

The



DIESEL MACHINERY, INC

# Difference

A PUBLICATION FOR AND ABOUT DMI CUSTOMERS • 2006 No. 2

Featured in this issue:

## DASH-8 EXCAVATORS

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

See article inside . . .



**KOMATSU**

# A MESSAGE FROM THE CHAIRMAN



DIESEL MACHINERY, INC

Dear Equipment User:

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

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

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


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

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

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

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

Sincerely,  
DIESEL MACHINERY, INC.

  
Pat Healy  
Chairman of the Board



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# Difference

## IN THIS ISSUE

### **SLOWEY CONSTRUCTION, INC.**

Read how this Yankton-based site-preparation contractor's reputation for honest, reliable work has led to growth and new opportunities.

### **GUEST OPINION**

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

### **INDUSTRY MILESTONES**

It's hard to imagine our nation without its Interstate highway system, which will be 50 years old this summer. Here's a look at the past and predictions for the future needs of this impressive transportation system.

### **FIELD NOTES**

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

### **OUT & ABOUT**

A number of DMI customers made the trip to Las Vegas to attend Komatsu's Field Days. See if you recognize any of your friends in these photos from the demo site.

### **NEW PRODUCTS**

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

### **PRODUCT INNOVATION**

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

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## A SALUTE TO A **DMI** CUSTOMER

# **SLOWEY CONSTRUCTION, INC.**

## **Outstanding work fuels Yankton-based site-preparation company's steady growth**



Steve Slowey,  
Owner and President

When Steve Slowey graduated from college in 1975 he faced a decision: join his father Leroy's excavation business or use his education degree to find a teaching job. Thirty years later, he's still happy with the choice he made.

"I decided to go into business with my dad," said Slowey, Owner and President of Slowey Construction, Inc. His wife YaVonne is the Vice President and his brother Pat is Estimator/Project Coordinator. "It wasn't my intent when I went to college, but I thought I could do more for my family by joining the business. I worked with my father during the summers growing up, so I knew the business well."

When Steve joined full time, the business consisted of LeRoy — who passed away in the early 1980s — Steve and a couple of hired hands. They did small underground utility projects and dug basements. Now, Slowey Construction is a full-service site contractor that handles utility work, cut/fill operations, pavement removal and subgrade preparation within about a 60-mile radius of Yankton. The company also offers snow removal and demolition.

Slowey Construction recently began crushing much of the pavement it removes. Following removal, the company hauls the material back to its facility in Yankton where several products are made for reuse in future projects.

"We use the material for a variety of purposes, such as a subbase under parking lots and as surface material on gravel roads," Steve noted. "We make an oversized material for use in wet conditions. It's a way to recycle

material that otherwise may go to waste, so it's a real benefit to crush that material."

### **Outstanding reputation**

Slowey Construction uses some of the material on the dozens of projects it does each year, many for repeat customers who rely on the company for a job done on time and on budget. The Sloweys have built a reputation for honest, reliable work, something they're very proud of.

"On public jobs you have to be the low bidder, but on private or subcontract work, it often comes down to who has the people the customer can trust," Pat said. "Our intent has always been to do the job right the first time and at the price we say we will. I believe that's given us a solid reputation in the business and it's why customers continue to call us back."

"Much of our growth has been a result of taking advantage of opportunities as they present themselves," said Steve of how the list of services has continued to grow over the years. "It's been a natural progression. We started out doing mainly private work with some municipal work sprinkled in. As the years went by, more public projects and state highway projects were let, and we tried to pick up our share of them. We started taking on bigger projects, so we were forced to grow. Now, we're doing a lot more highway work than before."

### **Employees drive project success**

Recent highway projects included dirt work for the installation of new box culverts and a bridge on Highway 52 between Yankton and Springfield. Slowey Construction moved nearly 80,000 yards of material and installed nearly 10,000 feet of pipe.



Slowey Construction uses Komatsu excavators exclusively. Its newest piece is a PC300LC-7 shown here being used to load scrapers on a highway project near Yankton. "I believe Komatsu makes the best excavators, hands down," said Steve Slowey, Owner and President of Slowey Construction. "They're dependable and fast and they last."

"That's a typical-size job for us," Pat commented. "Most of our jobs are that size or smaller. We're set up so that doing a project like that is perfect for us."

The company also installed nearly three miles of utility lines at the new Super Wal-Mart in Vermillion. "It was a fast-paced project," Pat noted. "We did it in about three months. We also helped do quite a bit of the on-site dirt work."

The Sloweys credit their company's ability to complete projects quickly to a dedicated corps of employees, many of whom have been with the company 10 years or more. Key members include longtime field employees Gene Grate, Dean Becker, Greg Schmidt, Steve Hobelheinrich, Kent Ruzicka and Chad Lacey. Office Manager Carla Rothluebber just celebrated her 12th anniversary with the company.

"Our employees are outstanding," Steve acknowledged. "They are the most important asset we have. It's hard to bid work if you're not sure of the people you have, but our people are very conscientious and hardworking."

"When dad and I were starting out, we did all the work alone," he added. "As the

business grew, it became harder to do it all, so I had to take on more of a management role and rely on the people we hired to get the work done. They've been phenomenal. They're the reason we've grown and they are the key to the company's success."

### Equipment that lasts

As Slowey Construction grew, so did its equipment list, which includes numerous reliable Komatsu excavators and wheel loaders purchased from DMI's Sioux Falls branch through Sales Representative Roger Horstmeyer. Slowey Construction added to its long list of excavators (two PC120LC-6s, a PC200LC-6, a PC220LC-6, a PC400LC-5 and a PC300LC-5) with the purchase of a PC300LC-7 in 2005.

"The PC300LC-7 has been a great machine for us, we use it for just about everything," Steve said of the 73,210-pound machine. "Most of the time we're using it to dig trenches and set pipe, but we also use it for mass excavations. It has a lot of lifting power. We used it on a recent job to lift some rather sizeable culvert we had to set. Our older machines wouldn't handle it, but the new PC300 had no problem with it."



Pat Slowey,  
Estimator/Project  
Manager

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*Continued . . .*

# Steady growth ahead for Slowey Construction

... continued



Carla Rothluebber,  
Office Manager

"I believe Komatsu makes the best excavators, hands down," added Steve. "They're dependable and fast. We still use several machines that have quite a number of hours on them because Komatsu excavators last. We generally like to keep equipment as long as it's productive and isn't costing us a lot of money in repairs. Komatsu machines let us do that."



Steve Slowey (right), Owner and President of Slowey Construction, Inc., meets with DMI Sales Representative Roger Horstmeier. "Roger and the people at DMI have always done a tremendous job for us and have been responsive to our service needs," Slowey said. "We've developed a good relationship."

A Slowey Construction operator uses a Komatsu WA420-3 wheel loader to load material on a highway project near Yankton. Slowey Construction offers full site-preparation work within about a 60-mile radius of its home base in Yankton.



The Sloweys also like the productivity Komatsu wheel loaders offer. Slowey Construction owns three Dash-3 models (a WA420, a WA380 and a WA180) as well as a WA250-1.

"Like the excavators, they're very dependable," said Steve, whose company also owns a Komatsu WB140 backhoe loader. "The thing we really like about them is the versatility. We're able to use them for a variety of purposes such as carrying pipe, backfilling trenches or loading trucks. They maintain their power and speed in all applications, which is a great benefit."

Mechanic Kent Ruzicka handles service on Slowey Construction's growing fleet with help from DMI as needed.

"We added Kent to the staff about five years ago because we had so many pieces of equipment, we needed a full-time person to oversee service. Up until then, DMI handled the bulk of our service needs," Steve explained. "Our guys would check and change the oil, but DMI did anything beyond that. Roger and the people at DMI have always done a tremendous job for us and have been responsive to our service needs. We've developed a good relationship."

## Sustained growth

The Sloweys have worked hard to develop good relationships with their customers as well. It's a big reason why Slowey Construction has seen continual growth, and they see more of the same down the road.

"We'll continue to get bigger, but at a slow pace," Steve pointed out. "The business has been built on steady, sustained growth and we'll continue that trend. We've always been open-minded about new ideas and ways to improve our services. We've taken on more trucking and dirt work recently, so I think we'll continue to grow in those areas."

"The bottom line, however, is we don't want to take on more than we can handle, and that's why we add little by little," he continued. "Ultimately, customer satisfaction is our top priority, so we won't let ourselves get to the point where the personal touch suffers." ■



# CONSTRUCTION OUTLOOK

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

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

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

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

The growth in aggregate production in response to highway and nonresidential growth will be around 5 percent. The limiting factors in aggregates are the difficult permitting process

and the lack of large equipment available to quarries. Quarry and mining work around the world is booming and manufacturers have been able to produce machines, but are still having difficulty with tire availability. Contractors should take exceptional care of their tires at this point of the economy. A damaged tire could take several days or longer to replace.

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

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



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

Road building will be one of the lynchpins of this year's construction economy with spending expected to be up by about 14 percent.



# INTERSTATE TURNS 50

## Highway system was built with economy, defense and safety in mind

**V**You'd be hard pressed to find someone in the United States who hasn't traveled on some of the more than 46,000 miles of Interstate highways that cover the entire country. In fact, with the Interstate Highway System turning 50 this summer, it's hard to imagine the country without it.

Officially known as the Dwight D. Eisenhower National System of Interstate and Defense Highways, the Interstate Highway System celebrates its Golden Anniversary June 29, 2006. The date marks 50 years to the day President Eisenhower signed the Federal-Aid Highway Act of 1956 into law, providing billions of dollars for the construction of new highways. The bill had passed the House of Representatives and Senate three days earlier.

An arduous trip across the country in 1919 formed President Eisenhower's opinion that the nation needed a highway system to move military and other vehicles quickly. Problems such as trucks needing to be pulled from muddy roads and ditches were a common occurrence on Eisenhower's journey from Washington, D.C., to San Francisco. (Photo courtesy of the National Archives.)



"The obsolescence of the nation's highways presents an appalling problem of waste, danger and death," Eisenhower said during his presidential campaign in 1952. "A network of modern roads is as necessary to defense as it is to our national economy and personal safety."

Economic benefits, traveler safety and national defense were all cornerstones of the plan to build a system of roads to improve transportation in the United States. Part of Eisenhower's presidential platform in 1952 called for funding a network of highways that would improve the flow of goods and services across the country, while providing safer routes for Americans to traverse while visiting relatives and friends across the country.

While economics and national defense were vital aspects of the highway bill, traveler safety was just as important. At the time the bill was signed into law, highway death rates were more than four times higher than they are today. According to the Federal Highway Administration (FHWA), the Interstate System has done much to make travel safer and more efficient. The FHWA claims the Interstate System is the safest road system in the country with a fatality rate of 0.8 compared to 1.46 for all roads in 2004 (numbers are based on fatalities per 100 million miles traveled). The national fatality rate in 1956 was 6.05.

According to the FHWA Web site, this improvement in safety is the result of many factors working together, including the shift of traffic onto the safer Interstate highways and technological advances in safety, such as wider shoulders; skid resistant pavements; better guardrails, signs and markings; clearer sight distances; and breakaway sign posts and utility poles.



## Like sees future in past experiences

It's a far cry from the less-than-ideal conditions Eisenhower faced as a lieutenant colonel in the Army in 1919, when he was assigned to a coast-to-coast motor transport train to move military vehicles from Washington, D.C., to San Francisco. The 62-day trip was fraught with rough, sometimes muddy roads, bridgeless river crossings and an agonizingly slow pace of 6 mph. In places where there were bridges, the heavy military vehicles often broke through the bridge decks, causing delays that limited the trip to an average of 58 miles per day.

The trip formed Eisenhower's opinion that the nation needed a highway system to move military and other vehicles quickly, but his vision wouldn't be realized until almost 40 years later when he became president. With the country facing hardships such as WWI, The Great Depression and WWII, the idea of funding a new highway system was put aside. Eisenhower spent time in Germany during WWII, and it was there that he further cemented his view of the need for better transportation in the United States.

Eisenhower saw the future of America's Interstate Highway System while moving military troops and equipment on Germany's Autobahn, and made the idea of better transportation in the United States part of his domestic agenda when he became president.

## Debated project

Eisenhower considered the Federal-Aid Highway Act one of his crowning achievements during his tenure in office. Historians agree, even though there is debate as to its standing among the greatest construction projects of all time. It's been labeled as the greatest public works project in history and was voted the number three construction project of the 20th century by attendees at CONEXPO 1999, behind the Chunnel Tunnel and the Golden Gate Bridge and ahead of such achievements as the Hoover Dam and the Panama Canal.

It was chosen third from a list of more than 100 projects that included buildings, structures,



Workers pave part of Interstate 80 south of Gretna, Neb., in 1957. In 1974, Nebraska became the first state to complete its mainline Interstate system. (Photo courtesy of the Nebraska Department of Roads.)

roads and other large construction projects. Criteria included the impact or benefit to humanity, quality of work, economic impact, use of innovation and application of new technology, impact on and sensitivity to the environment and the influence on future projects.

Final cost estimates, done in 1991, put total construction of the Interstate Highway System at \$128.9 billion, with 90 percent of the funds coming from the federal government. The other 10 percent came from the states, who own, maintain and operate the Interstates that run through them. The only federally owned part of the Interstate Highway System is the Woodrow Wilson Bridge in Washington, D.C.

There's much debate about which state had the first Interstate highway. Three states — Missouri, Pennsylvania and Kansas — all claim to be number one. Which claim is the most legitimate depends on how you define being first.

Missouri was the first to award a contract under the law, doing so on August 2, 1956, just days after Eisenhower signed the act into law. It was for work on U.S. Route 66 which would become I-44. Missouri was also first to start construction after the act was passed, with work beginning on Route 40 (which would become I-70) on September 26, 1956.

On August 31 of that year, Kansas awarded a contract for concrete paving on a section of U.S. 40, which would also become part of I-70.

*Continued . . .*

# New bill to rebuild, maintain nation's highways

... continued

Construction was under way before the act, but the paving dollars were awarded after the Highway Act was signed. On November 14, Governor Fred Hall opened the new road in a ribbon-cutting ceremony where a sign was posted identifying it as the first project in the U.S. completed under the provisions of the new Federal-Aid Highway Act of 1956.

Pennsylvania says it's number one based on prior construction that would later become part of the Interstate system. Much of the Pennsylvania Turnpike, which opened from near Pittsburgh to near Harrisburg in 1940, would be incorporated into the Interstate system as time passed. If that counts, "The Granddaddy of the Pikes" would truly be the first.

## Upgrades, funding on the way

No matter which state is correct, the Interstate Highway System has reached middle age and some say it's time for upgrades and an infusion of new monies to make sure it continues to meet the needs for which it was designed. A new highway bill signed into law in 2005 is the most recent Interstate funding mechanism. SAFETEA-LU, which stands for Safe, Accountable, Flexible and Efficient Transportation Equity Act — A Legacy for Users, authorized more than \$286 billion in

transportation-related spending. Of the \$286 billion, \$228 billion is earmarked for highways.

"As the Interstate System approaches 50, it's facing a 'mid-life crisis' that few outside the transportation industry and the public agencies that manage it seem to understand," said 2005 American Road & Transportation Builders Association (ARTBA) Chairman Rich Wagman in a recent article on the ARTBA Web site. Wagman is chairman and CEO of York, Pa.-based G.A. & F.C. Wagman, Inc. "Throughout the past 50 years, the Interstates have handled traffic volumes and weights that have dramatically exceeded the usage projections of those who developed and designed the plan in the 1940s and '50s. That beating — combined with the System's capacity shortcomings — has taken a great toll. There will be serious consequences for the nation if the capital investment and resource challenges that face the Interstate aren't fully understood and met."

The funds provided under SAFETEA-LU will help rebuild and maintain the Interstate Highway System as the country moves further into the 21st century and road use continues to increase. Currently, less than 1 percent of the nation's roads are Interstates, but they carry more than 24 percent of the country's travel, including more than 41 percent of all truck miles as goods and services are moved around the country faster and more efficiently than ever before.

The impact on the nation from Eisenhower's Interstate System has been profound as it's spread across the country, putting everyone within a few days drive of each other. It's spurred economic growth — estimates show the system has returned \$6 in economic productivity for every \$1 of construction — and reduced traffic fatalities dramatically. All were part of Eisenhower's vision for the future when he first proposed the Interstate Highway System more than 50 years ago.

In 1955, Eisenhower said of the future Interstate system, "Together, the united forces of our communication and transportation systems are dynamic elements in the very name we bear — United States. Without them, we should be a mere alliance of many separate parts." ■

A new highway bill passed in 2005 is designed to rebuild and maintain the country's transportation system, with a major portion of the monies earmarked for highways. Estimates show that the Interstate system has returned \$6 in economic productivity for every \$1 of construction cost and has reduced traffic fatalities dramatically.



## FIELD NOTES

# KOMATSU FIELD DAYS

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

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

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

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

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

### Next generation of products

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

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

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



Les Scott, Manager,  
Komatsu Working  
Gear Group



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

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





## OUT & ABOUT

# DMI AT FIELD DAYS

## What happens in Vegas doesn't always stay in Vegas

Many DMI customers and sales representatives were among those attending Komatsu Field Days to check out the latest Komatsu equipment. Here are some who enjoyed themselves at the demonstration site in Las Vegas. ■



Danny Beckler, Beckler Construction (left) and Ben Braaten, Foothills Contracting



Dave Hulstein, Dave Hulstein Excavating (left) met up with DMI's Dar Ellis.



Mike Trevena (left) and Penny Trevena of Eagle Excavation

Mike Brownlee, Brownlee Construction, was looking at the new WA500 wheel loader.



Reed Olsen, Excel Underground



Standing with a Komatsu PC308 in the background, are (L-R) Scott Jarvis and Corey Price, Apex Construction; Maurice Adams, DMI; Dave Eldridge, D.A. Eldridge, Inc.; and Monte Pedersen, Pedersen Excavating.



Paul Hagen and his wife April of Hagen Grading enjoyed the Field Days outing.





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## NEW PRODUCTS

# DASH-8 EXCAVATORS

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



Peter Robson,  
Product Manager,  
Hydraulic Excavators

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

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

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



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

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

### New engine/new monitor

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

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

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



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

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

## Fuel-efficient operation

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

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

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

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



Both the PC220LC-8 and PC200LC-8 have five working modes, including a new attachment mode. The units also feature a large, new color monitor with an "eco-gauge" to further improve fuel efficiency.

**Brief Specs on the PC200LC-8 and PC220LC-8**

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

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

## Comfort and safety

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

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

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

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





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## PRODUCT INNOVATION

# NEW WHEEL LOADERS

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

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

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

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

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

### New components minimize waste

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

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



Rob Warden,  
Product Manager,  
Wheel Loaders

*Continued . . .*

### Brief specs on WA500-6 and WA600-6

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

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





# New loaders' performance markedly improved

... continued

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

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

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

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

## Increased production

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

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

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

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

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

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

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

## Raising the bar

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

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

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

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





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## KOMATSU & YOU

# NEW ENGINES/NEW MODELS

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

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

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

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

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

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

**QUESTION:** What kind of changes did Komatsu make?

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



**Erik Wilde,**  
Director of 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.*

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

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

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

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

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

*Continued . . .*

# Improvements put Komatsu ahead of competition

... continued

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

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

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

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

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

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

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

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

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

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

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



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



All new Dash-6 Komatsu wheel loaders, like the WA600-6 shown here, as well as all new Dash-8 excavators feature the new ecot3, Tier 3-compliant engine, which lowers both emissions and fuel consumption.





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# AIRPORT FUNDING

## President proposes significant cut to primary aviation improvement program

For the second year, the Bush administration has proposed cutting the Federal Aviation Administration's (FAA) Airport Improvement Program (AIP) and other aviation capital programs.

According to Associated Equipment Distributors' (AED) "Washington Insights" newsletter, the AIP would be cut to \$2.75 billion, down from \$3.515 billion in 2006, as part of the efforts to control federal spending. The proposed cut is even more drastic when compared to the \$3.7 billion FY 2007 budget that Congress authorized for the AIP under the 2003 FAA reauthorization legislation Vision 100. The president's budget falls nearly \$1 billion short of Vision 100's promised investment. Total aviation capital investment under the president's proposal is \$3.1 billion,

less than half of the \$6.8 billion Vision 100 authorizes.

The AIP grants are the centerpiece of a program to address aviation capacity by providing funding for the construction of runways and other airport infrastructure, according to Washington Insights. The president's proposal would result in a 50 percent reduction in primary airport funds under the AIP and a complete elimination of AIP funds for general aviation airports.

### Airport use on the rise

There were nearly 750 million boardings on domestic airlines in 2005 with estimates that the number will continue to climb, growing to more than a billion annual boardings in the next decade. As the demand increases, the nation's aging aviation infrastructure, including airports and air traffic control resources, will become more strained.

According to the AED newsletter, underfunding the AIP in the face of such dramatic growth places the nation's aviation infrastructure at risk for future stability.

Last year, Congress rejected the president's proposal to underfund the AIP and there have already been comments indicating that some representatives still hope to fund the program at least at the \$6.81 billion level guaranteed by Vision 100.

AED's Washington office said the president's proposed budget is just the first in many steps to determine appropriations for FY 2007. AED says it will be working with members of Congress and industry allies to secure the resources needed to maintain and improve aviation, as well as all transportation infrastructure. ■

In a budget submitted to Congress, President Bush has proposed significant cuts to airport improvement projects, including runway expansions and other infrastructure improvements. Associated Equipment Distributors says it will work with Congress to restore funding to previously agreed-to levels.



SERVING YOU BETTER

# NEW DEMONSTRATION SITE

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

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

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

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

### Groups of products to be featured

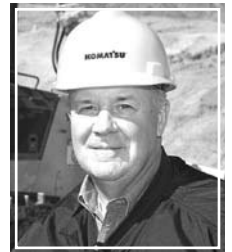
With the new demonstration area, Komatsu intends to focus on key products and/or groups of products that appeal to particular segments of the construction industry.

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

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

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

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



Ed Warner, Manager,  
Demonstration Site



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

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





# ON THE LIGHT SIDE

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



SERVICE  
DEPARTMENT

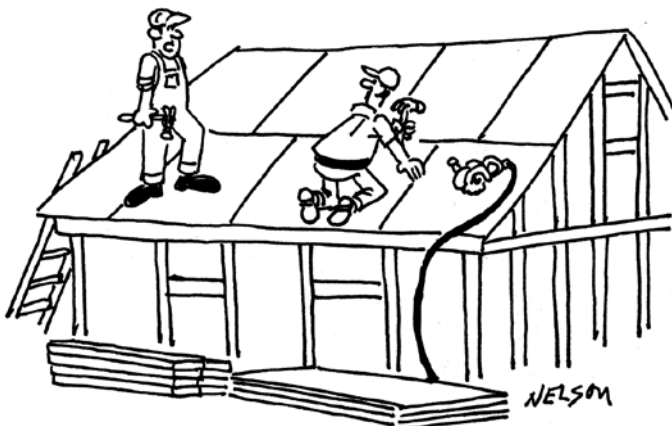
"He gets that same smile every time he gets a machine up and running... But this time it's because he won the 'March-Madness' pool!"



"Honey, your favorite movie is on again."



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



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

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



## PRODUCT IMPROVEMENT

# NEW, ADVANCED KOMTRAX™

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

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

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

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

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

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

*\* Features are dependent on machine model.*

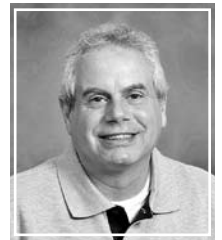
### Next best thing to being there

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

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

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

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



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

*Continued . . .*



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



# New KOMTRAX cuts costs and downtime

... continued



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

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

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

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

## How one large, successful company uses KOMTRAX



**Jim Shaw,**  
Hall-Irwin  
Equipment Manager

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

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

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

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

### Theft prevention

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

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

### Additional benefits with new KOMTRAX

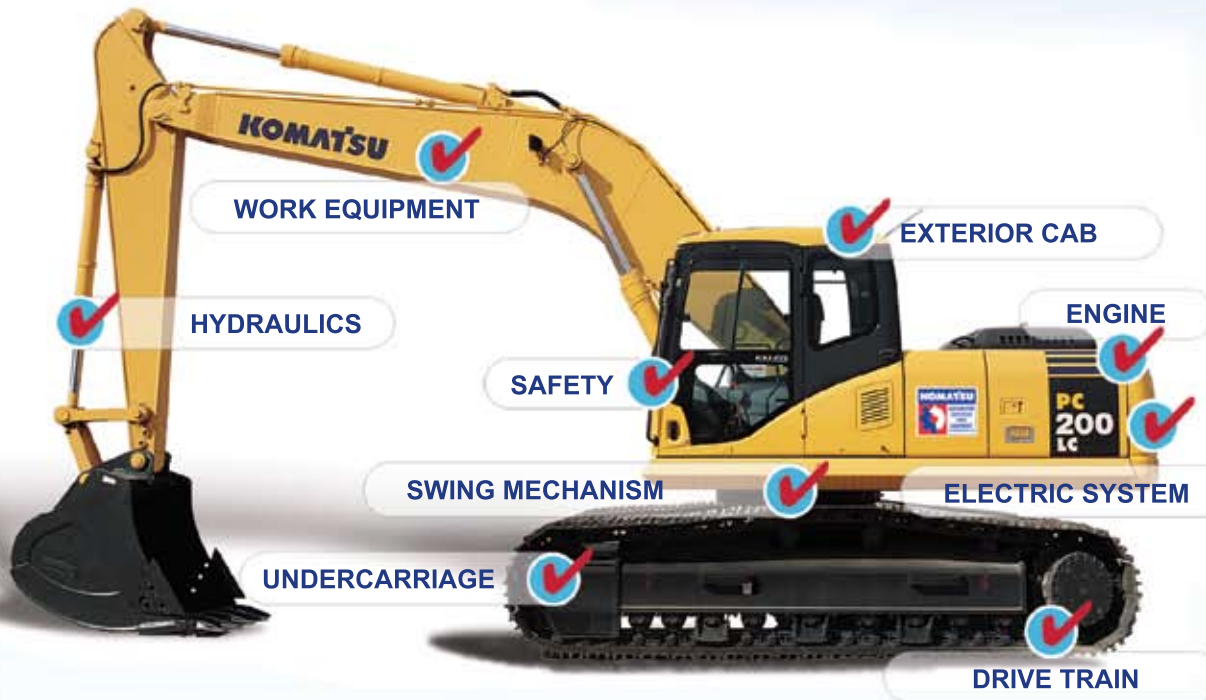
Shaw says Hall-Irwin is looking forward to using the upgraded KOMTRAX system that's now available.

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



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





## MORE INDUSTRY NEWS

# Construction materials costs are on the rise

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

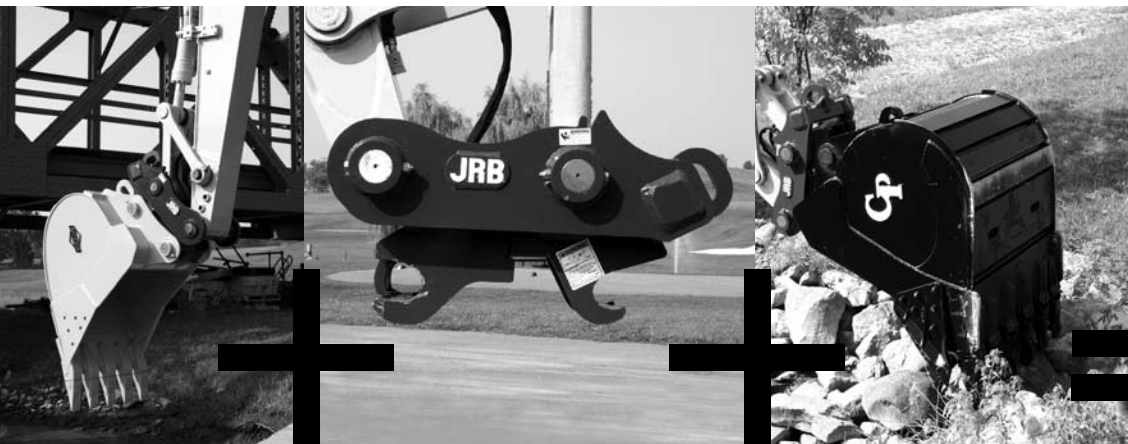
Based on a strong outlook for construction, Associated General Contractors Chief Economist Ken Simonson says the trend of construction materials prices rising faster than the overall rates of consumer or producer prices is likely to continue throughout the year.

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

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

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

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



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## DISTRIBUTOR CERTIFIED USED EQUIPMENT

# VALUE IN USED MACHINES

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

Gary Beal knows the used equipment business about as well as anybody. He owned a used equipment business for a number of years and has headed up the used equipment departments of a number of distributorships. Today, he's Vice President of Used Equipment at a large Komatsu distributorship in the Southwest.

"The key to used equipment is that it provides value to the buyer," said Beal. "That means we have to acquire used equipment at a fair price, sell it at a fair price, and stand behind it. It's really that simple. The important thing is to do that consistently, which is how you earn a reputation as a trustworthy supplier of used equipment."

As a used equipment man, Beal says working for a Komatsu distributor is a major plus because it means having the backing of Komatsu ReMarketing. "A rule of thumb is that there are three used machines sold for every new machine. That means we need to be constantly replenishing our supply. Komatsu ReMarketing is a major source of equipment for us. In addition, Komatsu ReMarketing and Director Lee Haak have been very helpful in working with us to realign our inventory and get our used equipment program on track. I've worked for another manufacturer and their used equipment program is very primitive by comparison."

Beyond being a source for equipment, Beal says Komatsu ReMarketing is also a source for parts, components and special attachments. "Basically, ReMarketing has fostered an excellent working relationship among Komatsu distributorships across the country. One way they've done that is by establishing a ReMarketing e-mail system. If we're looking for a particular machine, a part or something special — we can send out an e-mail and often find exactly what we need. For example, I recently located a long arm for a PC600

excavator from another distributor through our ReMarketing e-mail system."

### Everybody's a customer

When it comes to used equipment, Beal says everybody's a customer.

"From the young guy just starting out, to the large, established company that needs a specialty piece for a specific job, virtually everyone is in the market for an excellent used machine at a great price. Everybody in the construction industry has equipment needs — and in used equipment, we have the solutions."

For equipment users, the advantage of buying a Komatsu Distributor Certified used machine is that it's been inspected and rated according to specific criteria. Because it's known to be a high-quality unit, it often qualifies for special financing and a warranty.

Beal says the reason Komatsu distributors are able to do that is because Komatsu makes such high-quality equipment to begin with. "Komatsu machines are durable and reliable and because of that, those of us in the used equipment business have plenty of confidence when we put a Komatsu Distributor Certified used machine in the marketplace for a second life." ■



Gary Beal,  
V.P., Used Equipment



*For more information on Komatsu Distributor Certified used machines, contact your sales representative or our used equipment department.*

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





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