

ROAD TO SUCCESS

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A PUBLICATION FOR AND ABOUT ROAD MACHINERY LLC CUSTOMERS

KERN PACIFIC CONSTRUCTION CO.

Bakersfield, Calif., company continues to build by adapting to the market

See article inside . . .



Grant Meenach,
President

Justin Meenach,
Vice President

KOMATSU

Wirtgen machines pave the way for new asphalt

See article inside . . .



Arizona Pavement Profiling — John (left) and Jim Nesbitt



Grady's Quality Excavating — Cheryl and Grady Hopson



Fann Contracting — Jason Fann and his father, Mike Fann



Sunland Asphalt — Dave Ballard (left) and Craig Weems

A MESSAGE FROM THE PRESIDENT



Steve Branson

**Forecasts are
optimistic for
2011 construction
industry**



Dear Valued Customer:

As we move into the new year, we hope that 2011 brings you greater prosperity. We're optimistic that this year offers a better outlook for the construction industry and the broader economy. Indeed, several industry groups have forecast an increase in construction work this year. You can read their views in our Construction Spending Forecast article.

As the construction industry rebounds, machinery demand will increase. Komatsu is introducing new products this year, and among them will be new units with interim Tier 4-compliant engines in the 175- to 750-horsepower range. Komatsu met the new standards without sacrificing power or productivity. If you're in the market for new machines, these are an ideal choice.

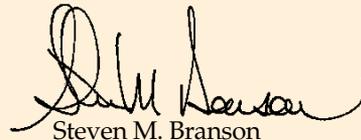
If you're looking for used equipment, we have a great selection. Even with high hours on them, Komatsu used machines are a great option. In this issue of your RML *Road To Success* magazine, several customers share why they value their older Komatsu equipment.

Remember too, that the tax act passed late last year offers great advantages for new and used equipment purchases, including a 100-percent depreciation bonus for new equipment placed in service after September 8, 2010, and through December 31 of this year. In 2012, that bonus drops to 50 percent. The new tax act doubled 2011 Sect. 179 expensing levels to \$500,000, with a phase-out threshold of \$2 million. The additional expensing is available on both new and used equipment and offers a nice tax advantage.

Older or newer, maintenance is a factor in your owning and operating costs. At Road Machinery, we want to work with you to maximize your uptime and production. We have maintenance plans and other options available to do that at a reasonable cost.

Whatever your needs, we're here to help. If there's anything we can do for you, please don't hesitate to call or stop by one of our branch locations.

Sincerely,
ROAD MACHINERY LLC



Steven M. Branson
President



ROAD To SUCCESS

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KERN PACIFIC CONSTRUCTION CO.

Bakersfield, Calif., company continues to build by adapting to the market

Kern Pacific Construction Owner/President Grant Meenach has seen his share of tough economic conditions in the construction industry. He credits the Bakersfield company's ability to weather the storm to being adaptable.

"I've been in the industry more than 30 years, and I've learned that you have to judge the market," said Meenach, who founded Kern Pacific in 1998. His son Justin is Vice President. "It's OK to focus your attention on one segment for a while, but eventually you have to look at other areas because you can't ride one forever."

Thirteen years ago, Meenach's focus was a strong housing market in which Kern Pacific began offering full site packages to residential developers. As the company quickly grew, Meenach began working with commercial clients as well. Kern Pacific's offerings include specialization in wet and dry utility installation, as well as mass and final grading and paving. A sister company, Kern Video, offers pipeline testing, cleaning and inspection.

"Housing was so strong for about 10 years that we didn't need to make a big push in other areas," noted Meenach, who recently traveled to Washington, D.C., to accept a California Businessman of the Year Award. "I knew that eventually the housing market would take a downturn, and the commercial side would remain strong for a while afterward to support the influx of new housing. That turned out to be the case about four years ago."

While commercial remained buoyant for a time, Meenach knew that wouldn't last. With both the housing and commercial markets anemic, he turned his attention to public-works projects into which the vast majority of Kern Pacific's work now falls. On many of these jobs, the company acts as a general contractor, including the McCutchen Road and Ash Road improvement projects it recently completed in Bakersfield.

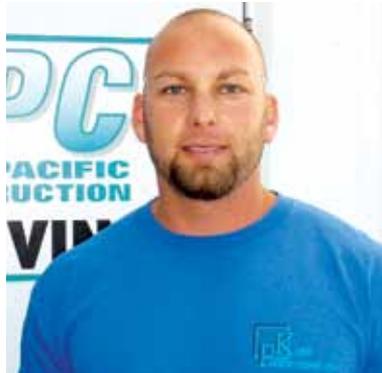
Staff helps complete jobs on time, budget

Both were part of the city of Bakersfield's upgrade of its new sewer plant. The McCutchen Road project came first, followed by Ash Road. In total, Kern Pacific installed about two miles of 36-inch main sewer line as well as road improvements that include new curb and gutter, pavement, street lighting and grading for a future park.

"My background prior to starting the company was utility installation, so that's an area I'm well familiar with, and we often do jobs like those," said Meenach, who has about 40 people on staff. "We're able to get them done on time and on budget because a terrific group of experienced professionals work here. That includes not only field workers, but the office staff as well."



Grant Meenach,
President



Justin Meenach,
Vice President



Kern Pacific used several pieces of Komatsu equipment on its Ash Road project, including a new PC800LC-8 excavator to dig, load and set 36-inch pipe. "On Ash Road, we bid 15 lengths of pipe day, but got double that from our PC800 with a long arm," said President Grant Meenach. "That's a huge advantage, which is something we've always had with Komatsu equipment."

To read the magazine online and watch videos of Kern Pacific's machines in action, go to www.RMLRoadToSuccess.com

Key members of the staff include Controller Marni Bradshaw, Human Resources Manager Dawn Anderson, Superintendent of Field Operations Greg Karns, Chief Estimator Richard Moore and Estimator Gary Roush.

Karns led the company's completion of the new Mesa Marin Sports Complex, where Kern Pacific did a turnkey project that involved construction of new ball diamonds. Associated work included constructing dugouts, a prefab concession building, utilities, and concrete and brick walkways.

Komatsu "runs and runs"

The Mesa Marin and road improvement projects highlight the range of work Kern Pacific is able to perform with its fleet of Komatsu equipment, including tight-tail-swing and larger excavators, wheel loaders and an articulated haul truck. Its most recent purchase was a 184,000-pound PC800LC-8 with a long arm, put to use for deep digs on Ash Road, which at times were more than 30 feet.

"One goal is to always top the production on which we base our bid, and with the PC800



Marni Bradshaw, Controller



Dawn Anderson, Human Resources



Greg Karns, Superintendent Field Operations



Richard Moore, Chief Estimator

we were able to do that relatively easily," said Meenach, who worked with Road Machinery Territory Manager Roger Cox to purchase the excavator. "On Ash Road, we bid 15 lengths of pipe per day, but got double that using the PC800. That's a huge advantage, which is something we've always had with Komatsu equipment."

Komatsu has been in Kern Pacific's fleet virtually since the business' beginning, when Meenach purchased a PC220LC-5 excavator and, not long after, a WA320-3 wheel loader.

Continued . . .

Reliable equipment reduces downtime

... continued

Road Machinery Territory Manager Roger Cox (left) worked with Kern Pacific President Grant Meenach on the purchase of a new Komatsu PC800LC-8. "Roger is great to work with," said Meenach.



"I've kept buying Komatsu equipment because its durability means it runs and runs without costing us downtime. And, when I believe it's time to trade or sell, Komatsu holds its value. We've put up to 15,000 hours on a wheel loader without doing much more than routine maintenance."

For warranty issues or service beyond routine, Meenach turns to Road Machinery's Bakersfield branch. "When I started buying Komatsu equipment, Road Machinery wasn't the dealer in this area, but I still called on them for service. They sent a technician to us from their Perris branch, so that says a lot about the value Road Machinery places on customer service. I couldn't be happier that they're so close now, and Roger is great to work with."

Word-of-mouth referrals

Meenach believes a superior level of customer service with quality in mind helped his company grow. "Much of our work has come from word-of-mouth referral. That helped us get to know and do work for many developers, which in turn helped us grow into doing larger public-works jobs. I'm sure as time goes on, we'll see a transition back to more housing and commercial work. When that time comes, we'll be ready." ■



(Above) President Grant Meenach uses Komatsu's KOMTRAX monitoring system to keep track of his machines' hours and maintenance schedules.

"Aggressive maintenance and service are important to me, and KOMTRAX ensures I stay on top of it. It's a very useful tool."



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General Chairman of American Solutions and former Speaker of the House Newt Gingrich (far left) recently presented the California 2010 Businessman of the Year Award to Kern Pacific President Grant Meenach. Witnessing the presentation were Meenach's wife, Trisha (second from left), and Gingrich's wife, Callista Bisek.



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SMOOTHING OUT THE SOUTHWEST

Wirtgen machines help Arizona contractors chew up old asphalt and pave the way for new

A little more than 30 years ago, Sunland Asphalt began seal coating private and commercial driveways and parking lots. Always looking for ways to expand, founder and CEO Doug DeClusin and his staff have continued to add on services. Headquartered in Tempe — with Arizona locations in Phoenix, Bullhead City and Tucson, and a Las Vegas

operation — Sunland now offers a full range of asphalt paving and maintenance services.

Among them is milling, the most recent service added to the list. Last year, Sunland purchased a W 2200 Wirtgen milling machine from Road Machinery to go along with a W 2100 it already owned. Sunland Asphalt uses both in its public works division, which does contract services for municipalities and states in the Southwest.

“Production is key in milling, and we saw good production right away with the first milling machine,” said Dave Ballard, Sunland’s Fleet & Loss Prevention Manager. “We looked at other brands when we decided to purchase the second one. We went with Wirtgen for two reasons: it fits our needs better than the others, and Wirtgen and Road Machinery made a commitment to back the machine. Wirtgen is new to Road Machinery and, in essence, so are we. We’re growing together with them.”

The 111,000-pound W 2200 Sunland purchased from Road Machinery, with the help of Account Manager Jim Powell, has a seven-foot-plus drum width that cuts depths up to 12 inches. Sunland Asphalt has milled up to 110 feet a minute.

“Production is determined by the depth and the type of material, but our average is about 80 feet a minute,” said Craig Weems, Director of Public Works for Sunland, which also uses a Vögele paver and Hamm roller — both are Wirtgen products. “We’ll often run the W 2200 and W 2100 in tandem to mill an entire lane of traffic. The Wirtgen products have really helped us expand upon our public-works offerings, and give us the option of doing what we call ‘mill-and-fill’ work, where we’re milling off the old asphalt and placing new pavement.”

Sunland Asphalt’s Dave Ballard (below, left) and Craig Weems (below, right) say production is key in milling and asphalt placement. The Tempe-headquartered company uses Wirtgen milling machines, as well as this Hamm HD 140 roller, also a Wirtgen product.





Prescott-based Fann Contracting recently purchased its first Wirtgen milling machine, a W 2200. The three-generation company, led by President Mike Fann and his son, Jason, celebrated its 50th year in 2010.

Fann Contracting

Prescott-based Fann Contracting is credited with the first completed project in the state that was funded by the Recovery Act, a mill-and-fill project on Highway 69 between Cordes Junction and Mayer. Fann Contracting has been doing mill-and-fill projects for about 30 years, but only a few months ago bought its first milling machine, a W 2200. Prior to that, the Prescott company used subcontractors exclusively as it completed projects, mainly throughout northern Arizona.

"We have multiple crews and still use subcontractors to a great extent, but the W 2200 gives us more control of the schedule on a project," said President Mike Fann, whose father founded the company 50 years ago and whose son Jason marks the third generation in the family business. "We're fortunate in that we have a couple of in-house operators who have experience on milling machines, so we relied on their expertise when we purchased the W 2200. They found the machine to be very operator-friendly."

Fann Contracting does all aspects of excavation work, as well as utility installations, portable crushing and paving for highway and heavy construction alike. It has two portable asphalt plants. A separate company, Fann Environmental, offers engineering and construction and environmental planning on various projects such as soil remediation. Both entities are equipment-intensive businesses.

"When we compare machinery, we look at productivity," stated, Fann. "It has to be able to perform at the level we need it to, without causing us significant downtime. I also consider dealer support and service. We've had a few hiccups getting started, but Road Machinery and our Account Manager Jim Powell have stepped up and stood behind the machine. That's critical, especially as we're getting familiar with the machine. Overall, we're very happy with the purchase."



Cheryl and Grady Hopson own Prescott-based Grady's Quality Excavating, which uses this Wirtgen W 120 milling machine as part of its operations. "People are amazed at the production of the mill," said Cheryl. "The first time we used it on a state DOT project, they were skeptical it would be able to get the job done because it's so compact. But once they saw it work, they were impressed."

Grady's Quality Excavating

Grady Hopson was familiar with paving when he started Grady's Quality Excavating in 1997 in Prescott, but his initial focus for the business was offering full excavation site packages for custom home lots. A few years ago, he decided to try his hand in the commercial sector and bid the excavation, utilities and paving on the local Discount Tire store. The bid was broken into pieces, and Hopson got the utilities and paving.

He couldn't find anyone to subcontract the paving, so he ended up buying a small paver and added that service to his list. Not long after, Grady and his wife, Cheryl, who's Vice President/Secretary/Treasurer, were on a weekend drive when they spotted a milling

Continued . . .

Impressive production from Wirtgen milling machines

... continued

machine at work. The following Monday, Grady started investigating the possibility of adding milling services. That brought him in contact with Road Machinery's Jim Powell, who set up a month-long demo of a four-foot Wirtgen W 120 for a project Grady's Quality Excavation was doing for the city of Bagdad, Ariz.

"I really like how the machine is designed, especially the milling head on the rear of the machine, which allows us to get into tight quarters," said Grady, of the 40,000-pound machine. "The other thing that's helpful is its size and weight. We used it on the parking lot of a store that was located on a hill. There was a problem under the pavement, and they

were concerned about the hillside falling away. Weight of the machine was an obvious advantage because it put less pressure on the ground. We were able to mill and haul away the old parking lot, which was about the size of a football field, in one day."

Once the parking lot was cleared, the Hopson's son Tanner, who runs the mill, discovered a water line with a hole that was causing erosion. Grady's Quality Excavation did the work to fix it, and the mill was moved to another project.

"People are amazed at the production of the mill," said Cheryl, who noted that the company also does an extensive amount of chip sealing throughout the southwest. "It mills as much as 12 inches. The first time we used it on a state DOT project, they were skeptical it would be able to get the job done because it's so compact. But once they saw it work, they were impressed."

John (left) and Jim Nesbitt are Vice President and President of Arizona Pavement Profiling, which uses two W 2200 Wirtgen milling machines. "They have more horsepower and operating weight than comparable competitive machines," said John Nesbitt. "The W 2200s have upped our production to the point where we're often milling 800 to 1,000 tons per hour."



Arizona Pavement Profiling

The Nesbitt family, which started Arizona Pavement Profiling as an offshoot of its parent company, Nesbitt Contracting, was among the first to see milling and recycling asphalt as a time and money saver in road building and repair. The family business roots go back to 1955, when Tom Nesbitt founded Nesbitt Contracting, which offers full site-work packages.

Almost 30 years later, with his sons Jim and John on board, Arizona Pavement Profiling was founded as a milling contractor. Jim is now President and John Vice President of the Tempe-based companies, which work throughout the state of Arizona. In 2005, the Nesbitts were looking for new milling machines and turned their attention toward Wirtgen.

"We were using another brand, and we demo'd that along with the Wirtgen W 2200. We ended up buying two of the Wirtgen units," said John, who noted that the company also has a Hamm roller, another Wirtgen product. "The Wirtgen milling machines have more horsepower and operating weight than comparable competitive machines. The W 2200s have upped our production to the point where we're often milling 800 to 1,000 tons per hour." ■



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INDUSTRY OUTLOOK

CONSTRUCTION SPENDING FORECAST

Economists see a boost of up to 8 percent as part of overall growth in the economy

As the economy tries to heal, forecasts for the construction industry call for growth in 2011 in most sectors, with a total value of as much as \$445 billion, according to a McGraw-Hill Construction report released late last year. That total would be an 8 percent rise from 2010, part of an overall growth of 2.5 percent in the U.S. economy predicted by McGraw-Hill.

Single-family housing should see the strongest growth at 27 percent, with more than \$126 billion in construction starts. That will depend on several factors, including the foreclosure mess getting sorted out. Following closely behind is multifamily housing, with an expected rise of \$23.6 billion, a 24-percent gain from last year.

“While the economy is still facing headwinds, the stage is being set for construction to see

modest improvement in 2011 from (2010’s) very weak activity,” said Robert A. Murray, Vice President of Economic Affairs at McGraw-Hill Construction during a recent presentation. “We’re turning the corner, slowly. As 2010 becomes the final year of a very lengthy and unusual construction cycle, 2011 will be the first year of renewed growth for overall construction activity.”

Increases extend to commercial buildings, where a 16-percent gain is expected by McGraw-Hill. That follows a three-year decline in building new stores, offices, warehouses and hotels. Manufacturing buildings are expected to increase 9 percent in dollars and 11 percent in square feet.

Other industry experts forecast similar improvements in green building, residential building, building product manufacturing, building materials, technology and the economy as a whole.

“The U.S. economy is in the second year of economic expansion,” said Camilli Economics President Kathleen Camilli. “While the growth rate is currently modest, momentum is likely to grow as the economy responds to an ongoing monetary and fiscal stimulus in the pipeline. Notwithstanding the financial crisis’s impact on residential and nonresidential construction, growth in this sector of the economy will continue to be driven by innovation in building technologies.”

Modest growth this year, bigger next

Reed Construction Data expects a rise in nonresidential construction sectors of 2.7 percent in 2011, with an increase of 12.9 percent the following year. Reed expects increases in all sectors in 2011, including a 7.1-percent

Economists predict housing to see growth of more than 20 percent, including single-family and multifamily, as part of an overall boost in construction spending.



jump in health-care construction, 4.4 percent in commercial, 2.5 percent in education and more than 1 percent in manufacturing, amusement/recreation and lodging. Significantly higher growth is expected in all those areas, as well as office, religious and public safety in 2012.

“Commercial building construction spending will see the largest positive impact from the monetary stimulus,” said Reed Construction Data Chief Economist Jim Haughey, citing the Federal Reserve’s quantitative easing plan announced in late 2010. “Developers will get cheaper credit rates, higher space demand, more valuable building assets to pledge as collateral for new project loans and lenders with more cash. The restraint on housing starts cannot be solved by cheap credit as we have learned in the past few years. However, apartment construction will benefit similarly to other commercial buildings. Institutional buildings and the largely public, heavy construction sector will fare about the same as single-family and condo construction. The supply of construction funds for these markets is largely isolated from short-term changes in financial markets.”

Material prices to rise too

Haughey said cheaper credit, a cheaper U.S. dollar and higher equity prices are positive for the near-term spending outlook. Inflation will remain low, but rise enough to end concerns of deflation. “There will be a noticeable rise in inflation for commodities used in construction materials,” said Haughey. “Commodity price inflation has been near zero in recent months but will rise back to the 5-percent to 6-percent range.”

Others see commodity and materials prices rising as well. Associated General Contractors’ Chief Economist Ken Simonson said material prices were up considerably in the fourth quarter of 2010, are likely to be “volatile” in 2011, and noted that an Energy Information Outlook report forecasts diesel fuel to rise 22 cents on average from last year.

“It seems likely that materials that are traded globally, such as oil, copper and steel (especially the scrap that forms the raw material for most construction steel), have



Growth in several sectors is anticipated, such as commercial, institutional and health care.



Material prices were up in the fourth quarter of 2010 and are expecting to rise more in 2011, especially those traded globally, such as steel and copper.

a greater risk of near-term price spikes than materials for which demand stems from domestic construction, such as concrete, asphalt, wallboard and lumber,” said Simonson.

He added, “Consequently, contractors may face a two-tier pricing picture in 2011: volatility and large spikes for some materials, stable and shrinking prices for others. Meanwhile, owners are likely to be as resistant as they have been in 2010 and 2009 to pass-throughs of price increases. Contractors will need to be sure they or their subcontractors can absorb possible price spikes.” ■

GUEST OPINION

THE ROAD AHEAD

The President's proposal is a start, but only a drop in the bucket of what's needed to fix infrastructure



Howard Roth

Howard Roth is the Global Real Estate Leader and a Partner with Ernst & Young LLP's Real Estate practice. This article originally appeared in GlobeSt.com

President Barack Obama has proposed a \$50 billion investment in infrastructure. Howard Roth says it's a start, but much more is needed to update aging roads, bridges and other transportation sectors.

President Barack Obama's announcement of a proposed \$50 billion program to improve America's roads, bridges and transportation system has once again brought infrastructure to the forefront of public discussion. Although we'd like to think the U.S. has better infrastructure than the rest of the world, that's actually not the case. The fact is, compared to most of the developed world, our infrastructure is much older and in desperate need of repair.

We only have to look at the age and condition of water mains for evidence of this. A recent New York Times story revealed the somewhat startling statistic (based on EPA data) that, on average, a major water line bursts somewhere in the country every two minutes. Add to this the fact that our roads, thousands of our bridges and dams and parts of our rail system date back well into the last century, and it becomes clear that our infrastructure is inadequate.

The proposal put forth by the President included a six-year program to rebuild 150,000 miles of roads, maintain 4,000 miles of rail track

and build 150 miles of runways, with a total cost of \$50 billion. This may seem like a grand program, but last year the American Society of Civil Engineers estimated the minimum investment needed to bring the country's infrastructure, including roads, bridges, rail and airports, up to standard is \$2.2 trillion and counting.

The President recently backed up his call with a new report from the Treasury Department and the Council of Economic Advisers cataloging a 50-percent fall in infrastructure spending in the country since 1960. The U.S. spends just 2 percent of GDP on infrastructure, compared to 9 percent in China and 5 percent in Europe. There's a clear danger the U.S. will continue to fall behind in global competitiveness if we continue to shortchange our infrastructure.

Of course, the President's proposal is also about jobs. More than 1.5 million construction workers have been sidelined during the recession, and a major building program such as that proposed by the President would go a long way to putting people back to work, as well as creating jobs throughout the next decade. In fact, analysts suggest that without the Obama plan in place, highway spending in the U.S. may fall as much as 5 percent this year. Bottom line: more jobs will likely be lost in the construction sector, which would have a negative impact on real estate.

The proposal to establish a formalized approach to the country's transportation infrastructure challenges, including the possible establishment of a National Infrastructure Bank, would be a good first step to start addressing the United States' significant infrastructure challenges, but more is needed. With our water delivery, wastewater treatment and utility infrastructure all needing attention, this is just a drop in the bucket. ■





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EQUIPMENT MANAGEMENT

CONTINUED PRODUCTIVITY

Why your older Komatsu equipment remains an efficient and reliable choice

The advent of interim Tier 4 emissions standards was ushered in as the calendar turned to 2011, affecting machinery with engine horsepower in the 175 to 750 range. While the standards mandate a reduction in soot and other emissions in new machines, that doesn't mean you have to immediately get rid of your older dozers, excavators and wheel loaders.

"Many of our customers prefer to continue using their older Komatsu pieces because they've found them reliable and a good fit for their business," said Komatsu's Erik Wilde, Vice President, Product Marketing. "They go right on racking up the hours on those machines."

Contractors using Komatsu equipment, such as Webber, LLC, continue to turn the hour meter to impressive numbers. Webber does heavy highway work, and its two subsidiaries recycle materials and manufacture precast concrete barriers. The company also has sand pits and

Many contractors use older Komatsu excavators for a variety of purposes, including such rugged applications as demolition.

concrete and asphalt plants. For more than 20 years, Komatsu excavators, dozers and wheel loaders have been in the companies' fleets.

"Komatsu has been our top equipment choice because it has proven time and again to be productive and reliable," said Donnie Poplaski, Director Equipment Department for Webber. "We have some wheel loaders with more than 25,000 hours and excavators pushing 13,000 to 15,000 hours that still have the original componentry. That says a lot about the quality that Komatsu offers."

Komatsu quality means its equipment runs even in the toughest conditions. Shawn and Todd Harders have found that to be the case with the D65 dozers and PC200 excavators they use to do agricultural and wetland work. The brothers own and operate Harders Dozer & Scraper Work, which often clears land in inhospitable areas.

"We've always believed Komatsu excavators are top-of-the-line," said Todd. "We use our PC200s to remove trees or stack trees that the dozers push up. We also use them to dig channels. Working in water up to two feet deep, which we often do, is tough on equipment. We have 10,000 hours on a Dash-6 excavator that's more than 10 years old. That's a good testament to how well our Komatsu equipment works and lasts."

Hour after hour

Grant Meenach, founder and President of Kern Pacific nearly echos those sentiments. Meenach recently added a PC800LC-8 to a fleet that's always leaned heavily toward Komatsu equipment. Not long after Meenach went into business for himself in 1998, he purchased a PC220LC-5 excavator and a WA320-3 wheel loader.





Contractors often rely on older Komatsu equipment because they find that even with high hours, it works in less-than-ideal conditions. “We’ve always believed Komatsu excavators were top-of-the-line,” said Todd Harder of Harders Dozer & Scraper Work. “We have 10,000 hours on a Dash-6 excavator that’s more than 10 years old. That’s a good testament to how well our Komatsu equipment works and lasts.”

Of course, the latest model PC800LC hydraulic excavator has helped Kern Pacific quickly complete even deep digs up to 30 feet. Meenach said his older Komatsu equipment still does an excellent job of helping the company stay productive and complete projects on time.

“I’ve kept buying Komatsu equipment because its durability means it runs and runs without costing us downtime,” Meenach acknowledged. “We’ve put up to 15,000 hours on a wheel loader without doing much more than routine maintenance. And, when I believe it’s time to trade or sell, Komatsu holds its value.”

Demo starts a trend

All it took for ready-mix concrete producer Ellensburg Cement Products to see Komatsu’s value was a demo that compared apples to apples. The third-generation family business began using Komatsu products about 10 years ago. President Jeff Hutchinson explained that from the first time the company used a Komatsu excavator, he saw a big difference.

“We had a different brand of excavator that was getting very old and wasn’t giving us the productivity we wanted,” said Hutchinson. “We called the top equipment dealers in the region and told them we wanted to demo their machines, so they all brought similar-size excavators out for us to try. Bottom line, the Komatsu PC600 performed the best.”

Ellensburg Cement Products eventually traded in its initial PC600 for another, and began buying additional Komatsu pieces, including a WA600 wheel loader, a WA500 wheel loader and an HD325 haul truck.



Companies such as Brannan Sand and Gravel use older Komatsu wheel loaders to charge crushers and as general-purpose machines. “What I’m looking for is reliability and fuel efficiency — machines I can count on every day and that won’t break me paying for diesel fuel — and that’s what I get from our Komatsu machines,” said Aggregate Production Supervisor Jim Thompson.

“All of our Komatsu units have held up really well,” said General Superintendent George Seubert. “We use the WA600 to feed the crusher and the WA500 to feed the wash plants. We now have 8,000 hours on the WA600. It still runs great. Also, fuel consumption on both wheel loaders and the excavator has been very good.”

Consistently fuel efficient

Fuel efficiency is one reason Brannan Sand and Gravel keeps purchasing Komatsu equipment. It helps that its Komatsu units maintain low fuel consumption even as the hour meter creeps into the five-digit range.

Continued . . .

Komatsu — productive equipment that lasts

... continued

Brannan Sand and Gravel is part of the Brannan Companies, which include Brannan Ready Mix and Brannan Construction. With the three entities, Brannan Companies handle complete projects for heavy highway and commercial development as a general or subcontractor, as well as supplying materials.

The Brannan Companies rely heavily on Komatsu equipment, including excavators, wheel loaders and haul trucks, especially in their material pits. “We started using Komatsu machines eight or nine years ago,” said Equipment and Shop Division Manager Chuck Irsik. “We’d been running another brand prior to that, but when we were in the market for a new wheel loader around 2001, we thought we should probably do some demos and compare prices. Komatsu performed well in the demo and was priced fairly, so we decided to give it a try. Komatsu machines have been a mainstay for us ever since. They are productive, reliable units that last a long time.”

“All of our Komatsu pieces in the pits have performed well, including those that have a lot of hours on them,” added Aggregate Production Supervisor Jim Thompson. “What I’m looking for is reliability and fuel efficiency — machines I can count on every day and that won’t break me paying for diesel fuel — and that’s what I get from our Komatsu machines.”

Komatsu machines maintain their reliability and longevity into the thousands of hours. “All of our Komatsu units have held up really well,” observed Ellensburg Cement Products General Superintendent George Seubert.

Familiarity leads to purchase

Owner/President Bob Quinn was already familiar with Komatsu equipment when he founded Quinn Construction in 1992. The company does general earthwork and demolition, using several PC200LC excavators, a PC220LC excavator and two WA500-1 wheel loaders.

“I’ve always believed that proper maintenance is vital, because it ensures that the equipment performs to its maximum capabilities, even with a high number of hours,” said Quinn. “The other factor I’m adamant about is buying quality equipment to start with, and that’s why over the years we’ve purchased and stayed with Komatsu. I used Komatsu machinery when I worked for someone else and saw first-hand how well it performed. When I started acquiring equipment, Komatsu was at the top of my list.”

Quinn appreciates the versatility the excavators provide, as he uses them for excavation as well as equipping them with quick couplers to run several attachments for demolition. “We get a lot of flexibility from the excavators,” said Quinn. “The wheel loaders have been outstanding as well. We used to do some crushing, and we originally bought them for feeding the crushers. Now they’re general-purpose machines. Both have about 16,000 hours on them and are still as productive as they were when we purchased them.”

In it for the long haul

Komatsu’s Wilde said he hears numerous similar stories around the country and throughout Canada as users continue to see the value, reliability and productivity in even the oldest Komatsu machines.

“In many cases, equipment users like to keep machinery as long as possible because it continues to earn them profits long after it’s paid off,” said Wilde. “With Komatsu equipment, they’re confident that’s going to be the case. We do everything we can from a product support standpoint for that to happen by continuing to stock parts at our distributors, parts depots and main parts location. When customers are ready to add to or update their fleets, our latest technology models are an excellent choice for many reasons. Like our customers, we’re in it for the long haul.” ■



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NEW MINING PRODUCTS

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New WA1200-6 offers you more productivity with less fuel consumption

The WA1200-6 is Komatsu's largest wheel loader and one of its most productive and economical, thanks to improvements built around customer input and feedback. Among the most productive features is a new 1,765-net-horsepower engine that has a full 132 horsepower more than its predecessor.

Despite the increased horsepower, the 477,000-pound WA1200-6 uses 15 percent less fuel in an EPA-compliant, Tier 2 engine. A new, dual-mode, active-working hydraulic system allows the operator to select between normal and powerful loading, while the optimum oil flow in the working system increases efficiency and reduces cycle times. Komatsu extended the dump clearance, and added stability by improving the static tipping-load rating.

"The WA1200 is a primary production machine in all types of mines that depend on wheel loaders for excavation and loading," said Steve Thorson, Product Marketing Manager, Mechanical Drive Mining Equipment. "Our mining customers provided us with valuable information that we then used to improve on the WA1200-3, which the new model replaces. We did it without sacrificing power or production and, in fact, we improved per-ton/per-yard costs."

Komatsu included an additional torque converter cooler as standard equipment to reduce oil temperature and increase cooling capacity. For hydraulic cooling, a new pump with increased oil capacity helps lower oil temperature. Two additional air cleaners were introduced and the size of the elements increased to 15 inches for more capacity.

Operator controls optimum performance

An engine rpm-control system with auto deceleration allows the operator to set the

engine rpm at the optimum work-performance level and control speed smoothly with the accelerator. The variable transmission cut-off system for the left brake pedal is adjustable by a switch at the operator's seat. When loading, the low setting reduces brake impact to prevent spillage, while the high setting can be used for traveling.

"A couple of areas customers were adamant about improving were the operator environment and serviceability," said Thorson. "We did that by increasing the size of the cab, which now includes a seat for trainers to ride along with a new operator. It's also easier to operate, thanks to joystick and fingertip controls. From a service standpoint, we grouped the service points in a central location to reduce the amount of time necessary to change fluids and filters. Overall, the WA1200-6 is a better machine, designed for higher production and increased profits." ■

Komatsu's largest wheel loader, the new WA1200-6, offers several upgrades that, compared to the previous model, improve productivity and per-ton/per-yard cost to move materials.



Steve Thorson,
Product Marketing
Manager,
Mechanical Drive
Mining Equipment





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KA-14

MACHINES IMPROVED FOR 2011

Komatsu VP discusses Tier 4 changes, new hybrid excavator and 3-D machine-control systems

QUESTION: Each year, Komatsu makes product improvements. What's new for 2011?

ANSWER: The latest changes to our product line have been driven by Tier 4 emissions standards that went into effect January 1 of this year. The requirement covers engines from 175 hp up through 750 hp (Example: D65-D375 dozers, PC220-PC1250 excavators, WA380-WA600 loaders, etc.). This requirement reduces particulate matter by 90 percent and NOx by 45 percent in the machines' exhaust when compared to the Tier 3 requirement.

Our Tier 4 platform is based on our proven Tier 3 engine platform and technology. To achieve Tier 4 on these models, we added a diesel particulate filter similar in function to other manufacturers. To optimize machine performance, we added in the robust Komatsu Variable Geometry Turbocharger (KVGIT) and a large-capacity Exhaust Gas Recirculation System. Both systems are hydraulically actuated for precision control and reliability.

QUESTION: Two years ago, Komatsu introduced the first hybrid hydraulic excavator. What's new for hybrids in 2011?

ANSWER: We're bringing out our second-generation hybrid excavator before any of our top competitors introduce their first. The Komatsu HB215LC-1 will replace the current Hybrid PC200LC-8 in the Komatsu lineup. We took our last three years of experience in the market to further optimize the system. Another key improvement is the new ability to run hydraulic attachments.

QUESTION: Beyond Tier 4 and the HB215LC-1 hybrid excavator, are there other ways Komatsu is using technology

Continued . . .



Erik Wilde, Vice President of Product Marketing

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.

Erik Wilde joined Komatsu in 1997 as an Assistant Service Engineer for mining dozers. He became Product Manager for hydraulic excavators in 2001, was promoted to Director of Product Marketing in 2004 and is now Vice President of Product Marketing. Erik's primary responsibility is to help drive development of new products and to promote and market Komatsu products to distributors and equipment users.

"Komatsu is the second-largest manufacturer of construction and mining equipment in the world," he said. "We engineer and design our machines from the ground up with Komatsu-made parts and components. That's how we assure quality. Equally important is technological innovation, which is so ingrained at Komatsu it's included in our logo (the offset T in the Komatsu logo symbolizes technological innovation). Our goal with each product is to provide equipment users with a machine that delivers the best value in the industry."

When he's not on the job, Erik enjoys doing almost anything outdoors, from hiking to fishing to kayaking. He, his wife and their three children (nine, seven and five) also enjoy water skiing, snow skiing and snowboarding.

Improving machine performance and lowering costs

... continued

to improve machine performance for equipment users?

ANSWER: We've always considered ourselves to be the technological innovation leader in the equipment industry. That's what we hang our hat on. We believe our on-board diagnostics and user interface are far beyond what our competition offers, especially on new Tier 4 machines.

The next generation of KOMTRAX will be on all Tier 4 units. We were the first manufacturer to offer such a wireless, machine-monitoring system with free

communication as standard equipment. This newest version will be even more user-friendly, will provide more information to the customer, and will help Komatsu and its distributors support the machine even better.

QUESTION: What's going to be the next big thing in construction equipment?

ANSWER: Hybrid machines or anything else that reduces fuel consumption. The cost of fuel is a significant part of equipment owning and operating costs. Anything that lowers the total amount spent on fuel will be big for the foreseeable future.

Also 3-D machine-control systems. The cost benefits of a stakeless work site are proven and the technology is being transferred into other products. At Komatsu, we work closely with the industry leaders to enhance the machine to system interface and performance. We even offer "plug and play" systems to make it easier for our customers to connect our machines to their 3-D machine-control packages. This technology is rapidly advancing and will continue to expand for years to come, delivering higher productivity and lower costs for our customers.

QUESTION: What can we expect from Komatsu in the future?

ANSWER: Komatsu is committed to delivering the highest-quality products that optimize productivity while delivering low operating costs. Our 2011 Tier 4 products will exceed those expectations and our customers can expect us to deliver that same value proposition with models requiring Tier 4 in 2012. ■



In 2011, Komatsu will introduce its second-generation hybrid excavator before most other manufacturers will have come out with their first.

(Right) Komatsu has worked closely with laser-grading manufacturers to come up with a new 3-D machine-control system that dramatically improves fine dozer grading.



The industry-leading KOMTRAX machine-monitoring system gets a Tier 4 upgrade in 2011 to make it more informative and more user-friendly.



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UNDER THE HOOD

OIL SAMPLING AND ANALYSIS

Beyond warranty — the benefits of oil sampling increase as a machine ages

When you finance a new piece of equipment, you're required to participate in an oil sampling and analysis program as part of the machine warranty. Why? In part, because, if the manufacturer is going to be on the hook for a repair bill, it wants it to be a low-cost, preventive-maintenance repair rather than a high-dollar, high-downtime, unexpected emergency repair.

"Scheduling the repairs suggested through oil analysis saves end users time and money compared to reacting with emergency repairs," said Matt Beinlich, Manager, Technical Support Center (Komatsu Service Department). "When detected early in oil sampling, repairs are less expensive and do not risk unexpected downtime. With oil analysis, our customers can 'look inside' their engines, transmission and hydraulic systems for early warning signs of future failures."

Obviously, issues become more frequent as a machine ages. Despite that fact, many equipment owners choose to discontinue oil sampling once the warranty period is over.

"Sampling when a machine is under warranty may be required, but continuing to sample later in a machine's life is at least as important," said Beinlich. "When machines age, there are more opportunities for the application or environment to change, and this has an effect on overall machine health. The cost of continuing to sample oil is tiny compared with the expense of emergency repairs. Robust oil analysis programs can even give end users the confidence to extend planned component intervals."

Komatsu Oil and Wear Analysis (KOWA)

Komatsu offers an effective, easy-to-use sampling program known as KOWA (Komatsu

Oil and Wear Analysis). Your Komatsu distributor can supply you with KOWA kits to draw oil and fluid samples. KOWA utilizes independent labs to analyze the fluid for such issues as fuel dilution, coolant leaks and contaminants — and to determine if there's excessive wear metal in the sample, an indication that a component might be failing prematurely.

You can get results rapidly through a free online service. Historical data and reports are available through customized software called KOWA-LOAMS (Lube Oil Analysis Management System). Your local Komatsu distributor will help you interpret the sample analysis, including recommending action you might want to take to protect your machine. ■

For more information on KOWA and how oil sampling throughout the life of your equipment can benefit your bottom line, contact your local Komatsu distributor.

Oil sampling is typically required on new machines as part of the warranty package. Komatsu urges equipment owners to continue sampling after the warranty period ends. "The cost of continuing to sample is tiny compared with the expense of emergency repairs," said Matt Beinlich, Manager, Technical Support Center.



NEWS & NOTES

Report answers FAQs about new Tier 4 technology

A “frequently asked questions” (FAQ) report put together by equipment industry groups is available to answer your queries about new Tier 4 technology. This year marks the advent of Tier 4 regulations for a vast range of machines.

“Many dealers and customers have questions about how the new Tier 4 regulations will affect them,” said Allen Schaeffer, Diesel Technology Forum Executive Director. “So, together with our industry partners, we’ve developed this information to help ease the transition for prospective

equipment owners, dealers, rental agencies and others in the off-road industry as the new rules come into effect.”

The report — available for download from industry Web sites, including Associated Equipment Distributors and Association of Equipment Manufacturers — addresses issues such as: How will the new Tier 4 engines be different from previous engines?; Do the new Tier 4 engines require different fuel?; How will Tier 4 engines affect the value of my trade-ins?; and many others. ■

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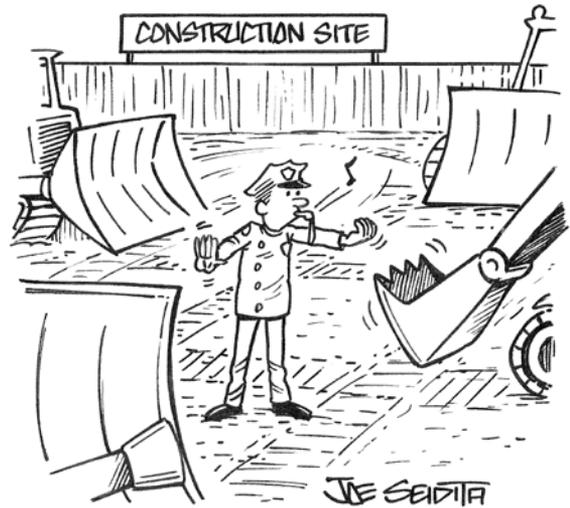
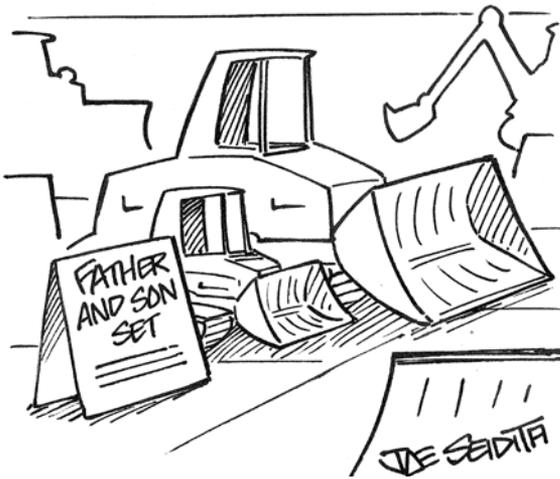
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- During World War II, Oscars were made of wood because metal was scarce.
- Before going into space, astronauts are not permitted to eat beans.
- If you refrigerate rubber bands they will last longer.
- The number of dimples on a golf ball is 336.
- Dogs can get toupees in Tokyo.
- The cat is the only domesticated animal not mentioned in the Bible.
- Pillows made of stone were used by the Egyptians.
- In one year, Mexico City sinks about an inch.
- Philadelphia was the site of the first stock exchange in 1791.
- The U.S. Air Force was a corps of only 50 soldiers when World War I broke out.
- In addition to a dagger and spear, a gladiator was also armed with a net.
- The last Pony Express ride ended in Sacramento, California.

Brain Teasers

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

1. LCCYE _____
2. AKTUOMS _____
3. RUTQEO _____
4. NMGNI _____
5. WRELCRA _____
6. NTPLAIOIPCA _____

MORE TRANSPORTATION FUNDING

Industry groups stand behind commission's recommendation to raise the gas tax

Construction industry groups applauded a proposed increase in the country's gas tax, saying it's a way to fund transportation infrastructure as well as reduce the national deficit. The increase was part of the President's National Commission on Fiscal Responsibility and Reform report.

The commission's recommendation was a 15-cents-per-gallon increase in the federal gas tax, which currently stand at 18.4 cents for gasoline and 24.4 cents for diesel fuel. The increase would kick in beginning in 2013, rising one cent per gallon every three months until the 15-cent increase was met.

The money would be dedicated to the transportation trust fund, set up in the 1950s to pay for highway building and repair. The fund has fallen short of needs, so in recent years money has been pulled from the general fund

to cover expenses. That's also contributed to the national debt.

A coalition of construction industry organizations said in a statement: "This proposal recognizes the integral relationship between improving transportation infrastructure, economic health and fiscal responsibility. If enacted, it will help prevent economically devastating cuts in federal infrastructure investment and remove the primary obstacle to passage of a multi-modal surface transportation bill.

"The issue of transportation investment is directly linked to balancing the federal budget," the statement continued. "Without new Highway Trust Fund revenue, policymakers will be forced either to impose highway and transit program cuts that would reduce payrolls and impede economic growth; or add an estimated \$34 billion over the next six years to general fund spending. Either outcome undermines efforts to balance the budget. It is also important to recognize that a small number of transportation programs are currently funded with general funds, and those programs meet important needs and should be continued."

Call for more

Many of the industry groups supporting the recommendation called for an even higher tax, urging the commission to consider a 25-cent increase over a three-year period. A proposal put forth by two senators that would have met that total, would dedicate 10 cents of the increase to short-term deficit reduction, with 15 cents going to transportation improvements. The 10-cent portion would put \$83 billion toward the deficit over five years, then become additional funding for transportation. The 15-cent portion would generate \$117 billion over five years. ■

Construction industry groups say the proposal to incrementally raise the gas tax is a good way to fund needed transportation infrastructure improvements.





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2005	KOMATSU	PC200LC-7	2,221	EMD61	\$100,000
2005	KOMATSU	PC200LC-7	1,283	EMD60	\$109,000
2007	KOMATSU	PC220LC-8	2,437	EMD81	\$145,000
2006	KOMATSU	PC300LC-7	842	EMD65	\$175,000
2005	KOMATSU	PC300LC-7	2,910	EMD55	\$115,000
2005	KOMATSU	PC300LC-7	3,794	EMD56	\$115,000
2005	KOMATSU	PC400LC-7	3,731	EMD16	\$185,000
2005	KOMATSU	PC400LC-7	4,148	EMD54	\$195,000
2007	KOMATSU	PC400LC-7E0	2,540	EMD24	\$225,000

WHEEL LOADERS

1998	KOMATSU	WA380-3L	12,294	EMD118	\$50,000
1998	KOMATSU	WA380-3	7,484	EMD4	\$50,000
2007	KOMATSU	WA380	2,722	EMD303	\$135,000
2007	KOMATSU	WA450-6	2,753	EMD64	\$225,000
2006	KOMATSU	WA480-5L	4,214	EMD8	\$145,000
2005	KOMATSU	WA500-3LK	7,131	EMD124	\$135,000
2008	KOMATSU	WA500-6	4,460	EMD5954	\$275,000

DOZERS

2006	KOMATSU	D39EX-21A	1,529	EMD43	\$68,000
2007	KOMATSU	D41E-6	1,176	EMD288	\$55,000
2005	KOMATSU	D65EX-15	2,645	EMD145	\$145,000
2008	KOMATSU	D65PX-15E	2,636	EMD286	\$145,000
2006	KOMATSU	D155AX-6	2,371	EMD274	\$330,000
2007	KOMATSU	D155AX-6	2,197	EMD275	\$345,000

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

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