



ROAD To SUCCESS

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A PUBLICATION FOR AND ABOUT ROAD MACHINERY LLC CUSTOMERS

Featured in this issue:

UNDERGROUND UTILITIES INC.

In two years, this Mesa company
has built a strong reputation
for success

See article inside...



John Sarager,
President

Featured in this issue:

W.A. RASIC CONSTRUCTION

Second generation guides
California construction company
built upon the American Dream

See article inside...



(L-R) Pete, Walter Jr., Zlata,
Walter and Frank Rasic

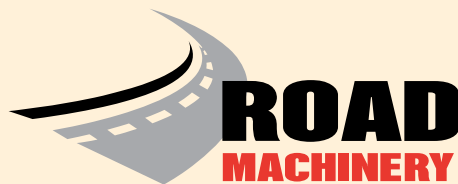


KOMATSU

A MESSAGE FROM THE PRESIDENT



Dennis G. Romanson



Dear Equipment User:

There has been a strong push in recent years for more “green” construction, and it seems that trend will continue to increase as more and more projects take sustainability into account as they’re designed. It’s likely that any job you do now and in the future will have factors built into it that call for reuse and recycling of materials.

Equipment is among the items that are affected as standards call for better fuel economy and lower emissions. Komatsu has always been a leader in those areas. With the development of its ecot3 engines, it’s lowering emissions with better fuel economy, while at the same time providing more horsepower. The result has been improved productivity for less, leading to lower per-yard costs.

You’ll find such technology in new Komatsu machines, such as the next generation of the D39-22 dozers featured in this issue of the *Road to Success*. Like other recent updates and additions to the Komatsu dozer line, these machines provide numerous features that help you move dirt faster and more efficiently.

It doesn’t stop there. Komatsu is working with Topcon to make its GPS systems a “plug and play” option on dozers, motor graders and excavators. These systems can be a distinct advantage by helping you reduce the amount of material you move in getting to grade and costly overruns of material used for fill. Find out more about Topcon in this issue.

At Road Machinery LLC we’re proud to represent such an innovative equipment manufacturer. If you’re looking for new equipment, Komatsu has a machine to fit nearly any need. Don’t forget, buying new equipment this year could provide you with significant tax advantages under the new Economic Stimulus Act.

As always, if there’s anything we can do to help you with your equipment, parts and service needs, please don’t hesitate to call us.

Sincerely,
ROAD MACHINERY LLC

Dennis G. Romanson
President



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UNDERGROUND UTILITIES INC.

Find out how in only two years Owner John Sarager has built his company into a 100-employee firm with a reputation for success.

W.A. RASIC CONSTRUCTION

Read about this immigrant family that's living their American Dream — running a large, multifaceted construction company.

FIELD NOTES

Here's a quick recap of Komatsu's Demo Days, where Road Machinery customers got to test drive and operate new Komatsu machines.

GUEST OPINION

ARTBA President & CEO Pete Ruan explains the organization's call for increased funding in highway and bridge construction.

INDUSTRY OUTLOOK

With interest in "green" construction growing, learn how minimizing environmental impact has become the goal of more construction projects.

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A SALUTE TO A CUSTOMER

UNDERGROUND UTILITIES INC.

In two years, this Mesa company has built a strong reputation for success



John Sarager,
President

Two years ago, John Sarager decided he not only wanted, but needed to start his own contracting business. Once he came to the realization, his next step was to pick something he firmly believed could not only survive, but thrive in the competitive construction market around Phoenix.

"I chose to focus attention on underground water and sewer installation because I believed it was a niche that we could fall into and be successful," said Sarager, President of Mesa-based Underground Utilities Inc. "I had worked with family members who had a lot of experience in underground work. They came on board, and with their help and advice from my father, who does contracting as well, business has been good. There has been a lot of work in the Phoenix metro area, so we were able to pick up jobs right away and we've been busy right from the start."

In a little more than two years, Sarager has built Underground Utilities into a 100-employee company that's split into

13 to 15 crews, depending on work load. Working exclusively in the Phoenix metro area, it typically has as many as 50 jobs on the books at one time. Its projects fall mainly in the commercial marketplace, with a small percentage of residential work rounding out Underground Utilities' job list. The company also does a small amount of boring for all types of projects.

"Everything we do right now is as a subcontractor, mainly for repeat customers," said Sarager. "Being in business only two years and having customers consistently call us for a bid says we're meeting our goals of quality work done safely, on time and on budget."

Sarager said one of the key strengths of the company now is its work force.

"We've become very selective in who works for Underground Utilities because the people who work here have to respect our values of hard work, honesty and customer service. We have an excellent group of people on staff, and they deserve much of the credit for keeping up with our growth and the amount of work we've taken on."

While most contractors start small, Sarager jumped into doing large and complex projects right away. One of Underground Utilities' first jobs was a \$400,000 project at 51st and Beardsley in Phoenix. Underground Utilities installed all piping and systems necessary for storm drainage, water and sewer.

"That was a good initial project for us and a real confidence builder," said Sarager. "It really put us on the map in terms of being a company that can do those medium to large projects within the time schedule. From there we really took off."

Underground Utilities relies heavily on Komatsu equipment, including WB146 backhoe loaders that offer versatility in digging, compaction and loading.



Powerful, versatile equipment

With rapid growth came the need for machinery. Underground Utilities started out renting equipment, but within a year of its founding, purchased a Komatsu PC300LC-7 excavator and a WA250PT-5 parallel tool carrier from Road Machinery's Phoenix branch. It's since added a PC220LC-7, WB146 backhoe loaders and a tight-tail-swing excavator.

"Speed, power and fuel economy factor into our productivity, so those are among the attributes we look for in machinery. Komatsu equipment has always delivered in those areas for us," confirmed Sarager. "Our work takes us down as much as 30 feet, and even at that depth the larger Komatsu excavators maintain their cycle times. The tight tail swing has been excellent for putting in small water lines and working in confined spaces without losing power or productivity.

"The backhoe loaders and the wheel loader give us versatility," he added. "We can do some digging and backfilling with those. We have a quick coupler on the wheel loader that allows us to quickly go from a bucket to forks for carrying pipe. We're pleased with our Komatsu equipment all the way around."

Sarager said he's also very pleased with Road Machinery's service. Underground Utilities has added a mechanic and lube service person to its staff, but calls on Road Machinery from time to time as needed.

"Our Road Machinery Account Manager, Roger Cox, made sure he understood right from the start how our business worked and what we were trying to accomplish. That ensured we got the right equipment to meet our needs. Service is just as important as the machinery, and Road Machinery has been very responsive to our needs. Anytime we need something, whether it's parts or service, they are right there to help us."

A good choice

Water and sewer work remain the bulk of the company's work, but Sarager said Underground Utilities is starting to add more dry utility work to the mix with electric, phone and cable installations.



Underground Utilities recently added this PC220LC-7 excavator that's part of a large fleet of Komatsu Equipment. "Speed, power and fuel economy factor into our productivity, so those are the attributes we look for in machinery. Komatsu always delivers in those areas," said President John Sarager.



Members of the Underground Utilities team include (front row, L-R) Project Coordinator Eva Roman, Office Manager Karina Morales, Accounts Payable Manager Tracy Richardson, (back row, L-R) Estimator Martin Sarager, Superintendent Bryon Hendershott and President John Sarager. On the truck is Estimating Assistant Renee Hessel.



Road Machinery Account Manager Roger Cox (left) works with Underground Utilities President John Sarager. "Roger made sure he understood right from the start how our business worked and what we were trying to accomplish," said Sarager. "That ensured we got the right equipment to meet our needs."

"That's the next step in our progression," said Sarager. "I believe we will start doing more of that as time passes and possibly add more staff to accompany that type of work. There doesn't seem to be any shortage of need for any of our services with the growth this area has seen. I'm sure I made a good a choice when I decided to go with utility installation." ■



A SALUTE TO A CUSTOMER

W.A. RASIC CONSTRUCTION

Second generation guides California construction company built upon the American Dream

Like many who have immigrated to the United States, Walter Rasic was trying to escape a country that kept its people from getting ahead. Born in Herzegovina to Croatian parents, Rasic decided at an early age he wanted to escape communist Yugoslavia. Once he did, the first stop on his way to the U.S. was a German work camp where he learned to install water lines.

With that knowledge, and a grasp of the English language he learned on his own, he made it to the Los Angeles area in 1961 and began working for a pipeline company. Not content to continue working for someone else, Walter eventually struck out on his own in the early 1970s and later incorporated his company under the name W.A. Rasic Construction. His wife Zlata helped with the business, and it continued to steadily grow.

Today, W.A. Rasic Construction's work takes it well beyond the Los Angeles area. The company's headquarters is in Long Beach, and it does work throughout the Los Angeles metro

area, as well as the entire state of California, Nevada and Texas, with a focus on civil construction. Its services include complete site utility packages, concrete facilities, design-build projects, electrical and instrumentation, pipeline rehabilitation, pump stations, sewage and storm-drain projects, water systems and more.

"For the most part, it was a mom-and-pop operation early on," said Frank Rasic, who, along with his brothers, Pete and Walter Jr., now makes up the second generation of the family business. It's grown into a multifaceted construction company with five divisions: Public Works, Select/Private, Military, Electrical and Dry Utilities, which includes installation of phone and other communications lines. "Dad had a dream of going into business for himself, but I don't believe he envisioned this. With between 350 and 400 employees, we're doing everything from small utility installations to multimillion dollar projects."

Key components

Frank was one of the company's first employees, eventually being joined in the family business by brothers Pete and Walter Jr. The three make up W.A. Rasic's management team with Frank running field operations, Walter overseeing the estimating and Pete handling controller duties. Even though they run day-to-day operations at the company, they're quick to note that the company's growth is due in large part to a dedicated and experienced staff.

"Dad has always said, 'This company was not born of one man, but built around people who share a common vision of success,'" noted Frank. "There's no way that my brothers and I could handle every single aspect of the business, so we have to rely on our managers and the other people in the field to make it run. Everyone is a key component."

The Rasic family includes (L-R) Pete, Walter Jr., Zlata, Walter and Frank. W.A. Rasic Construction is based in Long Beach and does civil contracting work.





Large, deep digs are part of W.A. Rasic's specialties, and for them they employ large excavators such as this Komatsu PC1000.

Komatsu excavators provide big benefits

Another key component for W.A. Rasic is highly productive equipment, such as the Komatsu excavators the company uses for the large and deep digs it often does. The Rasics work with Road Machinery, LLC Account Manager Dennis McShane, recently purchasing a PC1250LC-8 and a PC800LC-8. Those machines complement a fleet that also includes a PC300 and PC1000.

"Even though the PC1000 was used when we bought it, the operators just loved it," said Frank, who noted that it was the first large excavator the company purchased. "They really liked the power and production it gave us, even though it had some hours on it. We took that into account when we were looking for more large machines. We demo'd other brands, and the Komatsus really stood out, and that's why we went with the PC1250 and PC800.

"Both of those new machines allow us to dig more material faster, and we believe that gives us an advantage in bidding larger projects," he added. "With Tier 3 engines, we're also able to keep our fuel usage down, so our cost to move material stays lower. That's a huge benefit, especially in California with its strict emissions standards. We really like that the PC800 is large enough to give us outstanding production, while still being small enough that we can work in traffic lanes on highways."

W.A. Rasic was built on quality customer service, and Frank said that's the same ideal



Operator Marcos Macis digs a trench along a street in Riverside using a Komatsu PC1250LC-8 excavator. "It's very powerful and has fast cycle times," reported Macis. "I've used it to dig anywhere from shallow trenches to ones that are 35 feet deep. Even in the deeper ones it maintains its power and production."



A W.A. Rasic operator uses the company's PC800LC-8 to remove piling on a job in San Jacinto, Calif. "We really like that the PC800 is large enough to give us outstanding production, while still being small enough that we can work in traffic lanes on highways," said Owner Frank Rasic.



Owner Frank Rasic (left) worked with Road Machinery Account Manager Dennis McShane to purchase two new Komatsu excavators. "We know that we can call Dennis or anyone else at RML and get quick service. They've been very responsive anytime we've needed them," said Rasic.

he's found in Road Machinery. "They've been very responsive anytime we've needed them. With us doing a lot of work in the L.A. area, it's nice to know that Road Machinery is working to expand its operations here with the Perris facility and the new location near LAX. We know we can call Dennis or anyone else at RML and get quick service."

Family atmosphere

Along with quality customer service, the Rasics also believe that being a second-generation family business plays a big role in W.A. Rasic's success.

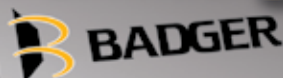
"We believe one of the most important things we bring to the table is family values," stated Frank. "Even though we're now a large company, we still hold on to the principles our dad taught us, such as hard work and honesty. We're very hands-on, from meeting with clients to working with our employees. We see ourselves as a large company with a small-family atmosphere." ■

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FIELD NOTES

DEMO DAYS

Road Machinery customers test drive and operate new Komatsu machines

Komatsu's newest products, along with many that have been updated, were featured at a recent Komatsu Demo Days event. Hundreds of equipment users, including several Road Machinery customers, took advantage of the opportunity to operate the machines at the Komatsu Training and Demonstration Center in Cartersville, Ga.

Among the units that were available were the brand-new Komatsu D39-22 dozer and its big brother, the D51-22. The units feature powerful engines, rugged components, a mid-mounted cab and a distinctive sloping nose that provides the best visibility in the industry.

Construction-size excavators on hand ranged from the popular PC200LC-8 up through the 487-horsepower PC800LC-8. Loaders included Dash-6 versions of the WA250, WA380, WA500 and WA600. Also available to test drive and operate were Komatsu articulated and rigid-frame haul trucks, a GD655-3 motor grader and numerous utility machines, including compact excavators, skid steer loaders and backhoe loaders.

At Demo Days, equipment users get the opportunity to see and operate new and updated Komatsu machines.

For more information on any of these units, feel free to call your Road Machinery sales representative or visit our nearest branch location. In many cases, if you'd like to try something out, we'll be able to set up a demo for you. ■



Eric Ivy (front row) with Nord Resources out of Benson, Ariz., and Michael Combs (green shirt) of Vista Materials in Sierra Vista, Ariz., attended the Demo Days event with Road Machinery PSSR Mike Gertsen and Account Manager Lori Willey, both from the Tucson branch.



Dusty Luster (left) and Jeff Pankow are both with B&C Contractors out of Tucson.



Demo Days are held periodically at the Komatsu Training and Demonstration Center in Cartersville, Ga.



CHEW *it up*



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Milling - Cold Recycle



VÖGELE

Asphalt Pavers



SPIT *it out*

SMOOTH *it over*

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QUALITY and **SERVICE**
that outlasts
the competition.



Soil - Asphalt Compactors



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GUEST OPINION

BRIDGE TO THE FUTURE

ARTBA calls for increased funding in highway and bridge construction

The 2009 federal highway and transit authorization bill provides the best opportunity in more than 50 years to chart a new course for America's surface transportation programs and significantly boost highway and bridge construction for the future. But, it will be a heavy political lift to get the job done and will require strong grassroots support from transportation design and construction professionals.

Those were among the key messages American Road & Transportation Builders Association (ARTBA) President & CEO Pete Ruane delivered to 1,500 bridge owners and engineers, senior policymakers, government officials, bridge designers, construction executives, and suppliers attending the 25th Annual International Bridge Conference in June.

The United States has nearly 576,000 bridges. Approximately 22 percent are located on the National Highway System (NHS) and 55,245 are on the Interstate system.

Ruane cited research from the American Association of State Highway & Transportation Officials (AASHTO) calling for 10,000 miles of new routes or corridors and upgrading 20,000 miles of new or replacement bridges on the NHS.

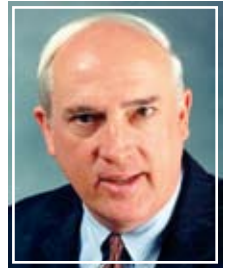
With the U.S. Department of Transportation (DOT) reporting more than 25 percent of the nation's bridges to be structurally deficient or functionally obsolete, the trend toward greater investment should continue, Ruane said. He cautioned, however, that a nearly 40 percent increase in highway and bridge construction costs since 2003 was making bridge improvements much more expensive, and would require additional federal, state

and local funding. Building support among policymakers at all levels of government will be challenging in the current political atmosphere, but can be done.

He outlined two major thrusts of ARTBA's legislative proposals for the 2009 bill, which include expanded investments in the core highway, bridge and transit programs — financed by a minimum 10 cents per gallon increase in and indexing of the federal motor fuels tax — to protect past infrastructure investments, particularly on the Interstate system.

The second part of ARTBA's plan calls for initiation of a 25-year national construction priority — the "Critical Commerce Corridors" (3C) goods movement program — to add new infrastructure capacity to the nation's transportation network. ■

ARTBA President & CEO Pete Ruane said the 2009 federal highway and transit authorization bill provides a great opportunity for a boost in future highway and bridge construction. ARTBA is calling for expanded investment in core programs as well as a 25-year national construction priority.



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



INDUSTRY OUTLOOK

GREEN BUILDING

How contractors can grow and profit by minimizing the environmental impact of construction projects



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When Francis Kent began recycling paving material nearly 30 years ago, he had to convince a lot of people the products made from crushed concrete and asphalt were an acceptable alternative to the construction building materials that come out of a conventional quarry.

“In the early 1980s, recycling wasn’t fashionable,” said John Kent, who joined his father in the family business and is now President of Oxford Recycling. “We had to fight to establish ourselves and prove to various municipalities and contractors that just because our product is recycled, that doesn’t mean it’s not as good as a virgin product. It meets required specs, and in fact, often exceeds them. But back then, we had a terrible time trying to convince people of that.”

Eventually the practice caught on and the Kents today are running a large operation that

sees upward of 1,000 trucks per day either delivering or picking up product. They’ve added tree grinding to their operation, producing valuable mulch from what formerly may have been landfilled, burned or buried.

The rest of the construction industry is fast approaching the Kents’ lead in what’s rapidly becoming known as “green building,” “sustainable design” or other terms that point to the idea of minimizing environmental impact through reducing the consumption of nonrenewable resources and waste.

A growing movement

The movement has been growing rapidly in the past few years as more consumers call for developers, designers and architects and builders to think about how they can build in a more eco-friendly way. The concept requires careful consideration in the planning stages, taking into consideration everything from how stormwater runoff can be used on site to selecting the most energy-efficient building materials. It often means using recycled materials throughout the construction process.

Industry professionals are taking green building and sustainable design into account and are joining such organizations as the U.S. Green Building Council (USGBC), a nonprofit organization that promotes such practices. It’s grown to include more than 16,000 member organizations and 75 regional chapters, offering programs to educate construction personnel on green practices.

The USGBC also certifies green projects through its LEED (Leadership in Energy and Environmental Design) Rating System, “a nationally accepted benchmark for the design, construction and operation

Old practices often called for burning or landfilling trees and shrubs during clearing and grubbing. Today, more and more companies, such as Oxford Recycling, are turning them into reusable products such as mulch.



of high-performance green buildings." It promotes a whole-building approach by looking at key performance areas, such as sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality. Points are awarded to designate certification levels of Certified, Silver, Gold and Platinum. A LEED-certified project meets rigorous criteria, and the honor can reap rewards for those who designed and built it, putting them at the forefront for winning more projects. Those who use it also benefit through a more healthful living and/or working environment.

"Green construction is 30 percent to 50 percent more energy-efficient and 40 percent more efficient in water usage, plus it offers health benefits," said Ashley Katz, Communications Coordinator with the USGBC. "Currently, we have a little more than 1,500 certified projects in total, but our goal is to have 100,000 commercial buildings and 1 million homes certified by 2010. We've also raised our commitment to fund green-building research by increasing the amount given in grants to \$2 million in 2008."

In addition to the increased use of recycled materials, nearly all new construction projects have other green considerations built into them, such as erosion-control measures, retention ponds to keep stormwater runoff on site, and balanced earthwork designed to cut down on the amount of import and export materials and compaction. Many call for disturbing as little ground as possible, as well as finding ways to save existing trees, or planting new ones.

In many cases, state highway departments have led the way by using existing roadway materials in the construction of new paving projects. Materials such as old concrete and asphalt roadbeds that used to be hauled away are now being crushed on site and reused as road base. Asphalt millings are used in shoulder materials or put back into the mix for new road pavement. Porous pavement that allows water to drain through it to the stone base and back to the soil is becoming increasingly more popular.



More efficient machines with Tier 3-compliant engines, such as Komatsu's Dash-8 excavators and new BR580 JG crusher, increase production with less fuel and lower emissions than previous models. Used in combination, as shown here, these machines can turn old pavement into new materials for reuse, rather than putting them in a landfill.

Efficient machinery reduces emissions

Reducing environmental impact in construction means more than just using recycled materials and careful jobsite planning. It also takes into account the machinery that's used to make the materials, move the dirt and lift building products into place. Equipment manufacturers are doing their part in conjunction with federal regulations and guidelines, which have included mandates that lower engine emissions, such as nitrous oxide (Nox) and particulate matter (PM). Both are considered significant public health risks.

Latest regulations require new diesel engines to meet Tier 3 standards, with stricter Tier 4 standards coming in the next few years. In some cases, the results have not only been lower emissions, but less fuel consumption as well, leading to the same or better production with lower operating costs. It's a win-win for the equipment user.

"That's been a great benefit of our ecot3 engines (the 'eco' stands for ecology and economy; the 't' for technology; and the '3' for Tier 3)," said Toshio Miyake, who was involved with product planning for Komatsu Ltd. during the development of ecot3 engines. "In addition to meeting the emission regulations, and thereby putting fewer pollutants in the air, we're also able to make a better machine."

Continued . . .

Komatsu, contractors join green movement

... continued

"Initially, there was concern that emissions requirements might negatively impact some power and performance features. But we've overcome potential problems and we view the ecot3 engine as a big step forward in all respects for equipment users."

Manufacturing part of the process

Komatsu and other manufacturers are taking additional steps by making going green

Factories such as Hensley Industries, part of Komatsu Ltd., are using more environmentally friendly practices during production. The plant, which makes ground-engaging tools for mining machines, recycles nearly 100 percent of its waste products, including dust, which goes into this containment area. It is pelletized and sold for use in other products, including concrete.



a consideration in the manufacturing process. When Hensley Industries, part of Komatsu Ltd., built its new foundry in Dallas, several steps were taken to improve efficiencies and recycle nearly 100 percent of the waste materials it generates in the process of making ground-engaging tools for mining machines.

During the planning stages, Hensley took into account how potential environmental issues, such as noise, smoke and odor, would affect not only the workers at the foundry, but its neighbors as well. The plant was built with a highly effective dust-collection system that moves the dust to outside containment units where it's eventually pelletized and sold for reuse in such products as concrete. Noise suppression was built in so a nearby school and apartment complex wouldn't be affected.

"We're very proud of what we accomplished as we set out to build a very modern facility that was environmentally friendly and an asset to our neighbors," said Paul Rudd, General Manager-Manufacturing, who helped design the foundry. "It's truly state-of-the-art and highly efficient. It's the cleanest manufacturing facility I've ever seen."

Continuing to grow

Contractors can invest in ways to help too. Using newer, lower-emission equipment, or retrofitting older equipment with more environmentally friendly engines can help out. Employing GPS-based site-preparation practices can help operations be more efficient. These systems allow users to get to grade in fewer passes with less wasted effort. More accurate grading requires less aggregate material for subbase, and increasingly, the subbase that is used is coming from recycled products, such as the ones Oxford Recycling makes.

"Much of the material we recycle would have ended up in a landfill. Asphalt and concrete do not decompose, so it's not beneficial to dump that material there," Kent noted. "Reusing the material is a way to reduce the environmental impact in variety of ways. Not only is the paving material reused, it often reduces trucking, which means fewer emissions. We've seen a gradual increase in the use of our recycled materials, and we believe it's only going to continue to grow." ■

NEW PRODUCTS

NEW HYDROSTATIC DOZERS

**"Super slant" gives them top visibility;
more horsepower gives them top power**

About a year ago, Komatsu unveiled its new Dash-22 hydrostatic dozer series by introducing the revolutionary D51, easily distinguishable by its super-slant nose design. Now, the manufacturer has extended Dash-22 features to the next size class down, the 10- to 11-ton D39.

Available in a standard-track EX or wide-track PX version, the D39-22 is unique in appearance, thanks to its sharply sloped nose and mid-mounted cab. According to Komatsu, the features are much more than cosmetic improvements.

"The combination of the super-slant nose and the cab being mounted almost two feet forward compared to the D39-21, dramatically improves visibility to the blade," said Komatsu Dozer Product Manager Bruce Boebel. "The mid-mount cab also improves machine balance, making the D39 both a highly productive and stable small to mid-size dozer."

Other significant improvements to the new hydrostatic (HST) D39 dozers include the highest horsepower (105 hp) in class; an electronically controlled, hydraulically driven fan that improves overall machine efficiency; and adjustable blade pitch, which allows an operator to cut or carry material. In addition, the D39-22 dozers have larger undercarriage components; heavy plate steel throughout; and new, heavy-duty HST components; all of which combine to make them much more durable machines.

"From the blade, all the way to the back of the machine, we rethought everything about the D39, with the goal being to make it the most productive, efficient and user-friendly

dozer in its class," said Boebel. "We believe we've succeeded in every way. For example, variable-displacement travel motors provide plenty of power throughout a turn, and with the unmatched visibility to the blade, even a beginning operator can be very effective on the D39-22."

Powered by Komatsu's ecot3 (Tier 3) engine, the D39 is also very fuel-efficient in either grading or dozing applications.

For more information on the new Komatsu D39EX/PX-22 dozer, contact your sales representative or our nearest branch location. ■



Bruce Boebel,
Product Marketing
Manager

Brief Specs on Komatsu D39EX/PX-22

Model	Output	Operating weight	Blade capacity
D39EX-22	105 hp	20,834 lbs.	2.89 cu. yd.
D39PX-22	105 hp	21,804 lbs.	3.0 cu. yd.

The new D39EX/PX is the second Komatsu hydrostatic dozer in the Dash-22 series. Features include industry-leading power, along with a super-slant nose design and mid-mounted cab which provide unparalleled visibility to the blade.





DOZERS

100% control
(productivity runs in this family)

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NEW UTILITY MACHINES

COMPACT EXCAVATORS

Here's a first look at Komatsu's new MR-3 series

Komatsu recently introduced its third generation of short-tail-swing compact excavators, the MR-3 Series. The MR-3 carries the Komatsu pedigree through and through. From the Komatsu-designed and -built load-sensing hydraulic system to the design of the undercarriage, frame and body.

The MR-3 series brings some great new features to the Komatsu line of compact excavators that are accepted the world over. ■

Continued . . .



Komatsu's new MR-3 series of compact excavators features ease of maintenance with larger, lockable access covers for accessing the engine, hydraulics and fuel, as well as for cleaning coolers.



A new monitor panel has easy-to-read gauges and warning lights, hour meter, charge-level monitor with audible alarm, engine oil-pressure monitor with audible alarms and high-speed travel indicator.



Ease of use was built into the MR-3 series with a new dozer control lever that has two-speed travel control, as well as auto shift and load sensing.

The new MR-3 series of compact excavators ranges in size from the 4,090-pound PC18MR-3 to the 11,376-pound PC55MR-3.



Many new features on MR-3 series excavators

... continued

Komatsu's MR-3 series features a spacious operator station with the KOMTRAX remote machine-monitoring system (standard on PC18MR-3 through PC55MR-3). Cab models have heater/air conditioner, two radio-ready speakers and wiring for a radio.



A high-strength, X-frame design has rounded legs to help prevent build-up of debris on the frame. Open centers allow material to fall off the frame.



Komatsu's MR-3 series of compact excavators has a new look, with integrated counterweight that allows for swing, even in the tightest spaces.



Komatsu improved functionality with the MR-3 series, including a reduced gap between the blade and bucket for easier load-and-carry.



Superior service access means tilt-forward access to the operator station for periodic inspections (on PC18MR-3 through PC55MR-3) with easy access to the main hydraulic valve, swing motor, starter and alternator.

Komatsu packaged the MR-3 series with tracks and blade included in the package as well as other unique features.





COMPACT EXCAVATORS

100%

precision

KOMATSU®

Komatsu compact excavators are right at home working in tight spaces. With advanced Proportional Pressure Control (PPC) joysticks, these machines give you precise handling without sacrificing speed, reach or capacity. Plus, they have all the features that make Komatsu excavators the choice of owners and operators across the country.

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KOMATSU & YOU

NEXT GENERATION OF COMPACT EQUIPMENT

Komatsu's Utility Division introduces new machines that improve owning and operating costs



Ivor Hill,
Vice President and General Manager,
Komatsu America Utility Division

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

Ivor Hill joined Komatsu in 2000 and was named Vice President and General Manager of Komatsu America's Utility Division in 2002. Under his guidance, the division has grown to be a significant player in the North American compact equipment market. It has grown from five products in its infancy to nearly 30 today.

"Komatsu really began to produce compact construction equipment about a decade ago, bringing to the table years of experience building quality and reliable large construction and mining machinery," said Hill. "That experience paved the way for innovative utility machines that we believe are second-to-none. Komatsu is committed to making each of its products efficient, productive and easy to maintain. Customers will get the same quality and reliability from our smallest PC09 excavator as they will from our largest mining machine."

Although born and raised in England, Hill has lived and worked in North America most of his adult life. His background includes work with a mining company before joining Komatsu.

An avid soccer player, Hill plays in several leagues around Komatsu Utility's home base of Newberry, S.C. He has four children and two grandchildren he enjoys spending time with when he's not on the job.

QUESTION: What's changed in Komatsu's Utility Division in recent years?

ANSWER: Since Komatsu seriously began marketing compact and mid-sized machines in the North American market about a decade ago, we've seen our unit sales grow significantly. Since establishing the Komatsu Utility Division 5 years ago, our unit sales have grown 400 percent.

In 2002, Komatsu consolidated all major functions of the Utility Division at our Newberry, S.C., headquarters. At first, there was only a manufacturing plant and a few marketing people. Today, the Utility Division in South Carolina is also the home to our North American sales, marketing, finance, distribution, and manufacturing personnel and the global center of excellence for skid steer loader and compact track loader development.

The Utility Division is responsible for seven product lines with 30 machine models, including products like excavators, skid steer loaders, compact track loaders, backhoe loaders, compact wheel loaders, crawler carriers and compact dozers.

QUESTION: Why is it important to the end user to have the skid steer loader development center located in South Carolina?

ANSWER: North America is the largest skid steer loader market in the world and the skid steer loader is a product with an American pedigree. It only makes sense to place the design and development center here in South Carolina. It's close to the customers who use these products, and input from equipment users is a key part of

our research and development. With sales, marketing, engineering and manufacturing all located at the Utility Division headquarters, we can streamline communication and the development process, to ensure quality and reliability across the board.

With our new role as the global center of excellence for the SSL and CTL products, we have the benefit of working with customers and dealers all over the world. This expands our knowledge base and helps us find new ways to serve our customers, wherever they live and work. We can also be more efficient by producing higher unit volumes for the world market — again a benefit for our customers.

QUESTION: Is Komatsu Utility introducing new products this year?

ANSWER: Komatsu Utility is in the process of introducing its new generation of compact and mid-size excavators. The MR-3 compact range improves on the vastly popular MR-2 units. There's a brand-new PC45MR-3 with better performance and price position than its predecessor. The all-new PC88MR-8 extends our range into the mid-size eight-ton class with a larger, more powerful unit that's designed and built by the same team as our larger construction-class excavators. In our fourth business quarter, we plan to introduce the first North American-designed skid steer models and build them in our Newberry, S.C., plant.

One benefit that users will find across the board is that all our utility machines will have common controls, such as Pressure Proportional Control (PPC). The benefit is that operators can move from one machine to another, a compact excavator to a skid steer, for example, and be confident they can run the machine because the controls are common among them. That will obviously speed up production because the operator doesn't have to learn a whole new skill set to run the machine.

QUESTION: What else is Komatsu Utility doing to help the machine owner save time and money?

ANSWER: Like much of Komatsu's larger construction equipment, utility machines



Komatsu's Newberry, S.C., manufacturing facility is the worldwide development center for skid steer loaders. Komatsu will introduce its next-generation, Tier 3-compliant skid steers later this year.

will now come standard with our KOMTRAX remote machine-monitoring system. Komatsu is the first manufacturer of compact equipment to make such a system standard equipment. As new models are introduced, KOMTRAX will be on board. KOMTRAX allows the owner to keep track of machines by logging onto a secure Web site. Information, such as machine location and hours are available. If there's an issue, an error code will pop up and alert us and the distributor so we can call and let the owner or operator know we're on our way to fix it. It's a very effective tool for controlling owning and operating costs because maintenance and service schedules can easily be tracked.

QUESTION: Are there other similarities between Komatsu's utility machines and its larger construction counterparts?

ANSWER: Customers will find that even though we're a relatively new player in the utility market, our smaller machines are just as reliable and productive as Komatsu's larger models. No matter what size the machine, the same Komatsu development and testing process is applied. Whether a skid steer loader or 40-ton excavator, the process is the same. There's also a high degree of component commonality and Komatsu is known for its in-house hydraulic systems. That means customers will get the same quality and reliability from our smallest PC09 excavator as they will with our largest mining machine. It's part of Komatsu's commitment to quality equipment, product support, parts and service throughout its entire lineup. ■



Komatsu recently introduced its new MR-3 series of compact excavators. The units are packed with features that offer better productivity and operator comfort.



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TECHNOLOGY TIPS

GLOBAL POSITIONING

Komatsu machinery and Topcon technology — a powerful team that helps keep your costs down

Moving material faster, more efficiently and at a lower cost per yard is the goal of every earthmoving contractor. Those advantages are all available with Komatsu machinery equipped with Topcon Positioning Systems GPS (Global Positioning Satellite) technology.

The combination of the two provides a powerful tool that allows users to save time and money in several ways. Available are 2D and 3D systems that allow users to upload job designs into a control box, which receives machine-positioning signals from a radio antenna and GPS receiver on the machine. The control box continuously compares actual machine and blade position on dozers and motor graders and calculates corrections that are sent to the machine's hydraulics, creating fully automatic grading of the jobsite. The result is reduced or eliminated staking and surveying costs, and the ability to reach final grade in fewer passes.

Komatsu is working to make Topcon technology "plug and play" on factory-direct machines. In the past, Topcon systems had to be added on after the purchase of a machine. Komatsu's goal is to ship the machines with the brackets for mounting Topcon components as well as the internal wiring harness and hydraulic valve already in place. All users will have to do is plug their Topcon system in, and after initial set up, calibration and consultation with a Topcon representative, they'll be ready to go.

"With our new 'plug and play' setup, the user won't have to have the machine out of service for an extended period of time to make the machine GPS ready," said Mike Milostan, Komatsu America Product Marketing Manager, Working Gear. "We've taken the initial step with our new D51 dozers. It will soon be available as an option on all dozers,

followed closely by motor graders then excavators."

More precise excavator cuts and fills

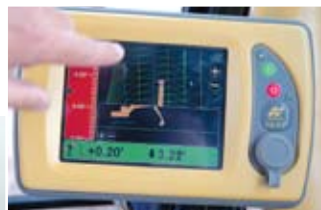
Several Topcon systems are available to dozer, motor grader and excavator users, such as the 3D-Xi Indicate 3D GPS+ control system for excavators that offers multiple views: plan, profile and section. It displays real-time movement of the bucket, stick, boom and entire machine. Grade can be controlled on the left, middle and right of the bucket.

"Similar to units used with dozers and motor graders, the excavator systems will improve the bottom line with better production, material savings and reduced survey costs," said Milostan. "Komatsu excavators work well with Topcon systems such as the X63, which helps in tough situations such as deep cuts, underwater excavations and steep slopes, as well as shallow digs. It displays machine position in real time, providing the operator complete control of the bucket at all times. A



Mike Milostan,
Komatsu America
Product Marketing
Manager, Working Gear

Continued . . .



Topcon GPS systems are available with Komatsu excavators, displaying real-time movement of the bucket, stick, boom and entire machine. Grade can be controlled on the left, middle and right of the bucket.



Easy-to-use systems up production at lower cost

... continued

touch-sensitive control box with a bright, color display shows the operator how to get and keep the bucket on grade for better accuracy. Operators can select a variety of screen options such as plan profile, cut/fill scrolling tape indicator and cross section. It significantly reduces the need for a grade checker as well."

Saving time and money

Also available is the 3D-MC machine control system that provides accurate grade control and productivity, the 3D-LPS (Local Positioning System) with high-precision stakeless grading in limited-satellite-access locations, the 3Di-GPS+ indicate control system for rough grading and the mmGPS (mm stands for millimeter) machine control system with millimeter accuracy. In most cases,

one system can control multiple machines on a jobsite, and for larger jobsite applications, additional GPS units can be linked together to provide coverage over the entire area.

All are easy to learn and use, according to Milostan.

"We understand that some contractors may be reluctant to try the systems because they believe GPS is too complicated, but that couldn't be further from the truth with Topcon systems," Milostan noted. "Komatsu currently has dozers, a motor grader and an excavator equipped with Topcon systems at our demo site in Cartersville, Georgia, so those considering the technology can come and operate those machines to see how easy they are to use. We're confident that the combination of Komatsu machinery and Topcon GPS technology will be a huge benefit to the equipment owner by saving time and money."

That's been proven with such products as Topcon's popular 3D-GPS+ and 3Di-GPS+, which are extremely accurate for finish and rough grading with Komatsu dozers or motor graders. Both systems have been shown to increase dirt-moving productivity by 30 percent to 50 percent and reduce staking 50 percent to 90 percent. Maps give the operator real-time cut-and-fill information that helps reduce push/haul lengths anywhere on the jobsite. The 3Di-GPS+ system can even be used for marking clearing limits, saving valuable time on surveying.

"Topcon's GPS+ systems are the most powerful on the market," stated Milostan. "They not only use the U.S. group of GPS satellites, but also the Russian GLONASS satellite group, giving them more satellites than the competition. The result is stronger, more accurate positions and better performance in obstructed areas, so there's less system downtime."

It all adds up to better production at less cost. "As with any new equipment, there's an initial investment. But the time and money savings that users see using the Topcon system with Komatsu machinery — especially newer ones with our more powerful and more fuel-efficient Tier 3 engines — means users can quickly recoup the cost and put more money in their pockets in the long run," said Milostan. ■

Finish grading with a Komatsu motor grader equipped with Topcon technology is easier, as it allows fewer passes to get to grade. Komatsu is working to make Topcon technology "plug and play" on factory-direct machines.



Topcon systems have long been available for Komatsu dozers, including Tier 3 models such as the D155AX-6 and the new D51-22s. "Using the Topcon system with Komatsu machinery — especially newer ones with our more powerful and more fuel-efficient Tier 3 engines — means users can quickly recoup the cost and put more money in their pockets in the long run," said Mike Milostan, Komatsu America Product Marketing Manager, Working Gear.



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UNDER THE HOOD

EXTENDING MACHINE LIFE

Why Komatsu Genuine Oil is the right choice for your engine

Engine oil is engine oil, right? Not if you're entrusting something other than Komatsu Genuine Oils to keep the moving parts of your machinery working at maximum performance.

Komatsu recently independently tested several popular engine oils offered at the retail level, and subjected them to rigorous testing to see if they met Komatsu Engineering Standards (KES), which are far more stringent than the industry standard. Among the tests was a determination of the oils' abilities to resist oxidation, a critical factor considering Komatsu's 500-hour oil-drain interval.

In addition, these tests predict an oil's ability to resist deposit formation, an essential element in Komatsu's Tier 3 engines. The oils tested claimed to meet the needs of Komatsu engines, yet all the products failed the tests.

"Komatsu is a company that prides itself on its engineering and has chosen oils which allow our machines to achieve maximum performance and life," asserted Jake Tiongco, District Parts Sales and Product Manager for Komatsu America. "With our latest Tier 3 engines, it's more important than ever to protect your investment with Komatsu Genuine Oils."

Superior oxidation and viscosity control

Using something other than Komatsu Genuine Oils could lead to rapid buildup of under-crown deposits. Left unchecked, these deposits cause an insulating layer and lead to piston overheating. With insufficient cooling of the piston, deposits form in the area of the rings, which can cause sticking or collapse. This in turn leads to loss of oil control, compression and premature liner wear. Worst case scenario: piston seizure.

Komatsu Genuine Oils help ensure those problems don't occur. Oxidation control is a critical factor in maximizing the life of any Komatsu engine, and Komatsu Genuine Oils are an essential part of that. While designed for Tier 3 engines, Komatsu Genuine Oils are approved for use in all preceding Komatsu engines.

An additional factor in oxidation stability is viscosity control. As oil becomes oxidized, it thickens and turns dark in color, eventually causing loss of viscosity, often before a scheduled change interval.

"Only oils with superior oxidation resistance, such as exhibited in the Komatsu hot-tube test, can operate the full 500 hours and maintain both viscosity control and maximum antiwear performance," said Tiongco. "Using Komatsu Genuine Oils takes the guesswork out of the equation. They're always the right choice." ■

Komatsu Genuine Oils provide superior oxidation and viscosity control. A recent test showed other engine oils failed to meet Komatsu Engineering Standards, which are far more stringent than the industry standard.



Jake Tiongco,
District Parts
Sales and Product
Manager, Komatsu
America



LOOKING AHEAD

Massive new funding proposed to meet needs of transportation systems

Rep. John Mica, R-Fla., is looking ahead to funding the nation's highways and transit systems beyond 2009, calling for a massive increase over the \$286 billion under the current SAFETEA-LU funding measure, which provides funds for such projects as maintenance and rehabilitation of highways and interstates. SAFETEA-LU expires in 2009, and Mica wants more than a trillion dollars in new funding.

Mica, a member of the House Transportation and Infrastructure Committee, is aiming for \$1.5 trillion over five years, which includes \$500 billion in the basic bill, with another \$500 billion each for infrastructure and public-private ventures. Funding for the bill would come from several options a surface transportation commission called for earlier this year, including higher federal and state fuel taxes.

The proposal comes on the heels of a recent study that showed the U.S. transportation system is failing to keep pace with the demands of a 21st century economy. The study, "The Transportation Challenge: Moving the U.S. Economy," showed the U.S. competitive

advantage is shrinking as other countries increase investment in transportation infrastructure. The increasing age of the nation's infrastructure was a major contributing factor, and without needed investment, the nation will continue to fall behind.

"If the United States declines to invest in transportation infrastructure and ignores the transportation needs of key industry sectors, our economy will become less productive and less competitive," said Janet F. Kavinoky, Executive Director of the Americans for Transportation Mobility Coalition (ATM), who helped conduct the study, along with the National Chamber Foundation and the U.S. Chamber of Commerce. "Without an adequate transportation system, the nation's economic growth is at risk."

Recommendations urge more strategic planning

According to the study, lack of investment will put the U.S. transportation system further behind the growing demands of five major economic sectors — agriculture and natural resources, manufacturing, retail, services and transportation — which account for 84 percent of the nation's economy.

Several recommendations were part of the study, including emphasizing the importance of increased investment in transportation systems, such as highway, rail and marine. It urged policymakers to become more strategic in planning and investing in the U.S. transportation system.

"If we do not, our transportation system will become a competitive disadvantage for U.S. industries, and it will become harder to sustain the growth of our regions and the national economy," the report said. ■

Rep. John Mica, R-Fla., is looking for a massive increase in funding for the nation's highways when the current funding measure ends in 2009. A recent study shows the U.S. transportation system is failing to keep pace with the demands of a 21st century economy.





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MORE INDUSTRY NEWS

AGC says looming tax increase will hurt construction

The Associated General Contractors of America (AGC) is calling for Congress to make the tax cuts enacted in 2001 and 2003 permanent, saying if they are not, there will be a significantly negative impact on the construction industry when they expire in 2011.

AGC points out that tax rates will increase across the board for all Americans, including partnerships and "S" corporations, which make up most businesses in the construction industry. Further, the death tax will rise to 55 percent in 2011, while the impending enactment of 3 percent withholding on public-works contracts will devastate construction businesses, which on average make 2.4 percent per contract.

"Construction companies will be especially hit hard by this (3 percent withholding) because

their profit margin is less than the withholding at 2.4 percent on average," the AGC said in a press release. "This will force many small businesses out of the government market, increase the costs of performing public-works contracts, and increase the costs to the taxpayer.

"Marginal tax increases raise taxes up to 5 percent in 2011, unless Congress acts, and impact more than 60 percent of construction companies that file their business taxes at the individual level," AGC continued. "The sharp rise in the death tax will take the life out of many small and medium-size companies. Owners will be forced to take their focus off their business and instead focus on ways to save their companies for future generations and their current work force." ■

New Canadian pipeline will increase oil supply

Construction of a 2,148-mile pipeline that will carry nearly a half million barrels of oil a day from Canada to the United States was recently approved under a presidential permit. The pipeline will transport crude oil from the Canadian province of Alberta to markets in the Midwest.

The pipeline will further increase the nation's supply of oil from Canada, which is already its largest supplier of foreign oil at

1.9 million barrels of crude a day. The new Keystone Pipeline is expected to have an initial capacity of 435,000 barrels a day by 2009, with an increase to 590,000 by late 2010.

Construction in the United States will total just under 1,400 miles of new pipeline, while Canada will construct 232 miles of new pipeline and convert 537 miles of existing line from natural gas transportation to crude oil. ■

New blog focuses on infrastructure needs

The Americans for Pure Water campaign launched a new blog designed to generate information and discussion about the nation's infrastructure and the need for updating it. Located at waternewsupdate.com, the campaign hopes to help readers gain a clearer picture of why increased federal funding is needed to prevent infrastructure failure in the country's water and sewer systems, as well as

generate conversation about what needs to be done to repair them.

The Americans for Pure Water campaign is an initiative of the Clean Water Council, a coalition of 32 national associations and labor unions representing contractors and skilled craftsmen, among others. It's committed to ensuring high quality of life through sound environmental infrastructure. ■



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Vice President Used
Equipment Division
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Wendy Schwertley,
Used Equipment
Coordinator
(602) 256-5189



USED EQUIPMENT FOR SALE

HYDRAULIC EXCAVATORS

YEAR	MAKE	MODEL	HRS	EQUIP#	PRICE
2003	KOMATSU	PC120-6E0	2,246	12274	\$72,500
2000	KOMATSU	PC128UU-2	5,404	12157	\$64,900
2000	KOMATSU	PC128UU-2	4,840	12158	\$64,900
2001	KOMATSU	PC138US-2	4,248	12035	\$59,900
2004	KOMATSU	PC160LC-7	3,577	12423	\$79,500
2006	KOMATSU	PC200-8	564	11167	\$125,000
2005	KOMATSU	PC200LC-7	1,045	11166	\$119,000
2005	KOMATSU	PC200LC-7	1,175	11172	\$131,000
2005	KOMATSU	PC200LC-7	1,022	11171	\$131,000
2005	KOMATSU	PC200LC-7	1,184	11170	\$129,500
2005	KOMATSU	PC200LC-7	896	10870	\$99,000
2004	KOMATSU	PC200-7	733	11169	\$114,500
2004	KOMATSU	PC200-7	2,168	10864	\$97,500
2003	KOMATSU	PC228US-3	2,647	10865	\$99,500
2006	KOMATSU	PC300LC-7	341	11292	\$225,000
2005	KOMATSU	PC300LC-7	1,753	11163	\$199,000
2005	KOMATSU	PC300LC-7	1,216	11165	\$209,000
2004	KOMATSU	PC300LC-7	5,000	11837	\$147,500
2005	KOMATSU	PC400LC-7	3,140	9883	\$259,000
2005	KOMATSU	PC400LC-7	3,230	11162	\$282,500
2005	KOMATSU	PC450LC-7	2,372	9593	\$275,000
2005	KOMATSU	PC750LC-7	2,052	9293	\$499,000

WHEEL LOADERS

2005	KOMATSU	WA200PTL-5	5,756	12482	\$65,000
2006	KOMATSU	WA250-5L	2,113	12421	\$89,500
2005	KOMATSU	WA250PT-5	4,679	12483	\$79,900
2002	KOMATSU	WA250-3MC	3,774	12323	\$57,000
1997	KOMATSU	WA320-3L	11,000	12322	\$46,000
2006	KOMATSU	WA380-5	954	9790	\$165,000
2003	KOMATSU	WA380-5	5,091	10867	\$119,500
2003	KOMATSU	WA380-5	5,268	8584	\$110,000
1998	KOMATSU	WA380-3	7,246	9569	\$85,000
2005	KOMATSU	WA500-3LK	7,113	12229	\$215,000
2005	KOMATSU	WA500-3LK	6,115	12249	\$215,000

MISCELLANEOUS

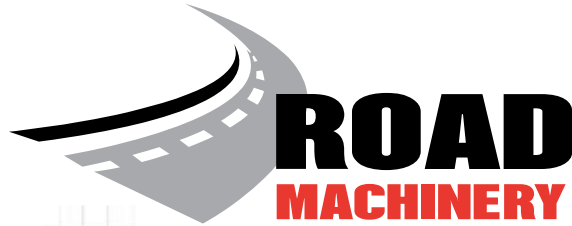
2006	KOMATSU	BR550JG-1	1,654	11380	\$555,000
2005	KOMATSU	D65EX-15	1,919	12479	\$179,900
2001	KOMATSU	D65E-12	3,263	12234	\$99,500
2006	KOMATSU	D61EX-15	1,306	12272	\$144,900

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