillar 401(k) Plan
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2007 and 2006

(in thousands of dollars)	2007	2006
Investment income		
Plan interest in net investment income of Caterpillar Investment Trust	$ 612,006	$ 368,286
Interest on participant loans receivable	3,981	2,794
Net investment income from participant directed brokerage accounts	16,256	17,486
Net investment income	632,243	388,566
Contributions		
Participant	216,133	199,941
Employer	133,555	122,515
Total contributions	349,688	322,456
Deductions		
Withdrawals	(325,462)	(318,012)
Administrative expenses	(2,902)	(1,522)
Total deductions	(328,364)	(319,534)
Increase in net assets available for benefits	653,567	391,488
Transfers		
Transfers from other plans, net	4,677	185
Net increase in net assets available for benefits	658,244	391,673
Net assets available for benefits		
Beginning of year	4,492,691	4,101,018
End of year	$ 5,150,935	$ 4,492,691

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

Caterpillar 401(k) Plan
Notes to Financial Statements
December 31, 2007 and 2006

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-bargaining 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 balances.

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 match 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, 2007, participant loans have various maturity dates through September 30, 2017, with varying interest rates ranging from 4 to 11.3 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 February 6, 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

In September 2006, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 157 (SFAS 157), Fair Value Measurements. SFAS 157 provides a common definition of fair value and a framework for measuring assets and liabilities at fair values when a particular standard prescribes it. In addition, the Statement expands disclosures about fair value measurements. The Company will apply this new accounting standard for plan years beginning January 1, 2008. The adoption is not expected to have a material impact on the Plan's financial statements.

Basis of Accounting
The Plan's accounts are maintained on the accrual basis of accounting.

Investments
The Plan's interest in the Caterpillar Investment Trust is valued as described in Note 4. Investments included in the participant directed brokerage account are valued at quoted market prices, which, for registered investment companies, represent the net asset value of shares held by the Plan at year-end. Participant loans are valued at estimated fair value consisting of principal and any accrued interest. Interest on investments is recorded as earned. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis.

Administrative Expenses
Starting in 2006, the Plan accrues 6 basis points annually of the market value of the assets of each investment fund, which is transferred monthly from the Caterpillar Investment Trust into a holding account to pay expenses as they come due. The amount accumulated in the holding account is used to pay certain administrative expenses that have been approved by the Benefits Fund Committee including recordkeeping fees, trustee fees, plan education and audit fees. The Company pays any expenses which exceed amounts accrued annually by the plan. Prior to 2006, all administrative expenses were paid by the Company.

Withdrawals
Withdrawals are recorded when paid.

Transfers
Transfers to/from other plans generally represent account balance transfers for participants who transfer from one plan to another plan primarily due to employment status changes.

Use of Estimates in the Preparation of 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 the reported amounts of assets, liabilities and changes therein. Actual results could differ from those estimates. The Company believes the techniques and assumptions used in establishing these amounts are appropriate.

Reclassifications
Certain amounts from the prior year have been reclassified to conform to the current-year financial statement and footnote presentation.

Risks and Uncertainties

The Plan provides for various investment options in any combination of stocks, bonds, fixed income securities, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits. At December 31, 2007, approximately 47 percent of the Plan's investments were invested in Caterpillar Inc. common stock.

3. Investment Programs

The majority of the Plan's assets are invested in the Caterpillar Investment Trust as discussed in Note 4, except for the participant directed brokerage account and participant loans receivable.

In October 2005, Caterpillar made the strategic decision to exit the investment management business. As a result, the Benefit Funds Committee selected new investment options for the Plan. The transition of the investment of participant balances to the new investment options were implemented after the close of the market effective May 26, 2006. The new investment options are similar in nature to the previous fund options and participant accounts and future deferral elections were automatically transferred to the most similar new investment option. As with the previous structure, the new investment options consist of four main categories: core investments, model portfolios, Caterpillar stock and a brokerage account.

The core options consist of nine investment choices, each representing a different asset class but collectively offering a broad range of investment alternatives with varying levels of risk and potential returns.

The model portfolios contain a specific mix of the Plan's core investments. Each portfolio's mix of stocks and bonds is automatically rebalanced on the last business day of each calendar quarter. The targeted percentage of stocks and bonds in each of the model portfolios is as follows:

* Conservative	20% stocks and 80% bonds
* Moderately Conservative	40% stocks and 60% bonds
* Moderately Aggressive	60% stocks and 40% bonds
* Aggressive	80% stocks and 20% bonds

The Caterpillar Stock Fund consists of Caterpillar Inc. common stock and a small amount of cash equivalents.

The brokerage account option allows participants to invest in various other investments outside of the standard Plan options. Hewitt Financial Services is the custodian for funds invested through this participant directed option. Investments in the participant directed brokerage account consist of registered investment companies and the net investment income for the participant directed brokerage account consists of net appreciation (depreciation) in the fair value of investments in registered investment companies.

4. Master Trust

A portion of the Plan's investments are in the Caterpillar Investment Trust (the "Master Trust"), which was established for the investment of the Plan and other Company sponsored retirement plans. These plans pool their investments in the Master Trust in exchange for a percentage of participation in the Trust. The assets of the Master Trust are held by The Northern Trust Company (the "Trustee").

The percentage of the Plan's participation in the Master Trust was determined based on the December 31, 2007 and 2006 fair values of net assets for the investment fund options chosen by participants of each plan. At December 31, 2007 and 2006, the Plan's interest in the net assets of the Master Trust was 89.79 percent and 89.61 percent, respectively.

The net assets of the Master Trust as of December 31, 2007 and 2006 are as follows:

(in thousands of dollars)	2007	2006
ASSETS		
Investments, at fair value:		
Caterpillar Inc. common stock	$ 2,642,282	$ 2,456,108
Common stocks	1,304,626	1,090,747
Corporate bonds and notes	90,792	57,516
U.S. Government securities	108,327	79,737
Synthetic guaranteed investment contracts	722,524	570,354
Common collective trusts	338,348	299,042
Registered investment companies	838	779
Interest bearing cash	37,103	37,468
Other investments	7,860	8,159
	5,252,700	4,599,910
Securities on loan, at fair value		
Common stocks	189,004	172,928
Corporate bonds and notes	6,300	11,999
U.S. Government securities	31,277	34,512
	226,581	219,439
Cash collateral held under securities loan agreements, at fair value		
Caterpillar Investment Trust Custom Collateral Fund	227,679	213,439
Other assets		
Receivables for securities sold	3,935	10,309
Accrued income	48,759	5,750
	52,694	16,059
Total Master Trust assets, at fair value	5,759,654	5,048,847
LIABILITIES		

Obligation under securities loan agreements, at fair value		(227,679)		(213,439)
Payables for securities purchased		(87,846)		(53,186)
Total Master Trust liabilities		(315,525)		(266,625)
Adjustment from fair value to contract value for synthetic guaranteed investment contracts		8,964		(2,524)
Master Trust assets, net	$	5,453,093	$	4,779,698
Plan's interest in the net Master Trust assets	$	4,896,487	$	4,283,153

Investments are principally stated at fair value. Investments in common stock, preferred stock, corporate bonds and notes, U.S. Government securities and other assets are primarily valued at quoted market prices. Common/collective trusts are stated at unit value, which represents the fair value of the underlying investments. Registered investment companies are valued at quoted market prices that represent the net asset value of shares held by the Master Trust at year-end.

Net investment income of the Master Trust for the years ended December 31, 2007 and 2006 is as follows:

(in thousands of dollars)	2007	2006