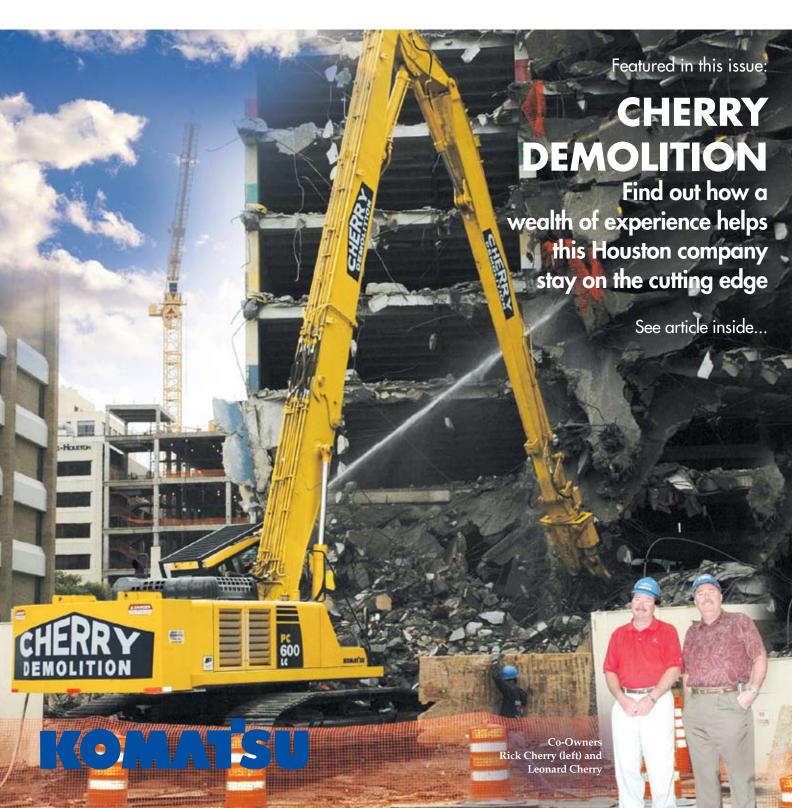


A PUBLICATION FOR AND ABOUT WAUKESHA-PEARCE INDUSTRIES, INC. CUSTOMERS • 2006 No. 2



A MESSAGE FROM

THE VICE PRESIDENT



G. Michael Green



RELIABLE EQUIPMENT

RESPONSIVE SERVICE



Dear Equipment User:

Each year, Komatsu updates and improves its product line, upgrading designated models. But rarely, if ever, have there been as many changes as this year. The improvement affects virtually every product category and many of the most popular sizes.

Of course, one of the driving forces behind some of the changes is the EPA Tier 3 rule, which beginning this year, requires significantly lower emissions from off-road equipment between 175 hp and 750 hp. Because of that rule, Komatsu introduced a new engine (the ecot3) for all machines within that size range. But beyond the new engine, Komatsu took several additional steps to upgrade many machines, including new Dash-8 hydraulic excavators and Dash-6 wheel loaders.

In this issue of your WPI Update magazine, you can read about the new PC200LC-8 and PC220LC-8, as well as the new WA500-6 and WA600-6. All these units represent the next generation of Komatsu machines, which emphasize improved fuel efficiency as well as power and performance enhancements.

Of course, at Waukesha-Pearce Industries, Inc., we're proud to carry such industry-leading products, but we know that's only part of the equation. Equally important, if not more important, is how we, as a distributor, support that product — and support you, our customer.

Be assured, we're committed to helping you keep downtime to a minimum and helping you reduce your equipment owning and operating costs. How? By adding field service technicians and improving their training; by boosting off-the-shelf parts availability; and by offering repair and maintenance programs, which over time, we're convinced will save you substantial money.

Product support improvements are an ongoing effort at WPI. We believe there's always room for improvement and we're determined to do even better when it comes to supporting our customers and our products.

If you have any comments or suggestions about what we're doing, how we're doing it, and how we can further improve — I'd be happy to hear from you.

Sincerely,

WAUKESHA-PEARCE INDUSTRIES, INC.

G. Michael Green

Vice President of CMD Operations

THE POWER PEOPLE ®

A PEARCE INDUSTRIES, INC. COMPANY



A PUBLICATION FOR AND ABOUT OUR CUSTOMERS

IN THIS ISSUE

CHERRY DEMOLITION

As one of the nation's top demolition contractors, this firm faces a unique challenge on every job.

GUEST OPINION

Analyst Andy Fanter shares his thoughts on the construction industry and where it's headed in the coming year.

NEW PRODUCTS

Read all about the new Dash-8 excavators, which have more power, speed and reliability than previous counterparts, while offering significantly improved fuel economy.

PRODUCT INNOVATION

If you are looking for large wheel loaders that can improve production and reduce operating costs, take a look at Komatsu's new Dash-6 series of wheel loaders.

FIELD NOTES

Here's a recap of the machines featured at Komatsu's Field Days event in Las Vegas.

PRODUCT IMPROVEMENT

Learn why Komatsu has made its new, advanced KOMTRAX system standard equipment on most new machines and how it helps customers better monitor and maintain their equipment.

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A SALUTE TO A WPI CUSTOMER

CHERRY DEMOLITION

Wealth of experience helps Houston company stay on the cutting edge

It's said there's no typical project when it comes to demolition. That's true even for a company with vast experience like Houstonbased Cherry Demolition, which has more than 50 years in the industry.

"There may be similarities among projects, but each one is unique," said Mike Dokell, General Manager for Cherry's varied demolition divisions. "If you go into a project thinking it's going to be just like the last one, you'll be easily fooled. You have to study each one carefully and fully understand it before proceeding. You learn something with each job, and as time goes by you gain experience to use in tackling the next one."

That line of thinking has led to success for Cherry Demolition, a division of the multifaceted Cherry Companies, which includes Cherry Crushed Concrete and Cherry Industrial Services. Headed up by second-generation co-owners Rick and Leonard Cherry, Cherry Demolition was formed when the brothers learned there was a need for demolition services that wasn't being filled.

"The Cherry Companies originally started as a house-moving business in the early 1950s," explained Leonard Cherry who served as a board member and president of the National Demolition Association. "Eventually we started buying and selling houses and often had to clear the lots. It was hard to find demolition contractors to meet our schedules, so we started doing the work ourselves. Little by little we gained experience and the business grew."

Slow, steady growth has led Cherry Demolition from its early focus on small residential projects to multiple lines of demolition, including large commercial and industrial projects. It also does interior removals as well as maintaining its presence in the residential arena.

"The company hasn't lost its roots," said Rick Cherry. "We still tear down small residences, but the bulk of our work is now larger projects that take us all over the country. We're capable of doing work in 36 of the 48 continental states, and we're awaiting licensing in a couple more. If it's demolition, we want to do it."

An industry leader

Cherry Demolition has gained a solid reputation as a leader in the demolition industry for its safe and reliable performance. It's currently the eighth-largest demolition contractor in the nation, with many of its projects for repeat customers. Sales last year were near \$50 million.

Brothers Rick (left) and Leonard Cherry head up Cherry Demolition. The Houston-based company is currently the eighth-largest demolition contractor in the nation and is capable of doing work in 36 of the 48 continental states.





Excavators are a large part of Cherry Demolition's operations. The company used this PC300LC-7 to remove brick from the side of the Methodist Hospital in the Houston Medical Center.

"We believe the main reasons customers come to us is because they know we'll work with them and do exactly what they want, on time and at a fair price," said Rick Cherry. "We look for the most efficient and economical way to do a project, and we've stayed on the cutting edge of the industry. We're innovative in our approach and our equipment."

Cherry was one of the first to incorporate recycling into the demolition process. Much of its local material goes to Cherry Crushed Concrete locations in the Houston area, where it's made into several products for reuse. The company is also an innovator in the machinery it uses during the demolition process.

"In the past, track loaders, cranes and wrecking balls did most demolition," Leonard Cherry recalled. "We saw the application for excavators in the late 1980s and early 1990s because of the inherent problems with track loaders. Rebar can stick through the grill, causing all kinds of difficulties. The larger the excavator, the farther away the operator is from the actual demolition and from the debris field where most problems occur."

New machine paying off

With that idea in mind, Cherry Demolition recently purchased a new Komatsu PC600LC-8 for maximum productivity in high-reach demolition applications. The PC600LC-8 is part of the new line of Komatsu excavators with the ecot3 Tier 3 engines, which feature lower fuel consumption with more power. The machine comes standard with three operating modes and a larger, more comfortable cab. It also allows the operator to control hydraulic flow for specific machine attachments, eliminating wasted flow.

The Cherrys worked closely with WPI and Sales Representative Rusty May to customize their new excavator, which features an on-board video monitor and water sprayer controls; a

Samuel Huerta uses Cherry Demolition's new PC600LC-8 with LaBounty cracking jaws to take down part of the parking structure at the former Methodist Hospital in the Houston Medical Center. Cherry Demolition customized the machine with a camera and video monitor, a tilting cab, extra counterweight and an on-board water system for dust control. "I can tell the productivity on the high-reach application is better," said Huerta of the new machine, which features Komatsu's ecot3 Tier 3 engine. "I'm able to take more material down in less time, and that will benefit us in the long run."

45-degree tilting cab for better visibility; extra counterweight for added stability; and armor plating, ROPS and FOPS for added safety. In addition to the standard boom, the Cherrys purchased a three-piece, 90-foot boom for added reach. LaBounty cracking jaws and shears complete the package.

Its first test was the demolition of the former 15-story Methodist Hospital and the eight-story parking structure attached to it in the Houston Medical Center. The concrete parking facility also featured a four-story office complex on top that Cherry crews removed by hand. Cherry is nearly finished with the interior demolition of the hospital building, which will be imploded this summer. They're using the PC600LC-8 to take down the parking structure and will use it to help load out material once the building is on the ground.

Continued . . .



RELIABLE EQUIPMENT

RESPONSIVE SERVICE

Experienced crews, right equipment tackle challenges

... continued



David Scarberry, Project Supervisor



Mike Dokell, General Manager

Cherry Demolition uses several pieces of Komatsu equipment in the demolition process, including a PC300-7 excavator at work on the building's exterior and a SK815-5 skid steer loader, which does interior work and carries materials to a debris pile.

'Challenging project'

"It's a challenging project," said Project Supervisor David Scarberry. "We're right in the middle of the Medical Center with hospitals on both sides of us. In fact, there was a walkway between the parking structure and another hospital that we had to detach and take down by hand. We're close to streets and the sidewalks have a lot of pedestrian traffic. We looked at using a crane and wrecking ball to take down the parking structure but felt the PC600 was a better option. We've been able to reach up to the top without any problems."

"A crane and wrecking ball will scatter out quite a bit of debris," Dokell said. "The PC600 allows us to control debris better. With the long reach and the precision in the cracking jaws and shears, we can drop the debris right down and lessen the chances of it hitting the sidewalks and pavement. It's more precise, and we believe in the long run it will give us better productivity on projects like this."

Operator Samuel Huerta said he appreciates the comfort and added power the new PC600LC-8 offers.

"This is the first job where I've used it, but I can tell the productivity on the high-reach application is better," said Huerta. "I'm able to take more material down in less time, which will benefit us in the long run. The custom features on the machine are great too. The video monitor is linked to a camera on the boom so I can see

right where the attachment or bucket needs to be, even in low light. I also have a button to control the sprayers on the boom, so I can put water right where it needs to be to control dust. The tilted cab gives me even better visibility and the new cab design has more room and less noise."

Dokell said the challenges of the project factored into Cherry Demolition's decision to buy the PC600LC-8, but it wasn't the sole reason. "It has a number of applications," he said. "We certainly saw the need for it on this project, but we have other projects down the road where it will be beneficial as well. Potential for future use is always part of our decision-making process. We believe it will help increase our productivity on those future projects."

Cherry Demolition's longstanding relationship with WPI was part of the equation as well. "We knew if there were any problems with this new machine, Rusty and WPI would step up and make sure they were taken care of right away," Leonard Cherry said. "They've always taken very good care of us. That's why we've used Komatsu equipment for a long time. It's reliable and stands up to the challenges we put it through. It lasts and is easy to maintain, and in the demolition business, those are very positive attributes."

The PC600LC-8 is one of several Komatsu machines the Cherrys have at work on the hospital demolition project. The company uses a 73,210-pound PC300LC-7 to scrape brick from the outside of the building and load trucks. A 5,700-pound-plus SK815-5 skid steer loader is doing some interior work.

Satisfaction guaranteed

With the machinery and manpower in place to tackle almost any project, Cherry is poised to maintain its place as one of the nation's top demolition contractors.

"This can be a tough business, and we're very proud of our longevity," affirmed Leonard Cherry. "Our experience has helped us tackle this project in a different way, and being innovative is something we pride ourselves on as well. But ultimately it comes down to making sure we do the job in a safe manner that satisfies the customer. That's always our goal and we'll continue to work hard to do that."





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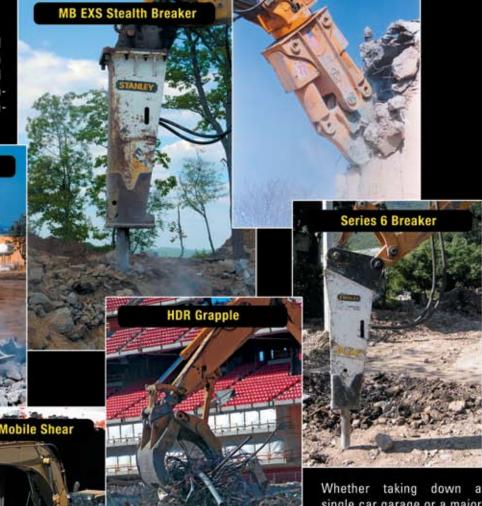
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CONSTRUCTION OUTLOOK

Analyst says growth trend remains strong throughout the U.S.



Andy Fanter is an analyst with Cyclast-Intercast, a sales forecasting firm that works with more than 65 equipment distributors and manufacturers throughout the U.S.

The year 2006 is certainly looking to be another excellent year in the construction business. Despite many critics, the housing market continues to show strength. For the year, we should have about 2.2 million permits and two percent growth in housing. Some overheated regions will almost certainly see a slowdown, but even if there were a dramatic downturn in those areas, it would not have a major effect on the construction economy. It would not even significantly ease the shortage of machines or building materials in other areas of the U.S.

Rebuilding efforts in the Gulf Coast are finally getting under way. While New Orleans got much of the attention with 200,000 damaged or destroyed homes, the entire area east of New Orleans to the Florida Panhandle had over two million homes damaged or destroyed. What this means to contractors around the U.S. is that labor, machines and materials will be heading to the southeast parts of the U.S. in greater

Road building will be one of the lynchpins of this year's construction

economy with spending

expected to be up by about 14 percent.



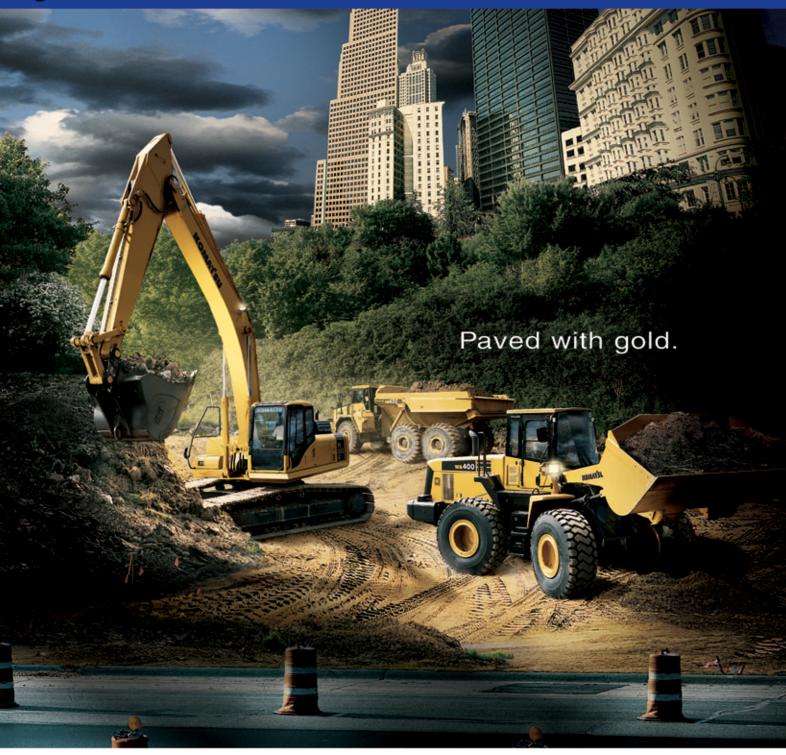
quantities. This will put a strain on an already overburdened supply market.

The highway bill has been passed and actual construction on some projects will begin in the latter half of 2006 and throughout 2007. You will need to plan for material costs and availability carefully. Concrete remains in very short supply. With reconstruction in the South, rebar will also be in short supply. Energy costs continue to climb and this will affect the price of material transportation, machine fuel costs and the cost of plastics. Machines remain in short supply. On the average, I would expect highway spending to be up around 14 percent or more.

The growth in aggregate production in response to highway and nonresidential growth will be around 5 percent. The limiting factors in aggregates are the difficult permitting process and the lack of large equipment available to quarries. Quarry and mining work around the world is booming and manufacturers have been able to produce machines, but are still having difficulty with tire availability. Contractors should take exceptional care of their tires at this point of the economy. A damaged tire could take several days or longer to replace.

Nonresidential construction is continuing to boom. The majority of this growth is from box retail construction — in response to the growing housing market. Tax collections for states have been good for the past two years. There will be growth in the governmental construction market police substations, fire stations and sewer transfer stations. Expect nonresidential growth to be 15 percent or more in 2006.

In summary, there's a lot of work going on this year, but to ensure that you're able to make money doing that work, you'll need to plan well and be smart.



Today's construction market is a gold mine. That's why Komatsu delivers a full line of equipment that's easier to operate, super comfortable and more reliable than competitive models. Setting the standard for quality, our advanced technologies put you on the road to greater productivity.

For details, contact your local Komatsu distributor. Call **1-800-Komatsu**. Or visit KomatsuAmerica.com



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NEW PRODUCTS

DASH-8 EXCAVATORS

Komatsu's newest generation of PC200 and PC220 excavators raises the bar on efficiency and productivity



Peter Robson, Product Manager, Hydraulic Excavators

As a contractor who prides himself on doing quality work quickly, you're probably always looking for more from your equipment. More power. More speed. More reliability.

Komatsu's new Dash-8 hydraulic excavators, including the popular PC200 and PC220 size classes, deliver on all those counts, while at the same time providing significantly improved fuel efficiency.

Like all new Komatsu excavators, both the PC200LC-8 and PC220LC-8 feature the new ecot3 engine, which significantly reduces emissions as well as improves fuel efficiency by about 10 percent. A quick-return arm circuit that improves cycle times boosts productivity.



"In highly competitive size classes like the PC200 and PC220 (roughly 23 to 27 tons), we'd gone about as far as we could go in terms of weight and horsepower — the old 'bigger is better' mentality," said Peter Robson, Komatsu Product Manager for Hydraulic Excavators. "Don't get me wrong — the PC200LC-8 and PC220LC-8 are more productive than the Dash-7 models, primarily because of improved cycle times and other hydraulic improvements that give outstanding performance. But the efficiencies we've built into these new machines are at least as important as those performance enhancements."

Those efficiencies include using significantly less fuel (about 10 percent less) and putting out significantly fewer emissions than the Dash-7s. Combine that with impressive upgrades in information technology and operator comfort and you get a machine that delivers the ultimate for a contractor — high productivity and low-cost operation.

New engine/new monitor

The PC220LC-8 has 168 flywheel horsepower, the same as the PC220LC-7. The PC200LC-8 has 148 horsepower, up from 143 horsepower. Both units are powered by the newly developed, low-emission Komatsu SAA6D107E-1 engine that significantly reduces NOx emissions, which EPA Tier 3 regulations require.

Productivity enhancements include a new, quick-return circuit, which allows the arm to go out and return faster, improving cycle times.

Both units have five working modes. In addition to Power, Economy, Breaker and Lifting, there's also a new Attachment mode.

An operator simply presses a button to get the proper flow he needs for the work he's going to do. The modes, along with most other machine functions, are selected through a new seven-inch color monitor.

"The monitor is one of the biggest improvements in the new Dash-8 models," indicated Robson. "You match your machine to the job application through the monitor. You pick up maintenance codes and trouble-shooting functions on the monitor. You control AC through the monitor. It's an impressive system that's very user-friendly."

Fuel-efficient operation

Yet another advancement on the monitor is an "eco-gauge," which serves as a guide to efficient operation. It provides the operator with instant feedback regarding the load he's putting on the machine and how that impacts fuel consumption. It also alerts the operator if he's idling for too long, which is another way fuel is wasted.

"We think the high cost of fuel is here to stay, so equipment owners will be looking for ways to cut back on fuel usage," predicted Robson. "The PC200LC-8 and PC220LC-8 are both about 10 percent more fuel efficient in Power mode. With the information the machine provides, the operator will be able to try some different things to further lower fuel consumption."

Both machines also come wired with the latest Komtrax technology. Komtrax is a wireless equipment monitoring system that can send detailed machine operating information back to the home office and/or to your Komatsu distributor. Komtrax information includes machine location, service meter readings, cautions, abnormality codes, load frequency and much more — all of which can be invaluable in helping you to reduce downtime and lower your owning and operating costs.

In addition to being Komtrax-ready, the PC220LC-8 and PC200LC-8 come with Komatsu's EMMS (Equipment Management Monitoring System), which stores trouble data,



| Brief Specs on the PC200LC-8 and PC220LC-8 | | | | |
|--|--------|----------------------|------------------|--|
| Model | Output | Operating weight | Bucket capacity | |
| PC200LC-8 | 148 hp | 46,080 - 47,260 lbs. | .66-1.57 cu. yd. | |
| PC220LC-8 | 168 hp | 54,309 - 54,926 lbs. | .76-1.85 cu. yd. | |

displays abnormalities and notifies an operator when it's time to change oil and filters.

Comfort and safety

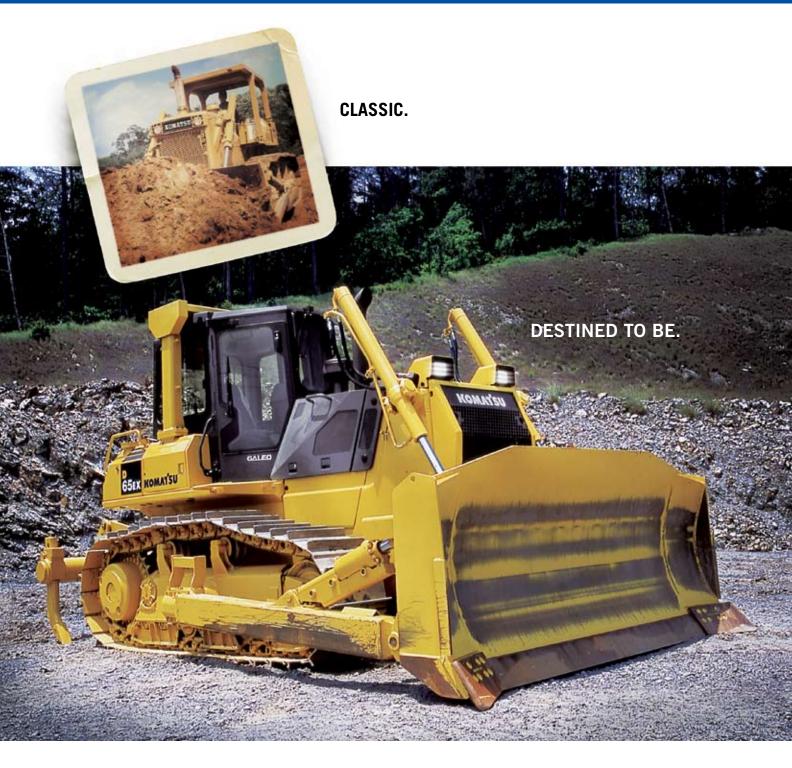
In addition to the new, large monitor, an operator will immediately notice and appreciate cab comfort features that include a high-back seat and an arm rest that moves with the console so the pilot control joystick is always where he wants and expects it to be.

Komatsu also designed the new cab with pipe-structured framework to improve operator protection in the event of a tip or rollover. Vibration inside the cab, and noise — both inside and out — has significantly decreased.

"Komatsu has always challenged themselves to set an industry standard with each new hydraulic excavator series introduction," said Robson. "From the legendary Dash-3 version of the 1980s right up through the Dash-7, we've led rather than followed. That's a trend we're confident we're continuing with the new Dash-8s." ■

For more information on how the Komatsu PC200LC-8 or PC220LC-8 can improve your operation, contact your sales representative or our nearest branch location.





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PRODUCT INNOVATION

NEW WHEEL LOADERS

Increased production and lower fuel consumption are hallmarks of new Komatsu Dash-6 models

Equipment users are always looking for ways to boost production and/or reduce operating costs. Komatsu kept those goals in mind in designing its new Dash-6 wheel loader line. Currently available are the WA500-6 and WA600-6 wheel loaders, both of which are significantly larger and more powerful than the Dash-3 versions they replace in the Komatsu lineup. Both are also considerably more fuel-efficient than their predecessors.

The WA500-6 and WA600-6 are powered by Komatsu's new ecot3, Tier 3-compliant engine, which not only lowers emissions, but also decreases fuel consumption, and does so without sacrificing power. A Dual Mode Engine Power Select System lets the operator adjust the machine's performance by using either the "E Mode" for maximum fuel efficiency in general loading, or "P Mode" for powerful output in hard digging or hill-climbing applications.

"The most notable difference users will see in our new wheel loaders compared to previous models is a decrease in fuel consumption, with an increase in productivity being a close second," said Rob Warden, Product Manager, Wheel Loaders. "We've designed these machines to be highly efficient so users can get more work done in less time, while using less high-priced fuel. The result is more money in the pocket of the user."

Both loaders are suitable for a variety of functions, according to Warden. "The WA500-6 works well in sand-and-gravel operations, and as a loading machine for highway trucks. The WA600-6 is a significant upgrade from its predecessor and is ideal for small quarry applications. It will load a 70-ton haul truck, such as our Komatsu HD605, in five passes."

New components minimize waste

Standard on the loaders is a newly designed variable displacement piston pump that combines with Komatsu's Closed-center Load Sensing System (CLSS) to deliver only the necessary amount of flow needed for hydraulic function. The new design prevents wasted hydraulic flow, which in turn provides better fuel economy.

"Our previous series used gear pumps, which always provided maximum flow," Warden explained. "The machine used what it needed and the rest was returned to the tank. The variable piston pump is an on-demand system, so it only delivers what is required. As a result, it



Rob Warden, Product Manager, Wheel Loaders

Continued . . .

| Brief specs on WA500-6 and WA600-6 | | | | |
|------------------------------------|--------|------------------|-----------------|--|
| Model | Output | Operating weight | Bucket capacity | |
| WA500-6 | 332 hp | 74,010 lbs. | 7.3 cu. yd. | |
| WA600-6 | 502 hp | 118,385 lbs. | 8.4 cu. yd. | |

Komatsu's new WA600-6 has major changes from its predecessor, offering increased horsepower and operating weight, and a larger dump clearance. "It's ideal for small quarry applications," said Rob Warden, Product Manager, Wheel Loaders. "It will load a 70-ton haul truck, such as our Komatsu HD605, in five passes."



New loaders' performance markedly improved

.. continued

For more information on the WA500-6 or WA600-6, call your sales representative or our nearest branch location.

Komatsu's new line of wheel loaders, including the WA500-6, was designed for maximum production and fuel economy. Komatsu's ecot3, Tier 3-compliant engines decrease emissions and fuel consumption without sacrificing power. Large-capacity lock-up torque converters provide production efficiency, reduced cycle times and optimum fuel savings.

uses less power and burns less fuel. Users could see up to a 15 percent reduction in fuel use."

Komatsu further enhanced fuel economy with its newly designed drive train featuring a large-capacity, lock-up torque converter that provides production efficiency, reduced cycle times and optimum fuel savings in load-and-carry or hill-climbing operations.

"These features — variable piston pumps and large-capacity torque convertors — will become standard across the Komatsu wheel loader line over time," Warden noted. "Our aim is to standardize our line as much as possible so a customer with multiple machines on the same jobsite can go from one machine to another and not miss a beat."

Increased production

Several new features contribute to better production, according to Warden. For example, both machines have stronger loader frames and components, which extend machine life and lower repair and maintenance costs. Both units are also larger, have more horsepower and greater bucket capacity than their Dash-3 counterparts.

The WA500 went from 315 horsepower in the Dash-3 model to 332 horsepower in the new Dash-6 version. The machine's operating weight of 74,010 pounds is a jump of almost 10 percent.

"The WA500-6 is almost completely new compared to the Dash-3 model," Warden pointed out. "Not only is it larger with more horsepower, but we also added a larger torque converter to better match the engine. That provides more rim

pull, which allows the machine to climb virtually any ramp with the bucket loaded."

The WA600 underwent even more radical changes. Output increased from 450 horsepower in the Dash-3 model to 502 horsepower in the new WA600-6. Operating weight increased from less than 100,000 pounds to 118,385 pounds.

"The WA600-6 has major changes from its predecessor," Warden asserted. "It features a much larger dump clearance, going from 11'7" to 13'1", so it loads large trucks more easily. It comes standard with the long boom, but customers have the option of putting a short boom on the machine if they use it mostly for load-and-carry operations or charging a hopper."

Everyone knows a comfortable operator is a productive operator. So, operators will certainly appreciate the new Advanced Joystick Steering System (AJSS) in the new WA600-6 loader. It's a low-effort system in which the operator controls direction and gear-shifting functions with just the wrist and thumb. Users will also enjoy a roomier cab that provides up to 15 percent more space and 11 percent better visibility than previous models.

Raising the bar

The specs of the WA500-6 and WA600-6 speak for themselves — they generate markedly improved performance.

"Everyone who's used the WA500-6 and WA600-6 loaders has raved about the quickness, power and speed they offer," confirmed Warden. "We've done our own in-house studies, which show a remarkable improvement in production efficiency of 25 percent to 30 percent over the previous, Dash-3 generation of wheel loaders. As those numbers suggest, we definitely believe we've significantly raised the bar with the release of the Dash-6 models."

The WA500-6 and WA600-6 are the first Dash-6 units available to customers. Komatsu is in the process of releasing the rest of its Tier 3 mid-size wheel loaders, which will include the WA380, WA430, WA450 and WA480-6. The balance of the wheel loader product line is currently undergoing design changes to meet new emission standards. The new HST line of smaller wheel loaders being upgraded will be available in 2007. ■







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FIELD NOTES



KOMATSU FIELD DAYS

Las Vegas event gives equipment users the opportunity to operate full range of new products from manufacturer

The opportunity to operate a full range of new Komatsu products — combined with the excitement of Las Vegas — made the recent Komatsu Field Days event a memorable trip for many equipment users throughout North America.

Accompanied by their Komatsu distributors, more than 2,000 customers attended one of the 12 sessions from February 27 through March 23.

This year's event, held for the second time in Las Vegas, included accommodations at the Rio All-Suite Hotel & Casino. Komatsu held a welcome reception at the hotel on the first night of each session. The following day, customers were transported to a quarry site where they had the opportunity to operate 45 Komatsu machines, including a host of new and upgraded models. The full range of construction and utility equipment encompassed hydraulic excavators, wheel loaders, dozers, motor graders, trucks, backhoe loaders, skid steer loaders, mobile crushers and a crawler carrier.

"What makes Field Days great is the chance for customers to operate our new products in a real-world working environment. It exposes them to all the advanced products, technology and services we offer," said Les Scott, Manager, Komatsu Working Gear Group. "Customers tell me the experience is very worthwhile."

Next generation of products

This year, Komatsu used Field Days to introduce many new products, such as six new excavator models, including the 180,000-pound-plus PC800LC-8, a new model that replaces the PC750LC-7. Komatsu also introduced its new series of Dash-6 wheel loaders, including the WA600-6, WA500-6 and WA380-6; the first new Dash-2 articulated dump truck, the HM300-2; the

new D155AX-6 SIGMA dozer; the new WB146-5 backhoe loader and many more new products.

"We enjoy showing customers our equipment capabilities through hands-on operation. It shows them how a particular product might fit into their operations back home," noted Scott. "We also hope they take home this message: if we can produce large machines such as our 1.5-million-pound PC8000 mining shovel, then we can certainly build smaller size-class machines that can operate in their businesses." ■



Les Scott, Manager, Komatsu Working Gear Group



Field Days participants watched machine demonstrations and features/benefits presentations from this shaded grandstand at the demo site.

Komatsu Field Days showcased a full range of equipment, including the new PC800LC-8 excavator (foreground) and articulated and rigid-frame trucks (at left), which participants could operate.



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PRODUCT IMPROVEMENT

NEW, ADVANCED KOMTRAX™

Upgraded wireless equipment monitoring system is now standard on most new KOMATSU Tier 3 machines

Would you like to know the exact location of each machine in your equipment fleet? Would you like to know precisely how each piece of equipment is being used? And would you like to get that information when you need it?

Now, you can get that kind of information, and much more, with Komatsu's new, next-generation KOMTRAX wireless equipment monitoring system. KOMTRAX uses satellite technology to relay vital machine information back to the office computer or laptop of the owner or equipment manager, as well as to the local Komatsu distributor, if the customer authorizes it.

Komatsu first introduced KOMTRAX several years ago as an option buyers could have installed on Komatsu equipment. That first generation provided three basic pieces of information — machine location; service meter readings; and daily hours of operation.

In comparison, the new KOMTRAX is standard equipment on almost all new Komatsu machines and reports on all aspects of machine operation. In addition to location, meter readings and daily operation, available information from the new, advanced KOMTRAX includes: *

- Cautions,
- Error codes,
- Load frequencies,
- Notification of maintenance,
- Average hourly fuel consumption,
- Fuel level and water temperature readings,
- Geofencing and engine lock (theft prevention),
- Monthly and annual reports.
- * Features are dependent on machine model.

Next best thing to being there

For an owner or equipment manager, KOMTRAX is like being right inside the cab with the operator.

"You no longer have to wonder where a machine is or what it's doing," said Ken Calvert, Director, KOMTRAX Support Group, Komatsu America Corp. "You no longer have to wonder how an operator is operating or whether a machine is making you money. With KOMTRAX, you know what's going on, any time of the day or night."

In an age where information is power, KOMTRAX is one of the most powerful tools an equipment user can ever have.

"KOMTRAX helps an owner be proactive with his business," said Calvert. "He can make decisions based on accurate, up-to-date information from a system that's easy to use. Bottom line, it's going to help business owners or managers reduce downtime, lower operating costs and manage a fleet more efficiently."



Ken Calvert, Director, KOMTRAX Support Group, Komatsu America Corp.

Continued . . .



Detailed, easyto-use machine information is right at your fingertips, anytime of the day or night, with the new KOMTRAX wireless equipment monitoring system.

New KOMTRAX cuts costs and downtime

.. continued



Komatsu is installing its new, advanced KOMTRAX system on nearly all new machines with Tier 3 engines. The new wireless equipment monitoring system is a powerful tool that helps users reduce operating costs and downtime.

In addition to all the ways KOMTRAX can benefit a company by keeping equipment up and running, it also maintains a complete and accurate record of a machine's life history, which can significantly increase the trade-in or resale value of the unit.

KOMTRAX can be installed in any piece of equipment using a 12V or 24V electrical system, including service trucks and utility machines. Additionally, KOMTRAX is available as a retrofit for older machines or non-Komatsu equipment.

While KOMTRAX is standard-equipped on most new Komatsu machines starting this year, please contact your local authorized Komatsu distributor to begin receiving the information.

How one large, successful company uses KOMTRAX



Jim Shaw, Hall-Irwin Equipment Manager

The new, next-generation KOMTRAX system is just now getting into the hands of customers. But many large Komatsu users are already familiar with KOMTRAX. Those who have installed the original system on much of their fleet are sold on its benefits.

"We started using KOMTRAX in 2004," said Jim Shaw, Equipment Manager for Hall-Irwin Corporation, one of Colorado's largest and most-respected full-service contracting firms. "Today we have it on 44 machines, which constitutes about 70 percent of our Komatsu fleet."

Hall-Irwin uses KOMTRAX to check service meters and schedule preventive maintenance; to locate equipment on large jobsites and monitor machine movement; and to chart daily hours of operation to help manage the fleet for maximum utilization.

Equipment Manager "We've found KOMTRAX to be an excellent fleet management tool," asserted Shaw. "We run numerous weekly KOMTRAX reports that help us make educated short-term and long-term decisions about our fleet — for example, what machines we need and where we need them. Also, the PM servicing aspect is very beneficial. It helps ensure all our PMs are done at the correct hour reading, which in turn helps us reduce downtime, lower repair costs and maximize the working life of our machines."

Theft prevention

In addition to operational benefits, Shaw says KOMTRAX helps prevent equipment theft — and in the event that a machine is stolen, helps in the retrieval process. He knows this firsthand.

"We recently had a skid steer stolen from a jobsite on a Saturday night. We didn't work Sunday, then got rained out on Monday and Tuesday, so we didn't discover the theft until Wednesday. Police told us the fact that the machine was equipped with KOMTRAX was instrumental in helping them track it down and bust a theft ring. We're happy about that, but the best thing for us was, because of KOMTRAX, we had that skid steer back on the job on Friday."

Additional benefits with new KOMTRAX

Shaw says Hall-Irwin is looking forward to using the upgraded KOMTRAX system that's now available.

"The additional information such as error codes, capacities and operating temperatures will be invaluable to our maintenance staff. We also share KOMTRAX information with our Komatsu distributor, and the machine operating information they receive will certainly help them help us when it comes to parts availability, troubleshooting and making emergency repairs more quickly."

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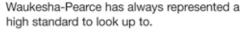




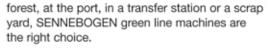








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NEW ENGINES/NEW MODELS

New Komatsu machines are more efficient and more reliable says Director of Product Marketing

QUESTION: With the introduction of many machines with Tier 3 engines this year, is 2006 one of the busiest years in recent Komatsu history in terms of new product launches?

ANSWER: Yes. All machines between 175 and 750 horsepower, which make up a large chunk of our lineup, are required to meet Tier 3 emissions levels in 2006. That means they all must now be built with our new Komatsu ecot 3 engines, which will reduce emissions to below mandated levels.

At Komatsu, we've actually included more machines than required, such as the PC200 excavator, because there was no reason not to. Those machines are on the same platform as larger models, which we had to change. With the new engine, they are a significant improvement over the previous generation.

QUESTION: Did Komatsu do more than just replace engines to meet the Tier 3 requirements?

ANSWER: Yes, in most cases, we did much more. That's why we have so many model changes this year. The new Dash-8 series of hydraulic excavators and the new Dash-6 series of wheel loaders are examples. If all we had done was put in the new Tier 3 engine, we wouldn't have called them new models.

QUESTION: What kind of changes did Komatsu make?

ANSWER: It depends on the machine. Generally speaking, the mid-size Dash-8 excavators are about 10 percent more fuel-efficient than the Dash-7s. Beyond that, there are things like a new industry-leading innovative cab design that protects the operator where risk of tip or rollover exists, as well as a new, full-color monitor with a

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.

Erik Wilde, Director of Product Marketing

A San Francisco Bay-area native, Erik Wilde once harbored hopes of a career in basketball. He was good enough to play college ball at Boise State University until a serious knee injury ended his playing days and dashed any hope of a professional career.

Upon graduation with a degree in business management, Wilde took a job as operations manager at an Idaho ski resort. He learned about electric systems while handling all the service and maintenance associated with the ski lifts, and used that knowledge to get a job with Komatsu in 1997 as a Warranty Coordinator. He quickly moved into a position as an Assistant Service Engineer for large (mining) bulldozers.

Wilde stayed with the Komatsu mining division for almost four years, serving in various product support capacities, before moving to the construction division as Product Manager of hydraulic excavators in 2001. To expand his marketing knowledge he attended Keller Graduate School of Management and completed his MBA in Marketing in November of 2003. Nine months later, he became Manager of Product Marketing, and recently was promoted to Director of Product Marketing. As Director, he oversees the efforts of all construction division product managers, and directs advertising, promotional activities and trade shows for all three divisions (construction, mining and utility).

"We believe Komatsu makes superior products that are, for the most part, across-the-board faster, more productive, more precise and more reliable than competitive products," said Wilde. "My job is to help our product managers and our distributors get that message out to equipment users so they'll at least try Komatsu to learn first-hand what it has to offer."

The knee injury he suffered years ago still keeps Wilde off the basketball court for the most part — but with three children age five and under, he doesn't have much time for hoops anymore anyway.

Continued . . .

Improvements put Komatsu ahead of competition

.. continued

seven-inch screen that operators will absolutely love. When it comes to switching attachments, we've made it much more user friendly. An operator can actually change hydraulic flow and settings for up to four pre-programmed attachments with the touch of a few buttons, without bringing in a mechanic.

In the case of the WA600-6, it's basically a brand-new wheel loader. Fuel efficiency is up to 15 percent better and the cab is all new and much larger. The machine is also much more powerful and can handle a larger bucket, which combined with the improved fuel efficiency, dramatically lowers a producer's cost per ton.

QUESTION: Some equipment users believe that in this day and age, all equipment is good



Among a host of new Komatsu products this year is the HM300-2 articulated truck. The unit features a significantly reinforced front bumper and engine guard as well as a new transmission guard. The new ecot3 engine boosts horsepower and low-end torque, which helps make the new truck about 11 percent more productive than its predecessor.



and there's really not much difference between one brand and another. Is that true?

ANSWER: As a manufacturer, certainly we believe there are differences, many of which you can discover by comparing specs. Which lifts the most? Which reaches the farthest? Things like that. Other differences you can discover in a demo — which machine is faster, smoother, more precise or more comfortable? Other significant differences such as reliability, longevity and resale value become evident over time.

Of course, at Komatsu, we believe we offer the best combination of all these factors throughout our product line. Reliability, productivity, comfort and value — those are the qualities we build into each and every machine.

QUESTION: In your opinion, what are Komatsu strengths compared to the competition?

ANSWER: Number one is reliability. That's what we hang our hat on. If a Komatsu unit is properly maintained with a good preventive maintenance program that emphasizes repair before failure, we believe our units will outperform any other manufacturer's. That means emergency downtime will be minimal and machine longevity will be at the outer limits.

Our other major strength is that we're usually a step ahead of the competition, technologically. A big reason for that is our heavy investment into research and development. Also, because we make every type of equipment and compete in every size class, we're often able to share and integrate our technological advancements across product lines. For example, we're now incorporating our excavator piston-pump hydraulic technology, which has long been an industry leader, into our wheel loaders to produce a smoother, more efficient machine.

QUESTION: What do you foresee happening down the road in regard to equipment?

ANSWER: I don't know that there's any new technology on the horizon that's going to revolutionize the industry in the near future. But at Komatsu, I can assure you, we're going to continue to make improvements to increase reliability, productivity and efficiency, and in that way, give our customers an edge over their competitors. ■

INDUSTRY NEWS

Construction materials costs are on the rise

Construction materials costs are outpacing overall consumer and producer prices by a wide margin. The government's February report showed that while the overall producer price index (PPI) fell 1.4 percent in the month, the PPI for construction materials and components rose 0.3 percent.

Based on a strong outlook for construction, Associated General Contractors Chief Economist Ken Simonson says the trend of construction materials prices rising faster than the overall rates of consumer or producer prices is likely to continue throughout the year.

"The rate of increase for construction materials and components prices could be closer to the 10.1 percent rate of 2004 than the 6.1 percent rate

of 2005," said Simonson. "Once again, however, prices are likely to vary greatly by type of material and project."

Simonson noted that oil and natural gas prices have fallen sharply from their post-hurricane highs, but also pointed out that production from the Gulf of Mexico is still down by more than 15 percent, keeping supplies tight. "It appears that diesel for 2006 as a whole will be up 10 percent to 30 percent from 2005, with wide month-to-month variation," he said.

Beyond the higher cost of diesel fuel itself, the cost of other energy and energy-affected materials is also likely to rise, according to Simonson. These include asphalt, construction plastics, paints and coatings, insulation and brick.



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SERVING YOU BETTER

NEW DEMONSTRATION SITE

Customers will soon come to Komatsu Training Center in Georgia to try out new machines



Ed Warner, Manager, Demonstration Site

Komatsu is in the process of developing a large tract of land next to its training center in Cartersville, Ga., to serve as a demonstration/training site for new equipment and as a permanent site for its popular Field Days event.

"The main advantage to having our own, large demonstration site is that we'll be able to host Field-Days-like events numerous times a year, rather than just during a one-month period in the spring," said Ed Warner, Manager Demonstration Site. "We'll also have a full slate of new equipment on site at all times, so distributors and their customers will

The new Komatsu equipment demonstration site will be located immediately adjacent to the Komatsu Training Center in Cartersville, Ga.



Now under construction, the 11- to 12-acre demo site is expected to be finished by late summer.



be able to come to check out specific machines whenever they want to."

Currently under construction, the site will consist of an 11- to 12-acre flat arena, a viewing area with a grandstand and a haul road in excess of 2,700 feet with up to 10-percent grades for truck testing.

Groups of products to be featured

With the new demonstration area, Komatsu intends to focus on key products and/or groups of products that appeal to particular segments of the construction industry.

"For example, rather than Field Days, which showcases a broad representation of machines from compact excavators and backhoe loaders up to mining dozers and large haul trucks, we could have Quarry Days, where we feature quarry machines, or NUCA Days, where we feature utility equipment," said Warner. "It will be more industry- and product-specific. In that way it will be even more useful to equipment users."

Added benefits include the training center, which has classrooms, and a theater area right next to the demonstration grounds; nearby hotels; and Komatsu's Chattanooga Manufacturing Operation, which is within easy driving distance (about 75 miles).

"We're really looking forward to opening the demo area," said Warner. "Field Days was a great event. But this is going to be even more useful, convenient and cost-effective for us and for our customers."

Komatsu expects the demonstration site to be finished late this summer, with the first planned events beginning in October. ■





SETTING THE STANDARD

Ongoing training keeps WPI service technicians among the industry's best

Equipment owners and operators strive to keep downtime to a minimum, knowing that time spent in repairs is money out of their pockets. Training Coordinators Clint Butler and Doug Fraser are working hard to ensure that customers who turn to WPI for service lose as little time as possible, whether it's in the field or one of WPI's shops.

"Our main duty as training coordinators is to keep our service personnel up-to-date when it comes to troubleshooting, repair and maintenance," Butler explained. "We continually do full training on all aspects of equipment, including electrical, hydraulics and engines. In addition, we've set up factory training with Komatsu and our other manufacturers, such as Sennebogen, Bomag and LaBounty. The more opportunities our people have, the better they're going to be."

Training begins from the moment of hire and continues throughout a service technician's employment. Butler and Fraser have set up ongoing classes at all of WPI's branch locations. The training sessions are a mix of classroom and hands-on work.

"We've found it's best practice for the technicians to apply what they learn in the classroom to real-life situations," Fraser said. "We want them to actively work on a machine in settings that are as close to actual as possible. The more hands-on we can make the experience the better."

Considering today's high-tech machinery, both agreed it's more important than ever for service technicians to continually work to master their craft.

"Today's technicians have to be able to do more than turn a wrench," Butler pointed out. "They have to know computers, hydraulics and electronic systems that weren't part of machinery in the past. And the technology keeps improving and changing. For example, technicians have to know how to use a computer to diagnose problems in addition to how to be able to fix those problems once they know what they are. They have to be all-around mechanics."

That includes being able to diagnose and fix problems on any piece of equipment they're confronted with.

"All our service technicians are trained to work on any type of machine, whether it's an excavator, a dozer, a wheel loader or something else," Fraser said. "They're going to encounter all types in the shop or in the field, so they have to be prepared."

Learning never stops

Preparation beyond the classroom and handson training are ongoing as well. Many of WPI's technicians have taken it upon themselves to work on their own, using such tools as

Continued . . .

WPI Training
Coordinators Doug
Fraser (left) and Clint
Butler arrange learning
opportunities for service
technicians at all of
WPI's branch locations,
as well as provide
customer training.



Technicians strive to stay on top

... continued

Komatsu's online training programs, which offer a wide range of modules specific to its extensive equipment line.

"Whether someone's just starting or has years of experience, there's always something to learn," Fraser insisted. "It's something we emphasize, and that's why we're always looking for new opportunities to enhance our technicians' skills and keep them updated on developments in the industry. That includes the latest technology such as Komatsu's new ecot3 engines."

"Our technicians want to be at the top of their field," Butler added. "They're eager to

Technician Kyle Brown
works on a Komatsu
excavator in the shop at
the Houston branch. WPI
provides technicians with
continual training through
classroom and hands-on
experience.



Technician Lupe Romero works on an engine at WPI's Houston branch. All WPI technicians are trained to work on all types of equipment and all aspects of it, including electrical, hydraulics and computer systems. "Today's technicians have to be able to do more than turn a wrench," observed Training Coordinator Clint Butler. "They have to be all-around mechanics."



learn everything there is to know about the equipment they work on so they're prepared for any situation they may face. They seek us out to learn when the next class or other opportunity for training will be. We're very proud of the work ethic they display."

Customer training

WPI offers customer training in addition to training for its own personnel.

"There are many options when it comes to customer training," including operator training," Fraser said. "We go to the customer's office or jobsite and teach them whatever they want to know about their machines' systems and how to maintain their equipment. Some want to know about specific areas such hydraulics, so we tailor the classes to their needs. It's a great partnership."

Joint program, recruiting

In addition to setting up training, Butler and Fraser are working to bring new technicians into WPI's service departments. The two actively recruit through several venues, including job fairs and local schools.

"We always keep our eyes open for new technicians," Butler commented. "We recently set up a joint program with Oklahoma State University that allows students who want to be technicians to go to school and get handson experience at the same time. Through the program, students alternate time between attending OSU and working for WPI. As part of the program, we pay for a portion of their schooling. A couple people are in the program now, and it's working out very well."

Those completing the program have the opportunity to immediately become part of WPI's highly skilled staff of technicians. They'll also know that their learning isn't over, but only just begun.

"Keeping our customers' equipment running at peak performance is essential, and to ensure that happens we have to stay on the cutting edge of the industry," noted Fraser. "That's why we constantly offer training on all the brands of equipment WPI carries. Our customers have come to expect excellence from our service technicians and we want to make sure that remains the case."

ON THE LIGHT SIDE

"It's a screen-saver with big sound effects... we turn him on every night to give a little extra security around here."



"He gets that same smile every time he gets a machine up and running... But this time it's because he won the 'March-Madness' pool!"

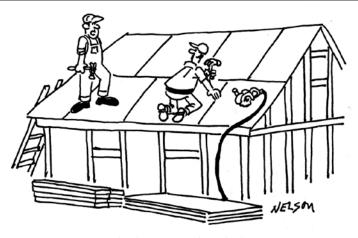


"Honey, your favorite movie is on again."





"I guess he's going to follow in my tread-tracks."



"No need to be concerned, Fred. There's no way they can out-source OUR jobs to China."

"It's my new preventive maintenance tool
... I put one with an automatic answering device on every machine we own, and just call it up every couple of days and listen to how it's running."





DISTRIBUTOR CERTIFIED USED EQUIPMENT

VALUE IN USED MACHINES

Komatsu ReMarketing aids distributors in their efforts to meet customers' equipment needs



Heston Thomas, Used Equipment Manager



For more information on Komatsu Distributor Certified used machines, contact your WPI sales representative or our used equipment department. Heston Thomas, the newly appointed Used Equipment Manager for Waukesha-Pearce Industries, is committed to increasing WPI's used equipment inventory.

"There's definitely a strong demand for high-quality used equipment and our goal is to help our customers find what they're looking for," said Thomas. "People buy used equipment for value. To provide them with that value, we have to acquire used equipment at a fair price, sell it at a fair price, and stand behind it. At WPI, we do that and do it consistently."

When it comes to used equipment, Thomas says working for a Komatsu distributor is a big advantage because it means having the backing of Komatsu ReMarketing. "Because of the requests we get for used equipment, we have to be sure we can replenish our supply. That's one area where Komatsu ReMarketing can really help. They are a major source of used equipment — especially high-quality, Distributor Certified machines — and we

intend to use their services to procure the used equipment our Texas customers desire."

The beauty of Komatsu Distributor Certified used equipment, according to Thomas, is that the buyer knows exactly what he's getting. "All Komatsu Distributor Certified used machines are inspected and graded according to very specific criteria. Because inspection and grades are the same from coast-to-coast, we always know exactly what we're getting. More importantly, our customers know exactly what they're getting."

Thomas says every equipment owner is a potential customer. "From the young guy just starting out — to the large, established company that needs a specialty piece for a specific job — virtually everyone, at one time or another, is in the market for an excellent used machine at a good price."

Financing and warranty

Because they're known to be high-quality units, Komatsu Distributor Certified used machines often qualify for special financing and an extended power train warranty. "Along with the inspection, those two factors, financing and warranty, make a Distributor Certified machine stand above most other used machines," said Thomas.

"The reason Komatsu distributors are able to certify used equipment and do it with enough confidence to offer a warranty is because Komatsu makes such high-quality equipment to begin with," he added. "It's made to be durable, reliable and long-lasting, and because of that, those of us in the used equipment business have plenty of confidence when we put a Komatsu Distributor Certified used machine in the marketplace for a second life."

Komatsu Distributor Certified used equipment often qualifies for special low financing and an extended warranty.



HOMATSU DISTRIBUTOR DISTRIBUTOR CERTIFIED CERTIFIED CERTIFIED CERTIFIED

KOMATSU DISTRIBUTOR CERTIFIED USED EQUIPMENT

The next best thing to new.



If it can be measured, 1 2 3 Whether you're looking for a high-

Whether you're looking for a highquality machine that will become part of your fleet, or for a machine that will get you

through the busy season, Komatsu Distributor Certified Used Equipment is your best alternative to buying new.

If it can be measured, we measure it! Specially trained Komatsu Distributor Certified evaluators check, measure and diagnose virtually every aspect of the machine. Once the machine meets Komatsu's high performance standards, your local distributor can tailor the machine for your site-specific needs. And to add to your peace of mind, most Komatsu Distributor Certified Used Equipment is eligible for special financing and warranty.

Purchasing Komatsu Distributor Certified Used Equipment makes sound business sense. You'll receive good value for your money and a reliable and productive machine that will get the job done for years to come — we guarantee it!

To learn more about Komatsu ReMarketing's Distributor Certified Used Equipment, contact your local Komatsu Distributor or go to our Web site at www.equipmentcentral.com and click on "used equipment."





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