

DIRT TALK

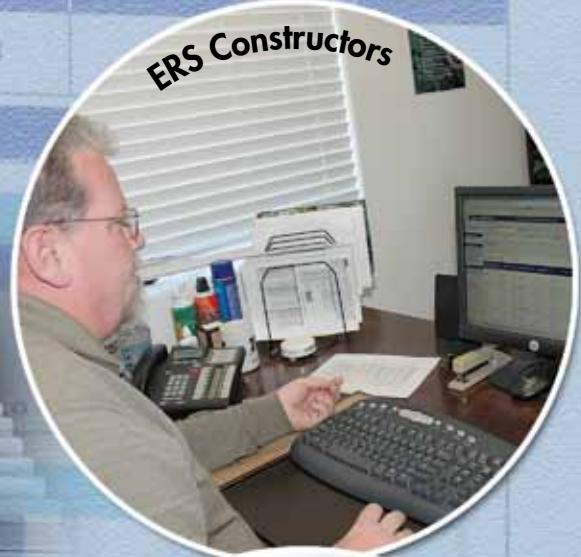
A PUBLICATION FOR AND ABOUT POWER MOTIVE CUSTOMERS • 2009 NO. 1

Featured in this issue:

RAMP AND KOMTRAX

Learn how these two valuable tools are saving these customers time and money

See article inside . . .



KOMATSU

A MESSAGE FROM THE PRESIDENT



Bob Davis



Dear Equipment User:

We're looking forward to the new year with optimism that construction will rebound. One reason we're hopeful is because of the recently approved economic stimulus package, which includes an estimated \$130 billion in construction-related spending.

No matter the conditions in the construction industry, we should all look for ways to be more efficient in our equipment use. That means using quality machinery that helps you produce more in less time with decreased fuel consumption and emissions. Komatsu has a full line of construction, utility, mining and forestry equipment that meets those standards.

You can find out about some of those products in this issue of your Power Motive *Dirt Talk* magazine. Among them are innovative machines, such as Komatsu's largest utility excavator, the PC88MR-8; the PC200LC-8 excavator with thumb spec; and D31 and D37 dozers, which now feature the super-slant nose design. If it's mining equipment you're interested in, check out the MINExpo article to see products that have made Komatsu the leader in mining machinery.

If you need more information on any of these products, or if we can help you with any of your service needs, don't hesitate to contact us. We're here to help you in any way we can.

Sincerely,
POWER MOTIVE

Bob Davis

Bob Davis,
President



DIRT TALK



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RAMP AND KOMTRAX

Find out how customers are using these two valuable tools to save time and money.

GUEST OPINION

David Seiders, former NAHB Chief Economist shares potential good news on the status of the housing market.

INVESTING IN THE PRESENT AND THE FUTURE

The \$787 billion American Recovery and Reinvestment Act was signed into law in mid-February. See how infrastructure spending is a crucial element of this economic stimulus plan.

FIELD NOTES

Check out the photos from Komatsu's recent Demo Days where participants operated equipment and toured the Chattanooga Manufacturing Operation.

DESIGN INNOVATION

Komatsu is at the forefront of design innovation with its award-winning super-slant design and other improvements to its D31 and D37 dozers.

PRODUCT NEWS

Read how the new PC200LC-8 Thumb Spec excavator offers greater lift capacity and stability in a variety of applications.

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MACHINERY MANAGEMENT

RAMP AND KOMTRAX

Power Motive uses these two valuable tools to better serve customers



Tony Krekeler,
Vice President/
COO, American
Infrastructure, Inc.



Matt Juth, Technical
Services Manager,
Power Motive
Corporation

American Infrastructure, Inc. of Franktown, Colo., has all of its Komatsu equipment under RAMP agreements, including this Komatsu PC300LC-7.



Certain expenses are inherent to starting a new company, but Tony Krekeler didn't want unforeseen equipment repairs to be one of them.

In 2004, he and his business partners launched American Infrastructure, Inc. in Franktown, Colo., specializing in underground utility work, and began acquiring Komatsu equipment from Power Motive Corporation. In doing so, he was immediately sold on Power Motive's Repair and Maintenance Program (RAMP), which is designed to give customers a better idea of the overall cost of their equipment during a specified period of time.

"As a brand-new company, the last thing we wanted was a \$20,000 or \$30,000 repair bill," Krekeler said. "Some companies have two or three of their own mechanics who can run around and fix everything, but that isn't the way we decided to operate."

Under the RAMP program, customers choose the length of time Power Motive technicians

will perform all repairs and maintenance (with the exception of wear items) on a new piece of Komatsu equipment. An hourly rate is then calculated for each hour the machine is in use, as monitored by the KOMTRAX machine-monitoring system.

A typical contract is for 8,000 hours of use, although contracts can vary between 4,000 and 25,000 hours. Customers receive a bill each month based on hourly usage, which then covers any breakdowns that would be considered failures or defective components in the machine that are not traditionally covered by warranties.

At American Infrastructure, Krekeler has more than 30 pieces of Komatsu equipment from Power Motive, including Komatsu PC138, PC300 and PC400 excavators, WA320 and WA380 wheel loaders and WB156 backhoe loaders. Each one, he said, is serviced under a RAMP agreement.

"It gives us a fixed budget for our repair costs, which is a really good deal," Krekeler said. "We know we're not going to get hit with one of those huge repair bills during the time we own that machine."

RAMP-ing up service

Power Motive Corporation has been a pioneer in the development and implementation of RAMP agreements for its customers. Technical Services Manager Matt Juth joined Power Motive in 2005 with the charge of expanding the program for customers.

"The way we price these contracts is by calculating what we believe the machine would cost if the customer wasn't doing the program," Juth explained. "That means adding up the



Native Excavating, Inc. has acquired about 25 pieces of Komatsu equipment from Power Motive Corporation, including this PC400LC-7 excavator. President Ed MacArthur said he services several of those machines under RAMP agreements with Power Motive.

preventive maintenance costs, the repair costs — all those things. Then we guarantee that dollar figure."

Juth estimates Power Motive has gone from approximately 25 RAMP agreements around the time he joined the company to about 300 today. "On the months where I've been able to track it, we've had anywhere from 25 to 50 percent of the machines that we sell taking these contracts," Juth said. "I think we're going to continue to grow the number of contracts that we have."

Juth said there are several reasons why a RAMP agreement has become an increasingly attractive option, but the biggest is that it removes unforeseen expenses from a customer's budget.

"With the current challenges we're facing with our economy in which margins are deteriorating for many companies, it's nice to know we're not going to get dinged with a couple of major repairs," Krekeler said. "When we look at the cost of repairs — plus the cost of operating a shop — I think it's the way to go."

"It's extremely good for budgeting," agreed Ed MacArthur, who operates about 25 Komatsu

machines as part of Native Excavating, Inc. in Steamboat Springs, Colo. "In today's environment, the more we know about our budgeting, the closer we can make our bids. Instead of being a variable cost, it becomes a fixed cost. There's no more guessing at a particular number."

Technical expertise

At a time when it is becoming increasingly difficult to find qualified mechanics, MacArthur said another major benefit of the RAMP program is being able to rely on the expertise of Power Motive technicians.

"One thing we like about the RAMP program is that we have access to consistently good mechanics at Power Motive who have been trained on specific machines, such as excavators, loaders or dozers," he said. "We get a technician who works with this equipment every day, which makes diagnosing and fixing problems that much quicker. They're basically in charge of making sure that our equipment is operating for the time frame we establish in the contract. I've been very pleased with what I've seen."

Continued . . .

RAMP controls expenses, speeds repairs

...continued

"With RAMP, customers don't have to hire a mechanic and don't have to get a service truck or a lube truck," Juth added. "They're, in essence, gaining an equipment manager."

"The way we operate, we just run and run and run, and if something goes down, we can call on Power Motive to get it fixed," Krekeler added. "We don't have the overhead costs

throughout the rest of the year that come with having a team of mechanics."

Quick response

Under the RAMP program, more of the burden for keeping a piece of equipment in top operating condition is placed on the distributor. At Worldwide Rental Services (WRS) in Aurora, Colo., which has acquired about 35 pieces of Komatsu equipment the past two years, Power Motive technicians have been up to the challenge.

"Anywhere in its territory, and even machines that our customers have taken out of state, Power Motive has facilitated the repair with the RAMP program," said General Manager Mike Rooney. "They respond that quickly, and with their knowledge of newer machines, they can often get them running more quickly than we'd be able to."

"It's been a very good program to help manage our expenses," added WRS Fleet Manager Harold Alton. "We know what our expenses are going to be per hour that the machine is running. Power Motive's service department has stepped up to the plate. They have really taken care of us as a customer — and as a partner — to make sure the equipment gets back up and running as soon as possible."

In addition to providing a fixed dollar amount for a company's bottom line, Juth said the RAMP program offers coverage not found in traditional warranties. "Extended warranties typically don't cover electrical issues," he noted. "They may or may not cover hydraulic hoses. They don't cover many of the items that really add up and cost money over the long run. Most warranties will cover major breakdowns, of course, but in the first five years of owning a machine, most of the calls are for leaks, wiring harnesses or other little problems that the warranty's not going to cover. With a RAMP agreement, the customer is in essence getting a guaranteed cost of operation for that machine."

With a repair plan under contract, Juth said the relationship between customers and the distributor is often much improved. "We go out, we fix the machine and they don't see a bill," he said. "There are no questions about whether it's



RAMP agreements place more of the burden for keeping equipment operating in the experienced hands of Power Motive technicians like Chuck Fuller (below), working on a Komatsu D61EX dozer, and Larry Dye (above), working on a Komatsu WA320-6 wheel loader.



under warranty or not, so we don't have points of conflict. Everybody's happy."

KOMTRAX capabilities

RAMP agreements are most often administered by using KOMTRAX, Komatsu's industry-leading, satellite-based, wireless equipment-monitoring system. Under the system, Juth receives e-mail notification when there's a problem with a piece of equipment.

"Customers who want e-mail notification can get it as well," Juth explained. "If I see an actual serious issue, I contact the service manager and the customer.

"The direct advantage to customers is they know whether the problem is something that can be taken care of without a service call," Juth continued. "It not only saves money by alerting them to potential problems, but they can use the productivity data, which can help cut costs by tracking idle time and usage. For example, a customer may see data that indicates crews are not loading the machine up enough, which means the machine is too big for the application and it's just wasting fuel. KOMTRAX provides information that shows customers how to use a machine more efficiently."

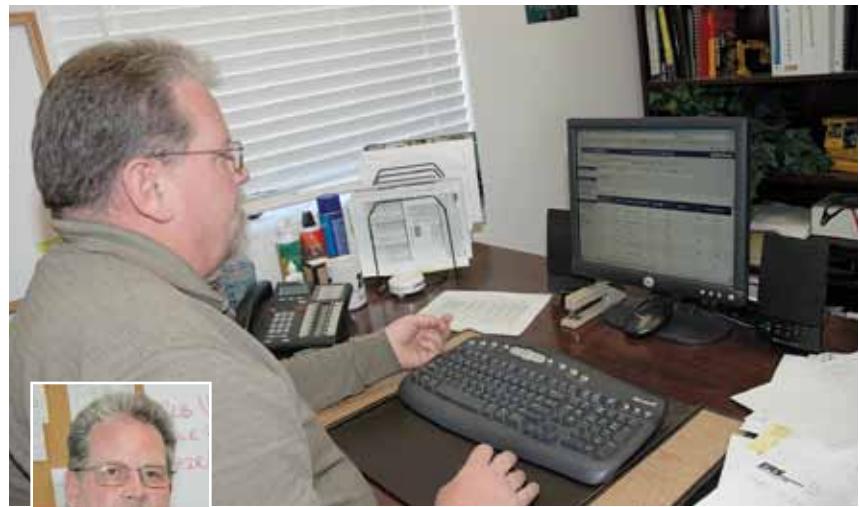
Robert Tuck, Equipment Manager with ERS Constructors of Centennial, Colo., has benefitted from another useful feature of KOMTRAX. Twice he has used it to locate a stolen piece of equipment.

"It has saved us money in a number of different areas," he related. "First of all, we recovered two stolen backhoes. We have insurance on them, but we'd still have to pay sizable deductibles. Plus, with KOMTRAX, we can see when the equipment is running and when it's not running, so it helps increase efficiency. On the more recent models, we can look at the hydraulics and see if they're digging hard with the machine or just cruising along. We can tell when the hydraulic pressure is being maxed out. We can get all kinds of information."

Juth said the security functions of KOMTRAX are just one of the ways it separates itself from the competition. "Our locking abilities are better and the performance



Worldwide Rental Services General Manager Mike Rooney (left) and Fleet Manager Harold Alton have become big believers in RAMP agreements for much of their fleet of Komatsu equipment.



With KOMTRAX, ERS Constructors Equipment Manager Robert Tuck has access to valuable information about his fleet of equipment at any time.

data we get are much better than what competitive systems offer."

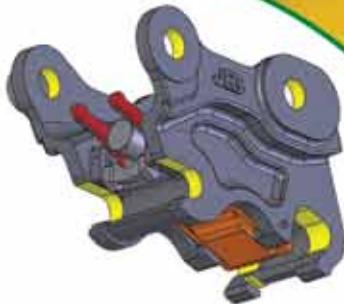
Through the use of technology like KOMTRAX and the development of RAMP agreements, Power Motive Corporation is continuing to set an industry standard for customer service. With its longtime reputation as "The Product Support People," Power Motive strives to find ways to help customers meet their goals every day.

"Meeting the needs of our customers has always been our No. 1 priority," Juth insisted. "We're constantly working to achieve that, and tools such as KOMTRAX and our RAMP agreements are a couple of valuable resources in getting that done." ■



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PALADIN HEAVY CONSTRUCTION

POTENTIAL GOOD NEWS

Former NAHB Chief Economist says there may be light at the end of the housing tunnel soon

Congress should consider providing further "sorely needed" economic stimulus to encourage home ownership and limit foreclosure in order to pull the U.S. economy out of recession, according to David Seiders, who recently stepped down as Chief Economist for the National Association of Home Builders (NAHB). He spoke at the NAHB's Construction Forecast Conference.

The steep decline in sales of new single-family homes should be coming to an end in 2009, Seiders said, setting the stage for "tepid" improvement in new residential construction later this year. However, he warned, that outcome has grown increasingly uncertain in light of the turmoil that has gripped world financial markets.

"Things are a lot worse than any of us had anticipated six months ago," Seiders said, and the national housing market — which is the root cause of the collapse in confidence among lenders — has continued to spiral downward. "Risks are piling up on the down side. These are tough times, no question," he said.

While remaining reasonably optimistic that a housing recovery is beginning to take shape, "The uncertainties out there are unprecedented," Seiders observed, "and there is a growing risk that today's major housing contraction could get even worse."

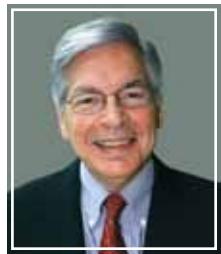
On the brighter side, Seiders said that housing in the first half of 2009 should be helped by the \$7,500 tax credit available to first-time home buyers; legislative efforts to address foreclosures; the continuation of affordable mortgage rates; and the availability of fixed-rate mortgage financing through Fannie Mae, Freddie Mac, the Federal Housing

Administration and the Department of Veterans Affairs.

Restoring affordability

Citing an increase in pent-up demand for housing, he added that declines in home prices and increases in personal income have helped to restore housing affordability to the more normal levels that existed prior to the peak of the housing boom.

However, even as the demand for housing begins to grow, housing production will be constrained by tighter credit for the loans builders and developers need to break ground on new residential projects, he said. ■



David Seiders,
former NAHB
Chief Economist

Former NAHB Chief Economist David Seiders said the steep decline in sales of new homes should be coming to an end in 2009, setting the stage for "tepid" improvement in new residential construction later this year.



INVESTING IN THE PRESENT AND THE FUTURE

STIMULUS PASSED

Infrastructure spending is a crucial element of the recovery plan

The American Recovery and Reinvestment Act, more commonly known as the economic stimulus package, was passed and signed into law in mid-February. The total cost of the package is estimated at \$787 billion dollars.

"The goal at the heart of this plan is to create jobs," said President Barack Obama. "Not just any jobs, but jobs doing the work America needs done: repairing our infrastructure, modernizing our schools and hospitals, and promoting the clean, alternative energy

Infrastructure spending for items such as new utilities is a centerpiece of the new economic stimulus package.



sources that will help us finally declare independence from foreign oil."

Of course, the \$64,000 question about this three-quarters-of-a-trillion-dollar plan is, will it succeed in its job-creation goal?

Where the money will go?

The stimulus package is a combination of direct spending, tax breaks and appropriations. Direct spending, which includes items such as higher unemployment benefits and food stamps, accounts for \$267 billion or about 34 percent of the total. Tax breaks for individuals and businesses total \$212 billion, about 27 percent of the total. The largest piece of the pie is appropriations spending, which comes in at more than \$308 billion or 39 percent of the total.

It's the appropriations spending that includes the infrastructure investments that are crucial to the construction industry. Total infrastructure spending will be about \$135 billion. If you're wondering what might be in it for you, take a look at how the Associated General Contractors of America (AGC) breaks down the act's infrastructure and public building investment provisions (see chart on next page).

According to the Congressional Budget Office (CBO), only about \$35 billion worth of stimulus appropriations will be spent by before Sept. 30, which is the end of FY 2009. The CBO estimates nearly \$111 billion will be spent in FY 2010.

The Obama administration estimates the stimulus package will create or save at least 3 million jobs. ■

Transportation Infrastructure (in billions) **\$49.3 billion**

Highway and bridge construction	\$27.5
Surface transportation grants	\$1.5
Transit capital assistance	\$8.4
AMTRAK and intercity rail	\$1.3
High-speed rail corridors	\$8.0
Airport improvement grants	\$1.1
Facilities and equipment	\$0.2
TSA explosive detection systems	\$1.0
Coast Guard bridges	\$0.24
Assistance to small shipyards	\$0.1

Building infrastructure (in billions) **\$29.5 billion**

GSA federal buildings and facilities	\$5.6
Military construction	\$2.8
DOD facilities renovations	\$4.2
DOD energy efficiency upgrades	\$0.12
VA major construction	\$1.0
Community Development Block Grants	\$1.0
Public housing capital fund	\$4.0
HOME investment partnerships	\$2.3
Native American housing	\$0.51
Lead paint removal	\$0.1
Rural community facilities	\$0.13
National Science Foundation facilities	\$0.4
USDA facilities	\$0.2
U.S. Geological Survey facilities	\$0.14
Social Security Administration facilities	\$0.5
BLM maint. and construction (M&C)	\$0.32
U.S. Fish & Wildlife (M&C)	\$0.28
National Park Service (M&C)	\$0.75
Forest Service maint. and facilities	\$0.65
Bureau of Indian Affairs facilities	\$0.5
Indian Health Service facilities	\$0.5
Community health centers	\$2.0
FEMA infrastructure grants	\$0.3
Fire station construction	\$0.21
State Department facilities	\$0.09
DHS headquarters consolidation	\$0.2
Ports of Entry construction	\$0.7

Water & environmental infrastructure (in billions) **\$21.4 billion**

Clean water State Revolving Fund (SRF)	\$4.0
Drinking water SRF	\$2.0
USDA rural water and waste disposal	\$1.4
Corps of Engineers	\$4.6
Bureau of Reclamation	\$1.0
Watershed infrastructure	\$0.34
Int'l Boundary and Water Commission	\$0.22
Superfund hazardous waste cleanup	\$0.7
Leaking underground storage tanks	\$0.2
Nuclear waste cleanup	\$6.0
NOAA Environmental R and I	\$0.83
Brownfields cleanup	\$0.1



Other infrastructure **\$0.15 billion**

Workforce develop./safety **\$4.7 billion**

Energy & technology (in billions) **\$29.8 billion**

Wireless and broadband grants	\$7.2
Electricity grid	\$11.0
Weatherization assistance	\$5.0
State and local gov't energy grants	\$6.3
Diesel emissions reduction	\$0.3

Total infrastructure investment:

\$134.9 billion

TEST DRIVE

Demo Days attendees operate Komatsu equipment, take advantage of CMO tour

Equipment users from around the country got a close look and a chance to demonstrate machinery at Komatsu's most recent Demo Days at the Komatsu Training and Demonstration Center in Cartersville, Ga. Among the units

Demo Days attendees listen to a brief presentation at the Komatsu Training and Demonstration Center in Cartersville, Ga.

Many of those attending Demo Days also took a guided tour of Komatsu's Chattanooga Manufacturing Operation, where excavators and articulated trucks are made.



Demo Days featured a wide array of Komatsu equipment.



highlighted were the PC200LC-8 excavator with thumb spec and the new D275AX-5 dozer with the patented Sigma blade.

Additional machinery included the award-winning D51-22 dozer and its smaller counterparts, the D39-22, D37-22 and the D31-22. All are available with KOMTRAX, Komatsu's remote machine-monitoring system, which customers could learn more about during the event. They also had the opportunity to tour Komatsu's Chattanooga Manufacturing Operation (CMO), where some of the excavators and articulated dump trucks on display at Demo Days are made.

Also on site were a wide range of the latest excavator and wheel loader models, as well as articulated and rigid-frame trucks, rubber-tire skid steers and compact track loaders, a GD655-3 motor grader and a BR580JG mobile crusher.

For more information on Komatsu equipment, call your sales representative or visit our nearest branch location. In many cases, if you'd like to try something out, we'll be able to set up a demo for you. ■

Komatsu personnel were on hand to answer questions about all the machinery, which equipment users could demonstrate.





DOZERS

100% control

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You're committed to getting things done on time and on budget, and you need dependable, hard-working machines to meet your deadlines day after day. The Komatsu D31, D37 and D39 dozers all feature the reliability and versatility that have made Komatsu the choice of owners and operators for years:

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DESIGN INNOVATION

NEW DOZERS

Award-winning super-slant design among improvements in D31, D37 models



Bruce Boebel,
Komatsu Dozer
Product Manager

The revolutionary design that made Komatsu's first super-slant dozer, the D51EX-22, an award winner is now available in the new D31 and D37 models. They are ideal for owners and operators looking for better visibility and performance in smaller-dozer applications.

Both new models, available in standard-track EX and wide-track PX versions, feature Komatsu's super-slant nose coupled with a new cab-forward design that puts the operator closer to the blade, while improving machine balance, ride and stability.

"Slanting the nose and moving operators forward allows them a better view all around, and especially gives them a great view of the material they're pushing," said Bruce Boebel, Komatsu Dozer Product Manager. "Cabs are larger than their predecessors, with more glass to enhance visibility, making the operator more efficient. Owners could put a new operator in these machines and be confident they'll learn

Komatsu's award-winning, super-slant nose design, is now available in its new D31 and D37 models. Also available in D39 and D51 models, it allows operators a better view of the blade for increased efficiency.

Brief Specs on Komatsu D31 and D37 Dozers

Model	Output	Operating weight	Blade capacity
D31EX-22	78 hp	18,056 lbs.	2.11 cu. yd.
D31PX-22	78 hp	18,827 lbs.	2.11 cu. yd.
D37EX-22	89 hp	18,298 lbs.	2.32 cu. yd.
D37PX-22	89 hp	19,070 lbs.	2.55 cu. yd.



how to run a dozer faster so they're productive more quickly.

"We didn't stop with improving the cab," he added. "The dozers are more durable with thick plate steel and rigid frames, and tracks are welded onto the frame, unlike most competitors, which have bolt-on track frames. Both have more horsepower than their predecessors, increasing pushing capabilities for better production and cost per yard. Couple that with new Tier 3 engines that reduce fuel consumption, and maintenance time, and they're among the most efficient dozers on the market."

Those attributes are helped by large power-angle-tilt blades that hold more material, especially useful in mass dozing. Each hydrostatic dozer has a steering system that provides smooth movement during dozing, even in gradual turns. That also allows the operator to approach objects accurately in corner and sidewall operations.

By simply pushing a button, operators can select between variable and quick-shift speed control for maximum efficiency during fine or rough grading with optimal travel speeds to match job conditions and operator preferences. With variable speed, travel speed is adjusted through a range of 20 incremental speeds, while quick-shift allows operators to select three predetermined speed settings to match job conditions.

"All models come standard with KOMTRAX to help track utilization and maintenance," noted Boebel. "The D31 is great in residential applications and tight places for general finish work, and the D37 is a step up for those wanting a little bigger machine, but can't justify going to a larger D39. They're both great investments that will pay big dividends." ■

ADDED VALUE

PC200LC-8 Thumb Spec excavator offers greater lift capacity and stability

When Komatsu designed its PC200LC-8 Thumb Spec excavator, it kept all the same innovative attributes of its PC200LC-8 counterpart and beefed up the counterweight to 11,113 pounds. The result was a 20-percent increase in lifting capacity compared to the standard PC200LC-8 and increased stability when working with heavy loads at maximum reach.

"This is really a great machine for anyone who's working in conditions that warrant that extra lift and stability needed in applications such as digging trenches or setting pipe and structures," said Armando Najera, Product Manager Excavators. "The thumb and bucket, as well as attachment piping, can be factory installed. The PC200LC-8 Thumb Spec also has a heavy-duty arm for improved durability and increased support for thumb installation."

Also available for customers who require factory piping is an HD Spec (Heavy Duty) that includes an HD boom, HD revolving frame under covers and HD decals. The HD Spec is a setup that is suited for demolition-type work. Other major production numbers remain the same for both the Thumb Spec and the HD Spec, with bucket capacity between 0.66 and 1.57 cubic yards and 148 net horsepower.

"Keeping those numbers consistent means the Thumb Spec machine will continue to be productive and fuel efficient, even while handling heavier work loads," said Najera. "The PC200LC-8 Thumb Spec has increased in popularity because of that. Contractors are seeing the benefit and asking for this machine."

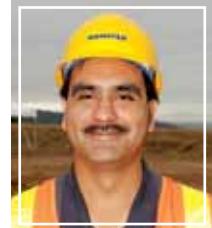
Efficient features

Part of its popularity comes from the standard features, similar to its counterpart, that make it among the most productive in its size class, including low fuel consumption and emissions from a Komatsu turbocharged, aftercooled Tier 3

engine. Operators can maximize fuel efficiency by using the Economy mode (one of five available modes), and using the Eco-gauge for energy-saving operations. An extended idling caution helps operators remember to shut the machine down for fuel conservation.

Operators can set the modes using an easy-to-view, seven-inch LCD color monitor in the large, comfortable cab that has damper mounting for low noise and vibration. Extended replacement intervals for engine oil and filter and hydraulic filters means less downtime. Like all new Komatsu excavators, the PC200LC-8 Thumb Spec comes with Komatsu's KOMTRAX remote machine-monitoring system.

"Like the standard PC200LC-8, this is truly a great machine that can benefit almost anyone doing mass excavation, site preparation or utility installation. The Thumb Spec is not just for customers with machines that will use a thumb," said Najera. "If they need a little extra kick or additional stability, they should consider this machine. They'll definitely see the difference." ■



Armando Najera,
Product Manager
Excavators

Komatsu's PC200LC-8 Thumb Spec excavator has the innovative features of its standard counterpart, plus a reinforced mainframe and additional counterweight for increased lifting capacity and stability when working with heavy loads at maximum reach.

Brief Specs on Komatsu PC200LC-8 Thumb Spec Excavator

Model	Operating weight	Net hp	Bucket capacity
PC200LC Thumb Spec	51,199-53,115 lbs.	148 hp	0.66-1.57 cu. yd.





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100% LC

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Komatsu excavators have set the standards for productivity, operator comfort and reliability over the years. And, with the introduction of our mid-sized -8 series, the standards have been raised yet again.

- Tier-3 engines deliver reduced emissions without sacrificing power or productivity.
- Electronics, engine and hydraulics are optimized for maximum efficiency and minimum fuel consumption (10% reduction compared to -7 models).
- Multi-function LCD monitor provides critical operating information at a glance (and it can do this in 10 languages).

From enhanced safety features to extended maintenance intervals, the PC200LC-8, PC220LC-8 and PC270LC-8 show what happens when the best engineers put the latest technology to work. The results are always...

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EXPERIENCE PAYS OFF

Komatsu designs the ultimate eight-ton size class excavator

Komatsu recently introduced its new PC88MR-8 excavator to the North American market to much critical acclaim. There are a number of competitive units in its eight-ton size class, but the comparison ends there as side-by-side tests show that the PC88MR-8 offers more value from the start and can save more money throughout the life of the machine.

Before the test was conducted, Komatsu looked at 13 obvious areas of comparison, such as the manufacturer's own hydraulics and engine, short tail swing, fuel management features and number of working modes. In each case, the PC88MR-8 was equal to or better than the competitive model. Major areas where Komatsu stood out were working modes — the PC88MR-8 has five to maximize production and fuel economy — and fuel management features, such as auto-idle, eco gauge, Economy mode and excess idle alarm. The competition had only one mode, auto-idle.

After comparing the models, they were put to the test under controlled conditions at Komatsu's Training and Demonstration Center in Cartersville, Ga. Komatsu was the clear winner in several categories, including 15 percent faster cycle time in Production mode and nearly the same cycle time in Economy mode. The PC88MR-8 moved 6 percent more spoil per hour in the Working mode.

While the Komatsu PC88MR-8 moved more material, it used less fuel — 8 percent less in Power mode and a whopping 45 percent less in Economy mode. In the same mode, Komatsu was 22 percent more efficient in terms of cubic yards per gallon.

Continued . . .



In a side-by-side comparison, Komatsu's PC88MR-8 showed faster cycle times, moving 6 percent more spoil per hour in the Working Mode. In addition, it used less fuel, making it more efficient and productive than the competition.

PC88MR-8 offers higher productivity, lower cost

...continued

Adding to the PC88MR-8's productivity numbers is a quiet cab that's more comfortable for the operator. During the comparison, operators noted they could better hear the standard radio in the Komatsu, making for a more pleasant operating environment.

Komatsu PC88MR-8 Field Test Results

Truck Loading		PC88MR-8	Competitor
P Mode	Cycle time in seconds	12.31	14.17
E Mode	Cycle time in seconds	14.27	14.17

Komatsu had a 15% faster cycle time in Production Mode and nearly the same cycle time in Economy Mode.

Loading Amount		PC88MR-8	Competitor
P Mode	Cubic yards per hour	114.6	107.4

Komatsu moved 6.2% more spoil.

Fuel Consumption		PC88MR-8	Competitor
P Mode	Gallons per hour	2.74	2.96
E Mode	Gallons per hour	2.04	2.96

Komatsu used 8.1% less fuel in P Mode and 45.1% less in E Mode.

Fuel Efficiency		PC88MR-8	Competitor
P Mode	Cubic yards per gallon	41.9	36.3
E Mode	Cubic yards per gallon	46.9	has only one mode

Komatsu was more efficient by as much as 22.6%.

KOMTRAX saves money

In today's competitive environment, the availability of accurate operating information can improve the bottom line. Helping provide that accurate information is Komatsu's KOMTRAX system, standard on every new machine with five years of free communications. To put such a system on a machine using existing aftermarket offerings would cost well in excess of \$2,000.

Komatsu sampled the KOMTRAX information on several of its first PC88 models sold, and found the following information:

- Six of eight machines analyzed idled 50 percent of the time. That excessive idling wastes fuel, increases engine wear and adds unnecessary hours to the engine hour meter, which may affect machine resale value at trade-in time. The excess hours require more frequent maintenance resulting in higher costs. By knowing and managing engine idling time, owners can reduce maintenance costs and increase useful life and resale value.
- Those operators who idled the machine less, also used the Economy mode two-thirds of the time. Using the E mode and idling less saved nearly 60 percent in fuel consumption. Assuming a fuel price of \$3 per gallon, that equates to more than \$3,300 savings over the course of 1,000 hours of operation.

Higher resale value, peace of mind

The conclusion from Komatsu's testing and monitoring is that the PC88MR-8 is truly the ultimate eight-ton excavator. It gives owners more up-front at time of purchase and it keeps on giving with exclusive fuel-management features, five working modes to match machine performance to demand and the exclusive KOMTRAX machine-monitoring system that can enhance efficient, money-saving operation. Komatsu believes that the KOMTRAX history record will pay dividends at trade-in time with higher resale values.

For additional peace of mind, the PC88MR-8 comes with a standard three-year/3,000-hour warranty. ■



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KOMATSU'S "GREEN" COMMITMENT

VP says the company's efforts impact both the environment and customers' bottom line



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,
Vice President,
Product Marketing

Erik Wilde has been with Komatsu more than a decade, the last five as Director and now Vice President of Product Marketing.

"One of my primary missions is to help our product managers and distributors get the message out about how our products can make our customers more efficient and productive at the same time," said Wilde. "Komatsu has done that in several ways that not only improve machine and operator performance, but reduce fuel consumption and harmful emissions. We believe we're the most environmentally friendly equipment company in the market."

Wilde has seen several of the changes that have led to better owning and operating costs since he joined Komatsu in 1997 as a Warranty Coordinator and Assistant Service Engineer for mining dozers. He was with the Mining Division nearly four years before moving into the Construction Division as Product Manager of hydraulic excavators. He completed an MBA in Marketing in 2003, which led to his position as Director of Product Marketing later that year.

A San Francisco Bay-area native, Wilde has adapted well to the Midwest as he's based at Komatsu's Corporate Headquarters in Rolling Meadows, Ill. He and his wife have three children under age 10 who keep them busy with various activities.

QUESTION: Komatsu has introduced a large number of new machines in the past few years. What's changed and why?

ANSWER: In the past three years, Komatsu has redesigned or replaced nearly 95 percent of its vast equipment offerings, some as a result of increased governmental standards, but just as importantly, because we've listened to our customers' desires for improved technology, better parts availability and other improvements that benefit their businesses' bottom lines. From the governmental standpoint, nearly every machine in Komatsu's lineup has a Tier 3 or EPA-compliant engine. With the Tier 3 engines, we not only meet governmental standards for reduced emissions, but we often exceed them. At the same time, we reduced fuel consumption and increased service intervals, both of which add up to more efficiency and cost savings. We simplified the machines for better operator efficiency and added items such as lock-up torque converters for better productivity. We're very proud of those achievements because they fit right in with our goal of being an environmentally friendly company with sustainable and "green" solutions as part of our corporate commitment.

QUESTION: What else has Komatsu done to go "green"?

ANSWER: Well in some sense, we believe we've always been the greenest equipment company in the marketplace, stretching back decades. All our equipment is designed and built to last. That means fewer machines being put out to pasture, so to speak. An example where we've extended life is in our new PLUS undercarriage on the D51, D61 and D65 machines, which doubles the

undercarriage life. But we all know that at some point, every machine outlives its useful life and will be taken out of service. Komatsu designs machines that are virtually 100-percent recyclable, from the steel to the plastic to the glass. We use recycled materials in their initial production. That way, there's less waste and more reusable material that can go into making future products.

Komatsu continues to implement green practices in its manufacturing operations. It's adopted an Earth Environmental Charter that lays out our principles and activities for a green and sustainable company. All our plants are near-zero-waste facilities, so that every material that comes in is used or reused in some way. Waste oil is recaptured and used for heating. We've adopted new painting practices that cut waste and environmental impact, while making our paint jobs better. In addition, we've strategically located our parts depots to be closer to our customers so less fuel is used to get parts to them quickly, and we've teamed with suppliers and carriers who are close to our manufacturing operations, so there are shorter shipping distances and less fuel burned in getting materials in and products out of our manufacturing facilities.

QUESTION: What are some ways Komatsu is working with equipment users on green practices?

ANSWER: Komatsu prides itself on being ahead of the technological curve. With our KOMTRAX monitoring system, which is free for five years and standard on most new machines, users can see how a machine is performing in various modes that Komatsu offers. It's widely believed that being in Power mode offers the best production. That's understandable, but our data show that in 70-plus percent of applications, they get the same productivity in the Economy mode at a lower cost. The benefits are less fuel used, less engine wear and more profit. Komatsu is also introducing a "Green Guide," which offers ways for equipment users to promote and implement green practices into their companies and run their machinery more efficiently. We're encouraging users to check it out online so they're not using paper. If



Utility machines, such as the CK30 compact track loader, were required to meet Tier 4 emission standards in 2008. Tier 4 is on the horizon for 175 horsepower and up machines in 2011 and 75 to 175 horsepower must be Tier 4 in 2012.



When Komatsu designed its Tier 3 engine machines, it not only lowered emissions, in many cases it increased horsepower and reduced fuel consumption, making them among the most productive and efficient machines in utility, construction and mining applications.

they want a paper copy, it will be printed on recycled paper using soy ink, which is much more environmentally friendly.

QUESTION: What else is on the horizon for Komatsu?

ANSWER: Our utility products already have interim Tier 4 engines and we're working to meet Tier 4 standards on time, or ahead of time, like we did with Tier 3 on the balance of the product line. Engines 175 horsepower and up are required to be Tier 4 compliant by 2011, 75 through 175 horsepower in 2012. Tier 4 standards reduce emissions even more, which further reduces environmental impact. As with our other products, we're working to further improve performance and efficiency on our Tier 4 machines, delivering more value for our customers. ■



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MINING MACHINES

MINExpo REPORT

Komatsu showcases how equipment and technology work together for better production, management

When it comes to mining machines, Komatsu believes in “inventing the future” with innovative products designed to make the user more efficient, productive and profitable. It showcased the present and future of some of its largest production machinery with one of the show’s biggest displays at MINExpo in Las Vegas.

Highlighting the Komatsu display were two new electric mining trucks — the massive 960E-1 and the 860E-1KT — that provide optimal productivity and fuel efficiency. Topping 1 million pounds when fully loaded, the 960E-1 is now the largest in Komatsu’s full line of mining trucks with a 360-ton payload. Hauling that massive amount of material is no problem for the 960E-1 and its 3,346-horsepower Komatsu engine, which uses a unique dual-stage, turbo air-handling system. It has the lowest brake-specific fuel consumption at rated horsepower for its size class.

“More than a decade ago, Komatsu was the first to introduce an AC drive system for ultra-class mining trucks,” said Don Lindell, Product Manager for Mining Trucks. “That experience, along with the more than 100 million operating hours logged overall for our electric trucks, clearly puts us in the lead with these new machines. Customer feedback was also a big influence driving our design criteria for these two new models. The result is a truck that’s unrivaled for productivity, efficiency and comfort in this size class. We took great care in manufacturing the truck to be rugged and dependable, even in the most demanding applications. There are significantly fewer bearings than on other trucks, so there are fewer wear components. We ultrasonically test every weld. It’s a very innovative product.”

Komatsu added innovation to the 280-ton-payload 860E-1KT (The K stands for

Komatsu drive and the T for Trolley) as well. The 2,700-horsepower, 16-cylinder, two-stage turbocharged diesel engine is not only powerful, but Tier 2 certified for lower environmental impact. With Komatsu’s factory-installed, trolley-capable option, the 860E-1KT can be utilized on either 1,600- or 1,800-volt lines for faster propulsion uphill while the engine reduces rpm, saving fuel and extending the life of the engine compared to a non-trolley truck.

Both trucks have ultra-quiet, dynamic retarding systems assisted by four-wheel, wet-disc brakes coupled with traction-control technology that provides excellent braking force, even in difficult road conditions.

“One of the advantages is that the operator can maintain a desired traveling speed,” said Lindell. “We also made the cabs in these machines larger with better visibility. An integrated electronic dash display allows the driver to more easily see and read the gauges as well as payload data.”

D475ASD-5 Tier 2 pushes more

Komatsu displayed the latest D475ASD-5 dozer with its Komatsu 890-horsepower Tier 2

Continued . . .

Komatsu had one of the largest displays at MINExpo, including a WA1200-3 wheel loader.



Rich Smith,
Product Manager,
Mechanical
Drive Equipment



Don Lindell,
Product Manager,
Mining Trucks

Innovation helps Komatsu remain a leader in mining machinery

...continued



Tom Stedman,
Product Marketing
Manager for
Mechanical Mining
Equipment

engine that works to help the 246,000-pound-plus machine push nearly 60 cubic yards of material with its Super Dozer blade.

"The D475ASD-5 Tier 2 is great for long, consistent pushes where operators can utilize all its horsepower," pointed out Rich Smith, Product Manager for Mechanical Drive Equipment. "It

uses a lockup torque converter that gets the engine's power to the tracks and down to the ground where it belongs. With the Super Dozer blade, it's about 15 percent more effective than a standard blade.

"That becomes even greater in uphill pushes," he added. "For instance, on a 12-percent or 15-percent grade, users may see 20 percent to 25 percent greater productivity advantages over a standard full-U blade. In addition, it offers greater travel speed while the engine kicks down in rpms, so it uses 3 percent to 5 percent less fuel than the competition. With today's fuel prices, that adds up significantly in a fleet of machines."

WA1200-3 leads the pack

Rounding out Komatsu's equipment offerings at MINExpo was its largest wheel loader, the WA1200-3. This machine has a 1,560-net-horsepower engine and a 26.2-cubic-yard bucket capacity in its standard configuration. An optional high-lift model provides an additional two and a half feet of reach.

The standard WA1200-3 is not only Komatsu's largest loader, but one of the world's largest at more than 452,000 pounds with a dumping clearance higher than 20 feet. It has more than 286,000 pounds of breakout force and 253,000 pounds of traction force. Steering is controlled by the Advanced Joystick Steering System (AJSS) with light, short strokes for perfect steering accuracy, and stopping is safe with closed, wet-disc brakes.

"Of the world's largest loaders, it gives the best advantage in tractive effort and digging power," said Tom Stedman, Product Marketing Manager for Mechanical Mining Equipment. "Komatsu loaders are well-known throughout the range of sizes for their powerful digging, breakout force, stability and outstanding tipping load weight and ratio, and we believe the WA1200-3 is unmatched in all these areas."

"The WA1200-3 has a wide range of applications," he added. "They are in use in all types of mines around the globe because they match up very well with our electric mining trucks. In addition, because of their stability, they make great load-and-carry machines for applications such as charging a hopper." ■



A Komatsu 860E-1KT has 2,700 horsepower for moving mass amounts of material faster.



The D475ASD-5 Tier 2 dozer pushes nearly 60 cubic yards of material with its Super Dozer blade.

Komatsu's newest mining truck, the 960E-1, is also its largest with a payload of 360 tons.



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UNDER THE HOOD

SAVINGS SOLUTIONS

Komatsu offers QuickEvac™ system designed to help reduce routine maintenance time

Komatsu has teamed up with RPM Industries to offer its QuickEvac™ prelubrication and oil evacuation system, which is designed to reduce the time it takes to perform routine oil and filter changes on equipment. The QuickEvac system is available as a factory-installed item or a retrofit kit available for virtually any piece of Komatsu equipment.

"It's an on-board engine maintenance system that offers several advantages over conventional oil changes, especially the speed at which a service can be performed," said John Bagdonas, Product Marketing Manager for Komatsu's Working Gear Group. "In many cases, oil and filter changes can be performed in a half hour or less compared to multiple hours on some machines. That's a significant time savings that equals more profit because the machine and operator are producing more. Technicians and mechanics can perform more services in less time because they don't have to crawl under or over a machine to deal with oil spills from plug removal and installation."

Technicians simply follow these six easy steps in the QuickEvac system:

- Purge lube filters of oil;
- Connect the service tool with quick-connect fittings and an electrical connection;
- Empty the sump directly into a waste container;
- Install dry oil filters;
- Refill the sump and oil filters with new oil;
- Disconnect the service tool and reconnect the Prelub™ line (technology that fully pressurizes the engine with oil before the engine cranks and prior to every start).

Study shows reduced engine wear

Time and money savings are only part of the equation. When coupled with Komatsu's fuel savings and lower emissions, the QuickEvac system further reduces environmental impact.

There's less chance of oil spills, and waste oil can be transferred directly to final containment without messy pans or cans. With the Prelub technology, there's no need to prime the filter with oil, reducing another contamination risk.

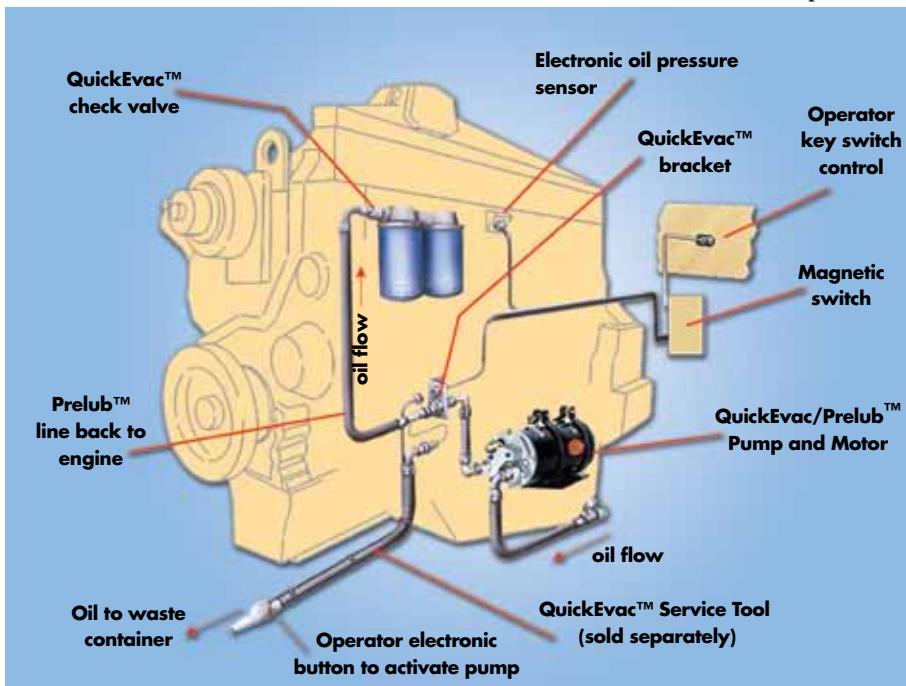
"QuickEvac is a very 'green' technology," said Bagdonas, who noted teaming up to offer QuickEvac is part of Komatsu's commitment toward one-stop shopping. "Installing the filters dry and using Prelub technology is not only environmentally sound, it could help the engine last longer. A recent study by Southwest Research Institute showed that engine prelubrication reduced wear an average of 68 percent. Of course, every situation is different, but increased component life and any savings on service costs and downtime mean more money in the owner's pocket."

To learn more about QuickEvac, contact Komatsu, your sales representative or our nearest branch location. ■



John Bagdonas,
Product Marketing
Manager,
Working Gear

The QuickEvac™ system is designed to reduce routine maintenance time as well as potential environmental impact.





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INDUSTRY NEWS

Green building on the rise, could triple by 2013

Last year's green building starts in the U.S. were up nearly five times compared to their 2005 levels, and could triple by 2013, according to McGraw-Hill Construction's "Green Outlook 2009: Trends Driving Change" report.

"Green growth is phenomenal across the globe," said Harvey M. Bernstein, Vice President of Industry Analytics, Alliances and Strategic Initiatives, McGraw-Hill Construction. "The business opportunities afforded by green building, even in the midst of a global economic crisis, are real and recognized by industry players. Furthermore,

green building has great potential to help tackle unemployment through green jobs, and can address other social issues, such as creating healthier places where we live and work."

U.S. Green Building Council (USGBC) members report green building is less affected by the down market, and home buyers are willing to pay more for a green home. Economic benefits driving green building could be higher revenues, lower life-cycle costs and lower operating costs. There's also motivation due to potential health benefits. ■

Royalties for oil shale would be less than others if drilling happens

Companies wanting to tap U.S. oil shale resources on federal land will be required to pay much less in royalties in an effort to spur drilling in the near future. The Interior Department said companies would initially pay a 5-percent royalty rate during the first five years of production, compared to 12.5-percent to 18-percent rates from those taking conventional oil and gas on public lands, according to an Associated Press article.

Last fall, the Bush Administration opened nearly 2 million acres of land in Wyoming, Colorado and Utah to oil shale development. The announcement came after Congress

failed to renew a ban on issuing final oil shale regulations. Officials noted that development was five to 10 years away, and may face obstacles such as cost and environmental issues, but said "rules of the road" were needed for companies to plan investment. No leases would be issued without further environmental study.

According to the article, up to 800 billion barrels of oil are locked in rock known as oil shale in Colorado, Utah and Wyoming. That amount could take the place of imports for 100 years, the article noted. It was also noted it will be up to the Obama administration to decide whether to proceed with leasing. ■

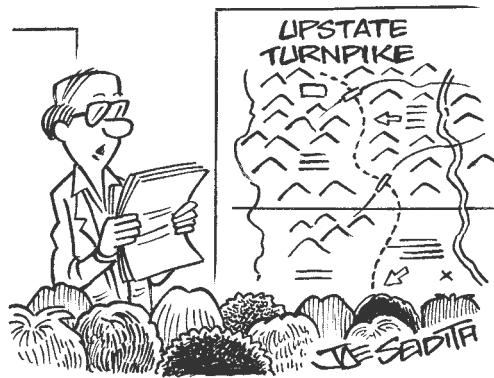
EPA mandates emission-control lights on diesel truck dashboards

In an effort to enforce compliance with tighter pollution limits, the Environmental Protection Agency mandated that heavy diesel truck manufacturers install dashboard lights to signal emissions-control equipment malfunction. Manufacturers must have the lights installed by 2010, according to a Washington Post article.

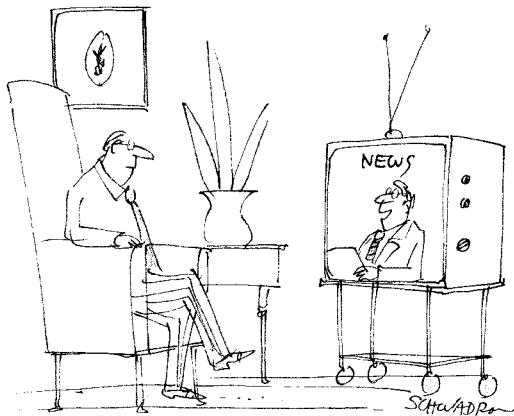
New limits were set in 2007 to reduce emissions of particulate matter, sulfur dioxide, carbon monoxide and nitrogen oxides. EPA estimates say the new limits will prevent as many as 8,300 premature deaths, 9,500 hospitalizations and bring \$70 billion worth of health benefits. ■

SIDE TRACKS

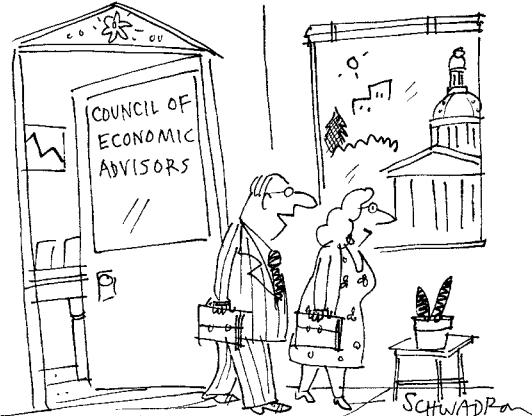
On the light side



"The good news is that we got the job ... the bad news is that they want us to loan them the money to pay for it."



"In local news, police seized 40 tons of smuggled asphalt worth an estimated street value of \$1.5 million ..."



"Just between you and me, we were counting on a big stock market rally, so Wall Street could bail out the government."

Did you know...

- Recycling one aluminum can saves enough energy to run a television for three hours.
- 80% of the earth's surface is water.
- A 'jiffy' is an actual unit of time for 1/100th of a second.
- Ten inches of snow equals one inch of rain in water content.
- The WD in WD-40 stands for Water Displacement. It was invented on the 40th try for a formula that worked.

Brain Teasers

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

1. M A M R H E
2. Z R O D E
3. M T C C O P A
4. I R P P A R
5. C R T E N H
6. R P O A T E R O

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2002 Komatsu D155AX-5, 5,110 smr., #C001818.....\$215,000



2004 Komatsu PC400LC-7EO, 6,882 smr., #C001969.....\$129,120



2006 Komatsu WA380-5L, 5,115 smr.,\$114,457

Excavators

2006 Komatsu PC78MR-6, 2,066 smr., #3570.....	\$63,695
2001 Komatsu PC120LC-6, 3,792 smr., #C003592.....	\$44,291
2002 Komatsu PC128US-2TH, 4,653 smr., #C002235.....	\$43,333
2003 Komatsu PC138USLC2, 5,539 smr., #C002027.....	\$63,333
2006 Komatsu PC158USLC-2, 623 smr., #C002667.....	\$115,324
2002 Komatsu PC200LC-7, 6,904 smr., #C003579.....	\$56,470
2002 Komatsu PC200LC-7, 8,135 smr., #C003578.....	\$64,013
2002 Komatsu PC200LC-7, 5,063 smr., #C003503.....	\$87,177
2006 Komatsu PC200LC-8, 3,296 smr., #C002854.....	\$98,637
2006 Komatsu PC200LC-8, 3,247 smr., #C002953.....	\$98,637
2006 Komatsu PC200LC-8, 1,977 smr., #C003571.....	\$109,100
2003 Komatsu PC220LC-7, 3,785 smr., #C000917.....	\$109,412
1999 Komatsu PC228USLC-3, 9,157 smr., #C003409.....	\$46,931
2004 Komatsu PC228USLC-3, 5,083 smr., #C003177.....	\$69,412
2005 Komatsu PC300LC-7L, 4,706 smr., #C003162.....	\$108,490
2004 Komatsu PC300LC-7, 7,249 smr., #C002624.....	\$98,332
2005 Komatsu PC300LC-7L, 6,970 smr., #C002656.....	\$93,291
2004 Komatsu PC300LC-7L, 6,783 smr., #C000458.....	\$103,827
2006 Komatsu PC300LC-7EO, 4,685 smr.,	POR
1999 Komatsu PC400LC-6, 12,019 smr., #5706	\$66,667
2004 Komatsu PC400LC-7, 6,229 smr., #C000871.....	\$130,050
2004 Komatsu PC400LC-7, 5,348 smr., #9462	\$140,612
2004 Komatsu PC400LC-7EO, 6,882 smr., #C001969.....	\$129,120
2004 Komatsu PC400LC-7L, 6,422 smr., #C001970.....	\$131,151
2005 Komatsu PC400LC-7, 5,910 smr., #C002608.....	\$152,096
2004 Komatsu PC400LC-7EO, 6,612 smr., #C001266.....	\$132,586
2000 Komatsu PC600LC-6, 8,596 smr., #C003490.....	\$139,663

Truck

2006 Komatsu HD465-7, 5,618 smr., #C003341	\$327,777
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Dozers

2002 Komatsu D155AX-5, 5,110 smr., #C001818	\$215,000
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Skid Steer

2005 Komatsu SK820-5N, 1,258 smr., #C003338	\$14,857
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Wheel Loaders

1997 Komatsu WA320-3, 10,063 smr., #C003580.....	\$44,858
2005 Komatsu WA320-5L, 3,035 smr., #C003291.....	\$102,593
2004 Komatsu WA380-5L, 7,584 smr., #C002659.....	POR
2006 Komatsu WA380-5L, 4,706 smr., #C003133.....	\$121,962
2006 Komatsu WA380-5L, 4,172 smr., #C003134.....	\$123,451
2006 Komatsu WA380-5L, 1,444 smr., #C002557.....	\$148,407
2006 Komatsu WA380-5L, 5,115 smr.	\$114,457
2006 Komatsu WA380-5L, 5,073 smr.	POR
1999 Komatsu WA500-3LK, 1,433 smr., #C000112	\$162,322
2004 Komatsu WA500-3, 9,200 smr., #C003576.....	\$152,249
1999 CAT 980G, 20,188 smr., #C003529	\$89,332
2005 John Deere 744J, 3,000 smr.	\$155,188

Motor Grader

2004 Komatsu GD 655-3C, 2,634 smr., #C002556.....	\$150,667
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Compaction

1990 CMI-Rex 3-35, 4,229 smr., #1520	POR
1998 CMI-Rex 3-35C, 7,776 smr., #C001282	POR
2004 IR SD77DX, 1,715 smr., #C002692	\$46,667
2002 IR SD77F-TF, 1,461 smr., #C002766	\$47,778

Backhoe

2001 Komatsu WB150-2, 3,531 smr., #C003593.....	\$25,146
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