

CATERPILLAR INC  
Form 11-K  
June 27, 2014

UNITED STATES  
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, 2013

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

SOLAR SAVINGS AND INVESTMENT 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)

Solar Savings and Investment Plan  
Financial Statements and Supplemental Schedules  
December 31, 2013 and 2012

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Solar Savings and Investment Plan  
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23.1 - Consent of Independent Registered Public Accounting Firm

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

and Benefit Funds Committee of the

Solar Savings and Investment 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 Solar Savings and Investment Plan (the "Plan") at December 31, 2013 and 2012, and the changes in net assets available for benefits for the year ended December 31, 2013 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 H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2013 and the Schedule G, Part III - Nonexempt Transactions for the year ended December 31, 2013 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 27, 2014

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Solar Savings and Investment Plan  
 Statements of Net Assets Available for Benefits  
 December 31, 2013 and 2012

(in thousands of dollars)	2013	2012
Investments		
Interest in the Master Trust	\$ 178,033	\$ 163,736
Other investments – participant directed brokerage accounts	888	662
Total investments	178,921	164,398
Receivables		
Participant notes receivable	6,346	6,151
Net assets available for benefits, at fair value	185,267	170,549
Adjustment from fair value to contract value for the Master Trust's investment in fully benefit-responsive synthetic guaranteed investment contracts	(61 )	(523 )
Net assets available for benefits	\$ 185,206	\$ 170,026

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

Solar Savings and Investment Plan  
 Statement of Changes in Net Assets Available for Benefits  
 Year Ended December 31, 2013

(in thousands of dollars)	2013	
Investment income (loss)		
Plan interest in net investment income (loss) of the Master Trust	\$13,536	
Net investment income (loss) from participant directed brokerage accounts	139	
Net investment income (loss)	13,675	
Interest income		
Participant notes receivable	227	
Contributions		
Participant	7,529	
Employer	1,639	
Total contributions	9,168	
Deductions		
Participant withdrawals	(7,721	)
Administrative expenses	(169	)
Total deductions	(7,890	)
Net increase (decrease) in net assets available for benefits	15,180	
Net assets available for benefits		
Beginning of year	170,026	
End of year	\$185,206	

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

Solar Savings and Investment Plan  
Notes to Financial Statements  
December 31, 2013 and 2012

### 1. Plan Description

The following description of the Solar Savings and Investment 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 an "employee stock ownership plan" maintained by Solar Turbines Incorporated (the "Company"), a 100 percent-owned subsidiary of Caterpillar Inc., and enables eligible employees to accumulate funds for retirement. The Plan is subject to the provisions of the Employee Retirement Income Security Act, as amended ("ERISA").

#### Participation

Hourly employees of the participating employers who meet certain age, service and citizenship or residency requirements are eligible to participate in the Plan. Participating eligible employees (the "participants") may elect to make after-tax contributions to the Plan and also defer a portion of their compensation through pre-tax contributions.

#### Contributions

Participant contributions can be made through after-tax payroll deductions based on a percentage (2 to 6 percent) of total earnings as elected by the employee. Participant contributions can also be made through a pre-tax deferral arrangement as elected by the participants. 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.

The Company matches contributions to the Plan equal to 50 percent, 66-1/3 percent or 80 percent of participant after-tax contributions (up to 6 percent of earnings), based on the participant's years of service.

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 incentive pay, and their default investment election is to the Model Portfolio - Moderately Aggressive Fund.

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 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.

#### Participant Accounts

Accounts are separately maintained for after-tax and pre-tax contributions by the Plan's recordkeeper for each participant. The participant's after-tax contribution account is credited with participant contributions, employer matching contributions and an allocation of Plan earnings/losses and charged with an allocation of administrative expenses. The participant's pre-tax contribution account is credited with participant contributions, and an allocation of Plan earnings/losses and charged with an allocation of administrative expenses. Allocations are based on participant account balances. 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 all participant contributions (pre-tax and after-tax) and earnings thereon. Participants also vest immediately in the employer matching contributions and the earnings thereon. 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 Caterpillar Inc. 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 Caterpillar Inc. shares for the purpose of making the distribution.

#### Participant Notes Receivable

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 assigned to the U.S. Benefits Manager and responsibility for the Plan's financial matters has been assigned to the Caterpillar Inc. Benefit Funds Committee. 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

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, Plan assets will be distributed in accordance with the provisions of the Plan.

#### Plan Qualification

The Plan obtained its latest determination letter on March 17, 2014, 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. Although the Plan has been amended subsequent to the period covered by the determination letter, the Plan Administrator and the Plan's counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC, and therefore, believe that the Plan is qualified and the related trust is tax-exempt.

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, 2013 and 2012, 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.

## 2. Summary of Significant Accounting Policies

### New Accounting Guidance

Disclosures about Offsetting Assets and Liabilities - In December 2011, the Financial Accounting Standards Board ("FASB") issued accounting guidance on disclosures about offsetting assets and liabilities. The guidance required entities to disclose both gross and net information about instruments and transactions that are offset in the Plan's financial statements, as well as instruments and transactions that are subject to an enforceable master netting arrangement or similar agreement. In January 2013, the FASB issued guidance clarifying the scope of the disclosures to apply only to derivatives, including bifurcated embedded derivatives, repurchase and reverse repurchase agreements, and securities lending and securities borrowing transactions. This guidance was effective for the Plan year ending December 31, 2013, with retrospective application required. The adoption of this guidance did not have a material impact on the Plan's 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 2013, the Plan charged an annualized 2.3 basis points of the fair value of the assets of each investment fund and a \$3 per month per-participant fee, which are 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. Effective January 1, 2014, the asset-based fee was eliminated and the per-participant fee was increased to \$5 per month.

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. At December 31, 2013 and 2012, approximately 50 percent and 58 percent of the Plan's investments were invested in Caterpillar Inc. common stock, respectively.

### Reclassifications

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

### 3. Investment Programs

The investment options available to participants consist of three main categories: core investments (including the Caterpillar Stock Fund), model portfolios, and a participant directed brokerage option.

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

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

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 participant directed brokerage option allows participants to invest outside of the standard Plan options. Hewitt Financial Services is the custodian for funds invested through this participant directed brokerage option. The types of investments offered through the participant directed brokerage option are individual company stocks (excluding Caterpillar Inc. common stock), exchange traded funds, fixed income securities such as bonds and registered investment companies. The Net investment income (loss) from the participant directed brokerage accounts primarily consists of net appreciation (depreciation) related to registered investment companies.

### 4. Master Trust

Substantially all of the Plan's investments are held in the Caterpillar Investment Trust, which was established for the investment of the Plan and other Caterpillar Inc. sponsored retirement plans. The Northern Trust Company is the Trustee of the Caterpillar Investment Trust and the custodian for funds invested through the core investments and model portfolios (the funds invested through the core investments and model portfolios are referred to as the "Master Trust" herein). The Plan and the other Caterpillar Inc. sponsored retirement plans pool their investments in the Master Trust in exchange for a percentage of participation in the Master Trust.

The percentage of the Plan's participation in the Master Trust was determined based on the December 31, 2013 and 2012 net asset values for the investment fund options chosen by participants of each plan. At December 31, 2013 and

2012, the Plan's interest in the net assets of the Master Trust was 2.11 percent and 2.25 percent, respectively.

The following table presents the net assets of the Master Trust as of December 31, 2013 and 2012. Investments that represent 5 percent or more of the Master Trust's net assets are individually identified.

(in thousands of dollars)	2013	2012		
<b>ASSETS</b>				
Investments, at fair value				
Caterpillar Inc. common stock	\$ 2,668,259	\$ 2,971,978		
Common stocks	2,232,207	1,514,250		
Preferred stocks	7,947	5,594		
Preferred corporate bonds and notes	3	500,000	1.3	%
All officers and directors as a group (three persons) 1,2,3	20,500,000	53.3	%	
Maarten Linthorst 4	5,000,000	11.5	%	
Falcon Partners BVBA 5	5,000,000	11.5	%	
Emilio DiSanluciano 6	3,000,000	7.2	%	
Brainard Ventures LLC 7	2,000,000	5.2	%	

1 Excludes options to purchase 500,000 shares of our common stock exercisable at \$0.55 per share granted in November 2011 under our 2011 Equity Compensation Plan which vest quarterly in arrears in equal amounts over three years.

2 Excludes options to purchase 500,000 shares of our common stock exercisable at \$0.55 per share granted in November 2011 under our 2011 Equity Compensation Plan which vest quarterly in arrears in equal amounts over three years.

3 Excludes options to purchase 250,000 shares of our common stock exercisable at \$0.55 per share granted in November 2011 under our 2011 Equity Compensation Plan which vest quarterly in arrears in equal amounts over three years. The number of shares owned by Mr. Scott excludes securities owned by his wife over which he disclaims beneficial ownership.

4 The number of shares beneficially owned by Mr. Linthorst includes 2,500,000 shares of our common stock issuable upon the exercise of common stock purchase warrants. Mr. Linthorst's address is Mutzmaievstrasse 34, CH-8712 Staefa, Switzerland.

5 The number of shares beneficially owned by Falcon Partners BVBA includes 2,500,000 shares of our common stock which are presently outstanding and 2,500,000 shares of our common stock issuable upon the exercise of common stock purchase warrants. Falcon Partners BVBA's address is Gan Welterslaan #13, 2100 Antwerp Belgium.

6 The number of shares beneficially owned by Mr. DiSanluciano includes 500,000 shares of our common stock which are presently outstanding and together with 500,000 shares of our common stock issuable upon the exercise of common stock purchase warrants held by Thorsdale, Inc. Mr. DiSanluciano has voting and dispositive control over securities held by Thorsdale, Inc. Mr. DiSanluciano's address is 777 S. Flagler Drive, Suite 800, West Tower, West Palm Beach, FL 33487.

7 Brainard Ventures LLC's address is 777 S. Flagler Drive, Suite 800, West Tower, West Palm Beach, FL 33487.

#### Securities Authorized for Issuance under Equity Compensation Plans

At December 31, 2010, the end of our most recent fiscal year, we did not have any equity compensation plans approved by our stockholders nor as any equity compensation plans not approved by our stockholders. As described in Item 8.01 - Other Events of this Current Report, on November 1, 2011 our board of directors adopted our 2011 Equity Compensation Plan. Please see Item 8.01 of this Current Report.

#### DIRECTORS AND EXECUTIVE OFFICERS

At the closing of the Merger with SimplePons Mr. C. Leo Smith, our then sole officer and director, resigned his positions with our company and Messrs. Brian S. John and Richard A. Miller were appointed to our board of directors to serve until our next annual meeting of stockholders or until their earlier resignation, removal or death. In addition, Messrs. John and Miller were appointed our executive officers, each to serve at the pleasure of the board of directors. Biographical information regarding Messrs. John and Miller is as follows:

Name	Age	Positions
Brian S. John	43	President and Chief Executive Officer and Director
Richard A. Miller	44	Vice President – Chief Operating Officer, Secretary and Director
Martin Scott	43	Chief Financial Officer



Brian S. John has been a member of the board of directors and Chairman, President and Chief Executive Officer of our company since November 2011. Mr. John, a founder of SimplePons, has been an officer and director of that company since its inception in February 2011. Mr. John was President and CEO of Teeka Tan Products, Inc. (OTCBB: TKAT) from April 2002 until May 2008 at which time the company was sold. He is also president of Mirador Consulting, Inc., a corporate consulting firm in Boca Raton, Florida, which he founded in 2001. Earlier in his career, from May 1991 until April 1996, Mr. John served as northeast area sales director for Dine-A-Mate, Inc., an entertainment and dining guide that was later acquired by CUC International.

Richard A. Miller has been a member of our board of directors and Vice President - Chief Operating Officer and Secretary of our company since November 2011. Mr. Miller, a founder of SimplePons, has been an officer and director of that company since its inception in February 2011. Mr. Miller was Vice President, Chief Operating Officer and a director of Teeka Tan Products, Inc (OTCBB: TKAT) from April 2002 until May 2008 at which time the company was sold. Mr. Miller also serves as corporate secretary of Mirador Consulting, Inc., which he joined in March 2002.

Martin Scott has been our Chief Financial Officer since November 2011. Since 2002, Mr. Scott has owned a consulting practice that specializes in assisting small public companies in preparing financial reports. Since 2008, he has served as Chief Financial Officer of NanoBlox, Inc., a privately held company involved in the development of nano technologies. Mr. Scott received a B.S. in accounting and finance from the Florida State University. He is a member of the American Institute for Certified Public Accounts.

There are no family relationships between any of the executive officers and directors.

#### Compensation of Directors

We have not established standard compensation arrangements for our directors and the compensation payable to each individual for their service on our Board is determined from time to time by our board of directors based upon the amount of time expended by each of the directors on our behalf. Neither Mr. John nor Mr. Miller will receive any compensation specifically for their services as a director.

#### Director Qualifications, Board Leadership Structure and Risk Management

Prior to the closing of the Merger we were a “shell company” as that term is defined in the Securities Act. Following that transaction, our business and operations are now those of SimplePons. Messrs. John and Miller, the members of our board of directors, were appointed to our Board in November 2011 following the Merger. SimplePons is a small, development stage company that until November 2011 was a privately held company. Given their respective roles in the founding and operations to date of SimplePons, we believe they each remain a good fit for our current needs. Mr. John has significant experience in the coupon industry and brings both a practical understanding of the industry and as well as hands-on experience in our business sector to our Board. Mr. Miller’s enhanced understanding of our operations provides an additional dimension to his role as a director.

Mr. John serves as both our Chief Executive Officer and as one of the two members of our board of directors. We do not have any independent directors. The business and operations of our company are managed by our Board as a whole, including oversight of various risks, such as operational and liquidity risks that our company faces. As our company grows, we expect to expand our board of directors to include independent directors.

#### Committees of the Board of Directors

We have not established any committees, including an Audit Committee, a Compensation Committee or a Nominating Committee, or any other committee performing a similar function. The functions of those committees are being undertaken by board of directors as a whole. Because we do not have any independent directors, we believe that the establishment of these committees at this time would be more form over substance.

We do not have a policy regarding the consideration of any director candidates which may be recommended by our stockholders, including the minimum qualifications for director candidates, nor has our board of directors established a process for identifying and evaluating director nominees, nor do we have a policy regarding director diversity. We have not adopted a policy regarding the handling of any potential recommendation of director candidates by our stockholders, including the procedures to be followed. Our Board has not considered or adopted any of these policies as we have never received a recommendation from any stockholder for any candidate to serve on our board of directors. Given our status as development stage company, we do not anticipate that any of our stockholders will make such a recommendation until at such time as we have exited development stage. Even then, we do not know if any of our stockholders will make a recommendation for any candidate to serve on our Board given the relatively small size of our company and current lack of directors and officers' insurance coverage. As set forth above, in the future we expect to expand our Board to include independent directors. While there have been no nominations of additional directors proposed, in the event such a proposal is made, all members of our Board will participate in the consideration of director nominees. In considering a director nominee, it is likely that our Board will consider the professional and/or educational background of any nominee with a view towards how this person might bring a different viewpoint or experience to our Board.

Neither of our directors is an "audit committee financial expert" within the meaning of Item 401(e) of Regulation S-K. In general, an "audit committee financial expert" is an individual member of the audit committee or board of directors who:

- understands generally accepted accounting principles and financial statements,
- is able to assess the general application of such principles in connection with accounting for estimates, accruals and reserves,

has experience preparing, auditing, analyzing or evaluating financial statements comparable to the breadth and complexity of our financial statements, understands internal controls over financial reporting, and understands audit committee functions.

Our securities are not quoted on an exchange that has requirements that a majority of our Board members be independent and we are not currently otherwise subject to any law, rule or regulation requiring that all or any portion of our board of directors include “independent” directors, nor are we required to establish or maintain an Audit Committee or other committee of our board of directors.

#### Code of Business Conduct and Ethics

Our Board had previously adopted a written code of ethics that applied to our principal executive officer and all of our financial officers, including our chief financial officer and our controller. This code is intended to promote honest and ethical conduct, full and accurate reporting and compliance with laws, as well as other matters. However, as a result of our exit from shell status, in November 2011 following the Merger, our Board adopted a new Code of Business Conduct and Ethics. This expanded Code of Business Conduct and Ethics, which applies to our board of directors, our executive officers and our employees, outlines the broad principles of ethical business conduct we adopted, covering subject areas such as:

- compliance with applicable laws and regulations,
- handling of books and records,
- public disclosure reporting,
- insider trading,
- discrimination and harassment,
- health and safety,
- conflicts of interest,
- competition and fair dealing, and
- protection of company assets.

Our board of directors believed it was necessary to adopt the expanded code to more appropriately address the needs of an operating company. The Code of Business Conduct and Ethics is filed as Exhibit 14.1 to this Current Report. A copy of our Code of Business Conduct and Ethics is available without charge, to any person desiring a copy of the Code of Business Conduct and Ethics, by written request to us at our principal offices at 1500 Gateway Boulevard, Suite 220, Boynton Beach, Florida 33426.

## EXECUTIVE COMPENSATION

The following table summarizes all compensation recorded by us in 2010 for our principal executive officer, each other executive officer serving as such whose annual compensation exceeded \$100,000, and up to two additional individuals for whom disclosure would have been made in this table but for the fact that the individual was not serving as an executive officer of our company at December 31, 2010. As SimplePons was formed in February 2011, Messrs. John, Miller and Scott are excluded from the table below.

## SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity	Non-qualified	All	Total (\$)
						Incentive Plan Compensation (\$)	Deferred Compensation Earnings (\$)	Other Compensation (\$)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Leo Smith, Chief Executive Officer and Chief Financial Officer	2010	0	0	0	0	0	0	0	0

We were not a party to an employment agreement with Mr. Smith. Mr. Smith resigned his positions with our company in November 2011.

## SimplePons' Employment Agreements

Effective February 14, 2011, SimplePons entered into employment agreements with each of its executive officers, Messrs. Brian S. John and Richard A. Miller. The employment agreements each provided for a term of five years. Pursuant to the terms of the employment agreements, each of Messrs. John and Miller will receive an annual salary during the first and second years of the term of the employment agreement of \$50,000, which is increased to \$75,000 per year in the third year of the term, to \$100,000 per year in the fourth year of the term and to \$150,000 per year in the final year of the term of the agreement. The agreement will terminate upon the death or disability of the employee. In addition, the agreement may be terminated by either party without cause or by our company for cause. Upon the termination of the agreement, the employee is not entitled to any severance payments and we are only obligated to compensate the employee through the date of termination. If SimplePons should terminate the agreement without cause, the non-compete provisions of the agreement terminate. The agreement contains customary confidentially and non-compete provisions, together with an invention assignment clause.

These employment agreements, which are filed as Exhibits 10.4 and 10.5 to this Current Report, remain in effect. We expect that these employment agreements will be terminated and new employment agreements will be entered into between Messrs. John and Miller and our company in the future.

CERTAIN RELATIONSHIPS AND RELATED PARTY  
TRANSACTIONS, DIRECTOR INDEPENDENCE

From time to time during 2011 we borrowed funds from an affiliate of our former sole officer and director to provide working capital. At September 30, 2011 we owed this affiliated entity \$70,000. The loans were unsecured, non-interest bearing and payable upon demand. This amount was satisfied in full in November 2011 by IMS using a

portion of the proceeds it received from the sale of shares of our common stock to SimplePons as described earlier in this section.

Prior to joining our company as Chief Financial Officer in November 2011, Mr. Scott provided accounting consulting services to us beginning with our formation. As compensation for these services, in February 2011 we issued him 500,000 shares of our common stock valued at \$50,000.

#### Director Independence

None of our directors are considered “independent” within the meaning of meaning of Rule 5605 of the NASDAQ Marketplace Rules.

#### LEGAL PROCEEDINGS

We are not a party to, and none of our property is the subject of, any pending legal proceedings. To our knowledge, no governmental authority is contemplating any such proceedings.

#### MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is quoted in the OTC Bulletin Board under the symbol IFLI. The reported high and low last sale prices for the common stock are shown below for the periods indicated. The quotations reflect inter-dealer prices, without retail mark-up, markdown or commission, and may not represent actual transactions.

	High	Low
<b>2009</b>		
First quarter ended March 31, 2009	\$4.00	\$4.00
Second quarter ended June 30, 2009	\$4.00	\$4.00
Third quarter ended September 30, 2009	\$4.00	\$4.00
Fourth quarter ended December 31, 2009	\$4.00	\$4.00
<b>2010</b>		
First quarter ended March 31, 2010	\$4.80	\$1.00
Second quarter ended June 30, 2010	\$2.25	\$0.75
Third quarter ended September 30, 2010	\$1.70	\$0.20
Fourth quarter ended December 31, 2010	\$4.00	\$0.20
<b>2011</b>		
First quarter ended March 31, 2011	\$2.40	\$2.00
Second quarter ended June 30, 2011	\$0.55	\$0.55
Third quarter ended September 30, 2011	\$0.55	\$0.55

The last sale price of our common stock as reported on the OTC Bulletin Board on November 1, 2011 was \$0.55 per share. As of November 1, 2011, there were approximately 125 record owners of our common stock.

#### Dividend Policy

We have never paid cash dividends on our common stock. Under Delaware law, we may declare and pay dividends on our capital stock either out of our surplus, as defined in the relevant Delaware statutes, or if there is no such surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. If, however, the capital of our company, computed in accordance with the relevant Delaware statutes, has been diminished by depreciation in the value of our property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets, we are prohibited from declaring and paying out of such net profits and dividends upon any shares of our capital stock until the deficiency in the amount of capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets shall have been repaired.

#### RECENT SALES OF UNREGISTERED SECURITIES

Please see Item 3.02 - Unregistered Sales of Equity Securities of this Current Report.

#### DESCRIPTION OF REGISTRANT'S SECURITIES TO BE REGISTERED

We are authorized to issue 75,000,000 shares of common stock, par value \$0.01 per share, and 5,000,000 shares of preferred stock, par value \$0.01 per share. At November 2, 2011 we had 38,470,435 shares of common stock and no shares of preferred stock issued and outstanding.

#### Common Stock

The holders of common stock are entitled to one vote per share on all matters submitted to a vote of stockholders, including the election of directors. There is no right to cumulate votes in the election of directors. The holders of common stock are entitled to any dividends that may be declared by the board of directors out of funds legally available for payment of dividends subject to the prior rights of holders of preferred stock and any contractual restrictions we have against the payment of dividends on common stock. In the event of our liquidation or dissolution, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive rights and have no right to convert their common stock into any other securities.

#### Preferred Stock

We are authorized to issue 5,000,000 shares of \$0.01 par value preferred stock in one or more series with such designations, voting powers, if any, preferences and relative, participating, optional or other special rights, and such qualifications, limitations and restrictions, as are determined by resolution of our board of directors. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by stockholders and could adversely affect the rights and powers, including voting rights, of the holders of common stock. In certain circumstances, the issuance of preferred stock could depress the market price of the common stock.

## INDEMNIFICATION OF DIRECTORS AND OFFICERS

Our certificate of incorporation and bylaws provide for the indemnification of our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. Section 145 of the Delaware General Corporation Law permits a corporation, under specified circumstances, to indemnify its directors, officers, employees or agents against expenses, including attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by them in connection with any action, suit or proceeding brought by third parties by reason of the fact that they were or are directors, officers, employees or agents of the corporation, if such directors, officers, employees or agents acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reason to believe their conduct was unlawful. In a derivative action, i.e., one by or in the right of the corporation, indemnification may be made only for expenses actually and reasonably incurred by directors, officers, employees or agents in connection with the defense or settlement of any action or suit, and only with respect to a matter as to which they shall have acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made if such person shall have been adjudged liable to the corporation, unless and only to the extent that the court in which the action or suit was brought shall determine upon application that the defendant directors, officers, employees or agents are fairly and reasonably entitled to indemnity for such expenses despite such adjudication of liability. Our certificate of incorporation contains a provision which eliminates, to the fullest extent permitted by the Delaware General Corporation Law, director liability for monetary damages for breaches of the fiduciary duty of care or any other duty as a director.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the act and is therefore unenforceable.

## FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Please see Item 9.01 - Financial Statements and Exhibits of this Current Report.

## CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 5.01 Changes in Control of Registrant.

Please see Item 2.01- Completion of Acquisition or Disposition of Assets and Item 3.02 - Unregistered Sales of Equity Securities of this Current Report.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Please see Item 2.01 - Completion of Acquisition or Disposition of Assets of this Current Report.

Item 5.03 Amendments to Articles of Incorporating or Bylaws; Change in Fiscal Year.

On November 1, 2011 we filed a Certificate of Merger with the Secretary of State of the State of Delaware which merged SimplePons with and into Acquisition Sub. The form of Certificate of Merger is filed as Exhibit 3.8 to this Current Report.

On November 1, 2011 our board of directors adopted an amendment to our Amended and Restated Bylaws to reduce the quorum requirements for any meeting of our stockholders from a majority to 33 % of the shares entitled to notice of and to vote at a meeting. A copy of the Amendment to our Amended and Restated Bylaws is filed as Exhibit 3.9 to this Current Report.

Item 5.05 Amendment to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics.

Please see Item 2.01 - Completion of Acquisition or Disposition of Assets of this Current Report.

Item 5.06 Change in Shell Company Status.

As a result of the consummation of the transactions described in Item 2.01 of this Current Report, we are no longer a shell company as that term is defined in Rule 405 of the Securities Act and Rule 12b-2 of the Securities Exchange Act of 1934, as amended.

Item 8.01 Other Events.

On November 1, 2011, our board of directors authorized our 2011 Equity Compensation Plan (the "2011 Plan") covering 5,000,000 shares of common stock. The 2011 Plan also contains an "evergreen formula" pursuant to which the number of shares of common stock available for issuance under the 2011 Plan will automatically increase on the first trading day of January each calendar year during the term of the 2011 Plan, beginning with calendar year 2012, by an amount equal to 1% of the total number of shares of common stock outstanding on the last trading day in December of the immediately preceding calendar year, up to a maximum annual increase of 250,000 shares of common stock. The purpose of the 2011 Plan is to enable us to offer to our employees, officers, directors and consultants, whose past, present and/or potential contributions to our company have been, are or will be important to our success, an opportunity to acquire a proprietary interest in our company. The 2011 Plan is administered by our board of directors. Plan options may either be:

incentive stock options (ISOs),  
non-qualified options (NSOs),  
awards of our common stock, or  
rights to make direct purchases of our common stock which may be subject to certain restrictions.

Any option granted under the 2011 Plan must provide for an exercise price of not less than 100% of the fair market value of the underlying shares on the date of grant, but the exercise price of any ISO granted to an eligible employee owning more than 10% of our outstanding common stock must not be less than 110% of fair market value on the date of the grant. The plan further provides that with respect to ISOs the aggregate fair market value of the common stock underlying the options which are exercisable by any option holder during any calendar year cannot exceed \$100,000. The term of each plan option and the manner in which it may be exercised is determined by the board of directors or the compensation committee, provided that no option may be exercisable more than 10 years after the date of its grant and, in the case of an incentive option granted to an eligible employee owning more than 10% of the common stock, no more than five years after the date of the grant. In the event of any stock split of our outstanding common stock, the board of directors in its discretion may elect to maintain the stated amount of shares reserved under the plan without giving effect to such stock split. Subject to the limitation on the aggregate number of shares issuable under the plan, there is no maximum or minimum number of shares as to which a stock grant or plan option may be granted to any person.

Following the adoption of the 2011 Plan, we granted options to purchase an aggregate of 2,050,000 shares of our common stock with an exercise price of \$0.55 per share to our executive officers and employees. The 2011 Plan is filed as Exhibit 10.7 to this Current Report.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

The audited financial statements of SimplePons at September 30, 2011 and for the period of February 7, 2011 (inception) through September 30, 2011 are filed as Exhibit 99.2 to this report.

(c) Shell company transactions.

Included in this report are the audited financial statements of SimplePons at September 30, 2011 and for the period of February 7, 2011 (inception) through September 30, 2011.

(d) Exhibits

- 2.1 Agreement and Plan of Merger by and among Paligent Inc., IFL Corp., and International Fight League, Inc., dated as of August 25, 2006 (1)
- 2.2 Agreement and Plan of Reorganization dated October 20, 2011 by and between IFLI Acquisition Corp., IFLI Acquisition Subsidiary Corp. and SimplePons, Inc. (16)
- 3.1 Amended and Restated Certificate of Incorporation of Paligent Inc. (f/k/a HeavenlyDoor.com, Inc.), filed with the Secretary of State of Delaware on June 26, 2000 (2)
- 3.2 Certificate of Ownership and Merger of Paligent Inc. into HeavenlyDoor.com, Inc., filed with the Secretary of State of Delaware on December 28, 2000, to be effective as of December 31, 2000. (3)
- 3.3 Certificate of Amendment to Certificate of Incorporation of Paligent Inc. filed with the Secretary of State of the State of Delaware on November 28, 2006, to be effective as of November 29, 2006 to give effect to the reverse stock split (4)
- 3.4 Certificate of Amendment to Certificate of Incorporation of Paligent Inc. filed with the Secretary of State of the State of Delaware on November 28, 2006, to be effective as of November 29, 2006 to change the Registrant's name to International Fight League, Inc. (5)
- 3.5 Certificate of Amendment to the registrant's Amended and Restated Certificate of Incorporation, filed with the Secretary of State of Delaware on June 28, 2007 (6)
- 3.6 Amended and Restated By-laws of registrant (7)
- 3.7 Certificate of Amendment to the registrant's Amended and Restated Certificate of Incorporation, filed with the Secretary of State of Delaware and effective on July 8, 2010 (8)
- 3.8 Certificate of Merger \*
- 3.9 Amendment No. 1 dated November 1, 2011 to the Amended and Restated Bylaws\*
- 4.1 Form of Warrant dated August 6, 2007 (9)
- 4.2 Warrant dated March 1, 2007 issued to placement agent (10)
- 4.3 Warrant dated August 6, 2007 issued to placement agent (11)
- 4.4 Warrant dated June 1, 2007 issued to consultant (12)
- 4.5 Form of Coach's Warrant (13)
- 4.6 Form of Exchange Warrant \*
- 10.1 Asset Purchase Agreement, dated September 19, 2008, between IFL Corp. and HD Net LLC (14)
- 10.2 Registration Rights Agreement, dated December 22, 2006 between International Fight League, Inc. and the stockholders party thereto (15)
- 10.3 Stock Repurchase Agreement dated November 1, 2011 by and between IFLI Acquisition Corp., Insurance Marketing Solutions, LLC and SimplePons, Inc.\*
- 10.4 Employment Agreement dated February 15, 2011 by and among SimplePons, Inc. and Brian S. John \*
- 10.5 Employment Agreement dated February 15, 2011 by and among SimplePons, Inc. and Richard A. Miller \*
- 10.6 [INTENTIONALLY OMITTED]
- 10.7 2011 Equity Compensation Plan \*
- 14.1 Code Business Conduct and Ethics adopted November 1, 2011 \*
- 99.1 Audited financial statements of SimplePons at September 30, 2011 and for the period of February 7, 2011 (inception) through September 30, 2011 \*

\* filed herewith

- (1) Incorporated by reference to Annex A to the registrant's amended Schedule 14A filed on October 31, 2006.
- (2) Incorporated by reference to Exhibit 4.1 to the registrant's registration statement on Form S-8 (Commission File No. 333-45168) filed on September 5, 2000.
- (3) Incorporated by reference to Exhibit 3.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2000, filed on April 2, 2001.
- (4) Incorporated by reference to Exhibit 3.3 to the registrant's Current Report on Form 8-K filed on December 5, 2006.
- (5) Incorporated by reference to Exhibit 3.4 to the registrant's Current Report on Form 8-K filed on December 5, 2006.
- (6) Incorporated by reference to Exhibit 3.1(i) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 filed on August 14, 2007.
- (7) Incorporated by reference to Exhibit 3(ii) to the registrant's Current Report on Form 8-K filed on May 22, 2007.
- (8) Incorporated by reference to: Exhibit A to the registrant's definitive Schedule 14C Information Statement filed and mailed to the stockholders on June 14, 2010; and by reference to Exhibit 3(i).1 to the registrant's Current Report on Form 8-K filed July 12, 2010.
- (9) Incorporated by reference to Exhibit 4.3 to the registrant's Current Report on Form 8-K filed on August 9, 2007.
- (10) Incorporated by reference to Exhibit 4.1 to registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, filed on May 15, 2007.
- (11) Incorporated by reference to Exhibit 4.3 of registrant's registration statement on Form S-1 (Commission File No. 333-146629) filed October 11, 2007.
- (12) Incorporated by reference to Exhibit 4.1 to registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, filed on August 14, 2007.
- (13) Incorporated by reference to Exhibit 4.2 to registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, filed on August 14, 2007.
- (14) Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on September 24, 2008.
- (15) Incorporated by reference to Exhibit 10.9 to the registrant's registration statement on Form S-1 (Commission File No. 333-140636) filed on February 12, 2007.
- (16) Incorporated by reference to Exhibit 10.17 to the Current Report on Form 8-K filed by the registrant on October 20, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IFLI ACQUISITION CORP.

Date: November 7, 2011

By:

/s/ Brian S. John  
Brian S. John, Chief Executive Officer  
and President