

THE ROCK

A KOMATSU EQUIPMENT COMPANY PUBLICATION

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Featured in this issue:

MOST WANTED DRILLING LLC

Efficient, quality work is part of the drill for this Salt Lake City contractor

See article inside...



President Phil Stilson (left) and Operations President Brad Argyle



A MESSAGE FROM THE PRESIDENT



John Pfisterer,
President

KOMATSU EQUIPMENT

Dear Equipment User:

There has been a strong push in recent years for more “green” construction, and it seems that trend will continue to increase as more and more projects take sustainability into account as they’re designed. It’s likely that any job you do now and in the future will have factors built into it that call for reuse and recycling of materials.

Equipment is among the items that are affected as standards call for better fuel economy and lower emissions. Komatsu has always been a leader in those areas. With the development of its ecot3 engines, it’s lowering emissions with better fuel economy, while at the same time providing more horsepower. The result has been improved productivity for less, leading to lower per-yard costs.

You’ll find such technology in new Komatsu machines, such as the next generation of the D39-22 dozers featured in this issue of *The Rock*. Like other recent updates and additions to the Komatsu dozer line, these machines provide numerous features that help you move dirt faster and more efficiently.

At Komatsu Equipment Company we’re proud to represent such an innovative equipment manufacturer. If you’re looking for new equipment, Komatsu has a machine to fit nearly any need. Don’t forget, buying new equipment this year could provide you with significant tax advantages under the new Economic Stimulus Act.

As always, if there’s anything we can do to help you with your equipment, parts and service needs, please don’t hesitate to call us.

Sincerely,
KOMATSU EQUIPMENT COMPANY



John Pfisterer,
President

KOMATSU EQUIPMENT

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THE ROCK

IN THIS ISSUE

MOST WANTED DRILLING LLC

Read how this highly specialized drilling contractor has succeeded by providing efficient, quality work on challenging projects.

FIELD NOTES

Here's a quick recap of Komatsu's Demo Days, where KEC equipment users got to test drive and operate new Komatsu machines.

GUEST OPINION

Here's good news about a new depreciation bonus that can help you lower your tax bill this year. AED VP of Government Affairs Christian A. Klein explains how you can benefit.

INDUSTRY OUTLOOK

With interest in "green" construction growing, learn how minimizing environmental impact has become the goal of more construction projects.

NEW PRODUCTS

Check out the new Komatsu D39EX/PX-22 dozers and see why special features, such as the super-slant nose, improve visibility and productivity.

NEW UTILITY MACHINES

Take a look at Komatsu's new MR-3 series of compact excavators. You'll find them packed with many new features.

TECHNOLOGY TIPS

Learn how the Topcon global-positioning system has partnered with Komatsu to move material faster, more efficiently and at a lower cost per yard.

KOMATSU & YOU

Ivor Hill, Vice President and General Manager of Komatsu America Utility Division, talks about the next generation of compact equipment and how users will benefit from these innovative machines.

UNDER THE HOOD

Want to extend your machine's life? Read why Komatsu Genuine Oil is always the right choice for your engine.

INDUSTRY NEWS

Here's the rationale for a congressman's push for massive new funding for transportation systems.

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A SALUTE TO A CUSTOMER

MOST WANTED DRILLING LLC

Efficient, quality work is part of the drill for this Salt Lake City contractor



Phil Stilson,
President



Brad Argyle,
Operations
President

With a total of about 10 employees, Most Wanted Drilling LLC may not be the biggest drilling contractor a company could hire, but it might be difficult to find one that will do quality work more efficiently or effectively. In fact, Owner and President Phil Stilson said his company's size is a source of its strength.

"I think we're cost-effective because our overhead's low," said Stilson. "We operate our office out of my house. We don't really have an office staff, but we all work hard and it's a good team."

"Our employees work hard," agreed Operations President and Co-owner Brad Argyle. We try to take care of them the best we can so they don't want to leave. They may have to work a weekend when things get really busy, but when I ask them if they need help, they tell me no, they'd rather do it themselves."

Most Wanted Drilling is a general engineering contractor specializing in caisson drilling and pier placement. That usually involves just drilling the holes, although the company will also pour concrete if needed.

"We drill large-diameter holes for subgrade foundations as well as for piers, bridges and structures such as cell towers," explained Stilson. "We'll do six- to eight-foot-diameter holes 30 feet down for cell towers. We might also do 300 holes to support a building. We'll also do power lines and conductor pipe for wells."

While a cell tower might be a three-day job, larger jobs, like building foundations, could take months. "Many of the longer ones will go three to four months," said Argyle. "If we get into a bridge foundation, or some of the bigger jobs involving power lines, we're looking at four to five months."

Serving several states

With its office in Farmington, Utah, and its yard in Salt Lake City, the majority of that work is done in Utah and Idaho, although Most Wanted Drilling is also licensed for work in Arizona, Nevada, Colorado and Wyoming, and will get a business license to do work in other states as needed. Stilson generally finds the work, does most of the bidding and handles much of the setup needed prior to the job. Argyle organizes the crews and the equipment.

Stilson and Argyle's wives also have roles with the company. Ruby Kay Stilson is Office Manager and Katrina Argyle is Secretary / Treasurer when she's not working as a school teacher. Other valuable members of the team include Gary Fullmer, Jorge Vasques, Cad Morris and Brandon Kartchner. Kirk Bradshaw drives the truck that moves the equipment and is also a part-time mechanic.

"We consider most of our guys superintendents or project managers because once they go on a job it's their job," said Stilson. "And besides doing that, they're usually the driller. They manage their own job and they drill, generally with a helper."

Stilson and Argyle said they were in business together for two years before they were able to hire their first employee. The two owners met when they worked together for a number of years at a local power company, Utah Power & Light.

In 1996, the two men formed Most Wanted Drilling, although Stilson would continue to work for the power company until 2000.

Since that time, Most Wanted Drilling has been involved in several distinctive projects, including the construction of five shoring

walls when a four-lane road was put in along the reservoir at Deer Creek Park near Midway, Utah. “Contractors were widening the road, but they couldn’t go on the mountain side, so they had to shore the lake side so they could put another lane in,” Stilson recalled. “We put a hole every eight feet — more than 100 of them. We received some compliments for our work there.”

Another project involved the construction of a pedestrian bridge over the Colorado River in the Canyon Rims area at Moab, Utah. “That was a seven-foot-diameter hole, 40 feet into the center of the river,” Stilson explained.

Currently, Most Wanted Drilling is involved in the construction of a new bridge on Highway 93 over the Salmon River on the way to Salmon, Idaho. “There’s a lot of bridge replacement work going on in the country right now because bridges are getting old and falling apart,” Stilson said. “Anytime we work in the river, it’s a challenge. We’ve done jobs in the Colorado River, the Salmon River, the Missouri River and the Snake River.

“We also do what’s called continuous flight augering,” Stilson continued. “We have an auger that looks like a giant corkscrew. It is 50 to 60 feet long and hollow. We screw it into the ground, pump the concrete down through the auger and fill the hole as we’re coming up. We’ve used it on buildings around Salt Lake City, including the Gateway District.”

Counting on Komatsu

To get that work accomplished, Most Wanted Drilling’s fleet of equipment has five rigs, including two Komatsu excavators acquired from Komatsu Equipment Company. The Komatsu PC300HD-8 is equipped with a DH60-60 LoDril attachment while the Komatsu PC300LC-7 has an APE 50 vibratory hammer attachment.

“We really like our Komatsu with the LoDril attachment for several reasons,” Stilson explained. “We specialize in power lines with that machine because it’s low enough that we can drill a hole underneath power lines without needing to turn off the power. It also has great reach. We



Most Wanted Drilling’s fleet of equipment includes this Komatsu PC300LC-7 excavator. Here, a Most Wanted Drilling operator uses an APE 50 vibratory hammer attachment to push steel I-beams into the ground for a new light-rail bridge connecting Salt Lake City to the Kennecott area.

can reach out about 17 feet, so basically we can reach over a wall and drill a hole on the other side of the property. We’re drilling 60-foot-deep, nine-foot-diameter holes with it right now.”

“With the Komatsu and the LoDril, we can get into the mountains and we don’t have to be level,” Argyle added. “It’s so much more versatile if we’re on sloped terrain. A good example is we can go right up the ski slopes to drill the towers for trams. We have that capability because the way we drill, we have to be at a certain angle and still bend the head down and drill straight down. Now we can just fly right up the hill. We just did two big holes at a ski resort at Park City. We drilled down 100 feet into the ground. It makes a huge difference.

Continued . . .

A Most Wanted Drilling operator works a Komatsu PC300HD-8 excavator equipped with a DH60-60 LoDril attachment.

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“Our PC300 gives us a heavier-duty machine with wider tracks, more weight and stability for tracking up mountains. Plus, when we get into ground that’s a little less stable, it gives us more footprint to operate on.”

Most Wanted Drilling does most of the general maintenance on its equipment. For

Operations President Brad Argyle (left) and President Phil Stilson (right) can call on KEC Equipment Sales Representative Mike Judd for assistance with all their equipment needs.



This is one of three Soilmec Kyle rigs used by Most Wanted Drilling. This truck-mounted rig is drilling holes for I-beams supporting a new light-rail bridge in Salt Lake City.



other issues, it relies on Komatsu Equipment Company for service and parts. To assist with those needs, the PC300HD is equipped with KOMTRAX, Komatsu’s wireless equipment-monitoring system, which Argyle said has been a valuable asset.

“KEC can tell us what’s wrong before we even know that we’ve got a problem,” Argyle said. “They can call us up and say, ‘You better get that machine in for an oil change. Your filters are plugged.’ KOMTRAX is really a great feature for us.”

Argyle said the continued cooperation and helpfulness KEC has provided has also played a role in his Komatsu purchases. “When we bought our first PC300, the salesman at the dealership was really good to us,” he recalled. “We worked with Sales Representative Mike Judd on our most recent purchase, and KEC assisted us in arranging the financing. Everybody was just great to us.”

“It gets in your blood”

It’s the same level of service Most Wanted Drilling delivers to its customers. While the nature of their work can offer many challenges, the owners said they thrive on completing difficult projects other companies may be reluctant to handle.

“We like what we do,” Stilson said. “This is a unique business. We don’t have a lot of competition because we’re so specialized. As long as we can keep producing a good product, we’ve got a good business.”

“It’s exciting,” added Argyle. “We can be in some high-stress situations, but there’s a good feeling of gratification once it’s all done. It gets in your blood.”

With the initial success of Most Wanted Drilling, neither Stilson nor Argyle foresees any immediate changes to the way they do business. “We’re definitely going to keep going at it,” Stilson said. “But I don’t think we’re ever going to try to grow any bigger than what we are. We’re going to continue to focus on quality over quantity. People call us with work — we do very little advertising at all. We just want to continue to build on the reputation we’ve already developed.” ■



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DEMO DAYS

Equipment users test drive and operate new Komatsu machines

Komatsu's newest products, along with many that have been updated, were featured at a recent Komatsu Demo Days event. Hundreds of equipment users, including dozens of Komatsu Equipment customers,

took advantage of the opportunity to operate the machines at the Komatsu Training and Demonstration Center in Cartersville, Ga.

Among the units that were available were the brand-new Komatsu D39-22 dozer and its big brother, the D51-22. The units feature powerful engines, rugged components, a mid-mounted cab and a distinctive sloping nose that provides the best visibility in the industry.

Construction-size excavators on hand ranged from the popular PC200LC-8 up through the 487-horsepower PC800LC-8. Loaders included Dash-6 versions of the WA250, WA380, WA500 and WA600. Also available to test drive and operate were Komatsu articulated and rigid-frame haul trucks, a GD655-3 motor grader, numerous utility machines, and a BR580JG mobile crusher.

For more information on any of these units, feel free to call your sales representative or visit the nearest Komatsu Equipment branch location. In many cases, if you'd like to try something out, we'll be able to set up a demo for you. ■

At Demo Days, equipment users get the opportunity to see and operate new and updated Komatsu machines.



Dozens of Komatsu Equipment customers attended Demo Days in Cartersville, Ga.



Erik and Michelle Post, Post Paving, Ogden, Utah



Moroni and Lindsay Wardell, Wardell Brothers Construction of Morgan, Utah



Melanie and Lance Adams of Craythorne Inc., Syracuse, Utah



April and Erik Pearson, Erik T. Pearson Excavation, Ogden





(L-R) Morgan, Amy, Mason and Cassie Green of Green Construction, Salt Lake City



(L-R) Brett and Joanie Rasmussen of Extreme Excavation, Park City, sit and relax with Jolene Kap, Keith Kap & Sons of South Weber, Utah, and Linda King of NW King & Sons, Lewiston, Utah.



Jeremy and McKenzi Guymon (left) of Nielsen Construction in Huntington, Utah, are with Traci and Trent Baxendale of Komatsu Equipment.



Jolene Kap (from photo above) poses with her husband Kory Kap.



Blaine and Lou Harding, Wadman Corporation, Ogden



Kris and Brent Bailey of Ogden-based EK Bailey Construction are with Komatsu Equipment's Mike Judd.



Pat Brennan (left), Dig-It, Inc. of Eaton, Utah, and Richard Thurgood, Thurgood Excavation, Layton, Utah, checked out the new Komatsu dozers.



Ken Vance, VP Sales and Marketing for Komatsu Equipment, enjoys some time with Natalie Post of Post Paving.



(L-R) Komatsu Equipment's Chad Metzger and his wife, Tara, are with Kevin and Gail Condos, Condos Gravel Works in Lyman, Wyo.



Lorie and Phares Gines of Park City-based Trec Excavating



Richelle and Brad Wilkinson, Wilk-N-Son Construction, Ogden, Utah



(L-R) Robert and Michelle Jones attended with Travis and TJ Mullins. Michelle (accounting) and Travis (Service Manager) are Komatsu Equipment employees in Salt Lake City.



Perry and Leslie Pace (left) of Utelite in Wanship, Utah, were with Tadd Shields of Komatsu Equipment.



Bill Goble of Komatsu Equipment (left) with Shirley and Jim Slaugh, J.S. Construction, Vernal, Utah

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DEPRECIATION BONUS

Congress and the President have prescribed powerful medicine to stimulate the U.S. economy

On February 13, President Bush signed the Economic Stimulus Act (ESA). In addition to providing tax rebate checks to middle-income families and making it easier to refinance mortgages, the ESA temporarily reinstates the depreciation bonus and increases Sec. 179 expensing limits. The goal: encourage business purchasing.

Under the new law, companies that buy equipment (and other eligible property) in 2008 can depreciate an additional 50 percent of the cost in the year. To be eligible for bonus depreciation, the equipment must be new and placed in service before January 1, 2009. The depreciation bonus is elective (you do not have to use it) and applies for both regular and alternative minimum tax purposes.

The ESA also significantly boosts Sec. 179 expensing limits for 2008. Companies can now expense up to \$250,000 as long as total purchasing does not exceed \$800,000. For each dollar over, the eligible expensing amount correspondingly drops by one dollar. Companies that spend more than \$1,050,000 on tangible personal property cannot take advantage of Sec. 179 (but can still use the depreciation bonus). Unlike the depreciation bonus, Sec. 179 expensing can be applied to both new and used equipment. Companies eligible for Sec. 179 can also combine it with the depreciation bonus for even bigger tax savings.

Trimming this year's tax bill

By lowering your taxable income, the depreciation bonus and Sec. 179 can dramatically cut your 2008 tax bill, thereby freeing up cash in the near term. But there is a catch: The more you depreciate now, the

less you will be able to depreciate later. In other words, your tax bill in future years will be slightly higher because you have less to deduct.

If history is any guide, the temporary capital investment incentives will boost equipment purchasing in the months ahead as savvy companies take advantage of the law to buy newer, more efficient, and more environmentally friendly equipment. Check with your tax professional to learn about making Sec. 179 and the depreciation bonus work for you. ■

Christian A. Klein is Vice President of Government Affairs and Washington counsel for the Associated Equipment Distributors. More information about the new capital investment incentives is available at <http://www.depreciationbonus.org>. This article is provided for informational purposes only and is not tax or legal advice.



Christian A. Klein

The Economic Stimulus Act provides for temporary bonus depreciation on new equipment purchases in 2008, helping trim tax bills in the short term.



GREEN BUILDING

How contractors can grow and profit by minimizing the environmental impact of construction projects



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When Francis Kent began recycling paving material nearly 30 years ago, he had to convince a lot of people the products made from crushed concrete and asphalt were an acceptable alternative to the construction building materials that come out of a conventional quarry.

“In the early 1980s, recycling wasn’t fashionable,” said John Kent, who joined his father in the family business and is now President of Oxford Recycling. “We had to fight to establish ourselves and prove to various municipalities and contractors that just because our product is recycled, that doesn’t mean it’s not as good as a virgin product. It meets required specs, and in fact, often exceeds them. But back then, we had a terrible time trying to convince people of that.”

Eventually the practice caught on and the Kents today are running a large operation that

sees upward of 1,000 trucks per day either delivering or picking up product. They’ve added tree grinding to their operation, producing valuable mulch from what formerly may have been landfilled, burned or buried.

The rest of the construction industry is fast approaching the Kents’ lead in what’s rapidly becoming known as “green building,” “sustainable design” or other terms that point to the idea of minimizing environmental impact through reducing the consumption of nonrenewable resources and waste.

A growing movement

The movement has been growing rapidly in the past few years as more consumers call for developers, designers and architects and builders to think about how they can build in a more eco-friendly way. The concept requires careful consideration in the planning stages, taking into consideration everything from how stormwater runoff can be used on site to selecting the most energy-efficient building materials. It often means using recycled materials throughout the construction process.

Industry professionals are taking green building and sustainable design into account and are joining such organizations as the U.S. Green Building Council (USGBC), a nonprofit organization that promotes such practices. It’s grown to include more than 16,000 member organizations and 75 regional chapters, offering programs to educate construction personnel on green practices.

The USGBC also certifies green projects through its LEED (Leadership in Energy and Environmental Design) Rating System, “a nationally accepted benchmark for the design, construction and operation

Old practices often called for burning or landfilling trees and shrubs during clearing and grubbing. Today, more and more companies, such as Oxford Recycling, are turning them into reusable products such as mulch.



of high-performance green buildings." It promotes a whole-building approach by looking at key performance areas, such as sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality. Points are awarded to designate certification levels of Certified, Silver, Gold and Platinum. A LEED-certified project meets rigorous criteria, and the honor can reap rewards for those who designed and built it, putting them at the forefront for winning more projects. Those who use it also benefit through a more healthful living and/or working environment.

"Green construction is 30 percent to 50 percent more energy-efficient and 40 percent more efficient in water usage, plus it offers health benefits," said Ashley Katz, Communications Coordinator with the USGBC. "Currently, we have a little more than 1,500 certified projects in total, but our goal is to have 100,000 commercial buildings and 1 million homes certified by 2010. We've also raised our commitment to fund green-building research by increasing the amount given in grants to \$2 million in 2008."

In addition to the increased use of recycled materials, nearly all new construction projects have other green considerations built into them, such as erosion-control measures, retention ponds to keep stormwater runoff on site, and balanced earthwork designed to cut down on the amount of import and export materials and compaction. Many call for disturbing as little ground as possible, as well as finding ways to save existing trees, or planting new ones.

In many cases, state highway departments have led the way by using existing roadway materials in the construction of new paving projects. Materials such as old concrete and asphalt roadbeds that used to be hauled away are now being crushed on site and reused as road base. Asphalt millings are used in shoulder materials or put back into the mix for new road pavement. Porous pavement that allows water to drain through it to the stone base and back to the soil is becoming increasingly more popular.



More efficient machines with Tier 3-compliant engines, such as Komatsu's Dash-8 excavators and new BR580 JG crusher, increase production with less fuel and lower emissions than previous models. Used in combination, as shown here, these machines can turn old pavement into new materials for reuse, rather than putting them in a landfill.

Efficient machinery reduces emissions

Reducing environmental impact in construction means more than just using recycled materials and careful jobsite planning. It also takes into account the machinery that's used to make the materials, move the dirt and lift building products into place. Equipment manufacturers are doing their part in conjunction with federal regulations and guidelines, which have included mandates that lower engine emissions, such as nitrous oxide (Nox) and particulate matter (PM). Both are considered significant public health risks.

Latest regulations require new diesel engines to meet Tier 3 standards, with stricter Tier 4 standards coming in the next few years. In some cases, the results have not only been lower emissions, but less fuel consumption as well, leading to the same or better production with lower operating costs. It's a win-win for the equipment user.

"That's been a great benefit of our ecot3 engines (the 'eco' stands for ecology and economy; the 't' for technology; and the '3' for Tier 3)," said Toshio Miyake, who was involved with product planning for Komatsu Ltd. during the development of ecot3 engines. "In addition to meeting the emission regulations, and thereby putting fewer pollutants in the air, we're also able to make a better machine.

Continued . . .

Komatsu, contractors join green movement

... continued

“Initially, there was concern that emissions requirements might negatively impact some power and performance features. But we’ve overcome potential problems and we view the ecot3 engine as a big step forward in all respects for equipment users.”

Manufacturing part of the process

Komatsu and other manufacturers are taking additional steps by making going green

Factories such as Hensley Industries, part of Komatsu Ltd., are using more environmentally friendly practices during production. The plant, which makes ground-engaging tools for mining machines, recycles nearly 100 percent of its waste products, including dust, which goes into this containment area. It is pelletized and sold for use in other products, including concrete.



a consideration in the manufacturing process. When Hensley Industries, part of Komatsu Ltd., built its new foundry in Dallas, several steps were taken to improve efficiencies and recycle nearly 100 percent of the waste materials it generates in the process of making ground-engaging tools for mining machines.

During the planning stages, Hensley took into account how potential environmental issues, such as noise, smoke and odor, would affect not only the workers at the foundry, but its neighbors as well. The plant was built with a highly effective dust-collection system that moves the dust to outside containment units where it’s eventually pelletized and sold for reuse in such products as concrete. Noise suppression was built in so a nearby school and apartment complex wouldn’t be affected.

“We’re very proud of what we accomplished as we set out to build a very modern facility that was environmentally friendly and an asset to our neighbors,” said Paul Rudd, General Manager-Manufacturing, who helped design the foundry. “It’s truly state-of-the-art and highly efficient. It’s the cleanest manufacturing facility I’ve ever seen.”

Continuing to grow

Contractors can invest in ways to help too. Using newer, lower-emission equipment, or retrofitting older equipment with more environmentally friendly engines can help out. Employing GPS-based site-preparation practices can help operations be more efficient. These systems allow users to get to grade in fewer passes with less wasted effort. More accurate grading requires less aggregate material for subbase, and increasingly, the subbase that is used is coming from recycled products, such as the ones Oxford Recycling makes.

“Much of the material we recycle would have ended up in a landfill. Asphalt and concrete do not decompose, so it’s not beneficial to dump that material there,” Kent noted. “Reusing the material is a way to reduce the environmental impact in variety of ways. Not only is the paving material reused, it often reduces trucking, which means fewer emissions. We’ve seen a gradual increase in the use of our recycled materials, and we believe it’s only going to continue to grow.” ■

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**“Super slant” gives them top visibility;
more horsepower gives them top power**

About a year ago, Komatsu unveiled its new Dash-22 hydrostatic dozer series by introducing the revolutionary D51, easily distinguishable by its super-slant nose design. Now, the manufacturer has extended Dash-22 features to the next size class down, the 10- to 11-ton D39.

Available in a standard-track EX or wide-track PX version, the D39-22 is unique in appearance, thanks to its sharply sloped nose and mid-mounted cab. According to Komatsu, the features are much more than cosmetic improvements.

“The combination of the super-slant nose and the cab being mounted almost two feet forward compared to the D39-21, dramatically improves visibility to the blade,” said Komatsu Dozer Product Manager Bruce Boebel. “The mid-mount cab also improves machine balance, making the D39 both a highly productive and stable small to mid-size dozer.”

Other significant improvements to the new hydrostatic (HST) D39 dozers include the highest horsepower (105 hp) in class; an electronically controlled, hydraulically driven fan that improves overall machine efficiency; and adjustable blade pitch, which allows an operator to cut or carry material. In addition, the D39-22 dozers have larger undercarriage components; heavy plate steel throughout; and new, heavy-duty HST components; all of which combine to make them much more durable machines.

“From the blade, all the way to the back of the machine, we rethought everything about the D39, with the goal being to make it the most productive, efficient and user-friendly

dozer in its class,” said Boebel. “We believe we’ve succeeded in every way. For example, variable-displacement travel motors provide plenty of power throughout a turn, and with the unmatched visibility to the blade, even a beginning operator can be very effective on the D39-22.”

Powered by Komatsu’s ecot3 (Tier 3) engine, the D39 is also very fuel-efficient in either grading or dozing applications.

For more information on the new Komatsu D39EX/PX-22 dozer, contact your sales representative or our nearest branch location. ■



Bruce Boebel,
Product Marketing
Manager

Brief Specs on Komatsu D39EX/PX-22

Model	Output	Operating weight	Blade capacity
D39EX-22	105 hp	20,834 lbs.	2.89 cu. yd.
D39PX-22	105 hp	21,804 lbs.	3.0 cu. yd.

The new D39EX/PX is the second Komatsu hydrostatic dozer in the Dash-22 series. Features include industry-leading power, along with a super-slant nose design and mid-mounted cab which provide unparalleled visibility to the blade.





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NEW UTILITY MACHINES

COMPACT EXCAVATORS

Here's a first look at Komatsu's
new MR-3 series

Komatsu recently introduced its third generation of short-tail-swing compact excavators, the MR-3 Series. The MR-3 carries the Komatsu pedigree through and through. From the Komatsu-designed and -built load-sensing hydraulic system to the design of the undercarriage, frame and body.

The MR-3 series brings some great new features to the Komatsu line of compact excavators that are accepted the world over. ■

Continued . . .



Komatsu's new MR-3 series of compact excavators features ease of maintenance with larger, lockable access covers for accessing the engine, hydraulics and fuel, as well as for cleaning coolers.



A new monitor panel has easy-to-read gauges and warning lights, hour meter, charge-level monitor with audible alarm, engine oil-pressure monitor with audible alarms and high-speed travel indicator.



Ease of use was built into the MR-3 series with a new dozer control lever that has two-speed travel control, as well as auto shift and load sensing.

The new MR-3 series of compact excavators ranges in size from the 4,090-pound PC18MR-3 to the 11,376-pound PC55MR-3.



Many new features on MR-3 series excavators

... continued

Komatsu's MR-3 series features a spacious operator station with the KOMTRAX remote machine-monitoring system (standard on PC18MR-3 through PC55MR-3). Cab models have heater/air conditioner, two radio-ready speakers and wiring for a radio.



Komatsu improved functionality with the MR-3 series, including a reduced gap between the blade and bucket for easier load-and-carry.

A high-strength, X-frame design has rounded legs to help prevent build-up of debris on the frame. Open centers allow material to fall off the frame.



Komatsu's MR-3 series of compact excavators has a new look, with integrated counterweight that allows for swing, even in the tightest spaces.



Superior service access means tilt-forward access to the operator station for periodic inspections (on PC18MR-3 through PC55MR-3) with easy access to the main hydraulic valve, swing motor, starter and alternator.

Komatsu packaged the MR-3 series with tracks and blade included in the package as well as other unique features.





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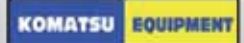
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TECHNOLOGY TIPS

GLOBAL POSITIONING

Komatsu machinery and Topcon technology —
a powerful team that helps keep your costs down

Moving material faster, more efficiently and at a lower cost per yard is the goal of every earthmoving contractor. Those advantages are all available with Komatsu machinery equipped with Topcon Positioning Systems GPS (Global Positioning Satellite) technology.

The combination of the two provides a powerful tool that allows users to save time and money in several ways. Available are 2D and 3D systems that allow users to upload job designs into a control box, which receives machine-positioning signals from a radio antenna and GPS receiver on the machine. The control box continuously compares actual machine and blade position on dozers and motor graders and calculates corrections that are sent to the machine's hydraulics, creating fully automatic grading of the jobsite. The result is reduced or eliminated staking and surveying costs, and the ability to reach final grade in fewer passes.

Komatsu is working to make Topcon technology "plug and play" on factory-direct machines. In the past, Topcon systems had to be added on after the purchase of a machine. Komatsu's goal is to ship the machines with the brackets for mounting Topcon components as well as the internal wiring harness and hydraulic valve already in place. All users will have to do is plug their Topcon system in, and after initial set up, calibration and consultation with a Topcon representative, they'll be ready to go.

"With our new 'plug and play' setup, the user won't have to have the machine out of service for an extended period of time to make the machine GPS ready," said Mike Milostan, Komatsu America Product Marketing Manager, Working Gear. "We've taken the initial step with our new D51 dozers. It will soon be available as an option on all dozers,

followed closely by motor graders then excavators."

More precise excavator cuts and fills

Several Topcon systems are available to dozer, motor grader and excavator users, such as the 3D-Xi Indicate 3D GPS+ control system for excavators that offers multiple views: plan, profile and section. It displays real-time movement of the bucket, stick, boom and entire machine. Grade can be controlled on the left, middle and right of the bucket.

"Similar to units used with dozers and motor graders, the excavator systems will improve the bottom line with better production, material savings and reduced survey costs," said Milostan. "Komatsu excavators work well with Topcon systems such as the X63, which helps in tough situations such as deep cuts, underwater excavations and steep slopes, as well as shallow digs. It displays machine position in real time, providing the operator complete control of the bucket at all times. A



Mike Milostan,
Komatsu America
Product Marketing
Manager, Working Gear

Continued . . .



Topcon GPS systems are available with Komatsu excavators, displaying real-time movement of the bucket, stick, boom and entire machine. Grade can be controlled on the left, middle and right of the bucket.



Easy-to-use systems up production at lower cost

... continued

touch-sensitive control box with a bright, color display shows the operator how to get and keep the bucket on grade for better accuracy. Operators can select a variety of screen options such as plan profile, cut/fill scrolling tape indicator and cross section. It significantly reduces the need for a grade checker as well."

Saving time and money

Also available is the 3D-MC machine control system that provides accurate grade control and productivity, the 3D-LPS (Local Positioning System) with high-precision stakeless grading in limited-satellite-access locations, the 3Di-GPS+ indicate control system for rough grading and the mmGPS (mm stands for millimeter) machine control system with millimeter accuracy. In most cases,

one system can control multiple machines on a jobsite, and for larger jobsite applications, additional GPS units can be linked together to provide coverage over the entire area.

All are easy to learn and use, according to Milostan.

"We understand that some contractors may be reluctant to try the systems because they believe GPS is too complicated, but that couldn't be further from the truth with Topcon systems," Milostan noted. "Komatsu currently has dozers, a motor grader and an excavator equipped with Topcon systems at our demo site in Cartersville, Georgia, so those considering the technology can come and operate those machines to see how easy they are to use. We're confident that the combination of Komatsu machinery and Topcon GPS technology will be a huge benefit to the equipment owner by saving time and money."

That's been proven with such products as Topcon's popular 3D-GPS+ and 3Di-GPS+, which are extremely accurate for finish and rough grading with Komatsu dozers or motor graders. Both systems have been shown to increase dirt-moving productivity by 30 percent to 50 percent and reduce staking 50 percent to 90 percent. Maps give the operator real-time cut-and-fill information that helps reduce push/haul lengths anywhere on the jobsite. The 3Di-GPS+ system can even be used for marking clearing limits, saving valuable time on surveying.

"Topcon's GPS+ systems are the most powerful on the market," stated Milostan. "They not only use the U.S. group of GPS satellites, but also the Russian GLONASS satellite group, giving them more satellites than the competition. The result is stronger, more accurate positions and better performance in obstructed areas, so there's less system downtime."

It all adds up to better production at less cost. "As with any new equipment, there's an initial investment. But the time and money savings that users see using the Topcon system with Komatsu machinery — especially newer ones with our more powerful and more fuel-efficient Tier 3 engines — means users can quickly recoup the cost and put more money in their pockets in the long run," said Milostan. ■

Finish grading with a Komatsu motor grader equipped with Topcon technology is easier, as it allows fewer passes to get to grade. Komatsu is working to make Topcon technology "plug and play" on factory-direct machines.



Topcon systems have long been available for Komatsu dozers, including Tier 3 models such as the D155AX-6 and the new D51-22s. "Using the Topcon system with Komatsu machinery — especially newer ones with our more powerful and more fuel-efficient Tier 3 engines — means users can quickly recoup the cost and put more money in their pockets in the long run," said Mike Milostan, Komatsu America Product Marketing Manager, Working Gear.



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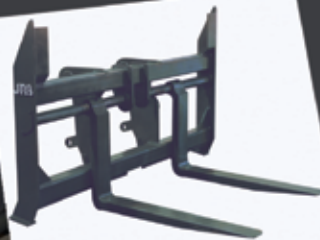
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KOMATSU & YOU

NEXT GENERATION OF COMPACT EQUIPMENT

Komatsu's Utility Division introduces new machines that improve owning and operating costs



Ivor Hill,
Vice President and General Manager,
Komatsu America Utility 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.

Ivor Hill joined Komatsu in 2000 and was named Vice President and General Manager of Komatsu America's Utility Division in 2002. Under his guidance, the division has grown to be a significant player in the North American compact equipment market. It has grown from five products in its infancy to nearly 30 today.

"Komatsu really began to produce compact construction equipment about a decade ago, bringing to the table years of experience building quality and reliable large construction and mining machinery," said Hill. "That experience paved the way for innovative utility machines that we believe are second-to-none. Komatsu is committed to making each of its products efficient, productive and easy to maintain. Customers will get the same quality and reliability from our smallest PC09 excavator as they will from our largest mining machine."

Although born and raised in England, Hill has lived and worked in North America most of his adult life. His background includes work with a mining company before joining Komatsu.

An avid soccer player, Hill plays in several leagues around Komatsu Utility's home base of Newberry, S.C. He has four children and two grandchildren he enjoys spending time with when he's not on the job.

QUESTION: What's changed in Komatsu's Utility Division in recent years?

ANSWER: Since Komatsu seriously began marketing compact and mid-sized machines in the North American market about a decade ago, we've seen our unit sales grow significantly. Since establishing the Komatsu Utility Division 5 years ago, our unit sales have grown 400 percent.

In 2002, Komatsu consolidated all major functions of the Utility Division at our Newberry, S.C., headquarters. At first, there was only a manufacturing plant and a few marketing people. Today, the Utility Division in South Carolina is also the home to our North American sales, marketing, finance, distribution, and manufacturing personnel and the global center of excellence for skid steer loader and compact track loader development.

The Utility Division is responsible for seven product lines with 30 machine models, including products like excavators, skid steer loaders, compact track loaders, backhoe loaders, compact wheel loaders, crawler carriers and compact dozers.

QUESTION: Why is it important to the end user to have the skid steer loader development center located in South Carolina?

ANSWER: North America is the largest skid steer loader market in the world and the skid steer loader is a product with an American pedigree. It only makes sense to place the design and development center here in South Carolina. It's close to the customers who use these products, and input from equipment users is a key part of

our research and development. With sales, marketing, engineering and manufacturing all located at the Utility Division headquarters, we can streamline communication and the development process, to ensure quality and reliability across the board.

With our new role as the global center of excellence for the SSL and CTL products, we have the benefit of working with customers and dealers all over the world. This expands our knowledge base and helps us find new ways to serve our customers, wherever they live and work. We can also be more efficient by producing higher unit volumes for the world market — again a benefit for our customers.

QUESTION: Is Komatsu Utility introducing new products this year?

ANSWER: Komatsu Utility is in the process of introducing its new generation of compact and mid-size excavators. The MR-3 compact range improves on the vastly popular MR-2 units. There's a brand-new PC45MR-3 with better performance and price position than its predecessor. The all-new PC88MR-8 extends our range into the mid-size eight-ton class with a larger, more powerful unit that's designed and built by the same team as our larger construction-class excavators. In our fourth business quarter, we plan to introduce the first North American-designed skid steer models and build them in our Newberry, S.C., plant.

One benefit that users will find across the board is that all our utility machines will have common controls, such as Pressure Proportional Control (PPC). The benefit is that operators can move from one machine to another, a compact excavator to a skid steer, for example, and be confident they can run the machine because the controls are common among them. That will obviously speed up production because the operator doesn't have to learn a whole new skill set to run the machine.

QUESTION: What else is Komatsu Utility doing to help the machine owner save time and money?

ANSWER: Like much of Komatsu's larger construction equipment, utility machines



Komatsu's Newberry, S.C., manufacturing facility is the worldwide development center for skid steer loaders. Komatsu will introduce its next-generation, Tier 3-compliant skid steers later this year.

will now come standard with our KOMTRAX remote machine-monitoring system. Komatsu is the first manufacturer of compact equipment to make such a system standard equipment. As new models are introduced, KOMTRAX will be on board. KOMTRAX allows the owner to keep track of machines by logging onto a secure Web site. Information, such as machine location and hours are available. If there's an issue, an error code will pop up and alert us and the distributor so we can call and let the owner or operator know we're on our way to fix it. It's a very effective tool for controlling owning and operating costs because maintenance and service schedules can easily be tracked.

QUESTION: Are there other similarities between Komatsu's utility machines and its larger construction counterparts?

ANSWER: Customers will find that even though we're a relatively new player in the utility market, our smaller machines are just as reliable and productive as Komatsu's larger models. No matter what size the machine, the same Komatsu development and testing process is applied. Whether a skid steer loader or 40-ton excavator, the process is the same. There's also a high degree of component commonality and Komatsu is known for its in-house hydraulic systems. That means customers will get the same quality and reliability from our smallest PC09 excavator as they will with our largest mining machine. It's part of Komatsu's commitment to quality equipment, product support, parts and service throughout its entire lineup. ■



Komatsu recently introduced its new MR-3 series of compact excavators. The units are packed with features that offer better productivity and operator comfort.

UNDER THE HOOD

EXTENDING MACHINE LIFE

Why Komatsu Genuine Oil is the right choice for your engine



Jake Tiongco,
District Parts
Sales and Product
Manager, Komatsu
America

Engine oil is engine oil, right? Not if you're entrusting something other than Komatsu Genuine Oils to keep the moving parts of your machinery working at maximum performance.

Komatsu recently independently tested several popular engine oils offered at the retail level, and subjected them to rigorous testing to see if they met Komatsu Engineering Standards (KES), which are far more stringent than the industry standard. Among the tests was a determination of the oils' abilities to resist oxidation, a critical factor considering Komatsu's 500-hour oil-drain interval.

In addition, these tests predict an oil's ability to resist deposit formation, an essential element in Komatsu's Tier 3 engines. The oils tested claimed to meet the needs of Komatsu engines, yet all the products failed the tests.

"Komatsu is a company that prides itself on its engineering and has chosen oils which

Komatsu Genuine Oils provide superior oxidation and viscosity control. A recent test showed other engine oils failed to meet Komatsu Engineering Standards, which are far more stringent than the industry standard.



allow our machines to achieve maximum performance and life," asserted Jake Tiongco, District Parts Sales and Product Manager for Komatsu America. "With our latest Tier 3 engines, it's more important than ever to protect your investment with Komatsu Genuine Oils."

Superior oxidation and viscosity control

Using something other than Komatsu Genuine Oils could lead to rapid buildup of under-crown deposits. Left unchecked, these deposits cause an insulating layer and lead to piston overheating. With insufficient cooling of the piston, deposits form in the area of the rings, which can cause sticking or collapse. This in turn leads to loss of oil control, compression and premature liner wear. Worst case scenario: piston seizure.

Komatsu Genuine Oils help ensure those problems don't occur. Oxidation control is a critical factor in maximizing the life of any Komatsu engine, and Komatsu Genuine Oils are an essential part of that. While designed for Tier 3 engines, Komatsu Genuine Oils are approved for use in all preceding Komatsu engines.

An additional factor in oxidation stability is viscosity control. As oil becomes oxidized, it thickens and turns dark in color, eventually causing loss of viscosity, often before a scheduled change interval.

"Only oils with superior oxidation resistance, such as exhibited in the Komatsu hot-tube test, can operate the full 500 hours and maintain both viscosity control and maximum antiwear performance," said Tiongco. "Using Komatsu Genuine Oils takes the guesswork out of the equation. They're always the right choice." ■

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LOOKING AHEAD

Massive new funding proposed to meet needs of transportation systems

Rep. John Mica, R-Fla., is looking ahead to funding the nation's highways and transit systems beyond 2009, calling for a massive increase over the \$286 billion under the current SAFETEA-LU funding measure, which provides funds for such projects as maintenance and rehabilitation of highways and interstates. SAFETEA-LU expires in 2009, and Mica wants more than a trillion dollars in new funding.

Mica, a member of the House Transportation and Infrastructure Committee, is aiming for \$1.5 trillion over five years, which includes \$500 billion in the basic bill, with another \$500 billion each for infrastructure and public-private ventures. Funding for the bill would come from several options a surface transportation commission called for earlier this year, including higher federal and state fuel taxes.

The proposal comes on the heels of a recent study that showed the U.S. transportation system is failing to keep pace with the demands of a 21st century economy. The study, "The Transportation Challenge: Moving the U.S. Economy," showed the U.S. competitive

advantage is shrinking as other countries increase investment in transportation infrastructure. The increasing age of the nation's infrastructure was a major contributing factor, and without needed investment, the nation will continue to fall behind.

"If the United States declines to invest in transportation infrastructure and ignores the transportation needs of key industry sectors, our economy will become less productive and less competitive," said Janet F. Kavinoky, Executive Director of the Americans for Transportation Mobility Coalition (ATM), who helped conduct the study, along with the National Chamber Foundation and the U.S. Chamber of Commerce. "Without an adequate transportation system, the nation's economic growth is at risk."

Recommendations urge more strategic planning

According to the study, lack of investment will put the U.S. transportation system further behind the growing demands of five major economic sectors — agriculture and natural resources, manufacturing, retail, services and transportation — which account for 84 percent of the nation's economy.

Several recommendations were part of the study, including emphasizing the importance of increased investment in transportation systems, such as highway, rail and marine. It urged policymakers to become more strategic in planning and investing in the U.S. transportation system.

"If we do not, our transportation system will become a competitive disadvantage for U.S. industries, and it will become harder to sustain the growth of our regions and the national economy," the report said. ■

Rep. John Mica, R-Fla., is looking for a massive increase in funding for the nation's highways when the current funding measure ends in 2009. A recent study shows the U.S. transportation system is failing to keep pace with the demands of a 21st century economy.



MORE INDUSTRY NEWS

AGC says looming tax increase will hurt construction

The Associated General Contractors of America (AGC) is calling for Congress to make the tax cuts enacted in 2001 and 2003 permanent, saying if they are not, there will be a significantly negative impact on the construction industry when they expire in 2011.

AGC points out that tax rates will increase across the board for all Americans, including partnerships and "S" corporations, which make up most businesses in the construction industry. Further, the death tax will rise to 55 percent in 2011, while the impending enactment of 3 percent withholding on public-works contracts will devastate construction businesses, which on average make 2.4 percent per contract.

"Construction companies will be especially hit hard by this (3 percent withholding) because

their profit margin is less than the withholding at 2.4 percent on average," the AGC said in a press release. "This will force many small businesses out of the government market, increase the costs of performing public-works contracts, and increase the costs to the taxpayer.

"Marginal tax increases raise taxes up to 5 percent in 2011, unless Congress acts, and impact more than 60 percent of construction companies that file their business taxes at the individual level," AGC continued. "The sharp rise in the death tax will take the life out of many small and medium-size companies. Owners will be forced to take their focus off their business and instead focus on ways to save their companies for future generations and their current work force." ■

New Canadian pipeline will increase oil supply

Construction of a 2,148-mile pipeline that will carry nearly a half million barrels of oil a day from Canada to the United States was recently approved under a presidential permit. The pipeline will transport crude oil from the Canadian province of Alberta to markets in the Midwest.

The pipeline will further increase the nation's supply of oil from Canada, which is already its largest supplier of foreign oil at

1.9 million barrels of crude a day. The new Keystone Pipeline is expected to have an initial capacity of 435,000 barrels a day by 2009, with an increase to 590,000 by late 2010.

Construction in the United States will total just under 1,400 miles of new pipeline, while Canada will construct 232 miles of new pipeline and convert 537 miles of existing line from natural gas transportation to crude oil. ■

New blog focuses on infrastructure needs

The Americans for Pure Water campaign launched a new blog designed to generate information and discussion about the nation's infrastructure and the need for updating it. Located at waternewsupdate.com, the campaign hopes to help readers gain a clearer picture of why increased federal funding is needed to prevent infrastructure failure in the country's water and sewer systems, as well as

generate conversation about what needs to be done to repair them.

The Americans for Pure Water campaign is an initiative of the Clean Water Council, a coalition of 32 national associations and labor unions representing contractors and skilled craftsmen, among others. It's committed to ensuring high quality of life through sound environmental infrastructure. ■

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