



ROAD To SUCCESS

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KOMATSU

A PUBLICATION FOR AND ABOUT ROAD MACHINERY LLC CUSTOMERS

NOT JUST FOR CONSTRUCTION

Businesses put Komatsu machinery to good use in Northern California's agriculture industry

See article inside . . .

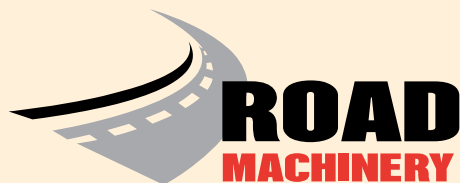


A MESSAGE FROM THE PRESIDENT & CEO



Steve Branson

**We're proud
to represent
Komatsu**



Dear Valued Customer:

During the past year, Komatsu introduced several new machines that meet Tier 4 Interim regulations, and in most cases, do so with increased production and fuel economy. In addition, it premiered its second-generation Hybrid excavator, the HB215-1, before any other manufacturer brought its first hybrid machine to the market.

Like previous models, Komatsu's KOMTRAX machine-monitoring system comes standard and free on these new machines. Komatsu's Tier 4 Interim machines are also backed by the Komatsu CARE program, which offers complimentary service for three years or 2,000 hours, whichever comes first. As always, all work is performed by our highly trained, experienced technicians.

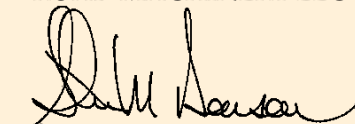
In this issue of your *Road To Success* magazine, you will see how Komatsu's Tier 4 Interim machines are exceeding expectations and proving to be more efficient and productive than their predecessors, in most cases.

That innovation and forward thinking makes us proud to be a Komatsu distributor. We're proud of the other manufacturing lines we carry as well, and we believe as you look to buy and rent equipment in the new year, you'll find Road Machinery has the broadest offerings to meet your needs.

We're hopeful that there will be more need for equipment this year as the construction market continues to stabilize and even increases in some segments. We have fingers crossed that a new long-term highway bill will come to fruition this year, bringing more certainty.

Whatever your needs, we look forward to serving you in 2012 and beyond. So, please call or stop by one of our branch locations if there's anything we can do for you.

Sincerely,
ROAD MACHINERY LLC



Steven M. Branson
President & CEO



ROAD MACHINERY

ROAD To SUCCESS

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NOT JUST FOR CONSTRUCTION

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TIER 4 UPDATE

Now that Tier 4 Interim regulations have been in place for one year, read what users are saying about the benefits of Komatsu machines designed to meet the latest emissions standards.

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NOT JUST FOR CONSTRUCTION

Businesses put Komatsu machinery to good use in Northern California's agriculture industry

Before dams were constructed in California's San Fernando Valley, the area flooded consistently. That caused salt to build up in the soil, which is not conducive to growing the more than 200 crops the area is known for. One way that agricultural producers combat that is by introducing soil amendments (additives), such as calcium, that balance the pH.

"All those crops need calcium; it's a vital part of their cell structure," explained Rick Dreo, who along with his wife, Patricia, owns and operates Superior Soil Supplements, a supplier of soil amendments and landscape products. "Gypsum is one of the best sources of calcium, and that's been our main product since we started Superior Soil about 14 years ago. At that time, the gypsum was practically all low-grade, but about 10 years

ago we introduced high-grade gypsum into the market. We consider that in the 90- to 100-percent pure range."

Because California lacks high-grade gypsum, Superior Soil imports it from neighboring states via rail car and truck. The company handles more than 200,000 tons per year, mainly at its wholesale facility and home base in Hanford. Superior Soil Supplements also carries lime, dolomite, sulfur, compost, manure and humic acids for agricultural customers. It offers bulk and bagged product, including the relatively recent addition of Organic Materials for Growers, which are natural products produced from fish solubles.

"We sell a fair amount of material as-is, but we also work with farmers and others to custom blend materials based on their soil tests," said Dreo, who also mines and carries low-grade gypsum through West Hills Mining, which is located about 70 miles west of Hanford. "For instance, some land may not need gypsum, but instead calls for potash, magnesium or another product or blend of products. Whatever growers need, we can supply, and we can also coordinate the spreading through our network of independent contractors."

On the company's landscaping side, Superior Soil also ships in bulk materials which come by rail to its yard in Ivanhoe. There, Dreo's son Jason is in charge of unloading railcars, stockpiling materials and loading trucks that transport them to the Hanford location. Other key personnel include Yardman Martin Perez, Office Manager Martha Lamb, Dispatcher Julie Maxwell and five company sales representatives.

Patricia and Rick Dreo own Superior Soil Supplements. The Hanford-based company is a supplier of soil amendments, such as gypsum, and landscape materials.





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Superior Soil Supplements Operator Martin Perez loads gypsum with a Komatsu WA320-6 wheel loader at the company's yard/ headquarters in Hanford, Calif. "They're strong machines that hold up well in the V-cycle loading that we do, and the hydrostatic transmission is a great feature," said Owner Rick Dreio.

Jason loads trucks with a Komatsu WA320-5 wheel loader, and at the Hanford yard, Superior Soil runs a WA320-6. Dreio began buying Komatsu loaders about four years ago, making the most recent purchase from Road Machinery LLC's Bakersfield branch.

"We used another brand, but had some trouble with service, and that spurred us to look at Komatsu," said Dreio. "At the time, we were growing and needed some more loaders, so we demo'd Komatsu, and ended up buying two. One aspect that really sold me was how user-friendly they are. When our WA320-5 was delivered, I had it figured out within about 10 minutes. The other part of the story that's significant is that Road Machinery wanted to come out and go over the machine and train us the day after it was delivered. I simply couldn't wait, but it showed me their commitment to the customer's satisfaction and production.

"Our production has been great, thanks in large part to a couple things," Dreio added. "The loaders are strong machines that hold up well in the V-cycle loading that we do, and the hydrostatic transmission is a great feature. We can adjust it to the operator's preference for lift and forward speeds. What really stands out, though, is the way it slows without hitting the brakes, allowing us to inch up to a truck during loading."



Road Machinery Senior Product Support Representative Dave Hughes (left) calls on Superior Soil Supplements Owner Rick Dreio. "Road Machinery's service is fantastic, and Dave is great to work with. They've become great partners for us," said Dreio.

Dreio is also impressed with Road Machinery's service. "We handle most maintenance, but now and again I call their technicians to come out. We had an O-ring go out on a machine, and Road Machinery sent a service tech on a Sunday afternoon to take care of it. They come out after hours too, if that's what it takes."



Jason Dreio

Continued . . .

Productivity for ag construction projects

... continued

Diamond D General Engineering

Spencer Defty, who along with his wife, Laura, owns and operates Diamond D General Engineering, started using Komatsu equipment under similar circumstances. He too was having some issues with a competitive dealer, and a friend told him about Road Machinery and Komatsu equipment. Defty demo'd a PC220 excavator and noticed a significant difference in performance.

"We tried several different brands, and the Komatsu stood out head and shoulders above the others," reported Defty, who started Diamond D in 1987 with a garden tractor, doing small jobs for residential customers. "We had a canal project for a reclamation district, and we put the PC220 head-to-head with another

machine under the exact same conditions. At the end of the day, the Komatsu was farther down the ditch. We bought it, and have continued to add Komatsu through the years. We've owned probably 25 pieces of Komatsu equipment."

In addition to Woodland-based Diamond D, which works north from the Sacramento area, Defty is also involved in Still & Company and Ramsey North. All three companies provide construction services, but Defty still maintains solid roots in the California agricultural field.

"We're unique in that no job is too small for us, although most of our work is relatively large in nature. Much of our work is for irrigation districts that work to provide flood control measures and other services for farmers in northern California," explained Defty. "We provide services such as storm damage cleanup, ditch cleaning, underground infrastructure installation and checking structures and weirs (small dams) used to divert water. We build ponds and do deep ripping and soil amendment applications, but those are small parts of the larger whole."

In addition, Defty specializes in ranch road construction, even presenting a seminar last year on best practices in conjunction with a government entity. "There's an art to road building. The builder has to understand hydrology and topography and how those things affect the road over time. You can't just put the blade in the soil and carve out a road."

(L-R) Diamond D Owners Spencer and Laura Defty meet with Road Machinery Territory Manager Jason Ketchum at their office in Woodland. "We've been very pleased with Road Machinery's commitment to invest the manpower and time to meet our needs," said Spencer.



A Diamond D operator loads rock using a Komatsu PC300LC-8 excavator.



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During the seminar, Defty demonstrated his techniques using a Komatsu D51 dozer, which he also uses for ripping and soil amendment application. "The slant-nose design provides excellent visibility to the blade, which is a great advantage when dozing," Defty pointed out. "It also has good power, which helps in the ripping projects we do. Overall, it's a terrific machine, and that's been our experience with our entire fleet of Komatsu machines."

Defty and much of his staff of about 45 recently put several Komatsu pieces to use on a large vineyard project near Woodland. During about a three-week period, Diamond D crews moved about 50,000 yards of dirt and built four miles of road.

"We have full surveying and AutoCAD capabilities, although we don't stamp plans," he noted. "The customer chose us because our reputation and experience proved we could get it done within their time frame. It had to be completed before the rainy season hit. Working with their architect, we literally engineered the project as it went, making changes as needed. When we're on a project of that scope and time frame, we have to have machinery that's reliable, and Komatsu has always done the job for us."

Defty said one reason for that is an aggressive preventive maintenance plan, performed by his mechanics. For larger repairs, such as hydraulic pumps, he turns to Road Machinery's Sacramento branch. "We do the removal and installation, but Road Machinery takes care of the repair because they have the expertise to do that. We've been very pleased with their commitment to invest the manpower and time to meet our needs. They've been fair and easy to work with. We're very happy to have them as our Komatsu dealer."

Sanelli Heavy Equipment Rental

One aspect of agricultural management in California is the need to redo fields every few years. That often means clearing an entire plot of land, turning the soil and planting new nut and fruit trees or vines for produce, such as grapes. Although he didn't start out working this area of the agricultural market, Tony Sanelli has become an expert in putting land on the right path to fruitful success.

Originally from Italy, Sanelli, who now owns Sanelli Heavy Equipment Rental along with his wife, Paulina, began working construction in 1949, when he first immigrated to Venezuela and started operating a dozer. After more than a decade working for the same company, there was no more work, so he left to find employment. He moved to his wife's home country of Costa Rica, where he lived for a time, before eventually moving to the U.S. in the early 1960s, settling in Ohio to work construction with an uncle.

"The work dried up, so my wife and I decided to move west," Sanelli recalled. "We settled in the Oakland area where I started working for a gentleman who rented motor graders and operators to other companies. People started asking if I was interested in working for them, because I had a lot of experience, so I bought a motor grader and went into business for myself as Sanelli Heavy Equipment Rental. One thing led to another, and the business built up to a point where I was spread out all over the valley, putting about 60,000 miles a year on my truck trying to keep up with all the jobs I had going on."

Sanelli admits the work took its toll on him, so in 1988, he sold out and bought a 22-foot truck that he used to drive donations to an

Tony Sanelli uses his patented shank that allows for deep ripping and soil shattering, which he believes is the best way to turn the soil. He has two D475 dozers, including this Dash-5 model at work on a farm near Madera.



Tony Sanelli,
Owner, Sanelli Heavy
Equipment Rental

Continued . . .

From soil ripping to dairy feeding, Komatsu does the job

... continued

orphanage and needy people in small villages in Mexico. After about 10 years of doing that, he decided to get back to earthmoving, so he went to work running a motor grader for another company.

"That's when I was introduced to deep ripping, and in 1997 I started doing that full time with my own dozers," related Sanelli, who brought back the Sanelli Heavy Equipment Rental name. "It's also when I started using Komatsu equipment, first buying a D375 dozer."

Sanelli later traded that dozer and bumped up to an 860-horsepower D475. He recently added a second one. However, he wasn't content with the standard ripper shank for the deep ripping jobs he does, so he invented his own Sanelli shank adapters. He says they make the shanks last longer, reducing their wear to zero, and they're the key to a better way of shattering the soil.

"The idea behind deep ripping is to get six feet into the soil," explained Sanelli. "Regular ripping leaves a narrow trench and quite a lot of undisturbed ground. My way gets the depth, but it also tills a larger, V-shape area, up to 12-feet wide on top. I call it 'shattering.' It promotes better root systems, which in turn produce a better crop."

It also takes a sizeable machine, such as the D475, to pull the thicker shank system through the soil. "What we've found is the Komatsus have the power to get through the soil, but what I really like is that the Komatsu undercarriage lasts longer than that of a similar-size competitive machine that we use. Komatsu has a straight track, as opposed to the triangular

shape. The difference is that Komatsu's track lasts twice as long as the competitor's track."

Bordessa Dairy

While tracks aren't a consideration for Gino Bordessa, machine stability is. Gino, along with his brother Jarrod and father, Gary, own and operate Valley Ford-based Bordessa Dairy. The Bordessas began operations in 1983 and 10 years ago, purchased a neighboring dairy. Between the two operations, Bordessa Dairy has more than 600 acres of land that feeds about 650 cattle.

When they purchased the second dairy, the Bordessas began transitioning to a fully organic operation and, about two years ago, achieved 100-percent organic status. No pesticides or antibiotics are used on the farm or cattle. Cattle feed on silage grown on land that's fertilized with manure stored in holding ponds and composted on the farms. Along with silage, the cattle eat high-quality, tested hay that's brought in.

"We raise all our own cows through breeding, and we believe our processes produce a very high-quality product," said Gino, noting that milk is Bordessa Dairy's only product. "We milk every day and store it on site in refrigerated tanks. Our customer brings in trucks to haul it out daily. In terms of size, we're a relatively small operation, but we enjoy what we do. My brother and I are sixth-generation dairymen, so it's been a family business for a long time."

While Gino said that running the dairy isn't necessarily an around-the-clock operation, it does take a commitment to long hours. The work involves feeding the livestock, which the Bordessas do with the help of a Komatsu WA200PT loader they purchased about two years ago. With a bucket attached, it loads hay and silage into a wagon. The Bordessas also fabricated forks for moving large bales of hay off trucks for storage.

"A bucketful of hay doesn't weigh much, but the bales are about 1,200 pounds each," said Gino, noting the WA200PT has a quick coupler for fast switches from bucket to forks. "Our forks will move four bales at a time

Sanelli Heavy Equipment Rental Owner Tony Sanelli (left) works with Road Machinery Senior Product Support Representative Dave Hughes. "I'm very pleased with the service and level of commitment Dave shows when he calls on me," said Sanelli.





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Bordessa Dairy Co-owner Gino Bordessa uses a Komatsu WA200PT loader to load silage into a wagon at one of two dairies the Bordessas own in Valley Ford. "We also have custom-built forks that can move four 1,200-pound bales at a time," said Bordessa.

which adds up, but the loader has no problem handling that load. We also use it to dig and move manure from the pits, and that can be quite a bit of weight in the bucket. The loader has good power and easily handles those heavy loads.

"I had a good idea it would get the job done before we even made the decision to buy it," he added. "A good friend of mine runs a Komatsu loader in his business and recommended I try it out when I was looking for one. It was comfortable and had good visibility, a couple features I was really looking for."

He was also looking for something with low maintenance costs. "We do the regular services ourselves, and that saves money, but a really nice feature that may get overlooked in terms of maintenance is the hydrostatic transmission. The dynamic braking means we're not on the brake pedal a lot to slow it down. That saves wear and tear and lowers our operating costs."

Bordessa Dairy is also pleased with the service after the sale that Road Machinery provides. "A while after we purchased it, they came out and followed up to see how we were getting along," said Gino. "They



Road Machinery Territory Manager Jason Ketchum (left) and Bordessa Dairy Co-owner Gino Bordessa meet at the dairy in Valley Ford. "We're pleased with the service after the sale and, as we look for additional equipment, that will be a big factor in Road Machinery's favor," said Bordessa.

double checked everything to make sure it was within specs and tolerances. There was a small adjustment needed to the ride control, and they took care of it right then. We've had no issues since, but Road Machinery continues to stay in contact. That says a lot about them and, as we look for additional equipment, that will be a big factor in their favor." ■

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GUEST OPINION

TRIGGERED CUTS

Super committee failure could mean reduced federal infrastructure investment

The failure of the bipartisan congressional “super committee” to produce a plan for solving the nation’s fiscal and budgetary crisis will trigger \$1.2 trillion across-the-board defense and nondefense discretionary cuts.

The spending rollback is set to begin in 2013 through a process known as sequestration. Though the exact impact of the process is unknown at this time, its effect will be far-reaching.

Federal infrastructure programs, such as the Clean Water and Drinking Water State Revolving Fund programs will likely see reductions. Combined with recent drops in investment levels, the new cuts will be particularly damaging. The exact impact on federal programs with dedicated revenue streams, such as the highway program (Highway Trust Fund), is still unknown.

The sequestration process creates a set of discretionary spending caps and triggers mandatory spending cuts spread over a nine-year period. In 2013, cuts will be made from all congressionally approved discretionary and mandatory spending. Beginning in 2014, discretionary caps will be lowered and spending will be cut from all categories not exempted by law (e.g., Social Security, Medicaid, veterans programs, refundable income tax credits, and programs with dedicated revenue streams, such as the Highway Trust Fund).

The automatic cuts are required by the Budget Control Act (BCA) of 2011, the deal reached last year to raise the national debt ceiling. Under the law, House and Senate leadership appointed members to the super committee who were tasked to come up with a plan containing at least \$1.2 trillion in cuts to the federal budget. The final compromise was to be

voted on by both chambers. As an incentive for lawmakers to reach a deal, any failure to make the required cuts would result in automatic reductions necessary to reach the goal.

While the super committee’s failure has triggered sequestration, it is unclear what, if any, impact the process will have. Many members of Congress have indicated their desire to avoid the cuts envisioned by sequestration by creating new laws to reduce or eliminate the impact of the BCA’s requirements.

We need to continue to remind Congress of the important difference between wasteful government spending and critical investments in infrastructure. The threat of the cuts highlights the need for sustainable and dedicated funding for infrastructure investments and for new and innovative approaches to financing that capitalize on public-private partnerships. ■



Christian Klein,
Association of Equipment
Distributors VP of
Government Affairs

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The congressional super committee’s failure to reach an agreement means federal infrastructure programs will likely see reductions in investment, according to Associated Equipment Distributors’ Christian Klein.



LOOKING AHEAD

WHAT WILL 2012 BRING?

Forecasts for the construction economy show slight improvement this year

The U.S. construction economy has stabilized during the past two years. According to most construction forecasting firms, it looks as though that trend will continue for 2012.

As always, different markets will behave differently this year. For example, according to McGraw-Hill Construction, residential construction will be up (+10 percent for single-family housing and +18 percent for multifamily housing). Also up, construction of office buildings, hotels, shopping centers, other commercial buildings and manufacturing. That's all positive, however, industry experts still see challenges ahead.

Challenge No. 1 is that despite the projected increases, some of the numbers are still fairly low. For example, take single-family housing. The National Association of Home Builders is even more optimistic than most other forecasters and is projecting 495,000 housing starts this year — a 17-percent increase from 2011. While that sounds encouraging, it's still only about one-third of what NAHB says the housing market should be, and is well short of

the million-plus homes that were being built each year before the downturn.

The other problem is the lack of financing for public projects. The Associated Road & Transportation Builders Association (ARTBA) is bracing for a 6-percent drop in highway paving and bridge construction in 2012. McGraw-Hill expects a similar drop in road work, as well as a 5-percent decline in environmental public works and a 24-percent decline in electric utilities.

\$\$\$ lacking for public works

The stagnant public-works market caused the Portland Cement Association to recently lower its projections for 2012 and 2013. When all the data are in, the group expects 2011 to wrap up with a 1.1-percent increase and for 2012 to grow at 0.5 percent, before rebounding with a 7.4-percent increase in 2013.

"We are riding on the bottom again in 2012, and the market I'm most concerned about is the public sector," PCA's Chief Economist Ed Sullivan told Engineering News-Record. "It's not talked about a lot, but we were still seeing a positive impact from stimulus spending in 2011. That largely disappears in 2012. Add to that the lingering fiscal crisis facing most states, and you have the potential of a steep slide in public spending next year."

McGraw-Hill Construction Chief Economist Robert Murray put it this way to ENR. "The Budget Control Act of 2011 is in line with the move toward reduced federal spending. Through Fiscal 2010, the federal government had assumed a supportive stance toward construction programs. After the November 2010 elections, that supportive stance changed. When

McGraw-Hill Construction predicts residential housing construction to increase by 18 percent for multifamily units and 10 percent for new single-family homes.





The American Society of Civil Engineers says improving the nation's infrastructure would improve the economy by making us more efficient and putting construction workers back to work.

2012 appropriations are eventually finalized, they are virtually certain to contain diminished federal support for numerous programs."

He points to 2011 appropriations as a guide. Congress froze the federal aid highway program at fiscal 2010 levels; rescinded \$2.5 billion in contract authority to states; cut mass transit by 20 percent; allocated zero funding for high-speed rail; and cut financing for military-related projects in the U.S. by 16 percent. Legislation passed in late December 2011 resulted in a \$56 million cut in the Clean Water State Revolving Fund and a reduction of \$46 million in the Drinking Water State Revolving Fund.

What frustrates many observers about the lack of funding for public work is that almost everybody agrees that our nation has serious infrastructure needs that must be addressed. They cite the American Society of Civil Engineers (ASCE) Report Card of American Infrastructure that gives infrastructure an overall grade of "D" and recorded "D-minus" for roads, drinking water and wastewater. ASCE points out that improving the nation's infrastructure would improve the economy in two ways: one, by making us more efficient and two, by putting construction workers back to work.

On the other hand

Somewhat more optimistic than the McGraw-Hill, Portland Cement and ARTBA forecasts were reports by construction-industry analysts at FMI Corp. and Reed Construction Data (RCD), although both were tempered.

Reed expects 2011 will wrap up with a nearly 3-percent decline in total construction spending, citing Euro Zone problems, uncertainty among U.S. businesses and low consumer confidence. Nonetheless, Reed says "positive economic data continue to accumulate..." and forecasts construction spending to increase by almost 4 percent in 2012 and about 7 percent in 2013. It should be noted that both of those figures were slightly lower than a previous RCD forecast, due to expectations of reduced government spending.

When final, year-end numbers are in, FMI Corp. expects a 2-percent increase in overall construction put in place for 2011, followed by a 6-percent rise in 2012. However, when recalculated into 2006 dollars to take inflation of construction material into account, the FMI numbers translate into a 1-percent decrease for last year and just a 3-percent increase for this year.

Fate of highway bill

One thing to watch closely in 2012 is what happens regarding a new highway bill. Will it continue to be one-year-at-a-time or can Congress and the White House agree on a new five- or six-year program that will give road builders some certainty and allow them to do some better long-range planning?

In late December of 2011, there was a bipartisan House effort to get a bill passed, but it was tabled until 2012. Various plans are being worked on in the Senate. Any bill will have to be approved by both Houses of Congress and the White House before it becomes law. ■

A MAJOR VICTORY

Industry groups hail repeal of 3-percent withholding rule

After a long legislative fight, Congress passed and the President signed the repeal of the 3-percent withholding rule that was designed to hold back that amount from individuals or companies that provide goods or services to the government. Passed as part of the Tax Increase Prevention and Reconciliation Act of 2006, it was originally scheduled to go into effect at the end of 2011, but was subsequently delayed until 2013.

Several construction industry groups lobbied for its repeal ever since its passage, noting that the withholding applied to the total contract, not to the net revenue generated from a project. That meant the government would withhold funds necessary to complete a project, such as those needed to pay subcontractors and material suppliers. According to the Associated Builders and Contractors, the rule would restrict cash flow, resulting in higher bond costs or denial of coverage, thus driving up the cost of construction and forcing smaller firms out of the public sector market.

Congress repealed the 3-percent withholding rule, marking a victory in the long legislative fight against it. Construction industry organizations say it brings more certainty to contractors.

“An overwhelming, bipartisan majority of Senators understand that repealing the 3-percent withholding mandate is essential to boosting economic growth,” said Stephen E. Sandherr, Chief Executive Officer of the Associated General Contractors of America. “With construction activity down, the last thing construction employers need is to be forced into giving interest-free loans to the federal government. That’s why the vote comes as welcome news for construction firms, workers and taxpayers alike. As our members made clear in a recently released survey, many firms will be better able to offer positions to veterans, which this legislation also supports, without the enormous cost of this measure looming.”

Sandherr was referring to the portion of the repeal that offers tax credits ranging from \$5,600 to \$9,600 to companies that hire former members of the military who are unemployed. The credits, part of the total cost of the repeal that’s estimated at \$11 billion less revenue over 10 years, are offset by changing a provision of the 2010 health care law that moves some people from Medicaid to subsidized coverage in new health care exchanges, among other changes.

“By repealing the 3-percent tax withholding provision that was scheduled to take effect in 2013, Congress took an important step in lifting a cloud of uncertainty hanging over the business community,” said Bruce Josten, U.S. Chamber of Commerce Executive Vice President for Governmental Affairs. “With passage of this legislation, many small businesses that operate on tight margins will feel more comfortable making decisions to hire and invest in their companies, knowing that the government won’t be allowed to withhold 3 percent of their revenues.” ■



PC490LC-10

From Komatsu - The Excavator Experts



The Komatsu PC490LC-10 provides more power, improved operator comfort and reduced fuel consumption. The excavator experts at Komatsu can help you complete jobs more quickly, while lowering your fuel and maintenance costs.

- Efficient Komatsu Tier 4 Interim engine and advanced hydraulic system maximize productivity while providing up to 5% lower fuel consumption.
- Increased lift capacity with a larger machine design and a reinforced undercarriage
- Komatsu CARE provides complimentary Tier 4 maintenance, including KDPF exchange filters. Contact your Komatsu distributor for details.

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TIER 4 UPDATE

TIER 4 INTERIM AFTER YEAR ONE

Customers seeing benefits from Komatsu machines designed to meet latest emissions standards

A year ago, Komatsu introduced its first machines designed to meet Tier 4 Interim standards, which dramatically reduce emissions in the 175- to 750-horsepower range. On nearly every machine, Komatsu went beyond just meeting the regulations, working to improve performance and efficiency. In some cases, Komatsu replaced the predecessor machines with new model numbers to better reflect changes, such as operating weight.

Komatsu released five excavators (PC490LC-10, PC390LC-10, PC360LC-10, PC290LC-10, PC240LC-10), two dozers (D155AX-7, D65-17 in EX, PX and WX models), two articulated haul trucks (HM300-3 and HM400-3) and a WA380-7 wheel loader. Tier 4 Interim standards for machines in the 75- to 174-horsepower range go into effect beginning this year.



With reduced fuel consumption and higher productivity, Komatsu's Tier 4 Interim machines, such as the PC360LC-10 excavator and the HM300-3 articulated haul truck, make a cost-effective combination in most applications.

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"We believe we raised the bar, not only in terms of lower emissions, but in performance," said Peter Robson, Director of Product Marketing. "We've made some significant changes to the machines, such as low-speed and variable matching, smart-loader logic and Komatsu traction control. Another key element of productivity is operator comfort, and the Tier 4 Interim machines have enhancements in the operator's environment, including new seats, cabs, controls and monitors. Our feedback after the first year is very positive."

Feedback comes in various forms, including direct customer contact and active tracking through Komatsu's KOMTRAX remote machine-monitoring system.

"We've found that the Tier 4 Interim machines are more efficient than their Tier 3 predecessors," said Ken Calvert, Komatsu's Director of Product Support Systems. "In fact, many customers see benefits, such as higher production with lower fuel consumption, which equate to lower operating costs. As with any new standards, there was some concern about how they would affect performance. Our data show that customers can put those concerns to rest."

Already saving

Alton Hutto, Owner and Vice President of Lad Corporation, saw savings right away. A longtime Komatsu user, Hutto purchased a PC360LC-10 late last year and began using it on a large sewer project that involved digging in rocky soils. Despite the rugged conditions, which required using the excavator in Power mode, he said the fuel savings were apparent.

"There were competitive machines on the project, working in the same conditions,"



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Last year, Komatsu introduced new excavators, articulated dump trucks and dozers, including this D65-17, that meet Tier 4 Interim standards. Data show they're more fuel-efficient and productive, with lower emissions than their Tier 3 predecessors.

Hutto pointed out. "Compared to those, our PC360LC-10 used about half the fuel. That's a significant savings, but not completely unexpected. Our experience with Komatsu through the years has shown significant savings compared to competitive brands."

Hutto attended a seminar during one of Komatsu's recent Demo Days at the company's Training and Demonstration Center in Cartersville, Ga. He learned about the technology behind Komatsu's Tier 4 Interim machines and was impressed. Tier 4 Interim emission regulations require equipment manufacturers to reduce NOx by 45 percent and soot by 90 percent.

"After the seminar, I was very confident that Komatsu is well ahead of the competition in terms of Tier 4 and how it reduces emissions," said Hutto, who's researched the Tier 4 Interim standards and how Komatsu and other companies went about meeting the regulations. "After we purchased the excavator, Komatsu sent someone to train our operators in how to maximize the machine's performance and fuel economy. We're very

impressed with their commitment to ensuring our machine's optimal performance."

Komatsu machines do that by using engine components, including the exhaust gas recirculation system, variable geometry turbocharger and Komatsu Diesel Particulate Filter (KDPF), which work together to maximize efficiency. Through regeneration, the KDPF uses heat to burn soot and reduce emissions. Komatsu designed the machines to passively and actively regenerate during operation.

Robson said passive and active regeneration trends are right on track. "The results are very positive. Passive regeneration happens consistently during normal working conditions when operating conditions maintain sufficient exhaust temperatures to oxidize particulate matter. Operators don't even know it's happening. Active regeneration generally occurs in the 60- to 80-hour range, and is what we call a 'house-cleaning event,' where temperatures are raised to oxidize the carbon. In most cases, the operator is unaware of it as well."

Continued . . .

COMPLIMENTARY TIER 4 SERVICES



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

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

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Tier 4 Update: Komatsu programs mean even more benefits

... continued

KOMTRAX plays a crucial role

According to the Tier 4 Interim standards, the diesel particulate filter must be cleaned at 4,500 hours. "Our tracking shows the number of regenerations, including machine requests for manual regeneration and the length of the regeneration itself," said Calvert. "We've also tracked fuel consumption as it relates to regeneration, and the numbers are very positive. We've learned a lot."

Tracking regeneration is done with Komatsu's new KOMTRAX 4.0, designed specifically for Tier 4 Interim machines, which also collects other critical information, such as fuel usage, idle time and machine hours.

"KOMTRAX 4.0 builds upon our previous versions by offering information such as predicting fuel-saving opportunities associated with changes in operating modes," noted Calvert. "For example, it can show operators ways to save fuel by using the Eco mode in their application as opposed to Power mode, if it's appropriate. It alerts them when idle time seems excessive and it would be better to shut the machine down to conserve fuel."

In addition to Komatsu tracking the machines, Calvert said distributors are actively using KOMTRAX to track equipment in their territories. "Our distributors are excellent communicators of the Tier 4 Interim technology when they sell or rent a machine, and are great at identifying situations where customers could operate equipment more efficiently to maximize productivity using less fuel."

CARE part of the equation

To further help Tier 4 Interim users keep owning and operating costs down, Komatsu backs its new machines with Komatsu CARE. The program features complimentary factory-scheduled maintenance for the first three years or 2,000 hours, whichever comes first, with work performed by Komatsu distributor technicians using genuine parts and fluids.

"One of the main goals of Komatsu CARE is to assist in the overall profitability of the end user," pointed out Jake Tiongco, Senior Product Manager, Parts Division. "Lower owning and operating costs will lead to more competitive quotes on jobs for our

Continued...



All new Komatsu Tier 4 Interim machines are backed by the Komatsu CARE program that provides three-year/2,000-hour complimentary maintenance.



Komatsu tracks Tier 4 Interim machines using its advanced KOMTRAX 4.0. "Our tracking shows the number of regenerations, including machine requests for manual regeneration and the length of the regeneration itself," said Ken Calvert, Komatsu's Director of Product Support Systems. "We've also tracked fuel consumption as it relates to regeneration, and the numbers are very positive."

Tier 4 Update: it can mean improvements to your bottom line

... continued

customers. In addition, proper maintenance of the machine with Komatsu genuine parts and factory-certified, trained technicians will increase the longevity and reliability of the Komatsu machine throughout its life."

Robson said it all adds up to increased profitability. "If owners are getting as good or better production compared to their older machines, with less fuel consumption and

lower maintenance costs, their bottom line will be better. With each new tier standard, we've improved our equipment beyond the regulations, and we believe these machines mark our best introduction yet. If owner's are still thinking about whether they should make the investment, we encourage them to demo or rent a machine. We believe they'll see the difference." ■

New Komatsu machines make magazine's Top 100 list

Komatsu's Hybrid HB215-1 is among several of the company's products listed in Construction Equipment magazine's Top 100 Products of 2011. Also listed were Komatsu's Tier 4 Interim Dash-10 excavators and its new WA1200-6 wheel loader.

The HB215-1 is Komatsu's second-generation Hybrid excavator, which was built upon the success of its predecessor and provides significant fuel savings compared to its conventional counterpart, the PC200LC-8. Four major components of Hybrid — a generator motor, inverter, capacitor and electric swing motor — work in harmony to assist the engine. For example, the swing motor captures energy from the upper structure during swing braking and sends it to the capacitor for storage. It's then available to power the swing motor or the generator motor.

Both the Hybrid HB215-1 and the Tier 4 Interim excavators (PC240LC-10, PC360LC-10, PC490LC-10) feature low-speed matching that optimizes engine and hydraulic performance. Higher-displacement pumps deliver a higher flow amount at lower engine speeds. The machine can adjust the engine speed based on the flow output for better efficiency.

Tier 4 Interim excavators reduce emissions while, in most cases, providing better fuel economy and higher horsepower than the models they replaced. All major components, such as the engines, hydraulic pumps, motors and valves, are exclusively Komatsu. An integrated design with a closed-center, load-sensing hydraulic system makes the machines more efficient.

Designed for mining applications, the WA1200-6 wheel loader has an increase of 132 horsepower compared to its predecessor. It has an engine rpm-control system with auto deceleration and a dual-mode hydraulic system that can be set for normal or powerful loading. ■



Komatsu's second-generation hybrid excavator, the HB215LC-1, is recognized by Construction Equipment magazine as one of the most innovative products of the year. Also listed were Komatsu's Tier 4 Interim Dash-10 excavators and its new WA1200-6 wheel loader.

LOADERS

From Komatsu - The Loader Experts



Komatsu Wheel Loaders deliver high productivity, low fuel consumption, easy maintenance and superior operator comfort. The WA200PZ-6, WA250PZ-6 and WA320PZ-6 feature Komatsu's electronically controlled Hydrostatic Transmission (HST) with Komatsu's PZ (Parallel Z-bar) linkage.

- HST delivers high power, excellent response and low fuel consumption.
- The PZ linkage provides parallel lift, high breakout force and high lift capacity.
- Variable Traction Control with S-Mode reduces tire slippage.
- Dynamic braking eases operation and extends wet-disc brake life.

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From Komatsu - The Compact Experts



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- KOMTRAX wireless equipment-monitoring system with no monthly fees

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NEW PRODUCTS

NEXT-GENERATION TRUCK

Komatsu's new HM400-3 meets all Tier 4 Interim requirements, plus provides increased capacity

VYou care about the reduction in emissions that Tier 4 Interim regulations mandated, but chances are you're more concerned that new machines will move the same amount of material as efficiently as your current equipment. Komatsu's new HM400-3 articulated haul truck does that and more. The new Tier 4 Interim truck actually outproduces the previous Tier 3 model.

The HM400-3 has an increased body capacity that yields a 44.1-ton payload compared to the 40 tons of its predecessor. Built of high-strength, wear-resistant steel, the body features a low loading height of 10 feet, five inches, which allows easy loading by Komatsu wheel loaders and excavators.

"A good combination is matching the HM400-3 with a 40- to 60-ton hydraulic excavator or a 5.5-cubic-yard to 7.5-cubic-yard wheel loader," said Product Manager Rob Warden. "That's an efficient, cost-effective way to move massive amounts of dirt on a variety of jobsites. Depending on conditions, operators can select from two working modes: Economy for lighter work on flat ground or Power for higher-production jobs and uphill-hauling applications."

A new Komatsu Traction Control System (KTCS) allows for maximum performance in soft ground, allowing operators to continue working in wet, sloppy conditions. If the truck detects a rapid slowdown in movement, it checks to see that the front and middle axle shafts are rotating at the same speed. If not, it automatically engages the inter-axle differential lock. If wheel slippage is then detected, the HM400-3's KTCS system will automatically brake the slipping wheel.

"Job conditions determine fuel consumption, but with improvements in the transmission and advanced electronic engine control, we're seeing as much as 14-percent better fuel economy

compared to the previous model," said Warden. "Eco Guidance through the monitor panel gives the operator information on ways to improve fuel economy. In addition, there are improvements to make the operator more productive, such as a center-located seat that provides a wider view, and a larger seat with air suspension that dampens vibration. The cab design offers less vibration and noise, too."

Backed by Komatsu CARE

Like other Tier 4 Interim machines, Komatsu backs the HM400-3 with Komatsu CARE. The program provides complimentary scheduled maintenance for three years or 2,000 hours by factory-certified technicians using genuine Komatsu parts and fluids.

"It's a value-added service that ensures proper maintenance, done right and on time," explained Warden. "That lowers owning and operating costs, maintains uptime and reliability and improves resale value." ■



Rob Warden,
Product Manager

Komatsu's new HM400-3 features increased payload, horsepower and gross vehicle weight compared to its predecessor, while reducing fuel consumption by as much as 14 percent, depending on job conditions.

Brief Specs on the Komatsu HM400-3 Artic Truck

Model	Net Horsepower	Gross Vehicle Weight	Payload
HM400-3	469 hp	162,569 lbs.	44.1 tons



MODEL MANUFACTURING

General Manager Dennis Riddell says the Komatsu CMO's quality focus equals quality products



Dennis Riddell,
General Manager,
Chattanooga Manufacturing Operation

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.

In the 25 years Dennis Riddell has been at Komatsu's Chattanooga Manufacturing Operation, he's never seen production levels as high as they are right now. As General Manager of CMO, Riddell oversees about 300 employees who build six models of hydraulic excavators and seven models of Komatsu Forestry equipment, including log loaders and feller bunchers.

"Our production numbers are well above previous levels," said Riddell, who joined CMO as a quality engineer a few months after it opened in 1986. He moved up to Quality Manager, Manager of Manufacturing Engineering and Operations Manager before becoming General Manager in 1997. "We believe that's due in part to construction picking up, which is good for the economy as a whole."

CMO began building new Tier 4 Interim excavators in late 2010 to be ready to meet the standards that took effect at the beginning of 2011.

"We're able to meet high production levels and maintain the quality Komatsu is known for because an excellent group of people work here. Many have been here as long as I have and are well-versed in new product introductions and making that a fairly seamless process."

Dennis and his wife, Jamie, have been married for 46 years and have two grown children and five grandchildren, with a sixth on the way. He's an avid golfer and likes to fish.

QUESTION: What products are produced at the Chattanooga Manufacturing Operation (CMO)?

ANSWER: For the past couple of years, we've been producing the forestry line, which has been rebranded as Komatsu since 2011. That includes three log-loader models that will become Tier 4 Interim machines later this year and four models of tracked feller bunchers.

CMO is well-known as the Komatsu hydraulic excavator manufacturing facility. We produce several models of hydraulic excavators, including the new Tier 4 Interim construction machines that range from the PC240LC-10 to the PC490LC-10. We believe that when those excavators are paired with Komatsu's new Tier 4 Interim articulated trucks, they are one of the most productive combinations in earthmoving.

QUESTION: Why is that?

ANSWER: The Tier 4 Interim machines have proven to be as productive as, and in many cases more productive than, their Tier 3 predecessors. At the same time, they provide both decreased emissions and fuel consumption. So a company that uses a Tier 4 Interim combination can often move more dirt, more quickly with less fuel. That improves per-yard costs and equals better profits.

QUESTION: Have you received any feedback from Tier 4 Interim users supporting that?

ANSWER: Lots of feedback, and it's been very positive. Anytime there are new product introductions, especially ones that are mandated by federal regulations,

there's a bit of apprehension. Users always wonder whether those standards will affect performance. But our engineers, research and development teams and manufacturing personnel, among others, have spent years testing and retesting to ensure all our new products not only meet the emissions standards, but give the owner/operator more value without sacrificing any of the productive features they've come to expect from Komatsu. From the feedback we've received, we believe we achieved that.

In addition, Komatsu tracks Tier 4 Interim machines with its KOMTRAX 4.0, which gives instant feedback on how a machine is performing. We've produced more than 700 of the new machines, and several of them are approaching 1,000 hours with very few issues. In the 25 years I've been here, the Tier 4 Interim introduction has been the best new-model introduction we've ever done.

QUESTION: How did CMO prepare for the new Tier 4 Interim machines?

ANSWER: Just like we always do when a new machine is introduced. We start with good manufacturing practices, and that involves a great deal of time engineering the machine before it's ever put on the production line. That began right away, as soon as the standards were announced several years ago. The engineers and manufacturing personnel worked together to ensure that when actual production started, it was as seamless as possible. What really helps is that the people who work for Komatsu are all quality-focused and take their responsibility very seriously. As an example, when a machine goes through the production line, the workers at each station act as though the workers at the next station are their customers. It's a very unique quality-control measure and very effective as well. Of course, we thoroughly inspect each and every machine produced here. If it doesn't meet our stringent standards for any reason, it doesn't go out.

QUESTION: So, that means Komatsu is already preparing for the final Tier 4 standards, which take effect in 2014?



The 360-horsepower Tier 4 Interim PC490LC-10 is the largest excavator produced at Komatsu's Chattanooga Manufacturing Operation. The facility also manufactures four other Tier 4 Interim excavators, as well as the PC200LC-8.



Komatsu's Chattanooga Manufacturing Operation produces hydraulic excavators and forestry equipment.



About 300 employees work at CMO, building excavators and forestry machines. "We're able to meet high production levels and maintain the quality Komatsu is known for because an excellent group of people work here," said General Manager Dennis Riddell.

ANSWER: Absolutely. Our personnel have been working on that for a long time, and we're in what we call the "prepro" process, meaning preproduction. Just like all the previous tier standards, we'll be ready when the regulations take effect. ■

SERVING YOU BETTER

NEW BRANCH

Road Machinery opens store in Fremont to better serve Bay Area customers



Mark Caldwell,
Regional General
Manager, Northern
California

Road Machinery now provides full product support and sales/rental for Bay Area customers with a store located at 43801 Osgood Road in Fremont.

“For the past several years, customers in the Bay Area have had to depend on resident technicians and service from Sacramento,” said Mark Caldwell, Regional General Manager for Northern California. “That can be quite a haul for some of them, and customers have been asking for a closer facility to better serve them.”

Caldwell noted that Road Machinery was already serving customers with a resident technician in the area and parts-drop locations, which will continue.

“This is a convenience that many customers take advantage of, so we want to continue the drop-box service for them,” said Caldwell. “At the same time, we wanted to offer a local branch our customers could visit to pick up inventoried support parts and bring machines for service.”

The new Fremont branch has easy access and four service bays. In addition, it will have a large parts warehouse on site.

“From a parts standpoint, it will be like any other Road Machinery location with a large inventory of support parts. Our inventory will continue to grow as the store gets up and running and becomes more established,” said



Vic Bakarich,
Parts Manager

Road Machinery's new Fremont branch is located on Osgood Road and has four service bays. Before its opening, crews installed multiple shelving units for the location's large parts inventory.





Dennis Belli,
Account Manager



Steve Asmann,
Product Support Rep



Nick Metcalf
Parts Sales

Service Technician Jeremiah Figueroa performs on-site service work for Bay Area customers. Customers may also choose to take their machines to the new Road Machinery location in Fremont for repair and maintenance.

Parts Manager Vic Bakarich. "Our inventory will be based on several factors, such as manufacturers' recommended parts lists and machine population in the territory."

A staff of about 10

Caldwell anticipates the staff to grow to about 10 and will include parts, sales and service staff. Resident Product Support Representative Steve Asmann, Service

Technician Jeremiah Figueroa, Account Manager Dennis Belli and Parts Salesman Nick Metcalf currently serve the area and will be part of the Fremont staff.

"We believe the Fremont store will save time and transportation costs and provide full support to our customers," said Caldwell. "We're excited about the new location because it offers better support for our customers, and that's always our main focus." ■



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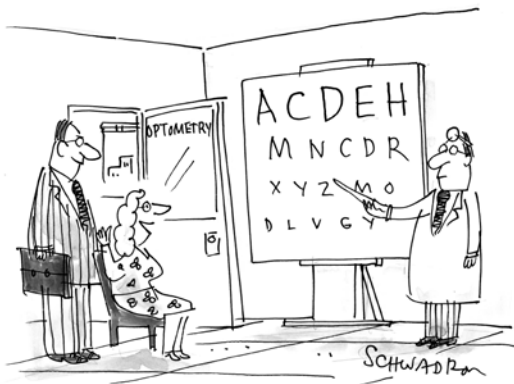
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SIDE TRACKS

On the light side



"Go to school, study hard, get a job and make money, aren't there phone apps to do all that?"



"My lawyer will read the fine print."

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. D L E B A _ _ _ _ D _ _
2. D G D E R E _ _ _ _ G _ _
3. N M E E T C _ _ _ M _ _ _
4. G R E E N I E N _ _ _ _ _ E _ _ _
5. L N P P E I E I _ _ _ P _ _ _ _ _

Did you know...

- The human eye blinks an average of 4.2 million times a year.
- Only 1% of bacteria cause disease.
- Bluebirds cannot see the color blue.
- Like fingerprints, everyone's tongue print is different.
- A law in North Carolina prohibits plowing a cotton field with an elephant.
- Throughout the world, more Monopoly money is printed in a year than real money.
- The U.S. has more bagpipe bands than Scotland does.
- The Mona Lisa has no eyebrows. It was the fashion in Renaissance Florence to shave them off.
- The most productive day of the workweek is Tuesday.

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MORE INDUSTRY NEWS

Fed report: restoring housing market critical to economic recovery

In a message to Congress, the Federal Reserve said, "Restoring the health of the housing market is a necessary part of a broader strategy of economic recovery."

That message was part of a report by the Federal Reserve that said excessively tight mortgage-lending standards are hampering a housing and economic recovery. Organizations such as the National Association of Home Builders (NAHB) applaud the report, saying that the lack of credit extends to housing construction loans, which is crippling the housing industry and preventing construction of new homes. NAHB said housing can act as a job catalyst if regulators and lending

institutions return to prudent underwriting standards that do not exclude creditworthy borrowers and if they move to restore the flow of credit to viable home-building projects.

NAHB noted that cash-strapped municipalities are desperately searching for new revenue sources and home building can increase the property tax base that supports local schools and communities. "Removing the obstacles limiting access to mortgage credit and enabling builders to obtain construction loans to build in markets where demand is firming is imperative to get housing back on track, to put our nation back to work and to keep the economy moving forward," said Chairman Bob Nielsen. ■

State Revolving Funds monies are cut for FY 2012

State revolving funds, which appropriate monies to such items as the Clean Water State Revolving Fund and Drinking Water State Revolving Fund, have been finalized for Fiscal Year 2012. Each will receive lower funding, with total cuts of more than \$100 million.

The Clean Water SRF receives \$1.469 billion, down from \$1.525 billion in FY 2011, while the Drinking Water SRF funding is at \$919 million, a cut from \$965 million. Funding was passed in late December as part of appropriations bills in Congress. Earlier versions would have cut the numbers by a total of \$967 million. ■

Action plans issued for improved U.S., Canada infrastructure cooperation

Improving infrastructure security and facilitating trade were part of an agreement that the U.S. and Canada announced late last year. It calls for developing a Joint Border Infrastructure Investment Plan that will assure funding for important investments in physical infrastructure to facilitate surface transportation and reduce congestion at border crossings.

Examples of joint infrastructure projects include upgrades to many customs plazas for additional inspection lanes and booths, as well as new roads, highways and bridges to connect the two countries. Action plans designed to speed up trade and travel, improve security and align regulatory approaches are also part of the agreement. ■

Labor department announces grants for employment, training services

The Department of Labor announced approximately \$98.5 million in Workforce Innovation Fund grants to support employment and training services. Aims include aligning employment and training services with the skill needs of employers,

strengthening partnerships with business, combining general academic instruction at high schools and community colleges with occupational training and expanding registered apprenticeship and other on-the-job training programs. ■



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