

POWER

EQUIPMENTTEER

A publication for and about Power Equipment Company's customers • 2010 No. 2



NEW D65-16 DOZERS

A long list of new features adds to efficiency and lower O&O costs

See article inside . . .



KOMATSU

A MESSAGE FROM THE PRESIDENT



Chris Gaylor

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We believe we represent the best manufacturers in the industry and are proud to be aligned with companies such as Komatsu, which sets the bar in terms of new construction equipment features that provide efficiency and productivity. In this issue of your *Power Equipmenteer* magazine, read about how Komatsu is ramping up to bring those same attributes to Tier 4 engine standards, much of which go into effect January 1, 2011.

You'll also find articles on Komatsu's new D65 dozers and PC78US-8 excavator. Like other new Komatsu products, these are innovative machines designed to maximize productivity while at the same time, keeping your O&O costs in line. Some of you will look for financing to purchase these and other machines, and if that's the case, you'll be interested in the Komatsu & You feature that provides insight from Vice President & Treasurer Ben Norris on how Komatsu Financial can be of service to you.

We're always at your service as well. When you purchase or rent machinery from Power Equipment, it comes with our pledge to stand behind it with well-trained and highly skilled technicians who can diagnose and fix issues, and perform routine service along with preventive maintenance. We also have the parts you need if you choose to service your equipment yourself.

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Sincerely,
POWER EQUIPMENT COMPANY

Chris Gaylor
President

POWER EQUIPMENTTEER




NEW!

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See how Komatsu's new PC78US-8 compact excavators can benefit your operation in small and mid-size job applications.

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SMITH EXCAVATING, INC.

Transition to earthmoving pays off for Columbia, Tenn., contractor

About 18 years ago, the Smith family had a decision to make: either transition away from the mining and trucking they'd done for more than 30 years, or go out of business. Tim Smith, President and Owner of Smith Excavating, said the decision wasn't too hard to make.

"We decided to go ahead and commit our business to earthmoving," said Smith. "We'd always done a little bit on the side, so it seemed logical to move in that direction. Fortunately, when we made the switch to full-time earthmoving in 1992, the market around here was good. We got some jobs to give us a good start."

The Smiths — Tim and his father JL "Chicken" Smith, who passed away in 2003 — weren't completely inexperienced in moving earth, but their main forté was mining phosphate and trucking. JL started in business in 1959 with a single truck, mainly hauling phosphate for area mines. Within a few years, he had multiple trucks running and an opportunity to mine himself.

"The mining end is where we gained some experience in earthmoving because there was a lot of overburden work that went into it," said Smith, who worked for his father and also formed his own trucking company. "That was

fortunate because eventually all the phosphate mines shut down, leaving us to decide if we should fold up the tent or look for other opportunities. We obviously chose the latter, did away with the previous company names and started Smith Excavating."

Earthmoving has been Smith Excavating's focus ever since. The Columbia, Tenn.-based company's emphasis is on offering private residential and commercial developers full site packages that include clearing and grubbing, mass and fine grading, utility installation, material hauling and any other earthwork-related services. It also does some Tennessee Department of Transportation work.

"The TDOT work is a small percentage of what we do, but we have done quite a bit of other governmental work, such as airport runways and landfill cell construction and capping," said Smith. "In fact, one of the first big jobs we did was construction of a runway at the Mount Pleasant Airport. We moved about 300,000 yards of dirt and did some utility installation to build a runway extension. It had to be done in 120 days, and we stayed on schedule and completed the job on time. That gave us a good shot of confidence."

Outstanding family atmosphere

It also helped establish a good reputation for Smith Excavating, which now has about 30 full-time employees with an additional 30 to 40 seasonal workers who handle the bulk of the 10 to 12 projects it does each year. Among the company's employees are Tim's son Chad, who's Vice President, his aunt Ruby Owens, Secretary, and his mother, Ernestine, who does general office work. Ruby and Ernestine are sisters and have worked in the Smith family businesses from the beginning. Other key employees

(L-R) Members of the Smith Excavating team include President Tim Smith, Vice President Chad Smith, Ernestine Smith and Secretary Ruby Owens. The Columbia company performs a variety of earthmoving projects.





(L-R) Smith Excavating President Tim Smith, Vice President Chad Smith and Power Equipment Territory Manager Joe Tant meet at a jobsite near Columbia. "Joe and Power Equipment are excellent to work with," said Tim Smith.

include Engineer/Surveyor Michael McKennon and Dispatcher/Human Resources Manager Sonya Allen.

"We split our employees up into three grading crews and three utility crews," explained Smith. "There are times when multiple crews are working on the same job, and there are times when they're out doing a separate job. Fortunately, we have an outstanding group of people, who we consider part of the family, that can tackle anything. They're our biggest asset."

Komatsu, Power Equipment are valuable assets

Another valuable asset of Smith Excavating is its fleet of Komatsu equipment that includes PC200, PC220 and PC300 excavators, a GD655 motor grader and a WA250 wheel loader. All were purchased with the help of Power Equipment Territory Manager Joe Tant.

"I buy equipment with the idea in mind that we're going to use it 10 years or more and it's not going to cost a lot in downtime and maintenance," emphasized Smith, who has also purchased Tramac hammers from Power Equipment. "Komatsu fits well into that philosophy. My first piece was an excavator we bought not long after we transitioned to earthmoving, and it gave us plenty of bang for the buck.

"The Komatsu excavators are our main production machines because we use them for mass excavation as well as digging utility trenches and setting pipe," he added. "They have good breakout power, so we get excellent production with low fuel consumption. That keeps our per-yard costs down, which is the name of the game in this business. We get similar value with the wheel loader, which we equipped with a quick coupler to switch back and forth from bucket to forks, and the motor grader we use mainly for fine grading."

Smith also places a high value on dealer service. "Joe and Power Equipment are excellent to work with. I'm adamant about having a dealer that will stand behind its machinery. That hasn't always been the case with some dealers we've done business with. I can always call Joe,



Smith Excavating uses Komatsu machinery, including this WA250 wheel loader for backfilling, carrying materials and pipe, and lifting tracks.



Included in Smith Excavating's Komatsu fleet is this GD655, used here for grading on a jobsite near Columbia.



A Smith Excavating operator moves dirt with a Komatsu PC220LC excavator.



Michael McKennon, Engineer/Surveyor

or anyone else at Power for that matter, and get prompt attention."

Firm footing

With a firm footing in earthmoving, Smith Excavating has built a list of repeat customers who rely on the company to deliver projects on time and on budget. Tim Smith said that's always going to be the case.

"This business is built on establishing relationships and delivering on our word, and we work hard to do that," asserted Smith. "Of course, we've also had many blessings too, and we thank God every day for guiding us into this opportunity." ■



Sonya Allen, Dispatcher/Human Resources Manager





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DEMO DAYS

Hands-on event gives attendees opportunity to see and operate variety of equipment

Customers attending Komatsu's most recent Demo Days got the first look at new products — the GD655-5 motor grader and the D65EX-16 and D65PX-16 dozers. They were among the more than 20 pieces of equipment featured at the event held at Komatsu's Training and Demonstration Center site in Cartersville, Ga.

In addition to the motor grader and dozers (see related dozer product article), attendees operated everything from a tight-tail-swing utility excavator, such as the PC88MR-8, to the D275AX-5 dozer with Komatsu's patented Sigma blade. The Sigma is also an option on the new D65EX-16, and customers had a chance to see how it works on the smaller dozer.

"Being able to not only see, but operate any piece of equipment we have on site is a real advantage for those who attend," said Bob Post, Director of Marketing Communications and Sales Training. "We want them to walk away seeing the breadth of our product offerings and appreciating how productive Komatsu equipment is. You can only do that by getting in the cab and running the machine, which is a big part of what Demo Days is all about."

Attendees could also take advantage of educational seminars designed to help them get the most out of their machinery in productive and efficient ways. An optional tour of Komatsu's Chattanooga Manufacturing Operations, where excavators and articulated trucks are built, was available too.

Several of those products were on site to operate at Demo Days, along with wheel loaders, a crusher and a rigid-frame haul truck. For more information on any piece of Komatsu equipment, contact your sales representative or visit our nearest branch location. ■



(L-R) L.R. Kitts & Sons Operator Matt Kitts, Knox-Chapman Utility District Superintendent Larry Key, L.R. Kitts & Sons Operator Josh Byrge and Owner Larry Kitts are with Power Equipment Sales Rep Wes Cowden.



(L-R) Division Two Constructors Project Manager Brent Hammerick, Project Superintendent Ricky Smith and Power Equipment Sales Rep Buddy Miller



Power Equipment Sales Rep Joe Tant (left) met up with Vulcan Materials Area Manager Randy Dies.

Those attending Demo Days got to see the depth of Komatsu's construction equipment line, which includes dozers, excavators, crushers, motor graders, wheel loaders and trucks.



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LEGISLATION WEAKENS EFFORTS

AGC says proposed climate bill undermines efforts to build greener and make infrastructure more efficient

Improving the efficiency of our built environment — including commercial buildings, transportation infrastructure and water systems — presents one of the greatest opportunities to reduce power consumption and cut greenhouse gas emissions. After all, the U.S. building inventory accounts for 35 percent of the nation's manmade greenhouse-gas emissions and consumes 40 percent of the nation's energy, while our aging and inefficient transportation network accounts for another 27 percent each of the energy consumption and greenhouse gas emissions.

Despite this tremendous opportunity, senators have proposed legislation that makes it harder to construct new, more energy-efficient buildings and factories, improve aging infrastructure and eliminate traffic congestion that wastes fuel and pollutes the environment. By allowing the EPA a virtually free hand to approve or deny construction and rehabilitation projects, the bill creates regulatory obstacles that will raise construction costs, delay projects and stifle demand. Worse, by taking funds raised through the proposal's new transportation fees and committing all but a small percentage of unrelated spending, the legislation leaves our aging and inefficient roads, airways and transit systems vastly underfunded.

The inevitable consequences of this bill are higher taxes, fewer jobs, and continued reliance on wasteful buildings, inefficient infrastructure and leaky water systems. Stifling economic growth and neglecting our primary environmental challenges is not an effective way to address climate change. Instead, Congress and the Administration should focus on the measures we identify in our "Building a Green Future" plan.

Our green construction plan identifies steps public officials, developers and the construction community must take to lessen the impact of our built environment. Measures in the plan include doubling existing energy-efficiency tax credits for commercial buildings; passing the Building Star program that invests \$6 billion in improving the efficiency of commercial buildings; and speeding review and boosting tax credits for green building projects.

The plan also calls for public building projects to incorporate state-of-the-art environmental solutions and for the federal government to make pragmatic investments in research and technology. It makes it easier to launch new transit projects, shifts cargo traffic to energy-efficient barges and accelerates federal approval for new transportation projects in congested corridors. And it calls for making the level of transportation investments virtually every expert agrees is needed to improve capacity and reduce traffic.

What the senators appear to have forgotten is that you can't simply regulate a greener future, you have to build it. ■

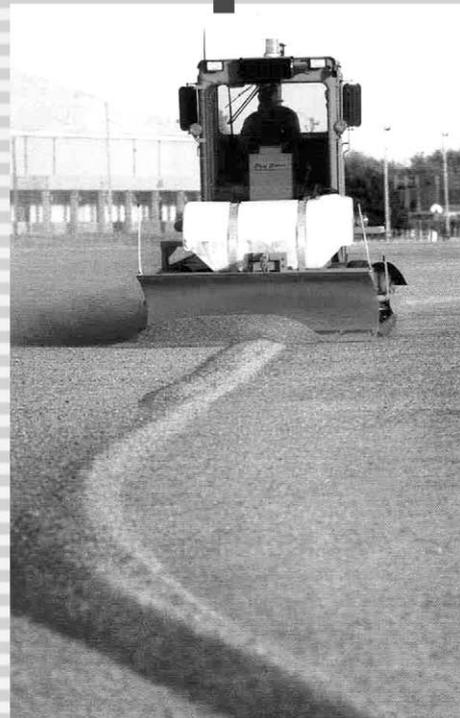


Stephen Sandherr,
CEO of AGC

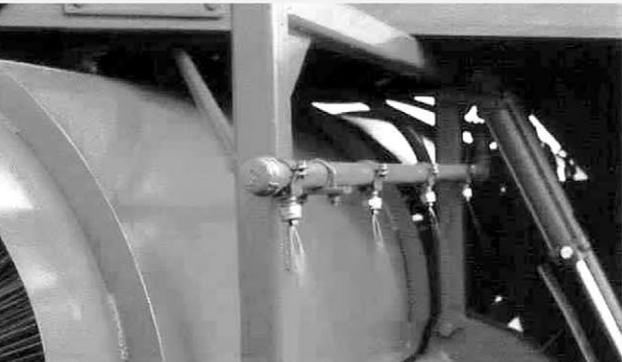
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LOOKING AHEAD

A BLUEPRINT FOR ECONOMIC GROWTH

AGC lays out a plan to “Build Now for the Future”

While there are sparks of an economic recovery, many believe it is tenuous and needs an added boost of both confidence and dollars to firmly take hold. That’s especially true in the construction industry, where investment spending has been dramatically lower in the past couple of years and unemployment is nearly double the national average.

While the American Recovery and Reinvestment Act, also known as the stimulus package, may have helped stave off an even worse crisis, there are those in the construction industry who believe it didn’t go far enough. They also think that while it had some short-term effect, it doesn’t address future construction or economic needs.

“The money (in the stimulus plan) will be invested over several years and much of it will be used to offset declining state and local investment,” said the Associated General Contractors (AGC) of America. “In other words, the stimulus is not enough to turn around a trillion-dollar industry.”

Industry groups are calling for increased investment in housing, infrastructure and transportation. AGC is leading the charge with its recently released “Build Now for the Future: A Blueprint for Economic Growth.” It’s a comprehensive approach to rebuilding a construction industry that’s seen more than 1 million workers unemployed and construction spending decline by \$193 billion last year compared to 2008, an 18-percent drop.

AGC’s blueprint lays out a case that rebuilding the construction industry will boost job creation and economic growth. The document asserts that construction and infrastructure investments enhance our ability to compete globally and construction investments help improve public health and protect the environment.

“This plan outlines a series of common-sense incentives, tax credits and policy changes designed to stimulate new private- and public-sector demand for construction,” said the AGC. “While these changes are critical to reversing the current crisis in the construction

Continued . . .



Boosting infrastructure investment would provide stability and efficiency, according to AGC’s plan. “The plan outlines a series of common-sense incentives, tax credits and policy changes designed to stimulate new private- and public-sector demand for construction,” it said.

Rebuilding demand for construction services

... continued

industry, they are also essential to rebuilding, expanding and sustaining the broader U.S. economy by raising tax revenue and creating a more efficient national infrastructure for the movement of goods and services."

Three key areas

AGC's plan hits three key areas, including rebuilding private construction that accounts for 70 percent of construction activity. To do this, the organization calls for net operating loss carryback, repeal of the alternative minimum tax, increased tax credits for energy efficiency and extending tax cuts to preserve private capital.

It also wants to eliminate disincentives on global investments in U.S. commercial real estate, restore "Fast Track" trade promotion authority and remove trade barriers that inflate costs. Additionally, the plan calls for extending Term Asset Backed Securities Loan Facility, which allows private investment programs to fund construction projects, and extending first-time home buyers credit.

The second key area is boosting investments in infrastructure to provide industry stability and economic efficiency. AGC wants federal

investments in transportation programs to double. Revenues would come from a transition to vehicle-miles tax, a right-size federal gas tax and encouragement of public-private partnerships. Further investment in federal buildings, clean-water programs, flood control, inland waterway navigation and establishment of a national infrastructure bank are necessary.

Further funding in this area could be possible from expanding and making permanent the Build America Bonds program and adding an exemption on construction from the private activity bond cap.

The third part of AGC's plan calls for a revision of what it terms "restrictive policies and regulations" in order to speed construction and ease costly delays. It wants to streamline environmental reviews, accelerate licensing of new nuclear power plants and establish a multiyear capital budget for public works. The organization calls for a rejection of the Clean Water Restoration Act, but encourages green construction, avoiding government-mandated labor agreements and rescinding Buy American requirements.

Significant return on investment

AGC believes the public will see a significant return on investment with its plan. By boosting economic activity, tax revenues will rise, offsetting some of the tax credit costs in the blueprint. By raising and modernizing user fees, establishing a Water Trust Fund and expanding public-private partnerships, revenues for infrastructure investment will rise. "The cost of inaction will be far greater than anything outlined in this plan," said AGC.

"Every billion dollars invested in nonresidential road activity adds \$3.4 billion to the gross domestic product, increases personal earnings by \$1.1 billion and creates or sustains 28,500 jobs," according to the group's plan. "Almost 19,000 of those jobs would be in areas outside the immediate construction sector, including equipment manufacturing, materials supply, food service, health care and retail. In other words, the best way to generate new economic activity, increase employment across economic sectors and grow the economy is to rebuild demand for construction services." ■

AGC's plan calls for increased infrastructure investment, as a way to jump start not just construction, but the overall economy.





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NEW PRODUCTS

NEW D65-16 DOZERS

A long list of new features, including 6-way and sigma blade options, adds to efficiency and lowers O&O costs

More dozing capacity and greater efficiency in a variety of applications are always an advantage. Komatsu's new D65-16 model dozers — EX, WX and PX — provide both, thanks to a long list of new features, including a Power Angle Tilt (PAT) blade and a fuel-efficient, 205-horsepower, Tier 3 engine.

Unavailable in some previous models, a six-way PAT blade can now be used on all new D65s. The hydraulic blade tilt, angling functions and manually adjustable blade pitch expand versatility and productivity in a wide range of applications. It's well balanced for light and medium dozing operations as well as providing precise grade cutting required in site prep, golf course or house pad applications. The blade is 100-percent Komatsu, and is stringently tested for durability.

"Users like the PAT blade because it rolls material forward so well, it takes less horsepower to move it," said Product Manager Bruce Boebel. "Komatsu designed the blade to keep that material rolling in front of it and away from hoses and cylinders. That extends their life and reduces maintenance costs."

Boebel said adding a PAT blade to all new D65s came about as a result of customer feedback, but it's not the only blade option. A revolutionary Komatsu SIGMA blade is available for the D65EX-16 and D65WX-16 models. It's designed for heavy dozing applications and keeps more material to the center, giving it a 15-percent boost in productivity when compared to a typical semi-U. PX and EX models can also be equipped with a straight blade.

"Having blade options allows users to choose what's going to best suit their business and the type of work they do," said Boebel.

"Each blade has its particular purpose, and matching the blade to the application is a vital part of being able to move material efficiently so per-yard costs stay low."

Lock-up torque converter, two modes

Power to push any blade full of material comes from a highly efficient lock-up torque converter that automatically transfers engine power directly to the transmission. The result is increased dozing speeds compared to

Continued . . .

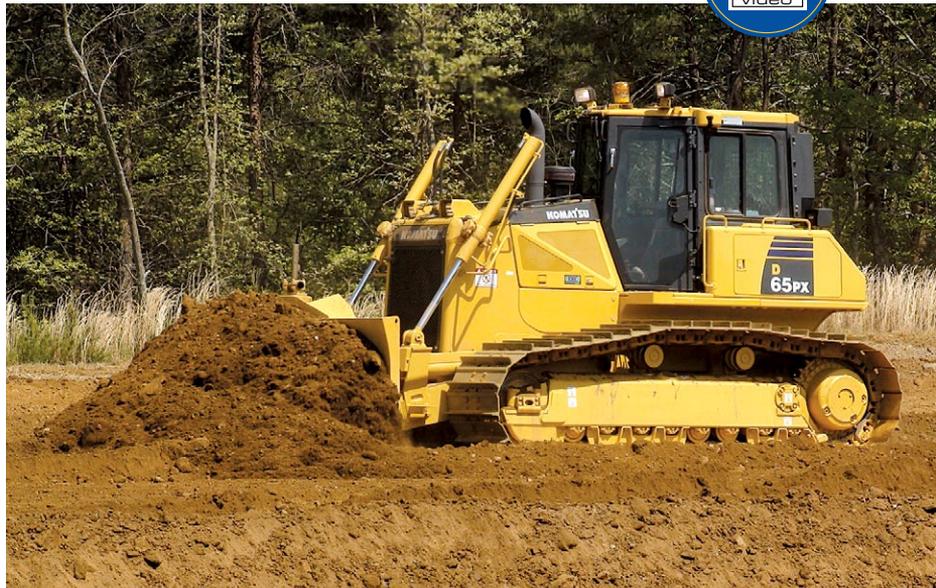


Bruce Boebel,
Product Manager

Brief Specs on the Komatsu D65-16 Dozer

Model	Operating Weight	Net Horsepower
D65EX-16	43,980 lbs.	205 hp.
D65PX-16	46,960 lbs.	205 hp.
D65WX-16	45,570 lbs.	205 hp.

All new D65-16 models can be equipped with a six-way Power Angle Tilt blade that rolls materials forward, resulting in less horsepower used and better fuel efficiency. A lock-up torque converter and two-mode transmission are also new features in the Tier 3 machines.



Longer undercarriage life, easier maintenance

... continued

previous D65 models. Operators can select from two gearshift modes, automatic and manual, to fit the appropriate application.

At the same time, in Auto mode the lock-up torque converter helps reduce fuel consumption by as much as 10 percent with the new D65s. New Power and Economy modes allow operators to match the needed performance to the job for maximum efficiency. E mode can be used for all general dozing, leveling and spreading applications, providing the right mix of speed and power for maximum fuel savings. P mode is for slot dozing, ripping or other applications requiring maximum production where engine power has priority over fuel efficiency.

“Our excavator users rave about the ability to choose modes based on work load, and it makes sense in dozing as well,” stated Boebel. “If you don’t need full power to get the job done, why use it? The ability to change modes to suit the application gives users added versatility. They have one machine for multiple uses.”

PLUS extends undercarriage life

The new D65-16 models come with Komatsu’s Parallel Link Undercarriage System (PLUS) — the EX and WX models also have an additional foot of track on ground — that provides up to double the wear life of conventional undercarriages. The rotary bushing system virtually eliminates bushing wear, and wear

limits of the link and carrier roller are increased to balance the extended life of the bushing.

Added undercarriage life also comes from an improved, self-adjusting, idler support that applies constant downward pressure to the wear plate of the idler guide, preventing bouncing and vibration and reducing noise. It also acts as a scraper that keeps materials out. A full guarding package, designed with customer feedback, offers added durability and lower maintenance time and cost.

“The biggest cost of owning and operating a dozer is the undercarriage, and by extending its life, Komatsu is keeping that cost down,” noted Boebel. “We want customers to produce with these machines for a long time to come, and the new and enhanced features we added to the undercarriage accomplish that.”

Efficient maintenance

Added efficiency in the D65-16s comes from better visibility in the larger ROPS/FOPS cab that puts the operator higher and more forward for improved sight to the blade. The cab is ultra quiet at a 75-decibel rating, and an air-ride seat and rear hydraulics are standard. A seven-inch, in-cab, color monitor allows owners and operators to track fuel consumption and idle time, as well as other functions, using Komatsu’s KOMTRAX technology that comes standard and is free for the first five years.

KOMTRAX helps provide better maintenance tracking to ensure proper service intervals are met, further keeping owning and operating costs down. Komatsu’s new D65 models also feature easy routine maintenance that includes daily engine checks grouped at the left-hand side of the engine compartment. A wide-core cooling package and manually reversing fan allow for quick cleaning of the radiator without leaving the cab.

“There are so many things you can point to that make these new models an upgrade over previous ones,” said Boebel, who noted that the dozers can come with Topcon plug-and-play or Trimble ready. “We designed these from the ground up with a list of enhancements our customers wanted. The result is more efficient and reliable machines, which is what they asked for.” ■

EX and WX models can be equipped with a SIGMA blade designed for heavy dozing applications. Blade visibility is better in the new D65s as the cab was designed to move the operator up and forward.





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MORE NEW PRODUCTS

NEW PC78US-8

Compact excavator provides upgraded features that increase productivity, reduce O&O costs

A machine that offers more horsepower, operating weight and increased digging depth at lower owning and operating costs and emissions would be a major asset to your business. Komatsu's new PC78US-8 excavator offers all that in a compact package that works well in small and mid-size applications.

The PC78US-8 replaces the PC78US-6, offering almost 400 additional pounds of operating weight. The popular long arm is now standard, offering a larger working range than the previous standard arm. A 55-horsepower, direct-injection, Interim Tier 4 engine provides better fuel efficiency without sacrificing power or productivity.

"It's a great machine for a variety of construction projects, as well as utility and landscaping jobs," said Product Manager David Caldwell. "With the tight tail swing, it's very useful in confined areas."

Using Komatsu's HydrauMind™ hydraulic system, the PC78US-8's pressure-compensating Closed Loading Sensing System (CLSS) ensures each function works according to its control input regardless of the load, giving the operator precise control. An engine-speed sensing system maintains engine speed under all conditions, so the engine's full power potential is always available. An auto-idle feature senses when the machine is not working and reduces rpms to conserve fuel.

Productivity features

A number of the new PC78US-8's features add to productivity, including load-sensing, automatic, two-speed travel that provides 10.7 percent faster high-speed travel. Komatsu also improved traction force by 2.6 percent, enhancing blade performance and enabling the new PC78US-8 to power through turns.

Auxiliary hydraulics and the Level 3 KOMTRAX package (Komatsu's exclusive wireless machine-monitoring system) are standard equipment. Inside the spacious cab that's 3.6 percent larger, a seven-inch, color, multifunction monitor gives the operator the ability to easily navigate between functions. The monitor allows operators to select from five working modes for power, economy, lifting, breaker and attachments; to adjust the flow rate to auxiliary attachments without leaving the cab; and to modify the heat and air conditioning for maximum comfort throughout the day.

Komatsu made maintenance easier with an engine hood that can be opened in confined spaces, a wide-opening side hood, and extended, 500-hour arm and boom lube intervals and 500-hour engine oil and filter changes. In addition, the new machine comes with a standard three-year, 3,000-hour warranty.

"Our previous PC78US-6 model was very popular because of its power and productivity in tight jobsites, and we have further improved upon that," said Caldwell. "It's a valuable addition to any fleet, especially for those contractors who do utility work, landscaping, residential and non-residential construction." ■



David Caldwell,
Product Manager

Brief Specs on Komatsu's PC78US-8 Excavator

Model
PC78US-8

Operating Weight
16,240 lbs.

Net Hp
55 hp*

Digging Depth
15 feet, 5 inches

*Interim Tier 4
emissions-certified engine



The new PC78US-8 has several upgrades that make it more productive and efficient in small to mid-size applications.



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KA-14

READY FOR NEW REGULATIONS

Komatsu is geared up for the big leap in Tier 4 emission standards that start next year

Throughout the past several years you've heard a lot about Tier 3 emission standards for construction equipment, and chances are you have one or more machines that meet that criteria. In the next few months, the industry will shift to another gear, bringing a heavy dose of new Tier 4 standards to a large number of engines and all the compliance levels that go with them.

Tier 4 standards come in two phases, with the interim phase beginning next year and focusing on particulate matter reduction requirements. Final standards will come later and deal with oxides of nitrogen (NOx) and hydrocarbons. Tier 4 interim standards for smaller engines, ranging from 25 to 74 horsepower, are already in effect. However, OEMs have the option of skipping Tier 4 interim standards if they implement Tier 4 final standards one year ahead of schedule, in 2012.

Emission standards don't cover the type of machine, rather they apply to the horsepower of the engine, and a very large number of construction machines with engines in the 175 to 750 range will be affected when the interim phase comes in January of 2011. A year later, 75- to 174-horsepower machines will have to meet the interim phase.

So what do the new standards mean for construction machinery? Tier 4 rules cut the soot an engine can emit by 90 percent compared to Tier 3, and cut NOx by 45 percent during the interim phase. When final compliance goes into effect in 2014, NOx will have to be cut by an additional 80 percent, meaning new-machine emissions will be close to zero.

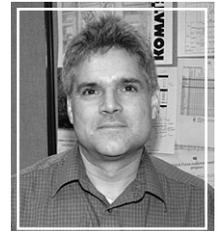
In addition, diesel machines will be required to use Tier 4-specific engine oil, use ULSD

fuel containing less than 15 ppm sulfur, and maintain emission filters. While meeting these new standards is challenging, Komatsu has already announced it's set for the new requirements to take effect.

"We were ready for Tier 3 compliance in advance, and that's also the case with Tier 4," said Senior Product Manager Chuck Murawski. "Komatsu has always been an innovator, and constantly looks for ways to not only meet current and future standards, but exceed them when possible."

Technology behind the engines

Murawski said machine performance won't be affected, and in some cases, may actually be improved. Komatsu engineered new excavators, dozers, wheel loaders, trucks and other equipment in the new horsepower range to meet the standards without sacrificing productivity or fuel efficiency.



Chuck Murawski,
Senior Product
Manager

Continued . . .

Equipment in the 175- to 750-horsepower range, such as Komatsu's WA500-6 wheel loaders and HM400-2 articulated trucks, must meet Tier 4 interim standards beginning January 1, 2011. "Komatsu was ready for Tier 3 compliance in advance, and that's also the case with Tier 4," said Senior Product Manager Chuck Murawski.



Komatsu steps up to Tier 4 with innovative design

... continued

Komatsu did so in a variety of ways, including a newly designed, KVGT (Komatsu variable-geometry turbocharger) that varies the air flow and delivers optimum air volume to the engine combustion chamber under all speed and load conditions. The result is cleaner exhaust gas and improved fuel economy while maintaining power and performance.

“Our initial feedback has seen more responsive machines that consume less fuel,” said Murawski. “The Tier 4 machines are completely Komatsu-designed and -manufactured, including components, so we control quality and performance. All machine systems work in harmony.”



Dozers such as the Komatsu D155AX-6 Sigma will be required to meet interim Tier 4 standards next year, while smaller dozers, such as the D51EX-22, have until 2012 to meet regulations.

The PC88MR-8 is equipped with a 65-horsepower engine that meets Tier 4 interim standards.



Other key features of the new technology include:

- A Komatsu-designed and -developed high-efficiency, diesel-particulate filter that captures more than 90 percent of particulate matter. The engine controller initiates passive and active regeneration automatically as needed to oxidize the particulates while the engine is running, which allows uninterrupted machine operation. A special oxidation catalyst eliminates the need for a traditional fuel burner, reducing maintenance costs and increasing reliability.
- A computer-controlled, heavy-duty High Pressure Common Rail System delivers the precise quantity of pressurized fuel into the engine combustion chamber, using multiple injections to achieve complete fuel burn and reduce exhaust emissions. Wear-resistant materials provide improved fuel-injector life.
- A heavy-duty, cooled Exhaust Gas Recirculation System, which has already proven effective in Tier 3 models, has been enhanced for increased capacity to further reduce NOx to Tier 4 levels. Larger, more robust components ensure reliable performance during demanding work conditions.
- A new fuel/air combustion chamber, located at the top of the engine piston, has a new shape designed to improve combustion and further reduce NOx, particulate matter, fuel consumption and noise.
- The engine and machine equipment function in harmony as the electronic control system performs high-speed processing of information from sensors throughout the machine. The result is reduced fuel consumption, noise, NOx and particulate matter.

“What customers get with these machines is solid production with lower emissions and less fuel consumption,” said Murawski. “Komatsu technology has once again produced machines with a competitive edge.” ■

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CLEANER FUEL

Ultra-low-sulfur diesel now more widely available for off-road vehicles

Cleaner-burning diesel fuel is now more widely available for off-road vehicles as ultra-low-sulfur diesel (ULSD) became available at retail facilities June 1. The new fuel contains 97 percent less sulfur than previous diesel fuel, and can be used in existing engines, providing about a 10 percent reduction in emission particulates.

“(This) is another milestone for clean diesel and clean air, as our nation’s farm tractors and construction machines will now have access to cleaner ultra-low-sulfur diesel fuel,” said Allen Shaeffer, Executive Director of the Diesel Technology Forum. “Two-thirds of all farm and construction equipment relies on diesel engines due to their unique combination of power, fuel efficiency, economical ownership and operation, and legendary reliability and durability.”

Beginning June 1, all highway diesel fuel supplied in the U.S. must be ultra-low-sulfur diesel, and at least 80 percent of fuel refined in the country for use by off-road vehicles must be ultra-low-sulfur diesel. The new fuel contains 97 percent less sulfur than previous diesel fuel, and can be used in existing engines.

Availability of the fuel comes ahead of a big step in Tier 4 engine mandates. Beginning next year, Interim Tier 4 standards take effect for 175- to 750-horsepower engines. Diesel machinery will be required to use cleaner grades of oil and fuel in the effort to reduce particulate matter, such as nitrogen oxides and hydrocarbons.

According to the Diesel Technology Forum Web site, “This new, ultra-clean fuel is important because sulfur tends to hamper exhaust-control devices in diesel engines, much like lead once impeded the catalytic converters on gasoline cars. Just as taking the lead out of gasoline in the 1970s enabled a new generation of emissions-control technologies that have made gasoline vehicles more than 95 percent cleaner, so will removing the sulfur from diesel help usher in a new generation of clean-diesel technology.”

“Benefits are significant”

Ultra-low-sulfur diesel has been available since 2006, but as of June 1, all highway diesel fuel supplied in the U.S. must be ULSD, and at least 80 percent of fuel refined in the country for use by off-road vehicles must be ULSD, containing a sulfur content of only 15 parts per million. Shaeffer said its widespread availability will help expand opportunities for clean-diesel retrofits for off-road use in existing fleets.

“The advanced clean diesel system — combining cleaner fuel, state-of-the-art engines and effective exhaust-control technology — will play a leading role in helping cities and states meet strict new air-quality goals set by the federal government,” said Schaeffer. “The benefits of the new cleaner fuel are significant.” ■



MORE INDUSTRY NEWS

Study shows theft of construction equipment a major issue

Results of a recent study show more than 13,000 pieces of construction equipment were stolen last year, with towable items such as generators, welders and air compressors being the top targets. The thefts were largely committed by organized crime rings, according to the 10th Annual Construction Equipment Theft Study done by LoJack Corporation.

Newer equipment is the most common theft target because of its high resale value. While towables were the top items stolen, backhoe loaders, skid steers, wheel and track loaders

were not far behind. More than 82 percent of the pieces stolen were never recovered.

Poor on-site security, easy access to open cabs, one key that fits all and a lack of product identification numbers and records make construction equipment easy targets, according to the study. LoJack suggests labeling all equipment with unique ID numbers in several locations on the equipment, keeping accurate records, focusing on site security and using theft deterrent systems, such as wheel locks and battery disconnects. All are good practices in theft prevention and recovery. ■

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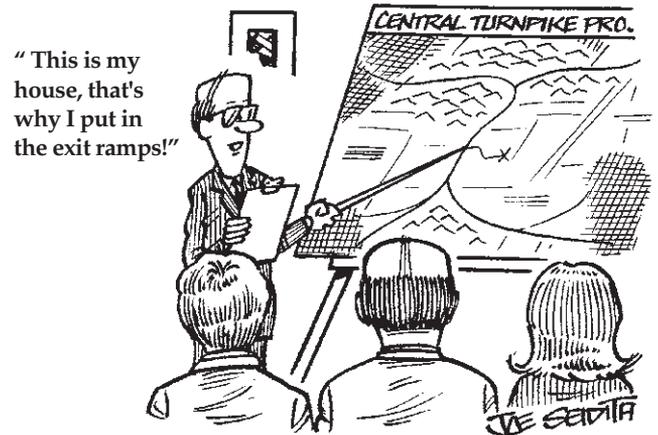
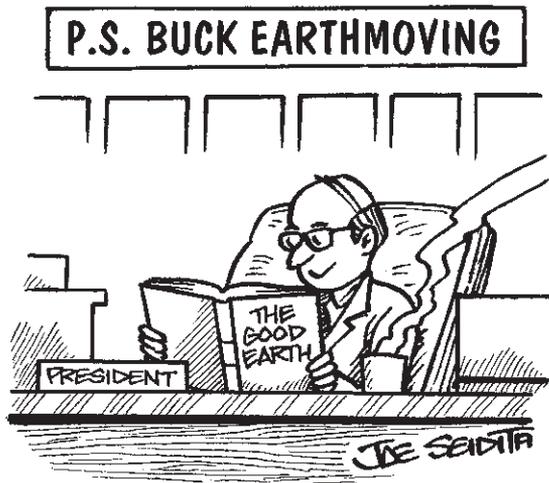
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- A giraffe can go without water longer than a camel can.
- A mole can dig a tunnel 300 feet long in just one night.
- On average, a person laughs about 15 times a day.
- February 1865 is the only month in recorded history not to have a full moon.
- Maine is the only state whose name is just one syllable.
- One quarter of the bones in your body are in your feet.
- Our eyes are always the same size from birth, but our nose and ears never stop growing.
- The only 15-letter word that can be spelled without repeating a letter is uncopyrightable.
- Months that begin on a Sunday will always have a Friday the 13th.
- It takes a drop of ocean water more than 1,000 years to circulate around the world.

Brain Teasers

Unscramble the letters to reveal some common construction-related words. Answers are on the right side of this page.

1. ANPETIWORR _____
2. NITAROTC _____
3. KOBECAH _____
4. RBIYDH _____
5. TAFESY _____
6. WYGAHIH _____

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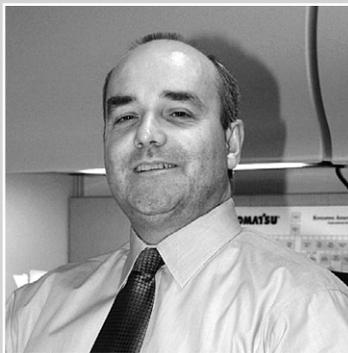


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OFFERING FINANCING SOLUTIONS

VP Financial Services and Treasurer Ben Norris says helping customers purchase equipment is top priority



Ben Norris,
VP Financial Services/Treasurer

This is one of a series of articles based on interviews with key people at Komatsu discussing the company's commitment to its customers in the construction and mining industries — and their visions for the future.

Ben Norris has witnessed firsthand the massive growth Komatsu has undergone during the past 30 years. He's currently Vice President Financial Services and Treasurer of Komatsu America, as well as President of Komatsu Financial, a wholly owned subsidiary of Komatsu America. He's also served as Finance Sales Manager and Controller in his 25 years with Komatsu.

Ben started in finance operations after graduating with a Bachelor of Science degree in finance from Illinois State in 1984. He received his MBA in 1990 from DePaul University, and served on the 2006 National Security Forum as a civilian guest at the Air War College at Maxwell AFB in Huntsville, Ala.

As Vice President Financial Services and Treasurer, he's responsible for assets and liabilities for Komatsu America. He oversees a staff of more than 50 finance professionals who work with Komatsu distributors and customers to provide financing options for equipment purchases.

"Komatsu Financial provides support to about 20,000 Komatsu end users, as well as our distributors throughout the United States and Canada," said Norris. "That's considerably higher than when I started with Dresser Leasing, which eventually grew into Komatsu Financial. One thing I'm most proud of is that through the transition into Komatsu Financial, and especially through the peaks and valleys of the construction industry, we've consistently provided stable, cost-effective and competitive financing."

Ben and his wife, Marybeth, are celebrating 20 years of marriage and have two sons aged 18 and 13. The Norrises enjoy golf, fishing, sports and travel.

QUESTION: What role does Komatsu Financial play in customer purchases?

ANSWER: First, Komatsu Financial is interested in the success of every deal, but we're not a replacement for traditional lenders. We encourage those buying equipment to shop around and find the best rates and terms that they believe will benefit them the most. However, Komatsu Financial offers a vast array of options that equipment buyers can use to finance or lease their Komatsu machines.

Komatsu makes efficient and productive products that are cost-effective, and we believe, put more profit in our customers' pockets. Komatsu Financial wants to help ensure customers are able to purchase Komatsu pieces by providing financing solutions, whenever they're needed.

QUESTION: Will you only finance new Komatsu equipment?

ANSWER: First and foremost that's what we do. Most of our customers are buying new pieces of equipment because, again, newer models tend to be more efficient and productive. But, if a customer believes a used piece is more of an advantage to them, we'll certainly work with them. From the used side, we'll finance competitive brands as well. For instance, if a distributor took a competitive piece on trade, and a customer is interested in purchasing it, we're here to help.

QUESTION: What's the advantage to using Komatsu Financial?

ANSWER: First, Komatsu Financial offers a stable, cost-effective and viable financing solution to customers by providing core product financing of Komatsu equipment. Second, we provide the best service in the



Komatsu Financial offers cost effective and viable financing solutions for all types of equipment.

industry. We don't offer other types of loans or lines of credit. But because our rates and terms are in line with other lenders, customers can finance equipment with Komatsu, leaving their other sources of credit open to continue to grow their businesses.

Because equipment financing is our core business, we have been incredibly consistent throughout the years in providing affordable solutions through all types of market conditions. We understand that the construction industry has peaks and valleys, and the last couple of years would indicate that sometimes there are deep valleys. But through it all, we've maintained our book of business and haven't shied away from lending until the next peak hits. We also have more than 50 people on staff, many of whom have been here a decade or more, and they understand the industry better than anyone else.

QUESTION: Given the current economics, there are sure to be businesses that may fall behind on payments. How do you handle those situations?

ANSWER: Really, that happens in all economies for a variety of reasons. As I said, we understand there are going to be some rough times, and to be honest, there are times when we have to take a machine back. That's a last resort, however. Maybe it's just a matter of the customer waiting to get paid for a job, or the customer has work lined up months ahead but hasn't been able to start yet. It helps if the customer contacts us, and lets us know the situation. Our first priority is to work with customers to find solutions that will allow them to keep their machinery so they can continue working.

QUESTION: What do you see ahead?



Vice President Financial Services/Treasurer Ben Norris said Komatsu Financial's main aim is to help customers purchase new Komatsu equipment, such as the all-new D65EX-16 dozer.



According to Ben Norris, Komatsu VP Financial Services/Treasurer, the company is optimistic about the construction industry's future, and projections are for gradual growth ahead. Komatsu factories are ramping up production again, Norris noted.

ANSWER: We're optimistic about the construction industry going forward. We believe the industry has hit a firm bottom, and projections are for a gradual recovery and growth ahead. Our factories are ramping up again, so that as the market grows, we're in position to have the machinery ready that end users can put to work.

Those who are looking for machinery should contact their distributor first to find the right equipment to match their needs. That's the most important step in the equipment-buying process, and our distributors are excellent at doing that. Next comes financing, if needed. Komatsu distributors have strong credit or finance managers who can help buyers find financing with Komatsu Financial or an outside lender of their choice. ■

BRAMCO's latest acquisition offers customers complete source for aggregate processing and material-handling equipment

On July 1, BRAMCO took a major step toward offering its customers complete, single-source aggregate and construction solutions by acquiring JFT Precision Fabrication, Inc. of Shepardsville, Ky. JFT offers a complete source of new and used aggregate processing and material-handling equipment and related parts and service.

"This acquisition allows Brandeis and Power Equipment to broaden their product lines to provide productive, cost-effective solutions to aggregate processors and contractors throughout Kentucky, Indiana, Tennessee and northern Mississippi," stated BRAMCO President and COO Charles Leis. "Featuring the TEREX lines of crushing, screening, conveying and stacking equipment, in addition to Trio, Phoenix, Thor, Jeffrey Rader and Allied products, our customers now have a broad array of equipment and options from a single source to meet their individual needs," he added.

Power Equipment and Brandeis Machinery can now provide turnkey aggregate systems,

including plant-flow design, structural design, fabrication and installation of a broad selection of aggregate equipment, along with mobile crushing, screening and conveying equipment. Customers in the stone industry and other users of such equipment can also count on "best-in-class" after-sale support and service from BRAMCO's 16 full-service locations in Tennessee, Mississippi, Kentucky and Indiana.

JFT customers can count on a smooth transition with improved service and sales now provided through the many Power Equipment and Brandeis Machinery branches. At the same time, Power and Brandeis customers can rely on the seasoned experts from JFT to help them design, configure and install equipment for all their aggregate processing needs.

"We believe the addition of these aggregate-processing products and services begins a new chapter in our 100-plus-year history of offering innovation and unrivaled support to our valued customers," concluded Leis. ■

Group says nation needs long-term, coordinated freight plan

The American Association of State Highway and Transportation Officials (AASHTO) joined the chorus of organizations calling for a significant boost in highway, rail and other transportation funding in its new report, *Unlocking Freight*. It identifies key projects across the country that would improve freight delivery and dependability and offer needed relief for freight congestion, job generation and improved productivity.

"The simple fact is: no transportation, no economy," said AASHTO President Larry L. "Butch" Brown. "They are inseparable. We must invest to maintain and strengthen

the American 'transconomy.' Congress must invest in all transportation modes, from waterways to roads and rails, to get us where we need to be as a competitive nation. Millions of jobs and our nation's long-term economic health depend on it."

The report highlighted deficiencies on roads, rail, waterways, ports and other forms of freight transportation. Noting that the freight transportation system supports more than 10 million jobs, many are calling for increased national and regional investments that include all freight transportation modes. ■



MODEL	EQUIPMENT #	MODEL YEAR	9/4 HOURS	SPECIFICATIONS	POWERTRAIN WARRANTY	SALES PRICE
COMPACTORS/PAVERS						
LeeBoy 8515	PT25327	2004	4,957			\$29,000
Hamm 3410	C5508	2008	950		6 Month/500 hrs.	\$72,000
DOZERS						
Fiat Allis FD-7	PT25315	1988				\$12,500
Dresser TD-15E	PT25143	1988	3,391			\$40,000
Komatsu D37EX-21A	PP25276	2005	1,644			\$49,000
Komatsu D37EX-21A	C5437	2007	1,100		6 Month/500 hrs.	\$48,000
Komatsu D37PX-21A	C5439	2007	1,200		6 Month/500 hrs.	\$50,400
Komatsu D61PX-15E	PP25337	2007	3,787			\$99,000
Komatsu D61EX-15	C0593	2006	2,170		6 Month/500 hrs.	\$114,000
Komatsu D61PX-15	C0499	2007	3,360		6 Month/500 hrs.	\$120,000
Komatsu D155AX-5B	C0457	2006	2,300		6 Month/500 hrs.	\$252,000
EXCAVATORS						
Komatsu PC160LC-7	PP25371	2005	2,980			\$88,000
Komatsu PC160LC-7	PP25349	2006	2,774			\$95,000
Komatsu PC160LC-7	C0554-T	2007	1,920	Thumb	6 Month/500 hrs.	\$91,200
Komatsu PC200LC-7B	PT21122-1	2006	4,029			\$85,000
Komatsu PC220LC-7	C5201	2004	4,700	Long Reach, Bkt.	6 Month/500 hrs.	\$90,000
Komatsu PC270LC-8	C0550	2007	1,390	Plumbed	6 Month/500 hrs.	\$156,000
Komatsu PC300LC-7	C0239-T	2004	4,600	Thumb	6 Month/500 hrs.	\$93,600
Komatsu PC300LC-7	C0421-N	2005	4,700	Coupler	6 Month/500 hrs.	\$96,000
Komatsu PC400LC-7L	PPC0317-1	2004	4,456			\$119,000
Komatsu PC600LC-8	BP8614	2006	4,240		6 Month/500 hrs.	\$252,000
TRUCKS						
Komatsu HM300-2	C5406	2006	2,750		6 Month/500 hrs.	\$162,000
Komatsu HM300-2	C0462	2006	2,920		6 Month/500 hrs.	\$162,000
Komatsu HM300-2	C5407	2006	3,240		6 Month/500 hrs.	\$156,000
FORESTRY						
Valmet 890.2	PT21040-1	2005	10,339			\$115,000

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