

ROAD To SUCCESS

May • 2010 No. 2

A PUBLICATION FOR AND ABOUT ROAD MACHINERY LLC CUSTOMERS



Dan McGrew, VP, Business Development,
Griffith Company



Sean Savala, President,
Savala Equipment Rentals

PUTTING IT TO THE TEST

Southern California
companies offer rave
reviews of Komatsu's
new Hybrid PC200LC-8

See article inside...



HULBERT ENGINEERING

Expansion helps Phoenix contractor evolve
from grading jobs to full site packages

See article inside...



Tim Hulbert,
Owner

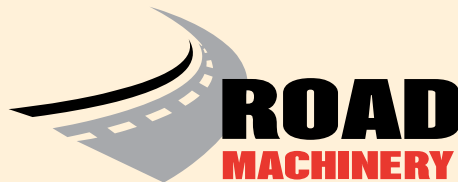
KOMATSU

A MESSAGE FROM THE PRESIDENT



Steve Branson

**Positive
signs of a
recovery**



Dear Equipment User:

In recent months we've seen signs of economic improvement. The housing market seems to be stabilizing, and the second year of the stimulus is bringing an increase in actual spending on governmental projects. We're cautiously optimistic that these small steps will lead to a larger expansion of work in the near future.

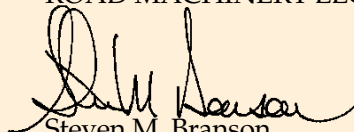
Eventually, the broader economy will rebound and we'll see construction rise again. We're prepared for it, and we hope you are too.

As in the past, we at Road Machinery can help you find the right machinery to meet your needs today and in the future, whether it's a new or used equipment purchase or a rental. If you're looking for new equipment, check out the articles in this issue of *Road to Success* on Komatsu's newest excavators (PC160LC-8, PC350LC-8, PC350HD-8 and PC450LC-8) and new GD655-5 motor grader.

Of course, Komatsu is not stopping there. As always, it's looking ahead for ways to lower your owning and operating costs. Many times, the changes made in new equipment are a direct result of customer input as you'll see in the Komatsu & You interview with the company's North American Vice President of Research and Development.

Komatsu has the products, and we at Road Machinery have the know-how and expertise to keep your downtime to a minimum with our highly trained staff of expert service technicians and parts personnel. Whatever your needs may be, please don't hesitate to give us a call or stop by one of our branch locations, and let us show you how we can help.

Sincerely,
ROAD MACHINERY LLC



Steven M. Branson
President



ROAD To SUCCESS

IN THIS ISSUE

TECHNOLOGY AT WORK

Read about two southern California companies that are putting Komatsu's new Hybrid PC200LC-8 excavator to the test.

HULBERT ENGINEERING

Learn how this Phoenix contractor grew from offering grading only to providing full site packages.

GUEST OPINION

Legal expert Christopher Hill provides some helpful tips to ensure your construction contract leads to a profitable project.

WHAT TO EXPECT

Here's what to look for during the second year of the economic recovery plan.

NEW PRODUCTS

If you've got a heavy-duty digging job, Komatsu has the machines you need. Check out the heavy-duty booms on Komatsu's new PC350LC-8, PC350HD-8 and PC450LC-8 excavators.

Published by Construction Publications, Inc. for



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KOMATSU

PUTTING IT TO THE TEST

Southern California companies offer rave reviews of Komatsu's new Hybrid PC200LC-8

During the past several years, the Port of Los Angeles has taken an active stance when it comes to pollution. It's led a charge to reduce engine emissions from all types of machinery that work in the area by adopting a Clean Air Action Plan nearly four years ago.

So, when Komatsu and Road Machinery representatives contacted longtime customer Savala Equipment Rentals about demonstrating one of its new Hybrid PC200LC-8 excavators, the company immediately contacted Griffith Company, which is in the midst of a \$126 million improvement project at the Cabrillo Way Marina. Griffith Company liked the idea,

and Savala sent the machine and Operator Silverio Palacios to the site in San Pedro to dig underground utility trenches and set 12- and 18-inch water and RCP storm lines.

Palacios noticed the fuel economy right away, noting savings of nearly 40 percent when he dug almost 800 feet of 12-foot-wide V ditches.

"It's a significant difference from a standard machine that size, especially compared to competitive brands," said Palacios. "That's great, but it's not the only feature that stands out. The Hybrid is quick and responsive, which I didn't expect when I first started it. It's so quiet that my immediate reaction was, 'This will never stand up to a regular machine.' My skepticism went away as soon I started using it and saw the results. It's the future."

For more than 100 years, Brea-based Griffith Company, one of California's largest and oldest general contracting firms, has seen the evolution of modern earthmoving equipment. Dan McGrew, Vice President, Business Development, said the company has a heritage of innovation, so they were wholeheartedly behind demonstrating the Hybrid PC200LC-8. McGrew admitted that, like Palacios, he was skeptical the Hybrid's performance could match that of a standard 20-ton excavator.

"It's more than exceeded our expectations," said McGrew. "We were concerned that it wasn't going to have the power a standard diesel PC200 has, but we found it has all the power we need with about 30-percent better fuel economy. The real bonus for us is that it actually swings a little faster than a standard machine, so we're getting better cycle times and increased productivity."

Swing is the key element to the Hybrid PC200LC-8's efficiency, and the more swing the better. The Hybrid captures energy during swing



Dan McGrew, Vice President, Business Development for Griffith Company, said the Komatsu Hybrid PC200 has exceeded expectations. "The real bonus for us is that it actually swings a little faster than a standard machine, so we're getting better cycle times and increased productivity."

(Machine photo below and on cover courtesy of Griffith Company.)





Road Machinery Chairman Shin Hisada (seated) watches while President Steve Branson addresses the crowd at the Hybrid PC200LC-8 demonstration ceremony at a Port of Los Angeles jobsite in San Pedro.



Savala Equipment Rentals Operator Silverio Palacios said fuel economy isn't the only standout feature of the Hybrid PC200LC-8. "It's so quiet that my immediate reaction was, 'This will never stand up to a regular machine.' My skepticism went away as soon I started using it and saw the results. It's the future."

braking, stores it in an Ultra Capacitor and uses it to assist the engine. Komatsu studies have shown a 25 percent to 40 percent reduction in fuel consumption, depending on application.

"Our numbers for fuel efficiency fall right in line with what Komatsu's studies show," said Sean Savala, President of Corona-based Savala Equipment Rentals. "Everybody who's seen it work has been impressed. It's great technology, and we'd love to own one when they're available for sale."

Demonstration ceremony highlights features

Local and state officials would like to see more equipment like the PC200LC-8 Hybrid in the future, especially if they offer a similar reduction in CO₂ emissions. Komatsu's tracking has shown 25 tons less CO₂ emissions per year, based on a typical 2,000 hours of use. That fits in well with the Port's efforts and those of the California Air Resources Board (CARB), which is working to drastically reduce emissions.

"We're really in the process of seeing a complete transformation of this port along with the trucking and construction industries," said Mary Nichols, Chair of CARB, by phone during a machine demonstration ceremony at the Port in March. "We're actually cleaning the air one piece of equipment at a time, and the machine being shown today, and others, are going to help us meet our goals of energy efficiency and diversification of the fuel supply."

On hand during the demonstration ceremony were Komatsu America and Road Machinery personnel, as well as local dignitaries and staff members from Savala Equipment Rentals and Griffith Company. Road Machinery President Steve Branson gave closing remarks.



(L-R) RML Chairman Shin Hisada, Komatsu VP of Product Marketing Erik Wilde, Komatsu America Chairman and CEO Dave Grzelak, Savala Equipment Rentals Equipment Superintendent Leonard Savala, RML President Steve Branson, Savala President Sean Savala, CEO Erin Oskorus, VP of Sales Scott Damon and VP Aaron Dyer pose during the "key" presentation.



(L-R) RML Chairman Shin Hisada, Los Angeles Mayor's Office of Economic and Business Policy VP Stephen Cheung, Komatsu VP of Product Marketing Erik Wilde, Komatsu Chairman and CEO Dave Grzelak, Griffith Company VP, Business Development Dan McGrew, Griffith's Tom Handwerk and Victor Valenzuela and RML President Steve Branson pause for a photo during the "key" portion of the demonstration ceremony.

"The environment is something we're all concerned about, and Komatsu is a leader in innovative technology that not only reduces emissions, but does it in a way that helps equipment users lower owning and operating costs," said Branson. "We're very pleased to partner with Savala Equipment Rentals and Griffith Company in demonstrating this machine, and thank them for giving us their feedback." ■



Sean Savala, President of Savala Equipment Rentals

HULBERT ENGINEERING

Expansion helps Phoenix contractor evolve from grading jobs to full site packages



Tim Hulbert,
Owner

About a year ago, Tim Hulbert changed the name of his business to Hulbert Engineering to better reflect what the Phoenix business has become during the past several years of steady evolution.

"I started the business about 17 years ago as Hulbert Grading, and for the first 10 years or so, I worked alone with just one blade, doing basic mass and finish grading," said Hulbert. "But, in many instances, the customers I worked for were general contractors who hired me not only to grade, but to run their projects. It was like being a superintendent for them."

Hulbert enjoyed coordinating the projects, but not necessarily the number of contractors it took to get the job done. He decided to expand beyond his one-man grading operation and add services such as footing digs, underground utility installation and clearing and grubbing. Last year, he earned a general engineering license and changed the company name.

One of Hulbert Engineering's latest Komatsu additions was this CK30 compact track loader.



"Being able to put together an entire bid package for the site work allows me to better schedule a project," explained Hulbert. "We're basically involved from start to finish, meaning we're generally the first on site and stay there until the pavement is swept. We still sub a few pieces out, such as paving, but it still falls under my scope of work. It simplifies things, and our customers like that."

Hulbert's primary customer base has always been private commercial contractors, but with the ability to offer larger bid packages, Hulbert Engineering is looking at more governmental work. Hulbert estimates the company has three to five jobs on the books at any one time, covering the entire state of Arizona.

"Generally, I have my employees split up into three crews," said Hulbert, whose payroll now has about 20 full-time employees, including his son Nick, who's a Superintendent. "Because of our growth, I can't be everywhere at once, so I have to rely on my staff to get the job done. Fortunately, I have an outstanding group of hardworking, trustworthy guys."

Largest project completed last year

Those employees helped Hulbert Engineering complete the site work for the largest building (1.3 million square feet) in the Phoenix area last year at Roosevelt and 75th Avenue. Hulbert crews moved nearly a half-million yards of dirt, treated it with lime, dug footings and installed some utilities.

"We also improved about a half mile of Roosevelt and some of 75th Avenue, so there was a lot involved with that project," Hulbert pointed out. "It took about 15 months and really



A Hulbert Engineering operator uses a PC40 to drill holes at a project in Phoenix. "We've found Komatsu equipment to be very innovative in design, and that directly helps our per-yard cost of moving dirt," said Owner Tim Hulbert.



Hulbert Engineering uses this WA320 wheel loader for a variety of tasks, including loading trucks.

highlights how the business has grown into something more than just a man and a machine."

Sold on Komatsu, Road Machinery

It also highlights how Hulbert has grown his equipment fleet. One of the first pieces of machinery he ever owned was a Komatsu GD650 motor grader that he recently traded in after almost 15 years of service.

"It had 16,000 hours and had only been in the shop for minor work once or twice. That's incredible compared to the other brand we had, which needed to have transmission rebuilds at about 10,000 hours," said Hulbert. "I've been sold on Komatsu since I bought that GD650, and I've built up our stock over time. I have about a dozen pieces now."

Included in Hulbert Engineering's fleet are GD655 motor graders, a WA320 wheel loader, a CK30 compact track loader, tight-tail-swing hydraulic excavators (PC40, PC88 and PC138 models) and a D51EX-22 dozer.

"We've found Komatsu equipment to be very innovative in design, and much of that directly helps our per-yard cost of moving dirt," attested Hulbert. "For example, the tight tail swing on the excavators allows us to get close to obstructions without worrying about hitting them, while still having the power to dig. We equipped them for use with attachments other than buckets, so they give us versatility."

Hulbert praises Road Machinery's versatility too. He works with Territory Manager Dan Kaercher on purchases, and relies on the Gilbert Service Department for maintenance. "We have a service agreement with Road Machinery. They are excellent about keeping up with our service hours, which is easy on the



Road Machinery Territory Manager Dan Kaercher (left) works with Hulbert Engineering Owner Tim Hulbert on Komatsu machinery purchases. "We have a service agreement with Road Machinery," said Hulbert. "They are excellent about keeping up with our service hours, which is easy on the newer machines that have KOMTRAX."

newer machines that have KOMTRAX. Road Machinery tracks the hours and schedules the work at our convenience, which is sometimes after hours."

More growth ahead

Hulbert noted that service has become increasingly more important with Hulbert Engineering's expansion. Hulbert expects to continue growing the company, possibly doubling in size during the next five years.

"As long as we can continue offering quality service, I don't see why not," Hulbert emphasized. "Being able to do as much on a project as we do plays in our favor too. I know work in this area has been way down with the economy the way it is, but we still see quite a lot of projects out for bid and we're still picking up a good deal of work. It's going to get better, and we're ready when it does." ■





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GUEST OPINION

COVER YOURSELF

Some helpful hints to ensure your construction contract leads to a profitable project

The news is everywhere that construction spending is down. Contractors face the liability issues inherent in having to cut prices while construction material costs either increase or stay the same. However, opportunities exist for a construction contractor to turn a profit, even in these seemingly dire times.

In order to do, so a contractor must plan ahead, run a project smoothly and professionally, assure that its contracts contain terms that protect it from liability as best is possible in an uncertain world, and assure prompt action to collect, should those terms be breached (whether with a lawsuit, mechanic's lien, or possibly a Miller Act claim).

One key to avoid having to pursue this last course of action is to make sure that you, as a general contractor, subcontractor or supplier, run your portion of the construction job smoothly. Good relationships with those both upstream and downstream can go a long way toward heading off problems before they blossom into legal action. The construction guidelines published by a coalition that includes the Associated General Contractors are a good starting point for advice on this topic.

Another way to avoid problems and protect yourself as a construction professional is through the use of escalation clauses in your construction documents. These clauses allow a subcontractor to pass on an increase in materials cost to a general contractor (or a GC to an owner) under certain circumstances. Absent such a clause in your contract, you (as the downstream construction company) will likely have to eat any increased costs under a fixed-price, lump-sum contract. Of course, an escalation clause is just one protection that you can build into your contracts. A

knowledgeable construction attorney can help you incorporate others.

Finally, make sure that all the details are hammered out up-front in the contract documents. Many problems will be avoided by clear contract drafting that assures all parties know the deal before the project starts. Surprises cause litigation much more often than clear contracts, even in claims situations.

Taking these relatively simple steps should help you concentrate on completing the work and making money doing it. ■



Christopher G. Hill

Christopher G. Hill is a lawyer at the Richmond, Va., firm DurretteBradshaw PLC, a LEED AP and a member of Virginia's Legal Elite in Construction Law. He specializes in mechanic's liens, contract review and consulting, occupational safety issues (VOSH and OSHA), and risk management for construction professionals. Mr Hill authors the Construction Law Musings blog at <http://constructionlawva.com>.

Running a job smoothly and hammering out contract details are a couple ways that can help you turn a profit on any job, according to lawyer Christopher G. Hill.



WHAT TO EXPECT

TAKING STOCK OF THE STIMULUS

Increased construction spending expected during second year of the economic recovery plan

A significant increase in construction spending under The American Recovery and Reinvestment Act (ARRA) is expected as the economic stimulus package heads into its second and final year. Estimates show about \$20 billion was spent for infrastructure projects during the first 12 months of the plan, only a little more than 10 percent of the total allotted.

When the \$787 billion stimulus package was passed last year, nearly \$135 billion was appropriated for various transportation and other infrastructure funding. The early focus was on “shovel-ready” projects, those that could be started within 120 days of the plan’s enactment. Spending for longer-term jobs would come later, much of it this year.

“Many projects are just now getting underway, and will be creating jobs throughout 2010 and beyond,” said Vice President Joe Biden, appointed to oversee the stimulus package. “Work on many Recovery Act projects will accelerate in the spring and summer months as weather conditions permit work on roads, bridges, water projects and Superfund cleanups.”

Construction spending under the economic stimulus ramps up during 2010 with more money slated to be spent than during the first year of the act.

Though only \$20 billion has been spent, more than \$104 billion has been obligated, meaning projects are approved and waiting for construction to begin. The increased spending is expected to contribute 1.4 percentage points to gross domestic product growth in 2010. The pace of actual spending is slated to more than double, from about \$3 billion per month to more than \$7 billion.

“I think we’ll see a lot more stimulus money going into actual contracts and actual hiring in 2010 than we did in 2009,” said Ken Simonson, Chief Economist of the Associated General Contractors of America in a recent Wall Street Journal article.

TIGER projects announced

One area of the economic stimulus package to see an increase in spending is Transportation Investment Generating Economic Recovery (TIGER), a discretionary grant program that’s different from traditional hard-bid projects. The Department of Transportation recently announced \$1.5 billion in TIGER grants for more than 50 projects throughout the country.

According to the DOT, TIGER grants target major national and regional transportation projects that are in many cases difficult to pursue through other government funding programs. Selected projects must foster job creation, show strong economic benefits, and promote communities that are safer, cleaner and more livable.

The TIGER grants have been popular, with states pitching for the funds. More than 1,400 applications were submitted for review, totaling nearly \$60 billion.





More than \$1.5 billion in TIGER grants, part of the economic stimulus package, were recently awarded with projects falling into sectors such as freight rail, road and bridge repair and community livability.

Key sectors for investment under the TIGER program include freight rail, road and bridge repair and community livability. Eleven national freight projects, 13 highway infrastructure projects and 22 community livability projects, which are designed to give Americans more choices about how they travel and improve access to economic and housing opportunities in their communities, were announced.

"The TIGER program takes a new, common-sense approach to investing scarce federal resources on transportation projects of national significance," said a U.S. Department of Transportation outline announcing the grants. "Unlike other federal transportation programs, TIGER funds are open to all types of projects, from roads and bridges to transit and rail. In order to receive funding, each project must show how it will help the United States meet its national goals, most importantly growing and rebuilding the economy."

Jobs per \$1 billion spent beat prestimulus estimates

Spending more funds under The American Recovery and Reinvestment Act is good news to an industry that's been one of the hardest hit by unemployment. Critics have pointed to the stimulus plan as a failure for not creating or saving more jobs. They've also panned government bureaucracy for provisions of the act that they say have delayed stimulus spending.

Proponents of the bill acknowledge that there have been hiccups, but overall it's made a significant contribution and will continue to provide even more positives this year. Simonson

points to a federal employment report that showed heavy civil employment remained stable earlier this year, an area where the bulk of stimulus-funded construction activity was spent.

"One of the few areas of construction to see increased spending in 2009 was in highway and roads according to the latest Census Bureau figures," he noted. "Considering the massive overall declines in construction activity last year, this is a strong sign the stimulus is having a positive impact."

Citing a recent federal report, Simonson said highway projects during the past year saved or created about 280,000 construction jobs. That equates to about 15,000 jobs per billion dollars spent, better than prestimulus estimates of about 9,700. Simonson indicated the ramp-up in spending this year will also lead to increased hiring of new workers or the return of some laid-off employees.

"The good news is that 2009's delays mean significantly more stimulus-funded opportunities for contractors in 2010," Simonson said. "We expect to see many more stimulus-funded projects come on line, especially for building contractors. This work will provide a much-needed lifeline for contractors, allowing them to retain many of their workers."

"The stimulus is one of the few bright spots the construction industry experienced last year," he added. "The stimulus is saving construction jobs, driving demand for new equipment and delivering better and more efficient infrastructure for our economy." ■



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NEW PRODUCTS

NEW EXCAVATOR MODELS

Heavy-duty booms offer increased durability in PC350LC-8, PC350HD-8 and PC450LC-8 models

Stress on an excavator's boom can significantly shorten its life and increase long-term owning and operating costs. That's why Komatsu took a big step in extending that life expectancy by introducing heavy-duty booms on its new PC350LC-8, PC350HD-8 and PC450LC-8 models.

Komatsu designed the heavy-duty booms to provide increased strength and durability compared to the PC300LC, PC300HD and PC400LC, which these new machines replace. Large cross-sectional structures, thick, high-tensile-strength steel, and partition walls help the boom and arm resist bending and torsional stress, making them more durable.

"The new machines basically maintain the same performance capabilities of their predecessors in terms of horsepower and bucket capacity," noted Doug Morris, Product Manager, Excavators. "However, heavy-duty booms are now standard to increase the durability of the work equipment. As with previous models, contractors will choose the model that best suits them based on factors such as the applications in which they use them, site conditions and breakout force."

Added reliability features of the new models include a sturdy frame structure. Its revolving frame, center frame and undercarriage were designed using advanced CAD analysis technology for better durability and longer life. Components, such as engine, hydraulic pumps and motors, control valves and electronic devices, are exclusively Komatsu-manufactured for seamless integration into the machines. Metal guard rings protect hydraulic cylinders, and hydraulic hoses equipped with O-ring seals provide extended, leak-free life.

Komatsu lengthened undercarriage life with grease-sealed tracks and track links with struts, which offer superior durability. Longer track life is part of an overall effort by Komatsu to lower owning and operating costs.

"Contractors will find these new machines a little more robust in all applications, whether digging utility trenches, loading trucks, mass excavation or demolition," said Morris, who noted a PC350HD-8 model is available that combines the upper structure of a PC350 with the lower part of a PC450. "Komatsu built in additional value by using more durable components that offer improved reliability, better maintenance and service intervals, and



Doug Morris,
Product Manager,
Excavators

Continued . . .

Brief Specs on the Komatsu PC350LC-8, PC350HD-8 and PC450LC-8 Excavators

Model	Operating Weight	Net Horsepower	Bucket Capacity
PC350LC-8	77,362-79,037 lbs.	246 hp	0.89-2.56 cu. yd.
PC350HD-8	85,305-88,771 lbs.	246 hp	0.89-2.56 cu. yd.
PC450LC-8	97,372-104,058 lbs.	345 hp	1.47-3.75 cu. yd.

Heavy-duty booms on Komatsu's new excavators provide increased strength and durability compared to their predecessor models.



New excavators feature five working modes

... continued

cab improvements that make the operator more productive.”

Built-in productivity

Five working modes — Power, Economy, Lifting, Breaker and Attachment — help users get the most efficient production out of the PC350LC-8, PC350HD-8 and PC450LC-8. Using different modes, the operator can match engine speed, pump flow and system pressure to the application. For example, when high digging force isn’t needed, operators can switch to Economy mode for better fuel economy and savings. Power mode provides maximum production for faster cycle times, when needed.

Operators choose modes using the self-diagnostic, multifunction, color monitor that’s among the industry’s most advanced diagnostic systems. In addition to mode selection, the Komatsu-exclusive system identifies maintenance items, reduces diagnostic times, indicates oil and filter replacement hours and displays error codes. When the operator turns on the machine, check-before-starting items appear, and if abnormalities are found, a warning lamp blinks and a buzzer sounds to alert the operator. During operation, continuous machine condition checks help prevent serious problems from developing, allowing the operator to concentrate on the work.

Komatsu crafted the excavator cabs with operator comfort and productivity

in mind. The new design features a wider cab, high-back seat and reduced noise and vibration levels. The pressurized cab also helps minimize outside dust from entering.

In addition, the new, highly rigid cab has a pipe-structured framework with reinforced strength for high durability and impact resistance. A larger glass area provides excellent visibility of the work area, while a skylight offers better overhead visibility. Large side-view mirrors give the operator clear views to both sides of the machine and a standard rearview camera lets him see behind the machine.

Longer service intervals

The PC350LC-8, PC350HD-8 and the PC450LC-8 can work longer before requiring downtime for routine maintenance. High-performance filters extend replacement intervals to every 500 hours for the engine oil and filter, 1,000 hours for the hydraulic filter and 5,000 hours for the hydraulic oil. All grease points, except the bucket, are at 500-hour intervals. Large-capacity air cleaners and high-pressure, in-line filters at the pump discharge ports are standard.

Each excavator has easy service-access points, including side-by-side radiator and oil cooler modules for quick removal, cleaning and installation. Engine oil-level check, oil fill port and fuel filter have improved accessibility as does the engine oil filter and fuel drain valve. An eco-drain valve is standard and enables easier and cleaner engine oil changes. A fuel prefilter that separates water and removes contaminants minimizes potential fuel problems.

“While there are noticeable changes, we kept key elements of the previous models that are proven productive and efficient, such as the efficient, high-pressure, common-rail Tier 3 engines that provide high productivity with low fuel consumption and emissions,” said Morris. “KOMTRAX remains standard and allows owners and operators to track machine function and service intervals, among other items, which help keep downtime to a minimum. From that standpoint, users won’t notice change, but in terms of other direct links to owning and operating costs, they’ll see some significant improvements.” ■

Komatsu added value to its new excavators with features such as heavy-duty booms, five working modes, reinforced cabs with larger glass area and longer service intervals.



MORE NEW PRODUCTS

ADDED VALUE

Komatsu's new GD655-5 motor grader cab design is among features that improve productivity

One of the keys to productivity in motor grader work is the operator's ability to see the material and the blade as clearly as possible. Komatsu enhanced that ability in the new GD655-5 with a patented hexagonal cab that provides improved all-around visibility.

"The better visibility, the better production," said Product Manager Steve Moore. "We set out to make the most comfortable, productive and efficient motor graders possible. Komatsu did that by adding features, starting with a low-noise operator platform design that's similar to the unsurpassed, award-winning cabs in our small-dozer line. Then we built on that to provide even more value."

Better visibility is only part of the value-added equation, as Komatsu increased both horsepower and operating weight by nearly 10 percent, while decreasing fuel consumption by 20 percent compared to the GD655-5's predecessor. Its new, patented, dual-mode transmission system is mounted in the front for better weight distribution and provides on-the-go, full power shifting as well as inching capability and automatic shifting in the higher gear ranges.

"The operator has total control and can run the grader in direct drive (manual mode) for tough grading, or with the lock-up torque converter (auto mode) for fine work that may require inching," said Moore. "The higher horsepower allows for better productivity at higher speeds in applications such as road building and maintenance and snow removal. The combination of manual and auto is very effective for low-speed smooth operation by virtually eliminating engine stall. Komatsu is the only manufacturer to offer that."

Additional control valves

Komatsu also offers two additional control valves for a total of ten, making attachment additions easier. Other new standard features include a Turbo II precleaner, right and left independent blade-lift float, front-bar-mounted lights and a toolbox with lock. KOMTRAX 2.5 is also standard, providing better maintenance tracking. Users can perform nearly all services from the ground, including fueling for faster fill-ups.

"That reduces downtime and boosts production time," noted Moore. "Another key element is a new hydraulic, variable-speed, reversible fan that minimizes dust entering the radiator, which also minimizes downtime. With the GD655-5, as well as other Dash-5 motor graders we're introducing, we set out to engineer a machine that would significantly improve productivity and profitability. More horsepower and operating weight, as well as additional standard features, add value for anyone who uses a motor grader." ■



Steve Moore,
Product Manager

Brief Specs on Komatsu GD655-5 Motor Grader

Model	GD655-5
Net hp	218 hp
Operating Weight	38,415 lbs.
Blade Width	14 ft.

A new hexagonal cab provides exceptional all-around visibility and is among several new features designed to improve productivity and reduce owning and operating costs.



PRODUCT UPDATE

MORE COMFORTABLE CAB

Redesigned work platform of the PC160LC-8 helps operators maintain productivity

A common adage in equipment says “a comfortable operator is a more productive operator.” Starting with that nugget of wisdom, Komatsu designed its new PC160LC-8 to foster an environment where operators can thrive.

The PC160LC-8 has a newly designed, larger cab (compared to the Dash-7 model) with excellent sound absorption. Noise-source reduction and a quieter Tier 3 engine, hydraulic equipment and air conditioner make the excavator’s noise level similar to a new automobile. Viscous damper mounting coupled with a highly rigid deck reduces vibration as well.

“There’s more to the equation than just noise and vibration reduction,” noted Product Manager Doug Morris. “The cab is pressurized with automatic air conditioning, an air filter and a higher internal air pressure to minimize the

amount of dust that enters the cab. Operators who have used the PC160LC-8 notice right away how much more comfortable it is.”

Operators can set the temperature in the cab using the upgraded LCD monitor panel, which also allows them to set the proper working mode to match conditions. Five modes are available, including an Economy mode for lighter digging and loading, which reduces fuel consumption by 10 percent compared to the Power mode.

Durable, easy to maintain

No matter the conditions, operators can be confident that the PC160LC-8 will get the job done. Komatsu engineered it with a boom and arms of thick-plate, high-tensile-strength steel. Designed with large cross-sectional areas and generous use of castings, working attachments exhibit long-term durability and high resistance to bending and torsional stress.


“The PC160LC-8 is the largest in what’s considered our light excavator line, but don’t let the word ‘light’ fool you. It has the strength and durability to handle substantial work loads,” said Morris. “At the same time, it’s light enough at less than 40,000 pounds to be easily transported, as well as mobile enough for maneuverability on the jobsite. It’s great in commercial and residential applications.”

Morris said with KOMTRAX as standard equipment, it’s also easy to track and maintain proper service intervals. The radiator, aftercooler and oil cooler are arranged side-by-side for quick cleaning, removal and installation. Maintenance costs are reduced with high-performance filtering materials and long-life oil that extend intervals to 500 hours for engine oil and filter, 1,000 hours for hydraulic filter and 5,000 hours for hydraulic oil. ■

Brief Specs on Komatsu PC160LC-8 Excavator			
Model	Net Hp	Operating Weight	Bucket Capacity
PC160LC-8	115 hp	36,770-37,740 lbs.	0.48-1.24 cu. yd.

The PC160LC-8 has a larger, more comfortable cab, helping keep operators productive longer. It also features an efficient engine, low fuel consumption and is easily transported.





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MILESTONES

MAGIC NUMBER — 930

Komatsu's legendary "ultra class" truck reaches a historic milestone

In 1996, Komatsu became the first equipment manufacturer to introduce an AC drive system into a large mining truck. In the 14 years since its introduction, Komatsu's 930E electric-drive truck has become the best selling "ultra class" truck in the world.

On March 1, Komatsu celebrated production of the 930th unit of its 930E series, which is designed and built at Komatsu's Peoria Manufacturing Operation in Peoria, Ill.

"The 930E represents Komatsu's genuine passion to see our customers succeed," said Don Lindell, Product Manager for mining trucks. "Based on data from real-world performance, we continue refining the features of the truck to lower the operating cost per ton."

That "real-world" data is gathered from 930Es that are operating around the world — from North and South America to Africa, Asia and Australia. The largest concentration of 930Es is in Chile, which is the world's largest copper-producing country. In fact, the massive Collahuasi copper mine in the mountains of northern Chile has more than 40 930Es, including historic unit number 930.

A key to Autonomous Haulage System

Because of its technology and reliability, the 930E is often used in remote locations and difficult applications. It is also a key part of Komatsu's Autonomous Haulage System which allows trucks to operate without drivers, thereby improving fuel efficiency, lowering production costs and lengthening truck life.

With a payload capacity of 320 tons (276 cu. yds.), the 930E is Komatsu's second-largest

mining truck, next to the 960E. Depending on the model, it is available with 2,700 or 3,500 gross horsepower (brake power). ■



Employees at Komatsu's Peoria Manufacturing Operations pose with the 930th Komatsu 930E haul truck. All of the 930 trucks were designed and built at the plant.

The Komatsu 930E was the first mining truck with an AC drive system and is the best-selling "ultra class" mining truck in the world.





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ALWAYS LOOKING FORWARD

Komatsu Vice President of R&D says making quality products is a never-ending process

QUESTION: How does Komatsu start the research and development of a new product?

ANSWER: Research and development is a never-ending process. When a new machine is introduced, we're already thinking about how to improve upon it. Of course, when the machine is introduced, we're not automatically working on building the next version of it. We study its attributes and how it's performing in the applications for which it was designed. Then we look for ways to improve upon it, keeping in mind that our goals include improving our customers' costs of moving materials.

QUESTION: How much input do customers have in the process?

ANSWER: A very significant amount. Our customers are a vital part of the research and development process. After all, they're the ones using the machines, so we value their assessments of our products. In some cases, we start by surveying customers to find out what they want to see in a new machine. We marry that with what our research and development tells us, then set out to build a machine that will offer the productivity and performance our customers want to see. As we do that, we're constantly testing, retesting, and making sure that the machine meets all governmental standards and requirements.

One example is our D51 dozers with the cab-forward and Super Slant nose design. Customers told us that they wanted to be able to move more dirt at a lower cost. They indicated that improved visibility would be a significant step in the process. We took that information and incorporated it into dozers that offer excellent views all around the machine, especially to the blade and material, so the

Continued . . .



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.

Ike Mochida, Vice President of North American Research & Development

This year marks Ike Mochida's 35th anniversary with Komatsu. He joined the company in 1975 after graduating from Tokyo University with a degree in Mechanical Engineering.

His first duties were designing special applications for small and medium dozers, including safety devices. Eventually, he became responsible for the entire development process of building new dozers and was transferred to the U.S. Technical Center in Chattanooga. Two years ago, he was named Vice President of the North American Research & Development division, overseeing R&D for both technical centers (Chattanooga and Peoria) in North America.

"In the 35 years I've been with Komatsu, the company's aim has never changed," said Mochida. "It's to constantly work to design and build machines that make our customers more productive and efficient. We've done that with their input and our technological advances, which in many cases has improved their per-yard and per-ton costs. I find the process enjoyable."

Mochida also enjoys traveling the U.S., especially areas of wide-open landscape and mountains. He also likes reading and playing golf with his wife Sonoko. The couple has two grown daughters.

Many resources used in product development

... continued

operator is more productive. Consequently, cost per yard was improved. Komatsu added to that with fuel-efficient Tier 3 engines and lower maintenance costs. The result was an award-winning, technologically advanced dozer that customers rave about. As a result,

Komatsu uses CAD and other technology in the research and development of its new products. "Technology has become an ever-increasing part of our R&D," said Ike Mochida, Vice President of North American R&D. "It streamlines things, but it doesn't replace the most important aspect of our process: customer input and ideas."



Komatsu research and development is incorporated into new products, many of which are built in three North American manufacturing plants. OEM components, such as engines, are an integral part of the process.



The D51 dozer with its cab-forward and Super Slant nose design is a result of input from customers who wanted increased productivity and improved visibility.



we've incorporated the Super Slant design into other dozer sizes.

QUESTION: What other types of machines in North America is Komatsu focusing its R&D on?

ANSWER: The emphasis in North America is multidimensional. We have three manufacturing plants that produce several machines, not only for the North American market, but globally. The Chattanooga, Tennessee, facility where I am located, produces excavators and articulated trucks. In Newberry, South Carolina, it's wheel loaders and utility machines. The Peoria, Illinois, plant focuses on mining products. Peoria is a "mother" plant, meaning all research, development, manufacturing and production of mining trucks takes place there, as opposed to a piece of the process done here and another done somewhere else. Another part of that is that all components are genuine Komatsu OEM and integrated into the design, which makes for superior quality and reliability. It creates better communication and streamlines our production when everyone involved with producing a particular machine is in the same place.

QUESTION: How many people are involved in the process?

ANSWER: It depends on the machine, but there are always several individuals working on research and development of a product. We have about 130 people in R&D, but of course they aren't the only ones involved. We work with engineering and manufacturing to assure that when a machine is in development, everyone is on the same page. Having multiple people at work on one project means we can take different views and incorporate them into the design of a better product.

QUESTION: What's Komatsu working on now?

ANSWER: As I mentioned, it's a never-ending process. Starting next year, Tier 4 engine technology is slated to ramp up, so we're working to ready our machines for that. At the same time, we're working on designs that will ensure our products continue to have more productivity, efficiency and reliability for which those machines have always been known. ■



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TRAINING PAYS DIVIDENDS

Top service personnel square off at annual Komatsu Advanced Technician Competition



Wade Archer,
KATC Director

Top service personnel from North American distributors competed in the annual Komatsu Advanced Technician Competition (KATC), held March 2 to 4 at the Komatsu Training and Demonstration Center in Cartersville, Ga.

"We changed the format from the previous few years," explained Wade Archer, Technical Training Instructor and Director of the

KATC program. "In January of this year, we held a qualifying event in which any distributor technician could compete. The four competition categories were: Excavator, Wheel Loader, Dozer and Truck. The top technicians from each of four geographic regions were then eligible to come back for the national competition in March. Other factors that determined their eligibility included completing certain training and educational opportunities throughout the year."

Four individual categories were part of the competition, and winners of each competed against each other for title of National Champion.



The team competition featured competitors working together to diagnose and fix problems on a "mystery machine," which turned out to be a CD110R-2 crawler carrier.



Those 10 technicians who qualified, started the first day of the national competition by competing in the category they placed in during the qualifying event. Winners were named at the end of the day, and each moved on to the next round where they competed against each other for the title of National Champion. During this round they had to diagnose and fix problems in the other three categories. Individual winners received a trophy and cash prizes, while the National Champion received a trophy, cash and a tool box filled with tools valued at about \$17,000.

In addition to competing individually, top finishers from the first day of competition were paired together with another technician from their region to compete as a two-man team on a "mystery machine," which turned out to be a CD110R-2 crawler carrier. Teams did not know ahead of time what the machine would be.

"Beyond honoring technicians for their excellence, the purpose of the KATC is to motivate technicians to take advanced training, which results in better, faster diagnostics and service to customers," noted Archer. ■

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INDUSTRY NEWS

ADDED DOLLARS

Jobs bill provides \$20 billion to fund highway and transit programs through the end of the year

Tucked into the recently passed and signed Hiring Incentives to Restore Employment (HIRE) Act — also known as the Jobs Bill — is \$20 billion to continue funding highway and transit programs through the end of 2010. It ensures the programs will continue to operate after several short-term funding fixes were passed when SAFETEA-LU ran out in September 2009 without reauthorization or a bill to replace it.

The \$20 billion in funding is on top of any stimulus and other monies that have been allocated toward highway, transit and infrastructure in other bills. According to the Associated Equipment Distributors (AED), it also sets a funding baseline for future transportation bills. A nearly \$600 billion, five-year plan was proposed by lawmakers last summer, but was shelved as Congress worked on other initiatives. It may still be a framework for a new bill that could be taken up later this year.

Some contractors are looking forward to a new bill because they say it would offer stability that leads to hiring workers, something at which HIRE was aimed. The bill offers tax breaks for businesses that hire unemployed workers through December. Such breaks include an exemption from the 6.2-percent Social Security payroll tax and an additional \$1,000 credit if new hires stay on the payroll for a full year. Experts estimate it could create as many as 250,000 jobs through the end of the year.

During the bill's signing, President Obama said, "Many (businesses) are on the fence right now about whether to bring on that extra worker or two, or whether to hire anyone at all. This jobs bill should help make their decision that much easier."

HIRE extends Section 179 expensing for capital investments, such as new and used

equipment purchases, for one year. Originally passed in 2008, and reinstated in the stimulus act last year, it allows for an expensing limit of \$250,000 on purchases up to \$800,000. It can be taken immediately on purchases and can have tax reduction benefits.

HIRE expands the use of the Build America Bond program, which states and municipalities have used to fund construction projects. Part of the stimulus package passed last year, the program allows additional tax benefits or access to new markets for local government bond issuers. ■



Tax breaks in the Jobs Bill are designed to provide incentive to hire new workers.



The Jobs Bill provides \$20 billion for road and transit construction, and extends Section 179 expensing for equipment purchases.

MORE INDUSTRY NEWS

Komatsu donates to Haiti Relief

Komatsu has donated \$100,000 to the Haitian relief efforts through the American Red Cross, which is aiding the people of Haiti following the devastating earthquake that hit that country earlier this year. The company is also matching dollar-for-dollar all employee contributions to the Red Cross.

"We extend our heartfelt concern and condolences to the people of Haiti who have been devastated by the earthquake," said Dave Grzelak, Chairman and CEO of Komatsu America. "The American Red Cross is doing incredible work by providing aid to help rebuild lives and communities in Haiti." ■

State court ruling could have broader implications for general contractors

A ruling in a Mississippi Supreme Court case, *Architex Association, Inc. v. Scottsdale Insurance Co.*, could have an affect on general contractors and their insurers across the country. Architex brought suit against Scottsdale, claiming the insurance company should have paid claims after a hotel chain sought damages against Architex for work a subcontractor did that was later deemed defective.

Scottsdale Insurance denied coverage, despite Architex paying additional premiums for additional coverage that was specifically for covering subcontractors' work. The court ruled that general contractors are covered under commercial general liability policies for subcontractor work found to be defective. That

decision overturned a 2003 ruling in favor of Scottsdale by the U.S. Court of Appeals Fifth Circuit court.

"It has implications for the rest of the country because the policies being written and enforced throughout the U.S. are identical to the policies the Mississippi Court has addressed," said Mike Kennedy, General Counsel of the Associated General Contractors in an *Engineering News-Record* article. The court made it clear that the insurance carriers should be held to the terms of the policies that they choose to write, recognizing that the carriers are free to write their policies differently if they wish to exclude certain coverages." ■

New contract agreement helps in compliance with federal projects

The industry-wide coalition ConsensusDOCS published a new contract agreement written specifically for contracting on federal government construction projects. It addresses the terms and conditions needed for subcontractor and contractors to comply with Federal Requisition Regulations, including new legal and ethical requirements pertaining to the legal status of employees, complying with ethics rules and federal Prompt Payment Act requirements.

"The new federal subcontract will keep needed construction projects from getting tangled up in red tape," said Tom Kelleher, Chair of the national coalition of associations that wrote and endorsed the new standard contract. He also noted that it was written, reviewed and approved by professionals representing every part of the construction process, including contractors, subcontractors, owners and sureties. ■

NEWS & NOTES

"Dig once" legislation part of FCC broadband outline

A National Broadband Plan submitted by the The Federal Communications Commission (FCC) includes "dig once" legislation as part of a proposal to ensure every American has access to broadband. It encourages new infrastructure construction to allow installation of conduits and cables in an open trench.

The result could be more elaborate in-ground construction projects, and the FCC predicts substantial savings when plans to bury fiber are coordinated with other infrastructure projects in the right-of-way, where road, water, sewer, gas and electric is already being dug. Groups such as the Associated Equipment Distributors (AED) have some concerns, such as whether

coordination of rail, sewer and power transmissions facilities will result in paperwork and planning demands that would hamper the start of new projects and prolong completion dates, according to a recent article in AED's *Washington Insights*.

However, AED believes that broadband development is promising for expanding equipment markets, especially those serving rural utility contractors, according to the article.

The FCC plan was submitted as a result of a provision in the American Recovery and Reinvestment Act (the stimulus package), which called for the FCC to prepare a broadband-expansion roadmap for the country. ■

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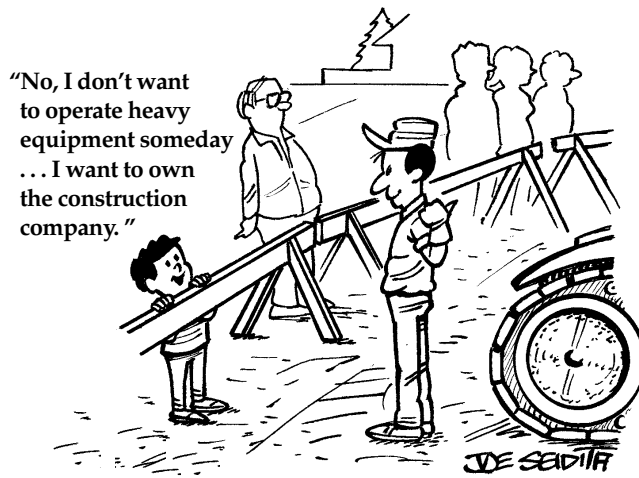
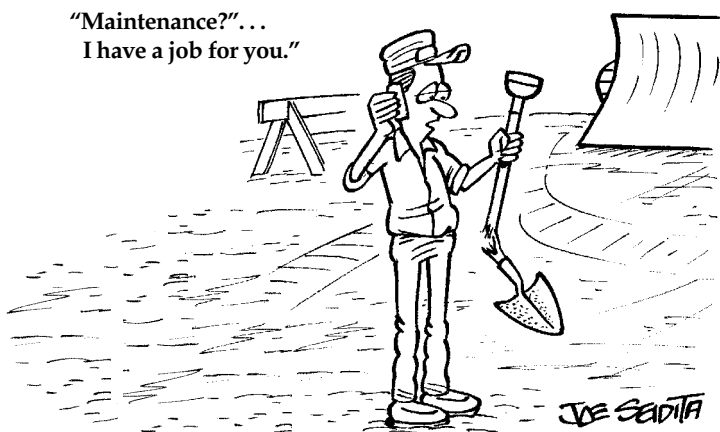
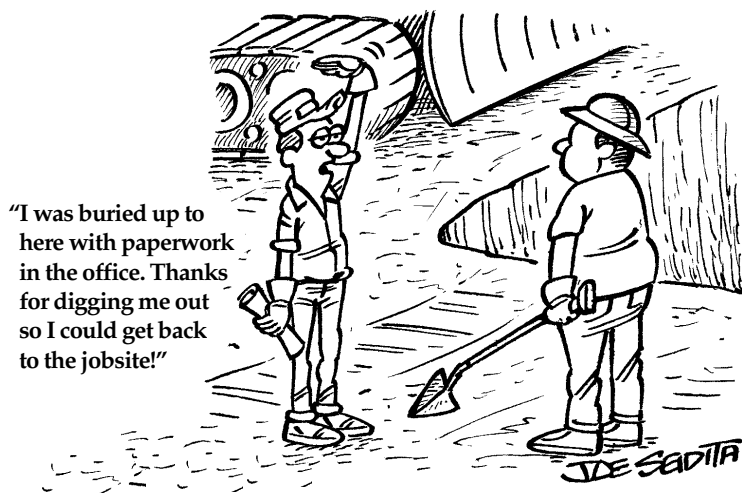
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Did you know...

Komatsu was named after the city Komatsu, located in the Ishikawa Prefecture of the Hokuriku region in Japan. The actual name "Komatsu" translates into English as "little pine tree" and, according to legend, dates back to the middle of the Heian period (794-1192 AD). At that time, the monk-emperor Kazan planted a pine sapling during a tour of the Hokuriku region, and the area where it grew came to be called "sono no komatsubara" ("small-pine field with gardens"). This name is said to have been shortened to "Komatsu."

When Komatsu Iron Works separated from Takeuchi Mining Co. in 1921 to become Komatsu Ltd., the first logo that was chosen to represent the newborn company also symbolized this small pine tree. The logo underwent many modifications throughout the years, but remained faithful to its original "small pine tree" look until the late 1990s, when a major change was made and the current lettering was adopted.

Today, the Komatsu logo is a basic design that represents the Komatsu brand. It reflects the Komatsu image of reliability, stability, and strength. The well-balanced sophistication of the logo, the unique design of the letter "T" and the deep, vivid-blue color symbolize a bold corporate character and a leader in technological innovation.

Brain Teasers

Unscramble the letters to reveal some common construction-related words. Answers are on the right side of this page.

1. TIKJYSOC _____
2. NSOMISESI _____
3. CENTIHCINA _____
4. SOREGUR _____
5. MIWODETN _____
6. REQOTU _____



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HYDRAULIC EXCAVATORS

YEAR	MAKE	MODEL	HRS	STK#	PRICE
2006	KOMATSU	PC200-8	1,456	EMD58	\$94,737
2005	KOMATSU	PC200LC-7	1,651	EMD57	\$94,737
2005	KOMATSU	PC200LC-7	1,790	EMD62	\$121,053
2005	KOMATSU	PC200LC-7	1,499	EMD61	\$121,053
2005	KOMATSU	PC200LC-7	1,268	EMD60	\$103,158
2004	KOMATSU	PC200-7	1,388	EMD59	\$94,737
2004	KOMATSU	PC200-7	2,196	EMD39	\$94,737
2003	KOMATSU	PC228US-3	3,127	EMD40	\$68,421
2006	KOMATSU	PC300LC-7	664	EMD65	\$194,737
2005	KOMATSU	PC300LC-7	2,320	EMD55	\$131,579
2005	KOMATSU	PC300LC-7	2,550	EMD56	\$163,158
2005	KOMATSU	PC400LC-7	3,184	EMD16	\$210,526
2005	KOMATSU	PC400LC-7	3,572	EMD54	\$268,421
2005	KOMATSU	PC450LC-7	3,756	EMD5	\$157,895
2005	KOMATSU	PC750LC-7	2,939	EMD1	\$368,421

WHEEL LOADERS

2006	KOMATSU	WA380-5	1,932	EMD14	\$121,053
2003	KOMATSU	WA380-5	5,570	EMD41	\$110,526
1998	KOMATSU	WA380-3	7,250	EMD4	\$89,474
2005	KOMATSU	WA500-3LK	7,131	EMD124	\$173,684
2005	KOMATSU	WA500-3LK	6,124	EMD127	\$173,684

DOZERS

2005	KOMATSU	D65EX-15	2,233	EMD145	\$152,632
2001	KOMATSU	D65E-12	3,242	EMD125	\$78,947
2007	KOMATSU	D155AX-6	2,075	EMD275	\$368,421
2008	KOMATSU	D155AX-6	1,961	EMD129	\$368,421

Availability is constantly changing. Check with your Road Machinery salesman for your used equipment needs.

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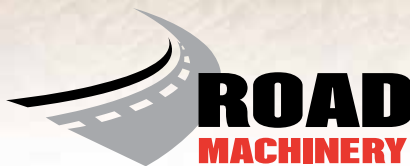
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