

The



DIESEL MACHINERY, INC

Difference

A PUBLICATION FOR AND ABOUT DMI CUSTOMERS • 2009 No. 3

Featured in this issue:

NEW WHEEL LOADERS

Special features make WA470-6,
WA480-6 productive and efficient

See article inside . . .



Also inside:

PC200LC-8 HD SPEC ARRANGEMENT

More lifting capacity, stability for heavy-duty jobs



KOMATSU

A MESSAGE FROM THE CHAIRMAN

**Signs of better
times ahead**



DIESEL MACHINERY, INC

Dear Equipment User:

There's some good news, tempered with cautious optimism, that the construction industry will start to see a rebound soon. One bit of news to be optimistic about is that billions of dollars have been approved for construction projects under the economic stimulus package, with some projects already underway. There are signs the housing market is stabilizing, and economists predict economic growth during the latter half of the year.

Whether you're a government contractor or focus on private residential and commercial construction, this is potentially good news. But how do you go about getting in on the action? For ideas that can help, read our article on tips to providing a winning bid.

If you're in the market for equipment that will help keep your costs down, Komatsu has introduced several new efficient and productive products that can save you money. In this issue of your *DMI Difference*, find out about the PC200LC-8 HD Spec Arrangement and PC800 Super Digger as well as two new wheel loader models. All could lower your per-yard costs, a savings that could be figured into your bid.

As you continue to gear up for more work, don't forget that whether you're in the market for new or used equipment, there are tax advantages to buying equipment this year. The economic stimulus plan extended the depreciation bonus on new machines and additional Sec. 179 expensing on both new and used equipment. For more information, contact your sales representative or our nearest branch location.

If there's anything we can do to help you in sales, service or parts, don't hesitate to call on us. We're always here to help.

Sincerely,

A handwritten signature in black ink that reads "Pat Healy". The signature is written in a cursive style with a prominent flourish at the end.

Pat Healy
Chairman of the Board

The



DIESEL MACHINERY, INC

Difference

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COLD SPRING GRANITE

Learn how granite from Milbank, S.D., quarries finds its way into national monuments along with commercial building.

MANAGING YOUR BUSINESS

Find out how to put together a winning bid that makes sense and makes money for your company.

GUEST OPINION

Read what AGC Chief Economist Ken Simonson has to say about how stimulus-funded projects are helping boost construction employment.

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Large-capacity torque converters head the list of features that make Komatsu's new WA470-6 and WA480-6 wheel loaders more productive and efficient.

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With more capacity and stability, Komatsu's new PC200LC-8 HD Spec Arrangement may be just the excavator you need for demanding applications such as demolition, scrap handling and land clearing.

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Two Komatsu vice presidents discuss the company's focus on providing exceptional technology and value to customers.

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Learn how to turn your excavator into more than a digging machine with Komatsu's Hydraulic Kit Program.

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COLD SPRING GRANITE

Stone from Milbank quarries becomes part of some of the nation's most-recognized monuments

Mount Rushmore's visitor center, the Franklin Delano Roosevelt Memorial and the Korean War Memorial — all are monuments to the history of the United States. But that's not the only common thread among them. Each contains granite that's been quarried from one of Cold Spring Granite's more than 30 quarries, including the Carnelian quarries in Milbank, S.D.

For more than a century, Cold Spring Granite has produced some of the world's finest stone from its locations throughout the United States and Canada, including three quarries in the Milbank area (Carnelian 1, Carnelian 2 and Carnelian 3) that make up the Milbank Division. The Milbank quarries generally produce mahogany granite with a brown tone that works for a wide variety of applications, including memorial, architectural, residential and industrial projects.

(L-R) Key members of the Cold Spring Granite Milbank Division team include Jim Fuchs, who handles Engineering and Quarry Equipment, Northern Region Quarry Manager Mark Gross and Steve Karels, General Manager of Milbank Quarries.



"When people visit buildings and monuments they don't often think about where the material came from to produce them," noted General Manager Steve Karels, who's seen millions of tons of granite blocks leave the quarries in his 31 years at the Milbank operations. "Much of it has come right from Milbank. The stone has mostly a brownish tone to it, with some variations of black, blue and red mixed in, so it fits well in a wide range of applications."

Once blocks of the mahogany stone are quarried in Milbank, they are transported to the company's headquarters in Cold Spring, Minn., where they're turned into final pieces for one of Cold Spring Granite's two divisions, Memorialization and Commercial. Throughout the 111 years the company has been in business, it's continued to expand its product line, including its latest addition, the Accolade Collection. Part of the Memorialization group, it manufactures bronze plaques and signs for buildings and landmarks.

Other subsidiaries of the Memorialization group include Royal Melrose Granites, which supplies standard and custom monuments, grass markers and other cemetery-type products, and Granit-Bronz, which makes engraved and sculpted bronze products and large family and community mausoleums. The company also offers cemetery maintenance and construction.

The Commercial division supplies stone products — its own produced materials as well as those that Cold Spring brokers for others — to several market segments such as design and architectural, which include building and national monument landscaping. Cold Spring also distributes natural stone slabs for fabricators to use in the making of countertops,



Operator Scott Hall moves a mahogany stone block using one of Cold Spring Granite's Komatsu WA600-6 wheel loaders at one of the company's Milbank locations. "It has a lot of power, but at the same time it's a very comfortable ride," said Hall.



floor tiles and other products in residential applications, and provides the industrial market with raw quarry blocks. A subdivision, Diamond Wright, manufactures plated tools, drills, anchoring and other products for working with granite.

A storied history

To produce the thousands of styles and colors for its varied product line, Cold Spring Granite quarries more than 1.5 million cubic feet of granite from all its operations each year. In addition to Milbank and Cold Spring's origins in Minnesota, the company has operations in Texas, New York, California and Canada. It also imports granite from several countries. It all adds up to make Cold Spring Granite one of the nation's largest stone producers.

"The company continues to look for new and innovative products to bring to the marketplace," said Mark Gross, Northern Region Quarry Manager, who oversees Milbank, Minnesota, New York and Canadian operations. "There's a lot of history to Cold Spring Granite, and the volume of work and material continues to grow because we're very attuned to what our customers want. We've been able to deliver that by supplying quality products in a timely manner."

In order to support its volume, Cold Spring Granite has continued to seek new avenues of expansion since 1898 when Scottish immigrant Henry Alexander joined forces with other granite workers to form the basis for Cold Spring Granite. Today, his grandson Patrick D.

Alexander is Chairman/CEO. John Mattke is President and COO.

When the elder Alexander began harvesting stone in the late 1800s, and through much of the 1900s, the preferred method was vertical quarrying using derricks, slings and cables in a relatively small area at a time. While vertical quarrying worked, Cold Spring Granite has since turned to more efficient methods.

"Since the mid-1980s, we've utilized horizontal quarrying, which allows us to open up a larger area and use loaders and ramps into the quarries to move the granite blocks," explained Karels. "In the past, everything was done by hand, and it took quite a bit of manpower. By switching to horizontal quarrying, we're able to streamline the process, which allows us to extract more stone faster. It used to take 20 to 30 minutes to bring a block of stone out of the pit. Today, we can do it in less than five minutes using wheel loaders."

Komatsu loaders improve efficiency

Recently, Cold Spring Granite has turned to DMI Sales Representative Dar Ellis to purchase new Komatsu WA600-6 models. Jim Fuchs, who handles Engineering and Quarry Equipment for Cold Spring Granite, said the WA600-6s fit with the company's environmental and efficiency-based mindset. Time studies by Cold Spring Granite showed the WA600-6s make a round trip from the

Continued . . .

Quality products, customer service are foundations

... continued

bottom of a pit to the top and back in about half the time as the loaders they replaced.

"When we were looking to replace our older loaders, we took into account several factors, such as fuel efficiency, lifting capacity, reputation of the manufacturer and other essential items," said Fuchs. "Komatsu gave us the best value compared to the competition. We've seen fuel savings of up to five gallons per hour with the WA600-6 loaders, which adds up to big savings in the long run. But fuel efficiency is only good if the loaders can

perform the tasks we need, such as lifting up to 80,000-pound blocks and carrying them up ramps from a pit more than 100 feet deep. The WA600s handle that without any problems, and our operators love them because they're comfortable and have joystick steering. Technologically, Komatsu is a step ahead."

Part of Komatsu's technological innovation includes the ability to track machine information such as hours, fuel usage, maintenance schedules and other vital information via a secure Web site that works with Komatsu's Vehicle Health Monitoring System (VHMS). "It saves time and money because I can access information on all the wheel loaders at once from the Web site instead of making multiple calls and/or visits to the quarries, which was how I got the information before," said Fuchs. "I can also go well beyond basic machine information and track trends to see how a particular machine is being used."

For routine items such as scheduled maintenance, Cold Spring Granite handles the service. For warranty or other more technical work, it turns to DMI. "One of the measures we took into account was dealer service," said Fuchs. "I talked with several contractors in the Milbank area who deal with DMI on a regular basis, and they all had high praise for DMI and Dar. I felt comfortable that we would get the service we expect, and Dar and DMI have delivered. The loaders have run so well that we've had few instances to call on DMI, but any time we have, they've responded quickly."

Customer satisfaction set in stone

Despite utilizing new and more efficient technologies to quarry granite, Cold Spring Granite hasn't changed its philosophy when it comes to customer service. For the 111-year-old company, customer satisfaction is set in stone.

"That's what it all boils down to," said Gross. "If we don't deliver customer orders to their satisfaction, it doesn't matter how efficient we are. So we focus on quality assurance along with quality products. The fact that hundreds of customers choose us for the stone for their building projects and monuments is a testament to our drive to please the customer. It's something we never take lightly." ■



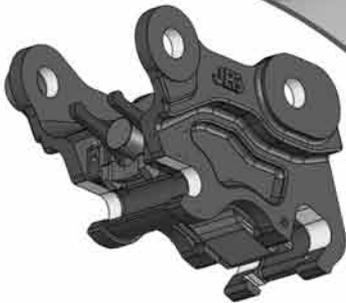
(L-R) Jim Fuchs, Engineering and Quarry Equipment, and General Manager Steve Karels meet with DMI Sales Representative Dar Ellis at the company's Milbank operations. "Our Komatsu loaders have run so well that we've had few instances to call on DMI for service, but any time we have, they've responded quickly," said Fuchs.

Stone from Cold Spring Granite's Milbank quarries has been used in dozens of memorials around the country, including the Franklin Delano Roosevelt Memorial in Washington, D.C.





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PUTTING TOGETHER A WINNING BID

Whether it's a stimulus job or a private project, here are tips for getting work and making money on it

The practical suggestions in this article are based on recommendations from a variety of construction industry sources.

Passage of the economic stimulus package (The American Recovery and Reinvestment Act) brought with it millions of dollars in governmental construction work that has either already begun, is in the bid process or will be put up for bid in the near future. A look at those projects that have already been bid and awarded indicates very competitive bids, many coming in well below engineers' estimates.

"The fact that these projects have come in well under what we thought they would, will allow us to award more projects, which means more jobs," said U.S. Transportation Secretary Ray LaHood in a recent conference call. If you're a government contractor, that's potentially good news as it means more chances to garner work.

Successful estimating and bidding require precise knowledge of both the job and your company's capabilities. In addition to studying plans, a visit to the site will often alert you to unforeseen problems or opportunities.



There are indications that work in other sectors may be turning around as well. So how do you get in on the action while it's heating up? Whether you're a seasoned veteran of the construction industry, or trying to establish yourself, one of the keys is putting together a winning bid or proposal that's the right price to get the job and make you money at the same time.

It's not an exact science, but there are certain steps to take to putting together a winning bid without leaving "money on the table." Chief among them is doing your due diligence to thoroughly understand the project before you even begin the bidding process. If it's not something you're interested in or have the skill for, why waste time on it? That time, which some experts say averages three to four weeks per bid, could be better spent estimating and putting together a bid for a project more suited to your firm's capabilities.

You probably find out about many projects by being invited to bid on them. Others you may discover in trade magazines, newspaper and other resources. You can request plans and give them a thorough look. You should have a good idea of whether it's a job for you or not. If not, return the plans, especially if you put a deposit on them, and turn your attention elsewhere.

Get all the information you can

Most likely there will be a prebid meeting. If you believe you're going to bid, it's something you should attend. This will give you access to project owners, engineers, architects and other key players who can answer questions and explain any unusual circumstances that have to be taken into account when preparing your price.

Visit the proposed jobsite. While good information can be gleaned from a prebid and blueprints, they don't tell the whole story. The proposed site may include items that are not on the plans, such as refuse or other objects that may need to be removed to do the job. How far is it to the nearest quarry or material yard? How will you get materials to the site? These items can add to your costs of doing the job and should be factored into your final proposal.

At this point, if you're still planning to bid, it's time to start putting the package together. There are several factors to consider, including costs to mobilize and demobilize equipment, what machinery you'll need and the cost to run it, and how much manpower will be required. If you're bidding on a stimulus project, chances are, labor costs are covered under Davis-Bacon, also known as prevailing wage. This can add significant dollars to your cost per hour for employees.

Use your experience, double check

Another step in the process is to do the takeoff of the part(s) of the plan on which you expect to bid. This can be done in several ways, including the tried and true method of using a ruler and calculator. Most companies today have computer programs that will do highly accurate digital takeoffs. Programs can initially be expensive, but can save time and money in the long run. It's always a good idea to double check the work thoroughly for costly mistakes, and as you become more proficient in using the programs you'll be more comfortable with their accuracy, allowing for the small percentage the program may be off.

Many government plans already have estimated material lengths and quantities. Some may come on CD-ROM or other media formats you can plug into your computer. While they're helpful, it's always best to do takeoffs yourself, so that you identify any potential inaccuracies.

You'll also need to consider other technology and how it factors into the bid. If you use GPS-based systems in your equipment, it's



In the current economy where you're probably seeing more competitors submitting bids, a value-added service such as on-site crushing may allow you to be more cost-effective. By doing more for less, it will improve your odds, not just of winning the bid, but of making money on the job.

easy to plug the plans into whatever system you use and let the technology do the work. GPS systems have been proven to save time and material as they accurately put the site to grade or find the right elevation for a utility trench. The savings can be factored into your bid, helping you lower your price.

Experts point out other items often overlooked in putting together a bid. For example, many don't consider overhead, or the cost of doing business. Things such as office help and supplies, postage, utilities, upkeep of a building or office should be factored into your proposal in some way. Some calculate overhead as a percentage of wages, while other simply throw a number at it. Those items affect the bottom line, because they subtract from profit.

Finally, consider profit in your bid. After all, that's what you're in business for. There's no hard and fast rule for adding profit into a job. Some will try to make a certain dollar amount per day, while others may add a percentage to their base bid. Either way, as the job progresses, it's important to keep track of where you're at in relation to profit to ensure you're staying on target.

Once you're comfortable with your bid, be sure to double check it before submitting it. Be detailed. While the suggestions here are sensible, they are not comprehensive. Every job is different. But the more factors you consider, the better you'll be at putting together a winning bid. ■

SAVING JOBS

AGC economist says stimulus-funded projects are helping boost construction employment



Ken Simonson,
AGC Chief Economist

Construction companies nationwide are reporting that the stimulus bill is making it possible to hire new workers, according to information gathered by the Associated General Contractors of America (AGC). The early information provides the first glimpse into how federally funded infrastructure and construction projects can help improve the overall economic outlook, the association added.

AGC Chief Economist Ken Simonson said stimulus-funded projects are helping maintain and create construction jobs, helping improve a poor business environment.



“Early reports indicate that the infrastructure piece of stimulus is beginning to do exactly what was intended, put construction workers back on the job,” said Ken Simonson, Chief Economist for the AGC. “As a recent employment report shows, however, construction is still one of the hardest-hit industries in terms of job losses.”

Simonson said that as more and more stimulus-funded projects are awarded, a growing number of member companies are reporting adding new jobs or rehiring laid-off employees. He said, for example, that one company recently rehired 15 workers it laid off last year after receiving a stimulus-funded Interstate highway reconstruction contract. Another company hired new workers after winning a contract to build a new laboratory with stimulus funding provided by the U.S. Department of Energy, the economist noted. Meanwhile, yet another company has hired 30 new employees to help it complete recently awarded road construction projects funded by the stimulus.

Improving business environment

Simonson also pointed out that many contractors were canceling planned layoffs because of stimulus-funded work. Noting that an estimated 85 percent of construction companies said they would cancel layoffs or add new employees with the stimulus, he said stimulus funds were improving a poor business environment for many firms.

“Without the stimulus, the jobs report would be much worse,” Simonson concluded. ■

NEW PRODUCTS

NEW WHEEL LOADERS

Large-capacity torque converters head list of features that make WA470-6, WA480-6 productive and efficient

Komatsu grew its mid-size lineup of Tier 3-compliant wheel loaders with the addition of the WA470-6 and WA480-6 models, which feature large-capacity torque converters that provide excellent tractive effort, improved acceleration and improved climbing ability in a wide range of applications.

"The WA470-6 and WA480-6 are excellent in material handling; charging asphalt or concrete plants that use ramps to feed hoppers; general construction; load-and-carry and agricultural applications," said Rob Warden, Product Manager Wheel Loaders. "The large-capacity torque converters offer several benefits, including greater productivity in V-cycle loading applications; faster gear upshifting and ability to achieve higher gear ranges; and higher travel speed for load-and-carry or hopper feeding applications."

Those advantages offer increased production, while the large-capacity torque converters and Komatsu Tier 3 engines provide optimal power and efficiency for lower per-ton costs. Users can maximize power and efficiency by selecting from two operating modes. E mode provides maximum fuel efficiency for general loading, while P mode allows for maximum power in hard digging and hill climbing. An eco indicator informs the operator when the machine is maximizing fuel efficiency.

"Our studies show that these loaders increase production, while decreasing V-cycle times and fuel usage compared to previous models, no matter which mode is used," said Warden. "Those are major factors for choosing a WA470-6 or a WA480-6, but that's not the entire picture. We have other features that work to increase productivity and lower owning and operating costs."

Among them are spacious cabs designed to reduce operator fatigue and increase productivity. Wide, pillar-less, flat glass gives excellent visibility in all directions, and the viscous-mounted ROPS/FOPS structure offers low noise and vibration for better comfort. Air

Continued . . .



Rob Warden,
Product Manager
Wheel Loaders

| Brief Specs on Komatsu WA470-6 and WA480-6 Wheel Loaders | | |
|--|--------------------|--------------------|
| Model | WA470-6 | WA480-6 |
| Net hp | 272 hp | 299 hp |
| Operating Weight | 51,850-52,150 lbs. | 55,920-56,340 lbs. |
| Bucket Capacity | 5.0-6.8 cu. yd. | 5.4-8.0 cu. yd. |
| Breakout Force | 41,927-45,660 lbs. | 42,490-51,930 lbs. |

Large-capacity torque converters in the WA470-6 and WA480-6 loaders provide excellent tractive effort, improved acceleration and increased climbing ability in a wide range of applications.



For more information on the new WA470-6 and WA480-6 wheel loaders — and to see video of the machines in action — go to www.videocpi.com



Improvements make new models best value in size class

... continued

conditioning is located in the front of the cab so the operator has increased seat reclining and backward slide adjustment. The new Pressure Proportional Control (PPC) levers provide fingertip control for easy operation. The lever console can be adjusted, along with the large arm rest, to suit individual operator needs.

Easy operation, maintenance

Along with fingertip controls, operation is easier with the automatic transmission with Electronically Controlled Modulation Valve (ECMV). The automatic transmission selects the proper gear speed based on conditions such as travel and engine speed. The ECMV allows for smooth gear and direction changes. With the touch of a finger, the operator can control a kick-down switch to automatically downshift from second to first when beginning a digging cycle. It automatically switches back to second in reverse. In addition, the kick-down switch activates the loader's Power mode when it's in first gear or Economy mode. It keeps the transmission in third or fourth gear when autoshift is selected.

Efficient operation and engines help keep costs down, and Komatsu added to that by building the WA470-6 and WA480-6 loaders with integrated production systems to create reliable machines with low maintenance costs and easy service access. Each is equipped with Komatsu's Equipment Management Monitoring System

(EMMS), which allows the operator to track machine function on an easy-to-read monitor. The standard automatic, reversible, hydraulic radiator fan allows the operator to quickly clean out the cooling system, either at a preset interval or instantly with the flip of a switch.

KOMTRAX comes standard

Equipment owners can further track machine performance and maintenance schedules with KOMTRAX, standard on both loaders. KOMTRAX offers information such as daily fuel consumption, working hours, hour meter, location, cautions and maintenance alerts using wireless technology. Users can log onto a secure Web site to find all the information they need to stay informed.

"There are a whole host of reasons for choosing a WA470-6 or a WA480-6," observed Warden. "They're efficient, productive and reliable in a wide range of applications, making them among the best value in their size class. Those who may have been using a WA450 or WA480 in the past, which the new models replace, will find that the new loaders will significantly outperform the previous models in terms of efficiency."

To see video of the machines, log onto www.videoapi.com. For more information on the WA470-6 and WA480-6 loaders, contact your sales representative, our nearest branch location or log onto www.komatsuamerica.com. ■

With the touch of a finger, the operator can control a kick-down switch to automatically downshift from second to first when beginning a digging cycle with the new WA470-6 and WA480-6. The machines will automatically switch back to second in reverse.





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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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PRODUCT IMPROVEMENT

PC200LC-8 HD SPEC ARRANGEMENT

Heavy-duty arm, boom and bigger counterweight give more capacity and stability

A new Spec Arrangement is the latest improvement available for the Komatsu PC200LC-8 HD excavator. The arrangement was conceived to provide increased lifting capacity and stability, even in the toughest applications.

“The standard PC200LC-8 is among our most popular models because its size allows users to keep per-yard costs low with fast cycle times and low fuel consumption,” explained Armando Najera, Product Manager, Excavators. “We built off of that to craft a PC200LC-8 Thumb Spec model by designing a unique, strengthened, revolving frame, applying additional counterweight and equipping it with a heavy-duty arm. The already powerful hydraulics also received an upgrade to include Soft Boom Control, which dampens boom movements, giving the PC200LC-8 Thumb Spec better dynamic stability.”

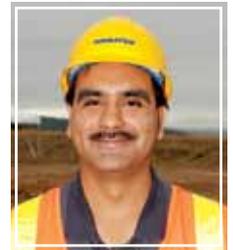
Najera says the Thumb Spec package provides excellent stability for not only thumb applications, but for all applications including dirt digging. “Having a sure-footed base allows the operator to confidently use the machine to its full potential, thereby maximizing productivity.”

Building on the Thumb Spec, the PC200LC-8 HD Spec Arrangement also includes a heavy-duty boom, HD undercovers and factory piping. Those additional features increased the operating weight of the PC200LC-8 HD Spec Arrangement. The reinforced unique frame, one-piece castings and thicker steel plating make this a perfect machine for tough applications such as demolition, scrap handling and land clearing.

“Komatsu filled a niche with this machine,” said Najera. “The standard model is great for general, all-around work, as is the Thumb Spec which added more lift capacity and stability for users who need the versatility of a machine that encompasses constant thumb work and heavy lifting.

“The PC200LC-8 HD is built for all of the above applications, but in tougher conditions and where a breaker or shear could be utilized 100 percent of the time.”

Continued . . .



Armando Najera,
Product Manager

| Komatsu PC200LC-8 Excavators | | | |
|-------------------------------|------------|--------------------|------------------|
| Model | Horsepower | Operating Weight | Bucket Capacity |
| PC200LC-8 Base Machine | 148 hp | 46,643-47,260 lbs. | .66-1.57 cu. yd. |
| PC200LC-8 Thumb Spec | 148 hp | 51,199-51,815 lbs. | .66-1.57 cu. yd. |
| PC200LC-8 HD Spec Arrangement | 148 hp | 51,564-52,181 lbs. | .66-1.57 cu. yd. |

The PC200LC-8 HD Spec Arrangement has a heavy-duty arm and boom, along with added counterweight for increased lifting capacity and stability as well as durability in demanding applications.



KOMTRAX lowers excavator owning, operating costs

... continued

Like the standard model, the PC200LC-8 HD Spec Arrangement is powered by a 148-horsepower Tier 3 engine that offers low fuel consumption and emissions without sacrificing power or productivity. It has five working modes, including an economy mode that improves fuel consumption and an eco-gauge for energy-saving operations. P mode provides maximum production and power for faster cycle time, while the L (lifting) mode increases hydraulic pressure by 7 percent. B (breaker) mode provides optimum one-way flow, while the ATT (attachment) mode does the same for two-way flow.

Increased productivity

The operator can set all modes using the large LCD monitor, which also provides valuable machine information using Komatsu's EMMS (Equipment Management Monitoring System).

EMMS monitors engine oil level, coolant temperature, battery charge and abnormalities so the operator can spot potential troubles before they become major downtime issues. The PC200LC-8 HD Spec Arrangement also comes with KOMTRAX, Komatsu's remote machine-monitoring system that keeps track of machine location, error codes, cautions, maintenance items and more, and can be accessed via a secure Web site using wireless technology.

"KOMTRAX is invaluable in terms of providing owners and/or operators with information they can use to stay on top of scheduled maintenance and machine function," said Najera. "Among other features, Komatsu extended the replacement intervals of engine oil, engine oil filter and hydraulic filter so these machines don't have to be serviced as often. That lowers owning and operating costs." ■

Komatsu PC800LC-8 Super Digger offers increased digging power

Users of the PC800LC-8 know the machine offers great digging power and productivity, but Komatsu further enhanced that with its new PC800LC-8 Super Digger. Equipped with an 11-foot, 10-inch heavy-duty arm and an HD boom, the Super Digger has been proven to add 19 percent more arm digging force and an additional 9 percent bucket digging force compared to the standard configuration.

The Super Digger has a heavy-duty arm equipped with double-arm cylinders and a heavy-duty bucket cylinder, that work to increase the digging force, while maintaining the same working range and transportation dimensions as the standard machine. "Because the digging forces are substantially increased, the machine can break through difficult materials more easily," explained Doug Morris, Product Marketing Manager, Excavators. "Typically, when a mass excavator boom and arm are put on a machine, the working range is significantly decreased, but that's not the case with the Super Digger. It delivers the best of both worlds."

Additional advantages include an efficient 487-horsepower, Tier 3 engine that keeps fuel usage and emissions low while providing ample power, even in deep digs. Like the standard PC800LC-8, it's equipped with KOMTRAX, four working modes and a large, comfortable cab.

"The Super Digger helps keep per-yard costs low because it provides amenities that keep the operator productive, helps the user stay on top of maintenance scheduling and has exceptional digging power," said Morris. "It delivers that extra boost needed even in the toughest conditions."



The PC800LC-8 Super Digger provides additional digging force to break through difficult materials more easily. For more information and to see a video, visit www.videoapi.com.



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THE NEXT ROUND OF FUNDING

With SAFETEA-LU ending, Congress must debate new highway bill

The American Recovery and Reinvestment Act, also known as the stimulus package, authorized billions of dollars for highway construction, and billions more were appropriated under the omnibus spending bill later signed into law by President Obama. The monies pledged to those bills will eventually run out, as will funding from the 2005 SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users), which was the prime source of revenue for the nation's surface transportation projects.

SAFETEA-LU, a \$287 billion funding mechanism, is slated to end September 30 of this year. Members of Congress are gearing up to pass new legislation that will fund transportation for several years, potentially even decades. Estimates show the next funding bill could substantially increase, perhaps double, what SAFETEA-LU provided.

The first step in that direction is the recently introduced Federal Surface Transportation and Planning Act of 2009. The act lays out a strategic, integrated plan that addresses the challenges to our national infrastructure and federal programs.

Lofty goals

Some of the major goals of the act are to:

- Reduce national per capita motor vehicle miles traveled annually;
- Reduce national motor-related fatalities by 50 percent by 2030;
- Reduce national surface transportation-generated carbon dioxide levels by 40 percent by 2030;
- Reduce annually national surface transportation delays per capita;

- Increase by 20 percent system-critical surface transportation assets that are in a state of good repair by 2030;
- Increase annually the total usage of public transportation, intercity passenger rail services, and non-motorized transportation.

"A national surface transportation policy for our country is long overdue," said Sen. Frank Lautenberg, D-N.J., Chairman of the Subcommittee on Surface Transportation. "This legislation will establish a national policy that improves safety, reduces congestion, creates jobs and protects our environment."

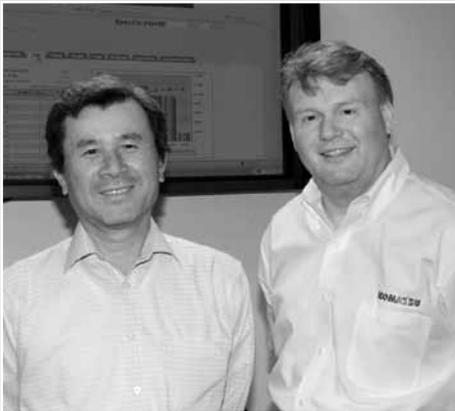
Funding for the next highway bill is up for debate. Currently, funds come from an 18.4-cent-per-gallon gas tax. One group, the National Association of County Engineers, has proposed a 7-percent increase in the fuel tax, while others suggest indexing the gas tax to inflation. Still other groups have pushed for a user-based fee that would tax drivers on the number of miles driven, something the Obama administration has said it opposes. ■

Long-term funding for future road projects will be taken up by Congress as it debates a new highway bill. The current funding mechanism (SAFETEA-LU) expires in September.



CUSTOMER RETENTION

Komatsu service team focuses on providing exceptional technology and value



Mike Tajima, Vice President of Service (left) and Ivor Hill, Vice President Service Operations

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.

Mike Tajima became Komatsu's Vice President of Service in October of 2006 and has been with the company since 1970 when he joined out of high school. After graduating from Komatsu Technical College in 1973, he joined the Overseas Division as Service Manager in Saudi Arabia. He's also had overseas postings in Turkey and Russia.

"The old saying that service sells the next machine is not a cliché, it's something to strive for," said Mike. "That's our mission, and we're constantly working on ways to improve. We've added significant technological advances to our machines to help in those efforts, but it still goes back to the human element. Our technicians are highly skilled and trained, so customer downtime is minimized. That's one of our greatest strengths."

Ivor Hill recently moved into the position of Vice President Service Operations after about seven years as the Vice President and General Manager of Komatsu America Utility Division. He's been with Komatsu since 2000.

"No matter the job title, customer service is always a key element of the business," said Ivor. "Customers often judge a company based on how well they're treated after the sale. If they have a great experience, they're likely to continue that relationship. Komatsu's longstanding relationships with numerous companies show the value we place on being the leader in service in the construction industry."

QUESTION: What's Komatsu's current focus in regard to service?

MIKE: We've recently reshaped our service organization with a focus on more efficient use of our resources. Service is streamlined into a centralized technical support center at our headquarters in Rolling Meadows, Ill. The organization is split into two groups, one focused on mining and one focused on our North American construction operations. Both operations have what we call "flying engineers" who can be dispatched quickly to a customer's location to provide technical assistance and support as needed.

IVOR: Our mission is — and always has been — customer retention. We believe Komatsu has the highest-quality and most-efficient equipment in the marketplace. But no matter how good the equipment is, customers won't come back unless they're satisfied with the service after the sale. We're focused on ensuring they not only have a positive buying experience the first time, but that Komatsu is their first choice the next time they buy because we've given them more than they expect from a service standpoint.

QUESTION: How does Komatsu do that?

MIKE: It begins with the sale of a piece of equipment. Nearly every Komatsu machine comes standard with five years of free KOMTRAX or VHMS (Vehicle Health Monitoring System). These monitoring systems send critical machine information to our headquarters where we have a staff monitoring it 24 hours a day. If a machine has an error code, we know about it right away and contact the customer's local distributor, which can immediately dispatch a technician to diagnose and fix a potential problem before it becomes a major issue.

We know that if there is an issue, customers are going to contact their local distributors first. We're working with our distributors to have the most highly skilled and trained technicians in the industry. We've made a major investment in our training facility in Cartersville, Georgia, which offers classroom and hands-on training, and hosts our annual Komatsu Advanced Technician Competition. We've developed the Komatsu Learning Management System which provides online distance education and certification programs that technicians can tap into from the distributorship or their own home. We're also excited about our Technical Solutions System, which is a massive database of information where technicians can post their experiences working on a machine and find answers to questions they may have — similar to a "frequently asked questions" section on a Web site.

IVOR: This use of technology is an example of our proactive approach to service. We want to head issues off at the pass, so to speak. These monitoring systems have been in place for several years, so we've collected reams and reams of data that we can use in building better machinery. In addition, before customers even put the machine on a jobsite, we can show them how they can best utilize their Komatsu equipment under different operating conditions to optimize performance and fuel efficiency.

QUESTION: Where does customer input figure in?

IVOR: Throughout our entire process, we're always looking to improve. To do that, we have to have direct contact with customers who give us feedback on what we're doing well and constructive criticism on what we can improve upon. Many of our service initiatives have been driven by that feedback. Our customers work hard and don't always have the time to check on machine functionality, and certainly can't afford downtime associated with major issues. Our KOMTRAX and VHMS systems help in those areas. Customers always want to keep downtime to a minimum. With our technological advances, we've reduced downtime by being able to efficiently diagnose and fix problems based on error codes.

MIKE: Without that technology, downtime would be much longer. In the past, a technician



Komatsu personnel at the company's headquarters monitor critical machine information around the clock via KOMTRAX and VHMS. "If a machine has an error code, we know about it right away and contact the customer's local distributor, which can immediately dispatch a technician to diagnose and fix a potential problem before it becomes a major issue," said Vice President of Service Mike Tajima.



Komatsu service technicians are among the most highly trained in the equipment industry, receiving classroom and hands-on training from a variety of resources.



The annual Komatsu Advanced Technician Competition tests service personnel on their knowledge and ability to diagnose and fix potential equipment issues. It's one of many ways Komatsu puts a focus on quality, efficient service designed to minimize downtime.

would oftentimes respond to a service call and go in blind, so to speak. He'd spend time diagnosing a problem, and often have to return to the shop for parts to fix it. In addition to the technology we mentioned before, technicians now carry laptops that can access shop manuals for every new series of Komatsu machinery, and soon we'll have computerized manuals for machinery going back 20 years or more. If technicians are on the road and get a service call, they can look up the machine that's down and see what they need to fix it. If they need parts, they can swing into their distributor branch location and pick them up before going out on the jobsite. These are just a few examples that have grown out of listening to customers' input and implementing the necessary measures to ensure uptime and increased production. ■

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ADDED VERSATILITY

Komatsu's Hydraulic Kit Program can turn your excavator into more than a digging machine

VYou already know Komatsu excavators are among the most powerful and efficient digging machines in the equipment industry. But any of its long list of excavator models can also be equipped to make you more versatile and profitable in a wide variety of other applications. The Hydraulic Kit Program, offered through Komatsu's Working Gear Group, makes it possible.

"A Hydraulic Kit will enable a contractor to use a machine to do much more than just dig," explained John Bagdonas, Product Marketing Manager Working Gear Group. "With the hydraulic kit, users can run breakers, thumbs, compaction plates, stump splitters, forestry processors and a whole host of other applications. More versatility means the contractor has more to offer his customers, which can lead to additional work and more profits."

Komatsu's Working Gear Group offers the hydraulic kits through a joint effort with HKX, Inc. Kits are specifically engineered for each Komatsu excavator model with special attention given to accurate hydraulic flow and pressure to enable maximum productivity.

The excavator owner can easily install kits on existing machines. Each kit comes complete with detailed instructions and all components and support needed for complete installation. This includes steel piping with mounting hardware, hoses, valving, adaptors and other necessary items. It also includes operator controls with solenoid valves, pilot hoses and all fittings necessary to control the auxiliary valve.

Potentially high return on investment

Customers can order new machines preplumbed with the kit already installed to

work with Komatsu machine technology. Users can set hydraulic flow and monitor it through the large LCD monitor panel found in the latest Komatsu excavator models. Online tools and preferred customer programs are also available.

"Whether you're buying a new machine or adapting a used one, it makes sense to install a hydraulic kit to increase the equipment's versatility and productivity," said Bagdonas. "The installation is relatively quick and simple and the return on investment could potentially be very high."

For more information on Komatsu's Hydraulic Kit Program, check with your sales representative or contact our nearest branch location. ■

The Komatsu Hydraulic Kit Program can add versatility to your excavator by allowing you to use a breaker, compaction plates, forestry processor or other attachments that can lead to more work and profits.



John Bagdonas,
Product Marketing
Manager Working
Gear Group





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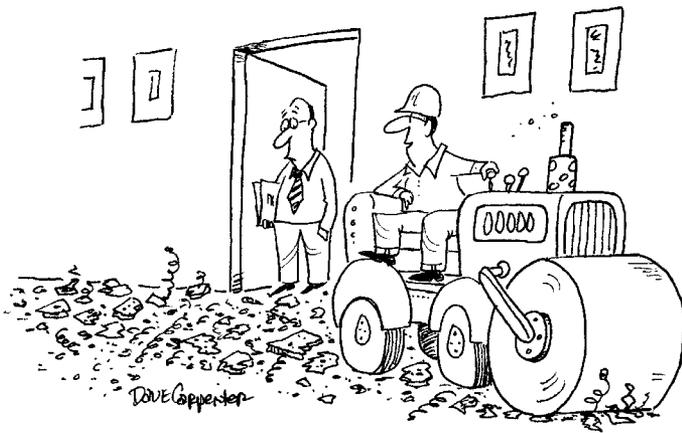
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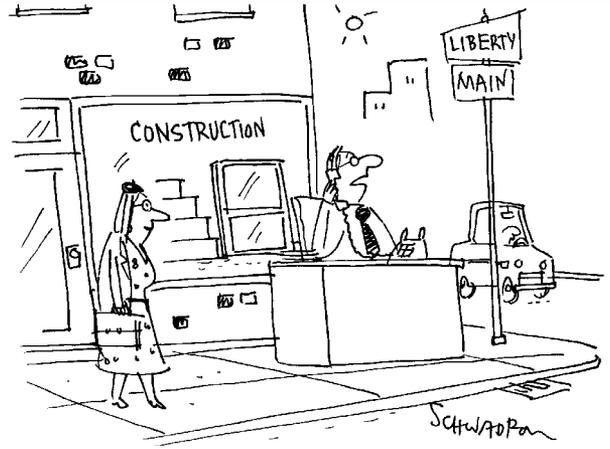
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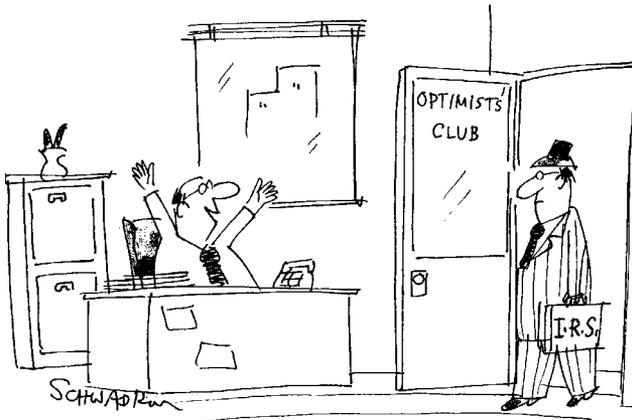
On the light side



"That should take care of the virus in your office computers."



"It isn't exactly my idea of a corner office."



"Ah! You must be here to give us a refund!"

Brain Teasers

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

1. SIELED _____
2. RETSI _____
3. DOTEVRUCIP _____
4. SOTEBIJ _____
5. RCENHT _____
6. SOPWEHRERO _____

Did you know...

- A watermelon is a vegetable not a fruit.
- 160 cars can drive side-by-side on the Monumental Axis in Brazil, the world's widest road.
- A dime has 118 ridges around the edge.
- A sneeze travels out your mouth at more than 100 m.p.h.
- Only one of the Seven Wonders of the World still survives: the Great Pyramid of Giza.
- The can opener was invented 48 years after cans were introduced.
- Major League Baseball teams use about 850,000 balls per season.
- In the US there are more TV sets than telephones.
- Traffic lights were used before the advent of the automobile.
- The length from your wrist to your elbow is approximately the same as the length of your foot.
- Domestic cats purr at about 26 cycles per second, the same frequency as an idling diesel engine.

MORE INDUSTRY NEWS

ICUEE returns, teams up with NRWA for October event

ICUEE, the International Construction and Utility Equipment Exposition, returns to Louisville, Ky., October 6-8 at the Kentucky Exposition Center. Known as "The Demo Expo," ICUEE showcases the latest in equipment and technology for a wide range of



ICUEE gives visitors a chance to try the latest in utility equipment. The 2009 show runs October 6-8 at the Kentucky Exposition Center in Louisville.

businesses, such as general construction, utility installation and public works.

The event will run concurrently with the National Rural Water Association's H2O-XPO exhibition. "We are pleased to have the support of this prestigious industry group," said Megan Tanel, Association of Equipment Manufacturers Vice President and ICUEE Show Manager. "This co-location illustrates the value of association cooperation for the benefit of both our memberships."

With more than 1 million square feet of exhibition space, the biennial show will have displays from industry-leading manufacturers such as Komatsu. ICUEE allows visitors to not only see equipment but run it as well. The H2O-XPO adds another 60,000 square feet of exhibit space.

ICUEE's 2007 show drew about 18,000 visitors, and the organization expects that to increase this year. In addition to trying out equipment, visitors can choose from nearly 120 educational opportunities, more than double the number available at the last show. ■

Studies show construction among "greenest" of all industries

Analysis shows that the construction industry is one of the "greenest" in the United States. An Associated General Contractors (AGC) of America study showed the industry accounted for less than 1 percent of manmade greenhouse gas emissions in 2007, and new Environmental Protection Agency data showed the same.

Stephen E. Sandherr, CEO of AGC said the industry recycles more than others, reusing nearly 98 percent of structural steel, 65 percent of reinforcement steel and 80 percent of asphalt. In addition, lower-emission engines implemented in this decade have cut more

than 75 million tons of carbon dioxide each year.

"These data show that we aren't just constructing cleaner projects, we're building a cleaner construction industry," said Sandherr. "As good as our accomplishments are, we can do even better."

He noted that contractors are further cutting emissions by turning equipment off instead of idling, maintaining their equipment, using equipment that is properly sized for the specific job and finding local sources for building materials to cut shipping costs. ■

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