



WAUKESHA-PEARCE INDUSTRIES, INC.

UPDATE

A PUBLICATION FOR AND ABOUT WAUKESHA-PEARCE INDUSTRIES, INC. CUSTOMERS • 2007 No. 2

Featured in this issue:

JOHN STUART SITEWORK LTD.

Offering a full package of
services keeps San Antonio
contractor moving ahead

See article inside...



John Stuart, Owner

KOMATSU

A MESSAGE FROM THE VICE PRESIDENT



G. Michael Green



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Dear Equipment User:

As you might expect, we believe Komatsu equipment is top-of-the-line. Some might argue there are comparable machines within certain models, but top-to-bottom and across-the-board, you're going to be hard-pressed to come up with a more solid lineup — and in specific machines, you're not even going to be able to come close to the performance you get from Komatsu. All we want is a chance to prove to you the difference Komatsu and Waukesha-Pearce Industries, Inc. can make in your business.

If you're in the market for a new machine, we ask you not to buy until you've thoroughly investigated your options. Spec the machine out — then try it out. In many cases, the Komatsu advantage will be apparent.

In other ways, the Komatsu advantage may be less apparent, but make no mistake, Komatsu is doing things no other manufacturer is doing. For example, you may not yet be using a remote equipment monitoring and management system, but it's definitely the wave of the future. With Komatsu, the KOMTRAX system is factory-installed as standard equipment on virtually all new machines, and there are no communications charges for the first five years. Compare that with other top brands that charge you for the system and the installation, then charge you a monthly communication fee. Consider Komatsu's totally free system versus the competitors' cost of thousands of dollars per machine. That's a prime example of the Komatsu advantage.

At WPI, we'll be happy to show you other things we and Komatsu are doing to make your equipment owning and operating experience a pleasant one. Feel free to give us a call, or stop by at any time. We look forward to the opportunity to prove we can and will do whatever it takes to earn your business.

Sincerely,
WAUKESHA-PEARCE
INDUSTRIES, INC.

G. Michael Green
Vice President of CMD Operations

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A PEARCE INDUSTRIES, INC. COMPANY

IN THIS ISSUE

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MANAGING YOUR BUSINESS

Learn how taking a proactive approach to safety can lead to better productivity and higher profits.

NEW PRODUCTS

Find out why the Komatsu PC800LC-8 is the new "go-to" excavator for large jobs.

MORE NEW PRODUCTS

See how Komatsu's new mid-size wheel loader, the WA430-6, can help lower your fuel costs while improving productivity.

NEW UTILITY PRODUCTS

If you're looking for an economical backhoe loader that still offers excellent power and comfort, Komatsu's new WB142-5 may be the answer.

NEW QUARRY PRODUCTS

Komatsu brings out the big guns with its new 100-ton HD785-7 haul truck designed to lower cost per ton in quarry applications.

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RELIABLE EQUIPMENT
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A SALUTE TO A **WPI** CUSTOMER

JOHN STUART SITEWORK LTD.

Offering a full package of services keeps San Antonio contractor moving ahead



John Stuart,
Owner

When John Stuart Sitework LTD. began serving customers in the San Antonio area, the types of jobs Stuart and his partner, Ricky Beach, could do were fairly limited.

"It was basically the two of us, two pickups and a few garden tools," said Stuart, who along with Beach, struck out on his own 11 years ago after working for another company for nearly a decade. "We'd do about anything that anybody would let us do. We started buying some equipment, leasing some equipment, and, in some cases, borrowing equipment. Through a lot of hard work, we were able to build our business up over time."

Their hard work has produced one of the largest and most comprehensive site-work companies in the San Antonio marketplace. John Stuart Sitework has grown from those humble beginnings into a 170-employee-strong business that offers customers a wide range of services. The company's focus is currently on doing subdivision work for residential developers. Occasionally, John Stuart Sitework breaks out its services, but Stuart notes that's a rare exception.

John Stuart Sitework added two Komatsu GD655-3 motor graders to its fleet. "We've been very pleased with how easy they are to operate," said Owner John Stuart.

"It's our preference, and our customers', to do a full site package that includes everything from clearing to paving," said Stuart. "We do all the mass excavations, install wet and dry utilities, build the house pads and do some of our own paving. Residential developments have been our main area of concentration the past several years. Our customers have kept us so busy in that segment of the market, we haven't had to look elsewhere."

Stuart credits the company's drive to provide quality customer service as the reason customers continue to call John Stuart Sitework when they need a job done right and on time. Stuart said the company often does value engineering designed to help customers save time and money.

"If we can work with customers to find a better way of doing something, it benefits us both," he noted. "It's a way for them to get their job done faster and at a lower cost. But it's not a way to cut corners. We simply won't do that. But if we can engineer a way to get a job done faster without risking safety or structural integrity, we'll do it. Our ability to do that for customers, and finish with a quality job, has helped us gain a lot of repeat business."

Deep Creek Materials begins operation

It also helps that Stuart and Beach continually look for ways to better serve their clientele. With that ideal in mind, they opened Deep Creek Materials, a 700-acre quarry operation located northwest of San Antonio, near Medina Lake. The quarry currently employs five people, including Manager Marcie Clute.

"We believed that to be a fully rounded company that could keep costs in line for our



customers, we needed to provide as many of our own materials as possible," Stuart explained. "We started developing the quarry a couple years ago, and began producing and selling materials about a year ago. We're producing flexible base that we use for roadways, utility rock for our trench work and stabilized rock for construction entrances. Our plan is to expand our offerings and make clean aggregates as well."

"Most of what we make goes to supply our own material needs on John Stuart Sitework projects, but we have built a good list of customers who are coming to us for their material needs," Clute said. "Generally, they pick up the materials themselves, but we do deliver."

Employees deliver customer satisfaction

Delivering a job on time and budget has been a hallmark of John Stuart Sitework since its inception, thanks in large part to an experienced, dedicated staff, according to Stuart. Employees are split among several utility, grading and staking crews, which help the company stay on top of the up to 25 projects the company has going at any one time.

"The company has my name on it, but our employees have had just as big a hand in its success as Rick or I have," Stuart acknowledged. "Some have been with us since the beginning. They all have the attitude instilled in them that the customer's the most important part of our business. As long as they continue to do that, our business will flourish. They all play a key role."

New Komatsu equipment paying off

Also playing a key role in John Stuart Sitework is a top-of-line fleet of equipment, including nearly 40 new Komatsu excavators, wheel loaders, backhoe loaders, motor graders and a skid steer the company recently leased from WPI's San Antonio branch with the help of Sales Representative Shorty Pena.

"We decided it was in our best interest to go with a newer fleet of equipment to save maintenance costs and ensure uptime, and our Komatsu equipment has proven the decision was a good one," said Stuart. "We had several dealers put together a package of equipment,



Deep Creek Materials Operator Art Molina uses a Komatsu WA500-6 wheel loader to load trucks and stockpile materials. "It's fantastic to run," said Molina. "It has great power, and with the five-and-one-half-yard bucket, I can load a truck in a couple passes. It responds very well and is comfortable to ride in. I love everything about it."



Komatsu excavators and backhoe loaders have increasingly become a larger part of John Stuart Sitework's equipment fleet. "We use the excavators for mass excavations, digging trenches, setting pipe, hammering and clearing," said Equipment Manager Jack Schul. "The backhoe loaders give us some flexibility. The operators like them because they have excavator controls, which they're used to. It makes for a smooth transition going from one machine to another."

and at the end of the day, WPI stood out. Because of our long history with Shorty and WPI, we knew the support they promised would be there, and that's a big factor in our equipment-buying decisions."

The fact that Komatsu had long been a part of John Stuart Sitework's equipment list played a key role as well, according to Equipment Manager Jack Schul. Schul noted that the new machines feature Komatsu's KOMTRAX equipment monitoring system, which the company uses to track oil samples online.

Continued . . .



**RELIABLE
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Commitment to quality builds customer loyalty

... continued



Jack Schul,
Equipment
Manager



Marcie Clute,
Quarry Manager

"We sought input from our superintendents and foremen who work with the equipment every day," said Schul, who also buys parts from WPI online. "They were very pleased with the Komatsu equipment we had in the past, especially its speed and reliability. They were very happy we chose Komatsu when we decided on the big package."

Included in the package was a new WA500-6 wheel loader that the company uses at Deep Creek Materials for loading trucks and stockpiling materials. It features an ecot3, Tier 3 engine that gives it more power with less fuel consumption. "It's fantastic to run," said Operator Art Molina. "It has great power, and with the five-and-one-half-yard bucket, I can load a truck in a couple passes. It responds very well and is comfortable to ride in. I love everything about it."

Other wheel loaders in John Stuart Sitework's fleet include several 134-horsepower WA250-5s used for a variety of tasks. "They're just the right size for us because we can use them for backfilling and carrying rock for trenches," said

Schul. "We put JRB quick couplers on them so we can switch to forks for carrying pipe. They offer us a lot of versatility."

Versatility plays a role in the company's digging machines as well. John Stuart's recent equipment addition included a PC300LC-7 and four PC270LC-7 excavators, along with eight WB140-2 backhoe loaders. "We can use the excavators for mass excavations, digging trenches, setting pipe, hammering and clearing," said Schul. "In all applications, we've found them to be powerful with good cycle times. The backhoe loaders give us some flexibility to do small hammering and utility jobs in places where a large machine isn't feasible. The operators like them because they have excavator controls, which they're used to. It makes for a smooth transition going from one machine to another."

John Stuart Sitework added two GD655-3 motor graders, an SK1020-5 skid steer and several Bomag rollers to round out its equipment list. "Komatsu motor graders and skid steers are new for us, and we've been very pleased with how easy they are to operate," Stuart said. "We've used Bomag rollers for years, so it was a natural to make them part of the package."

John Stuart (left) worked with veteran WPI Sales Representative Shorty Pena on his recent package of new Komatsu equipment. "Because of our long history with Shorty and WPI, we knew the support they promised would be there, and that's a big factor in our equipment-buying decisions."



A staple of John Stuart Sitework's fleet are versatile, 134-horsepower WA250-5 wheel loaders. "They're just the right size for us because we can use them for backfilling and carrying rock for trenches," said Equipment Manager Jack Schul. "We put JRB quick couplers on them so we can switch to forks for carrying pipe."



Continued quality

Continuing to offer customers a large package of services is the goal of John Stuart Sitework, which has grown to the size Stuart wants it to be. Recent projects include the Silver Oaks subdivision, where crews moved nearly 50,000 yards of dirt and installed 20,000 feet of water and sewer pipe, among other improvements.

"That was a good-size project, but it's not necessarily typical of what we do because there is not a typical job for us," said Stuart. "We're diversified from the standpoint that we work for several different developers and homebuilders who build homes in all different price ranges. Our projects go from \$500,000 to \$5 million, depending on how much needs to be done."

"We pride ourselves on being able to complete jobs in that size range with 100 percent satisfaction," he further emphasized. "We've built the company the right way, with slow and steady growth. If we continue to get bigger, though, we may not be able to meet our customers' needs as well as we do, and I'm not about to let that happen." ■



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CRITICAL COMMERCE CORRIDORS

ARTBA proposes new highway program to move freight more efficiently in future years

The development of a national strategy to improve the efficient movement of freight is critical to future U.S. economic productivity and should be a top priority for federal policymakers charged with writing the next highway and transit reauthorization bill in 2009. That's the message American Road & Transportation Builders Association (ARTBA) President Pete Ruane delivered at a recent U.S. Chamber of Commerce Foundation conference.

Ruane cited a Federal Highway Administration (FHWA) report showing that freight bottlenecks are causing trucks more than 243 million hours of delay annually, at a cost of nearly \$8 billion. "If the U.S. economy grows at a conservative annual rate of 2.5 to 3 percent over the next 20 years, domestic freight tonnage will almost double and the volume of freight moving through the largest international gateways may triple or quadruple," the FHWA report says. "Without new strategies to increase capacity, congestion at freight bottlenecks on highways may impose an unacceptably high cost on the nation's economy."

Plan addresses future needs

In his remarks, Ruane outlined a two-part plan approved by the ARTBA Board of Directors that is aimed at addressing the nation's future surface-transportation needs. Part one of the plan is to continue the current highway and transit programs, but with better funding to address future safety and mobility priorities.

Part two of the plan establishes a new federal government program called the "Critical Commerce Corridors (3C) Program." Funded by freight-related user fees, it would improve U.S. freight movement and emergency response capabilities. The program would strategically

link and upgrade the nation's major water ports, airports, border crossings and rail networks with national intermodal freight transfer centers. Where possible, the network would separate commercial traffic from passenger vehicles.

The scheduled 2009 reauthorization of the highway and transit investment law (SAFETEA-LU) provides a meaningful opportunity for Congress to develop a national freight strategy and allow the U.S. Department of Transportation to assume the lead role in identifying and defining a "Critical Commerce Corridors" system, according to Ruane.

"The result of this initiative would be a clear and focused strategy directed at the growing dilemma of efficiently moving freight," Ruane said. "This challenge is about more than congestion, bottlenecks and delayed deliveries. It is about securing America's place in the global competitive market. The American people and business community deserve nothing less." ■



Pete Ruane, President, American Road & Transportation Builders Association (ARTBA)

ARTBA is proposing a new federal program to improve freight transportation by strategically linking and upgrading ports, airports, border crossings and rail networks — and separating commercial traffic from passenger vehicles where possible.



MANAGING YOUR BUSINESS

SAFETY ECONOMICS

A proactive approach to avoiding mishaps can lead to better productivity, higher profits

This report is based on information from a wide variety of sources serving the construction industry.

Through the years, safety has become one of the most important aspects of the construction industry, if not the most important. Legislation protecting workers from harm is extensive, as lawmakers require businesses to put worker safety ahead of profitability. But that doesn't necessarily mean your business will lose money by implementing sound practices.

As you know, OSHA requires companies to have a safety program that outlines good practices and policies designed to keep the worker from harm. The intent is for everyone in the company, from the president down to the laborer, to understand what constitutes safety, how to avoid potential hazards and what to do in an emergency. It's often a general outline, but can be more specific to your business. For example, an underground utility company should have a good portion dedicated to trench safety as well as Material Safety Data Sheets that list the hazards of using all types of pipes and glues.

While many aspects of a good safety program are relatively simple to initiate, they can be very effective. A case in point: wearing hard hats on jobsites at all times.

While the idea is a solid one, the implementation of these programs is often less than ideal. For small businesses especially, the idea of putting together a manual that covers nearly every possible safety scenario can be daunting. Larger companies often have specific safety experts on staff, but smaller companies typically lack the resources necessary to hire, train and maintain these specialists. However, they face no less risk and responsibility than their larger counterparts do.

So what happens? Often businesses copy or modify a standard OSHA or other safety plan, keep it on file and forget about it. Safety sometimes becomes secondary to production, and safety manuals are put on the shelf to collect dust. Some businesses tend to take a reactive approach, responding after an accident has happened, rather than a proactive approach to prevent mishaps.

If this sounds familiar, it may be time to rethink what safety can mean to your business and its profitability. If you're not already figuring how safety can make you more competitive, you're behind the game. No longer does the lowest bid always win a job. More and more owners and municipalities are checking the safety records of the companies, and factoring in those safety records, before awarding contracts. Those with spotty records will often find themselves left behind, no matter how much lower their bid is than the competition.

Focus your efforts

Putting safety first can help your company be more profitable in an increasingly competitive construction market. By focusing on safety and decreasing the number of incidents your business faces, you can lower your workers' compensation and insurance rates. Doing so can



help you improve the final figure you submit on a bid, increasing your chances for getting a job.

Lowering the number of incidents also has a positive effect on your reputation. It's in the owner's best interest to hire companies that have good safety records, as it lowers the chances of an accident happening on their jobsite, thereby lowering the likelihood of being sued because of an accident. That's why many owners are taking the safety records of the contractors they hire into consideration. If you have a reputation for unsafe practices, your chances of getting a job decrease dramatically.

If your number of incidents, insurance rates and workers' compensation are high, you can do something about it by changing the way your company views safety. Starting immediately, make safety a top priority, placing it above productivity and profitability. By doing so, your productivity and profitability should increase as the amount of time and money lost by accidents decreases.

Start with a comprehensive program

Getting started is not difficult. Remember that safety program? If you don't have one, you need one immediately. If you do have one and aren't using it, pull it out and go through it thoroughly. Tailor it to fit general safety practices and specifically, your type of business. Spend time making sure it thoroughly covers all aspects of your business, including procedures to follow in case of emergency. Seek input from employees at all levels of the company to ensure you cover scenarios and potential hazardous situations you may not have thought of.

The chief concern of the program should be that no work will be performed until it can be done safely. Other parts of the program should include items such as a safety and health policy or philosophy, safety and health objectives, how to conduct jobsite inspections, safety rules and discipline.

Once the program is in place, make sure everyone understands the full scope of it. While it may seem unproductive, hold a meeting or series of meetings with everyone in the company to make sure each person has a copy of the program and understands its contents. The time



Underground contractors know good practices in trench safety are extremely important, including trench shields or boxes for deep excavations, ladders for egress at proper intervals and hard hats and other safety gear to keep workers protected from potential falling objects.



away from the job to cover it will easily be made up if management and workers understand safety and employ the practices outlined in the program. That will lead to a lower number of incidents.

If you have the resources to hire a safety staff or safety expert, you should. Those experts are generally well-versed in implementing and documenting your safety program and

Careful planning is necessary to set up and maintain a safe work environment. Everyone on the site should check often for potential safety hazards, and safety meetings should be mandatory.

Continued . . .

Putting safety first benefits all

... continued

charting its progress. They also know ways to decrease your risks to exposure. If you can't afford to do this, you can still place someone — be it the president, vice president, general superintendent, etc. — in charge of overseeing the safety of the entire company. If it takes a little extra compensation to do it, it's well worth it in the long run.

While each employee should be trained in and held accountable for safety, it's still the company's responsibility to provide a safe work environment. In addition to an overall safety expert, each jobsite should have someone who is responsible for consistently checking hazardous conditions. This means before, during and after each shift. This person is generally referred to as a "competent person" by OSHA standards. In addition to checking the site conditions, this person should also inspect workers' gear such as hard hats, safety glasses and clothing for potential defects that could contribute to an incident.

Review your plan often. You may believe you have every potential situation covered, but that could easily be a mistake. Update the plan as often as necessary, and inform employees of changes. Listen to employee concerns and adapt your policies, if necessary, to take into consideration their ideas.

Safety programs are comprehensive and cover general ideas. They should be used as

a general guideline for all jobs, but each job should be considered individually as well. When estimating and bidding a project, take into account hazards specific to that job, and build how you will deal with those into your bid. By planning ahead, you won't have to deal with unforeseen circumstances that may cost you profits in the long run. Your thorough focus on safety may win you the bid even if yours isn't the lowest.

A "safety culture"

These efforts are all part of a comprehensive mind-set that some call a "safety culture." This culture takes into account more than just having a safety program. It calls into play goals that each company should set for itself and strive to maintain. They should be specific and measurable, such as increasing the number of man-hours worked without a lost-time accident.

Once the goals are in place, make sure everyone understands them and works to achieve them. Don't ever forget them. Work hard to document the progress of each goal and inform everyone in the company of how well they are meeting the stated objectives. If a goal is met, reward it in some meaningful way.

Make safety training a part of your plan. Hold safety meetings regularly and make sure everyone fully understands the topics being discussed. OSHA and other organizations have literature and experts available to help in your efforts, including materials in multiple languages.

The future will likely bring more safety rules and potential legislation aimed at stiffening penalties for businesses that fail to put safety ahead of productivity. By implementing good safety practices now, you can put yourself in position to be ready for any potential incidents as well as stricter legal guidelines.

All this may seem like overkill, but it's not. By implementing these safety practices, you cut the risk of lost-time and costly accidents significantly. Spending the money to provide safe work environments will lead to better quality, better production, less turnover and lower insurance and workers' compensation rates. All will put more money in your pocket in the long run. ■

Working in high places means extra safety equipment, such as safety harnesses, which should be tied off and checked often for proper fit and to ensure they're securely fastened.





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The PC800LC-8 is bigger, faster and more fuel-efficient than its predecessor

For large earthmoving jobs, as well as heavy underground utility projects, the Komatsu PC800LC-8 is the new “go-to” machine. The PC800LC-8, which meets Tier 3 emissions-reduction standards, has replaced the PC750LC-7 in Komatsu’s excavator lineup.

Weighing in at more than 180,000 pounds, the PC800LC-8 is several thousand pounds heavier than its predecessor and has a faster cycle time.

“The additional weight gives the PC800 improved lift capacity and over-the-side stability, which makes it ideal for lifting and placing heavy pipe,” said Komatsu Hydraulic Excavator Product Manager Peter Robson. “The improved cycle time was achieved with a quick arm-return circuit and a faster bucket dump. The result is greater productivity in truck loading.”

Like all Dash-8 excavators, the PC800 delivers outstanding fuel economy, especially when run in the Economy working mode. The machine also has a Heavy Lift mode which delivers 10 percent more lifting force on the boom whenever it’s needed.

The KOMTRAX monitoring system is standard equipment on the PC800LC-8, which also has a hydraulic fan with a Reverse mode that operators can activate through the monitor panel to help clean the radiator when operating in particularly dusty conditions.

King of the hill

The PC800LC-8 has 487 net horsepower, which is 7 percent more than the PC750LC-7.

“That’s nice, but an excavator is not like a dozer or a truck where you need raw horsepower to pull up a hill,” Robson explained. “With an

excavator, it’s all about how fast you can dig, and top digging performance is achieved through precise engine and hydraulic management, not higher horsepower. If you can use less horsepower to get the production you need, you’re king of the hill. And that’s what we’ve done with the PC800LC-8. We’ve developed a machine that digs faster but uses less fuel.”

Robson says the PC800LC-8 features the durability and reliability that Komatsu excavators are known for, and is also a very smooth machine that operators will appreciate because it handles like a much smaller excavator. ■

For more information on the PC800LC-8, contact your sales representative, or call our nearest branch location.



Peter Robson,
Komatsu Hydraulic
Excavators Product
Manager

Brief Specs on Komatsu PC800LC-8

Model	Flywheel horsepower	Operating weight	Bucket capacity
PC800LC-8	487 hp	182,980 lbs.	2.23-5.93 cu. yd.

If you're looking for a large excavator that digs faster and uses less fuel, the new Komatsu PC800LC-8 is the answer. The massive 487-horsepower machine delivers outstanding fuel economy and 10 percent more lifting force in the Heavy Lift mode.





RELIABLE EQUIPMENT
RESPONSIVE SERVICE

MORE NEW PRODUCTS

NEW WHEEL LOADER

Mid-size WA430-6 offers better production at a lower cost



Rob Warden,
Product Manager

Like most equipment users, you're probably looking for a way to lower your fuel costs while maintaining or improving productivity. Komatsu's new WA430-6 wheel loader delivers on both counts.

The WA430-6 replaces the WA400-5 in Komatsu's wheel loader lineup. Like Komatsu's other Dash-6 models (WA380, WA450, WA480, WA500 and WA600), the WA430-6 is powered by an ecot3, Tier 3-compliant engine.

"We've seen significant production and fuel-efficiency increases with the WA430-6 compared to its predecessor," said Rob Warden, Komatsu Wheel Loaders Product Manager.

"For example, this machine can use up to 15 percent less fuel to do the same amount of work. Like the other Dash-6 models, it has a large-capacity torque converter, so the user will have a lot of power going up a hill and greater rimpull going into a pile. It also has 21 percent more breakout force than the WA400-5."

The WA430-6 comes standard with a variable-displacement piston pump that works in combination with Komatsu's Closed-center Load Sensing System (CLSS) to deliver only the necessary amount of flow needed for hydraulic function. The design prevents wasted hydraulic flow, which in turn provides better fuel economy.

Comparative Specs for the Komatsu WA430-6

Model	Output	Bucket Capacity	Breakout Force
WA400-5	200 hp	4.1-5.6 cu. yds.	33,290 lbs.
WA430-6	231 hp	4.1-5.6 cu. yds.	40,333 lbs.

Komatsu's new WA430-6 wheel loader, which replaces the WA400-5, provides increased production and fuel efficiency compared to its predecessor. A large-capacity torque converter gives added power for hill climbing and greater rimpull going into a pile.



Pick the best mode

Fuel efficiency and power are enhanced through several operation modes, including the "E" (Economy) mode for general loading. An automatic transmission with an "Auto Low" mode is used for low-engine-speed operations, and a "P" (Power) mode gives the WA430-6 maximum digging power. An "Eco" indicator informs the operator when the machine is maximizing fuel efficiency.

Tracking utilization and machine condition is easy with the KOMTRAX equipment monitoring system that comes standard on the WA430-6. The system allows users to monitor machine location, meter reading and error codes, as well as a host of other information.

"The WA400-5 was a great machine, so we took its basics and made it better with the WA430-6," explained Warden. "We believe this machine, like our other Dash-6 models, is an industry leader that will improve performance in a wide range of applications." ■



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RELIABLE EQUIPMENT
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NEW UTILITY PRODUCTS

NEW BACKHOE LOADER

Komatsu's WB142-5 offers excellent productivity in an economical package

Owners looking for a solid backhoe loader that's economical, yet powerful enough to tackle a variety of tasks can turn to Komatsu's new WB142-5.

"The WB142-5 is the fifth model in an outstanding line of backhoe loaders from Komatsu," said Jeff Aubrey, Product Manager Backhoe Loaders. "It's aimed at the cost-conscious buyer who wants a machine with lots of performance in a simple package. Therefore, it's priced lower than our high-spec deluxe models. It's what we call an 'entry-level' backhoe loader, but it has many of the same design features of its big brother, the WB146-5."

High production

Production in both loader and backhoe applications is driven by a Komatsu 76-net-horsepower diesel engine that's housed in a heavy-duty, cast nose guard, which provides integral counterweight and front protection to the engine. Standard four-wheel drive lets operators work on days when other machines are parked.

Unlike many units in its class, the WB142-5 features a high-output (37 gpm), tandem-gear-pump hydraulic system designed for maximum speed, power and control. It even has two settings for the loader and the backhoe, so the operator can choose between maximum performance and maximum fuel economy.

Roomy work station

Komatsu kept the operator in mind with the new WB142-5, which features a state-of-the-art interior that's rugged, yet elegant. A suspension seat provides a comfortable fit for any size operator. The ROPS/FOPS canopy has a true dual-entry platform. Controls, switches and

gauges are clustered to simplify operation and visibility.

A corner-mounted exhaust allows the operator a full 360-degree unobstructed view, including a clear look at the loader bucket, even at maximum height. Komatsu's new S-boom design is narrow, providing better visibility in both the trench and in loading trucks.

The operator may choose from either Power or Economy mode when using the 14-foot-class backhoe. A one-cubic-yard loader bucket with a bolt-on cutting edge is standard, as are reversible stabilizer pads.

A pleasure to own

Daily service checks are simple. Just raise the one-piece, tilting hood, and all daily checks are grouped on the left side of the engine. Grease points are conveniently located and fuel filling is at ground level. There's also a standard lockable tool box. And like all Komatsu machines, the WB142-5 uses O-ring face-seal hydraulic fittings for leak-free operation. ■

Brief specs on the WB142-5

Model
WB142-5

Output
76 hp

Operating Weight
14,513 lbs.

Bucket Capacity
1.0 cu. yd. (loader)

Komatsu's new WB142-5 offers many of the same benefits as larger Komatsu backhoe loader models — operator comfort, high value, high productivity, ease of service and security.

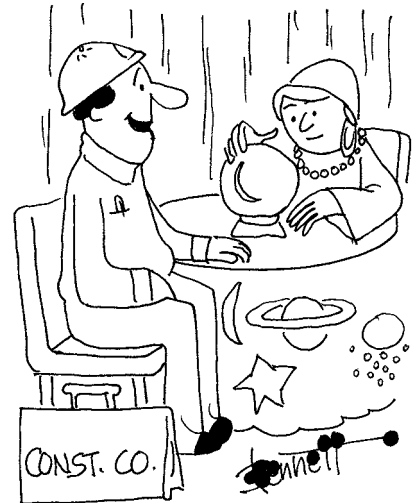


ON THE LIGHT SIDE



"Did you bronze your hard hat for your retirement trophy because it reminds you of all the jobs you did — or because it helped you make it to retirement?"

"Tell me if I'm going to have any problem with the IRS if I deduct you as a business expense."



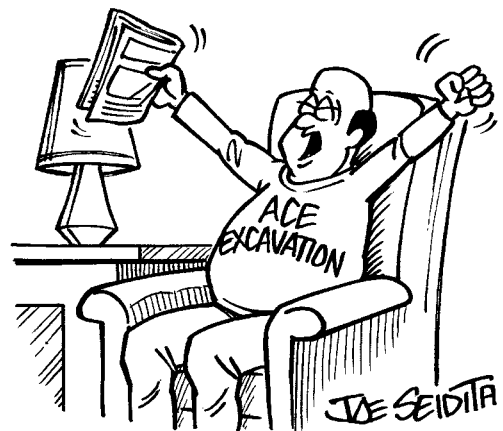
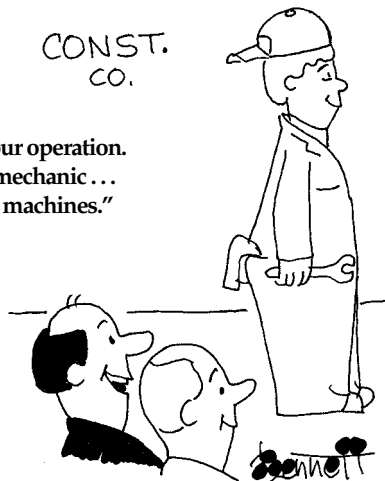
"We're the low bidder... and I can't find a single mistake in our figures!"



"We're trying to develop a truly valuable GPS system for this model. It will not only know where it is, but it will know where all the potential jobs are."



"He's a good fit for our operation. He's our youngest mechanic... but he likes the old machines."



"Yaaawn!... Guess it's time to hit the bedrock."



RELIABLE EQUIPMENT
RESPONSIVE SERVICE

NEW QUARRY PRODUCTS

HD785-7

Komatsu's new haul truck features advantages designed to lower users' cost per ton

Part of any efficient quarry operation involves moving materials quickly from the ground to the crusher at the lowest cost per ton possible. Komatsu's new HD785-7 haul truck was designed with maximum efficiency in mind to help you move more material faster with less fuel consumption.

"More and more quarries are going to larger-capacity haul trucks, such as the 100-ton HD785-7," said Tom Stedman, Marketing Manager - Mining Trucks. "It has the tightest turning radius of any truck in its class. In quarry operations, where space is often limited, that's a big advantage."

The HD785-7 has several other features that make it advantageous, including a high-performance engine that delivers nearly 10 percent more horsepower than its predecessor, the HD785-5. Variable Horsepower Control (VHPC) allows selection of two modes, Power and Economy, which can be set according to working conditions. In either mode, the VHPC system detects whether the truck is loaded or empty and selects the optimum horsepower for production and fuel efficiency.

Tracking fuel efficiency and maintenance is easy with the Vehicle Health Management System (VHMS), a fully integrated system that collects data throughout the truck. "It's a great tool for looking at long-term trends," said Stedman. "VHMS provides data gathered from all areas of the truck, including pressures, temperatures and speeds, to name just a few. Customers can use this information to customize their maintenance programs accordingly."

All-wheel, wet-disc brakes

Komatsu worked to lower maintenance costs with the addition of all-wheel, wet-disc brakes. Each brake is fully sealed to keep contaminants

out, reduce wear, and require no adjustments. "They are much more efficient than dry-disc brakes," Stedman noted. "Over the long haul, they're going to save the user quite a bit."

An Automatic Retard Speed Control (ARSC) utilizes a large-capacity retarder that allows operators to set downhill travel speed at a constant level, so the operator can concentrate on steering. "It's like cruise control for downhill operation," explained Stedman. "When the operator reaches the speed he's comfortable with, he activates the system with the push of a button, and the truck will maintain that speed. It's very good for areas where there are long downhill hauls.

"The ultimate goal of the new HD785-7 is to save the user time and money," he added. "With more horsepower and lower fuel consumption, the cost per ton is fantastic. We'll be bringing these features to more of our haul trucks in the future." ■



Tom Stedman,
Marketing Manager
Mining Trucks

Komatsu's new 785-7 100-ton haul truck offers 10 percent more horsepower than its predecessor, while lowering fuel consumption. Additional features include all-wheel, wet-disc brakes, Variable Horsepower Control and a Vehicle Health Management System.

Brief specs on the Komatsu HD785-7

Model	Capacity	Net Horsepower	Vehicle Weight
785-7	100 tons	1,178	366,000 lbs.





RELIABLE EQUIPMENT
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KOMATSU & YOU

CONTINUOUS IMPROVEMENT

Serving customers better is the goal of V.P./General Manager of Construction Division



Greg Hewitt,
V.P./General Manager Construction Division,
Komatsu America Corp.

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.

A native of Knoxville, Tenn., Greg Hewitt graduated from the University of Tennessee with a business degree, then joined the Maytag Company. Unlike the Maytag repairman of TV commercial fame, Greg was never the loneliest guy in the world while at Maytag. He spent 17 years there, where he earned an MBA and held a variety of increasingly important jobs. He left Maytag in 2004 to join Textron, a large multi-industry company, as Executive Vice President of the Jacobsen (professional mowers) Division.

Last November, Greg was recruited by Komatsu America Corp. to become V.P. and General Manager of the Construction Division. It's a new position in which Hewitt oversees all activities associated with planning, operations, selling and servicing Komatsu's construction-size equipment line, which consists of D31 to D275 dozers; PC120 to PC1250 excavators; WA150 to WA700 wheel loaders; GD555 to GD675 motor graders; articulated trucks; and rigid trucks less than 715 hp.

"Even though I had never worked in heavy equipment manufacturing, I knew Komatsu was a great company and that this was a great opportunity," said Hewitt. "Having been here for a while now, I'm even more excited about the prospects. One of Komatsu's strengths is a product that, in my opinion, across-the-board, is equal or superior to anything else out there. Our goal is to build on that strength to deliver an unprecedented level of satisfaction to customers."

Hewitt is married with two daughters, ages 8 and 12. "My work days can be fairly long. When I'm away from the job, I enjoy investing time with family, staying in shape, reading and traveling."

QUESTION: As someone relatively new to Komatsu, what are your initial thoughts on what the company does best?

ANSWER: As one of my former bosses used to say, "Product is King," and one of the things I've learned is that Komatsu products are excellent. We make very high-quality, technologically advanced equipment that's productive and reliable. We believe our products provide the best value in the industry when you take into account the performance, the uptime, the longevity and what you'll get in resale or trade-in.

QUESTION: At the other end of the spectrum, where does Komatsu need to improve?

ANSWER: The biggest thing is product support. Certainly, that's not unique to Komatsu. Probably every equipment manufacturer and every equipment dealer in the country would say they want to improve product support because that's where you create customer loyalty. From what people tell me, Komatsu has improved in that area in recent years. I believe we're doing a good job supporting our product now, but we're still not as good as we want to be or need to be. Our goal is continuous improvement that results in ever greater customer satisfaction.

QUESTION: What steps is Komatsu taking to improve the level of support?

ANSWER: The Komatsu Training and Demonstration Center in Cartersville, Ga., is a good example of a step we've taken to improve the quality of service we provide. It's a state-of-the-art facility that offers training for distributors' technicians, their in-house trainers and their customers. On the parts side of the support equation, we continue to open Regional Parts Depots to ensure that our distributors can

get same-day or early next-morning delivery of virtually any part. We now have a fill rate in the high 90th percentile, which we'll put up against anybody in the world.

QUESTION: Product-wise, what should Komatsu customers be excited about this year?

ANSWER: Our big launch in 2007 is a new, small dozer line (machines roughly in the 75- to 125-horsepower range). We believe our current Komstat dozers are excellent — highly productive and reliable — and that the new models will be best-in-class by a large margin.

QUESTION: If you had one-on-one time with a contractor who's trying to choose between a Komatsu machine and another leading brand, what would you tell him to convince him to buy Komatsu?

ANSWER: I would just give him the facts. Fact number one: if production is important, examine horsepower, digging speed, capacity, fuel efficiency, reliability — all of those things. Shop and compare. In most cases, we're going to come out on top. Fact number two: do some research on resale value. Due in part to our commitment to R&D and engineering, our machines last a long time and hold their value better than the competition. Fact number three: look at the big picture. We're a \$16 billion global company. With Komatsu and our distributors, you get the kind of cradle-to-grave total support that only the largest of companies can provide.

Lastly, I'd tell him to look for the best value. If he studies the machine owning and operating costs, we feel confident that Komatsu will be the choice more times than not.

QUESTION: What is Komatsu expecting from the construction economy this year?

ANSWER: We're fairly positive about the construction market. As everybody knows, housing is down, but everything else is holding its own. The overall industry forecast is for about a mid- to high-single-digit decrease in the total number of units sold this year. On the face of it, that doesn't sound great, but when you consider we're coming off a couple of all-time-record years, it's really not bad at all.

And frankly, at Komatsu, we think there's a potential for us to grow our business even



With a wide range of equipment from large mining machines to compact utility equipment, Komatsu produces high-quality, technologically advanced equipment that's productive and reliable. "We believe it's the best value in the industry," stated Greg Hewitt, V.P. /General Manager Construction Division, Komatsu America Corp.



To augment its larger dozer line, which includes machines such as this D155AX, Komatsu plans to introduce a new line of small dozers in 2007.



Komatsu's focus on product support places an emphasis on training. The company's state-of-the-art Training and Demonstration Center in Cartersville, Ga., provides training for distributors' technicians and in-house trainers as well as customers.

in a slightly slower market. In the overheated environment we've been in, some manufacturers did well largely because they had inventory available. Now, with inventory more plentiful, customers will probably do more shopping around looking for the best value. We welcome that environment as an opportunity to prove our worth to an equipment user. ■



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PRODUCTIVITY POINTERS

THE KOMTRAX ADVANTAGE

How Komatsu's wireless equipment-monitoring system can help you improve productivity

Chances are you've heard of KOMTRAX, Komatsu's wireless system that allows you to monitor your equipment from your office computer or laptop. You may know it provides basic information, such as where a machine is and how many hours are on it, which is useful if a machine is stolen, and for service and maintenance. What you may not realize is that the new version of KOMTRAX can also be an extremely useful tool in improving your field productivity.

"Customers who use the full-range of KOMTRAX services have a distinct advantage over those who don't. It's really that simple," said Ken Calvert, Komatsu Director of IT Support. "How? By providing details on asset utilization. How many of your machines are actually working at any given time? Do you need more machines, or could you get by with fewer? Is a machine working or idling? Is it being run in Power mode or Economy mode; and if it's full power, is that really necessary or is it a waste of fuel? These are all money matters that directly impact a contractor's bottom line."

"Of course, KOMTRAX is also still a valuable tool for scheduled maintenance and helping implement a repair-before-failure program for major components," added Chris Wasik, Manager of Service Support Programs for Komatsu. "But we believe KOMTRAX's operational information will help a contractor improve efficiencies, availability and profit."

The KOMTRAX difference

Komatsu is so convinced that wireless equipment monitoring is a true difference maker for equipment users that it's taken unprecedented steps to make the system available, affordable and user-friendly. These steps include:

- Factory installing KOMTRAX as standard equipment on almost every new Komatsu machine, and making it totally free for five years (top competitors charge more than \$2,000 for the hardware and installation, then also charge a monthly communication fee);
- Having a team of Komatsu and distributor personnel dedicated solely to monitoring KOMTRAX, and communicating with customers to help them keep costs and downtime to a minimum;
- Making the information easy to use and understand, including, in the not-too-distant-future, communicating KOMTRAX info to customers via e-mail.

"Right now, thousands of KOMTRAX-equipped machines are out in the field, but only a small percentage of customers actually use the data," observed Calvert. "We want to increase that number because we're convinced Komatsu customers who use KOMTRAX properly will be more productive and more profitable." ■



Ken Calvert,
Director of IT Support



Chris Wasik,
Manager of Service
Support Programs

For more information on how KOMTRAX can work for you, contact our service department today.

By using all the capabilities of KOMTRAX, machine owners can improve field productivity and improve profitability.



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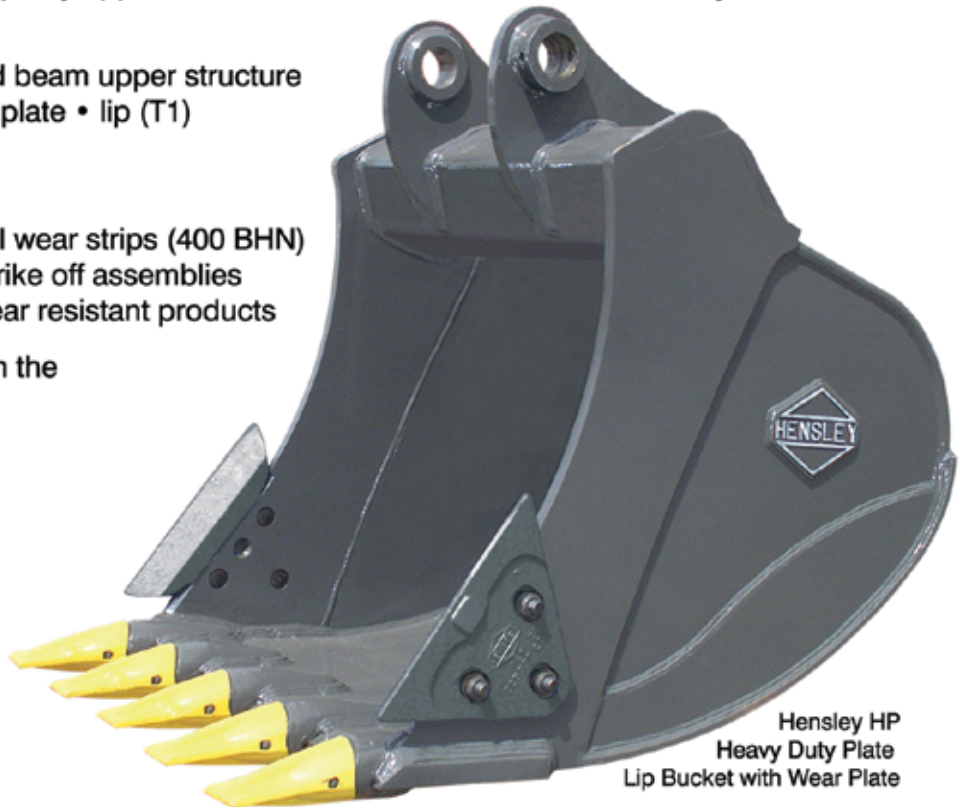
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INDUSTRY OUTLOOK

LONG HOURS AND SAFETY

New study indicates working overtime is not a major health or safety issue

There has long been a perception that working more than 40 hours per week adversely affects the health and safety of workers. There were even some research studies indicating that was the case. But now, a new study shows the connection between working overtime and experiencing safety and health problems might be overstated.

The study, published recently in the *Journal of Occupational and Environmental Medicine*, found that people who work very long hours do indeed have an increased likelihood of health and safety problems — however, it also found that other factors, such as previous health problems, actually have a much stronger effect on overall worker health, safety and productivity.

“Our results challenge the assumption that each hour of work above 40 hours steadily increases health and safety risks and reduces productivity,” said Allen Harris Jr., Ph.D., lead author of the report. “In fact, no adverse effects were found until the 60-hour-per-week mark.”

Even when workers reached the 60-hour-per-week mark, Allen noted that “the effects were limited to an increased risk of workers’ compensation episodes for hourly female employees with a history of workers’ comp episodes, and to an increased risk of new musculoskeletal diagnoses for older workers.” People not in those categories did not show any added risk.

More emphasis on prior health

The study was based on a sample of nearly 2,800 people who work at a heavy manufacturing company. Presumably, the results are also applicable for other industries, including construction, where long hours are often the norm.

According to the researchers, moderate overtime (48-59 hours per week) had no bearing on employee health and safety, regardless of their job or demographic characteristics.

“Although work hours are a factor, they should be considered alongside previous health and other factors that comprise the larger context within which employee health, productivity and safety outcomes are determined,” said William Bunn, M.D., co-author of the report. “On both the research and policy fronts, more emphasis needs to be focused on prior health and other antecedents to the number of hours worked that better predict employee safety, lost productivity and future health.” ■

It has long been speculated that working long hours, which is not unusual in the construction industry, might negatively impact the health and safety of workers.

However, a recent study by Allen Harris Jr., Ph.D., and William Bunn, M.D., indicates that may not be the case.

Today’s advanced equipment, such as this Komatsu excavator, is specifically designed for operator safety and comfort, which also makes construction safer.



CONSTRUCTION INFLATION ALERT

AGC economist says material costs may begin rising toward the end of the year

VYou probably noticed that construction cost increases, which had been growing rapidly for the past couple of years, slowed considerably in the last half of 2006. That's the good news. The bad news is the construction inflation slowdown is not expected to last.

"The relief is likely to be short-lived and may have ended already," said Associated General Contractors (AGC) Chief Economist Kenneth Simonson. "By the end of 2007, materials costs could be rising again at a 6-percent to 8-percent rate."

In AGC's fourth Construction Inflation Alert released recently, Simonson explained construction is vulnerable to high price increases because the industry has little ability to avoid using materials that are

in strong demand and for which supplies increase irregularly. As a result, he says heavy construction is likely to experience much higher cost increases than the general rate of inflation.

"Two factors distinguish construction costs from consumer costs. First, the consumer price index (CPI) includes large amounts of services and goods for which materials are not a significant share of the costs, or for which substitution among materials is possible. Second, every material used in construction must be physically delivered."

In terms of labor, Simonson believes the industry may also be entering an era of accelerating wage and salary costs. He forecasts that wages will rise at a 5-percent pace this year. ■

EMISSIONS TESTING

EPA making sure that new engines are doing what they're supposed to do

The U.S. Environmental Protection Agency (EPA) recently announced it has completed an initial batch of emissions testing for construction, agricultural and industrial diesel-powered engines to confirm that results supplied by engine manufacturers are accurate, according to the Diesel Progress Online Web site.

The milestone, EPA said, marks the start of a series of confirmatory emissions testing to ensure these non-road diesel engines meet the requirements of EPA's Clean Air Non-Road Diesel Fuel as early as 2008.

All non-road diesel engines tested at EPA's National Vehicle and Fuel Emissions Laboratory during the initial round met their expected emissions limits, reported Diesel Progress Online. The second round of emissions testing is scheduled for this spring.

Non-road diesel engine testing is a part of EPA's commitment to ensuring that the numerous public health benefits of the Clean Air Non-Road Diesel Rule are achieved. ■

MORE INDUSTRY NEWS

Small business health insurance being studied

The House Small Business Committee recently held a hearing on the state of healthcare for small business. The committee acknowledged that rising healthcare costs are one of the biggest concerns for small businesses, and that fewer entrepreneurs are able to provide adequate health insurance to their employees.

According to the committee, of the 46 million uninsured Americans, more than half live in a household headed by a small-business owner or employee. While most businesses that employ more than 200 provide health insurance to their employees, less than half of small-business employers offer coverage.

As House Small Business Committee Chairman Nydia Velázquez (D-NY) noted, "The high cost of healthcare is a serious

obstacle for small businesses that are trying to compete in the global marketplace. We know small firms pay more per employee to provide health insurance than large firms and that many of our nation's main job creators simply cannot afford it. Meaningful reform that addresses these concerns is a necessity, and this committee will be working to find a solution to this ongoing crisis."

Possible solutions to the problem include changing the tax treatment of health insurance, exploring reinsurance options, and expanding pooling options available to small businesses. A recent AED survey shows that members believe Congress should enact legislation to reduce small-business insurance costs, thus helping members provide health insurance to their employees. ■

This article appeared in AED's (Associated Equipment Distributors) "Washington Insights" newsletter



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The program started with just a handful of distributor technician-evaluators trained to inspect used machines. Today, there are more than 600 such certified inspectors.

"The growth of the program and the growth of the number of trained evaluators is significant because it ensures a high level of

consistency from coast-to-coast," said Komatsu Director of ReMarketing Lee Haak. "All of our technician-evaluators are trained to the same standards and certified by the same person, Komatsu ReMarketing Training Manager Alan Christensen. They all use the same worksheet and the same criteria. Wherever you are in North America, if you buy a Komatsu Distributor Certified used machine, you're assured of what you're getting and of what the machine is going to do."

Full disclosure

The Distributor Certified evaluation process includes diagnostic tests and covers all essential aspects of machine operation, from the engine, drive train and hydraulics to the undercarriage, work equipment and electrical system.

"The inspection and resulting rating basically constitute a 'full disclosure' report to the buyer of that piece of equipment," explained Christensen. "We're providing honest, straightforward and factual information. Sometimes, when we find issues, we repair them. But mostly, we're here to give a true assessment of a used machine's status."

The inspection/assessment is something each evaluator takes very seriously, according to Christensen. "The evaluator's name is on that report. By signing it, he is, in essence, looking the salesman in the eye and saying, 'You can tell your customer he can buy this with confidence because I've given it a thorough inspection.' It's like his own personal seal of approval."

Because of the rigorous inspection, Komatsu distributors are willing to stand firmly behind the product, which is also often eligible for extended warranties and special rates from Komatsu Financial. ■

(Right) Following about five hours of classroom training, technicians are critiqued on their practice evaluations.



(Below) Komatsu ReMarketing Training Manager Alan Christensen conducts a training session at a Komatsu distributor.





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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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