



ROAD To SUCCESS

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A PUBLICATION FOR AND ABOUT ROAD MACHINERY LLC CUSTOMERS

LIBERTY IRON & METAL

Expansion brings three-generation family recycling business to Phoenix

See article inside . . .

Joe Plumadore, Operations Manager, Special Projects (left) and CEO Marc Olgin

UTAH PACIFIC CONSTRUCTION

Southern California utility contractor builds success by overcoming project challenges

See article inside . . .

KOMATSU

Craig Young,
Owner/President

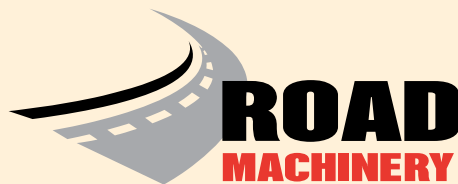
Brian Keeline,
Vice President

A MESSAGE FROM THE PRESIDENT



Steve Branson

**More than an
equipment
distributor**



Dear Valued Customer:

Being a heavy equipment distributor is about more than just selling machinery. You expect responsive service and quality parts to support what's likely the largest investment in your business. Our mission is to be a leader in those areas.

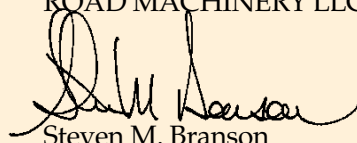
At Road Machinery, we carry a large inventory of parts based on the machinery we've sold, as well as our customers' recommendations. We're well-stocked with common wear parts, filters and other items that are immediately available. If there's a part we don't have in stock, in most cases, we have the capability to get it to you the next day.

We've teamed up with the best equipment manufacturers in the industry. We do that because they are also committed to providing you the service and support needed to minimize your downtime and maximize productivity. This issue of *Road To Success* features an article focused on one aspect of Komatsu's parts capabilities: the Ripley Central Parts Operation, which warehouses and delivers thousands of parts across the globe every day. I believe you'll find it an interesting read.

If you need parts installed, or any other type of service done, we're ready to help. Our team of trained technicians has the know-how and skills to diagnose and fix issues quickly. That's true of Komatsu equipment, other manufacturers' products we carry and competitive brands as well.

Road Machinery is committed to being your "one-stop shop" for sales, parts and service. Contact any of our branch locations and see how we can help you find the right equipment for your needs and the parts and service to minimize downtime and keep you up and running productively.

Sincerely,
ROAD MACHINERY LLC



Steven M. Branson
President



ROAD MACHINERY

ROAD To SUCCESS

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KOMATSU

LIBERTY IRON & METAL

Expansion brings three-generation family recycling business to Phoenix

For three generations, the Olgin family has been collecting, recycling and selling scrap metal. During the 1920s, Morris Olgin began the practice and opened the family's first scrap yard in Erie, Pa., in 1932.

It was the forerunner to what today is one of the nation's most successful scrap operations, Liberty Iron & Metal. Through the years, the Olgins have acquired other properties and entered into joint ventures — including one with Scholz A.G., one of Europe's oldest and largest companies — to expand their markets. The Olgins' concentration was in the eastern United States, expanding to include locations in New York and Ohio as well as Pennsylvania.

About three years ago, the Olgins opened their first location in the western United States with

a facility in Phoenix, and in 2008, expanded into Mexico. "My father, Gerald, and I have lived in the area for quite some time, and we believed Phoenix was a good market for expansion," said CEO Marc Olgin, the third generation of the family tradition. "We scouted locations for a while, and came upon this one on the west side of the city. There was already some infrastructure here, so we added to it to make it a state-of-the-art facility, as well as making it our corporate headquarters."

Gerald is Liberty Iron's Chairman and the management staff also includes COO Mike Diamond, Vice President of Operations Joe Diamond, Executive Vice President and General Counsel Steve Olgin and CFO Ed Czemerych. The Phoenix location has a staff of about 60 that is split into two shifts a day.

Liberty Iron & Metal's Phoenix management team includes Operations Manager, Special Projects Joe Plumadore (left) and CEO Marc Olgin. The 15-acre Phoenix location is the company's first scrap-metal recycling facility in the western U.S., and is now its corporate headquarters.



Ferrous and nonferrous alike

Ferrous and nonferrous metals from demolition contractors, other scrap dealers, industrial operations and the general public make up the bulk of what's bought, processed and sold at Liberty Iron's 15-acre Phoenix facility. It receives material during the day and processes it at night, with materials coming in mostly from about a 400-mile radius that includes Arizona, New Mexico, western Texas and Utah.

"Most of our metal comes from customers bringing it in, but we do offer drop boxes and roll-off services," said Operations Manager Joe Plumadore, who has worked with the Olgins for more than 20 years. "We're turning the metals into bales, shredded steel, cut grades and about 50 other ferrous and nonferrous products that go to various customers, such as steel mills and foundries, both domestically and overseas."

Last year, Liberty Iron's Phoenix operation added an automobile shredder to the mix. "It really sets us apart," said Plumadore. "The Olgins had one of the first automobile shredders in the nation at one of their other facilities, and I've worked with auto shredders for a very long time. Liberty's Phoenix shredder is state-of-the-art and much more efficient than older models. It will shred a car in about a minute, which is half the time of the older ones."

Cost-effective, efficient equipment

In addition to the auto shredder, Liberty Iron uses various other machinery, including two Komatsu WA500-6 wheel loaders and a PC300HD-7 excavator equipped with a LaBounty shear. The company worked with Road Machinery LLC Account Manager Dan Kaercher in purchasing Komatsu equipment.

"We've had Komatsu machines in our other locations for some time, so when it came to purchasing equipment for the Phoenix location, it was at the top of our list for consideration," said Olgin. "But we also put those machines to the test against competitive models, and compared apples to apples. Everything came out about even, but when it came down to price, Komatsu and Road Machinery stood out. That means we're getting the most bang for the buck."

With a nearly around-the-clock operation, Olgin said it's important to ensure maintenance schedules are met. "Our mechanics are good about doing all preventive maintenance and services. If there are any issues beyond that, whether it's a warranty item or a technical issue beyond our capabilities, we'll call Road Machinery. They've been very good to work with."

Adding capacity

Olgin said Liberty Iron's new Phoenix yard will continue to expand its processing capacity. He sees growth in the future.

"In terms of land, we have room to expand, but I believe our major growth will come from being busier," he said. "That means bringing in more materials, which we're looking to do. In the three years we've been here, we've steadily grown. Some of that growth is naturally from the market conditions, and some is from the



Operator Tony Saporito uses a Komatsu PC300HD-7 excavator equipped with a LaBounty shear to cut up a car at Liberty Iron & Metal's Phoenix facility. "I've run other brands similar to this size, but none have the power the Komatsu does," said Saporito. "It's top-of-the-line."



Liberty Iron & Metal uses Komatsu WA500 wheel loaders for stockpiling, loading trucks and charging hoppers at its Phoenix location. "We put those machines to the test against competitive models, and compared apples to apples. Everything came out about even, but when it came down to price, Komatsu and Road Machinery stood out. That means we're getting the most bang for the buck," said CEO Marc Olgin.



(L-R) Liberty Iron & Metal Operations Manager, Special Projects Joe Plumadore and CEO Marc Olgin meet with Road Machinery Account Manager Dan Kaercher. "Our mechanics are good about doing all preventive maintenance and services. If there are any issues beyond that, whether it's a warranty item or a technical issue beyond our capabilities, we'll call Road Machinery. They've been very good to work with," said Olgin.

word getting out that we treat our customers on both ends of the business well. We offer a good price for the metal that's brought in, and we offer quality to the customers who buy our end products. If we continue to do those things, the growth will be there." ■



UTAH PACIFIC CONSTRUCTION

Southern California utility contractor builds success by overcoming project challenges



Craig Young,
Owner/President



Brian Keeline,
Vice President

Ever since Utah Pacific Construction Owner/President Craig Young and a partner founded the company in 1988, he's been concerned about growing and expanding the company too quickly.

"The opportunities to grow the business substantially have always been here," said Young, who has taken over full ownership of the Murrieta, Calif.-based Utah Pacific. "The key has been controlled growth. Growing too big can cause a lot of headaches, and I never wanted to get in too deep."

But "getting in deep" is the company's specialty, especially in the last several years as Utah Pacific transitioned almost exclusively into deep excavation as it installs underground utilities for governmental and municipal agencies. Utah Pacific's resume includes some of the deepest water, sanitary and storm-sewer

installations in the Los Angeles and San Diego metro areas.

Among them were two simultaneous contracts for the Los Angeles County Sanitation Department that ran between the 710 Freeway and the Los Angeles River in Long Beach. Utah Pacific installed about 8,000 feet of 72- and 84-inch lines at depths from 25 to 30 feet.

"It's the largest sewer structure ever built in Los Angeles County," noted Young, who estimated the two contracts totaled about \$32 million. "Being that deep and that close to the river, there were some issues with keeping the channel walls intact and keeping water out of the trench, so we did a lot of shoring. It was tight too, so we couldn't bench down."

Projects such as these have become the norm for Utah Pacific as it transitioned from doing private to governmental work during the 1990s. Along the way, the company added installation of lift and pumping stations. Recently, it completed a design-build job to replace old 15-inch clay sewer with 21-inch pipe for the city of Temecula.

"Similar to many jobs we do, it took a lot of preplanning before we ever started digging," said Vice President Brian Keeline, who's been with the company more than a decade and oversees estimating and project management. "It was extremely wet, so we had to first dewater the site and set up a temporary bypass before we could start the actual installation of the new lines. It's not unusual for us to have those types of challenges."

Komatsu from the start

Nearly all of the company's projects are done with Komatsu machinery, which Utah Pacific has used since Young founded the company.

As one Utah Pacific operator compacts dirt with an excavator, another brings dirt to the trench using a Komatsu WA380 wheel loader. The company has used Komatsu equipment since its inception in 1988.



His first pieces were two PC300 excavators and a WA320 wheel loader. He still has one of the original excavators and the wheel loader.

"We demo'd other brands, but the Komatsu really stood out both in production and technology that I believe makes them superior machines," said Young. "That's held true over the years, and we've also been very pleased with Komatsu reliability. Obviously, still having and using some of our original pieces says a lot."

Utah Pacific's fleet now includes 10 Komatsu excavators, ranging in size from the compact, tight-tail-swing PC78MR-6 to a PC1000. It also uses WA320, WA380, WA450 and WA470 wheel loaders for backfilling and carrying pipe, as well as an SK1020 skid steer for general work.

"Having a range of excavators allows us a wide span of digging depths, and the PC78 is great when space is at a premium," Young pointed out. "We've found that in all size classes, Komatsu has good power, and excellent digging and lifting capacity. That's important to us because we're not only digging with them, but lifting and setting some large, heavy pipe."

Young believes in a strong maintenance program, including using genuine Komatsu parts, and believes that's another key factor in his equipment's longevity. For warranty work and more technical issues, Utah Pacific turns to Road Machinery LLC's Perris branch.

"Road Machinery takes very good care of us, from our Account Manager Matt Brast and Product Support Representative Brian Swoboda to the guys in the service department," affirmed Young. "They've been a key part of ensuring we have the right equipment and support to keep our downtime to a minimum."

Young says that's especially important for a business such as Utah Pacific. "Because our focus is governmental bid work, there are deadlines associated with that. It's important to avoid delays in any form. That's never been an issue with our Komatsu equipment."

Staff deserves a lot of credit

While a good fleet of equipment is necessary, Young acknowledges that it's Utah Pacific's



A Utah Pacific operator places pipe with a Komatsu PC400 excavator while a laborer guides it in place. "In all size classes, Komatsu has good power, and excellent digging and lifting capacity," said Owner/President Craig Young.



(L-R) Utah Pacific Construction Owner/President Craig Young and Vice President Brian Keeline meet with Road Machinery Account Manager Matt Brast and Senior Product Support Representative Brian Swoboda at Utah Pacific's home base in Murrieta, Calif. "They've been a key part of ensuring we have the right equipment and support to keep our downtime to a minimum," said Young of Road Machinery.

staff that ensures success. The company currently employs about 30 people.

"What we do can be very challenging, and having a staff that works hard and is conscientious about quality is essential," said Young. "There's no way this business would be where it is today without their input. They deserve a lot of credit."

Keeline notes that the staff's experience helps the company stay competitive. "We don't shy away from tough jobs because we know with our experience, we can get it done. Utah Pacific has carved out a particular niche with deep installation, and that's really an advantage for us." ■



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GUEST OPINION

THE WRONG APPROACH

Legislation to expand OSHA's power would be detrimental to businesses

Congress is seeking to expand the power of the Occupational Safety and Health Administration (OSHA) in the wake of the tragedy at West Virginia's Upper Big Branch mine explosion in April. The Robert C. Byrd Miner Safety and Health Act of 2010 (HR 5663) would be the most far-reaching expansion of OSHA's power since the agency's inception. While the bill focuses on the mining industry, the sweeping OSHA expansion would affect all businesses.

The legislation, introduced by House Education & Labor Committee Chairman Rep. George Miller, D-Calif., would greatly increase and impose new criminal liability on company executives for "knowing" of OSHA violations at their business. Additionally, the bill would give OSHA inspectors (who are not industry experts) the authority to single-handedly shut down workplaces without a hearing or judicial review. HR 5663 also creates new complicated and costly procedures for adjudicating cases involving whistle-blowers who believe they received unfair treatment after reporting an unsafe condition.

The legislation is built around the costly and incorrect assumption that greater penalties and regulations yield safer workplaces. This faulty and reactionary reasoning would expand expenses on companies, particularly small businesses, yet do little to prevent accidents and increase safety.

AED joined our allies in the Coalition for Workplace Safety (CWS) in a letter to the House Education & Labor Committee expressing the view that "the provisions of this bill are not the right approach to assist both employers and employees in our

shared goal of maintaining safe and healthful workplaces." AED is a steering committee member of CWS.

The Education & Labor Committee approved HR 5663 with a party line vote in July. However, the legislation is unlikely to be considered on the House floor in the near future and would certainly not overcome a filibuster in the Senate. AED will continue to advocate for safer workplaces and remind Congress that reactionary, punitive, and burdensome requirements will not achieve that goal. ■



Christian Klein,
AED VP of
Government Affairs

AED and others expressed their views on proposed OSHA expansion, saying passage of the legislation would be unnecessarily burdensome to businesses.



CONEXPO COMING

Next year's big construction industry event to be even larger than its predecessors

When CONEXPO-CON/AGG was held in 2008, it counted itself the largest construction industry event of its kind with attendance topping 144,000. When it returns to Las Vegas in 2011, that claim may not hold, as CONEXPO-CON/AGG is expected to be even larger.

CONEXPO-CON/AGG will be held at the Las Vegas Convention Center March 22 to 26 with more than 2 million square feet of exhibit space that features a wide variety of equipment, educational opportunities and technology. The event is held in conjunction with the International Fluid Power Expo (IFPE), an exposition and technical conference dedicated to the integration of fluid power with other technologies for power transmission and motion control applications. It's on pace to top more than 126,000 square feet.

"These numbers are especially gratifying given the continued slowdown in the manufacturing

sector," said Megan Tanel, Vice President Exhibitions and Events for the Associated Equipment Manufacturers (AEM). "We value the industry support we're receiving as we strive to offer the industry a gathering place to sell their equipment, products and services as well as network with their peers."

More networking opportunities will be available with the addition of the International Concrete (ICON) Expo, which will be co-located with CONEXPO-CON/AGG and IFPE. Presented by the National Concrete Masonry Association (NCMA), ICON is designed to serve the needs and interests of all producers, suppliers, designers, architects and others involved in the concrete products industry.

Learning opportunities

Attendees can also learn how to make their businesses more efficient and profitable with a wealth of educational opportunities presented by industry experts.

More than 125 educational sessions are available in nine categories: Aggregates, Asphalt, Concrete, Earthmoving and Site Development, Equipment Asset Management, Management Best Practices, Recycling/Sustainability, Safety and Workforce Development. Within each, attendees can find such topics as how to secure the most profitable projects in your area; unlimited alternatives to money — business to business credit; cash management and forecasting through tough times; tips on working with federal and state legislators to help shape projects; and work force 2012 and beyond.

Sessions generally run 90 minutes and include materials attendees can take with them for future reference. Educational credits are available for many sessions.

CONEXPO-CON/AGG will be held March 22 to 26, 2011, at the Las Vegas Convention Center. More than 2 million square feet of exhibit space will feature the latest in machinery and technology for the construction industry.





Komatsu will highlight its Hybrid PC200LC-8 excavator, as well as new equipment with Interim Tier 4 engine technology that goes into effect at the beginning of next year.

Also new in 2011 is an enhanced Safety Zone with an innovations theater and simulators that feature exhibits and demonstrations from industry and government groups, including OSHA, MSHA and others.

In addition, CONEXPO-CON/AGG will hold a Green Roads Summit designed to offer insight into how sustainability efforts affect current and future road construction projects.

Easy navigation

As in the past, event organizers are making it easier to navigate around the site. Similar products and companies will be grouped together. For instance, those interested in earthmoving equipment can find it in the North Hall, part of the Central Hall, the Riviera Pavilion and the Gold, Blue and Riviera lots outside the convention center.

Komatsu will display more than 20 products, including its revolutionary Hybrid PC200LC-8 excavator as well as products that feature new Interim Tier 4 engine technology which goes into effect at the beginning of 2011 for a large number of construction machines. In its 30,000 square feet of display area in the North Hall (Booth 1009) will be excavators, dozers, motor graders, trucks and more. Komatsu personnel will be on hand to provide information and answer questions.



Komatsu's 30,000-square-foot display area will showcase machinery as well as technology, such as its KOMTRAX remote machine-monitoring system that allows users to track hours, location, service intervals and other valuable information from a secure website.

A theater presentation in its exhibit space will highlight product features and the service and programs Komatsu and its distributors offer in support. One program Komatsu will showcase is its KOMTRAX remote machine-monitoring system that's standard on most new machines and free for the first five years.

Continued . . .

Komatsu display features new technology

... continued

Past attendees enjoyed Komatsu's video simulators, so a six-person video game center will be part of the exhibit space at the upcoming expo. It features a Komatsu HM300 articulated truck in a race through a fictional construction site. A company store with items

such as apparel and die-cast models rounds out Komatsu's display.

Other product concentration areas for lifting equipment, asphalt paving and production, concrete paving and production, aggregate processing and heavy-duty trucks and mixers will be set up at the expo. Sub-specialties such as engines, hydraulics, lubricants, tires and components have their designated areas as well.

Information stands will be set up throughout the show, and interactive product locators, searchable by company and product, will be on the show floor. These will also have information regarding seminars and meetings. Other show services include a free shuttle system to transport visitors from hotels to and from the convention center and an intra-show shuttle system.

A positive experience

In addition to AEM, there are several organizations that sponsor CONEXPO-CON/AGG, including many with which attendees are affiliated. Among them are the American Concrete Pavement Association, American Road & Transportation Builders Association, The Associated General Contractors of America and Land Improvement Contractors of America.

Statistics show that the vast majority of those who attend CONEXPO-CON/AGG and its co-located shows see it as a positive experience. About 80 percent of attendees at the 2008 event rated it as excellent or very good.

According to a recent AEM survey of contractors, industry customers cite new products, such as those displayed at CONEXPO-CON/AGG, IFPE and ICON, and access to industry experts as key reasons for attending these types of shows. Organizations believe the shows provide valuable benefits to attendees and exhibitors alike.

"What remains the same is (our) commitment to offer a quality show experience and outstanding customer service," said IFPE Show Director Melissa Magestro. "We are industry-run shows and delivering maximum value to attendees and exhibitors is our top priority."


For more detailed information on the show, visit www.conexpoconagg.com. ■



Product managers and other personnel will be on hand to provide information and answer questions about how Komatsu can help your business.

As in past years, Komatsu will feature a large display area that highlights many of its new products, including wheel loaders and excavators.





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NEW PRODUCTS

NEW PC228USLC-8

Tight-tail-swing excavator provides increased lifting capacity in a variety of applications



Doug Morris,
Product Manager



To see this machine in action, find this article in our online magazine at RMLRoadToSuccess.com

There are times and conditions when a large excavator is not feasible, but you still need power and lifting capacity to get the job done. Komatsu’s new tight-tail-swing PC228USLC-8 provides both in a compact and efficient package.

The new PC228USLC-8 replaces the previous Dash-3 model with nearly 3,000 pounds of added counterweight mass that helps provide additional lifting capacity over the front and side. More counterweight mass adds operating weight as well and provides better stability in all digging and lifting projects, including road and bridge construction, as well as urban applications.

“The new PC228 is really a versatile machine that practically anyone who moves

earth can appreciate, and that includes utility contractors,” said Product Manager Doug Morris. “Customers tell us they love the tight-tail-swing excavators, so we took the best features of our previous model and built upon that with their input. The results are great.”

At the same time Komatsu beefed up the PC228USLC-8, it decreased fuel consumption and hydraulic loss through an enhanced Closed Center Load Sensing system that features variable speed matching (VSM) that optimizes performance of the engine and hydraulic systems. VSM gives operators power on demand when needed. In addition, piping size on the bucket circuit is increased, and a newly added quick-return valve reduces hydraulic loss for better efficiency.

The operator can further control efficiency using the machine’s five working modes (Power, Economy, Lifting, Breaker and Attachment) that match engine speed, pump flow and system pressure to a specific application. The PC228USLC-8 also has a one-touch Power Max Function that increases digging force by 8 percent for 8.5 seconds in hard-digging applications.

Cab enhancements reduce operator fatigue

By making the PC228USLC-8 cab spacious and comfortable, Komatsu reduces operator fatigue for increased productivity. The pressurized cab minimizes the amount of dust entering the operating platform and its rigid frame is damper mounted for reduced noise and vibration levels.

“The PC228USLC-8 is really the best of both worlds,” said Morris. “You get plenty of power and stability in a more efficient package. That means lower operating costs, which is something everyone can appreciate.” ■

Brief Specs on Komatsu PC228USLC-8

Model	Operating weight	Horsepower	Bucket capacity
PC228USLC-8	53,195-54,405 lbs.	148 hp	0.66-1.57 cu. yds.

Added counterweight highlights a list of features that give the PC228USLC-8 greater lifting capacity, productivity and efficiency.





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- Tier-3 engines deliver reduced emissions without sacrificing power or productivity.
- Electronics, engine and hydraulics are optimized for maximum efficiency and minimum fuel consumption (10% reduction compared to -7 models).
- Multi-function LCD monitor provides critical operating information at a glance (and it can do this in 10 languages).

From enhanced safety features to extended maintenance intervals, the PC200LC-8, PC220LC-8 and PC270LC-8 show what happens when the best engineers put the latest technology to work. The results are always...

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MORE NEW PRODUCTS

KOMATSU'S 143,000-lb. EXCAVATOR

Increased comfort and performance in the new PC650LC-8

Depending on your point-of-view, the Komatsu PC650LC-8 hydraulic excavator is a large mid-size machine or a smallish large machine. Regardless of where it fits in your fleet, the approximately 143,000-lb., 429-hp unit is a productive, reliable piece of equipment that has improved upon the PC600LC-8.

The most significant improvements of the PC650LC-8 center around an improved operator environment that provides better operator comfort and control. The new, highly rigid cab includes a heated, high-back, air-suspension seat; a seven-inch LCD color monitor panel; and a standard rearview camera that gives the operator the visibility and control to maximize productivity.

Additionally, an Arm Quick Return Circuit on the PC650LC-8 returns a portion of oil flow to the hydraulic tank at arm dumping to reduce hydraulic pressure loss. Combined with a new Arm Regeneration Valve, the work equipment speed has increased, enabling faster truck loading.

Beyond these direct comfort and performance improvements, the PC650LC-8 has other features that owners and operators will appreciate. For example, the boom and arm have been strengthened; a fuel pre-filter with water separator is standard equipment; and the renowned Komatsu hydraulic system is protected with the most extensive filtration system available, including high-pressure in-line filters for each main pump. These features improve machine reliability and reduce the likelihood that the unit will break down on the job, resulting in costly downtime.

The PC650LC-8 is also a class leader in terms of reducing fuel consumption and harmful emissions. It offers several operational modes

that allow the operator to match engine output to the work at hand, thereby lowering fuel consumption.

As with all Komatsu excavators, the PC650LC-8 comes with an industry-leading, low-noise, comfortable cab; easy access to maintenance and service functions; and the KOMTRAX machine monitoring and management system that allows your distributor to help you keep an eye on your machine to assure that it's running properly and to remind you about service intervals. ■


For more information on the PC650LC-8, contact your Sales Rep or the nearest branch location.

Brief Specs on Komatsu PC650LC-8

Model	Power	Operating Weight	Bucket capacity
PC650LC-8	429 hp	143,411 lbs.	2-5 cu. yd.



Significant improvements in comfort, control and performance make the new Komatsu PC650LC-8 a more productive excavator.



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KA-14

PRODUCT SUPPORT

ON-TIME DELIVERIES

Komatsu's Central Parts Operation works around the clock to minimize your downtime

Tour Komatsu's Ripley parts facility and you will find what looks like a beehive of activity. Row upon row of parts bins stretch out in every direction. Employees on foot, on carts and on forklifts are in constant motion, darting down aisles and aisles of Komatsu parts. They're restocking shelves and bins, pulling parts for routine and emergency distribution and working to ensure orders are filled and in customers' hands quickly.

Sitting on 56 acres of an industrial park in Ripley, Tenn., the warehouse is Komatsu's Central Parts Operation (CPO), the main hub that handles parts distribution for Komatsu distributors and their construction, utility and mining customers throughout the world. General Manager Terry Varner, who oversees operations, said the importance of what the CPO does cannot be overstated.

"What we do has a dramatic effect on people's livelihood," stated Varner, a nine-year veteran of the CPO. "We supply the parts that people make their living with, and how quickly we get parts to them often determines profit or loss on a job. It's not like the automotive industry, where, if a part isn't available, owners can find an alternate way to get where they're going until it is. There are more time constraints with construction and mining businesses. We're working to ensure they have what they need just as quickly as possible.

"For example, we have overlapping shifts throughout the day, with one time period from about noon to the middle of the afternoon that's dedicated solely to filling emergency orders," Varner added. "Emergency orders are shipped the same day they're placed, no matter where the order comes from. Our goal is to get those parts where they need to be first thing in the morning. That's not always possible on

international shipments, but limiting customer downtime is an obvious priority."

In order to ensure that the hundreds of daily parts orders are delivered in a timely manner, the CPO is open 24 hours a day, seven days a week. Filling that many orders may seem like a daunting task to someone visiting the CPO — something Varner encourages — but he says it's all in a day's work for the dedicated and experienced staff. There are about 150 employees working at the warehouse, which has 584,000 square feet of indoor storage and another 150,000 outdoors.

"Komatsu started using this facility in 1991, and several staff members have been here since day one," said Varner, who noted recent additions to the facility include Spanish-speaking customer service agents. "We have a very self-motivated work force



Terry Varner,
General Manager

Continued . . .

Komatsu's Central Parts Operation in Ripley, Tenn., has more than a half-million square feet of indoor storage space and 150,000 square feet more outdoors.



CPO stocks new parts, reman components

... continued



George Terrell,
Parts Distribution
Manager

that knows exactly what to do when an order comes in, whether it's a routine function, such as putting items in the bins, or filling an emergency order. They understand deadlines and work hard to meet them."

Parts for classic Komatsu machines

More than 60 inbound trucks pull up to one of the facility's 32 dock doors each day with parts for excavators, mining trucks, wheel loaders and every other type of equipment Komatsu manufactures. Much of the inventory is placed in bins where it's ready to be pulled to fulfill an order. Some parts go to one of Komatsu's eight regional parts depots in North

America, Komatsu distributors or directly to customers.

Varner noted that the CPO warehouse contains parts for new and old machinery alike. "Customers appreciate the longevity of their Komatsu equipment; that's why we carry parts for equipment going back two decades or more. So, the customer running equipment that was manufactured several years ago can be confident we'll have what he needs." Varner also oversees a core processing center that's located near the Ripley CPO. "At our core processing center, we take back old cores — engine and transmission blocks and other major components — remanufacture them and stock them here, along with new OEM parts."

Always working to improve

In addition to construction and mining, the CPO recently took on distribution of parts for other Komatsu products such as forklifts and industrial presses. Those additions, as well as a growing number of Komatsu machines in the field, dictated some expansion at CPO. Currently under construction is a new 100,000-square-foot addition.

"For years, many of our inbound parts have first gone through a third-party logistics company about 50 miles away before coming to us," explained Varner. "The new addition will house that company, which will save significant time. It will increase efficiency and improve customer service."

Those are areas the CPO staff is always striving to improve, according to George Terrell, Parts Distribution Manager. Terrell has been with Komatsu 40 years and helped set up the Ripley facility when it opened. He said technology and other initiatives have made filling customer orders faster over the years.

"It's a never-ending task to find the most efficient and productive ways to get parts to our distributors and customers," said Terrell. "We're much more efficient and productive than when we started here, but we're never satisfied. When Komatsu first moved here, order accuracy, along with other start-up issues, was a challenge. The error rate is now below 1 percent. That sounds great, but we want zero." ■



Gordon King works to fill a parts order at Komatsu's Central Parts Operation. As Komatsu's main hub for parts distribution, the warehouse employs more than 150 and is open around the clock.



The Central Parts Operation carries thousands of items for Komatsu machines, from routine maintenance items to engines. It also carries remanufactured engine and transmission blocks and other large components.

Komatsu's Central Parts Operation is expanding with a 100,000-square-foot addition that's designed to improve efficiency. The CPO handles parts for Komatsu's construction, mining and utility equipment around the world, including both new and remanufactured components.



ON TRACK

TRICK OR TREAT AT THE TRACK

The Komatsu-sponsored No. 09 car debuts at Talladega, flirts with high finish

A Komatsu-sponsored car ran its first NASCAR Sprint Cup Series race at Talladega on Halloween. That followed the running of a Komatsu-sponsored car in the NASCAR Nationwide Series at Daytona in July, and sponsorship of a car in a series of six races on the National Hot Rod Association (NHRA) circuit.

"Many of our customers are racing fans, so sponsorship of race cars seemed like a natural fit for us," said Erik Wilde, Vice President of Product Marketing at Komatsu America Corp. "We've enjoyed our first associations with racing owners, teams and drivers and will consider more sponsorships in 2011."

At the Amp Energy Juice 500 at Talladega, Komatsu was primary sponsor of the No. 09 Phoenix Racing Chevrolet. The car was driven by longtime NASCAR driver Bobby Labonte.

As for the race itself, it was more trick than treat. Labonte had worked his way up as high as 11th place late in the race, but with just 16 laps remaining, the car sustained engine damage and was done for the day. The No. 09 car was credited with a 38th-place finish.

"Today was a long race," is how Labonte summed up Talladega. "We had a great run going and were hoping to have a solid finish."

Success in NHRA

The Komatsu-sponsored NHRA car is driven by two-time Funny Car World Champion Tony Pedregon of Pedregon Racing. Komatsu was also an associate sponsor on Tony's brother Cruz Pedregon's car, which took first place in the funny car class at Charlotte, N.C. in September and at Reading, Pa., in October.

"Komatsu America is excited to be associated with Tony Pedregon's car," said Wilde. "Tony's reputation as a world champion aligns well with Komatsu's worldwide reputation for producing outstanding equipment." ■



(Above) Komatsu sponsored the No. 09 car in the Nascar Sprint Cup series race at Talladega and the No. 1 car at a Nationwide series race in Daytona. (Below) Komatsu also sponsored a car driven by Tony Pedregon in six races in the NHRA Funny Car class.



FOCUSED ON QUALITY

General Manager Don Russell says Komatsu's NMO is dedicated to customer satisfaction



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.

**Don Russell, General Manager
Newberry Manufacturing Operation**

While he's only been working at the Newberry Manufacturing Operation (NMO) for about the last 12 months, General Manager Don Russell has been with Komatsu more than 24 years. Don started with the company as a welder in its Chattanooga plant, and while he was doing that, he took classes to earn a mechanical engineering degree and later earned a degree in business management from the University of Phoenix.

Don quickly moved into manufacturing engineering at Chattanooga, programming robots as part of his duties, and eventually became Operations Manager. About a year ago, he and his wife, Brenda, moved to Newberry where Don oversees operations of the wheel loader and forklift assembly plant.

"I'm responsible for all aspects of the operation," said Don. "That includes planning, financial, human resources and other duties. I enjoy it because I'm working with an excellent staff of people who are dedicated to building quality products for Komatsu customers."

Don noted that the staff has increased in size within the past few months. "We're seeing some uptick in orders, which is good. We believe as the economy improves, we'll see even more."

When not at work, Don enjoys woodworking, gardening and trout fishing with the family at their cabin in the mountains of North Carolina.

QUESTION: How has the Newberry Manufacturing Operation (NMO) changed?

ANSWER: This facility opened in 2002 as Komatsu's utility plant with the production of backhoe loaders, and it continued as our utility location until last year. About a year ago, we began producing wheel loaders ranging in size from the 170-horsepower WA320-6 to the 350-horsepower WA500-6. We shipped our first loader from here in December 2009 and have steadily increased production.

Primarily, it's an assembly plant, although we do manufacture a wheel loader frame, and we have product support engineering. NMO has the capacity to produce about 900 wheel loaders a year. We're also producing 13 models of Komatsu fork lifts in LP gas, regular gasoline and diesel configurations for both indoor and outdoor use.

QUESTION: What hasn't changed?

ANSWER: As with all our manufacturing operations, the focus on quality remains our utmost priority. We produce some stock machines, but the vast majority of our loaders are custom-built for customers who have unique specifications for their machines that are used in a wide range of applications — agriculture, construction, forestry and mining. Those specs could include a high-lift boom, a certain size bucket or a number of other things. They rely on Komatsu machines for their livelihood, and each of the approximately 160 employees who work here understands that.

Every machine that's shipped out of here goes through a thorough inspection to check all systems, functions and a long list of other items. NMO is certified as both ISO 9001, which means it meets strict standards of operation, and ISO 14000. The latter



Larger parts are moved around the NMO using Komatsu fork lifts, which are also produced the plant.

shows that we're a facility focused on using environmentally sound practices.

QUESTION: Why are those certifications important?

ANSWER: Equipment users have high standards and they want to do business with a manufacturer that also sets and meets high standards. The ISO certifications reinforce the commitment to outstanding manufacturing practices that Komatsu has. If customers want to see that in action, we encourage them to visit the plant and take a tour. We're always excited about the opportunity to show customers how their machines are built.

QUESTION: Do customers give you input on machine features when they visit?

ANSWER: Certainly, and we pass that along to our product marketing personnel who work more closely with customers and distributors to get feedback on development of new machines. Our primary focus is on the manufacturing process and what we can do to improve delivery of a product. One area where we work closely with customers is in quality and warranty claims. If there's an issue, we work to resolve it quickly.

QUESTION: We've discussed the past and present. What's the future hold for NMO?

ANSWER: Interim Tier 4 regulations begin next year on machines in the 175- to 750-horsepower range, so we'll start manufacturing the machines in that category. As far as that affecting our operations, it won't have much of an impact. We'll still continue to produce loaders using the same quality standards we always have.

The plant is 250,000 square feet of building sitting on 80 acres of land, and was built with future expansion in mind. I'm sure at some point that will be a consideration. ■



Komatsu's Newberry Manufacturing Operation produces six wheel-loader models, ranging from the 170-horsepower WA320-6 to the 350-horsepower WA500-6, as well as fork lifts.



Subassemblies are part of the NMO's operations, including putting together engines before they're installed on the machines.



The Newberry Manufacturing Operation, which produces wheel loaders and fork lifts, is ISO 9001 and ISO 14000 certified. "The ISO certifications reinforce the commitment to outstanding manufacturing practices that Komatsu has," said General Manager Don Russell.

SERVING YOU BETTER

GEARING UP

Road Machinery's Arizona shops expand in an effort to handle added capacity



Tom DeLoach,
Electrical Rotating
Department
Manager, Phoenix



Todd Updyke,
Hydraulic Reman
Manager, Tucson

Expansion work at Road Machinery's Phoenix and Tucson shops wrapped up recently, giving both shops increased ability to handle additional capacity. That increase is expected to be significant in the coming months and years as Road Machinery begins work on a contract to overhaul mining trucks.

The contract calls for Road Machinery to remanufacture components for large fleets of Komatsu 930E electric trucks and HD785 mechanical trucks used at two copper mines in Mexico. The Phoenix location on Seventh Street, which used to be Road Machinery's corporate headquarters, handles work on wheel motors, alternators and blowers, including armatures and stators.

"These trucks were sold several years ago and they're coming up to the point where rebuilding is part of their lives," said Road Machinery General Manager David Weston. "The contract is multi-year, so not all of them will be coming to us at once. We're making a significant investment that will not only

benefit those mines, but benefit our existing mining and construction customers as well."

More than \$1 million went into the Phoenix expansion, which includes a 35-ton overhead crane and canopy outside to load and unload components. In addition, a new 24-foot by 30-foot, temperature-controlled paint booth, a 96-inch parts washer and a fuel station were built under the canopy.

"We can use the outside area for disassembly as the components come in," explained Electrical Rotating Department Manager Tom DeLoach, who's been with Road Machinery's Phoenix shop for 34 years. "The parts washer and the paint booth are much larger than what we currently have. It's a significant upgrade for us."

Inside the existing facility, room was made for more tooling, and five jib cranes were added to make moving components easier. With the expansion came more technicians, building the staff to about 50 people who are trained to turn around rebuilt componentry as quickly as possible. The shop runs two shifts per day.

"We're constantly working to make ourselves more efficient, because when our customers bring us their componentry, they have a piece of equipment that's not producing," said DeLoach. "Our goal, as always, is to minimize downtime so that our customers' equipment is producing for them."

Tucson focuses on hydraulics

Todd Updyke, Hydraulic Reman Manager at Road Machinery's Tucson shop, expects turnaround time on customer remans of hydraulic components for mining and construction customers to improve. In an effort to make that happen, the facility was expanded by 14,000 square feet.

Technician Gabe Gonzales uses an overhead crane at the Tucson shop to move a rear suspension piston in order to check the chrome. Recent expansion at the shop included upgraded electrical in the chroming and plating area for faster plating.





Revel Johnson works on a pump and valve assembly at the Tucson shop, which was recently expanded by 14,000 square feet. The expanded facility handles work on front and rear suspensions, hoist cylinders, steering cylinders and other components.



Josh Greener works on a truck stator at the Phoenix shop.

Technicians at the Tucson facility work on front and rear suspensions, hoist cylinders, steering cylinders and other components.

"We wanted to improve a couple of areas, one of them being our chroming capacity, which is grinding and plating," said Updyke, who's been with Road Machinery five years. "One way for that to happen was upgrading our electrical in the chroming and plating area with additional amperage. That allows us to plate faster, and should dramatically improve our turn time."

The extra space also gave the Tucson staff of about 15 more space to work and additional tooling capacity. Existing grinders were relocated and new ones added during the nearly 10-month expansion process.

"That opened up our main shop for added tooling and stands for cylinder disassembly and rebuild," said Updyke. "It really gave us the capacity to handle the large volume of work that will be coming from the mine contract. But we also anticipate more work from our existing mining and construction customers." ■



Leroy Williams works on an AC motor at the Phoenix shop, which recently completed a more than \$1 million expansion.



Expansion at the Phoenix shop included a new outdoor canopy where components can be disassembled before remanufacturing begins.

PLEDGING COMMITMENT

Groups start grassroots campaign to get Congress focused on infrastructure investment

In the past year, the Start Us Up! campaign has held five rallies and caravans of “idle equipment” in an effort to highlight economic conditions in the equipment industry and the need for substantial investment in the nation’s highways and water infrastructure. Now the groups behind the campaign are launching a new effort to get representatives to make those a top priority of the next Congress.

Known as the Infrastructure Campaign Pledge, it’s part of a grassroots effort led by The Associated Equipment Distributors (AED) and the Association of Equipment Manufacturers (AEM). The groups sent each candidate the pledge, giving them the opportunity, if elected, to publicly commit

to supporting federal investment in surface transportation and water infrastructure programs.

The groups say such programs would create jobs, spur economic growth, ensure the country’s global competitiveness, protect public safety and the environment, and create a better quality of life for every American.

“The next Congress must lay a solid foundation for America’s growth and economic future, while creating a cleaner environment and a better quality of life for all,” said AED President and CEO Toby Mack. “Support for America’s infrastructure not only brings a bounty of long-term rewards, but yields immediate benefit by jump starting a struggling economy and creating much-needed jobs.”

The Infrastructure Campaign Pledge is part of a grassroots effort to get Congressional candidates to publicly commit to supporting federal investment in surface transportation and water infrastructure programs.

List will be posted online

As candidates sign and return the pledge, their names will be added to a growing list of leaders who recognize that America’s future prosperity is directly tied to a modern infrastructure system, the groups said. For a complete list of current signatories and more information about the pledge, you can visit www.startusupusa.com/campaign_pledge.cfm

“The pledge communicates to candidates that we need action now on building needed infrastructure and boosting job creation,” said AEM President Dennis Slater. “Candidates for the 112th Congress must take the opportunity to demonstrate their commitment to building America’s future by signing the pledge. Those seeking to serve through higher office must lead the way in securing sorely needed investments for our roads, bridges and water systems.” ■



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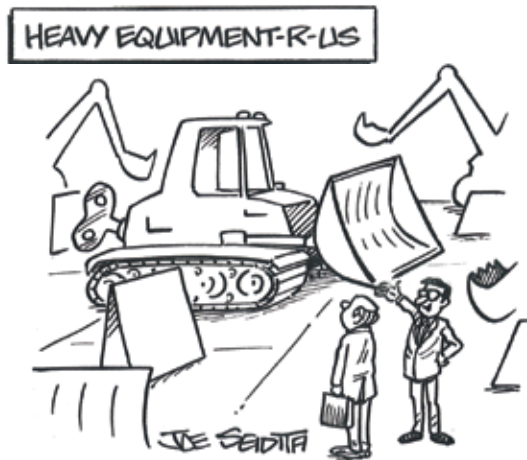
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SIDE TRACKS

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"Really? I wasn't aware of that!"

"I gave up smoking.
My doctor said it
was a health risk."



Did you know...

- Leonardo da Vinci, Winston Churchill, Albert Einstein, Thomas Edison and General George Patton were all dyslexic.
- On every continent there is a city named Rome.
- Men blink half the number of times that women do.
- Saudi Arabia has no rivers.
- In the 1830s, ketchup was sold as medicine.
- When leaving a cave, bats always turn left.
- Animal crackers come in the shape of 18 different animals.
- In Switzerland it is against the law to slam your car door.
- You burn more calories sleeping than watching television.
- Americans eat about 18 acres of pizza a day.
- There are 86,400 seconds in day.
- Earth is the only planet not named after a pagan god.
- Scissors were invented by Leonardo Da Vinci.

Brain Teasers

Unscramble the letters to reveal some common construction-related words. Answers can be found in the online edition of the magazine at www.RMLRoadToSuccess.com

1. RILATFONIT _____
2. OCIRATLABIN _____
3. APRIPR _____
4. FENITSAFIDERL _____
5. KERUBOAT _____
6. GARTOHREBSURC _____

MORE INDUSTRY NEWS

Study: Mass transit needs mass investment to upgrade it to good condition

A study released by the Federal Transit Authority (FTA) shows an estimated cost of \$77.7 billion to bring the nation's mass transit systems into a state of good repair. The systems include bus and rail, with rail accounting for the largest portion of the billions needed. More than 40 percent of the nation's buses are in poor or marginal condition.

According to the study, an annual average investment of \$14.4 billion would be required

to maintain the status quo. The study is based on data provided by 36 rail and bus operators in rural and urban areas.

"Transit remains one of the safest forms of transportation, but this report shows the clear need to reinvest in our bus, subway and light-rail systems," U.S. Transportation Secretary Ray LaHood said. "As a nation, we must lead when it comes to infrastructure development and commit ourselves to rebuilding America." ■

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TAX ADVANTAGES RETURN

Jobs Act reinstates depreciation bonus and additional Sec. 179 expensing

The depreciation bonus and Sec. 179 expensing were reinstated when President Obama signed the Small Business Jobs Act in September. As before, the depreciation bonus is at 50 percent on new equipment purchases made in 2010 and is retroactive to the beginning of the year.

New equipment must be purchased and put into service this year in order to be eligible for the depreciation bonus. The depreciation bonus offers tax advantages to businesses purchasing tangible personal property, including construction, mining, forestry and agricultural equipment with a Modified Accelerated Cost Recovery System (MACRS) recovery period of 20 years or less.

Previously available as part of economic stimulus measures in 2008, the depreciation

bonus was further extended under the Economic Stimulus Package before being eliminated at the end of last year. It proved positive when in effect, according to a study by industry groups.

Sec. 179 expensing was popular as well, and its reinstatement runs through 2011. The Small Business Jobs Act doubled the previous expensing level to \$500,000 and the phase-out threshold to \$2 million. New and used equipment is eligible for the additional expensing.

The depreciation bonus and Sec. 179 expensing can be combined. For further information on how these advantages may help you, contact your sales representative or one of our branch locations. ■

New equipment purchased and put into service this year is eligible for the 50-percent depreciation bonus reinstated under the Small Business Jobs Act signed into law in September. The law also reinstates additional Sec. 179 expensing, with increased levels to \$500,000 and a \$2 million phase-out on new and used equipment. The depreciation bonus and Sec. 179 expensing can be combined.





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STOCK #EMD62



STOCK #EMD8



STOCK #EMD145

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HYDRAULIC EXCAVATORS

YEAR	MAKE	MODEL	HRS	STK#	PRICE
2006	KOMATSU	PC200-8	1,456	EMD58	\$89,000
2005	KOMATSU	PC200LC-7	1,913	EMD57	\$89,000
2005	KOMATSU	PC200LC-7	1,991	EMD62	\$115,000
2005	KOMATSU	PC200LC-7	2,221	EMD61	\$100,000
2005	KOMATSU	PC200LC-7	1,279	EMD60	\$109,000
2004	KOMATSU	PC200-7	1,388	EMD59	\$75,000
2004	KOMATSU	PC200-7	2,792	EMD39	\$89,000
2007	KOMATSU	PC220LC-8	2,355	EMD81	\$145,000
2003	KOMATSU	PC228US-3	3,133	EMD40	\$60,000
2006	KOMATSU	PC300LC-7	835	EMD65	\$175,000
2005	KOMATSU	PC300LC-7	2,613	EMD55	\$115,000
2005	KOMATSU	PC300LC-7	2,901	EMD56	\$115,000
2005	KOMATSU	PC400LC-7	3,642	EMD16	\$185,000
2005	KOMATSU	PC400LC-7	4,148	EMD54	\$195,000
2007	KOMATSU	PC400LC-7E0	2,540	EMD24	\$225,000

WHEEL LOADERS

1998	KOMATSU	WA380-3L	12,294	EMD118	\$50,000
1998	KOMATSU	WA380-3	7,355	EMD4	\$50,000
2007	KOMATSU	WA380	2,722	EMD303	\$135,000
2007	KOMATSU	WA450-6	2,715	EMD64	\$225,000
2006	KOMATSU	WA480-5L	4,212	EMD8	\$145,000
2005	KOMATSU	WA500-3LK	7,131	EMD124	\$135,000
2008	KOMATSU	WA500-6	3,940	EMD5954	\$275,000

DOZERS

2006	KOMATSU	D39EX-21A	1,411	EMD43	\$68,000
2007	KOMATSU	D41E-6	1,174	EMD288	\$55,000
2005	KOMATSU	D65EX-15	2,643	EMD145	\$145,000
2008	KOMATSU	D65PX-15E	2,498	EMD286	\$145,000
2006	KOMATSU	D155AX-6	2,200	EMD274	\$330,000
2007	KOMATSU	D155AX-6	2,124	EMD275	\$345,000

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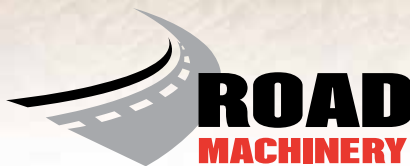
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