

The



DIESEL MACHINERY, INC

Difference

A PUBLICATION FOR AND ABOUT DMI CUSTOMERS • 2009 No. 1

Featured in this issue:

NEW DOZERS

Award-winning
super-slant
design among
improvements in
D31, D37 models

See article inside . . .



Featured in this issue:

ADDED VALUE

PC200LC-8 Thumb Spec offers
greater lift capacity
and stability

See article inside . . .



KOMATSU

A MESSAGE FROM THE CHAIRMAN



DIESEL MACHINERY, INC

Dear Equipment User:

We're looking forward to the new year with optimism that construction will rebound. One reason we're hopeful is because the industry's push for new infrastructure spending is being heard. In fact, the new presidential administration has made it a centerpiece of its early agenda.

No matter the conditions in the construction industry, we should all look for ways to be more efficient in our equipment use. That means using quality machinery that helps you produce more in less time with decreased fuel consumption and emissions. Komatsu has a full line of construction, utility, mining and forestry equipment that meets those standards.

You can find out about some of those products in this issue of your *DMI Difference* magazine. Among them are innovative machines, such as Komatsu's largest utility excavator, the PC88MR-8; the PC200LC-8 excavator with thumb spec; and D31 and D37 dozers, which now feature the super-slant nose design. If it's mining equipment you're interested in, check out the MINExpo article to see products that have made Komatsu the leader in mining machinery.

If you need more information on any of these products or how we can help you with any of your service needs, don't hesitate to contact us. We're here to help you in any way we can.

Sincerely,

A handwritten signature in black ink that reads 'Pat Healy'. The signature is fluid and cursive, with a long, sweeping underline.

Pat Healy
Chairman of the Board



DIESEL MACHINERY, INC

The



DIESEL MACHINERY, INC

Difference

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MINING MACHINES

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KRUEGER EXCAVATING & PAVING INC.

Sioux Falls company finds success by growing its list of services

The father-son team that runs Krueger Excavating & Paving believes the more services they can self-perform on a project, the better. That's why through the years, Tom and Chris have continued to build up the company's resume, which includes a long list of items that helps set the Sioux Falls contractor apart.

"There are not many companies around that want to, or are willing to, take on as much as we do," said Tom, who founded the company in 1976 after buying out his father George's company. "We'll even work with customers on design-build projects. We've had several customers tell us we offer the most complete package they've ever seen when we bid on a project. From our way of thinking, it maximizes our efficiencies and provides better control of the project schedule. It makes sense."

Paving is the latest service added to the company's list, which also includes all aspects of site development, such as clearing and grubbing, mass excavation, rough and fine grading, utility

installation and subbase preparation. The company provides those services for developers on residential subdivisions, as well as state and municipal road projects. It also does demolition and environmental work. More and more often, the subbase material the company uses comes from recycled materials Krueger Excavating & Paving makes at its yard.

"We seek out projects where we can control as much of the work as possible," said Chris, who joined his father full time in 1994 and does estimating and project management. "We do sub out some parts, such as curb and gutter and landscaping, but we decided a few years ago it was in our and our customers' best interest to do as much as possible. We used to sub out the paving, but often we'd find ourselves waiting for subcontractors to find the time in their schedule to get it done. After a few times of having to redo subbase, we decided it was time to get our own equipment and do it.

"Using recycled materials makes a lot of sense to us as well," he added. "Many of our projects involve removing old paving or other materials that, in the past, would be hauled to landfills or stockpiled in our yard. Crushing those into a usable material that can be used as subbase is a real advantage. We end up with a three-quarter-inch-minus material that's often better than what comes out of a quarry. Ninety percent of it we use for our own projects, but we do sell some to outside customers."

Good experience

Krueger Excavating & Paving works in about a 50-mile radius of Sioux Falls, but the company has a reputation beyond that. One of the company's specialties has been cement mortar lining — which the Kruegers said only

Chris (left) and Tom Krueger run Krueger Excavating & Paving. The Sioux Falls company offers a long list of services, often providing turnkey site-development projects for residential, commercial and governmental customers alike.





Krueger Excavating & Paving uses this Komatsu PC300LC-8 excavator to move materials on a project in Sioux Falls. "The PC300 is a good all-purpose machine that allows us versatility," said Owner Tom Krueger. "It reduces our costs by not having to rely on multiple machines."

about six businesses in the U.S. handle — something they gave up doing recently.

"We did jobs across the country and even in some foreign countries," Tom pointed out. "It's a specialty trade where we cleaned up old ductile iron lines that were full of scale buildup, then put a cement liner in them. It got to be a little too much to handle, so we stepped out of that field. It was interesting to visit other places and see how they went about doing jobs similar to us. It was a good experience."

Experience is something Krueger Excavating & Paving has plenty of with nearly 40 full-time employees who bring a wealth of knowledge to every project, according to the Kruegers. They're split up into as many as six crews depending on work load.

"Typically we start a project with a utility crew, followed by dirt, grading and paving crews," explained Chris. "But our guys are well-versed in every aspect of the business, so they can work on any crew at any time. They're a big part of our success. We couldn't have grown and continued to get to this point without them. They deserve a lot of credit."

Those employees have helped Krueger Excavating & Paving complete a very large



Krueger Excavating & Paving's first Komatsu purchase was this WA250-5 wheel loader. It's since added an excavator and dozer and is trying out a Komatsu crusher.

percentage of projects in the Sioux Falls area. Tom said as the city has grown, so has Krueger Excavating & Paving.

"Early on, our focus was mainly small residential work. Twenty or 30 years ago, we were doing about 70 percent of the housing projects in the area," Tom noted. "We've probably been in every house in the center of

Continued . . .

Focus is on customer satisfaction

... continued

Sioux Falls doing water hookups and temporary water supplies. As the city grew, we evolved into taking on more commercial and governmental work, as well as larger residential."

Notable projects include Green Hill, Green Meadows and Richmond Estate subdivisions, as well as commercial projects, such as Menards and First Premier Bank, where the company removed the street, moved about 150,000 yards of dirt, put down about 7,000 tons of asphalt and laid gravel.

Adding Komatsu equipment

As Krueger Excavating & Paving evolved, so did its equipment needs. In the last few years, that's included Komatsu machinery purchased from DMI's Sioux Falls branch with the help of Territory Sales Representative Mark Schievelbein. Krueger Excavating & Paving's

lineup includes a PC300LC-8 excavator, a D65EX-12 dozer and a WA250-5 wheel loader. It's also trying out a BR380JG mobile crusher.

"We had worked with Mark for several years in purchasing other types of equipment such as rollers, so we had established a good relationship," recalled Tom. "We were fairly loyal to another brand of equipment, but we decided to try the Komatsu wheel loader. Our operators really liked the performance and the ride, so we kept it. They also like the comfort and easy operation of the D65 dozer, which has really good power for its size, and works well even in muddy conditions like we've seen lately.

"The PC300 is a good, all-purpose machine that allows us versatility," he added. "We use it for moving mass volumes of dirt or digging utility trenches and setting pipe and structures. Having one machine that can do many tasks is very good for us. It reduces our costs by not having to rely on multiple machines. It also has KOMTRAX, which is something we're just getting used to, but we've already seen its potential benefits. I've been able to get online and see how that machine is being used and when it's being used, as well as the hours on the machine. It can be a valuable tool for maintenance tracking."

Krueger Excavating & Paving handles its own maintenance work with parts purchased from DMI, which also handles warranty and major repair work. "Mark and DMI have been very good about quickly taking care of any need we have, and they have nearly all parts we need on hand so we don't have to wait," said Tom. "If they don't, we'll usually have it the next day. We appreciate that service."

(L-R) Chris and Tom Krueger meet with DMI Territory Sales Representative Mark Schievelbein at Krueger Excavating & Paving's office in Sioux Falls. "Mark and DMI have been very good about quickly taking care of any need we have, and they have nearly all parts we need on hand so we don't have to wait," said Tom. "We appreciate that service."



Krueger Excavating & Paving is using this Komatsu BR380JG crusher at its Sioux Falls yard to recycle old paving and other materials into new, useful materials.



Getting 'any job done'

Offering good service has been a hallmark of Krueger Excavating & Paving as well.

"Through the years, we've expanded into several markets, and that's helped us weather a few storms," said Tom. "If things dry up in one area, we're able to shift and work in others. But it doesn't matter what we're doing, the focus is always on customer satisfaction. Bottom line, if we work hard with good equipment, we can get any job done, and that's been our philosophy all along. ■

POTENTIAL GOOD NEWS

Former NAHB Chief Economist says there may be light at the end of the housing tunnel soon

Congress should consider providing further “sorely needed” economic stimulus to encourage home ownership and limit foreclosure in order to pull the U.S. economy out of recession, according to David Seiders, who recently stepped down as Chief Economist for the National Association of Home Builders (NAHB). He spoke at the NAHB’s Construction Forecast Conference.

The steep decline in sales of new single-family homes should be coming to an end in 2009, Seiders said, setting the stage for “tepid” improvement in new residential construction later this year. However, he warned, that outcome has grown increasingly uncertain in light of the turmoil that has gripped world financial markets.

“Things are a lot worse than any of us had anticipated six months ago,” Seiders said, and the national housing market — which is the root cause of the collapse in confidence among lenders — has continued to spiral downward. “Risks are piling up on the down side. These are tough times, no question,” he said.

While remaining reasonably optimistic that a housing recovery is beginning to take shape, “The uncertainties out there are unprecedented,” Seiders observed, “and there is a growing risk that today’s major housing contraction could get even worse.”

On the brighter side, Seiders said that housing in the first half of 2009 should be helped by the \$7,500 tax credit available to first-time home buyers; legislative efforts to address foreclosures; the continuation of affordable mortgage rates; and the availability of fixed-rate mortgage financing through Fannie Mae, Freddie Mac, the Federal Housing

Administration and the Department of Veterans Affairs.

Restoring affordability

Citing an increase in pent-up demand for housing, he added that declines in home prices and increases in personal income have helped to restore housing affordability to the more normal levels that existed prior to the peak of the housing boom.

However, even as the demand for housing begins to grow, housing production will be constrained by tighter credit for the loans builders and developers need to break ground on new residential projects, he said. ■



David Seiders,
former NAHB
Chief Economist

Former NAHB Chief Economist David Seiders said the steep decline in sales of new homes should be coming to an end in 2009, setting the stage for “tepid” improvement in new residential construction later this year.



INVESTING IN THE PRESENT AND THE FUTURE

A SILVER LINING?

A new stimulus plan with a focus on infrastructure could help construction rebound

Editor's note:

At the time we went to press, Congress was still debating details of the economic stimulus plan and what it would mean for the construction industry.

During the presidential election season, one of the major topics of conversation was the economy and how to improve it. One way newly elected President Barak Obama is trying to help is through a massive infusion of money into the nation's infrastructure, including highways, airports and rail, as well as water, sewer and power transmission lines.

Obama has said he would support creation of a National Infrastructure Reinvestment Bank. In an October 2008 speech, he cited the creation of 2 million jobs through rebuilding roads, schools and bridges. More recently, he's used a figure of more than three million new jobs.

"We'll put people back to work rebuilding our crumbling roads and bridges,

modernizing schools that are failing our children, and building wind farms and solar panels, fuel-efficient cars and the alternative energy technologies that can free us from our dependence on foreign oil and keep our economy competitive in the years ahead," Obama said more recently.

Organizations such as The Associated General Contractors (AGC) are optimistic the plan would pay off soon. "(It could) absolutely change the scenario for companies that have been laying people off," said AGC Chief Executive Officer Stephen E. Sandherr in a recent Wall Street Journal article.

Public support on the rise

It looks as though Obama has public support for his plan. One indication suggesting such support: the same day Obama was elected, several states passed ballot initiatives that approved new taxes for fixing infrastructure.

"The public's willingness to approve significant investment in infrastructure in difficult economic times is a testament to voters' awareness of our national infrastructure needs, demonstrated by their willingness to tax themselves and borrow to fund it," said Sandherr. "We are hopeful that Congress will now recognize the public appetite for infrastructure investment, which will assist in addressing longstanding needs, producing jobs and stimulating economic activity that will help put our nation back on track."

It seems this call to infrastructure investment couldn't come at a better time. The nation's Highway Trust Fund was close to running out of money last fall before lawmakers passed an \$8 billion bill

Infrastructure spending for items such as new utilities is a centerpiece of an economic stimulus proposal.





Spending for roads is part of the proposed stimulus plan that includes billions in new infrastructure spending, which many organizations are calling for to help spur economic growth.

to temporarily keep funds flowing, but a comprehensive new highway bill will have to be passed this year. Other key legislation passed in 2008 had appropriations for fiscal year 2009 that included military construction. Under the same bill, spending on other appropriations was frozen at 2008 levels.

A Federal Aviation Administration bill was enacted last September to keep airport grants and aviation taxes in effect until April of this year. Congress also authorized \$5.3 billion over five years for Amtrak programs and \$1.5 billion over 10 years for Washington, D.C., transit system maintenance. While those are steps in the right direction, Congress failed to complete other key legislation that would help an aging and ailing infrastructure.

Among the legislation in limbo is a multi-year FAA reauthorization bill, which stalled in the Senate; a clean water bill — a Senate committee passed one, but it received no floor vote; a bridge funding and inspection legislation that stalled out; and a new highway bill.

Creating more jobs, projects

The investment in new infrastructure would be welcomed by many states and



municipalities that have put public projects on hold due to the lack of funding from decreased tax revenue as consumers spend less. There are more than 3,000 projects worth \$18.4 billion that could be started in 30 to 90

The infrastructure spending plan calls for construction projects in many areas, including roads, airports, light rail and utility lines.

Continued . . .

Push for increased infrastructure spending

... continued



The nation's Highway Trust Fund was close to running out last fall before lawmakers passed a temporary fix of \$8 billion. A new comprehensive highway bill will need to be passed this year.

During the election season, numerous states passed ballot initiatives aimed at fixing infrastructure; a positive sign that a national stimulus plan focused on new infrastructure spending would be welcomed.



days, according to the American Association of State Highway and Transportation Officials. Those projects may get top priority for an immediate boost, while other projects created under a stimulus would help in the long term. Another immediate benefit may be that projects cost less as the economic turmoil has driven fuel and material prices down.

But the most beneficial aspect would be the creation of jobs at a time when construction unemployment has soared. The public works projects created under a new stimulus package would also help the overall construction economy, which is projected to further decline through much of 2009. However, some forecasts do see the housing market stabilizing in the second half of the year.

Nearly every construction-related organization is calling for some sort of stimulus package. As part of such a stimulus package, many are pushing for an extension of the Bonus Depreciation and additional Sec. 179 expensing levels. The Associated Equipment Distributors (AED) President Toby Mack urged Congress to act swiftly saying, "Infrastructure stimulus would immediately create jobs and spark new business purchasing, while at the same time laying a solid foundation for America's economic vitality."

During the presidential campaign, Obama talked about \$175 billion in spending, but new figures put the price of a stimulus package four to five times higher than that.

"We have to make sure that the stimulus is significant enough that it really gives a jolt to the economy, that it puts people back to work, that it is making investments, that it is restoring some confidence in the business community that, in fact, their products and services are going to have customers," said Obama in a recent press conference. "Not only do I want this stimulus package to deal with the immediate crisis, I want it also to lay the groundwork for long-term, sustained economic growth." ■



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NEW DOZERS

Award-winning super-slant design among improvements in D31, D37 models



Bruce Boebel,
Komatsu Dozer
Product Manager

The revolutionary design that made Komatsu's first super-slant dozer, the D51EX-22, an award winner is now available in the new D31 and D37 models. They are ideal for owners and operators looking for better visibility and performance in smaller-dozer applications.

Both new models, available in standard-track EX and wide-track PX versions, feature Komatsu's super-slant nose coupled with a new cab-forward design that puts the operator closer to the blade, while improving machine balance, ride and stability.

"Slanting the nose and moving operators forward allows them a better view all around, and especially gives them a great view of the material they're pushing," said Bruce Boebel, Komatsu Dozer Product Manager. "Cabs are larger than their predecessors, with more glass to enhance visibility, making the operator more efficient. Owners could put a new operator in these machines and be confident they'll learn

how to run a dozer faster so they're productive more quickly.

"We didn't stop with improving the cab," he added. "The dozers are more durable with thick plate steel and rigid frames, and tracks are welded onto the frame, unlike most competitors, which have bolt-on track frames. Both have more horsepower than their predecessors, increasing pushing capabilities for better production and cost per yard. Couple that with new Tier 3 engines that reduce fuel consumption, and maintenance time, and they're among the most efficient dozers on the market."

Those attributes are helped by large power-angle-tilt blades that hold more material, especially useful in mass dozing. Each hydrostatic dozer has a steering system that provides smooth movement during dozing, even in gradual turns. That also allows the operator to approach objects accurately in corner and sidewall operations.

By simply pushing a button, operators can select between variable and quick-shift speed control for maximum efficiency during fine or rough grading with optimal travel speeds to match job conditions and operator preferences. With variable speed, travel speed is adjusted through a range of 20 incremental speeds, while quick-shift allows operators to select three predetermined speed settings to match job conditions.

"All models come standard with KOMTRAX to help track utilization and maintenance," noted Boebel. "The D31 is great in residential applications and tight places for general finish work, and the D37 is a step up for those wanting a little bigger machine, but can't justify going to a larger D39. They're both great investments that will pay big dividends." ■

Komatsu's award-winning, super-slant nose design, is now available in its new D31 and D37 models. Also available in D39 and D51 models, it allows operators a better view of the blade for increased efficiency.

Brief Specs on Komatsu D31 and D37 Dozers

Model	Output	Operating weight	Blade capacity
D31EX-22	78 hp	18,056 lbs.	2.11 cu. yd.
D31PX-22	78 hp	18,827 lbs.	2.11 cu. yd.
D37EX-22	89 hp	18,298 lbs.	2.32 cu. yd.
D37PX-22	89 hp	19,070 lbs.	2.55 cu. yd.



ADDED VALUE

PC200LC-8 Thumb Spec excavator offers greater lift capacity and stability

When Komatsu designed its PC200LC-8 Thumb Spec excavator, it kept all the same innovative attributes of its PC200LC-8 counterpart and beefed up the counterweight to 11,113 pounds. The result was a 20-percent increase in lifting capacity compared to the standard PC200LC-8 and increased stability when working with heavy loads at maximum reach.

"This is really a great machine for anyone who's working in conditions that warrant that extra lift and stability needed in applications such as digging trenches or setting pipe and structures," said Armando Najera, Product Manager Excavators. "The thumb and bucket, as well as attachment piping, can be factory installed. The PC200LC-8 Thumb Spec also has a heavy-duty arm for improved durability and increased support for thumb installation."

Also available for customers who require factory piping is an HD Spec (Heavy Duty) that includes an HD boom, HD revolving frame under covers and HD decals. The HD Spec is a setup that is suited for demolition-type work. Other major production numbers remain the same for both the Thumb Spec and the HD Spec, with bucket capacity between 0.66 and 1.57 cubic yards and 148 net horsepower.

"Keeping those numbers consistent means the Thumb Spec machine will continue to be productive and fuel efficient, even while handling heavier work loads," said Najera. "The PC200LC-8 Thumb Spec has increased in popularity because of that. Contractors are seeing the benefit and asking for this machine."

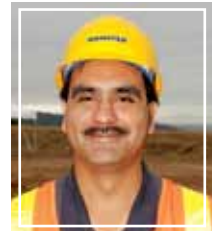
Efficient features

Part of its popularity comes from the standard features, similar to its counterpart, that make it among the most productive in its size class, including low fuel consumption and emissions from a Komatsu turbocharged, aftercooled Tier 3

engine. Operators can maximize fuel efficiency by using the Economy mode (one of five available modes), and using the Eco-gauge for energy-saving operations. An extended idling caution helps operators remember to shut the machine down for fuel conservation.

Operators can set the modes using an easy-to-view, seven-inch LCD color monitor in the large, comfortable cab that has damper mounting for low noise and vibration. Extended replacement intervals for engine oil and filter and hydraulic filters means less downtime. Like all new Komatsu excavators, the PC200LC-8 Thumb Spec comes with Komatsu's KOMTRAX remote machine-monitoring system.

"Like the standard PC200LC-8, this is truly a great machine that can benefit almost anyone doing mass excavation, site preparation or utility installation. The Thumb Spec is not just for customers with machines that will use a thumb," said Najera. "If they need a little extra kick or additional stability, they should consider this machine. They'll definitely see the difference." ■



Armando Najera,
Product Manager
Excavators

Komatsu's PC200LC-8 Thumb Spec excavator has the innovative features of its standard counterpart, plus a reinforced mainframe and additional counterweight for increased lifting capacity and stability when working with heavy loads at maximum reach.

Brief Specs on Komatsu PC200LC-8 Thumb Spec Excavator

Model	Operating weight	Net hp	Bucket capacity
PC200LC Thumb Spec	51,199-53,115 lbs.	148 hp	0.66-1.57 cu. yd.





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- Multi-function LCD monitor provides critical operating information at a glance (and it can do this in 10 languages).

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EXPERIENCE PAYS OFF

Komatsu designs the ultimate eight-ton size class excavator

Komatsu recently introduced its new PC88MR-8 excavator to the North American market to much critical acclaim. There are a number of competitive units in its eight-ton size class, but the comparison ends there as side-by-side tests show that the PC88MR-8 offers more value from the start and can save more money throughout the life of the machine.

Before the test was conducted, Komatsu looked at 13 obvious areas of comparison, such as the manufacturer's own hydraulics and engine, short tail swing, fuel management features and number of working modes. In each case, the PC88MR-8 was equal to or better than the competitive model. Major areas where Komatsu stood out were working modes — the PC88MR-8 has five to maximize production and fuel economy — and fuel management features, such as auto-idle, eco gauge, Economy mode and excess idle alarm. The competition had only one mode, auto-idle.

After comparing the models, they were put to the test under controlled conditions at Komatsu's Training and Demonstration Center in Cartersville, Ga. Komatsu was the clear winner in several categories, including 15 percent faster cycle time in Production mode and nearly the same cycle time in Economy mode. The PC88MR-8 moved 6 percent more spoil per hour in the Working mode.

While the Komatsu PC88MR-8 moved more material, it used less fuel — 8 percent less in Power mode and a whopping 45 percent less in Economy mode. In the same mode, Komatsu was 22 percent more efficient in terms of cubic yards per gallon.

Continued . . .



In a side-by-side comparison, Komatsu's PC88MR-8 showed faster cycle times, moving 6 percent more spoil per hour in the Working Mode. In addition, it used less fuel, making it more efficient and productive than the competition.

PC88MR-8 offers higher productivity, lower cost

... continued

Adding to the PC88MR-8's productivity numbers is a quiet cab that's more comfortable for the operator. During the comparison, operators noted they could better hear the standard radio in the Komatsu, making for a more pleasant operating environment.

Komatsu PC88MR-8 Field Test Results

Truck Loading		PC88MR-8	Competitor
P Mode	Cycle time in seconds	12.31	14.17
E Mode	Cycle time in seconds	14.27	14.17

Komatsu had a 15% faster cycle time in Production Mode and nearly the same cycle time in Economy Mode.

Loading Amount		PC88MR-8	Competitor
P Mode	Cubic yards per hour	114.6	107.4

Komatsu moved 6.2% more spoil.

Fuel Consumption		PC88MR-8	Competitor
P Mode	Gallons per hour	2.74	2.96
E Mode	Gallons per hour	2.04	2.96

Komatsu used 8.1% less fuel in P Mode and 45.1% less in E Mode.

Fuel Efficiency		PC88MR-8	Competitor
P Mode	Cubic yards per gallon	41.9	36.3
E Mode	Cubic yards per gallon	46.9	has only one mode

Komatsu was more efficient by as much as 22.6%.

KOMTRAX saves money

In today's competitive environment, the availability of accurate operating information can improve the bottom line. Helping provide that accurate information is Komatsu's KOMTRAX system, standard on every new machine with five years of free communications. To put such a system on a machine using existing aftermarket offerings would cost well in excess of \$2,000.

Komatsu sampled the KOMTRAX information on several of its first PC88 models sold, and found the following information:

- Six of eight machines analyzed idled 50 percent of the time. That excessive idling wastes fuel, increases engine wear and adds unnecessary hours to the engine hour meter, which may affect machine resale value at trade-in time. The excess hours require more frequent maintenance resulting in higher costs. By knowing and managing engine idling time, owners can reduce maintenance costs and increase useful life and resale value.
- Those operators who idled the machine less, also used the Economy mode two-thirds of the time. Using the E mode and idling less saved nearly 60 percent in fuel consumption. Assuming a fuel price of \$3 per gallon, that equates to more than \$3,300 savings over the course of 1,000 hours of operation.

Higher resale value, peace of mind

The conclusion from Komatsu's testing and monitoring is that the PC88MR-8 is truly the ultimate eight-ton excavator. It gives owners more up-front at time of purchase and it keeps on giving with exclusive fuel-management features, five working modes to match machine performance to demand and the exclusive KOMTRAX machine-monitoring system that can enhance efficient, money-saving operation. Komatsu believes that the KOMTRAX history record will pay dividends at trade-in time with higher resale values.

For additional peace of mind, the PC88MR-8 comes with a standard three-year/3,000-hour warranty. ■



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TEST DRIVE

Demo Days attendees operate Komatsu equipment, take advantage of CMO tour

Equipment users from around the country got a close look and a chance to demonstrate machinery at Komatsu's most recent Demo Days at the Komatsu Training and Demonstration Center in Cartersville, Ga. Among the units highlighted were the PC200LC-8 excavator with thumb spec and the new D275AX-5 dozer with the patented Sigma blade.

Additional machinery included the award-winning D51-22 dozer and its smaller counterparts, the D39-22, D37-22 and the D31-22. All are available with KOMTRAX, Komatsu's remote machine-monitoring system, which customers could learn more about during the event. They also had the opportunity to tour Komatsu's Chattanooga Manufacturing Operation (CMO), where some of the excavators and articulated dump trucks on display at Demo Days are made.

Also on site were a wide range of the latest excavator and wheel loader models, as well articulated and rigid-frame trucks, rubber-tire skid steers and compact track loaders, a GD655-3 motor grader and a BR580JG mobile crusher.

Komatsu personnel were on hand to answer questions about all the machinery, which equipment users could demonstrate.

For more information on Komatsu equipment, call your sales representative or visit our nearest branch location. In many cases, if you'd like to try something out, we'll be able to set up a demo for you. ■



Demo Days attendees listen to a brief presentation at the Komatsu Training and Demonstration Center in Cartersville, Ga.

Many of those attending Demo Days also took a guided tour of Komatsu's Chattanooga Manufacturing Operation, where excavators and articulated trucks are made.



Demo Days featured a wide array of Komatsu equipment.





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MINExpo REPORT

Komatsu showcases how equipment and technology work together for better production, management

When it comes to mining machines, Komatsu believes in “inventing the future” with innovative products designed to make the user more efficient, productive and profitable. It showcased the present and future of some of its largest production machinery with one of the show’s biggest displays at MINExpo in Las Vegas.

Highlighting the Komatsu display were two new electric mining trucks — the massive 960E-1 and the 860E-1KT — that provide optimal productivity and fuel efficiency. Topping 1 million pounds when fully loaded, the 960E-1 is now the largest in Komatsu’s full line of mining trucks with a 360-ton payload. Hauling that massive amount of material is no problem for the 960E-1 and its 3,346-horsepower Komatsu engine, which uses a unique dual-stage, turbo air-handling system. It has the lowest brake-specific fuel consumption at rated horsepower for its size class.

“More than a decade ago, Komatsu was the first to introduce an AC drive system for ultra-class mining trucks,” said Don Lindell, Product Manager for Mining Trucks. “That experience, along with the more than 100 million operating hours logged overall for our electric trucks, clearly puts us in the lead with these new machines. Customer feedback was also a big influence driving our design criteria for these two new models. The result is a truck that’s unrivaled for productivity, efficiency and comfort in this size class. We took great care in manufacturing the truck to be rugged and dependable, even in the most demanding applications. There are significantly fewer bearings than on other trucks, so there are fewer wear components. We ultrasonically test every weld. It’s a very innovative product.”

Komatsu added innovation to the 280-ton-payload 860E-1KT (The K stands for

Komatsu drive and the T for Trolley) as well. The 2,700-horsepower, 16-cylinder, two-stage turbocharged diesel engine is not only powerful, but Tier 2 certified for lower environmental impact. With Komatsu’s factory-installed, trolley-capable option, the 860E-1KT can be utilized on either 1,600- or 1,800-volt lines for faster propulsion uphill while the engine reduces rpm, saving fuel and extending the life of the engine compared to a non-trolley truck.

Both trucks have ultra-quiet, dynamic retarding systems assisted by four-wheel, wet-disc brakes coupled with traction-control technology that provides excellent braking force, even in difficult road conditions.

“One of the advantages is that the operator can maintain a desired traveling speed,” said Lindell. “We also made the cabs in these machines larger with better visibility. An integrated electronic dash display allows the driver to more easily see and read the gauges as well as payload data.”

D475ASD-5 Tier 2 pushes more

Komatsu displayed the latest D475ASD-5 dozer with its Komatsu 890-horsepower Tier 2



Rich Smith,
Product Manager,
Mechanical
Drive Equipment



Don Lindell,
Product Manager,
Mining Trucks

Continued . . .

Komatsu had one of the largest displays at MINExpo, including a WA1200-3 wheel loader.



Innovation helps Komatsu remain a leader in mining machinery

... continued



Tom Stedman,
Product Marketing
Manager for
Mechanical Mining
Equipment

engine that works to help the 246,000-pound-plus machine push nearly 60 cubic yards of material with its Super Dozer blade.

"The D475ASD-5 Tier 2 is great for long, consistent pushes where operators can utilize all its horsepower," pointed out Rich Smith, Product Manager for Mechanical Drive Equipment. "It



A Komatsu 860E-1KT has 2,700 horsepower for moving mass amounts of material faster.



The D475ASD-5 Tier 2 dozer pushes nearly 60 cubic yards of material with its Super Dozer blade.

Komatsu's newest mining truck, the 960E-1, is also its largest with a payload of 360 tons.



uses a lockup torque converter that gets the engine's power to the tracks and down to the ground where it belongs. With the Super Dozer blade, it's about 15 percent more effective than a standard blade.

"That becomes even greater in uphill pushes," he added. "For instance, on a 12-percent or 15-percent grade, users may see 20 percent to 25 percent greater productivity advantages over a standard full-U blade. In addition, it offers greater travel speed while the engine kicks down in rpms, so it uses 3 percent to 5 percent less fuel than the competition. With today's fuel prices, that adds up significantly in a fleet of machines."

WA1200-3 leads the pack

Rounding out Komatsu's equipment offerings at MINExpo was its largest wheel loader, the WA1200-3. This machine has a 1,560-net-horsepower engine and a 26.2-cubic-yard bucket capacity in its standard configuration. An optional high-lift model provides an additional two and a half feet of reach.

The standard WA1200-3 is not only Komatsu's largest loader, but one of the world's largest at more than 452,000 pounds with a dumping clearance higher than 20 feet. It has more than 286,000 pounds of breakout force and 253,000 pounds of traction force. Steering is controlled by the Advanced Joystick Steering System (AJSS) with light, short strokes for perfect steering accuracy, and stopping is safe with closed, wet-disc brakes.

"Of the world's largest loaders, it gives the best advantage in tractive effort and digging power," said Tom Stedman, Product Marketing Manager for Mechanical Mining Equipment. "Komatsu loaders are well-known throughout the range of sizes for their powerful digging, breakout force, stability and outstanding tipping load weight and ratio, and we believe the WA1200-3 is unmatched in all these areas.

"The WA1200-3 has a wide range of applications," he added. "They are in use in all types of mines around the globe because they match up very well with our electric mining trucks. In addition, because of their stability, they make great load-and-carry machines for applications such as charging a hopper." ■

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KOMATSU'S "GREEN" COMMITMENT

VP says the company's efforts impact both the environment and customers' bottom line



Erik Wilde,
Vice President,
Product Marketing

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

Erik Wilde has been with Komatsu more than a decade, the last five as Director and now Vice President of Product Marketing.

"One of my primary missions is to help our product managers and distributors get the message out about how our products can make our customers more efficient and productive at the same time," said Wilde. "Komatsu has done that in several ways that not only improve machine and operator performance, but reduce fuel consumption and harmful emissions. We believe we're the most environmentally friendly equipment company in the market."

Wilde has seen several of the changes that have led to better owning and operating costs since he joined Komatsu in 1997 as a Warranty Coordinator and Assistant Service Engineer for mining dozers. He was with the Mining Division nearly four years before moving into the Construction Division as Product Manager of hydraulic excavators. He completed an MBA in Marketing in 2003, which led to his position as Director of Product Marketing later that year.

A San Francisco Bay-area native, Wilde has adapted well to the Midwest as he's based at Komatsu's Corporate Headquarters in Rolling Meadows, Ill. He and his wife have three children under age 10 who keep them busy with various activities.

QUESTION: Komatsu has introduced a large number of new machines in the past few years. What's changed and why?

ANSWER: In the past three years, Komatsu has redesigned or replaced nearly 95 percent of its vast equipment offerings, some as a result of increased governmental standards, but just as importantly, because we've listened to our customers' desires for improved technology, better parts availability and other improvements that benefit their businesses' bottom lines. From the governmental standpoint, nearly every machine in Komatsu's lineup has a Tier 3 or EPA-compliant engine. With the Tier 3 engines, we not only meet governmental standards for reduced emissions, but we often exceed them. At the same time, we reduced fuel consumption and increased service intervals, both of which add up to more efficiency and cost savings. We simplified the machines for better operator efficiency and added items such as lock-up torque converters for better productivity. We're very proud of those achievements because they fit right in with our goal of being an environmentally friendly company with sustainable and "green" solutions as part of our corporate commitment.

QUESTION: What else has Komatsu done to go "green?"

ANSWER: Well in some sense, we believe we've always been the greenest equipment company in the marketplace, stretching back decades. All our equipment is designed and built to last. That means fewer machines being put out to pasture, so to speak. An example where we've extended life is in our new PLUS undercarriage on the D51, D61 and D65 machines, which doubles the

undercarriage life. But we all know that at some point, every machine outlives its useful life and will be taken out of service. Komatsu designs machines that are virtually 100-percent recyclable, from the steel to the plastic to the glass. We use recycled materials in their initial production. That way, there's less waste and more reusable material that can go into making future products.

Komatsu continues to implement green practices in its manufacturing operations. It's adopted an Earth Environmental Charter that lays out our principles and activities for a green and sustainable company. All our plants are near-zero-waste facilities, so that every material that comes in is used or reused in some way. Waste oil is recaptured and used for heating. We've adopted new painting practices that cut waste and environmental impact, while making our paint jobs better. In addition, we've strategically located our parts depots to be closer to our customers so less fuel is used to get parts to them quickly, and we've teamed with suppliers and carriers who are close to our manufacturing operations, so there are shorter shipping distances and less fuel burned in getting materials in and products out of our manufacturing facilities.

QUESTION: What are some ways Komatsu is working with equipment users on green practices?

ANSWER: Komatsu prides itself on being ahead of the technological curve. With our KOMTRAX monitoring system, which is free for five years and standard on most new machines, users can see how a machine is performing in various modes that Komatsu offers. It's widely believed that being in Power mode offers the best production. That's understandable, but our data show that in 70-plus percent of applications, they get the same productivity in the Economy mode at a lower cost. The benefits are less fuel used, less engine wear and more profit. Komatsu is also introducing a "Green Guide," which offers ways for equipment users to promote and implement green practices into their companies and run their machinery more efficiently. We're encouraging users to check it out online so they're not using paper. If



Utility machines, such as the CK30 compact track loader, were required to meet Tier 4 emission standards in 2008. Tier 4 is on the horizon for 175 horsepower and up machines in 2011 and 75 to 175 horsepower must be Tier 4 in 2012.



When Komatsu designed its Tier 3 engine machines, it not only lowered emissions, in many cases it increased horsepower and reduced fuel consumption, making them among the most productive and efficient machines in utility, construction and mining applications.

they want a paper copy, it will be printed on recycled paper using soy ink, which is much more environmentally friendly.

QUESTION: What else is on the horizon for Komatsu?

ANSWER: Our utility products already have interim Tier 4 engines and we're working to meet Tier 4 standards on time, or ahead of time, like we did with Tier 3 on the balance of the product line. Engines 175 horsepower and up are required to be Tier 4 compliant by 2011, 75 through 175 horsepower in 2012. Tier 4 standards reduce emissions even more, which further reduces environmental impact. As with our other products, we're working to further improve performance and efficiency on our Tier 4 machines, delivering more value for our customers. ■

SAVINGS SOLUTIONS

Komatsu offers QuickEvac™ system designed to help reduce routine maintenance time



John Bagdonas,
Product Marketing
Manager,
Working Gear

The QuickEvac™ system is designed to reduce routine maintenance time as well as potential environmental impact.

Komatsu has teamed up with RPM Industries to offer its QuickEvac™ prelubrication and oil evacuation system, which is designed to reduce the time it takes to perform routine oil and filter changes on equipment. The QuickEvac system is available as a factory-installed item or a retrofit kit available for virtually any piece of Komatsu equipment.

"It's an on-board engine maintenance system that offers several advantages over conventional oil changes, especially the speed at which a service can be performed," said John Bagdonas, Product Marketing Manager for Komatsu's Working Gear Group. "In many cases, oil and filter changes can be performed in a half hour or less compared to multiple hours on some machines. That's a significant time savings that equals more profit because the machine and operator are producing more. Technicians and mechanics can perform more services in less time because they don't have to

crawl under or over a machine to deal with oil spills from plug removal and installation."

Technicians simply follow these six easy steps in the QuickEvac system:

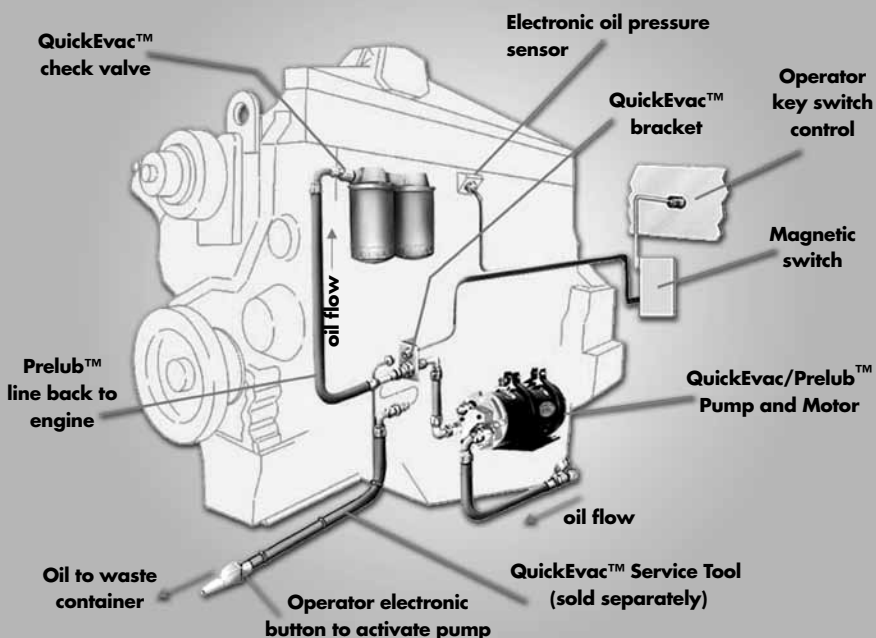
- Purge lube filters of oil;
- Connect the service tool with quick-connect fittings and an electrical connection;
- Empty the sump directly into a waste container;
- Install dry oil filters;
- Refill the sump and oil filters with new oil;
- Disconnect the service tool and reconnect the Prelub™ line (technology that fully pressurizes the engine with oil before the engine cranks and prior to every start).

Study shows reduced engine wear

Time and money savings are only part of the equation. When coupled with Komatsu's fuel savings and lower emissions, the QuickEvac system further reduces environmental impact. There's less chance of oil spills, and waste oil can be transferred directly to final containment without messy pans or cans. With the Prelub technology, there's no need to prime the filter with oil, reducing another contamination risk.

"QuickEvac is a very 'green' technology," said Bagdonas, who noted teaming up to offer QuickEvac is part of Komatsu's commitment toward one-stop shopping. "Installing the filters dry and using Prelub technology is not only environmentally sound, it could help the engine last longer. A recent study by Southwest Research Institute showed that engine prelubrication reduced wear an average of 68 percent. Of course, every situation is different, but increased component life and any savings on service costs and downtime mean more money in the owner's pocket."

To learn more about QuickEvac, contact Komatsu, your sales representative or our nearest branch location. ■



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