

The



DIESEL MACHINERY, INC

Difference

A PUBLICATION FOR AND ABOUT DMI CUSTOMERS • 2011 No. 2

NEXT-GENERATION HYBRID EXCAVATOR

Komatsu makes significant improvements to what remains the world's only hybrid excavator

See article inside . . .



KOMATSU

A MESSAGE FROM THE CHAIRMAN



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**Always looking
for ways to
improve your
bottom line**



DIESEL MACHINERY, INC

Dear Valued Customer:

The construction season is fully upon us, and we at Diesel Machinery hope you're off to a good start. We're prepared to help in any way we can, whether it's equipment purchase or rental, parts or service.

We've said it many times: we're proud of the equipment manufacturers with which we associate ourselves. All are among the leaders in the construction and mining industries when it comes to production, efficiency and reliability.

For example, Komatsu continues to set the pace in hybrid machinery. It was the first — and still the only — manufacturer in production of a hybrid excavator. Before others even have their first such excavator on the market, Komatsu is introducing its second-generation model, the HB215LC-1.

You've also heard a great deal in the past year about interim Tier 4 standards that went into effect January 1. Komatsu did more than just put in new, lower-emission engines. It added standard features that make its new models more efficient, allowing you to get the same or better production with less fuel, less soot and lower NOx emissions.

Komatsu is about more than just the machinery. It's always looking for ways to improve your bottom line with new technology, such as KOMTRAX, and has worked to make many new machines "plug-and-play." That means they're equipped so that all you have to do is bolt on your GPS system and activate it.

This issue of your *DMI Difference* magazine has some informative articles that will give you insights into the new machines and technology Komatsu has to offer. As the economy continues to improve, and you begin to look for new equipment, we hope you'll consider these machines. Keep in mind, bonus depreciation and additional expensing are still available for tax savings in 2011.

As always, we're prepared to support the new machines, as well as any machinery in your current fleet. Contact one of our branch locations to learn how we can be of service to you.

Sincerely,


Pat Healy
Chairman of the Board

The



DIESEL MACHINERY, INC

Difference

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CLAUSEN CONSTRUCTION, INC.

Longtime Watertown family business thrives by ensuring a quality project



Ken Clausen,
President



Amy Redlin,
Office Manager

As an established, family-owned excavation company, Clausen Construction can trace its roots back more than two generations. The Watertown-based company is currently run by third-generation brothers David, Ken and Ron Clausen, who began working with their dad in their teens, during time off from school.

The Clausen brothers are already bringing in the fourth generation of the family. Ken's sons, Jeremy and Chad, work full time in the field, and his daughter, Amy, works in the office. Ron's son, Eric, helps out when he's not in school.

And like many family businesses, they've continued to follow the advice of the previous generations when it comes to customer satisfaction. "Our dad's favorite saying was, 'When you think the job is good enough,

touch it up one more time,'" recalled David, who is company Secretary. "He believed that making sure a job was done right was the most important thing Clausen Construction was known for. The saying is on his tombstone. I'm sure he learned it from his father too."

David, Ken and Ron's grandfather Herman "Boots" Clausen was the first generation in the family business. Boots started Clausen Construction about 50 years ago with a motor grader, maintaining county roads around the company's original home in Clark. Within a few years, he and the boys' father, Corky, added a loader and a truck and began graveling the roads as well as maintaining them.

As the three brothers graduated from high school, they became full-time members of the business, and in 1977 it was incorporated. The family moved the company's office to Watertown, but maintains a shop in Clark.

"The business just continued to progress a little bit at a time," said Ron, Vice President. "The next step was adding a scraper and a dozer and putting those to work for area farmers building drainage ditches and stock dams. As we boys came on board, we branched out into commercial and municipal work."

The brothers say they learned the value of hard work from their father and mother, Donna, who used to run the office for Clausen Construction before she passed away. "They believed success came from putting solid effort into everything you do," said Ken, who is President. "We're very hands-on, meaning we're in the field working right alongside our employees. To us, that goes hand-in-hand with doing a job right. If we're on the job, we have

David (left) and Ron Clausen are Secretary and Vice President of Clausen Construction respectively. The two, along with their brother Ken, are the third generation to run the Watertown excavation company.



control and can ensure it's done right, on time and on budget."

"Typical dirt business"

"We're a typical dirt business," said David. "We do a little bit of everything: clearing and grubbing, grading, basement and footing digs, graveling and building pads. We still do quite a lot of work for area farms, such as full site preparation for feed lots. In those instances, we'll even do the underground work. On the commercial end, most of what we do involves getting the building pad ready."

For gravel products, the Clausens often get material out of their own pit in Clark. Ken takes care of the gravel side of the business, while Ron and David oversee three to four excavation crews depending on work load. They estimate the company typically has four or five jobs going at any one time within about a 100-mile radius of Watertown.

Clausen Construction does municipal projects either as a subcontractor or general contractor, depending on the percentage of dirt work on the job. One project it recently completed as a subcontractor was a mile stretch of Highway 81 in Watertown. Clausen crews moved about 50,000 yards of dirt to undercut the existing road.

Once the material was moved out, Clausen Construction laid stabilizing fabric before laying gravel, starting with about 51,000 tons of pit-run gravel. It topped that off with about 14,000 tons of cushion gravel before the general contractor began paving.

"That was fairly typical of what we do on those types of projects," said Ken. "The farm projects can often involve moving a half-million yards of dirt and putting down 30,000 to 40,000 yards of gravel. We've done a few very large ones in the past couple of years."

Komatsu provides good return on investment

To move dirt and other materials, the Clausens use a fleet of equipment that includes a Komatsu PC220LC-8 excavator, a Komatsu



Clausen Construction's fleet features several Komatsu machines, including this PC220LC-8, used to load trucks. "We believe Komatsu excavators are the best in the business," said David Clausen. "Compared to other brands we've tried, they're faster and the hydraulics are superior."



Ron Clausen moves dirt with a Komatsu D65EX-12 dozer for the building pad of a new fire station at the Watertown airport. "This D65 has about 7,000 hours on it, and we've done nothing to it other than routine maintenance and putting a new undercarriage on at about 6,000 hours," said Ron "It's given us a very good return on investment."

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PC200LC-8 excavator, a WA320-3 wheel loader and a D65EX-12 dozer.

"The D65 was our first Komatsu piece, which we bought about eight years ago," said Ron. "At the time, we were looking for something different in equipment, so we gave Komatsu a try. We're very happy that we did. That D65 has about 7,000 hours on it, and we've done nothing to it other than routine maintenance and putting a new undercarriage on at about 6,000 hours. It's given us a very good return on investment."

Continued ...

Technology plays a big role in Clausen Construction's efficiency

... continued



Jeremy Clausen

"We could see right away that it was a piece of machinery we would be able to keep for a long time, and that made us look at other Komatsu pieces as we added to our fleet," David elaborated. "We believe Komatsu excavators are the best in the business. Compared to other brands we've tried, they're faster and the hydraulics are superior.

Our PC220 is about five years old and still runs as good as when we bought it. From time to time, we need to rent an excavator and we turn to Komatsu."

For rental and purchase, the Clausens contact DMI Sales Representative Chad Casanova. In addition to Komatsu equipment, Clausen Construction has purchased or rented Hypac compaction machinery and Side Dump trailers. "When we call for something, Chad and everyone we talk to at DMI bend over backward to help us," said Ron. "If we want to rent something, Chad always seems to find it and get it to us quickly. The Komatsu equipment is excellent, as are the other lines that DMI carries, and the service we get from DMI is excellent, too."

Even more appreciative

Ron noted that one of the features he likes about Komatsu equipment is its technological innovation. The Clausens believe technology is something that's helped their business.

"We've added things such as lasers to our business to make our grading more precise," said Ken. "We've also begun using GPS systems as well. The technology in machinery has changed so much in the past decade or so, it's unbelievable. It's so precise. It makes us appreciate even more dad's ability to put a project on-grade using a stick and transit. Of course, that's how we were taught to do it too."

The efficiencies offered by technology have allowed the Clausens to be more productive with the same number of people on staff. Currently Clausen Construction has about 15 employees, and the plan is to keep that number steady.

"We've worked hard to build the business to this level and have always been able to keep our word when it comes to getting a job done on time," said Ken. "We want that to always be the case, so we're not interested in massive growth just to say we're getting bigger. Our focus remains on customer satisfaction, and we've found that this size allows us to best provide that." ■



(L-R) David and Ron Clausen meet with DMI Sales Representative Chad Casanova at Clausen Construction's office in Watertown. "When we call for something, Chad and everyone we talk to at DMI bend over backward to help us," said Ron.

NEW!



Chad Clausen places riprap with a Komatsu WA380 wheel loader on a jobsite near Clark.

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MISPLACED PRIORITIES?

AED says administration's transportation funding should focus more on highways and roadways

This article is from the Associated Equipment Distributors, a trade association representing companies in the distribution, rental and support of equipment. Its members account for more than \$15 billion of annual sales of construction equipment and related supplies and services in the U.S. and Canada.

In his 2012 fiscal-year budget, President Barack Obama proposed a six-year, \$556 billion surface transportation package. The amount represents a substantial increase in transportation funding and includes an immediate \$50 billion cash infusion to create jobs, a proposed national infrastructure bank and a heavy emphasis on expanding high-speed rail.

The \$556 billion proposal is nearly double the \$285 billion package authorized in SAFETEA-LU, the last highway bill, which expired in September 2009. Legislation to establish a new, multi-year investment highway blueprint has languished in Congress for the past two years.

The call for such a substantial increase continues the administration's recent focus on transportation investment as a way to create jobs and ensure America's long-term economic competitiveness — even as it raises questions about misplaced priorities. The

The Associated Equipment Distributors (AED) says the president's proposal doesn't put enough emphasis on surface transportation, such as roadways and highways.

president's proposal would allocate \$53 billion for high-speed rail and \$30 billion to establish a national infrastructure bank over the next six years. Yet the mainstay of our nation's transportation network, roads and highways, are largely neglected beyond vague promises of support.

Also conspicuously absent from the president's budget are new funding mechanisms. User fees, the most viable option for providing guaranteed, long-term funding for surface transportation, have been dismissed as a non-starter by the president. Instead, Obama's proposal seeks to find funds by consolidating highway programs and hoping for a congressional bipartisan funding mechanism.

In sum, the president's transportation budget document is long on rhetoric, short on the details, and, in some respects, appears divorced from the new political realities in Washington. For example, despite broad public support for smaller government, Obama has proposed spending increases without making tough choices to pay for them. And despite the fact that many Republicans oppose high-speed rail, the administration made it the centerpiece of its transportation program.

AED shares the administration's belief that substantial investments in surface transportation are needed to ensure our long-term economic competitiveness. However, we have a clear difference of opinion about priorities.

With all that said, keep in mind that this is just the first salvo in a long battle. The highway reauthorization story will continue to develop in the weeks ahead, as the House and Senate hold additional hearings and roll out their own proposals. Stay tuned. ■



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FUNDING CUTS LOOM

FY 2011 budget shows decrease in commitment to water appropriations

Future funding levels for water infrastructure remain uncertain as Congress continues to battle over the Fiscal Year 2011 budget and will soon take up the fight for 2012. Under continuing resolutions, funding for the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) have remained inadequate, according to industry experts.

A continuing resolution passed in December 2010, allowed for \$690 million for the CWSRF and \$830 million for the DWSRF through the first seven months of this year. Compared to a

similar time frame last year, that represented a cut of about \$500 million in funding. Projected out over the entire FY 2011, it would be a cut of nearly \$2 billion.

President Obama pledged to cut spending levels in his 2012 budget. His budget request showed a total cut of 27.4 percent, the largest coming from the DWSRF at 28.3 percent or \$390 million compared to FY 2010 — the last year for a full-year appropriations bill. The CWSRF would take a \$550 million hit (26.2 percent). A Rural Water and Waste Program would be cut by \$150 million, or 27.7 percent.

Americans view water systems as more important than other services such as energy, according to National Geographic Web site article that highlights a survey done by the water engineering and infrastructure firm ITT. According to the survey, 95 percent viewed water as most important, and 85 percent said government entities should invest more in repairing aging pipes and treatment facilities.

Bad grade

The American Society of Civil Engineers (ASCE) gives the nation's water infrastructure system a D- grade. A 2007 U.S. Environmental Protection Agency report said there were an estimated 240,000 water main breaks and 75,000 sewer overflows annually. The EPA says 30 percent of the nation's water pipes are 40 to 80 years old, and 10 percent are older than 80 years.

The U.S. Geological Survey estimates that 1.7 trillion gallons of water are lost every year at a cost of \$2.6 billion. The ASCE estimates \$255 billion over the next five years would be the cost of fixing the problems of inadequate water distribution and sewer systems. ■

Funding for water infrastructure will take a significant hit if cuts in the fiscal budgets are implemented. It's estimated that more than \$255 billion is needed to fix inadequate systems throughout the next five years.



SUCCESSFUL CONEXPO

Construction industry's premier event draws record international crowd and associated events

Another successful CONEXPO/CONAGG has come and gone. It hosted a record-high 860 co-located events, such as the ICON Expo for the concrete products industry, and posted a new high number of international registrations, which made up 24 percent of the total number of event registrants.

More than 2,000 indoor and outdoor exhibits were available to attendees, many of whom spent the entire week checking out the latest in technology and equipment at the Las Vegas Convention Center. Manufacturers unveiled several new machine models, including ones that meet interim Tier 4 standards that went into effect Jan. 1.

Among them was Komatsu, which not only debuted interim Tier 4 machines, but its second-generation Hybrid excavator, the HB215-1. It improves upon the proven production and fuel savings of its first-generation Hybrid PC200LC-8 which it replaces (see related article).

Komatsu's display was dominated by the introduction of interim Tier 4 machines with several of the more than 20 pieces on display fitting the new standards. Among them were interim Tier 4 excavators (PC240LC-10, PC360LC-10, PC490LC-10) and dozers (D65EX-17, D155AX-7) as well as a new wheel loader (WA380-7) and an HM300-3 articulated truck, all featured in one of the largest exhibit areas at the event. Also on display was an interim Tier 4 engine that allowed for an up-close view of the technology that went into making it.

One of the newly branded Komatsu forestry products was also unveiled at CONEXPO, the XT430 with a Komatsu processing head. The company recently announced its forestry

machines will carry the Komatsu name, dropping the old Valmet brand. Komatsu also highlighted its forklift machinery, which is made at the company's Newberry, S.C., manufacturing facility.

Additional parts of Komatsu's 30,000-square-foot display area included a theater presentation that highlighted product features and service programs. It allowed attendees to stand on circular pods and choose from a menu of videos on several topics to watch. KOMTRAX technology, a parts and service counter, video game center and a company store with die-cast models and apparel were part of the exhibit.

Komatsu's exhibit space was in the North Hall, which featured earthmoving equipment that CONEXPO organizers had grouped together for easier navigation through the expo. Other product concentration areas included lifting equipment, asphalt paving and production, aggregate processing and

Continued . . .



Dave Grzelak, Komatsu America President and CEO, addresses the crowd at the company's opening day press conference.

Komatsu's 30,000-square-foot display area was one of the largest and featured several new interim Tier 4 machines as well as a new Hybrid excavator, the HB215-1.



Interactive displays and seminars draw visitors

... continued

heavy-duty trucks and mixers. Sub-specialties such as engines, hydraulics, lubricants, tires and components had designated areas as well.



Attendees could climb into machines, and Komatsu specialists were on hand to help answer any questions.



Instructor/Developer Bill Weidemann explains Komatsu's interim Tier 4 technology.

An interactive video display allowed attendees to stand on pods and select from a menu of topics about Komatsu.



A parts and service area was set up in Komatsu's display to highlight the company's support capabilities.



Thousands attended CONEXPO at the Las Vegas Convention Center. One of the construction industry's premier events, it's held every three years.

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Technology, technology, technology

More than 100 educational seminars were available for similar categories, including Aggregates, Asphalt, Concrete, Construction Project Management, Equipment Maintenance and Safety, among others. Those not able to attend a seminar didn't necessarily miss out, as they could catch it using technology, such as LiveCasts and podcasts.

With technology playing an increasingly larger role in construction, CONEXPO set aside an exhibit area that displayed the latest construction-related software, hardware and peripherals, including GPS-based grading systems and machine management.

While new technology and equipment took center stage, there were familiar aspects to past CONEXPO events, including the International Forum and the Safety Zone, along with others. The triennial event will return to its familiar location at the Las Vegas Convention Center March 18-22, 2014. ■

More chances to see the latest in equipment

If you're interested in seeing more new equipment and technology, there are several upcoming opportunities, including ICUEE. Held October 4-6 at the Kentucky Exposition Center in Louisville, it's considered the premier international demonstration exposition for the construction and utility industries.

Attendees not only see the latest in equipment, but have a chance to climb in and try it out. There will also be educational seminars, a fleet management pavilion and co-located events, such as the H2O-XPO and the iP Safety Conference and Expo.

MinExpo will return to the Las Vegas Convention Center September 24-26, 2012. Held every four years, it's the most comprehensive exposition dedicated to the mining industry. More than 38,000 visitors from more than 100 countries are expected to attend. ■



EXCLUSIVE TECHNOLOGY

NEXT-GENERATION HYBRID EXCAVATOR

Komatsu makes significant improvements to what remains the world's only hybrid excavator

Last year, Komatsu introduced the industry's first hybrid hydraulic excavator to the North American market. This year, it's releasing the HB215LC-1, an updated hybrid that features significant improvements over the original model.

"The original hybrid model is an excellent machine — a good digger that's approximately 25 percent more fuel-efficient than the traditional PC200," noted Komatsu Excavator Product Manager Armando Najera. "We learned a lot from our first hybrid model. We now have more than a million operating hours in the field with that original hybrid. The information we gained and the feedback we got from customers led to significant improvements in the second-generation HB215LC-1."

Key improvements include:

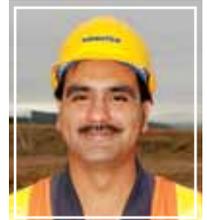
- A service valve to power hydraulic attachments;
- An enhanced monitor panel;
- Improved serviceability;
- A five-year/7,000-hour warranty on hybrid powertrain components.

The HB215LC-1 delivers fuel savings that average 25 percent compared to a similar-size, non-hybrid excavator. And, on jobs where there's lots of swinging, fuel savings can be much higher than that. It's also a huge step forward from an environmental standpoint, reducing CO₂ emissions by almost 17 tons annually (based on operating 1,500 hours per year) compared to a conventional PC200.

"The phrase 'win-win' is over-used, but in this case, it's exactly what users get," said Najera. "The new hybrid provides the same

performance with lower fuel costs and less environmental impact. As fuel costs continue to go up, the owning and operating costs of the HB215LC-1 become more and more favorable."

For more information on the Komatsu HB215LC-1, including an explanation of Komatsu hybrid technology, call your sales representative or our nearest branch location, or go to www.komatsuamerica.com/hybrid. ■



Armando Najera,
Komatsu Excavator
Product Manager

Brief Specs HB215LC-1 Hybrid Excavator

| Operating Weight | Power | Bucket Capacity |
|------------------|--------|-----------------|
| 47,530 pounds | 139 hp | 1.57 cu. yd. |



The HB215LC-1, Komatsu's second-generation hybrid hydraulic excavator, has a service valve to power attachments and is 25 percent more fuel-efficient than a similar-size conventional excavator.



TIER 4

From Komatsu—The Engine **Experts**



The new **Tier 4 engines** from Komatsu are designed and built by the experts who have set the standard for dependability, long life, low operating costs and fuel efficiency.

Dependability

- Hardware and control systems designed and built by Komatsu

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Low Maintenance Costs

- Identical drain intervals
- Only two new maintenance items: Closed Crankcase Ventilation and Komatsu Diesel Particulate Filter

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EQUIPMENT IMPROVEMENTS

TIER 4 EXCAVATORS

Added features help your bottom line while meeting new interim standards

Low emission standards don't have to equate to decreased production or efficiency. Komatsu proves that with its new PC240LC-10 and PC290LC-10 excavators, which feature interim Tier 4 engines that reduce particulate matter and NOx emissions while making you more profitable.

"Users won't sacrifice any production with these new machines," said Product Manager Doug Morris. "What they will see is better efficiency, with up to 10 percent less fuel consumption compared to the Tier 3 models they replace."

The PC240LC-10 replaces the PC220LC-8, while the PC290LC-10 takes the place of the PC270LC-8. Both new machines are powered by Komatsu's interim Tier 4 engine technology that features a Komatsu Diesel Particulate Filter (KDPF), Variable Geometry Turbocharger and Cooled Exhaust Gas Recirculation, among other technologies that reduce emissions and add efficiency. Both have increased horsepower and operating weight compared to previous models.

Komatsu didn't simply replace the engine and model numbers with the PC240LC-10 and PC290LC-10. The new excavators use advanced hydraulic-matching techniques to better optimize the engine and hydraulic performance.

"With low-speed matching, higher displacement pumps can deliver a higher flow amount at lower engine speeds," explained Morris. "In addition, the machine can adjust the engine speed based on the flow output for better efficiency."

Improved in several ways

Working modes on the new excavators are set through a new easier-to-use, high-definition, seven-inch monitor panel that also has a

new Eco Guidance feature, which provides operational information and advice for maximizing economy. It also keeps the operator aware of KDPF condition, as well as offering enhanced maintenance monitoring.

"Along with the other new features, these excavators come with Level 4 KOMTRAX that has additional information compared to its predecessors. They have a whole host of other new features, including a new reach boom and arm on the PC290LC-10 that offer an additional one to two feet of working range," noted Morris. "The cabs are improved, and we made them easier and quicker to service and maintain. So, we went well beyond just adding a new engine in order to provide machines that are not only better for the environment, but better for the bottom line." ■



Doug Morris,
Product Manager

Brief Specs on Interim Tier 4 Excavators

| Model | Operating Weight | Horsepower | Bucket Capacity |
|------------|------------------|------------|-----------------|
| PC240LC-10 | 55,256 lbs. | 177 hp | 1.85 cu. yd. |
| PC290LC-10 | 66,756 lbs. | 196 hp | 2.13 cu. yd. |

Komatsu's new interim Tier 4 excavators have low-speed matching, allowing users high flow even at low speeds. They are also more fuel-efficient without sacrificing productivity.



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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NEW PRODUCTS

NEW D65-17 DOZERS

Komatsu's list of productive features doesn't stop with Interim Tier 4 engines

When Interim Tier 4 standards went into effect, Komatsu wasn't satisfied with simply putting a compliant engine into its new D65-17 dozers. While the three new models all meet the EPA interim Tier 4 requirements to reduce soot and NOx emissions, they have additional features that make them more efficient while maintaining productivity.

Last year, Komatsu rolled out its Tier 3 D65s that increased horsepower to 205, while lowering fuel consumption by as much as 10 percent compared to previous models. The new D65-17 models built upon that efficiency by lowering fuel consumption an additional 5 percent while maintaining horsepower with a new automatic transmission with lockup torque converter. It automatically transfers engine power to the transmission, offering greater powertrain efficiency.

"Users understand that new standards are inevitable, but they don't want them to affect performance or uptime," said Product Manager Bruce Boebel. "They can be confident the new Komatsu D65-17s will not only produce like previous models, but do it with less fuel consumption."

Operators can select from two gearshift modes — automatic and manual — to fit the appropriate application: automatic for general dozing offers a choice of four forward and reverse speeds, while manual for dozing and ripping rough ground offers three. The automatic transmission shifts to the optimal gear range based on working conditions and load.

An excellent combination

Komatsu's innovative SIGMA blade, which is designed keep more material to the center for 15-percent better productivity compared to a Semi-U, is available for the standard EX and

wide-track WX models. Customers can equip those models, as well as the low-ground-pressure PX, with a power angle tilt (PAT) blade, which can be adjusted six ways for added versatility and productivity. A new toggle switch allows the operator to easily angle the blade.

Komatsu also redesigned the joysticks for maximum control, offering a relaxed posture and superb fine control to minimize operator fatigue. A newly designed cab is larger, with an operator's seat that's three inches higher and four inches closer to the blade for excellent all-around visibility. A new seven-inch, high-resolution LCD monitor displays all machine information and is integrated with the interim Tier 4 technology.

"These dozers are at the top of the class, not only because of the new features, but also the proven systems we integrated," said Boebel. "The D65-17s are a great combination of new technology with the best of the previous models, and they're cleaner and greener." ■



Bruce Boebel,
Product Manager

Brief Specs of the Komatsu D65-17 Dozers

D65EX-17
44,355 lbs.
205 hp

D65PX-17
47,335 lb.
205 hp

D65WX-17
45,945 lbs.
205 hp



The new D65-17 dozers have several new features, including an automatic transmission with lockup torque converter that automatically transfers engine power to the transmission for greater powertrain efficiency.

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PEORIA MANUFACTURING OPERATIONS

Komatsu's mining-truck plant focuses on quality haulers that meet the toughest standards

Early this year, Komatsu's Peoria Manufacturing Operations (PMO) surpassed the 1,000-unit mark for production of its popular 930E electric mining truck. It's a major accomplishment, especially considering the massive size of the 320-ton haulers, which are approaching their 15th year on the market and have become the best-selling, ultra-class mining trucks in the world.

It's even more impressive considering that PMO produces more than the 930E at the Peoria facility. Each day, more than 600 employees do everything from design and engineering, to assembly of five truck models — the 200-ton 730E, the 240-ton 830E, the 280-ton 860E-1K, the 930E and the 360-ton 960E-1K — which are shipped to some of the world's largest mines.

Globally, the demand for these trucks continues to climb as coal, copper, gold and other types of mines ramp up production. In turn, Komatsu's PMO is looking to increase its capacity. Currently, the PMO produces one to one-and-one-half trucks per day. Soon, it plans to up that to two trucks per day. As part of the effort, it's in the process of expanding with a new 20,000-square-foot addition in the works.

"We've developed our processes to the point of being able to assemble a truck in about half the time we did a decade ago, and with demand up, that's very significant," said Jerry Potter, who oversees the process of putting the trucks together as Manager of Manufacturing Operations. "With the expansion, I'm confident we'll be able to meet our production goals."

In addition to expanding the facility, PMO is in the process of hiring new staff members to join an experienced team that's focused on quality, especially considering the mining trucks it produces frequently run 24 hours a

day, seven days a week and routinely rack up more than 100,000 hours during a lifetime.

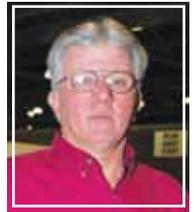
"Next to safety, quality is our utmost priority," said Doug Springer, Manager Product Quality. "We have 14 inspectors who oversee everything but, technically, everyone in the assembly line is an inspector. Anyone who believes there's a potential quality issue can stop the manufacturing process until it's resolved. Our goal is always zero issues that would affect performance, reliability and longevity of Komatsu mining trucks."

Welding is critical

Springer notes that welding is one aspect that's especially critical during the fabrication of the truck frames, which are considered the backbones of the trucks. Three shifts a day with about 60 welders on each shift are used to put up to 1,000 pounds of welds into a truck. Each welder must meet exacting standards.

Continued . . .

One of the critical aspects of building a Komatsu mining truck is superior welding of the frame. Each weld is ultrasonically tested and thoroughly inspected before a frame moves into the assembly process.



Jerry Potter,
Manager of
Manufacturing
Operations



Doug Springer,
Manager Product
Quality



Quality components go into Komatsu trucks

... continued

"We do a lot of training for new hires, and we are constantly evaluating," said Theresa Kline, Superintendent of Welding. "We ultrasonically test welds to ensure they pass before a frame moves on for assembly."

Senior Welding Engineer Ed Spadoni added, "Proper welding is critical because if not done right, it affects the structural integrity of the truck, which in turn affects its life and function. Our mining customers work around the clock to meet production goals, so any extra bit of downtime is detrimental. We work with them to ensure we're meeting their strict standards."

Quality components

While welding is taking place on truck frames, truck components such as hoists, cylinders, rear and front suspension and brake systems are assembled. PMO produces its front

suspension systems in house, but works with suppliers for other components.

"The mines rely on us for quality equipment and that starts with quality components," said Mark Schatsiek, who recently moved into the position of Superintendent of Logistics after serving as Superintendent of Components for several years. "Just as the mines have exacting standards for us, we have stringent requirements that our vendors must meet. When a truck goes into production, we start by putting all the necessary components into a kit that's brought to the assembly area where our staff puts it together. We're running two shifts a day."

With those components and the frames ready, the rest of the truck heads to another assembly area where it really takes shape. During the course of a few days, the electrical assembly, cab, deck supports, fuel tanks, control cabinets, hydraulics and other related items come together into a final product.

"Once we have it all put together, we thoroughly test a truck for proper function," explained Mike Drew, Superintendent of Assembly. "Then we disassemble it because a truck is too large to ship as a unit. The pieces are put on railcars or trucks to be shipped to their destination." ■



Theresa Kline,
Superintendent
of Welding



Ed Spadoni,
Senior Welding
Engineer



Mark Schatsiek,
Superintendent
of Logistics



Mike Drew,
Superintendent
of Assembly

Once the frame meets PMO's stringent standards, the truck is moved to assembly where it takes shape with installation of the cab, electric assembly and control cabinet.



Quality components make up the truck, including the wet-disc brakes which are assembled at PMO.



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A SUCCESS STORY

MACHINE MONITORING PAYS OFF

Clearing contractor relies on Komatsu excavators with KOMTRAX to maintain productivity

Because Jaski Inc. covers such a large territory, Owner Luc Tremblay says people often think the company is much larger than it is. Founded in 2001 as a forestry contractor — Tremblay now focuses on land clearing, mainly for power companies — Jaski, Inc.'s territory is about 300,000 square miles, but Tremblay has only five Komatsu PC78 and PC138 excavators equipped with brush cutters in his fleet.

"People see our machines on the side of the road clearing brush away from power lines or for better visibility on the roadways and assume we have about 200 machines," said Tremblay, who made the transition to land clearing and brush cutting about six years ago. "In truth, we're all over the place, covering such a large territory to ensure we take care of our customers. Our projects range anywhere from a few acres up to 100."

Komatsu's KOMTRAX system lets users track critical machine information, even in the most remote locations, from their computers. It's standard on nearly all new Komatsu equipment, and available as a retrofit for older machines.

www.DMIDifference.com



In most cases, Jaski has only one machine working on any given project. Despite hundreds of miles distance between jobs, Tremblay has confidence jobs will get done quickly and efficiently. Part of the reason is a group of experienced operators. The other is that those operators are using late-model Komatsu excavators equipped with KOMTRAX, Komatsu's remote machine-monitoring system.

"Obviously, there's no way I can get to every job, so I have to trust my operators and my equipment," said Tremblay. "Neither lets me down. The reliability of the Komatsu excavators has been a vital part of our success. The first one I bought was a PC78 because it had an extra hydraulic pump and offered continuous flow-on-demand to operate the brush cutter. I haven't looked at another brand since."

KOMTRAX a "must have"

Each time Tremblay buys a new Komatsu excavator, he works closely with his Komatsu distributor to equip the excavators for brush-cutter attachments. The distributor also tracks his Komatsu machines using KOMTRAX, as does Tremblay. The system comes standard and is free for the first five years on nearly every new Komatsu machine.

"It's a must-have for us," stated Tremblay. "KOMTRAX helps me track maintenance and stay up-to-date with it, which is vital to me. I can also track fuel consumption and per-hour production. Having that information allows me more accurate bidding compared to doing it manually. The combination of the Komatsu excavators and KOMTRAX has really helped make Jaski a more efficient, reliable and profitable company." ■



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- Extend-A-Stick
- Excavating Rake
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- Rigid Stick Stabilizer Thumb
- EZ Grip Material Handler
- Spring-Tach Manual Spring-Loaded Coupler
- Quick-Tach Spring-Loaded Hydraulic Coupler



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- Frost & Rock Ripper
- Ditch Cleaning & Grading Bucket
- Pavement Removal Buckets
- Hydraulic Tilting Grade Bucket
- EZ Grip Material Handler
- Solid-Tine Grapple
- Excavating Rake
- Excavator Wheel Compactor
- Multi-Tine Thumb Attachment
- Spring-Tach Manual Spring-Loaded Coupler
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- Snow Bucket for Skid Steer Loaders
- Skid Steer Pallet Forks



Backhoe Buckets

- Standard-Duty Backhoe Bucket
- Heavy-Duty Backhoe Bucket
- Extra Heavy-Duty Backhoe Bucket
- Severe-Duty Backhoe Bucket



Backhoe Special Application Buckets

- V-Line Strata Rock & Frost Bucket
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- Pavement Removal Bucket
- Drop Center Bucket
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Backhoe Special Attachments

- Solid-Tine Grapple
- Backhoe Wheel Compactor
- Excavating Rake
- Multi-Tine EZ Grip Thumbs
- EZ Grip Material Handler
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- Quadra Multi-Purpose Bucket
- Snow Pusher Bucket
- Grapple Bucket
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- Citrus Rake
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- Skeleton Rock Front Loader Bucket
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- Snow Bucket & Snow Pusher Bucket
- Citrus Loader Rake (Wheel/Crawler)
- Loader Rake for Wheel & Crawler Loaders
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If you could be four times more productive with your dozer and potentially eliminate the need for an additional grading machine, would that be an advantage? It's possible when your Komatsu dozer is outfitted with Topcon's 3D-MC² machine-control system.

"Traditional finish grading without any machine-control system generally takes multiple passes at low speeds," said Komatsu Marketing Engineer Jason Anetsberger, noting that Komatsu worked closely with Topcon to optimize performance of Komatsu dozers with Topcon machine-control systems. "Standard 3D technology typically allows users to double their speeds compared to a manual dozer. The 3D-MC² system doubles the speed again."

The 3D-MC² system uses the same easy-to-use interface as previous Topcon 3D machine-control systems, according to Anetsberger. It allows operators to get to grade in even fewer passes, decreasing fuel usage and machine wear, while improving per-yard costs and profits.

"It's as easy to use as any previous system," noted Anetsberger. "Customers tell us that even the newest operators are able to grade nearly as well as skilled veterans of the 3D-MC² system. It works really well with our efficient dozers to cut the time it takes to reach grade. That's a huge advantage for their bottom line."

"Plug-and-play"

Most new Komatsu dozers can be ordered Topcon "plug-and-play" equipped, meaning all the user has to do is bolt the Topcon 3D-MC² system onto the machine, calibrate, and it's ready for use. The system uses Topcon's GX-60 control box, GPS+ antenna, MC-R3 receiver and a new 3D-MC² sensor, all paired with advanced

controlling software to provide position updates up to 100 times per second. The MC² sensor combines a gyro, compass and inertial sensor to measure the X, Y & Z position as well as the roll, pitch and acceleration of the dozer.

"No matter how you look at it — either as four times faster production over a manual dozer or two times better than existing 3D technology — the 3D-MC² system improves efficiency and can have a significant, positive impact on the amount of materials you push and/or place," explained Anetsberger. "Because it's that much faster, in essence, the user is getting the production of two machines in one, and it may even replace the need for a motor grader." ■



Komatsu dozers equipped with Topcon's 3D-MC² machine-control system can help you get to grade up to four times faster compared to a manual dozer. Most new Komatsu dozers can be ordered Topcon "plug-and-play" equipped, meaning they are ready for the user to simply bolt on a Topcon system.



NEW FORESTRY SERIES

Upgraded features provide increased durability in XT models

Strength and durability are essential to production in the forest. That's why Komatsu designed its new XT series of feller/bunchers and harvesters with increased durability and added productivity features.

Komatsu's new models, the XT430-2, XT430L-2, XT445L-2 and XT450L-2, replace its former Valmet brand FX/FXL series. Leading the upgrades on the new XT series is an improved undercarriage that increases track system durability. Among the new features are roller guards extended to the front and back with better

track-shoe-support-plate clearance to reduce track-chain side loading on uneven ground.

Further upgrades include cutouts added to the track frame, which reduce debris packing and improve roller maintenance; better track drive sprockets with mud/snow relief to reduce packing; new, full-length track slider plates that provide a larger surface area for extended life; two additional bottom track rollers on the XT430L for better weight distribution and improved roller and track link life; and a 20-percent-increased idler recoil spring preload on the XT430L to maintain better track tension and positive sprocket engagement.

Komatsu also enhanced the swing systems with a swing drive that now runs in a sealed grease bath for better pinion lubrication. In addition, improved gears with better hardening provide longer life. An updated swing bearing with dowels and swing-machinery pilot hole provide better swing gear alignment and easy adjustment when servicing. An added grease fitting to the swing drive case helps extend bearing life.

The XT series — built at Komatsu's Chattanooga Manufacturing Operation — is designed for simpler servicing, including a relocated engine oil filter to make it easier to change and relocated swing-bearing lubrication points for easier access. ■

Forestry products will now bear the Komatsu name

Komatsu forestry products will now carry the Komatsu name after years of being branded as Valmet. The Komatsu forestry line consists of a wide range of products, including feller/bunchers, harvesters, forwarders and heads.

"With the strength of the Komatsu brand, we will provide excellent value and service support to our forestry customers and dealers," said Norio Kido, Executive Vice President, Forestry Products. "We understand our customers' needs, and our dedication to technical innovation, combined with Komatsu's industrial tradition, manufacturing technology and quality assurance, means we can deliver the best the forestry industry has to offer." ■



BETTER DAYS AHEAD

Komatsu's Ed Powers sees continued growth and optimism in construction industry

QUESTION: As we all know, the construction industry has been hit hard the past several years. Where does it stand now?

ANSWER: Many have referred to the past few years as the "Great Recession," however, we're optimistic that recovery is in motion. Throughout our entire 2010 business year, the construction equipment market grew an average of 32 percent in North America, compared to 2009. Another key indicator, tracked monthly, is our North American hour utilization. Our 2010 per-month utilization, tracked through our 23,000 KOMTRAX-populated machines, exceeded 2009 and 2008. In some cases we are comparing the hours to an all-time market low in 2009, but it's positive and deals are being made. We're expecting the same level of recovery throughout 2011 and beyond.

In speaking with contractors at CONEXPO in March, the majority were very optimistic, indicating that business had been picking up steadily and asking, 'When can Komatsu deliver?' There remain some lagging indicators, such as our housing market and unemployment, but the worst is behind us. We can attribute a good portion of our 2010 recovery to Uncle Sam's tax incentives, such as the extension of the Depreciation Bonus, accompanied by Sec. 179. What's encouraging is that this incentive is extended through 2011 with even larger matching dollars.

QUESTION: Often, as recovery happens, businesses start buying equipment. As users begin adding to their fleets or replacing older machines, why should they choose Komatsu?

ANSWER: After the recent wake-up call this industry experienced the last three years, we've all become much more after-market cautious. Today, the customers' primary focus is their after-sales efficiencies, as well as their owning and operating costs. This creates a perfect opportunity

Continued . . .



Ed Powers, Vice President and General Manager, Construction Equipment Division

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

After graduating from the State University of New York in 1988, Ed Powers started at Komatsu in the finance department, which included collections.

"The goal was always to find a way to help customers keep their machines. That may have meant restructuring a payment schedule or some other method that allowed the user, who may be behind, to continue using that machine until things turned around. During the economic downturn the past couple of years, Komatsu has kept the same philosophy with positive results."

April 2011 marks the start of Ed's 24th year with Komatsu, including the past three as Vice President and General Manager, Construction Equipment Division. His prior responsibilities included Vice President of Construction Equipment Sales, West Region Construction Equipment Manager, Director of North America Sales Utility Division, Region Manager of Rental Services, Deputy Regional Sales Manager and Finance Field Representative. During his career, he also earned his MBA at Keller Graduate School of Management in Chicago, Ill.

"I've had a very well-rounded experience throughout my career with Komatsu. This has helped me see the equipment industry from all perspectives, but primarily from the customer's point of view. Seeing things from customers' perspectives, and listening to their needs has made me a better decision-maker and emphasized the value of relationships."

Ed and his wife, Berta, will soon celebrate their fourth wedding anniversary and their daughter, Joselyn's, first birthday.

Komatsu technology leads the way

... continued

for Komatsu, as the world's most technically advanced manufacturer of earthmoving equipment, to step up, stop talking about it and prove that we manufacture the most reliable and lowest cost-per-hour products in the industry.

As most know, we don't spend a lot of money advertising our brand. We'd rather put those dollars into research, development and being the leader in innovation. As a result, we were the first to introduce a hybrid excavator, which has been shown to be as reliable and efficient as our traditional excavators, with 25-percent to 40-percent fuel savings. We are already rolling out our next generation of hybrid models before most OEM's even introduce their first.

When it comes to telematics, no other OEM has Komatsu's experience with remote asset management. With more than 200,000 machines reporting globally, Komatsu knows about a customer's technical problem before the operator does. Between Komatsu customers and our highly engaged dealer network, we are using KOMTRAX information to improve machine utilization and reduce owning and operating costs.

Komatsu's investment in research and development has given us another opportunity to show our strength as a leader. We are excited to be launching several interim Tier 4 products this year, with engines ranging from 175 to 750 horsepower. Once again, our engineers have not only met stringent governmental emissions regulations, but also improved machine

performance and fuel efficiency. As this industry continues to introduce Tier 4 technology, two key concerns lie in the marketplace — the cost of maintenance and its reliability.

How is Komatsu going to differentiate itself from the competition? We are so confident in our technology and our distributors' service capabilities that we are going to offer a three-year complimentary maintenance care package for all Tier 4 products. A key component to the servicing and reliability of our Tier 4 products will rely on KOMTRAX, which will help customers manage required maintenance and provide constant preventive support. That is peace of mind!

QUESTION: What else is Komatsu doing to benefit customers?

ANSWER: It's all about the relationship and the after-market support. You can't have one without the other. Komatsu's strongest asset is its dealer network, with more than 300 locations across North America. Of those, 70 percent have been in business for more than 50 years. As a manufacturer, our job is to provide our dealers with ongoing support, training and the tools they need to earn credibility and establish lasting relationships.

The key word is "earn." Today it's not only about premium parts and service, but preventive maintenance practices (KOMTRAX), financing, used equipment, resale value and overall value propositioning. It's not just about closing the deal, but knowing customers' short- and long-term aspirations and how Komatsu can assist in achieving those aspirations. The relationship doesn't end when the machine is delivered. Rather, it continues to grow.

Today's technically advanced products and our customers' level of sophistication require a team effort between the dealer and manufacturer. The quality of the OEM is reflected in its dealers, and our customers recognize and expect it. That is what differentiates a manufacturer — its dealers, the quality of their people, and their commitment to product support. I am confident that Komatsu offers those qualities, so now instead of simply asking customers for their business, we can ask for the opportunity to earn it.

The bottom line is — we can manufacture the most technically advanced machine in the world, but if we can't support it, it's worthless. ■

Komatsu's second-generation hybrid excavator, the HB215-1, was introduced at CONEXPO. In 2011, Komatsu will also introduce excavators, wheel loaders, articulated trucks and dozers that meet interim Tier 4 engine standards.



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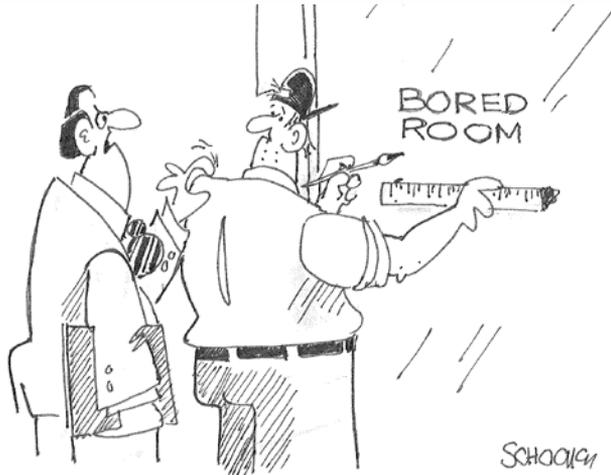
If you're operating Komatsu equipment in North America, you have the peace of mind that comes from 99% next-day parts availability. Your distributor and Komatsu's network of regional Parts Distribution Centers ensures you have access to the parts you need when you need them most.

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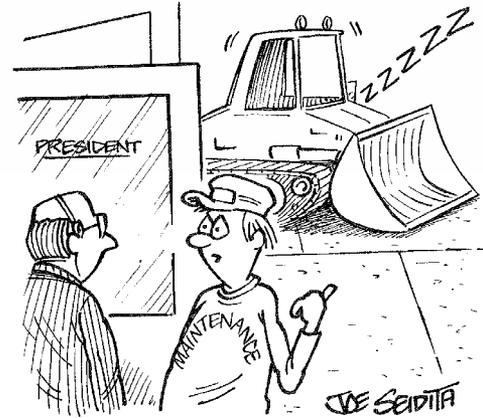
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On the light side



"Hold it right there, Peterson!"



"I can't find anything wrong with it ... believe it or not ... I think the bulldozer is just 'dozing.'"



"Malcolm, must you bring your work home with you?"

Did you know...

- The average American motorist spends six months during his/her lifetime waiting for red lights to turn green.
- U.S. Interstate 80, the main coast-to-coast route across America, passes through 12 states. From east to west, they are New York, New Jersey, Pennsylvania, Ohio, Indiana, Illinois, Iowa, Nebraska, Wyoming, Utah, Nevada and California.
- Roller coasters are classified by the U.S. Patent Office as scenic railways. The classification was first used for roller coasters in 1886.
- Fort Knox is located on Bullion Boulevard.
- The longest street in the United States is in Los Angeles, where Figueroa Street runs for 30 miles.
- In 1901, Connecticut passed the first statewide automobile legislation in the U.S., setting a speed limit of 15 mph on country highways and 12 mph on highways within city limits.
- There are 6,000 windows and 1,575 steps in the 102-story Empire State Building.
- Teflon was placed between the steel framework and the copper skin of the restored Statue of Liberty to prevent corrosion.

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.DMIDifference.com

1. NIRGADG _____
2. TIRLKOFF _____
3. SOSIMENI _____
4. HAFRIGETS _____
5. TIRFEL _____
6. NAEACMIH _____

MORE INDUSTRY NEWS

Lack of skilled workers could hinder future global economic growth

Manpower Inc. research shows that a lack of skilled workers is a hindrance to future economic growth, with the shortage being the No. 1 or No. 2 challenge in six of the world's 10 largest economies. Skilled trade workers include electricians, carpenters, welders, bricklayers and plumbers, among others.

The company says employers, governments and trade groups need to collaborate on strategic policies that can alleviate such worker

shortages, according to a Yahoo! Finance article. The article noted that as older skilled workers retire, there are fewer younger people to fill those jobs, and many of those younger workers have attached a stigma to such work.

Education to address the stigma would help, according to the article, which suggests that students be shown that blue-collar work can be lucrative. For example, skilled plumbers can make as much as \$75,000 per year. ■

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