CATERPILLAR INC
Form 11-K
June 26, 2015

UNITED STATES
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, 2014

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 INC.
TAX DEFERRED RETIREMENT PLAN

(Full title of the plan and the address of the plan, if different from that of the issuer named below)

CATERPILLAR INC.
100 NE Adams Street, Peoria, Illinois 61629
(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office)

Caterpillar Inc.
Tax Deferred Retirement Plan
Financial Statements and Supplemental Schedules
December 31, 2014 and 2013

Caterpillar Inc.
Tax Deferred Retirement 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 of 1974 have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm
To the Participants, Plan Administrator
and Benefit Funds Committee of the
Caterpillar Inc. Tax Deferred Retirement Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Caterpillar Inc. Tax Deferred Retirement Plan (the "Plan") at December 31, 2014 and 2013, and the changes in net assets available for benefits for the year ended December 31, 2014 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.

The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2014 and the Schedule G, Part III - Nonexempt Transactions for the year ended December 31, 2014 have been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedules are the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedules reconcile to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedules. In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2014 and the Schedule G, Part III - Nonexempt Transactions for the year ended December 31, 2014 are fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ PricewaterhouseCoopers LLP

Peoria, Illinois
June 26, 2015

Caterpillar Inc.
Tax Deferred Retirement Plan
Statements of Net Assets Available for Benefits
December 31, 2014 and 2013

(in thousands of dollars)	2014	2013
Investments		
Interest in the Master Trust	$179,312	$176,006
Other investments – participant directed brokerage accounts	1,289	615
Total investments	180,601	176,621
Receivables		
Notes receivable from participants	19,065	17,078
Employer contributions receivable	13,098	12,914
Receivables for securities sold – participant directed brokerage accounts	32	4
Total receivables	32,195	29,996
Liabilities		
Payables for securities purchased – participant directed brokerage accounts	(33)	(7)
Net assets available for benefits, at fair value	212,763	206,610
Adjustment from fair value to contract value for the Master Trust's investment in fully benefit-responsive synthetic guaranteed investment contracts	(22)	(47)
Net assets available for benefits	$212,741	$206,563

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

Caterpillar Inc.
Tax Deferred Retirement Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2014

(in thousands of dollars)	2014
Investment income (loss)	
Plan interest in net investment income (loss) of the Master Trust	$9,855
Net appreciation (depreciation) in fair value of investments from participant directed brokerage accounts	(85)
Net investment income (loss)	9,770
Interest and dividend income	
Interest income on notes receivable from participants	691
Interest and dividend income from participant directed brokerage accounts	38
Total interest and dividend income	729
Contributions	
Participant	9,400
Employer	8,291
Total contributions	17,691
Deductions	
Participant withdrawals	(21,480)
Administrative expenses	(532)
Total deductions	(22,012)
Net increase (decrease) in net assets available for benefits	6,178
Net assets available for benefits	
Beginning of year	206,563
End of year	$212,741

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

Caterpillar Inc.
Tax Deferred Retirement Plan
Notes to Financial Statements
December 31, 2014 and 2013

1. Plan Description

The following description of the Caterpillar Inc. Tax Deferred Retirement Plan (the “Plan”) provides only general information. Participants should refer to the Plan documents for more complete information regarding the Plan.

General

The Plan is a profit sharing plan that includes a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code ("IRC") and is an "employee stock ownership plan", within the meaning of IRC Section 4975(e)(7). The Plan is maintained by Caterpillar Inc. (the “Company”), and enables eligible employees of the Company and its subsidiaries that adopt the Plan (the “participating employers”) to accumulate funds for retirement. The Plan is governed by the provisions of the Employee Retirement Income Security Act, as amended (“ERISA”).

Participation

Employees of the participating employers who are covered under collective bargaining agreements to which the Plan is extended and who meet certain age, service and citizenship or residency requirements are eligible to participate in the Plan. Each employee will be eligible if the employee was hired on or after a specific date varying by union (primarily January 10, 2005) but is not eligible to participate in the Company's Tax Deferred Savings Plan. Participating eligible employees (the “participants”) elect to defer a portion of their eligible compensation through pre-tax and after-tax contributions.

Changes to Investment Options

On December 15, 2014, the core investment options and the model portfolios available under the Plan were replaced with a series of custom target date retirement funds (the “Target Retirement Funds”) and a new menu of core investment options. A re-election window was provided to allow participants to make an active election to direct how existing balances and future contributions would be invested in the new investment option line-up. On December 15, 2014, existing balances and future contributions were automatically invested in the Target Retirement Fund closest to the year in which the participant turns age 65, unless a different investment election was made by the participant during the re-election window. Existing balances and future contributions in the Caterpillar Stock Fund and existing balances in the participant directed brokerage option were not subject to the default investment option and remained in the respective accounts. See Note 3 for further information on the investment options.

Contributions

Participant contributions are made through a pre-tax deferral arrangement and an after-tax Roth 401(k) arrangement as elected by each participant. Participants who are at least 50 years old by the end of the calendar year are allowed to make a catch-up contribution for that year. Contributions are subject to certain limitations set by the IRC.

Employer matching contributions are 50 percent of elective participant contributions up to a maximum of 6 percent of eligible compensation. Participants also receive an annual employer non-elective contribution equal to 3 percent of eligible compensation for the Plan year, subject to eligibility requirements. The non-elective contribution is included as an Employer contributions receivable on the Statements of Net Assets Available for Benefits and was $5.1 million and $4.9 million for the 2014 and 2013 Plan years, respectively.

Participants direct the investment of their contributions, employer matching and employer non-elective contributions into various investment options offered by the Plan as discussed in Note 3. Participants generally 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 (if subject to applicable trading restrictions) depending on the investment.

Newly eligible employees are subject to an automatic enrollment process. Unless electing otherwise, employees who become newly eligible will be enrolled with a default 6 percent deferral of their eligible base, and their default investment election is to the Target Retirement Fund closest to the year in which the employee turns age 65. Prior to the changes made to the investment options on December 15, 2014, the default investment election was to the Model Portfolio - Moderately Aggressive Fund.

Participant Accounts
Accounts are separately maintained for each participant. The participant's account is credited with the participant's contributions, employer matching contributions, employer non-elective contributions, Plan earnings/losses and charged with administrative expenses. Participants are entitled to the benefit that can be provided from the participant's vested account.

Vesting and Distribution Provisions
Participants are fully vested in their participant contributions and earnings thereon. Participants become fully vested in employer matching and non-elective contributions and the earnings thereon upon completion of three years of service with the Company. The Plan provides for 100 percent vesting in employer matching contributions, non-elective contributions and the earnings thereon upon a participant's death while actively employed. Upon termination of employment for any reason, including death or retirement, the balance in participants' accounts is distributable in a single lump sum cash payment unless the participant (or beneficiary) elects to receive periodic withdrawals. Participants also have the option to leave their vested account balance in the Plan, subject to certain limitations. A participant also may elect to receive a distribution of Company shares up to the amount of the participant's balance in the Caterpillar Stock Fund. 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.

Company contributions forfeited by terminated participants are used to reduce future Company contributions to the Plan. The amount forfeited and used to reduce future Company contributions for the year ended December 31, 2014 was approximately $697 thousand.

Notes Receivable from Participants
The Plan provides for participant loans against eligible participant account balances. Eligible participants obtain loans by filing a loan application with the Plan's recordkeeper 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. Loans that transferred to the Plan due to acquisitions are based upon the terms of the plan agreement in effect at the time of loan origination. Repayments, including interest, are made through payroll deductions and are credited to the individual participant's account balance. Participant loans are measured at their unpaid principal balance plus any accrued but unpaid interest.

Administration
The Plan is administered by the Company. Pursuant to procedures adopted by the Company, responsibility for the Plan's non-financial matters has been delegated to the U.S. Benefits Manager and responsibility for the Plan's financial matters has been delegated to the Caterpillar Inc. Benefit Funds Committee. The Company 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

The Company has the right under the Plan at any time to terminate the Plan, subject to provisions of ERISA and subject to the terms of any applicable collective bargaining agreement. In the event of Plan termination, participants will become fully vested in all benefits which have been accrued up to date of termination and Plan assets will be distributed in accordance with the provisions of the Plan.

Plan Qualification
The Plan obtained its latest determination letter on March 16, 2015, in which the Internal Revenue Service ("IRS") stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Company has analyzed the tax positions taken by the Plan and has concluded that, as of December 31, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2007.

Plan Amendment
On February 28, 2011, the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (“UAW”) and the Company reached a new six-year labor agreement that will expire on March 1, 2017. On January 1, 2016, or as soon as administratively practicable thereafter, account balances in the Company's Tax Deferred Savings Plan (“TDSP”) for participants covered by the new labor agreement will be transferred to the Plan. At the same time, active UAW employees that were eligible for the Non-Contributory Pension Plan (“NCP”) and TDSP shall become eligible for various provisions of the Plan including employee salary deferrals, employer matching contributions and an annual employer non-elective contribution. In addition, the Company has agreed to make a one-time contribution of $8 million to the Plan in 2016. The contribution will be allocated equally between former TDSP participants covered by the new labor agreement that are actively employed and are not eligible to retire under the terms of NCP on January 1, 2016. The contribution was included as an Employer contributions receivable in the Statements of Net Assets Available for Benefits as of December 31, 2014 and 2013. Plan participants covered by other labor agreements were not impacted by the new UAW agreement.

2. Summary of Significant Accounting Policies

New Accounting Guidance
Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) - In May 2015, the Financial Accounting Standards Board ("FASB") issued accounting guidance on disclosures for investments for which fair value is measured at net asset value (or its equivalent) using the practical expedient. The guidance removes the requirement to categorize in the fair value hierarchy investments for which fair value is measured at net asset value using the practical expedient. This guidance is effective for the Plan year ending December 31, 2016, with retrospective application required. The Plan’s management is currently reviewing the impact of this guidance on the Plan’s financial statements and notes to financial statements.

Basis of Accounting
The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Investments
The Plan's interest in the Master Trust and investments included in the participant directed brokerage accounts are valued as described in Note 4. 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
In 2014, the Plan charged a $5 per month per participant fee, 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 Benefit Funds Committee including recordkeeping fees, trustee fees, plan education and audit fees. The Company pays any administrative expenses, excluding applicable expenses paid directly from participant accounts described below, which exceed amounts collected from participants annually by the Plan. If amounts collected from participants exceed certain administrative expenses, the Company determines whether a corrective action is appropriate which could include a reallocation of funds back to participant accounts or a structural change to the participant fees.

In addition, certain administrative expenses are paid directly from participant accounts. These administrative expenses include quarterly fees for participants invested in the participant directed brokerage option, quarterly fees for participants that utilize managed account services and processing fees for qualified domestic relations orders.

Participant Withdrawals
Participant withdrawals are recorded when paid.

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

Risks and Uncertainties
The Plan invests in a 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 participant account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

3. Investment Programs
As discussed in Note 1, the core investment options and the model portfolios were replaced with Target Retirement Funds and a new menu of core investment options. Investment options that are currently available to participants consist of three main categories: Target Retirement Funds, core investment options (including the Caterpillar Stock Fund) and a participant directed brokerage option.

The Target Retirement Funds are portfolios created primarily from the Plan's core investment options. The goal of these funds is to give participants investment options that provide an age appropriate asset allocation. Each Target Retirement Fund contains a blend of stock and bond investments. The proportion of stocks and bonds in each fund is based on an anticipated retirement date and will change over time. These funds automatically change the asset allocation over time to maintain an appropriate level of risk for the retirement horizon. Below are the Target Retirement Funds for participants based upon their birth year with the assumption that participants will retire at the age of 65.

Target Retirement Funds	Birth Years	Asset Allocation
Target Retirement Income Fund	Before 1954	37% stocks, 53% bonds and 10% cash equivalents
Target Retirement 2020 Fund	1954-1958	55% stocks and 45% bonds
Target Retirement 2025 Fund	1959-1963	65% stocks and 35% bonds