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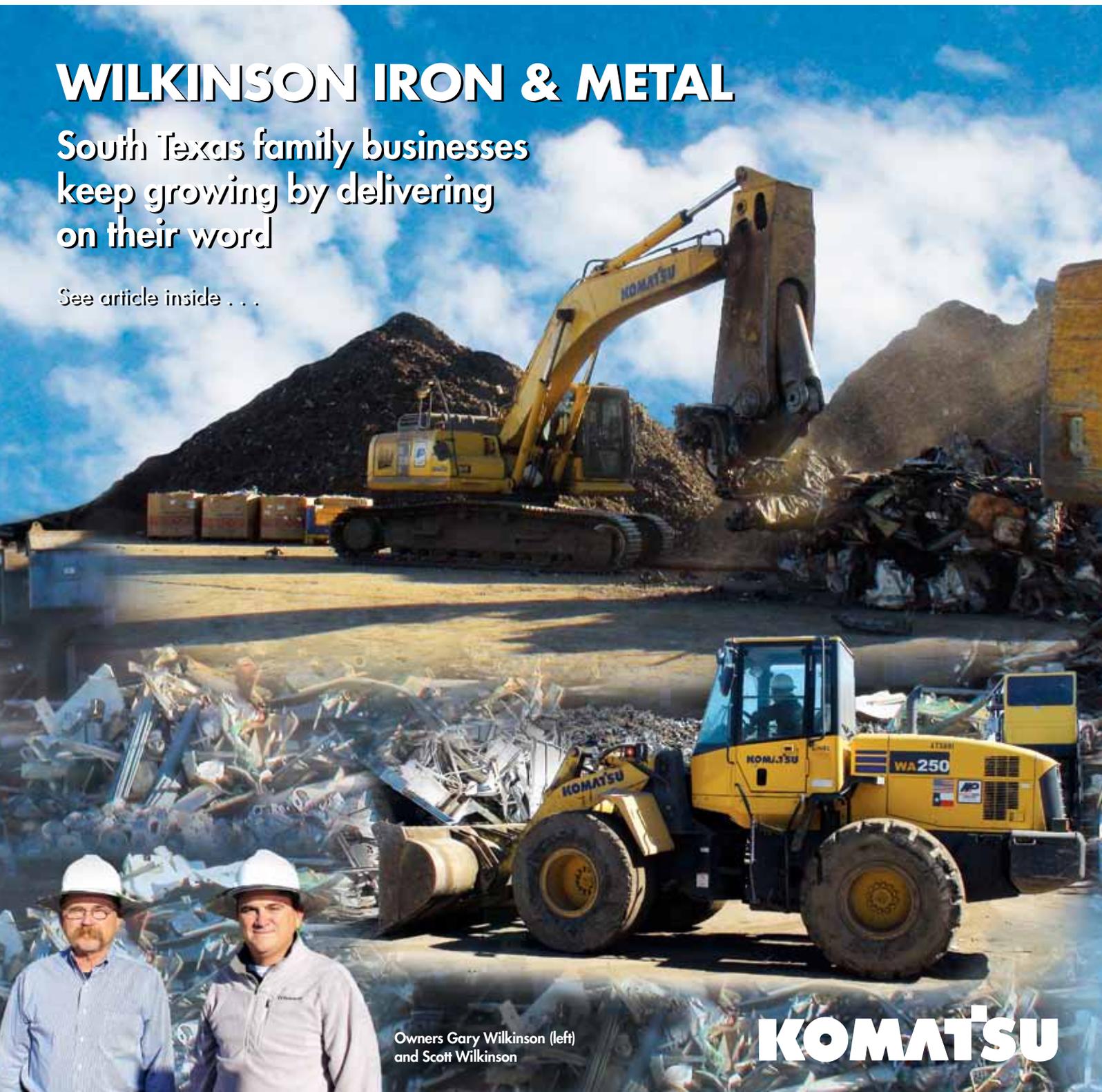
UPDATE

A PUBLICATION FOR AND ABOUT WAUKESHA-PEARCE INDUSTRIES, INC. CUSTOMERS • MARCH 2011 • ISSUE 1

WILKINSON IRON & METAL

South Texas family businesses
keep growing by delivering
on their word

See article inside . . .



Owners Gary Wilkinson (left)
and Scott Wilkinson

KOMATSU

A MESSAGE FROM THE VICE PRESIDENT



G. Michael Green



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 WPI *Update* 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 WPI, 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,
WAUKESHA-PEARCE INDUSTRIES, INC.

G. Michael Green
Vice President of CMD Operations



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machines in action
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A PEARCE INDUSTRIES, INC. COMPANY

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WILKINSON IRON & METAL

South Texas family businesses keep growing by delivering on their word

Almost 80 years ago, the Wilkinson name became synonymous with scrap handling in the southern tip of Texas. Herbert Wilkinson began collecting all types of materials to process and resell, all the while building a reputation for fair and honest dealing.

Three generations later, his ideals remain the cornerstone of the three entities that make up the Wilkinson family business. Three of Herbert's grandsons — Gary, Ray and Jim Wilkinson — run scrap businesses that bear their names: Wilkinson Gary Iron & Metal in Laredo, Wilkinson Ray Iron & Metal in McAllen and Wilkinson Jim Iron & Metal in Brownsville.

“As the business grew, we believed it better served us to each take a yard and make it our own,” said Gary. “That’s why we each have our first names associated with a particular location. Besides the names, there really isn’t much difference among the yards, other than my location in Laredo and Jim’s in Brownsville have shredders and Ray’s in McAllen doesn’t.”

“Even though we’re separate entities, we still are in constant contact with each other,” Ray pointed out. “We talk every day, and we all basically do the same thing: process ferrous and nonferrous materials. It comes in, we process it and send it back out to our customers. Obviously, through the years, our volume of material has increased substantially, and we’ve expanded to reflect that.”

Material entering each yard comes from about a 150-mile radius of its location, with the bulk brought in by outside contractors, vendors and the general public. Each Wilkinson location also offers roll-off services to industrial and commercial clients. Additionally, all have small feeder yards throughout the Rio Grande Valley that bring material in and hold it until it can be sent to the main yards in Laredo, McAllen and Brownsville. The Wilkinsons also have a warehouse in Monterrey, Mexico, that buys industrial scrap and sends it to Laredo for processing.

Fourth generation

At each location, the fourth generation is either well-entrenched in the business or starting to learn the ropes. In Laredo, Gary’s son Scott has been part of the business for nearly 30 years and is half-owner of Wilkinson Gary Iron & Metal. In McAllen, Ray’s son Stuart has worked with him for several years. The newest is Jim’s son Jason, who’s worked with his father about a year.

“Our grandfather started the business in Devine, and he and our dad and an uncle drove around southern Texas in Model Ts,” said Jim of the early days of Wilkinson Iron. “They’d come into town and honk the horn to see if anyone had something they wanted to sell. They had

Gary (left) and Scott Wilkinson are Owners of Wilkinson Gary Iron & Metal in Laredo.



scales and would weigh the items and pay cash on the spot. Once they had a load, they'd bring it home, process it and sell it in a small yard in Devine."

The boys' uncle Herbert Henry opened the first of what's now the main yard in Laredo in the 1940s, and their father, Westbrook, started one in 1966 in Brownsville. Gary, Ray and Jim took over in the late 1980s, and the McAllen facility was opened around that time.

"All of us boys grew up in the business and worked around it from a very young age," noted Jim. "We learned how to deal with people honestly, and we continue to work to pass that on to our boys."

From hammers to material handlers

Those honest dealings have brought people to the yards on a repeat basis. The Wilkinsons estimate nearly all their scrap metal comes from repeat customers, and the businesses are processing nearly 15,000 tons of materials each month. They note that in the early days, the processing was done by hand with a hammer and chisel.

"I even got in on some of that, but during the past 40 years or so, it's become much more equipment intensive," observed Gary. "Our volumes, especially in the past 20 years, have exploded. There's almost a steady stream of materials coming, most of which is separated by its properties, processed and sent back out within 48 hours. To be able to do that takes quality equipment that's got to keep up and be reliable."

The Wilkinsons' most recent purchases included Sennebogen 835 M material handlers used at the Laredo and Brownsville yards. They worked with WPI's Edinburg Sales Representative Darryl Woods to purchase the 266-horsepower Sennebogens, which feature up to 62 feet of operating radius.

"The rubber-tire machines are mobile, but quite honestly, we hardly ever move our Sennebogen," admitted Jim. "With the large working radius, we're able to sit in one spot and feed our shredder as well as unload trucks."



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Wilkinson Gary Iron & Metal uses a Komatsu PC300LC-8 excavator with a LaBounty shear to cut materials down to size. The yard also uses Komatsu WA250 wheel loaders and a Sennebogen 835 M material handler.



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"The elevating cab allows the operator to better see into trailers when unloading, as well as into the shredder during feeding, so it saves time," Scott noted. "The Sennebogen makes us much more efficient from a time standpoint, and it's fuel-efficient, which lowers our costs. Both yards have had them about a year, and we're extremely happy with them."

In addition to a Sennebogen 835 M, Scott and Gary run a Komatsu PC300LC-8 excavator with a LaBounty 3000 shear. Each main yard runs Komatsu WA250 wheel loaders to stockpile and load materials.

"The loaders were the first Komatsu pieces any of us ran, and we've been very happy

Using a WA250 wheel loader, a Wilkinson Ray Iron & Metal operator sorts and stockpiles materials. "The loaders were the first Komatsu pieces any of us ran, and we've been very happy with the production and efficiency we've seen," said Owner Ray Wilkinson.

Continued . . .



Ongoing scrap demand helps businesses grow

... continued



Jim Wilkinson (left) and his son Jason run operations at Wilkinson Jim Iron & Metal in Brownsville.



Managing Wilkinson Ray Iron & Metal in McAllen are Owner Ray Wilkinson (right) and his son Stuart.



(L-R) WPI Sales Representative Darryl Woods meets with Jim and Jason Wilkinson. "Darryl and WPI have been very good to work with," said Jim. "Anything we need, they're right here to help."

A Wilkinson Gary Iron & Metal operator uses a Sennebogen 835 M material handler to load cars into the company's shredder in Laredo. "The Sennebogen makes us much more efficient from a time standpoint, and it's fuel-efficient which lowers our costs," said Owner Scott Wilkinson.



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with the production and efficiency we've seen," attested Ray, noting that the Wilkinsons mounted foam-filled tires on the machines to deter flats from sharp objects. "This business is hard on equipment. It can be hot and dusty in addition to handling tough materials. The Komatsu loaders stand up to the challenge and keep running."

Helping keep the Sennebogen and Komatsu machines running are the service technicians from WPI's Edinburg branch. "A service technician stops by once per month to check the machines for us," said Gary. "It's good to have that extra set of eyes looking things over. If we do need service, they get to us right away. From both sales and service standpoints, Darryl and WPI have been terrific to work with."

Delivering to repeat customers

After the Wilkinsons process materials they send them out via truck and railcar to customers throughout the world. Most of the ferrous materials go to mills in Mexico, while nonferrous metals go as far as India and China. Those materials first go to the port at Houston before being shipped.

"We've had relationships for 50 years or longer with many of our customers," noted Jim. "The steel mills want a certain size material so that it doesn't hang up in their furnaces. The nonferrous customers expect products that are free of iron and contaminants. Our customers know that when we send them products, they can trust them to be up to their specifications. That's why we do so much repeat business."

It's another reason why more than 80 years after Herbert started buying and selling scrap, the Wilkinsons continue to expand. Within the past few months, they've opened additional feeder yards in Mercedes and Alice.

"We continue to grow, and honestly don't see an end to that anytime soon," said Scott. "Metal was one of the first materials recycled and will continue to be. There's a huge demand, and we believe that will continue to be the case with environmental and other efforts to reuse existing materials. The future looks good." ■



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CONEXPO COMING

This year's big construction industry event to be even larger than its predecessors

When CONEXPO-CON/AGG was held in 2008, it counted itself the largest construction industry event of its kind with attendance topping 144,000. When it returns to Las Vegas this year, that claim may not hold, as CONEXPO-CON/AGG is expected to be even larger.

CONEXPO-CON/AGG will be held at the Las Vegas Convention Center March 22 to 26 with more than 2 million square feet of exhibit space that features a wide variety of equipment, educational opportunities and technology. The event is held in conjunction with the International Fluid Power Expo (IFPE), an exposition and technical conference dedicated to the integration of fluid power with other technologies for power transmission and motion control applications. It's on pace to top more than 126,000 square feet.

"These numbers are especially gratifying given the continued slowdown in the manufacturing

sector," said Megan Tanel, Vice President Exhibitions and Events for the Associated Equipment Manufacturers (AEM). "We value the industry support we're receiving as we strive to offer the industry a gathering place to sell their equipment, products and services as well as network with their peers."

More networking opportunities will be available with the addition of the International Concrete (ICON) Expo, which will be co-located with CONEXPO-CON/AGG and IFPE. Presented by the National Concrete Masonry Association (NCMA), ICON is designed to serve the needs and interests of all producers, suppliers, designers, architects and others involved in the concrete products industry.

Learning opportunities

Attendees can also learn how to make their businesses more efficient and profitable with a wealth of educational opportunities presented by industry experts.

More than 125 educational sessions are available in nine categories: Aggregates, Asphalt, Concrete, Earthmoving and Site Development, Equipment Asset Management, Management Best Practices, Recycling/Sustainability, Safety and Workforce Development. Within each, attendees can find such topics as how to secure the most profitable projects in your area; unlimited alternatives to money — business to business credit; cash management and forecasting through tough times; tips on working with federal and state legislators to help shape projects; and work force 2012 and beyond.

Sessions generally run 90 minutes and include materials attendees can take with them for future reference. Educational credits are available for many sessions.

CONEXPO-CON/AGG will be held March 22 to 26, 2011, at the Las Vegas Convention Center. More than 2 million square feet of exhibit space will feature the latest in machinery and technology for the construction industry.





Komatsu will highlight its Hybrid PC200LC-8 excavator, as well as new equipment with Interim Tier 4 engine technology that went into effect at the beginning of this year.

Also new in 2011 is an enhanced Safety Zone with an innovations theater and simulators that feature exhibits and demonstrations from industry and government groups, including OSHA, MSHA and others.

In addition, CONEXPO-CON/AGG will hold a Green Roads Summit designed to offer insight into how sustainability efforts affect current and future road construction projects.

Easy navigation

As in the past, event organizers are making it easier to navigate around the site. Similar products and companies will be grouped together. For instance, those interested in earthmoving equipment can find it in the North Hall, part of the Central Hall, the Riviera Pavilion and the Gold, Blue and Riviera lots outside the convention center.

Komatsu will display more than 20 products, including its revolutionary Hybrid PC200LC-8 excavator as well as products that feature new Interim Tier 4 engine technology, which went into effect at the beginning of 2011 for a large number of construction machines. In its 30,000 square feet of display area in the North Hall (Booth 1009) will be excavators, dozers, motor graders, trucks and more. Komatsu personnel will be on hand to provide information and answer questions.



Komatsu's 30,000-square-foot display area will showcase machinery as well as technology, such as its KOMTRAX remote machine-monitoring system that allows users to track hours, location, service intervals and other valuable information from a secure website.

A theater presentation in its exhibit space will highlight product features and the service and programs Komatsu and its distributors offer in support. One program Komatsu will showcase is its KOMTRAX remote machine-monitoring system that's standard on most new machines and free for the first five years.

Continued . . .

Komatsu display features new technology

... continued

Past attendees enjoyed Komatsu's video simulators, so a six-person video game center will be part of the exhibit space at the upcoming expo. It features a Komatsu HM300 articulated truck in a race through a fictional construction site. A company store with items

such as apparel and die-cast models rounds out Komatsu's display.

Other product concentration areas for lifting equipment, asphalt paving and production, concrete paving and production, aggregate processing and heavy-duty trucks and mixers will be set up at the expo. Sub-specialties such as engines, hydraulics, lubricants, tires and components have their designated areas as well.

Information stands will be set up throughout the show, and interactive product locators, searchable by company and product, will be on the show floor. These will also have information regarding seminars and meetings. Other show services include a free shuttle system to transport visitors from hotels to and from the convention center and an intra-show shuttle system.

A positive experience

In addition to AEM, there are several organizations that sponsor CONEXPO-CON/AGG, including many with which attendees are affiliated. Among them are the American Concrete Pavement Association, American Road & Transportation Builders Association, The Associated General Contractors of America and Land Improvement Contractors of America.

Statistics show that the vast majority of those who attend CONEXPO-CON/AGG and its co-located shows see it as a positive experience. About 80 percent of attendees at the 2008 event rated it as excellent or very good.

According to a recent AEM survey of contractors, industry customers cite new products, such as those displayed at CONEXPO-CON/AGG, IFPE and ICON, and access to industry experts as key reasons for attending these types of shows. Organizations believe the shows provide valuable benefits to attendees and exhibitors alike.

"What remains the same is (our) commitment to offer a quality show experience and outstanding customer service," said IFPE Show Director Melissa Magestro. "We are industry-run shows and delivering maximum value to attendees and exhibitors is our top priority."

For more detailed information on the show, visit www.conexpoconagg.com. ■



Product managers and other personnel will be on hand to provide information and answer questions about how Komatsu can help your business.

As in past years, Komatsu will feature a large display area that highlights many of its new products, including wheel loaders and excavators.



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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.



INDUSTRY NEWS

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.



MORE INDUSTRY NEWS

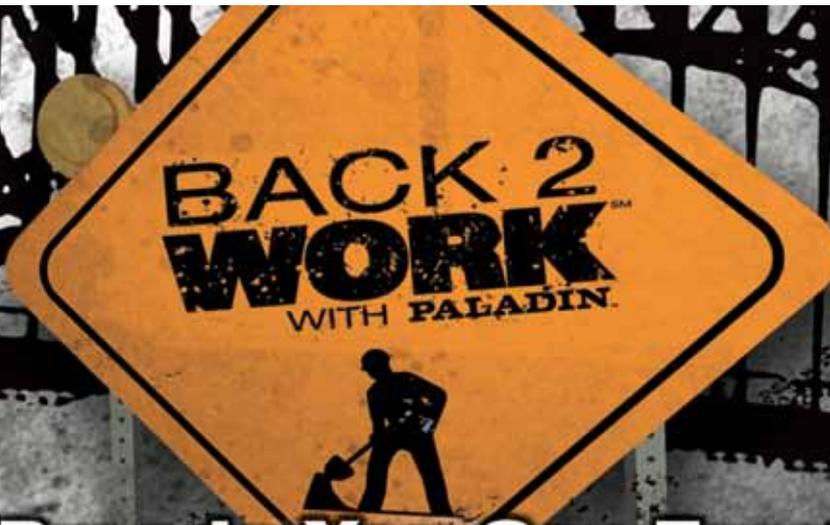
Report answers FAQs about new Tier 4 technology

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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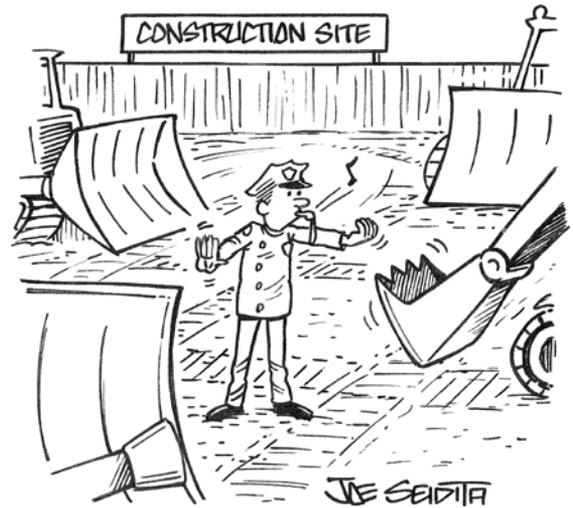
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- During World War II, Oscars were made of wood because metal was scarce.
- Before going into space, astronauts are not permitted to eat beans.
- If you refrigerate rubber bands they will last longer.
- The number of dimples on a golf ball is 336.
- 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.WPIUpdate.com

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

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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.



BRANCH HIGHLIGHTS

CUSTOMER FOCUSED

WPI's Edinburg branch brings a higher level of service to the Rio Grande Valley



L.C. Smith,
Branch Manager

In spite of what the economy as a whole has done during the past couple of years, the Rio Grande Valley has continued to grow. New industry, new businesses and new infrastructure continue to be put in place to support the area's expansion. In an effort to better serve its diverse customer base in the area, WPI grew too.

Two years ago, WPI opened its new branch in the Valley, moving from its former San Juan location to a location along North Expressway 281 in Edinburg. The Edinburg branch serves the southern tip of Texas from the Mexican border in the south to the Kingsville area north. East to west, it covers Brownsville/Port Isabel to Laredo.

"This location allows us to better serve our customers, which fall into a variety of categories that include construction, mining and recycling facilities among others," said Branch Manager L.C. Smith of the 19,000-square-foot facility set on five acres. "It's important that we have the additional capacity because we've gained many new customers with the growth in this

area. We want to offer them the same high level of service we've provided for 50 years to our existing customers in the Valley."

The Edinburg branch's service area includes eight bays and two overhead cranes with 25-ton lift capacity, allowing technicians to work on machines up to a 132,000-pound Komatsu PC600LC-8 or an 87,000-pound D155 dozer. There's also a component rebuild area and a wash rack. With easy access off the expressway, getting machinery into the branch and back out is more convenient than the previous location.

"WPI has always offered outstanding service in the Valley," confirmed Parts Manager Frank Perez. "But this facility really ups our capabilities and better enables us to support the growing number of machines we have in the field. It's allowed us to expand our parts and service offerings, and the feedback we're getting from our customers has been nothing but positive. We're very happy with the move."

Better capabilities

In addition to in-store service, WPI's Edinburg branch has fully equipped service trucks that can provide routine maintenance and emergency service at customers' locations throughout the Valley. Shop and field service technicians alike have extensive training to ensure minimal downtime.

"Factory training by Komatsu, Sennebogen, Gradall and our other manufacturers is a significant part of our technicians' ongoing education," said Smith. "WPI also offers in-house and other types of training that keep our technicians up-to-date on the latest technology. In addition to being able to service anything WPI sells or rents, our technicians



Frank Perez,
Parts Manager

WPI's Edinburg branch is located along North Expressway 281 with convenient in-and-out access. It serves the southern tip of Texas, covering cities such as Laredo, McAllen, San Juan and Brownsville.





In the shop or at your location, the Edinburg branch can service any machine that WPI sells and most competitive brands as well. WPI service technicians, including Oren Hoff (right), are among the most experienced in the industry.



can work on nearly any competitive piece of equipment."

Added parts inventory

To further support its customers' growing machinery fleets, WPI's Edinburg branch stocks a large OEM parts inventory in its 5,000-square-foot warehouse area. If the store doesn't have something in stock, it can get it quickly and easily by contacting one of WPI's other locations, a Komatsu regional parts depot or Komatsu's main parts center in Ripley, Tenn. In most cases, customers will have the part early the next day.

"Our customers are busy, so they can't wait through a long period of downtime to get needed parts," said Perez. "That's why we keep a large inventory of common wear and routine maintenance items. We also work with customers to build a list of items we need to have in stock for them, and we look at trends, such as how often a particular part is ordered, to determine the quantity we need to keep on hand."

"With the growth this area has seen in the past few years, it's essential we have the additional capacity to support our customers," added Smith. "We're better able to do that now, and we're hopeful that the expansion in the Valley will continue for a long time to come. There are many large projects going on now and in the works for the future. This new Edinburg facility ensures we're able to meet customer needs, whether it's sales, rentals, service or parts. We're prepared to do anything we can to help." ■



Robert Estrada, Service Administrator



Maggie Herrera, Administrative Assistant



Edinburg's parts staff includes Eloy Gonzalez (inset left) and Juan Herrera. Herrera (above) checks a part in the large inventory of OEM parts for Komatsu, Sennebogen, Gradall and other machines in WPI's extensive line of equipment.

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