



WAUKESHA-PEARCE INDUSTRIES, INC.

UPDATE

A PUBLICATION FOR AND ABOUT WAUKESHA-PEARCE INDUSTRIES, INC. CUSTOMERS • 2008 No. 4

Featured in this issue:

CHEROKEE CONTRACTING

**Outstanding reputation brings
San Antonio underground contractor
more business, investors**

See article inside...



(L-R) CFO Jeff McElroy,
VP of Operations Miles Montgomery
and VP/GM Greg Jones

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A MESSAGE FROM THE VICE PRESIDENT



G. Michael Green



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Komatsu's revolutionary dozers, which have drawn rave reviews from industry experts and users alike, are among our feature products in this issue of your *WPI Update* magazine. Find out how the D155AX-6 with the Sigma blade is helping companies move more material faster. You'll also see that the new D51 recently won a very prestigious industry award for its design, which increases operator visibility for more accurate and efficient work in a large number of applications.

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G. Michael Green
Vice President of CMD Operations

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See how this San Antonio-based utility contractor built a reputation that attracted customers as well as investors.

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NEW UTILITY PRODUCTS

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MACHINE MANAGEMENT

Learn how KOMTRAX, Komatsu's fleet-monitoring system, can save you money and help you make money.

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A SALUTE TO A **WPI** CUSTOMER

CHEROKEE CONTRACTING

Outstanding reputation brings San Antonio underground contractor more business, investors

A solid reputation goes a long way toward success in any business. For Miles Montgomery and Cherokee Contracting (www.CherokeeUtilities.com), it's literally helped build the business into one of the most respected underground utility companies in the San Antonio metro area.

"I started Cherokee Contracting because I believed there was a better way to do business," stated Montgomery, who struck out on his own in 2003 after working in the industry for 17 years. "The first job I did was a multifamily housing project for a developer, and we hit it off from the start. That spurred us into doing repeat business for him, and through word-of-mouth referrals we've been able to expand our customer list to include a large number of repeat customers. That's what I set out to do from the beginning."

The beginning of Cherokee Contracting was basically Montgomery and a small group of

employees whose focus was offering a quality job done right, on schedule and on budget. Montgomery stressed honesty and integrity in dealing with customers, and word got around he was serious about customer satisfaction. The word spread not only to other developers looking to Cherokee Contracting to do their work, but to potential investors who could leverage their past experience and success.

That brought a trio of investors to Montgomery's door looking for a successful business that could benefit from their experience and resources to grow even more successful. Earlier this year, Greg Jones, Bob Langer and Jeff McElroy teamed up with Montgomery, becoming equal partners in the San Antonio, Texas-based business. Montgomery took the title of Vice President of Operations and continues to oversee all of the projects and customer relationships. Jones, an experienced technology infrastructure executive, serves as Vice President and General Manager, and is responsible for business development and for bringing together the resources for Montgomery to expand his operations. McElroy, a veteran executive with well-rounded experiences across all finance and planning functions, is Chief Financial Officer. Langer has an advisory role, leveraging his many years of success in the technology and services markets. The four bring different skills to the team and share equal responsibility in running the company.

"As we were doing our due diligence in looking at companies to invest in, Cherokee Contracting came to the top of the list," said McElroy. "Our criteria for investment was three-fold: the business had to be well-established, profitable and have a solid

The management team at Cherokee Contracting includes (L-R) CFO Jeff McElroy, VP of Operations Miles Montgomery and VP/GM Greg Jones. The San Antonio-area company specializes in underground utility installation.



reputation. We looked at several businesses, and the more we looked at what Miles had accomplished with Cherokee Contracting, the easier the choice became."

Strong corps of workers promotes growth

"Miles Montgomery is hall-of-fame caliber when it comes to the contracting business," said Jones. "And one thing that stood out to us was Miles' ability to not only do quality work, but do it more effectively and efficiently. Time-to-revenue for the developers is critical to the project, and for them to be able to go vertical with construction, the underground work has to be done first. In many cases, we're able to cut the time it would ordinarily take to do an underground installation by 25 or 30 percent. That's a credit to Miles' experience."

Montgomery's experience has helped Cherokee Contracting branch out from its original focus as a subcontractor on multifamily housing units, into commercial and governmental projects. The company runs three crews, with the ability to scale to five or six based on the relationship with Waukesha-Pearce and the existing labor force. It does multiple projects of significant size with flexibility to scale according to Montgomery.

"The size and scope of our projects all depend on what the developer or general contractor wants us to do, but we typically like to do as much of the work as we can ourselves," said Montgomery. "We take a very detail-oriented approach to each project, going over it thoroughly ahead of time, so that when we're ready to begin, any issues are worked out and we can start construction without delay. Usually, the first step for us is to go over the plans with a customer to see if there are ways to more efficiently do a project that will save them time and money. From there we handle getting permits and materials. Once the dirt contractor has the site to grade, we come in and install water, sewer and storm lines."

Montgomery oversees field operations, working closely with customers to ensure their needs are met. He's helped by an experienced and dedicated staff of 25 that includes key employees such as Superintendents Rocky



Cherokee Contracting's first Komatsu machine was a PC200 excavator it rented in 2003, and since then, the company has continued to buy Komatsu, including this PC200LC-7 used for digging a utility trench on a jobsite in San Antonio. "When I was working for someone else, I had the opportunity to see and compare several different brands of machinery," said VP of Operations Miles Montgomery. "Komatsu stood out to me because of its reliability."



Komatsu wheel loaders offer Cherokee Contracting versatility as it uses them to backfill trenches as well as carry storm structures using attached forks.

Escamilla Sr. and his son Rocky Jr. The elder Escamilla has worked with Montgomery since Cherokee Contracting's founding.

"Succeeding in this type of business takes a special group of employees who take the business as seriously as we do," emphasized Jones. "It starts with great leadership like that which Miles has provided. In the end though, you have to have employees who will dedicate themselves to the company's success, and ours do. We can't emphasize enough how important they are and the role they've played in creating Cherokee's reputation for high-quality performance and service. They're our No. 1 asset."

WPI, Komatsu keep business humming along

Montgomery emphasized that the second-most important asset is having a dealer

Continued . . .

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Steady growth continues for Cherokee Contracting

... continued



Rocky Escamilla Sr.,
Superintendent



Rocky Escamilla Jr.,
Superintendent

In addition to Komatsu equipment, Cherokee Contracting uses Bomag compaction machinery, including this BW145PDH pad-foot roller used by Superintendent Rocky Escamilla Sr.

that's willing to work with a young company to provide the equipment necessary to grow. He found that with WPI's San Antonio branch, working specifically with Sales Representative Shorty Pena, Sales Manager Rusty Yarbrow and Branch Manager Robert Barrera.

"Everyone at WPI, from the top managers down to the technicians in the field, understands how important our machinery uptime is to our business and our customers' satisfaction, so they give us 110 percent," said Montgomery. "Shorty rented us a Komatsu PC220 excavator when I got my first project,

and that really helped me get going. Since then, we've continued to buy Komatsu because it's good equipment, but maybe more importantly, because WPI continues to offer us outstanding service. We don't have our own mechanics, so WPI handles all our services and preventive maintenance. When we call, they get right on it."

Servicing Cherokee Contracting's fleet is no small task. The company now uses 15 pieces of Komatsu equipment that includes excavators (PC160 and PC200 models), wheel loaders (a WA250 and two WA200s) and a WB146 backhoe loader. It's also purchased Bomag compaction equipment from WPI.

"In my past experiences, I had the opportunity to see and compare several different brands of machinery," recalled Montgomery. "Komatsu stood out to me because of its reliability. All machinery will break down, but the Komatsus outlasted the others fairly significantly. That helped me decide where to turn when I was looking for equipment, plus I already knew Shorty. We haven't been disappointed at all with our Komatsu machines, especially in areas such as fuel efficiency, which we've noticed is a lot better than with other brands."

Customer always comes first

Despite a slowing economy, Cherokee Contracting continues to rack up work. The company was recently awarded three more projects to begin soon, maintaining the list of four to six jobs it usually has going at any one time.

"Part of our business plan when we came into the company was to grow by a crew each year, which is 25 to 30 percent, and it looks like we're on target for that," said McElroy. "With his reputation, business was beating at Miles' door all the time. He could have doubled or tripled the company's size, but running it alone, there was no way he could do that and maintain the level of customer service. With Greg and me working with him, we are taking a controlled growth approach. We never want to lose sight of the fact that the customer comes first and foremost. Cherokee Contracting is a leader because of its focus on the customer, and we intend to continue carrying that forward." ■



A Cherokee Contracting operator uses a PC160LC-7 excavator to bed a utility trench with sand after using the same machine to dig the trench.



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CONSTRUCTION INDUSTRY PRIORITIES

Associated General Contractors calls on Congress to act on six specific issues



Stephen E. Sandherr,
AGC Chief Executive
Officer

The Associated General Contractors of America (AGC) recently called on members of the U.S. House and Senate to focus on six priority areas — those that will most impact the ability of AGC members to hire, manage their businesses and pay taxes into the future.

“The construction industry is suffering a drop in employment, especially in highway and transportation construction, which has seen employment drop more than 5 percent in the past year,” said Stephen E. Sandherr, Chief Executive Officer of AGC. “We have also seen significant volatility in diesel/energy prices over the last five years; for instance, No. 2 diesel fuel is up 341 percent.”

AGC urged Congress to focus on the following top six priorities:

AGC is urging Congress to focus on six priorities, including fixing a shortfall in the Highway Trust Fund and shoring up domestic energy security as volatility is seen in such areas as diesel fuel prices, which are up 341 percent in the past five years.



- 1. Fixing the shortfall in the Highway Trust Fund.** The administration has admitted that the situation is dire and that earlier than expected, the balance in the Highway Account of the Highway Trust Fund is insufficient to pay its bills on time and in full. Congress must fix this shortfall immediately so that states and private industry are not left holding the bag.
- 2. Extending authorization for the Airport Improvement Program (AIP) in the 111th Congress.** Congress needs to give the FAA programs the authorization they need to modernize and improve safety at America's congested airports and air space.
- 3. Finalizing appropriations for FY 2009 and providing economic stimulus that creates jobs.** Making decisions on the full FY 2009 program will help contractors and the federal government work together to ensure that about \$100 billion in federal funds is spent wisely.
- 4. Improving domestic energy security.** Congress must act now to lay a solid energy foundation for the safety and security of the country.
- 5. Extending tax provisions.** Each year, Congress grapples with the decisions on extending tax provisions, including halting the effects of the alternative minimum tax.
- 6. Reauthorizing E-Verify.** The simple, straightforward reauthorization of E-Verify gives employers across the country the confidence they need to deal with the mounting pressures of hiring a competent, legal work force.

“In the legislative days that remain, we urge Congress to address these construction industry priorities,” said Sandherr. ■



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INDUSTRY OUTLOOK

INFRASTRUCTURE ASSESSMENT

Wear and tear on nation's infrastructure are obvious — funding sources for improvements are less so

Here's a comprehensive outlook for the future based on comments of key industry leaders

In March of 2009, a report card is coming out from the American Society of Civil Engineers on the state of infrastructure in the United States — and it isn't expected to be glowing.

That's because when the ASCE issued its last report in 2005, it included an overall grade of D, and ASCE President David Mongan, P.E., F. ASCE, said he's seen little improvement in terms of infrastructure funding in that time.

"Although there are some isolated circumstances, there hasn't been anything significant," he confirmed. "For example, some states have raised user fees or done other things to increase spending on infrastructure, and Congress passed a water bill last year. But overall, there hasn't been any significant ratcheting up of our state, local and federal spending."

Mongan is hopeful that recent events and dialogue signify a change in that pattern, but certain facts remain: the 2005 report estimated

that the United States needed to spend \$1.6 trillion over five years on infrastructure needs, but Mongan estimates total spending will barely reach half that total.

"The level of infrastructure investment as a percentage of GDP has gone down," Mongan said. "It's one-tenth of what it used to be 30 to 40 years ago and we can simply look around to what some of our world competitors are doing with their investment in infrastructure, not just emerging or developing countries, but France and England and others are making major investments in infrastructure. We need to make this investment to remain competitive."

Funding shortfall

Infrastructure can cover a broad range of technical structures that are vital to supporting our society, including roads, water supply, wastewater, power grids and flood management systems. The National Surface Transportation Policy and Revenue Study Commission recently found that the U.S. needs to invest \$225 billion a year at all levels of government simply to maintain current levels of surface transportation. Investment today stands at less than 40 percent of that figure.

Gridlock costs the economy more than \$78 billion per year and it's estimated there are 13,000 fatalities on highways each year as the result of inadequate maintenance, design, or capacity of roadways. According to the ASCE, the Federal Highway Administration estimates it would cost \$9.4 billion a year for 20 years to eliminate all bridge deficiencies in the U.S.

A 2008 study from the Environmental Protection Agency reports \$202.5 billion is needed in capital investment to control wastewater pollution for up to the next 20

The I-35 bridge in Minneapolis is now open after being rebuilt following the disaster in 2007. However, numerous other bridges and roads across the nation are in need of attention.



years. That estimate includes \$134.4 billion for wastewater and collection systems, \$54.8 billion for combined sewer overflow corrections and \$9 billion for stormwater management.

"We have an aging infrastructure," said Susie Bruninga, Director of Legislative and Public Affairs with the National Association of Clean Water Agencies. "Many pipes are 100 or more years old. We have a growing population; we have more regulatory requirements; we have new challenges confronting us, including climate changes; and at the same time, we're seeing federal funding for clean water decreasing."

Concerns about complacency

While the scope and extent of infrastructure deficiencies may vary from region to region, most of the nation has seen some impact. Janet Kavinsky, Director of Transportation Infrastructure at the U.S. Chamber of Commerce, suggests decades of familiarity have helped lead to our current level of complacency.

"People today take our infrastructure for granted because so much of it was a gift to us from our parents and our grandparents," she said. "They started with nothing and knew they had to have it. Now that we've got it, the challenge is thinking about maintaining what we have and then modernizing and expanding its capacity. But because we already have the infrastructure, it's too easy to take for granted."

Mongan said competing interests for dollars are the main culprit, but he also attributes a serious lack of forethought at every level of government. "I think it's a lack of vision on the part of our leadership at the local, state and federal level," he said. "There are clearly exceptions to that statement, but overall there's a lack of leadership and understanding — and I'm not talking about simply spending tax dollars. I'm talking about user fees and other sources of revenue that will make an investment in America's future."

Wake-up calls

Recent disasters like Midwest flooding in 2008 and the Minneapolis bridge collapse in 2007 have raised public awareness of infrastructure needs for brief periods of time,



but Kavinsky said the focus created by those events has not been sustained.

"I certainly think there's greater interest, in particular in bridges and roads, and we see that reflected in national news stories," she said. "But in other respects, such catastrophic events are a wake-up call for about three weeks and then people start saying that's not going to happen in my community or that the answer is to just reprogram the money we have — that we actually don't need more money. Even though organizations like the U.S. Chamber have tried to educate people about the need for more investment and for prioritization, that message didn't get through or it didn't stick."

Most agree, however, that the issue of infrastructure needs has shown more staying power during the 2008 presidential campaign than in campaigns of the past. Still, Mongan said it isn't nearly enough.

Pipe work is a constant need as our nation's infrastructure continues to age. "Many pipes are 100 or more years old," said Susie Bruninga, Director of Legislative and Public Affairs with the National Association of Clean Water Agencies.

Continued . . .

Groups and individuals work to increase awareness

... continued

"I think there needs to be a greater debate and a greater realization that this simply isn't spending tax dollars," he said. "This is an investment in America's future. We're hammering away, trying to get people to understand that and recognize the importance of an investment in America's infrastructure."

The impact of action

Such an investment, Mongan contends, can have a longlasting impact. "A billion dollars spent on highway construction typically supports more than 30,000 jobs," Mongan said. "It's not insignificant."

"There are studies in different communities that show investment in public transportation returns \$6 for every \$1 that's put into infrastructure in transit systems," Kavinoky added. "We know that transportation investment, in particular, really pays dividends, and not just immediately, but in the long run."

The cost of inaction can be equally as dramatic. "That's the 'patch-and-pray' mentality," Mongan described. "We'll patch things as they break and we'll keep things running together as best we can. But infrastructure will continue to deteriorate and we will be simply putting off a bill that we ought to be paying today."

The National Surface Transportation Policy and Revenue Study Commission recently found that the U.S. needs to invest \$225 billion a year at all levels of government simply to maintain current levels of surface transportation. Investment today stands at less than 40 percent of that figure.

"It's like taking care of your house," Kavinoky explained. "If you don't take care of your roof, if you just keep putting buckets under the leaks, eventually it's going to cost you a lot more than what it would have cost to make repairs and replace things when you first needed to."

"It's easier to maintain than it is to rebuild," agreed Brian Deery, Senior Director/Highway and Transportation Division with the Associated General Contractors of America. "If we have to go out and rebuild many of our pavements, we're talking about huge investments and huge time delays for people as we do that kind of work. So it's better to do it now than to wait."

Signs of progress

There are signs that these pleas for action are being heard. Congress has discussed creating a National Infrastructure Bank that would issue bonds to raise funds for select infrastructure projects that meet certain criteria.

Additionally, California Governor Arnold Schwarzenegger, Pennsylvania Governor Edward Rendell and New York City Mayor Michael Bloomberg recently announced an initiative to expand the Building America's Future Infrastructure Coalition to include state legislative leaders. That coalition is attempting to build support in pushing the federal government to play a larger role in the funding of America's infrastructure.

"I think there is an increased concern and awareness," Mongan said. "Is it at the level that we would like to see it? No. But there are clearly indications that it is a step in the right direction, including the coalitions that we see being developed all across the country."

Mongan added individuals can have an impact in these funding decisions, either by working through various associations or contacting their legislators.

"There may not be a crisis right now in terms of things literally falling down beneath our feet," Kavinoky said. "But if we actually make the investments we need, we can certainly avert a crisis 10 or 20 years from now." ■





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PRODUCT INNOVATIONS

IMPROVING EFFICIENCY

Customers throughout U.S. praise Komatsu's D155 dozer with revolutionary "Sigma blade"

As soon as Lou Anders, Vice President of Nighthawk Oilfield Services, demo'd a Komatsu D155AX-6 dozer with the Sigma blade, he was convinced it was the machine he needed. The Little Rock, Ark.-based company builds oil field locations throughout Arkansas, Texas, Louisiana, Oklahoma and New Mexico and needs to cut and level massive amounts of dirt quickly and efficiently.

"I've always been a loyal user of a competitive brand, so when my Komatsu sales representative approached me about trying the D155, I told him he'd have to convince me it would do everything the other brand would do, and then some," he recalled. "It didn't take long to figure out it would be one of our key machines. The Sigma design on the blade helps us push dirt farther. The old-style blade — what I call a straight blade — loses too much dirt as you're pushing. This dozer allows us to roll into a cut, load up and just keep pushing and cutting at the same time without losing power or stalling. Compared to the competitive brand in its size class, we're moving between 20 percent and 25 percent more material. It's a significant difference."

That's been a common finding for users of the D155AX-6 since Komatsu introduced it in 2006. Komatsu designed the 44-ton, 354-horsepower dozer to push more material than ever before. With its patented dozer blade — shaped like the Greek letter Sigma (Σ) — the results are impressive. It carries 15 percent more material than the previous Komatsu model and 20 percent more than the leading competitor. The 12.3-cubic-yard Sigma blade has dual pitch and tilt, and a hydraulic control system that is easier on the operator. Komatsu introduced a Sigma blade to its new D275 dozers in April.

Rave reviews

Because of its ease of operation and more material push, Cherokee Builders General Superintendent Bobby Burns said the need for additional dozers on a jobsite is decreased. Based in Tulsa, Okla., Cherokee Builders does general dirt work, utility installation and concrete work for residential, commercial and highway construction.

"The material doesn't roll out, like it does with other blade styles; instead, it rolls in," Burns explained. "That equates to more material being pushed at any one time, and allows us to move more material over a longer distance. Instead of having two or three smaller dozers on a job, we're able to do the same work with the D155. It's also fuel-efficient, so our cost per yard is very good."

Continued . . .

Komatsu's patented Sigma dozer blade is designed to promote rolling of material and to keep it from spilling around the sides. It allows the D155AX-6 to push and carry 15 percent more material than the previous Komatsu model and 20 percent more than the leading competitor.



Sigma dozer boosts productivity, lowers costs

... continued

Orlando Ruiz, Owner of Orlando Excavations in Chaplin, Conn., said his cost per yard is greatly improved since he bought a D155 about a year ago. The excavation contractor uses the dozer for all types of projects.

"It's really sped up production because the Sigma blade will push so much more material," Ruiz said. "Specifications say the blade capacity is a little more than 12 yards, but since the material rolls to the middle, we've found that it will push more than 20 yards in the right conditions. If the conditions are less-than-ideal, it won't push that much, but it will go beyond the 12 yards and significantly outperforms any competitive dozer we've used. It has good balance, and the fuel economy is great."

Gary Schmidt, North Central Iowa Regional Solid Waste Authority Director, was one of the first to use the D155AX-6 with the Sigma blade. Schmidt has used it in cell construction at the Fort Dodge landfill since NCIRSA purchased a dozer right when they came on the market.

"It didn't take long to notice that we were burning far less fuel than we were with our old dozer," Schmidt said, who noted that the machine now has more than 2,000 hours on it. "That's still the case. Most of the time it's around 10 gallons an hour, which is very good. Couple that with the amount of material we can move, and our cost to move dirt is lower than before. Compared to a traditional U-shape blade, the Sigma blade holds the material much better. It doesn't leave windrows like traditional dozing does. It's a great machine."

Anders feels the same way. In fact, because his D155AX-6 with the Sigma blade has been so efficient, he said it's likely he'll add more to his fleet.

"We have several yards across the mid-South and we have several dozers at those locations. Quite a number of them are competitive brands, but based on the performance of our Komatsu D155, that's going to change." ■

Super-slant design earns IDEA award

Komatsu's innovative D51EX-22/D51PX-22 model dozers received a Silver Award from the International Design Excellence Awards (IDEA) competition for the unique design that provides outstanding operator visibility of the top blade edge and the area in front of the blade at all times.



Komatsu's D51 dozer received a Silver Award from IDEA for its super-slant nose design that offers operators better blade and area visibility in all grading applications. The design is also part of Komatsu's new D31, D37 and D39 dozers.

That's accomplished with the unique super-slant nose design. "It allows the operator to see objects that are very close to the blade, dramatically increasing safety and efficiency on the jobsite. This new design assures an improvement in fundamental dozer work parameters," according to the IDEA award citation. The IDEA program is an international competition honoring design excellence. The sides and back of the D51 cab are also slanted to give the operator better views all around the machine.

"Last year, the D51 was named among the Top 100 construction equipment machines by *Construction Equipment* magazine, so the accolades keep coming," said Bruce Boebel, Product Marketing Manager, Crawler Dozers. "What we find most gratifying about the IDEA award is that it reflects the feedback we get from our customers about the D51: that they're more productive because of better visibility, as well as other productive features of the machine."



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NEW EQUIPMENT

NEW PZ TOOL CARRIER

WA320PZ-6 offers benefits to help users in a wide range of applications

Whether you're in construction, utility, waste or agriculture, the WA320PZ-6 offers benefits that can make your application more productive, including a new parallel Z-Bar linkage that offers parallel movements in both fork and bucket applications. The recently introduced WA320PZ-6 replaces the WA320PT parallel tool carrier in Komatsu's wheel loader lineup.

"The parallel Z-Bar linkage has two advantages," said Mike Gidaspow, Product Manager Wheel Loaders, who notes the versatility of the WA320PZ-6 makes it excellent in fork and logging applications. "Buckets and forks stay more level than with regular wheel loaders, so the operator doesn't have to adjust the load to keep it from tipping forward. Also, users will be able to clearly see the load, and even the end of the tine in fork applications, because of the better visibility the WA320PZ-6 offers throughout a cycle."

The parallel Z-Bar linkage also offers large tilt force at all heights, large dump angle at maximum boom height and a two-mode bucket leveler. Long lift arms give high dumping clearances and maximum dumping reach so the operator can level loads on the body of a dump truck.

Like other PZ models (WA200PZ-6 and WA250PZ-6), the WA320PZ-6 has an electronically controlled hydrostatic transmission that provides quick travel response and aggressive drive into the pile. An inching pedal gives the operator simultaneous control of travel and hydraulic speeds. The new variable traction control system with its unique S-Mode allows the operator to adjust the tractive effort to the job conditions and reduce tire slippage, even in slippery road conditions during such applications as snow removal.

Valuable addition

The WA320PZ-6 got a boost in horsepower compared to the previous PT model, and is powered by Komatsu's high-torque, ecot3, Tier 3 engine with high performance, less fuel consumption and lower emissions as main features. Keeping track of the machine's performance is easier with Komatsu's KOMTRAX monitoring system, which comes standard and sends information such as hours, location and maintenance alerts wirelessly to a secure Web site.

"Along with other great benefits, such as improved operator comfort with a roomier cab and easier maintenance and serviceability, KOMTRAX is a fantastic tool for keeping track of the machine's productivity and maintenance schedule," said Gidaspow. ■



Mike Gidaspow,
Product Manager
Wheel Loaders

Brief Specs on Komatsu WA320PZ-6 Parallel Tool Carrier

Model	Net hp	Operating weight	Bucket capacity	Breakout force
WA320PZ-6	167 hp	32,480-33,900 lbs.	3.25-3.5 cu. yd.	31,810 lbs.

The WA320PZ-6 has a new parallel Z-Bar linkage for parallel movements in both fork and bucket applications. In addition, the Z-Bar linkage provides excellent digging ability and better visibility throughout the cycle.





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NEW UTILITY PRODUCTS

PC88MR-8 HYDRAULIC EXCAVATORS

These machines deliver big-excavator features in a utility-size package

Komatsu's new PC88MR-8 sets the standard for large utility-size excavators in the eight-ton class. It features a new look that includes a redesigned counterweight and new paint scheme like Komatsu's construction-size machines. But, that's just the beginning. These full-featured machines are designed to provide the ultimate in compact excavator comfort, value, productivity, service and maintenance access, and peace of mind.

Well-placed handholds and a wide-opening, upper-rail sliding door allow the operator to easily enter and exit the machine. Operators will find that the cab on the PC88MR-8 is an extremely spacious platform from which to work. After all, it is the same cab found on the larger PC138USLC-8 and includes standard air conditioner, seven-inch color monitor panel, AM/FM radio, power outlets and cup holder. The fully adjustable, cloth, high-back suspension seat with arm rests is designed to lessen fatigue, and the pilot proportional joystick controls enable the operator to work comfortably for long periods of time.

The short tail swing of these machines allows the operator to concentrate on the work in front of him, instead of worrying about rear-swing impacts. The result is a more relaxed and more productive operator, even when working in a confined area.

Value

The new PC88MR-8 is equipped with the KOMTRAX machine-monitoring system as standard equipment — nothing to install and no monthly fees for at least five years. With KOMTRAX, the owner can access: hour-meter reading, fuel level, travel notification, machine location, cautions, maintenance replacement notifications, and high water-temperature mark.

Komatsu continues to focus on providing high-strength work equipment. The PC88MR-8 features a new, single boom-swing pin that places extra strength in a high-stress component, and has an extended lubrication interval of up to 500 hours.

Another high-strength element is the X-track frame. This is the same type of track frame featured on larger Komatsu excavators. The X-frame design is very rigid and transfers shock evenly throughout the frame. The sloped design of the track frame deters the buildup of dirt and debris, helping to minimize the time required to clean the machine for transport.

Komatsu's proven Road-Liner track system provides a reliable and longer-lasting alternative to rubber track. It is mounted directly to the rail like a steel grouser, but unlike steel, it is surface-friendly.

Continued . . .

Komatsu's new PC88MR-8 replaces the PC78 model and features a new look that includes a redesigned counterweight and new paint scheme like Komatsu's larger machines. These full-featured machines are designed to provide the ultimate in compact excavator comfort, value, productivity, service and maintenance access, and peace of mind.



Features add value to new utility excavator

... continued

To further enhance the value of the PC88MR-8, Komatsu has made single/bidirectional-flow auxiliary hydraulics standard equipment. This allows the operator to use a variety of attachments, such as hydraulic hammers, hydraulic thumbs, tilting/grading/ditching buckets, grapples etc.

Productivity

Automatic load-sensing, two-speed travel enhances the productivity of the PC88MR-8 by automatically shifting from high speed to low speed when under load, and then from low speed to high speed when the load on the machine is reduced.

Standard pilot proportional joysticks with proportional thumb control for auxiliary hydraulics allow the operator to use hydraulic attachments efficiently and easily. Furthermore, five working modes allow the operator to choose the mode that best matches the job he is trying to perform.

Other enhancements that will improve productivity include a 65-horsepower, turbocharged and aftercooled Komatsu engine that provides 17 percent more horsepower than the PC78MR-6, 10 percent greater arm-crowd force and travel speed, and more pushing power with a 3.5 percent increase in drawbar pull than the machine it replaces.

pushing power with a 3.5 percent increase in drawbar pull than the machine it replaces.

The PC88MR-8 is equipped with several fuel-management features. The "eco gauge" provides the operator with a visual indicator on the monitor panel that enables the operator to maximize fuel efficiency by working in the "green" range as much as possible.

Auto idle helps to conserve fuel by reducing throttle to low idle after the joysticks and travel levers are left in the neutral position for four seconds. Once a machine function is activated, the machine returns to the preset throttle position.

If the machine is left to idle for more than five minutes, an excessive idle warning provides the operator with both a visual alert on the monitor panel and an audible warning. The operator can then determine whether to shut the machine down to conserve fuel.

Serviceability

Wide-opening covers and panels provide outstanding access to daily checkpoints, and the fuel tank and hydraulic tank are side-by-side for easy inspection and access. The radiator and oil cooler are side-by-side, making both easy to inspect and clean, ensuring clean, fresh air reaches each component.

Maintenance and lubrication intervals for engine oil and filter, fuel filter, and lubrication of arm, boom, and boom swing are now 500 hours, making it easy to schedule machine maintenance.

Finally, Komatsu provides a standard three-year, 3,000-hour warranty on the PC88MR-8, demonstrating Komatsu's commitment to total customer satisfaction and peace of mind.

"The PC88MR-8 is loaded with features that will enhance operator comfort, value, productivity, and peace of mind. By providing a larger operator station with many standard features (air conditioner, seven-inch color monitor panel, 12-volt and 24-volt outlets, and PPC joysticks with thumb-controlled auxiliary hydraulic function), standard auxiliary hydraulics, and a larger, more powerful Komatsu engine, Komatsu engineers took the best and made it better," said David Caldwell, Product Manager. ■

The new PC88MR-8 has a 65-horsepower, turbocharged and aftercooled Komatsu engine that provides 17 percent more horsepower than the PC78MR-6, 10 percent greater arm-crowd force and travel speed, and more pushing power with a 3.5 percent increase in drawbar pull than the machine it replaces.





RELIABLE EQUIPMENT
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MACHINE MANAGEMENT

INCREASE PROFITS WITH KOMTRAX

How Komatsu's fleet-monitoring system can save money and make money

If you're a Komatsu equipment user, you're probably already somewhat familiar with KOMTRAX, Komatsu's industry-leading, satellite-based, fleet-monitoring system — which (in stark contrast to other manufacturers' comparable systems) comes standard and with free communication on almost all new Komatsu machines.

For example, you may already be using it to track service-meter readings and schedule maintenance services; to find where a particular machine is located; and perhaps even to monitor load frequency and machine operating information. There's also a good chance you've been contacted by your Komatsu distributor about a machine caution, possibly even before your operator noticed anything was wrong.

All of those are important, worthwhile features that make your Komatsu machine more valuable. But the real key to a successful fleet-monitoring system is whether it makes the owner more profitable. Here's a prime example of how KOMTRAX can do just that by helping reduce machine idle time.

Fuel savings and increased resale value

According to Komatsu, throughout the life of a machine, idle time typically accounts for nearly 20 percent of that machine's total fuel burn. As an owner, if you can eliminate even 50 percent of non-productive idle time, your fuel costs can be cut by 10 percent. In today's world of high diesel fuel prices, that's a significant savings in and of itself, but the benefits of reducing idle time don't stop there. Less idling also means higher machine trade-in value.

Let's say you have two PC200 excavators that actually work 600 hours per year doing identical work, but one idles 40 percent of the time whereas the other idles just 20 percent of the time. After five years, the machine that idles 40 percent of the time will register 5,000 hours on the service meter, while the machine that idles 20 percent of the time will register fewer than 4,000 hours. Not only is the machine with fewer hours worth more, it will also have had two fewer maintenance intervals, which means increased availability and lower operating expense.

By measuring and giving you an accurate picture of machine idle time versus work time, KOMTRAX can help you alter operator tendencies to achieve substantial fuel savings, improved owning and operating costs and greater residual machine value.

KOMTRAX can be installed on almost any piece of equipment. It's available as a retrofit both for older Komatsu machines and for non-Komatsu equipment. ■

KOMTRAX can actually make equipment owners more profitable by identifying wasteful idle time, tracking usage patterns and monitoring maintenance needs.



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EQUIPMENT DESIGN

THE 'PLUS' ADVANTAGE

Tests show Komatsu's revolutionary new undercarriage design significantly reduces costs

Komatsu's new PLUS (Parallel Link Undercarriage System) has proven it's possible to extend the life of a dozer undercarriage through a revolutionary design that limits wear and the need for pin and bushing turns. With PLUS, that means less costly undercarriage repairs and replacements, which have proven to be as much as 50 percent of per-hour operating costs throughout the life of a dozer.

Extensive testing shows Komatsu's PLUS undercarriage — available on D65EX/PX/WX, D61EX/PX and D51EX/PX models — as much as doubled the life of a crawler track compared to conventional types used in both sand and clay.

The PLUS Undercarriage features a rotary bushing design that eliminates the need for bushing turns, which eliminates the costs associated with the turn. Two additional internal spacers help maintain bushing alignment, extending durability and overall bushing and seal life.

"Unlike a conventional undercarriage, PLUS uses a parallel bushing that freely rotates, so it doesn't slide up against the sprocket," explained Les Scott, Crawler Dozer Product Manager. "That reduces wear and tear and extends the life of the bushing, resulting in longer undercarriage life and in lower operating costs throughout the life of the machine."

Links have 45 percent more wear material, increased depth hardness that extends wear life, and a strutted design for added strength. All link assembly components can be field replaced one at a time, as opposed to replacing an entire undercarriage system. Additionally, sprockets are segmented for simple replacement and designed to minimize material packing.

Changing conventional thinking

Another key enhancement of the PLUS system is track roller-flange height that's increased 33 percent over conventional tracks, with the flange profile matched to the new link shape. It has alternating single/double flange rollers for improved alignment.

"Komatsu tested PLUS under several conditions and in each it showed significant reduction in repair and maintenance costs, including 40 percent in an extremely abrasive application," said Scott. "In general soil conditions with a general application, the cost reduction was 32 percent, and in rock, 10 percent. So PLUS can benefit just about everyone who uses a mid-size dozer." ■



The PLUS undercarriage system is available for several mid-size dozer models.

Komatsu's PLUS undercarriage system as much as doubles the life of a crawler track compared to conventional types used in both sand and clay.





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KOMATSU & YOU

STICKING TO THE FUNDAMENTALS

Listening to the customer is vital says VP/GM of Construction Division



Ed Powers
Vice President and General Manager,
Construction Equipment Division

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.

Ed Powers has been with Komatsu 20 years. He began his career in April 1988 with the Finance Division. He has worked in various capacities within the company, most recently as Vice President and General Manager, Construction Equipment Division.

"During my career, I've worn many hats with Komatsu. The things I have found that are universal in determining success throughout all facets of this business are ongoing communication and the philosophy that the customer always comes first. We can manufacture the most technologically innovative machines in the world, but if they are not what the customer needs, they are useless. Today, the customer determines value, not the manufacturer. As a manufacturer, it is important to listen and establish ongoing communication, not only with the customer (end user), but also with our distributors. This provides us a better understanding of how Komatsu can build and service equipment to fit our customers' needs. In the end, it is all about the relationship and providing the appropriate solution."

Ed oversees all activities associated with planning, operations, selling and servicing Komatsu's construction-size equipment line. The construction line consists of D31 to D275 dozers; PC128 to PC1250 excavators; WA150 to WA700 wheel loaders; GD555 to GD675 motor graders; articulated trucks and rigid-frame trucks less than 715 horsepower. "I'm very excited about my new responsibilities, which now allow me to work closely with our manufacturing plants. My 20-year career with Komatsu has given me the opportunity to cross-functionally develop the necessary relationships, so I was able to hit the ground running in my new position.

"Today, it's just as important knowing your customer, as it is knowing your product."

QUESTION: You have been with Komatsu in various capacities throughout your career as it has grown into one of the top two equipment manufacturers in the world. How has Komatsu been able to achieve such a position?

ANSWER: Primarily by adhering to the fundamentals. First and foremost, how well we listen will ultimately determine how successful we will be. Today, in many instances, customers know as much about our product as we do. They have all the readily available resources at their fingertips. We must not be threatened by this, but embrace it, listen and be prepared to support their unique value proposition. With the ever-escalating cost of materials and fuel, many customers are now applying dollars and cents to "value," and the cost of owning and operating is one of today's key differentiators. The question is no longer, "What can you do for me on the front end?" but rather, what can we offer during their entire owning and operating experience, including a return on the back end? Believe me, Komatsu is ahead of the game. Through our life-cycle analysis with our mining and construction equipment, we have proven our return-on-asset (ROA) is one of the industry's most profitable.

I have often been asked, "Why doesn't Komatsu advertise more?" in publications, etc. My reply is that Komatsu has one of the largest advertising departments in the industry; it comes in the form of engineers. In the past, I may have said Komatsu isn't a marketing company, it's an engineering company. But we understand the importance of establishing a universal brand identity, and globally, we're making progress. As our technological world continues to evolve at a tremendous rate, so does the rate of change. There is no other manufacturer in the industry that embraces and keeps up with today's rate

of change better than Komatsu. We and our distributors take extreme pride with the level of Komatsu's global sophistication and engineering capabilities. Komatsu is the leader in research and development. Much of Komatsu's technological engineering focuses on preventive maintenance and innovation.

For example, within the past three years, we have either updated or introduced new model changes for more than 90 percent of our North America product offering. And, of course, all as a result of listening and delivering a better value to our customers.

As for being an industry innovator in terms of technology and design, we continue to raise the bar, with the launch of our latest line of HST dozers, such as our D51 model with the unique super-slant-nose design, which provides better operator visibility and safety and recently won the silver award in the IDEA (International Design Excellence Awards) competition. The IDEA program is the premier international competition honoring design excellence in products and is sponsored by BusinessWeek magazine. In addition, Construction Equipment magazine named the D51 one of the "Top 100 Products of 2007."

Another example of our innovation can be found with our telemetric (GPS) devices, such as our KOMTRAX remote machine-monitoring system.

QUESTION: How is this technology beneficial? And what distinguishes Komatsu from the others?

ANSWER: KOMTRAX is a very powerful tool that has evolved beyond a device that simply tracks a machine's location and hours. It provides real-time data that can help our customers and distributors better manage their overall businesses. From an operational standpoint, KOMTRAX provides priceless information, such as idle time, fuel efficiency/consumption, operational performance, load factors and maintenance reminders. It empowers our dealers to provide proactive support. The KOMTRAX Web application is tied into our Service Support tools, so when a machine generates a fault code, instantaneously the local distributor and customer are notified. With the click of a button, our distributor can find the solution, required



Many new features of Komatsu equipment are the direct result of not only new governmental standards but also of listening to what customers need for better production.

parts, tools and time it should take to replace or repair the affected component, preventing any catastrophic problems. No matter the department — service, sales, parts or finance — telemetrics transforms the business.

Globally and domestically, Komatsu leads the way in telemetrics technology and functionality. More than 16,000 machines in North America and more than 120,000 units globally are presently equipped with KOMTRAX. No other heavy equipment manufacturer comes close, and we are just scratching the surface. Would you expect less from an engineering company?

QUESTION: In what other ways is Komatsu adding value, especially under today's challenging economic times?

ANSWER: One way is by providing our distributors a more economically efficient supply chain, without sacrificing quality. Typically, in the past, depending on the machine spec, it could take between 60 and 90 days from the time a machine is ordered until it is delivered to the customer. Today, we have reduced (improved) delivery lead times for a significant portion of our products to a four-week or same-month delivery, minimizing our distributors' inventory-related expenses. We want our distributors to rely on Komatsu for their delivery needs so they can focus on what they do best — selling and supporting the product.

QUESTION: What else is on the horizon?

ANSWER: It is obvious Komatsu is innovation-driven. We are always looking for ways to stay ahead of the curve. As we speak, we are fully engaged in Tier 4 engineering. As with Tier 3, this emission regulation requirement also provides opportunity. Komatsu looks forward not only to meeting the emission standards, but elevating our existing innovation to suit our ever-evolving customer needs. It's clear where we are now and the direction Komatsu is going. ■

EXTENDING BENEFITS

AED-NUCA report shows positive effects of ESA, urges an extension through 2009

Results of the depreciation bonus and Sec. 179 expensing levels have been positive, according to a study by the Associated Equipment Distributors (AED) and National Utility Contractors Association (NUCA). Now the AED is pushing for an extension of the benefits through 2009.

An AED-NUCA study shows the depreciation bonus and additional expensing under the Economic Stimulus Act are having a positive effect as companies see significant tax advantages to buying additional equipment.

Organizations such as AED and NUCA are urging lawmakers and the President to extend the equipment-buying benefits of the Economic Stimulus Act through 2009, and encouraging investment in such areas as water infrastructure.



Part of the Economic Stimulus Act passed earlier this year, depreciation bonus and additional expensing allow companies buying new and used equipment to see significant tax advantages. The catch is that the equipment has to have been purchased this year and put into service before January 1, 2009. One-third of respondents to the AED-NUCA study said they purchased equipment to take advantage of the depreciation bonus and/or the increased Sec. 179 expensing levels. A quarter said they plan to purchase additional equipment before the end of the year, but many respondents said they were reluctant to buy machinery due to the slow housing market and other economic factors.

More than three-quarters of respondents said that if the ESA's capital investment incentives were extended, they would be more likely to purchase additional equipment next year, with 77 percent saying the same about the increased expensing levels. "Extending the depreciation bonus and increased Sec. 179 expensing levels through the end of 2009 would provide additional economic stimulus next year," according to the report.

Urging more investment

The joint organizations sent a letter to President Bush, House Speaker Nancy Pelosi and the House and Senate majority and minority leaders, showing the positive impact the depreciation bonus and increased expensing have had for contractors and urging them to extend the benefits.

The organizations are also urging additional investment in several key areas, such as water infrastructure, that will have an impact on the economy. ■



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- Superior productivity (Compare AEM—formerly CIMA—ratings, our attachments get the job done faster)



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PC600LC-8
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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:

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MORE INDUSTRY NEWS

World of Asphalt, ARTBA and AGG1 come to Orlando

The 2009 World of Asphalt Show & Conference is scheduled for March 9-12 in Orlando, Fla., and will be held in conjunction with two other shows, including The American Road and Transportation Builders Association Transportation Development Foundation's (ARTBA-TDF) "National Traffic Management and Work Zone Safety Conference."

The World of Asphalt is the asphalt industry's leading exposition and educational resource with educational programs and exhibits that showcase the latest technologies

in asphalt products and services. The National Traffic Management and Work Zone Safety Conference will also include educational opportunities.

Also co-located is AGG1: Aggregates Forum and Expo 2009, which features exhibits and education focused on the latest technologies in aggregate-related equipment.

To find out more about these upcoming events, you can visit their Web sites — www.worldofasphalt.com and www.agg1.org. ■

AGC urges repeal of 3-percent withholding

The Associated General Contractors (AGC) is urging contractors and organizations to contact their senators and representatives in an effort to repeal a law that requires federal, state and local governments to withhold 3 percent from all payments for goods and services under governmental contracts. The law takes effect in 2011, and the withholding applies to the total contract, not to the revenue generated from the project.

AGC points out that most construction contracts average less than 3 percent profit, and the law will tighten cashflow that will restrict bonding capacity. The law places an undue burden on S corporations and joint ventures, says the AGC.

On its Web site, AGC has a letter that can be filled out and sent to representatives and senators. ■

H2O-XPO joins ICUEE at 2009 utility equipment exhibition

The 2009 International Construction and Utility Equipment Exposition (ICUEE) will again be held at the Kentucky Exposition Center in Louisville, with dates set for October 6-8. In addition to the ICUEE event, the H2O-XPO will run simultaneously. Sponsored by the National Rural Water Association (NRWA), H2O-XPO is an exhibition that features water and wastewater utility equipment and products.

The co-location comes from a partnership between the NRWA and Association of Equipment Manufacturers (AEM), which owns

and produces ICUEE. It will provide expanded educational and networking opportunities, and attendees will have access to a broader spectrum of companies and products. The joint effort is expected to attract 25,000 attendees who will see more than 1 million square feet of outdoor and indoor exhibit space.

One of the features of the event will be the chance to operate and test equipment, such as all-terrain carriers, attachments, components, earthmoving, environmental, material-handling and utility materials/supplies. ■



THE PEOPLE INSIDE

MELVIN JANAK RETIRES

Longtime Director of Product Support returns to his roots after 47 years on the job



Melvin Janak

When Melvin Janak retired as Director of Product Support for WPI's Construction Machinery Division, he decided that a return to his roots was in order. Janak grew up on a family farm between Houston and San Antonio, and recently built a house on the property where he and his wife, Joyce, now live.

"I believe part of the reason I ended up working around heavy equipment at WPI was because of growing up on the farm and running equipment as a kid," said Janak, who spent 47 years with WPI Construction Machinery Division. "I basically left the farm and came right to work for WPI, filling orders in the Houston warehouse."

During the next four decades plus, Janak continued to move up in the WPI family. He held positions in the parts department and the shop as a billing clerk before becoming

assistant to the service manager. That sparked his next move as Branch Service Manager and on to General Service Manager. He eventually became Branch Manager at Houston, and for a short time at Beaumont, before becoming Director of Product Support around 1990, a position that saw him overseeing all eight of WPI's Construction Machinery Division locations.

"The vast majority of my work as Director of Product Support involved the service aspect of the business, something that I believe is one of the most critical components of any equipment dealership," said Janak. "I always took a customer-first approach, and it gave me great satisfaction to see a satisfied customer. That's what the business is about, and that's why I stayed with WPI for 47 years. The company has the same philosophy."

Customer support top priority

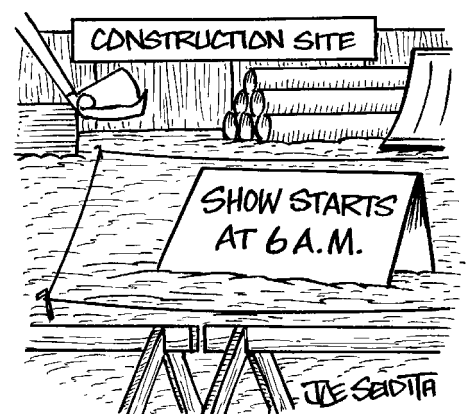
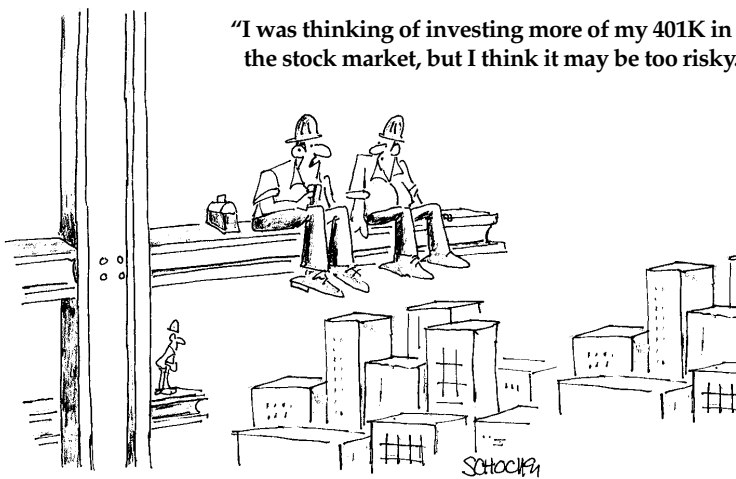
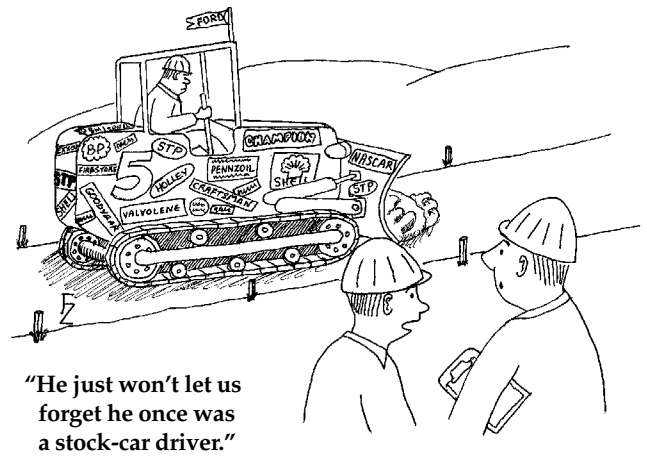
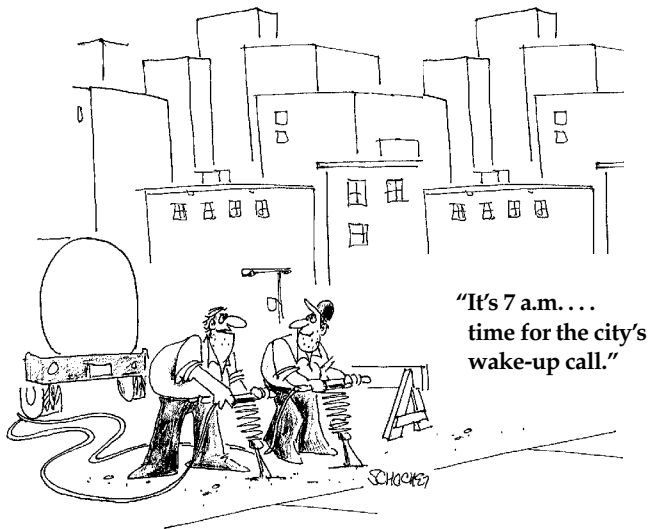
Janak believes a focus on customer support is something that should never change, especially in light of the constant updates he's seen in machinery. "Equipment has become much more technical — including such things as on-board computers — to the point where customers need more support than ever to keep their downtime to a minimum. It's important for technicians and our staff to always keep up with training and education so they can best benefit the customers who may not have the technical expertise to diagnose and correct a problem."

In Janak's honor, WPI held a retirement fish fry to congratulate him on 47 years of service. Now that he's not working full time, Janak plans to enjoy more time hunting and golfing, as well as spending time with Joyce, his daughter Kelly and her husband, Joel, and grandkids Sidney and Emily. ■

Former WPI Director of Product Support Melvin Janak (center) shares a laugh with WPI President Louis Pearce III (left) and WPI Vice President of CMD Operations Mike Green at Janak's retirement party. Janak spent 47 years with WPI, holding a variety of positions.



ON THE LIGHT SIDE



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