

A PUBLICATION FOR AND ABOUT WAUKESHA-PEARCE INDUSTRIES, INC. CUSTOMERS • 2006 No. 3



A MESSAGE FROM

THE VICE PRESIDENT



G. Michael Green



RELIABLE EQUIPMENT

RESPONSIVE SERVICE



Dear Equipment User:

There are some signs that the economy, including the construction industry, is slowing down a bit. So should we be concerned? Hardly. In fact, there are many reasons to be glad that the boom of the past few years is reaching a plateau.

First of all, it's not as if a downturn is imminent. Far from it. Yes, the rate of growth is slowing, but construction put-in-place is still at a record level. Think of it as similar to climbing a mountain (albeit a mountain with no top). It's not a straight shot up and then all downhill. Occasionally, you have to go sideways to find the best path, and maybe even rest a little, before continuing on up.

With slightly lower demand, such a rest period should help ease price hikes for raw materials, improve equipment inventories, and reduce the need for additional hard-to-find employees. A slowdown in the rate of growth also enables you to do more of those jobs that you've had to turn down because you didn't have the time to do them.

At Waukesha-Pearce Industries, Inc., we look forward to working with you during any and all industry cycles. With Komatsu, we believe we have the most productive and reliable equipment on the market, including three new machines — the D155AX-6 dozer, the HM300-2 articulated hauler, and the WB146-5 backhoe loader — that are featured in this issue of your *WPI Update* magazine. In addition to the products we sell, we want to work with you to provide the support programs that will help you keep your machines up and running.

So please stop in or give us a call. We at WPI are very optimistic about both the short- and long-term state of the construction industry and other industries that use heavy equipment. We also understand that our success depends upon your success, and therefore, we're committed to helping you in any way we can.

Sincerely,

WAUKESHA-PEARCE INDUSTRIES, INC.

G. Michael Green

Vice President of CMD Operations

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A PEARCE INDUSTRIES, INC. COMPANY



A PUBLICATION FOR AND ABOUT OUR CUSTOMERS

IN THIS ISSUE

PERRY CONSTRUCTION COMPANY, INC.

Read how a focus on one specialty and a commitment to doing it right the first time have led to success for this family-run firm.

GUEST OPINION

Eben Wyman, Vice President of Government Relations for the National Utility Contractors Association, explains the "Americans for Pure Water" campaign, meant to stimulate a grass-roots movement to support water infrastructure funding.

DOLLARS & SENSE

Faced with skyrocketing fuels costs, contractors are looking for ways to cut costs and protect profits. Here are some fuel-saving tips that can make a difference to the bottom line.

NEW PRODUCT

Check out the new Sigma Dozer, Komatsu's totally redesigned D155-size dozer, and find out how it delivers unrivaled productivity in its size class.

MORE NEW PRODUCTS

Komatsu's new WB140-6 backhoe offers greater productivity along with improved operator comfort.

PRODUCT NEWS

Find out how Komatsu made its new Dash-2 series articulated dump trucks (ADTs) even tougher, more powerful and more technologically advanced than its predecessors.

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A SALUTE TO A WPI CUSTOMER

PERRY CONSTRUCTION COMPANY, INC.

"Do it right the first time" attitude leads to success for Ingleside utility contractor



Raymond Perry, President

THE REPORT OF THE PARTY OF THE

Matt Perry, Vice President

Matt and Raymond Perry believe being critical of themselves is what's made their business a success for nearly four decades. As the Perrys approach their 40th year in business, the father-son team still holds true to the philosophy that's guided the company since day one: do it right the first time.

"Everyone says we're our own worst critics when it comes to our jobs," said Matt, who serves as Vice President of the Ingleside-based company. His father Raymond is the company President. "It's interesting that some companies can find the time to do a job right the second time, after they've messed something up. We simply won't rush to get a job done. I'd rather take the time and make sure it's done right and looks good before we say we're finished. Going the extra mile to please the customer is important to us."

That's the way the Perrys have approached every job since Raymond and his father I.H. Perry formed the company in 1966. Though semi-retired, Raymond remains active in the business, playing a major role by meeting with customers, estimating and handling financial aspects. Matt does estimating as well as runs the field operations.

"You can't last in business this long without doing things the right way," insisted Raymond, "We had a lot of experience in running machinery in the beginning, but that only gets you so far. Without a dedication to a job well done, you won't last very long."

Do one thing well

The duo also believes in doing one thing and doing it well. That's why Perry Construction's focus remains on underground utility installation; putting in sewer, water and storm drainage lines for municipalities and subdivisions in about a 50-mile radius of Ingleside. The bulk of the company's work is hard-bid projects that include everything necessary for utility installation.

"We've done other work in the past, such as site packages for subdivisions, but over the years we've found it's better to just focus on the utility installation," Matt said. "It was the focus when the company was founded and it's what we're best at. We do everything on the project that's involved with the installation: concrete removal, excavation, installation, backfill, grading and patching work, if it's needed."

Determination to do one thing and do it well has garnered Perry Construction an outstanding reputation, leading to repeat customers. "Much of our work is bid because we prefer it that way, but we do have builders

A Perry Construction operator uses a Komatsu WA250-3 parallel tool carrier to move materials at a jobsite in Ingleside.



we work with on a repeat basis," Raymond said. "They know our work and have come to trust us to get their projects done on time and on budget. It's a good feeling to know we have built that kind of rapport with our customers."

Dedicated, safe crew

Perry Construction completes its projects with a single crew of about 15 employees who are as quality-conscious as the Perrys themselves, many of whom have been with the company a decade or more. Key members of the staff include Supervisors Mark Blankenship and Charlie Caracker, Operator Mario Moreno and Pipe Layer Alfonso Garcia.

"We have some very dedicated people: dedicated to quality and dedicated to customer satisfaction," Matt emphasized. "They take care of us and we take care of them. Because they have so much experience, we're able to do large projects with a relatively small crew.

"That's another reason we've been successful," he continued. "We run one crew. By not splitting our guys up and running multiple sites, we have a singular focus. Everyone is on the same page and it minimizes the chances for mistakes."

Matt emphasized having one crew also helps with safety, something the company is adamant about. "We strive to have no injuries on our jobs," he remarked. "Everybody knows everyone, so we all look out for each other. There's no such thing as being too safe, and it can be tough because we're often working in less-than-ideal conditions. You don't have to dig down very far to find water, and the soil is unstable. So we use trench shields and dewatering methods to make sure the trench is safe. It's very important to all of us."

Massive jobs

Perry's crew has completed numerous large projects, including a recent \$5 million job designed to improve the water system on the north side of Ingleside. Perry Construction installed nearly 75,000 feet of new line. In addition, the company put in several fire hydrants.

"It's one of the bigger projects we've done," Matt said. "We put in new lines where there



Perry Construction uses Komatsu wheel loaders for multiple tasks on its jobsites. Here, an operator uses the company's WA200-5 wheel loader to carry backfill material to a trench on a jobsite in Ingleside. "There are so many features that make them outstanding," Vice President Matt Perry said of the wheel loaders. "They have excellent power and stability in all applications. When we have the buckets on, we use them for backfilling trenches and cleaning roads, and we carry pipe with the forks."

was no water before, and improved the existing water lines. It allowed residents to hook into the city's water system."

Perry Construction also completed a massive sewer rehabilitation project in Ingleside that involved running nearly 30,000 feet of new line and installing six lift stations. In addition to that, the company ran nearly nine miles of 16-inch effluent water line in the city of Aransas Pass, as part of a water improvement project.

"Those projects went very well and the cities are happy with the results, so we're happy too," Matt said. "It's nice to be able to look back on a project and know that it benefits so many people."

Versatile equipment

Undertaking such projects is not daunting, according to the Perrys, who believe dependable equipment, coupled with their capable crew, makes the jobs easier. That's why Perry Construction relies on Komatsu wheel loaders for a variety of tasks in its operations. Recent purchases include a 119-horsepower WA200-5 model that works in tandem with the company's WA250-3 parallel tool carrier.

"When we look for machinery, we factor in price and performance, and Komatsu wheel loaders are by far the best we've had," Matt affirmed. "When we were looking for a new wheel loader, our WPI Sales Representative Richard Stracener brought out the WA200 for us to try. We all climbed behind the wheel and fell in love with it within five minutes."

Continued . . .



RELIABLE EQUIPMENT

RESPONSIVE SERVICE

Focus on utility installation pays off

... continued

Matt was not surprised the Komatsu stood out, considering the history he's had with Komatsu products. Perry Construction frequently rents Komatsu equipment from WPI, including excavators, and he's come to expect quality. "We knew Komatsu had quality equipment from our experience with it," said Matt, who had the wheel loaders equipped



WPI Sales Representative Richard Stracener (left) meets with Matt Perry at a jobsite in Ingleside. "Richard and WPI have been excellent to work with," Perry said.

A Perry Construction operator uses the company's Komatsu WA200-5 wheel loader to clean the street on a utility installation project in Ingleside.



with quick couplers to allow easy changes from buckets to forks. "From the equipment we've rented to the WA250-3 we bought, we knew how outstanding the products were. Our test run just confirmed it.

"There are so many features that make Komatsu loaders outstanding," he added. "They have excellent power and stability in all applications. When we have the buckets on, we use them for backfilling trenches and cleaning roads, and we carry pipe with the forks. With the conditions we have, we have to put a lot of rock in the trench for stabilization and pipe bedding. The wheel loaders just keep running. They serve quite a few purposes for us."

Maintaining performance is important to Perry Construction as well, so the company does its own service work at regular intervals. For work beyond routine maintenance, Perry Construction relies on WPI. "The machines are very easy to maintain, which is another feature we especially like," Raymond noted. "They're reliable, and we don't have to do much other than routine work, so we haven't called WPI very often except for filters and routine items. When we do need them, Richard and WPI have been excellent about getting to us quickly."

Keeping it small

Over the years Perry Construction has continued to grow as the company expanded into bigger projects. But the Perrys are satisfied with where the company is now, and have no aspirations for getting any bigger.

"We're the right size," Matt said. "If we get any bigger, we'll have to start running multiple crews and we don't want to do that. It would mean spreading ourselves too thin, and all of a sudden we might not get things done on time. Our work would suffer, and our customers couldn't rely on us. That would probably mean mistakes that would cause us to go back and fix something. That's a scenario we want to avoid.

"I'm very hands on, and our customers really like that," he added. "They know I'm right there on the job, making sure it's the way they want it. We've purposely kept the company small because we believe that getting too big sacrifices quality, and we're not willing to do that."

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"AMERICANS FOR PURE WATER"

NUCA leads effort to secure more water/ wastewater infrastructure funding



Eben Wyman

This Guest Opinion was written by Eben Wyman, Vice President of Government Relations for the National Utility Contractors Association (NUCA). It's excerpted from a column that appeared in the May 2006 issue of Utility Contractor magazine and is printed here with permission.

As the Bush Administration continues to give very low priority to funding programs that address the problem of America's deteriorating water and wastewater infrastructure, NUCA (National Utility Contractors Association) is embarking on a new effort to get American citizens engaged in the debate. With existing needs approaching \$200 billion, there is no better time to mobilize the general public to put pressure on the federal government to fix the nation's water and sewer systems. That is exactly what the "Americans for Pure Water" campaign will do.

The campaign is the brainchild of the Clean Water Council (CWC), a coalition of some 30 national organizations representing underground construction contractors, design professionals, manufacturers, suppliers and finance professionals committed to ensuring that America has sound, dependable water/wastewater infrastructure.

Members of CWC, which NUCA chairs, have worked tirelessly to keep this issue on the front burner on Capitol Hill. But given current White House opposition and Congressional apathy (federal infrastructure funding has been cut for two straight years and is on the chopping block again this year), it has become clear that now is the time to reach outside of the nation's capitol and into local communities.

How you can help

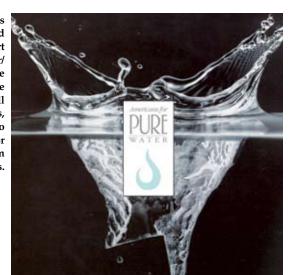
There are short- and long-term solutions to the problem of the country's deteriorating infrastructure. One is the establishment of a water infrastructure trust fund as a dedicated source of revenue for water and sewer projects. Another is to reauthorize the current State Revolving Fund (SRF) programs at substantially higher funding levels.

Rather than replace those efforts, the "Americans for Pure Water" campaign is designed to complement them. We want to create in the minds of the man, woman and child on the street a *direct* connection between America's failing underground infrastructure and growing problems with public health, the environment and America's overall quality of life. The goal is to get them mad and involved.

Lawmakers listen when constituents demand action. Therefore, as the campaign progresses, organizers will need people to show up and participate in public relations activities and events designed to generate local media attention.

Water is the resource we rely on most. It is needed to sustain not only life, but also the quality of life. Anyone who wants to help create a citizen backlash to the continuing water/wastewater infrastructure cuts is strongly encouraged to join the campaign. And, the time to do it is now. To become involved, please contact NUCA's Government Relations Department at (703) 358-9300. ■

"Americans for Pure Water" is a promotional effort designed to generate grass-roots support to improve the nation's water/ wastewater infrastructure. The campaign will try to involve the general public, as well as industry professionals, to pressure lawmakers to increase federal funding for water, sewer and storm drain projects.





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DOLLARS & SENSE

LOWER YOUR OPERATING COSTS

Consider these options when seeking ways to reduce fuel costs

Contractors know today's marketplace is more competitive than ever and any edge can make a big difference. With record-high fuel prices, one chief concern now is how to bid a project, knowing that the job may not start for months. Do you bid at current prices and hope they stay stable, or do you plan for price increases?

Either way, there are methods to combat the rising costs of running your equipment. Some may be things you're already doing, some may be things that are easy to implement and some may be suggestions you had never thought of before. They apply to all types of machines, from a dozer moving massive amounts of material in mining operations, to a compact excavator digging water services for houses, to anything in between.

"There are many ways to save fuel," said Les Scott, Manager of Komatsu's Working Gear Group. "Implementing any one of them will show results. It's a matter of what works best for the individual user."

One of the easiest ways to save fuel may be the most simple: don't idle the machine during non-production times. At these times, turn the machine off. Based on just one hour of idle time per day, you could save more than five gallons of fuel per month.

Reducing travel speed is another quick and easy step to lowering fuel consumption. While it may seem logical to move around a jobsite as quickly as possible, the added speed does consume more fuel. By slowing down 10 percent you can improve fuel efficiency by 8 percent.

Regular maintenance is essential

Regular maintenance is vital to the longevity and performance of equipment. Following recommended guidelines for routine service, such as changing filters, keeps machines running smoothly and helps reduce serious problems. A well-maintained machine doesn't work as hard, thereby reducing the amount of fuel needed to get the job done.

You may want to consider using a preventive maintenance plan or a PM contract, through your distributor. The plans offer comprehensive services, including changing all oil, filters and fluids at regular intervals. During a routine service, trained technicians thoroughly inspect machines for both visible and hidden problems that may potentially lead to a serious loss of time. Addressing these issues in advance reduces emergency downtime and keeps equipment in top working condition, which makes it more efficient and productive.

"Regular maintenance is extremely important, and it's one of the easiest things an equipment owner or operator can do," said Komatsu Senior Product Manager Tom Brakeall. "Any step you can take to eliminate

Updating your fleet with newer machinery can increase fuel efficiency. For example, Komatsu's PC200LC-8 features an ecot3, Tier 3 engine that provides more power and better fuel economy than its predecessors.





Eliminating idling and reducing travel speeds are two quick and easy ways to save fuel. During times of non-production, consider turning the machine off. Reducing travel speeds by 10 percent can improve fuel efficiency by 8 percent.

significant downtime is worth it. A PM contract will ensure your machinery is serviced on time and properly, so you can concentrate on getting more work done without worrying whether a machine is going to break down. Most distributors do the PM after hours, when the machine is down anyway, so there's no downtime involved with the service work."

Eliminate inefficiencies

Eliminating and reducing unnecessary and/or inefficient movement go hand in hand with travel speed. Plan ahead to avoid moving the machine around the jobsite in haphazard fashion, such as moving from one area to another then back to the original location. Instead, look for ways to keep the machine in the same area as long as possible and move across the site a little at a time.

You can further eliminate inefficient and unnecessary movement while the machine is performing. For example, in truck loading, reducing swing angle from 90 to 30 degrees will improve fuel efficiency by 3 percent. Speeding up production by shortening cycle times through improved excavation techniques can provide as much as 8 percent better fuel efficiency.

In quarry applications, a scale on the loading machine is an advantage because it helps eliminate unnecessary loading and dumping.

"A scale on the machine tells the operator exactly what he's putting in the truck. That eliminates a trip to the scale house where the truck driver may find out there's too much or not enough on the truck," said Scott. "If that's the case, the driver has to return to the quarry and adjust the load accordingly. A scale on the machine takes the guesswork out of the



There are several avenues equipment users can take to lessen their fuel consumption and increase productivity. Komatsu's new WA600-6 wheel loader is powered by a more fuel-efficient engine that also has more power than previous models. For even more efficient loading in quarry applications, consider equipping the machine with a scale to more accurately load trucks.



Regular maintenance following recommended guidelines saves fuel and improves equipment performance and longevity. Consider a preventive maintenance contract through your distributor to ensure all services are done properly and to identify and correct hidden issues that may lead to potential problems later.

equation, so trucks can be loaded faster and more accurately."

Along with shorter cycle times, you should maintain smooth digging, which can save more than 18 gallons of fuel per month. An operator can dig smoothly by not constantly pulling the control lever to try to lift a load that's too heavy. That action relieves oil pressure, which in turn increases the amount of fuel needed to perform the task.

While it may be important to get the task at hand done as quickly as possible, you could consider lowering engine speed. Ten percent less speed will reduce fuel consumption by 12 percent. Although you do lose about 7 percent in productivity, there is still a net gain in fuel efficiency, making the move cost effective in the long run.

Many equipment users also truck their own materials, which only adds to the fuel bill. But, there are ways to reduce those trucking costs as well. As with heavy equipment, a well-tuned truck engine is vital. Other factors, such as maintaining proper tire inflation, will also help. Remember, over- or under-inflated tires can cut efficiency significantly.

Continued . . .

New technologies raise production, lower costs

continued

Consider new technology

If you have older equipment, it may be time to update it. Older equipment tends to be less efficient. New equipment has technology designed to increase productivity while reducing fuel consumption and emissions. Fuel savings and better production will help offset the costs of switching to more efficient machines.

"The new Tier 3 engines have shown significant improvement in fuel economy compared with previous models," pointed out Scott. "At the same time, they're more powerful than before, so the production and efficiency benefits are outstanding."

Komatsu's new ecot3, Tier 3 engines were designed to give the user increased power, while at the same time using less high-priced fuel. Fuel savings can easily be 10 to 15 percent or more. The ecot3 engines are available in a wide variety of new Komatsu equipment, including excavators, wheel loaders, dozers and trucks.

These new machines were specifically designed to maximize fuel efficiency. For example, Komatsu's new Dash-8 series of hydraulic excavators comes with an "eco-gauge," which serves as a guide to efficient operation, giving the operator instant feedback regarding load and how it impacts fuel consumption. It also lets him know if he's idling too long.

New wheel loaders have technology such as an "E Mode" for maximum fuel economy, and come standard with 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. It prevents wasted flow, which in turn provides better fuel economy.

GPS systems can boost productivity

You can also use technology to save time and be more accurate in material placement with a global positioning system (GPS) such as Topcon's 3D-GPS+. A GPS system allows users to upload job design into a control box, which then receives machine-positioning signals from the radio antenna, GPS receiver, the blade-mounted GPS antenna, and a cross-slope sensor.

The control box continuously compares actual machine and blade position and calculates corrections that are sent to the hydraulics, creating fully automatic grading of the jobsite. All the operator does is control direction and speed while the GPS creates the final grade. The result is reduced staking and surveying costs. Plus, it takes fewer passes to reach final grade.

"The system has been proven to increase productivity by 30 to 60 percent," reported Randy Noland, Topcon's Machine Control Product Manager. "If you can get to grade faster and place material more accurately you're going to use less fuel. It's really a nice benefit. With a Topcon system, users are going to recoup their initial investment in labor and material savings, but they certainly will save on fuel by getting to grade in less time."

Making changes pays off

It may not be feasible to implement all these changes at once, but making just one could benefit you in both the short term and the long run. They will help you remain competitive and could increase your profitability through increased production and more efficient operation.

"It's hard to predict what will happen to fuel prices in the future, but you can always find ways to reduce your costs," concluded Scott. "Even if you only save a little, it's still more money in your pocket."

Newer technology such as Topcon's GPS+ system, which provides fully automatic grading of your jobsite, can save time and help you be more accurate in material placement. The result is reduced staking and surveying costs, plus you reach final grade in fewer passes which means less fuel to get the job done.





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"Synergy" isn't a word often associated with construction equipment, but it's the perfect word to describe the Komatsu PC600LC-8 and HM300-2 working together... especially when the terrain is less than perfect. Both of these hard-working machines deliver:

- · Rugged, dependable, go-anywhere productivity
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- · Advanced hydraulics for faster cycle times

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THE SIGMA DOZER

Revolutionary blade design greatly improves performance of Komatsu's new D155AX-6

Large construction-size dozers are becoming more commonplace on jobsites. Whether it's for heavy site-prep grading for residential subdivisions or commercial properties; or for road-building activities; or to strip overburden in a rock quarry — dozers in the 300-horsepower range are in greater demand as contractors put a premium on speed and productivity.

In totally redesigning its 44-ton, 354-horsepower, D155-size dozer, Komatsu has developed a machine that delivers unrivaled productivity in the class. Called the Sigma Dozer (so named because the shape of the Komatsu-patented Sigma Dozer blade is similar to the Greek letter Sigma ' Σ '), the allnew D155AX-6 significantly outperforms its predecessor and the competition.

"It all starts with the revolutionary Sigma Dozer blade," said Komatsu Dozer Senior Product Manager Chuck Murawski. "For years, Komatsu engineers have been working on a dozer blade designed to improve the cutting, piling and carrying of material. The result is the Sigma Dozer, which carries 15 percent more material than the previous Komatsu model and 20 percent more than the leading competitor. Rather than spilling material around the side of the blade, the Sigma Dozer blade's unique design heaps it up in the center and promotes improved rolling."

In addition to the design that allows it to carry more material more easily, the 12.3-cubic-yard Sigma Dozer blade has dual pitch and tilt as standard equipment. Komatsu also went to an all-electronic blade hydraulic control system that is easier on the operator and eliminates horsepower loss associated with proportional pressure control.

Productive and efficient

When you combine the new blade with the new Komatsu ecot3 (Tier 3-certified) engine that boosts output by 10 horsepower, and a new automatic shift transmission with lockup torque converter, the Sigma Dozer dramatically improves both efficiency and productivity.

"With the automatic-shift transmission and lockup torque converter, you're always operating in the most efficient gear," said Murawski. "In conjunction with the blade design, which reduces digging resistance and carries material more smoothly, the automatic



Chuck Murawski, Komatsu Dozer Senior Product Manager

Continued . . .

Brief Specs on the Komatsu Sigma Dozer					
Model	Operating Weight	Output	Blade Capacity		
D155AX-6	87,100 lbs.	354 hp (320 hp w. max cooling fan)	12.3 cu. yd.		



Major improvements to D155AX-6 Sigma Dozer

.. continued

shift enables you to doze large quantities of material with less power and therefore use less fuel. In addition to that, we've also installed the blade closer to the tractor, which improves visibility, reduces lateral sway and enhances digging force."

With the 15 percent production increase combined with a 10 percent decrease in fuel consumption, Komatsu reports fuel efficiency — the amount of fuel you'll use to move the same amount of material — is improved by a whopping 25 percent with the D155AX-6 compared with the previous D155 model, and more than that compared with competitive dozers. The unit also has 7.5 percent more



The Sigma Dozer blade is designed to promote rolling of material and to keep it from spilling around the sides.

The D155AX-6 is the first construction-class machine to get the K-Bogie undercarriage, the larger and sturdier undercarriage used on Komatsu mining dozers.



drawbar pull at 2 mph compared to the leading competitor.

Undercarriage upgrade

Beyond the large boosts in productivity and efficiency, the D155AX-6 has numerous other new features and benefits, all of which improve dozing performance and machine reliability. One of the most significantly improved areas is undercarriage, where Komatsu has replaced the X-Bogie system with the K-Bogie system, which is the same undercarriage that's used on mining dozers.

"The D155AX-6 is the first constructionclass dozer to use the K-Bogie undercarriage system, which is proven technology on large dozers that run 22 hours a day in a mining environment," said Murawski. "The track frame is roughly 20 percent larger and therefore sturdier and more rugged. It also has seven track rollers instead of six, a wider track gauge and longer track-on-ground length — all of which add up to a smoother and more comfortable ride."

The ripper on the new dozer was also redesigned for better visibility and to allow it to operate at higher pressure (4,000 psi).

Operator safety and comfort

Other improvements include a ROPS structure that's now built into the cab for better visibility; a new, easy-to-use, seven-inch LCD color monitor — the same one used in the new Dash-8 excavator line; and the Komtrax monitoring system that's installed as standard equipment.

Operator comfort is assured with a cab that's wider, higher and much longer than the previous D155. The operator will also appreciate a cab damper-mount system that keeps shock, vibration and noise to a minimum.

Routine maintenance is easily accomplished due to centralized check points and easy access to the engine through gull-wing doors.

"At our Field Days demonstration, operator comments about the machine were very favorable," said Murawski. "All of us at Komatsu are convinced the new D155AX-6 is the clear leader in its class and will pay dividends for equipment users by doing more for less." ■



Unearthing the world's finest materials calls for the world's finest fleet of mining machines. From trucks to shovels to wheel loaders, Komatsu's complete line of ruggedly reliable mining equipment works in tandem to lower your cost per ton, reduce cycle times and deliver greater payload. Add Komatsu's unmatched service and support solutions and you have equipment worth its weight in gold — and then some.

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NEW BACKHOE LOADER

Komatsu's WB146-5 offers greater productivity through innovative design changes

When Komatsu designed its new WB146-5 backhoe loader it included the best its previous model had to offer and added innovations to make it even more productive.

"We believe the backhoe user is going to be very impressed with this new model, which replaces our WB140-2," said Jeff Aubrey, Product Manager Backhoe Loaders. "We redesigned our previous model from the ground up, making significant improvements in the areas that will help the user get more work done in less time."

Changes are noticeable just by looking at the machine, which includes a larger cab with more glass area for 360-degree visibility. A corner exhaust with a front-roof cutout provides an unobstructed view when the loader bucket is at full height. Further cab appointments include an adjustable seat and adjustable steering and backhoe controls, allowing the machine to better fit any operator. Switches and gauges are clustered to simplify operation.

Visibility was further enhanced in the backhoe digging and loading operations with the WB146-5's new S-boom design that gives the operator a better view of the trench and truck. Backhoe buckets are equipped with Extreme Service (XS) adapters and a variety of tooth designs for multiple applications. Reversible outrigger pads accommodate both earth and paved surfaces.

More powerful and stable

A more powerful 88-horsepower engine with 16 percent more torque, combined with Komatsu's HydrauMind™ hydraulic system, provides speed, power and control in both backhoe and front-loading operations. The system is efficient, incorporating two working modes (Economy and

Power) and includes the "speed up" function to increase the working speed of the front loader. The loader also has dual-direction, parallel-lift linkage to keep attachments level throughout a lift. A larger-capacity loader bucket with bolt-on cutting edge is standard.

The engine is housed in a redesigned front end with a heavy-duty, cast nose guard/counterweight, which protects the engine compartment and improves the balance of the machine. The front grille removes easily for cleaning the radiator.

"The new WB146-5 was designed with more production in mind. The speed and power of this machine can make the operator very productive. The operator comforts will result in less fatigue at the end of the work day," Aubrey pointed out. ■

For more information on the WB146-5 backhoe loader, contact your sales representative or your nearest branch location.

Komatsu's new WB146-5 backhoe loader was redesigned from its predecessor, the WB140-2, which it replaced. New features include a larger cab with more glass area for better visibility, a new S-boom design and a more powerful engine with 16 percent more torque for increased productivity.

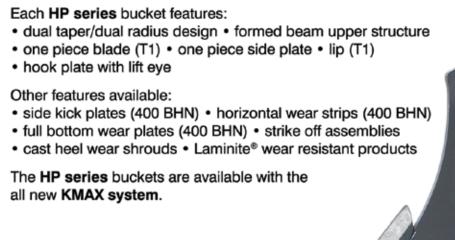


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ARTICULATED TRUCKS UPGRADED

More power and technology in Komatsu's new Dash-2 series of American-built ADTs

Since Komatsu began producing articulated dump trucks in 2001, the units have made a name for themselves as being among the best performing in the industry. Now, with the introduction of the new Dash-2 series, Komatsu has made its ADTs even tougher, more powerful and more technologically advanced.

The HM300-2, HM350-2 and HM400-2 have new ecot3 (Tier 3-compliant) engines with a significant power boost; the Komtrax monitoring system as standard equipment; and a new style that includes a reinforced bumper and transmission guard. On the HM300-2, Komatsu also increased low-end torque by about 10 percent and made improvements to the transmission to handle the extra power so the unit is now about 11 percent more productive.

"These new articulated trucks are a definite upgrade," said Steve Moore, Komatsu Senior Product Manager. "But equally significant to the changes is how far we've come in such a short time. We're now a significant player in articulated trucks. Our units are 100 percent Komatsu with everything designed and manufactured by us and we're one of the only manufacturers who can say that. We're also perhaps the only manufacturer that totally produces its ADTs in the U.S. We've been building our artics at the Komatsu Chattanooga Manufacturing Operation since January 2005, and now most of the units sold in North America come from Tennessee."

More loads hauled

With the new ecot3 engine, the Komatsu ADT line delivers faster acceleration and higher travel speeds, which means more loads hauled per day. To assure shockless shifting and to maximize the life of the powertrain, the transmission is electronically controlled, similar to Komatsu's highly successful rigid-frame dump trucks.

Also similar to the rigid trucks is the ADT line's braking system, which features large-capacity, continuously cooled, wet, multiple-disc brakes that also function as a retarder.

The HM300-2, HM350-2 and HM400-2 have heaped body capacities that are among the highest in their respective classes and have loading heights that are among the lowest. Turning radius is also among the best in the industry, enabling all three units to work on cramped jobsites.

"As far as a smooth ride, comfort and ease of operation, I think any operator who's ever been in a Komatsu ADT will testify that it's first-class," said Moore. "We'll happily demo our units against any competitor at any time because we believe the Komatsu difference will show through early — and that it will prove itself over time."



Steve Moore, Komatsu Senior Product Manager

For more information on Komatsu articulated trucks, contact your sales representative or our nearest branch location today.

Brief Specs on the Komatsu ADTs				
Model	Gross Vehicle Weight	Output	Capacity	
HM300-2	113,360 lbs.	329 hp	21.7 cu. yd./ 30.1 tons	
HM350-2	139,900 lbs.	394 hp	25.9 cu. yd./35.6 tons	
HM400-2	152,200 lbs.	453 hp	29.2 cu. yd./ 40 tons	

Komatsu's Dash-2 series of articulated trucks has higher horsepower, KOMTRAX, and is built in Tennessee.



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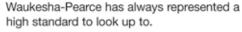




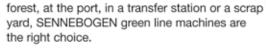








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On wheels, tracked, or on fixed or pedestal mounts, the green line machines from SENNEBOGEN combine job-driven ideas with superior engineering, backed in southeastern Texas and Mexico by the best in customer support and aftersale service from Waukesha-Pearce.







The green line 305 Multihandler is the ideal complement to SENNEBOGEN material handlers in MSW applications. It is the world's first telehandler with a hydraulic hi-rise cab, elevating operators to an eye level of 13.3 feet (4 meters) and reaches lift heights up to 24 feet (7.3 meters) with a load capacity of just over 11,000 lbs. (5 tonnes).

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IMPROVE EQUIPMENT UPTIME

Contractor discovers benefits of using KOMTRAX as part of a comprehensive preventive maintenance program

For Brent Hawkins, Owner and President of Marietta, Georgia-based Earthworks Grading & Concrete, Inc., equipment uptime is crucial. The company, which does mass grading and/or roads for large residential subdivisions, is known for doing quality work, and doing it quickly.

In order to get the uptime that delivers the productivity his customers count on, Hawkins uses late-model Komatsu equipment, including two excavators (PC300LC-7 and PC220LC-7), three dozers (D65, D41 and D39), two HM300 articulated dump trucks and a GD555 motor grader. He installed the KOMTRAX equipment monitoring system on each and every machine.

"I don't have a shop or a mechanic. I have my Komatsu dealer do all my maintenance and service work," Hawkins explained. "It saves me money, simplifies my life and keeps me doing what I do best, which is moving dirt."

Hawkins says the initial reason he got KOMTRAX was for convenience — so he wouldn't have to track everything himself, then call and schedule the maintenance every time it was due. "With KOMTRAX, my dealer tracks machine hours and gets machine locations, then just comes out and takes care of the service whenever it's required.

"In addition to the convenience, I've found KOMTRAX to be an easy-to-use system that helps me run my business better," he added. "I check the reports every week or so, just to see where we've been and to plan where we're going. If there's ever any question as to where a machine has been, KOMTRAX answers it by verifying times and dates, and even printing out a map of where the machine has been."

Vandalism and theft deterrent

Hawkins says he's convinced that KOMTRAX is paying off for him.

"One of our pipeline customers ended up spending \$12,000 for a motor on a machine that wasn't a whole lot older than ours. I credit KOMTRAX and our planned maintenance program for keeping our repair bills to a minimum. The guys from the distributorship are specialists, and because of that, I really believe we're being taken care of much better by them than we could take care of ourselves."

As for KOMTRAX itself, Hawkins says he intends to upgrade his system to include geofencing (an out-of-area alert system) and anti-theft features.

"We've experienced some equipment vandalism, and theft is always a possibility. With the KOMTRAX geofence and automatic shutdown (engine lock for nights and weekends), we hope to eliminate or at least minimize those potential problems."

For more information on KOMTRAX and how it can benefit your operation, contact your PSSR or the service manager at our nearest branch.

Brent Hawkins of Earthworks Grading & Concrete uses the KOMTRAX equipment monitoring system on all eight of his Komatsu machines. "We're on a planned maintenance program with our Komatsu distributor and KOMTRAX is an integral part of that," said Hawkins. "It also helps me track how and where my equipment is being used."





WORKING TO BE THE BEST

Komatsu and our distributors are committed to providing "world-class" product support



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.

Mike Evans, VP Product Support, Komatsu America

After earning a civil engineering degree from the U.S. Military Academy at West Point, Mike Evans spent five years as a military officer in the Army's heavy equipment division, including serving as a tank platoon leader in the first Gulf War. He later served as a Battalion Maintenance Officer in charge of repair and maintenance of 54 tanks.

With that background, he joined the service department of Komatsu America in 1995, eventually becoming Manager of Technical Support for Komatsu Mining Systems. Mike left Komatsu to work at the distributor level of the equipment business, and later joined a motorcoach manufacturer for a time. In late 2003, he returned to Komatsu as Vice President of Parts, and early this year, he was promoted to Vice President of Product Support.

"In this position I oversee activities of the Komatsu parts and service departments and develop strategies on how we can best serve our distributors and their customers," Mike explained. "We're developing programs and systems to help us achieve truly excellent, world-class product support. Our goal is zero downtime. Can we ever achieve it? Probably not, but we'll definitely never achieve it if it's not our goal."

Married with five children, Mike likes to spend most of his free time with his family, but he says his other passion is skiing. "I especially love downhill skiing, which I do as often as possible during the season, including taking a week's vacation out to the mountains each year. For me, it's the best way to relax and have fun."

QUESTION: When most of us think of product support, we think of distributors' parts departments, shops, field trucks, technicians and PSSRs. What is Komatsu's role in delivering product support to equipment users?

ANSWER: Likening it to my military background, the distributors' parts and service personnel are on the front line, while we are typically in the rear, supporting their efforts. We're a resource for them. We have access to machine information from across the country and throughout the world. By collecting that information and passing it on, we're able to help the distributor do a better job of meeting customers' parts and service needs.

Of course, we also provide training for distributor personnel. We recently instituted the Komatsu Learning Management System (KLMS) whereby we track the level of technician certification as a way to measure the quality of the service our distributors are providing. We also make field calls with their technicians when needed. And on the parts side, from detailed histories on hundreds and even thousands of machines, we know what parts need to be stocked at the local level. We also let distributors know the optimum number of techs, trucks and PSSRs they should have based on their territory and inventory.

QUESTION: In regard to supplying replacement parts in a timely manner, how is Komatsu's regional parts depot concept coming along?

ANSWER: It's no longer just a concept. We already have regional parts depots up and operating in Pittsburgh, Las Vegas and Denver, and we'll be adding three more — Minneapolis, Portland and Savannah — within the next year.

The advantage of having these parts warehouses located throughout the country is

that it makes it much easier for the distributor to get a part by 7 a.m. the following day — and having worked at the distributor level, I know personally how important that is, compared to getting it in at 11 a.m. or noon.

QUESTION: Most distributors now offer varying levels of a repair and maintenance contract, whereby they will provide the routine maintenance as well as repairs — work traditionally done by the equipment owner himself. What is the advantage of such a program for the equipment user?

ANSWER: A customer benefits two ways. First, he's assured that he's going to get top performance from his machine, often with guaranteed uptime. If maintenance is substandard, the machine isn't going to perform as well or last as long as it otherwise would. By having a distributor's technician do the work, he knows it's going to be done right and that the machine is going to work the way it's supposed to work.

The other benefit is purely financial. When you analyze the full cost of having your own shop and your own mechanics — and their training, tooling and benefits — it's a very expensive proposition that most equipment owners underestimate. They think they're saving money, but when you look closely, it's usually cheaper to have the distributor do it.

QUESTION: What are a few tips you would give to equipment owners wanting to get the longest, most productive, most reliable life out of their machines?

ANSWER: Regular maintenance done properly. Oil analysis every time. Work with your distributor and use genuine OEM parts. It just doesn't make sense to put a \$200,000 piece of equipment at risk in order to save a couple of dollars by buying the cheapest oil and filters you can find. We've tested aftermarket filters that claim to be as good as our OEM product, but they're not comparable at all. They don't stop the contamination nearly as effectively, and with tolerances so tight in today's machines, it doesn't take much particulate getting through to really damage and reduce the life of a component or an entire machine.



Komatsu works closely with its distributors to ensure they have the appropriate number of trucks, technicians and PSSRs to meet the needs of customers. "We also provide training and recently started assessing the skill level of our distributors' technicians," said VP Product Support, Mike Evans.



QUESTION: Generally speaking, what do you believe Komatsu brings to the table for equipment users?

ANSWER: In my mind, there's no doubt that top-to-bottom, across the entire product line, when it comes to productivity, reliability and technology, Komatsu equipment is the best on the market — and I think most of our customers recognize that. My responsibility is to achieve that same level of performance and recognition for our product support efforts.

As of today, I can assure customers that improving product support is our top priority. My goal is to improve our product support to a "world-class" level so that it's viewed by customers as a positive difference-maker — a reason to buy Komatsu. We no longer want to be just OK, or second-best. We want to lead the way.

To improve parts availability to distributors and their customers, Komatsu has opened three regional parts depots, and will open three more in the next year.

INDUSTRY NEWS

IMMIGRATION REFORM

AGC urges action that includes border security and a guest worker program

One of the issues that's drawing widespread attention this election year is U.S. immigration policy — specifically the subject of illegal immigration from Mexico. It's an issue that the construction industry deals with more than most other industries.

In light of that, the Associated General Contractors of America is expressing support for increased border security that would create better control over the nation's borders and a comprehensive approach to immigration reform that would include a new guest worker program and a viable way to address undocumented workers.

"The first step to enacting effective immigration reform is enforcing our borders,

AGC believes that new legislation should provide for an effective guest worker program that would allow U.S. construction companies to recruit immigrant workers

legalization."

when U.S. workers are not available to fill their needs.

Program details

According to AGC, a new visa program should:

but that can't be the final step," said AGC

to produce legislation that also provides

a new guest worker program and earned

CEO Stephen E. Sandherr. "Congress needs

- Be valid for a long enough time frame to ensure that an employer's training investment is not lost;
- Be renewable and provide a way to sponsor employees for permanent residency while under the new visa process;
- Be flexible. If there is a cap, it should be based on the needs of the marketplace;
- Require individuals using the new visa to stay with the sponsoring employer for a certain amount of time (unless abuse of the employee is found) in order to actually address the needs of the employer;
- Ensure that all labor and employment laws apply.

AGC also supports a path to earned legalization that would include paying fines, learning English, staying employed, paying taxes and completing criminal background checks before applying for a potential green card.

Associated General Contractors of America wants Congress to enact immigration legislation that would allow construction companies to recruit immigrant workers when there aren't enough U.S. workers to fill their needs.



ON THE LIGHT SIDE

"I want that video that shows those 'reallife' construction jobs; you know, the ones where the sky is always blue and where nothing goes wrong."



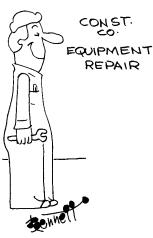






"I know the safety director said we're supposed to be creative about safety. But I don't think using the pogo stick will really help avoid any hazards while traveling around the jobsite." "He's a good mechanic. He gets inside the problem every time ... and he finds the exit!"



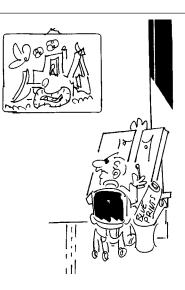


"Your special looks good, but I hope it won't be any big problem to make a few minor modifications to the specs."



"We did so well on the last design-build job, the developer asked us to take on one more part of his next project: the financing... I guess you could call it design, build and pay!"





MORE INDUSTRY NEWS

CONEXPO-CON/AGG tops trade show list

The CONEXPO-CON/AGG international exposition for the construction industries has been named the largest trade show of any industry in the United States, for the third consecutive time. The last three editions of the triennial exhibition have earned the top spot for the years in which it was held — 1999, 2002 and now 2005.

The rankings are compiled by *Tradeshow Week* magazine and are based on net square feet of exhibit space. CONEXPO-CON/AGG 2005 set records for exhibit space and attendance —

spanning more than 1.88 million square feet of space and more than 124,000 attendees.

"Our show is run by and for the industry," said Show Director Megan Tanel, in explaining CONEXPO-CON/AGG's continuing success. "For example, all of the planning committees are made up of exhibitors and attendees and we listen to their input."

The next CONEXPO-CON/AGG is scheduled for March 11-15, 2008, at the Las Vegas Convention Center. ■

Small business health plan considered by Senate

A Senate committee has approved legislation providing for small business health plans (SBHPs), which may help extend affordable health care to millions of American workers, including many in the construction industry.

"The committee vote is a tremendous step forward in providing better health care

insurance access to the millions of men and women who make up the overwhelming majority of the nation's construction work force," said Kirk Pickerel, President and CEO of Associated Builders and Contractors (ABC).

By enabling small businesses to pool their risks, Pickerel says an SBHP could reduce health insurance costs by 20 percent or more.

Data DIGest

The latest figures compiled by Associated General Contractors of America Chief Economist Ken Simonson show construction employment slowed in May. As part of his Data DIGest newsletter for the first week of June, Simonson reports on Bureau of Labor Statistics figures that show construction employment increased by just 1,000 for the month — but was up by 257,000 (3.5 percent) over the previous 12 months.

The report also shows construction spending dipped in April to a seasonally adjusted annual rate of \$1.196 trillion, down 0.1 percent from March, but up 8.5 percent from April 2005. New single-family private construction dropped by a steep 1.6 percent for the month, although the January-April 2006 total was 13 percent above the year-ago figure. Public construction fell 0.2 percent for May but was up 10 percent year-to-date.

NEWS AND NOTES

Dates for World of Asphalt announced

The next World of Asphalt Show and Conference will be held March 19-22, 2007, at the Georgia International Convention Center in Atlanta.

World of Asphalt is the only industryfocused event specifically targeting the business and professional development needs of asphalt, highway and maintenance professionals. The show features exhibits of the latest asphalt-related equipment, products and services, as well as extensive educational programming and plenty of opportunities for networking.

A special feature of World of Asphalt 2007 will be a private tour of the National Center for Asphalt Technology (NCAT), located in nearby Auburn, Ala. NCAT works to improve hot-mix asphalt and performance through research, education and information services. The emphasis is on research the industry, as well as state and federal governments, can readily apply.



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DISTRIBUTOR CERTIFIED

BEFORE AND AFTER

How a Komatsu Distributor Certified used machine differs from other used machines



Lee Haak, Komatsu ReMarketing Director



What's the difference between a Komatsu Distributor Certified used machine and any other used machine? The main difference is, with a Komatsu Distributor Certified machine, you're assured of what you're buying.

"When a Komatsu distributor inspects and grades a machine, there are specific criteria it must meet to receive the grade it gets," said Komatsu ReMarketing Director Lee Haak. "Often, improvements are made to bring the machine up to a higher level."

Because of the inspection and improvements, the Komatsu distributor

USED

half was certified (below).

"A good-looking Komatsu
Distributor Certified machine
is not just a used machine
with a new paint job," said
Komatsu ReMarketing
Director Lee Haak. "If it's
certified highly enough, it was
either in very good condition
to begin with or was externally
and internally repaired to meet
specific standards to ensure
good, reliable performance."

These photos show the stark

"before and after" difference

Certification makes, Half of

this very used D61 was left

"as-is" (above) while the other

Komatsu Distributor



is confident the machine will perform as represented, and therefore typically is willing to stand behind the sale by offering an extended warranty.

"With a Komatsu Distributor Certified used machine, the buyer is basically assured that the unit will do what it's supposed to do — and if it doesn't, the distributor will make it right," said Haak. "That and frequent special financing rates are what differentiates a Distributor Certified machine from a used piece that's bought at auction or from a broker."

More than just a paint job

As part of the inspection process for a Distributor Certified used machine, trained technicians will not only note the easy-to-see cosmetic damage, but will also uncover mechanical problems and potential undercarriage issues. All aspects of the machine will be repaired or replaced, or the shortcomings will be pointed out to you as a potential buyer.

"A machine that's Komatsu Distributor Certified has almost certainly had much more than just a paint job — unless that's all it needed," said Haak. "The great thing about Komatsu machines is that the original equipment is built to such a high quality standard, it's worth repairing. That's why we're able to put Distributor Certified machines back in the marketplace for a second life, and do so with confidence that they'll perform productively and reliably."

For more information on how a used machine earns Komatsu Distributor Certified status, you can go to the Komatsu America Web site, click on "used equipment," then click on "What is ReMarketing?" to view a multimedia presentation.

HOMATSU DISTRIBUTOR DISTRIBUTOR CERTIFIED CERTIFIED USED TEQUIPMENT

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-

quality 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.

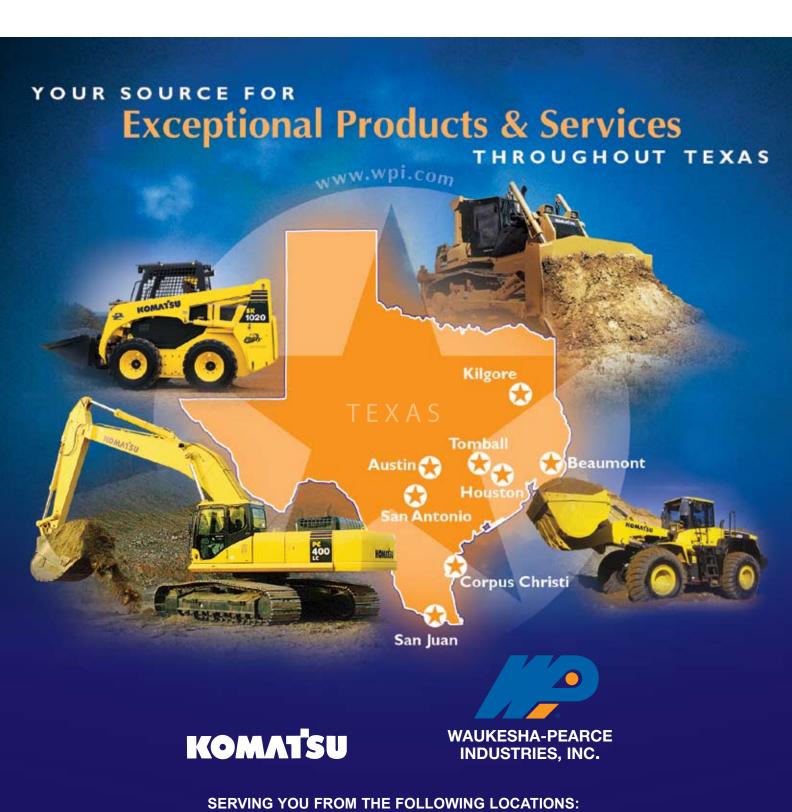
Purchasing Komatsu Distributor Certified Used Equipment makes sound business sense. You'll receive good value for your money and a reliable and productive machine that will get the job done for years to come — we guarantee it!

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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