

Difference

A PUBLICATION FOR AND ABOUT DMI CUSTOMERS • 2012 No. 2



A MESSAGE FROM THE CHAIRMAN



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Innovation that exceeds expectations



Dear Valued Customer:

Innovation is key to leading the way in the marketplace, and we believe no other manufacturer is as innovative as Komatsu. With each new emission standard, Komatsu sets the bar by not only meeting it, but exceeding expectations by designing machines that, in most cases, are also more productive and more fuel-efficient.

In this issue of *The DMI Difference*, several machines are highlighted to illustrate Komatsu's construction ingenuity and its purpose-built machinery. We believe you will be impressed. However, it's not only machine innovation that makes an impression.

Komatsu was the first manufacturer to offer a hybrid excavator and the first to offer machine-monitoring technology as complimentary on new machine purchases. It was also the first to provide complimentary scheduled maintenance — the Komatsu CARE program — on new Tier 4 Interim purchases. Our skilled technicians do all the work, using genuine parts and fluids.

That combined commitment to quality machinery and outstanding support is why Komatsu is our leading manufacturer. We also make a commitment to supporting your machinery, whether it's Komatsu or one of our other quality manufacturers. We do that by making a significant investment in training throughout the company, so we are ready to meet your sales, service and parts needs.

DMI is determined to be your single source when it comes to equipment. If there's anything we can do for you, please don't hesitate to call or stop by one of our branch locations.

Sincerely,

Chairman of the Board



difference

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Published by Construction Publications, Inc. for



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THERE'S AN APP FOR THAT

How advances in technology are helping significantly lower construction costs

Want to see blueprints on your smartphone or tablet? Want to instantly communicate from the jobsite to the office or to the engineering firm that created the blueprints? Want to see the parts manual for your specific machine so you can order oil, filters or other items for maintenance? Chance are, as the saying goes, "There's an app for that."

Technology in construction continues to expand and evolve as quickly as in other industries, with seemingly new ways to make the jobsite, as well as the people and machinery on it, more efficient and cost effective. In fact, it's predicted that within a very short time, the jobsite could be totally paperless.

like Web collaboration and 3-D modeling have

A recent article in Constructech magazine titled "The Paperless Jobsite" said, "Technologies

Technology, such as tablets and smartphones, is increasingly being used on jobsites, with apps that allow instantaneous information about building plans. Many envision a "paperless" future where printed items, like blueprints, will no longer be needed.



empowered construction teams with more data than ever before. Devices like tablets and smartphones enable ... professionals to carry such data with them wherever they go."

A March TechCrunch.com article ("How Tablets Will Transform Construction") listed a paperless jobsite as one of three advantages of using mobile devices. The other two were better communication and analytics. The article describes a scenario where someone in the field needs clarification from an architect. Instead of heading to the job trailer to look at paper blueprints, "That person can just open up a blueprints app, mark the problem and send out an email right there."

Such technologies are designed to save time and money, and more and more companies are embracing it, according to an Associated General Contractors of America (AGC) survey. Results showed 55 percent of businesses plan to invest in IT departments this year. Twenty-four percent planned to switch financial, job costs or operational software to cloud computing.

"As a result of the tight market conditions, firms are trying to find the best way to leverage their investments in new information technology," said Roger Kirk, President and CEO of Computer Guidance in another recent Constructech article that highlighted the AGC survey and report, "A Look Ahead: Technology in 2012." "Contractors are looking for software and technology that increase the efficiency of existing staff and allow firms to do more with fewer people," noted Kirk.

GPS systems get good grades

Excavation equipment is one area where technology has made huge strides. Estimating software has been available for several years, allowing companies to do digital takeoffs,



The latest buzz in the construction industry is the use of Building Information Modeling, or BIM, which follows a building's "history" from initial planning through its entire life cycle, including eventual demolition. All aspects are factored in, making a model plan of the building to create better efficiency and job costing.

replacing the older, by-hand methods. However, in the past few years, there's been a trend that allows companies to take site-grading plans in digital format and plug them directly into a telematics device on a machine.

Equipment manufacturers, such as Komatsu, now offer machinery that's "plug-and-play" ready, making it easier for users to connect to 3-D, machine-control systems. Using GPS, these systems can control machine hydraulics, in turn, allowing a site to be put to grade more quickly. Labor costs can be saved by eliminating a grade checker. Or, if operators are checking grade, they don't have to leave the cab to do it, meaning more time spent inside the machine and increased production.

"The cost benefits can be substantial, starting with the elimination of staking," said Erik Wilde, Komatsu Vice President, ICT Business Division. "Users can grade the site in fewer passes, minimizing rework and overexcavation. That helps lower costs for the equipment user, who's using less fuel and fewer machine hours, as well as the project owner's cost of materials because there's less waste."

GPS systems are gaining prominence in utility installation and excavations, such as

footings and basements, with several types available: one-dimensional that provides a simple depth gauge, two-dimensional for accurate bucket position relative to slope and three-dimensional that gives accurate machine and bucket position anywhere on site, according to the article "Computer Grade Excavation" in the November issue of Utility Contractor. "The type of application and size of the job usually determine whether a 1-D, 2-D or 3-D system is the best fit," it points out.

"An excavator guidance system significantly reduces the need to check grade because operators have real-time, in-cab feedback on their progress," the article explains. "They always know where they are relative to grade ... they can quickly check grade and slopes by placing the bucket or tool anywhere on the site."

The article's author, John Bohlke, explains that getting to the proper depth more quickly, saves not only time, but has another distinct advantage.

"More jobs could be completed between service intervals," noted Bohlke. "A greater percentage of the hourly charge for excavation services can go toward profit and less toward maintenance — in other words, this practice decreases variable costs per project."

Continued . . .

Technology speeds construction, improves accuracy

.. continued

Monitoring systems can reduce O&O costs

Of course, all machinery requires maintenance and keeping up with it is an important way to keep owning and operating costs low. Maintenance technology continues to expand, with equipment manufacturers putting systems on machines that allow owners to track hours, among other things.

An example is the KOMTRAX remote machine-monitoring system, which Komatsu has included as standard on its new machinery for several years. Through a secure Web site, owners can view a machine's usage and location.

"Both our distributors and our customers are more and more 'mobile,' so the information can be accessed from anywhere with Internet connection. The equipment owner or fleet manager can view a machine's hours relative to a service interval," said Goran Zeravica, Distributor Operations Development Manager, Machine Support Programs. "That helps them be proactive in scheduling a machine's downtime to have the service performed and ensures it's done on time. It eliminates guesswork.

"It also helps in terms of seeing trends, such as idle time," he added. "For instance, if idle time

GPS systems have gained prominence during the past several years because they offer more efficient excavation and grading with less overexcavation and waste.



is excessive, the owner knows and can address it with the operator. Eliminating excessive idling keeps unproductive hours to a minimum. That lengthens time between services and conserves fuel among other benefits."

Systems such as KOMTRAX also monitor error codes. "The system alerts us and the distributor, and we can relay that information to the owner and operator and tell them if a machine needs to be shut down," said Zeravica. "We can dispatch service personnel to the site quickly, knowing the error code and the potential issue before they get there. It makes for a faster diagnosis, reducing downtime."

Part of a growing trend

Before, during and after site construction, excavation contractors can coordinate with a project owner and general contractor to record their work. In today's marketplace, that may become part of an overall technological push in construction known as Building Information Modeling or BIM. According to the AGC survey, BIM is one of the fastest-expanding areas of technology in 2012. Forty-seven percent of respondents expect it to grow.

BIM takes into account not only the design of a building, but its entire life cycle. It involves three-dimensional building plans as well as "envisages virtual construction of a facility prior to its actual physical construction, in order to reduce uncertainty, improve safety, work out problems, and simulate and analyze potential impacts. Subcontractors from every trade can input critical information into the model before beginning construction. Waste can be minimized on-site and products delivered on a just-in-time basis rather than being stockpiled on-site," according to Wikipedia.

Additionally, BIM can bridge the information loss that often occurs when a project is handed from design team to construction team to building owner/operator. Using BIM, each group can add to and reference back to all information they acquire during their period of contribution to the project. Those who support BIM say it improves visualization and productivity, facilitates coordination of construction documents, links vital information, increases delivery speed and reduces costs.

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RALLY FOR ROADS

AED Chairman among those urging Congress to pass multi-year surface transportation bill

Americans cannot afford to wait for a new highway bill while Congress plays politics, said 2012 Chairman of the Associated Equipment Distributors (AED) Larry Glynn at the 2012 Rally for Roads on the National Mall in March.

"Our nation's transportation infrastructure is old and overworked," Glynn told members of the media prior to the rally. "It is past time that lawmakers address the millions of hours and billions of dollars that Americans spend idling in traffic. It is time, for the good of our nation, that Congress put aside partisan battles and put America back to work with a robust, bipartisan, multi-year highway bill."

The 2012 Rally for Roads brought together approximately 500 transportation stakeholders from across the country to urge Congress to pass a fully funded, multi-year, surface transportation bill. AED is a proud sponsor of the Rally for Roads, the nation's largest transportation funding advocacy rally.

The host of speakers, which included Senate Environmental and Public Works Committee Chairman Barbara Boxer and House Transportation & Infrastructure Committee Chairman John Mica, reminded lawmakers of the positive economic benefits of transportation investments that create jobs and spur economic growth.

"A new highway bill resolves the uncertainty surrounding federal highway spending and encourages investment — no one wants to invest in an uncertain market, yet those are the conditions we face because of congressional inaction and extension after extension. When Congress passes a highway bill, America gets to work; factories get busy," said Glynn.

According to a recent AED-commissioned study by researchers at the College of William & Mary, each dollar spent on infrastructure generates roughly double (\$1.92) the spending in direct and indirect economic output. During a 20-year period, each dollar in aggregate infrastructure spending will generate 96 cents in tax revenue, making infrastructure investment a value-added investment that pays for itself in the long term.



Larry Glynn, Chairman, Associated Equipment Distributors (AED)

An AED-commissioned study showed each dollar spent on infrastructure generates roughly double the spending in direct and indirect economic output. AED Chairman Larry Glynn led an effort to urge Congress to pass a new multi-year surface transportation bill during the Rally for Roads in March.



TIER 4 HITS NEW CATEGORY

Machines from 75 to 174 horsepower must now meet new interim emissions standards

This year marks the final group of equipment that must meet Tier 4 Interim standards. Ushered into the picture in 2012 are machines from 75 to 174 horsepower, a range of engine sizes that fits a large portion of the equipment industry.

Tier 4 Interim standards require manufacturers to cut soot emissions by 90 percent compared to Tier 3 models. In addition, they must reduce Nox emissions by 45 percent.

When Tier 4 Final standards begin implementation in 2014, Nox will have to be reduced by an additional 45 percent. When all is said and done, it's expected that emissions will be cut by 99 percent compared to when the first tier of standards went into effect nearly 20 years earlier.

"These reductions in Nox and particulate matter emissions from off-road diesel engines

will provide enormous public health benefit," according to a statement by the Environmental Protection Agency. "(EPA) estimates that by 2030, controlling these emissions would annually prevent 12,000 premature deaths, 8,900 hospitalizations and one million work days lost."

In addition, diesel machinery will be required to use cleaner grades of oil and fuel, and users will have to maintain emission filters. A big part of the overall engine picture is the use of diesel particulate filters, which currently have to be changed at 4,500 hours.

Tier 4 Interim standards have already been in effect for other horsepower ranges, starting with 25- to 74-hp models. Machines in the 175- to 750-horsepower range had to meet the interim criteria last year. ■



This year, small to mid-size machines, such as Komatsu's D51 dozer, come under Tier 4 Interim regulations. Komatsu dozers ranging from D31 to D61, excavators from PC130 to PC228, and wheel loaders from WA150 to WA320 all fall within the 75- to 174-hp range. Tier 4 Final standards go into effect in 2014.

COMPLIMENTARY TIER 4 SERVICES



Komatsu CARE for Komatsu Tier 4 Interim models is a new, complimentary maintenance program designed to lower your cost of ownership and improve your bottom line. It provides factory-scheduled maintenance on the machines for the first three years or 2,000 hours, whichever comes first. This includes up to two exchange Komatsu Diesel Particulate Filters. Be sure to contact your Komatsu distributor for all the details.

Once again, Komatsu leads the industry. No other construction equipment manufacturer offers a complimentary maintenance program like this.

It's what you've come to expect from the service experts at Komatsu.

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WINNING COMBINATION

Komatsu's PC390LC-10 provides efficiency, stability in tough applications



Brian Yureskes, **Product Marketing** Manager, Excavators

There are times when you need a heavy-duty machine to get the job done, but you don't want to sacrifice fuel efficiency. Komatsu's new PC390LC-10 excavator fills that role by combining the horsepower and economy of its PC360LC-10 with the more robust undercarriage of a PC450LC-8.

While the horsepower is the same as the PC360, the PC390LC-10 provides additional operating weight for better lift capacity (up to 20 percent) and improved lateral stability in applications that require long arms or heavy lifting at maximum reach. Heavy-duty boom and arm designs with thick plates of high-strength steel, along with one-piece castings in the boom foot and tip and arm tip, provide long-term durability and strong resistance to bending and torsional stress.

The PC390LC-10 has two boom mode settings: Smooth Boom mode provides easy operation for gathering blasted rock or when scraping down walls, and Power Boom, which provides increased pushing force for improved digging in applications such as ditching in hard ground.

models," stated Brian Yureskes, Product Marketing Manager, Excavators. "The PC390LC-10 builds upon those proven platforms and enhances them with key features that make it more productive and efficient than previous models." Efficiency starts with the Tier 4 Interim engine, featuring an advanced electronic control system that manages airflow rate, fuel injection,

combustion parameters and aftertreatment functions to optimize performance. A Komatsu Variable Geometry Turbocharger and Exhaust Gas Recirculation Valve provide more precise system function, air management and longer component life.

"For many years, users in tough applications —

digging in hard soils or lifting at maximum reach,

for instance — have relied on our heavy-duty machines such as the PC300HD and the PC350HD

Better drawbar pull

Exclusive Komatsu major hydraulic components, including pumps, motors and valves, work together to further increase efficiency. The integrated design is part of the closed center load sensing system that uses variable speed matching, which allows the engine speed to adjust based on hydraulic pump output.

"The system matches the engine and hydraulics to the load condition, providing greater efficiency because the machine is not running at maximum output for a lighter load," explained Yureskes. "We've also improved the main valve and hydraulic circuit to reduce hydraulic loss. That increases efficiency and lowers fuel consumption by up to 10 percent compared to a PC350HD-8, which the PC390LC-10 replaces."

While the PC390LC-10 engine is the same as a PC360, its bigger undercarriage has larger final drives that provide up to 13 percent more drawbar



The PC390LC-10





Model Net Horsepower Operating Weight Bucket Capacity

PC390LC-10 257 hp 86,998-89,071 lbs. 0.89-2.91 cu. yds.

Komatsu's PC390LC-10 combines the horsepower and efficiency of a PC360 and the robust undercarriage of a PC450, providing excellent lateral stability in applications that require long arms or heavy lifting at maximum reach.

pull. Larger size-class components add reliability and longer life, and other reliability and longevity features include sealed-grease tracks and a sloped track frame that minimizes soil accumulation.

"The sloped track frame also allows for easier mud removal, and the sealed tracks mean longer life," explained Yureskes. "They are among the many features in our newer machines designed to minimize maintenance downtime and improve longevity. Also, metal ring guards on the hydraulic cylinders, face-to-face O-rings that securely seal hydraulic hose connections, and all work-equipment bushing lubrication intervals are now at 500 hours, with the exception of the arm tip and bucket linkage."

Reduced maintenance costs

In addition to longer component life, Komatsu increased uptime with long service intervals. Using high-performance filters and oils, engine oil and filter replacement are at 500 hours, hydraulic oil filter at 1,000 hours and hydraulic oil at 5,000 hours. Engine maintenance is easier with a new work platform on the upper structure, where Komatsu also installed handrails.

"Of course, we've reduced the owner's maintenance costs with our Komatsu CARE program that's standard on all Tier 4 Interim

machines," emphasized Yureskes. "It provides complimentary scheduled maintenance performed by skilled technicians for three years or 2,000 hours, whichever comes first. Komatsu CARE is designed to reduce ownership costs, while maintaining maximum uptime."

Met the challenge

Also complimentary is Komatsu's KOMTRAX remote machine-monitoring system that allows owners to track critical machine information, such as hours, location, maintenance notifications and machine utilization, through a secure Web site. Further information is provided on the PC390LC-10's large, high-resolution monitor panel, which alerts operators on ways to improve efficiency and lower fuel consumption using Eco Guidance.

"The monitor panel is easy to use and conveniently located in the spacious cab that's designed to maximize operator comfort," noted Yureskes, also pointing out the new, heated, air-suspension, high-back seat in the PC390LC-10. "We took the challenge of producing a machine that meets the Tier 4 Interim standards, which reduce emissions, and does so in a cost-effective way that provides added value to owners and operators who need efficiency in a more robust machine. The PC390LC-10 delivers." ■

LOADERS

From Komatsu - The Loader Experts



- Komatsu Smart Loader Logic reduces fuel consumption while maintaining production.
- Large capacity torque converter with lock-up provides 10% fuel savings.
- New 7" LCD multi-function monitor panel provides easy access machine diagnostics.
- Komatsu CARE provides complimentary Tier 4 maintenance, including Komatsu Diesel Particulate Filter exchange. Contact your Komatsu distributor for details.





IMPROVED EFFICIENCY

SmartLoader Logic means real fuel savings with new WA500-7 wheel loader

Wheel loaders often require different amounts of torque throughout the course of a day. For example, they may need high torque for V-cycle loading, but minimal torque for traveling with an empty bucket. Komatsu's new WA500-7 with SmartLoader Logic automatically compensates for the difference to provide the optimal amount of torque based on the need.

"SmartLoader Logic uses data from sensors to control the engine torque," explained Product Manager Rob Warden. "It functions automatically, so the end result is fuel savings of up to 7 percent, compared to the Dash-6 model, while maintaining performance and production. Combine the fuel savings with the machine's already-high level of production, and per-yard and per-ton costs are reduced."

SmartLoader Logic isn't the only savings feature of the Tier 4 Interim WA500-7, which provides as standard, a large-capacity torque converter. It provides better productivity in V-cycle loading applications because the increased tractive effort does not require full throttle. The large-capacity torque converter improves hill-climbing ability, allowing the loader to upshift faster and achieve higher gear ranges and travel speeds when working in load-and-carry applications. The torque converter's lockup function activates in second, third and fourth gears for a maximum travel speed of more than 23 miles per hour.

Ergonomic cab

Komatsu enhanced operator comfort with a redesigned dashboard and cab that include lower front glass for improved forward visibility. From the cab, operators can set the bucket cutting-edge level and dump-height positioner with the push of a button. They

can also set the working mode, the hydraulic, auto-reversing fan and get Eco Guidance that offers fuel-saving tips via the large, seven-inch monitor panel.

"The new operator's cab is more ergonomic for increased comfort. The machine also features a rearview monitoring system with a separate LCD monitor as standard equipment," noted Warden. "With our complimentary Komatsu CARE program, all factory-scheduled maintenance is covered for the first 2,000 hours or three years, whichever comes first. In addition, two complimentary Komatsu Diesel Particulate Filter (KDPF) exchange units are included for the first five years or 9,000 hours. These services lower owning and operating costs for customers."



Rob Warden, Product Manager

Brief Specs on the Komatsu WA500-7 Wheel Loader			
Model	Net Horsepower	Operating Weight	Bucket Capacity
WA500-7	353 hp	74,626-75,453	6.8-8.2 cu. yds.

SmartLoader Logic automatically provides the optimal amount of torque based on need, reducing fuel consumption, compared to its predecessor, by up to 7 percent in the new WA500-7.



D65-17 WASTE-HANDLER DOZERS

Tier 4 Interim machines help landfills move more trash at a lower cost



Bruce Boebel, Product Manager, Dozers

The productive and efficient features of Komatsu's D65-17 Tier 4 Interim dozers are also available in purpose-built landfill packages designed to move trash more economically than ever before. Like the construction models after which they're patterned, landfill dozers come in three models, EX (standard track), WX (wide track) and PX (low-ground-pressure track).

"We have waste-handler configurations to meet various applications," said Bruce Boebel, Product Manager, Dozers. "Common among them are features designed to reduce debris entry, making the dozers easier to clean and service, which results in increased productivity."

Such features include a belly-guard seal kit that reduces the amount of material entering the engine compartment, and a tank-guard group made of thick guarding to protect rear tanks. Both the belly and tank guarding have easy access, which simplifies cleaning.

Quick-opening, two-piece, radiator-guard doors provide easy access to the standard wide-core radiator for cleaning. A computer-controlled fan automatically reverses to keep the radiator and oil cooler clean, allowing the operator to concentrate on productivity. The operator can manually reverse the fan if desired.

Meanwhile, the operator stays comfortable, thanks to a large, quiet, pressurized cab that provides excellent all-around visibility and standard, rearview monitoring system. A new, heated, air-ride seat offers additional comfort for increased productivity.

Blade options

With the choice of Komatsu's patented SIGMA blade, a power-angle-tilt blade or a straight-tilt blade, waste handlers can maximize productivity by matching the blade to their particular needs. Each blade comes with a trash rack that keeps material away from the front of the dozer.

"We know that many waste-handling operations work around the clock, so we kept the cab-mounted lights and moved the hood-mounted work lights to the top of the blade cylinders. Then, we placed an additional work light on each cylinder, for better night visibility," Boebel pointed out. "These productive features, when combined with our more efficient Tier 4 Interim engines, move more trash at a lower cost. We further reduced costs by offering complimentary scheduled maintenance through our Komatsu CARE program for the first three years or 2,000 hours, whichever comes first."



Komatsu's D65-17 waste-handler dozers are purpose-built with added guarding for working in tough conditions such as landfills. Blade options include SIGMA, power-angle-tilt and straight-tilt to match the user's need and maximize productivity.

D65-17

From Komatsu – The Dozer Experts



- Efficient Komatsu Tier 4 Interim engine and automatic shift transmission with lockup torque converter maximize productivity while saving fuel.
- PLUS (long life) undercarriage is standard, further reducing our already low operating costs.
- Komatsu CARE provides complimentary Tier 4 maintenance, including KDPF exchange filters.
 Contact your Komatsu distributor for details.







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A WELL-ROUNDED LEADER

Rod Schrader steps into CEO/Vice Chairman role for Komatsu America

QUESTION: What are your responsibilities as CEO/ Vice Chairman of Komatsu America?

ANSWER: There are several elements that make up Komatsu America, including our construction and utility division, mining division, parts division and forestry and forklift divisions. My responsibilities include all functions that fit across those groups, as well as the nuts and bolts of our financial results. One key role I see is as a collaborator who's making sure our organization is working together for the common cause of serving our customers. Throughout the company, no matter what role they play, the thought I want at the top of everyone's mind every day is, "What are we doing today to serve our customers?"

QUESTION: You've held several leadership positions with Komatsu. How has that prepared you for your current role as CEO?

ANSWER: Very well. Each position has its own uniqueness, so having served in construction, mining and utility gives me a well-rounded background in all aspects of the company. Those perspectives are a good foundation from which to work. One common aspect of the various positions I've held includes talking with and listening to customers. I have a very good understanding of where they're coming from, what challenges they face and what will help them be more productive and profitable. We take that knowledge and use it to build better machinery that's more reliable and efficient

QUESTION: What do you believe are Komatsu's strengths?

ANSWER: One major strength is our distributor network, which provides our customers with equipment, parts and service

www.DMIDifference.com

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.

Rod Schrader, CEO/Vice Chairman

Walk into Rod Schrader's office and one of the first things you'll notice is a plaque that reads, "Good News is No News, Bad News is Good News, No News is Bad News." Schrader, Komatsu America's new CEO/Vice Chairman, says the phrase is very relevant to the company's success.

"What it boils down to is listening to the customer," said Schrader, who moved into his new position April 1. "The second two lines are the most profound for me. Bad news is good, because if we know the bad, we can find the root causes and put actions into place to fix it. I encourage our employees and customers to present us with the bad news. The third line, 'No News is Bad News,' suggests we're not hearing the voice of the customer. We're either not out there listening to or communicating with them. Going to customers' workplaces to listen and see the facts, enables us to provide solutions to improve our customers' operations."

Schrader has spent a good deal of time listening to customers during his 25 years with Komatsu, the past seven as Executive Vice President/ General Manager of Komatsu America's Mining Division. He's also been a product manager, Director of Marketing, Vice President of Product Marketing and President of Komatsu Utility Corporation. He's been a member of the Komatsu America Corporate Board since July 2010.

"I've seen all sides, so to speak," said Schrader, an Illinois native. "What's common throughout is that Komatsu cares about the customer, whether it's a guy with a mini excavator digging utility lines or a large mining company with a fleet of our largest trucks. My goal is for Komatsu to be known as the best in the equipment industry when it comes to serving the customer."

Schrader and his wife, Kim, have three children (twins Hannah and Logan who are freshmen in college and Connor, who's still in high school). He enjoys golf, yard work and jogging.

Komatsu — innovative and always striving to improve

.. continued

support from trained personnel. We believe we have the best in the business, and my goal is to continue to provide them with the support they need to grow their business, train their people and offer the tools they need to be most effective at serving customers in their markets.

Another is being an innovative leader in equipment and product support. For example, we were the first to manufacture a hybrid machine, now in its second generation,



At Komatsu, customer input is one important aspect of improving products, as well as parts and service capabilities, according to CEO/Vice Chairman Rod Schrader. He encourages customers to visit Komatsu manufacturing plants and provide feedback.

Komatsu CEO/Vice Chairman Rod Schrader says products and service, such as Tier 4 Interim excavators and trucks with KOMTRAX 4.0 and Komatsu CARE, are why Komatsu is an innovative leader in productive, reliable and efficient equipment.



before any other manufacturer commercially introduced its first. Our Tier 4 Interim machines have been very well-received because we not only met the standards, but did so with more productive and efficient machines. Along with that, we're the first to offer complimentary service with our Komatsu CARE program on those Tier 4 Interim machines. We were the first manufacturer to offer free machine monitoring with our KOMTRAX system. Items such as those add value that can lead to better per-yard costs, less fuel usage and more profit.

Finally, we're always striving to improve. For the past several years, we've collected a large volume of data through KOMTRAX. For the most part, we've been reactive in using it. Now, we're more proactive by taking that information and using it two ways: to help our customers identify ways to better utilize their machinery, save fuel and plan for scheduled maintenance; and for our distributors to better stock their parts inventory and contact customers to schedule services.

QUESTION: What do the markets look like today?

ANSWER: The trends continue to go up and strengthen. Mining remained fairly strong, even during the worst of the recession, and we believe that's going to continue for some time. From a construction standpoint, we saw an increase in year-over-year sales during our previous fiscal year, which indicates a recovery. We're optimistic that this year will be even better.



Helping customers understand how to better utilize their machinery is one aspect of Komatsu's support. CEO/ Vice Chairman Rod Schrader says data collected through KOMTRAX offers ways to decrease fuel usage and idle time as well as use equipment in the most efficient mode for the task at hand.

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National Green Building Code approved

After two years of development, the International Green Construction Code was adopted by the U.S., setting mandatory baseline standards for building design and construction. It includes items such as energy and water efficiency, site impacts, building waste and materials.

The code applies to new and renovated commercial buildings and residential buildings of more than three stories. It sets enforceable minimum standards on every aspect of building design and construction that now must be reached, as opposed to LEED certification which is voluntary, according to SustainableBusiness.com. Many state and local governments have already adopted it, the organization noted.

"It represents a change in the standard of construction," said Jessyca Henderson, Director of Sustainable Advocacy at the American Institute of Architects, in an article on the Web site. "It will affect everyone that touches buildings ... it will be a big leap." ■



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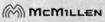














The Power of Combined Excellence

KOMATSU CARE MAKES A DIFFERENCE

Complimentary services convince oil-field contractor to purchase PC240LC-10 excavators

When Courtney Construction purchased four new Komatsu Tier 4 Interim PC240LC-10 excavators last year, they first demo'd one against a competitive brand. Production-wise, the two machines matched up very well, according to Senior Manager Chance Courtney.

"What tipped the scale in Komatsu's favor was the Komatsu CARE program," said Courtney, part of the two-generation family business that offers site work and trenching in oil-field construction. "We're very aggressive about our equipment maintenance. With Komatsu CARE we were assured that routine services would be done on time by our distributor's technicians. We saw it as a major cost savings."

The Komatsu CARE program offers complimentary service on all new Tier 4 Interim machine purchases and rentals for the first three years or 2,000 hours, whichever comes first. Also included are two Komatsu Diesel Particulate Filter exchanges for the first five years or 9,000 hours (parts only). A trained distributor technician performs all work, using genuine Komatsu parts and fluids.

Distributor commitment

Courtney tracks hours and other critical machine data through Komatsu's KOMTRAX remote machine-monitoring system. So do Komatsu and his distributor, which worked with Courtney to set up services on the 54,000-pound-plus excavators that feature a digging depth of 24 feet.

"The distributor technicians came to our jobsites, and in our line of work, locations can be remote," said Courtney. "They scheduled a time convenient to us and covered the services, including travel time to the site, with no out-of-pocket expense to our company."

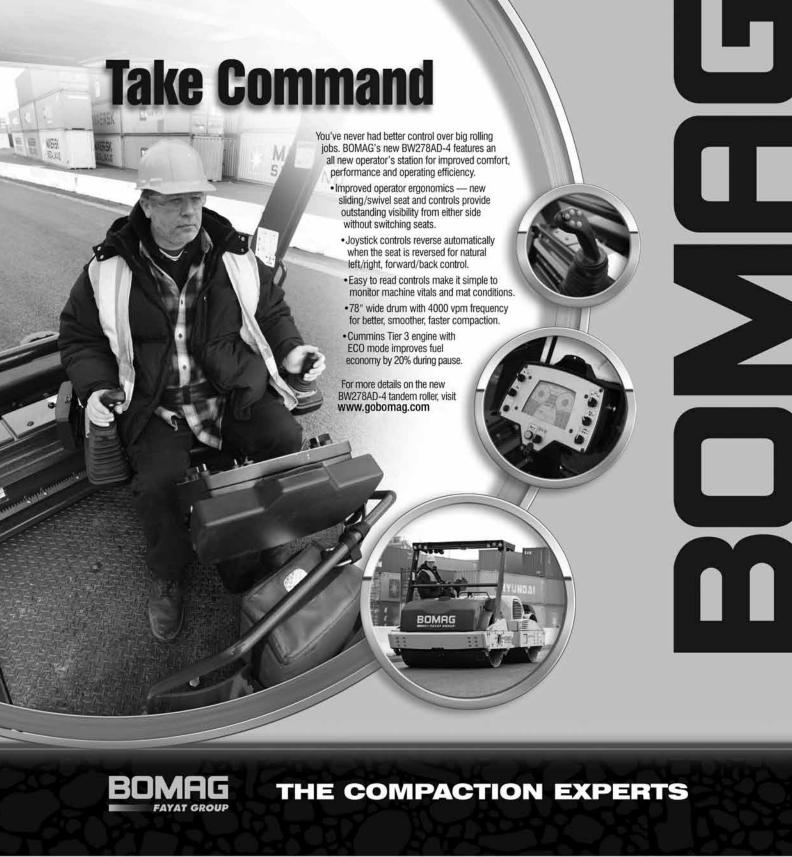
The Tier 4 Interim PC240LC-10 excavators were Courtney Construction's first Komatsu purchases since its founding in 2001. "The Komatsu CARE program showed us the value Komatsu places on customer satisfaction after the sale. As we look at future purchases, Komatsu will definitely be a part of the equation."



Chance Courtney, Senior Manager Courtney Construction

The Komatsu CARE program, which provides complimentary service on new Komatsu Tier 4 Interim equipment purchases and rentals, ensures the machines receive all regular maintenance services for the first three years or 2,000 hours.





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KOMATSU FINANCIAL

The finance arm of Komatsu America consistently offers low rates and top service

If you're a contractor purchasing a piece of Komatsu equipment and you plan to finance the purchase, you basically have three choices: your bank, an independent finance company or Komatsu Financial.

"I believe we are far and away the best option for financing Komatsu equipment and I can list at least half a dozen specific reasons why," said Tim Tripas, VP Operations for Komatsu Financial. "But it really comes down to one thing. As the finance arm of Komatsu America, we have a vested interest in you continuing to choose Komatsu equipment in the future. Therefore, we're more motivated than anybody else to ensure that you have a positive financing experience."

What goes into ensuring a positive financing experience? First and foremost, low rates.

"Komatsu Financial is what's known as a 'captive' finance company," said Tripas. "We finance exclusively for Komatsu. As a result, we have a special relationship with the manufacturer and we're able to offer rates that are significantly below market. Our rates are routinely lower than the competition on the vast majority of Komatsu products, and on top of that, we often have special rates as low as zero percent on select products.

"For example, right now we're offering 'Zero for 60' (0% for 60 months) on the HB215LC-1 Hybrid hydraulic excavator for a limited time. Why? Because it's a unique machine to the North American market and Komatsu wants to give customers an incentive to try it out. Zero percent can save thousands of dollars over the life of a loan. For any Komatsu product where a special interest rate is not offered, Komatsu Financial

offers financing with extremely competitive market rates."

Because it's not financing airplanes, cars or medical devices, Komatsu Financial knows its specific job (financing Komatsu equipment) far better than anybody else. Tripas calls it the "triple play of market expertise, customer expertise and equipment expertise." With this knowledge, Komatsu Financial brings plenty to the table for Komatsu equipment purchasers, such as:

- More flexibility, both up front and through the life of the loan;
- Ability to react quickly to changes in the marketplace and to unforeseen changes in customers' situations;

Continued . . .



Tim Tripas, VP Operations Komatsu Financial

Komatsu Financial rates are routinely lower on most products, including a current offer of zero percent for 60 months on the new HB215LC-1 Hybrid excavator.



Komatsu Financial — market, customer and equipment expertise

... continued

- A willingness to take more risk than other
- Superior customer service provided for the entire life of the loan;
- Streamlined credit review for most transactions;
- Limited financial disclosure requirement;
- Simple and direct documentation (no automatic, cross-collateralization agreement);
- A consistent credit review and approval process;
- Deals that are typically approved in four hours or fewer (as compared to a day or two);
- Never any prepayment penalty.

Tripas says another significant advantage of using Komatsu Financial for your Komatsu equipment purchases is that it preserves your banking line of credit for other things, such as acquisitions, that will help you grow your business.

Financing used machines, parts and leases

Komatsu Financial not only offers financing for new Komatsu equipment, it also offers financing for Komatsu certified used machines, Komatsu used machines, parts and service performed by a Komatsu-trained technician offered through your Komatsu distributor.

"If instead of buying a new or used piece of equipment, you prefer to fix what you have by putting on a new undercarriage, rebuilding an engine, or whatever — we'll finance that for

you too," said Tripas. "Just about anything you

In addition to financing new, used and leased Komatsu equipment, Komatsu Financial offers financing for parts and service from



want to buy from your Komatsu distributor, we can finance it for you."

If you prefer leasing to purchase or rental, Komatsu Financial has some of the most favorable lease programs in the equipment-finance industry, with terms from 12 to 60 months.

"I believe we're one of the few lenders in the industry that offers a standard 12-month term on a lease," said Tripas. "We're willing to custom-quote a lease to meet a customer's specific need for a unique job or application. We also offer a feature where, when your lease gets down to the final six payments, Komatsu Financial will allow you to trade it in with no pretrade penalty if you buy a new piece of Komatsu equipment and finance it through KF."

Save the deal, help the customer

As all contractors know, there are often speed bumps on the road to building a successful business. Perhaps you experience unforeseen problems on a job, or there are weather issues, or you have difficulty collecting payment for services. Tripas says at Komatsu Financial, the mind-set is to help customers get past those bumps to the smoother road ahead.

"Komatsu distributors often take the position that they're in partnership with their customers and the only way they both succeed is by working together. At Komatsu Financial, we feel the same, so we're going to do everything we can to help them along. Our unofficial motto is, 'Save the deal, help the customer.' We are more motivated to ensure the long-term success of the customer than a third-party lender is. "

Obviously, the past several years have been challenging ones for the construction industry overall, and that includes equipment manufacturers. But Komatsu and Komatsu Financial see the industry rebounding.

"In 2008, and especially 2009, the market was down," observed Tripas. "But we saw a considerable increase in volume in 2010, and 2011 continued that upward trend. Overall, we're optimistic about the industry continuing to gradually improve, and our goal at Komatsu Financial is to grow right along with it." ■



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