

UPDATE

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ELLENSBURG CEMENT PRODUCTS

Aggregates and ready mix are key products for this longtime Kittitas County, Wash., producer

See article inside . . .



KOMATSU



Brian Sheridan

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We believe we represent the best manufacturers in the industry and are proud to be aligned with companies such as Komatsu, which sets the bar in terms of new construction equipment features that provide efficiency and productivity. In this issue of your Modern Machinery *Update* magazine, read about how Komatsu is ramping up to bring those same attributes to Tier 4 engine standards, much of which go into effect January 1, 2011.

You'll also find articles on Komatsu's new D65 dozers and PC78US-8 excavator. Like other new Komatsu products, these are innovative machines designed to maximize productivity while at the same time, keeping your O&O costs in line. Some of you will look for financing to purchase these and other machines, and if that's the case, you'll be interested in the Komatsu & You feature that provides insight from Vice President & Treasurer Ben Norris on how Komatsu Financial can be of service to you.

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Whatever your needs, please don't hesitate to call or stop by one of our locations.

Sincerely,
Modern Machinery

A handwritten signature in black ink, appearing to read "Brian Sheridan".

Brian Sheridan
President

UPDATE**IN THIS ISSUE...****ELLENSBURG CEMENT PRODUCTS**

Read how a focus on supplying aggregates and ready mix has helped this family-owned company grow and succeed in Kittitas County, Wash.

GUEST OPINION

Stephen Sandherr, CEO of AGC, provides insights into the proposed climate bill, which he believes weakens efforts to build greener.

LOOKING AHEAD

Here's a look at AGC's "Build Now for the Future: A Blueprint for Economic Growth" plan that addresses future construction and economic needs.

NEW PRODUCTS

Check out Komatsu's new D65-16 dozers and see how new features, such as six-way and Sigma blade options, add to efficiency and lower O&O costs.

MORE NEW PRODUCTS

See how Komatsu's new PC78US-8 compact excavators can benefit your operation in small and mid-size job applications.

PRODUCT FOCUS

Learn all about Komatsu's revolutionary Hybrid PC200LC-8 excavator that can save up to 41 percent on fuel compared to conventional PC200 models.

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5241 N.E. 82nd Ave.
Portland, OR 97220
(800) 950-7779
(971) 222-1710
Fax: (503) 255-1553

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Billings, MT 59101
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Boise, ID 83705
(800) 221-5211
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Spokane, WA 99212
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(509) 535-1654
Fax: (509) 534-6741

Rochester, Washington
19444 Ivan St.
Rochester, WA 98579
(800) 304-4421
(360) 273-4284
Fax: (360) 273-4290

Spokane Machinery
(A Modern Machinery Company)
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Spokane, WA 99212
(800) 541-0754
(509) 535-1576
Fax: (509) 534-6741

Magadan, Russia
79 Rechnaya St., Suite 1
Magadan, Russia 685021
011-7-41326-99281 or
011-7-41326-99298
Fax: 011-7-41326-77761

Yuzhno-Sakhalinsk, Russia
Doroinaya St. 11, Office 1
Yuzhno-Sakhalinsk, Khamatubo Area, Russia
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011-7-4242-469051
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ELLENSBURG CEMENT PRODUCTS

Aggregates and ready mix are key products for this longtime Kittitas County, Wash., producer

Judging by its name, you might think Ellensburg, Wash.-based Ellensburg Cement Products (ECP) makes and sells cement. It doesn't. It is a producer of ready-mix concrete. It also runs numerous aggregate pits and sells sand, gravel and crushed rock products. The longevity and steady growth of the business indicate that any possible confusion regarding the name has not been a detriment to long-term success.

"My grandfather Ivan Hutchinson actually started a company called Hutchinson Sand & Gravel in the 1930s," said ECP President Jeff Hutchinson. "We've been in business as Ellensburg Cement since 1945. I guess back then, the terms cement and concrete were used somewhat interchangeably. Later, tradition and business sense kind of took over. We had built a good name and reputation as Ellensburg Cement. Since people already knew who we were and what we did, it never seemed necessary — or a good idea — to change the name."

Certainly, in its home of Kittitas County, ECP is well-known enough that there's little to no confusion concerning the name.

"All our customers and potential customers know what we do and, just as important, what we don't do," said Hutchinson. "We don't do any lay-down paving or construction work on our own so we don't compete with them. We strictly supply rock, sand or ready-mix concrete, primarily to paving contractors, excavating contractors and local and state government entities in our area."

ECP has nine active aggregate pits (four sand and gravel, and five quarries), eight of which are in Kittitas County. The company has a mobile crushing operation it moves to each quarry to make a full mix of aggregate products at each location. Wash plants and ready-mix plants are located in Ellensburg and Cle Elum.

During peak season ECP typically employs about 60 people, most of whom work at the company's various pits and plants.

Employees are key

ECP Relies on trusted field personnel to produce material safely and efficiently.

"We believe we have the best field hands in the business," said Hutchinson. "They really get after it, and that's a testament not only to their own strong work ethic but also to our General Superintendent George Seubert. George demands top effort from his guys, and he gets it."

In addition to Seubert, key field personnel at ECP include his son, also named George Seubert, who is a plant foreman, and his son-in-law Byron Warren, who oversees the wash plants. Other vital personnel include

ECP has ready-mix plants, wash plants and portable crushing operations.





This ECP operator uses a Komatsu SK820 skid steer loader to clean up under the company's mobile crusher.

another plant foreman, Kevin Morris, and excavator operator Todd Krueger.

Family Business

ECP is very much a family business, now in its third generation of Hutchinson family ownership. Ivan Hutchinson started it, and his son Jim joined in 1958, overseeing much of the growth. Jim still serves as Vice President but is currently turning control of the company over to his children, Jeff Hutchinson and Heidi Sny. Jeff is President and Heidi is Secretary/Treasurer and Office Manager.

"We've essentially been in business for about 75 years," Jim noted. "I started working here after I got out of the service in 1958, so I've been here more than 50 years. There were only about a dozen or so people here when I started. Obviously, we've grown a lot. My wife, Helen, did most of the administrative and office work for much of the '60s, '70s and '80s. This was our life and I'm very proud of what the company has become."

"Heidi and I are very pleased with the opportunity we're being given," remarked Jeff Hutchinson. "Our goal is to continue to provide the top customer service that Ellensburg Cement Products is known for and continue to look for ways to improve the operation."

Productive equipment/ reliable service

Ellensburg Cement Products started using Komatsu equipment from Modern Machinery about 10 years ago.

"We had a different brand of excavator that was getting pretty old and wasn't giving us the productivity we wanted," Jeff Hutchinson recalled. "We called the top equipment dealers in the region and told them we wanted to demo their machines, so they all brought similar-size



ECP uses a Komatsu WA600 wheel loader to feed its mobile crushing operation. "The WA600 has more power than any loader we've ever had," said General Superintendent George Seubert. "It comes out of the pit faster and we get much better tire wear than we got from a previous brand."



Operator Todd Krueger runs ECP's PC600 excavator. Here, he strips overburden at the company's pit in Easton, Wash.

excavators out here for us to try. Bottom line, the Komatsu PC600 performed the best. An added bonus for us was that it was also a little lighter than the others, which would make it easier for us to move around the county, which we do frequently."

"We bought that first PC600 and have since replaced it with a second one," noted Superintendent George Seubert. "It's our primary mining tool. We use it to excavate out of the water and to strip our pits."

Because the experience with that first excavator, and with Modern Machinery's service,

Continued . . .

Ellensburg Cement looks to the future

... continued

was a good one, ECP has since added numerous other Komatsu units, including a WA600 wheel loader, a WA500 wheel loader, an HD325 haul truck and an SK820 skid steer loader.

“All of our Komatsu units have held up really well,” reported Seubert. “We use the WA600 to feed the crusher and the WA500 to feed the wash plants. The WA600 has more power than any loader we’ve ever had. It comes out of the pit faster and we get much better tire wear. I estimate we’re getting a third more life out of the WA600’s front tires than we got out of the previous brand we were running. We now have 8,000 hours on it. We’ve had very few issues and it still runs great. Also,

fuel consumption on both wheel loaders and the excavator has been very good.”

ECP turns to Modern Machinery out of Seattle (Kent branch) to do almost all the service work and much of the maintenance on the units.

“We have a bumper-to-bumper warranty for service and maintenance (including oil changes) on the PC600 because it’s such a crucial machine for us,” said Seubert. “We can’t afford to have the excavator down; we let Modern take care of everything on it.

“We change the oil ourselves on the other machines, but Modern does most of the service work,” he added. “They have really good technicians. I’ve been very pleased with the service Modern gives us, and I’ll admit, I’m not the easiest guy to please. Anytime I do have a problem or need anything, I call Modern’s Washington Regional Manager Jim Hassebrock or my PSSR Andy Fong, and they make sure we get what we need.”

Optimistic about the future

Ellensburg Cement Products has grown substantially through the years, but like many companies, has seen a decline compared to two or three years ago.

“Demand for aggregate product has shown signs of coming back, but remains down from the peak years,” said Jeff Hutchinson. “We’ve sized our operations accordingly. Virtually all of our customers and jobs are in Kittitas County and a little bit in Yakima. There’s still not much private development work in our territory. Most of the jobs today involve fixing highways and streets.”

Hutchinson says he’s optimistic that eventually the economy will recover and, at some point, turn back up. His goal is to be ready to meet the increased demand when that happens.

“That’s why even today, we’re looking to grow and expand — specifically to acquire additional pits if they become available. To succeed in the aggregate supply and ready-mix business, an operation needs convenient locations; a good, clean, reasonably priced product; and outstanding customer service. At ECP, that’s how we’ve lasted all these years, and it’s how we’ll continue to succeed in the years to come.” ■

Ellensburg Cement Products General Superintendent George Seubert (center) works closely with Modern Machinery PSSR Andy Fong (left) and Modern’s Washington Regional Mgr. Jim Hassebrock (right). “In our pits, we can’t afford downtime,” said Seubert. “We turn to Modern for most of our service work, and they do a good job of keeping us up and running.”



Ellensburg Cement uses this Komatsu HD325 truck to haul crushed rock to a stockpile.





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LEGISLATION WEAKENS EFFORTS

AGC says proposed climate bill undermines efforts to build greener and make infrastructure more efficient

Improving the efficiency of our built environment — including commercial buildings, transportation infrastructure and water systems — presents one of the greatest opportunities to reduce power consumption and cut greenhouse gas emissions. After all, the U.S. building inventory accounts for 35 percent of the nation's manmade greenhouse-gas emissions and consumes 40 percent of the nation's energy, while our aging and inefficient transportation network accounts for another 27 percent each of the energy consumption and greenhouse gas emissions.

Despite this tremendous opportunity, senators have proposed legislation that makes it harder to construct new, more energy-efficient buildings and factories, improve aging infrastructure and eliminate traffic congestion that wastes fuel and pollutes the environment. By allowing the EPA a virtually free hand to approve or deny construction and rehabilitation projects, the bill creates regulatory obstacles that will raise construction costs, delay projects and stifle demand. Worse, by taking funds raised through the proposal's new transportation fees and committing all but a small percentage of unrelated spending, the legislation leaves our aging and inefficient roads, airways and transit systems vastly underfunded.

The inevitable consequences of this bill are higher taxes, fewer jobs, and continued reliance on wasteful buildings, inefficient infrastructure and leaky water systems. Stifling economic growth and neglecting our primary environmental challenges is not an effective way to address climate change. Instead, Congress and the Administration should focus on the measures we identify in our "Building a Green Future" plan.

Our green construction plan identifies steps public officials, developers and the construction community must take to lessen the impact of our built environment. Measures in the plan include doubling existing energy-efficiency tax credits for commercial buildings; passing the Building Star program that invests \$6 billion in improving the efficiency of commercial buildings; and speeding review and boosting tax credits for green building projects.

The plan also calls for public building projects to incorporate state-of-the-art environmental solutions and for the federal government to make pragmatic investments in research and technology. It makes it easier to launch new transit projects, shifts cargo traffic to energy-efficient barges and accelerates federal approval for new transportation projects in congested corridors. And it calls for making the level of transportation investments virtually every expert agrees is needed to improve capacity and reduce traffic.

What the senators appear to have forgotten is that you can't simply regulate a greener future, you have to build it. ■



Stephen Sandherr,
CEO of AGC

Construction equipment, such as Komatsu's revolutionary Hybrid PC200 excavator, can play a major role in reducing the impact construction has on the environment.



A BLUEPRINT FOR ECONOMIC GROWTH

AGC lays out a plan to “Build Now for the Future”

While there are sparks of an economic recovery, many believe it is tenuous and needs an added boost of both confidence and dollars to firmly take hold. That’s especially true in the construction industry, where investment spending has been dramatically lower in the past couple of years and unemployment is nearly double the national average.

While the American Recovery and Reinvestment Act, also known as the stimulus package, may have helped stave off an even worse crisis, there are those in the construction industry who believe it didn’t go far enough. They also think that while it had some short-term effect, it doesn’t address future construction or economic needs.

“The money (in the stimulus plan) will be invested over several years and much of it will be used to offset declining state and local investment,” said the Associated General Contractors (AGC) of America. “In other words, the stimulus is not enough to turn around a trillion-dollar industry.”

AGC’s plan calls for increased infrastructure investment, as a way to jump start not just construction, but the overall economy.

Industry groups are calling for increased investment in housing, infrastructure and transportation. AGC is leading the charge with its recently released “Build Now for the Future: A Blueprint for Economic Growth.” It’s a comprehensive approach to rebuilding a construction industry that’s seen more than 1 million workers unemployed and construction spending decline by \$193 billion last year compared to 2008, an 18-percent drop.

AGC’s blueprint lays out a case that rebuilding the construction industry will boost job creation and economic growth. The document asserts that construction and infrastructure investments enhance our ability to compete globally and construction investments help improve public health and protect the environment.

“This plan outlines a series of common-sense incentives, tax credits and policy changes designed to stimulate new private- and public-sector demand for construction,” said the AGC. “While these changes are critical to reversing the current crisis in the construction industry, they are also essential to rebuilding, expanding and sustaining the broader U.S. economy by raising tax revenue and creating a more efficient national infrastructure for the movement of goods and services.”

Three key areas

AGC’s plan hits three key areas, including rebuilding private construction that accounts for 70 percent of construction activity. To do this, the organization calls for net operating loss carryback, repeal of the alternative minimum tax, increased tax credits for energy efficiency and extending tax cuts to preserve private capital.

It also wants to eliminate disincentives on global investments in U.S. commercial real





estate, restore “Fast Track” trade promotion authority and remove trade barriers that inflate costs. Additionally, the plan calls for extending Term Asset Backed Securities Loan Facility, which allows private investment programs to fund construction projects, and extending first-time home buyers credit.

The second key area is boosting investments in infrastructure to provide industry stability and economic efficiency. AGC wants federal investments in transportation programs to double. Revenues would come from a transition to vehicle-miles tax, a right-size federal gas tax and encouragement of public-private partnerships. Further investment in federal buildings, clean-water programs, flood control, inland waterway navigation and establishment of a national infrastructure bank are necessary.

Further funding in this area could be possible from expanding and making permanent the Build America Bonds program and adding an exemption on construction from the private activity bond cap.

The third part of AGC’s plan calls for a revision of what it terms “restrictive policies and regulations” in order to speed construction and ease costly delays. It wants to streamline environmental reviews, accelerate licensing of new nuclear power plants and establish a multiyear capital budget for public works. The organization calls for a rejection of the Clean Water Restoration Act, but encourages green construction, avoiding



government-mandated labor agreements and rescinding Buy American requirements.

Significant return on investment

AGC believes the public will see a significant return on investment with its plan. By boosting economic activity, tax revenues will rise, offsetting some of the tax credit costs in the blueprint. By raising and modernizing user fees, establishing a Water Trust Fund and expanding public-private partnerships, revenues for infrastructure investment will rise. “The cost of inaction will be far greater than anything outlined in this plan,” said AGC.

“Every billion dollars invested in nonresidential road activity adds \$3.4 billion to the gross domestic product, increases personal earnings by \$1.1 billion and creates or sustains 28,500 jobs,” according to the group’s plan. “Almost 19,000 of those jobs would be in areas outside the immediate construction sector, including equipment manufacturing, materials supply, food service, health care and retail. In other words, the best way to generate new economic activity, increase employment across economic sectors and grow the economy is to rebuild demand for construction services.” ■

Boosting infrastructure investment would provide stability and efficiency, according to AGC’s plan.

“The plan outlines a series of common-sense incentives, tax credits and policy changes designed to stimulate new private- and public-sector demand for construction,” it said.

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NEW D65-16 DOZERS

A long list of new features, including 6-way and sigma blade options, adds to efficiency and lowers O&O costs

More dozing capacity and greater efficiency in a variety of applications are always an advantage. Komatsu's new D65-16 model dozers — EX, WX and PX — provide both, thanks to a long list of new features, including a Power Angle Tilt (PAT) blade and a fuel-efficient, 205-horsepower, Tier 3 engine.

Unavailable in some previous models, a six-way PAT blade can now be used on all new D65s. The hydraulic blade tilt, angling functions and manually adjustable blade pitch expand versatility and productivity in a wide range of applications. It's well balanced for light and medium dozing operations as well as providing precise grade cutting required in site prep, golf course or house pad applications. The blade is 100-percent Komatsu, and is stringently tested for durability.

"Users like the PAT blade because it rolls material forward so well, it takes less horsepower to move it," said Product Manager Bruce Boebel. "Komatsu designed the blade to keep that material rolling in front of it and away from hoses and cylinders. That extends their life and reduces maintenance costs."

Boebel said adding a PAT blade to all new D65s came about as a result of customer feedback, but it's not the only blade option. A revolutionary Komatsu SIGMA blade is available for the D65EX-16 and D65WX-16 models. It's designed for heavy dozing applications and keeps more material to the center, giving it a 15-percent boost in productivity when compared to a typical semi-U. PX and EX models can also be equipped with a straight blade.

"Having blade options allows users to choose what's going to best suit their business and the type of work they do," said Boebel.

"Each blade has its particular purpose, and matching the blade to the application is a vital part of being able to move material efficiently so per-yard costs stay low."

Lock-up torque converter, two modes

Power to push any blade full of material comes from a highly efficient lock-up torque converter that automatically transfers engine power directly to the transmission. The result is increased dozing speeds compared to

Continued . . .



Bruce Boebel,
Product Manager

Brief Specs on the Komatsu D65-16 Dozer

Model	Operating Weight	Net Horsepower
D65EX-16	43,980 lbs.	205 hp.
D65PX-16	46,960 lbs.	205 hp.
D65WX-16	45,570 lbs.	205 hp.

All new D65-16 models can be equipped with a six-way Power Angle Tilt blade that rolls materials forward, resulting in less horsepower used and better fuel efficiency. A lock-up torque converter and two-mode transmission are also new features in the Tier 3 machines.



To see this machine in action, find this article in our online magazine at www.ModernUpdate.com



Longer undercarriage life, easier maintenance

... continued

previous D65 models. Operators can select from two gearshift modes, automatic and manual, to fit the appropriate application.

At the same time, in Auto mode the lock-up torque converter helps reduce fuel consumption by as much as 10 percent with the new D65s. New Power and Economy modes allow operators to match the needed performance to the job for maximum efficiency. E mode can be used for all general dozing, leveling and spreading applications, providing the right mix of speed and power for maximum fuel savings. P mode is for slot dozing, ripping or other applications requiring maximum production where engine power has priority over fuel efficiency.

“Our excavator users rave about the ability to choose modes based on work load, and it makes sense in dozing as well,” stated Boebel. “If you don’t need full power to get the job done, why use it? The ability to change modes to suit the application gives users added versatility. They have one machine for multiple uses.”

PLUS extends undercarriage life

The new D65-16 models come with Komatsu’s Parallel Link Undercarriage System (PLUS) — the EX and WX models also have an additional foot of track on ground — that provides up to double the wear life of conventional undercarriages. The rotary bushing system virtually eliminates bushing wear, and wear

limits of the link and carrier roller are increased to balance the extended life of the bushing.

Added undercarriage life also comes from an improved, self-adjusting, idler support that applies constant downward pressure to the wear plate of the idler guide, preventing bouncing and vibration and reducing noise. It also acts as a scraper that keeps materials out. A full guarding package, designed with customer feedback, offers added durability and lower maintenance time and cost.

“The biggest cost of owning and operating a dozer is the undercarriage, and by extending its life, Komatsu is keeping that cost down,” noted Boebel. “We want customers to produce with these machines for a long time to come, and the new and enhanced features we added to the undercarriage accomplish that.”

Efficient maintenance

Added efficiency in the D65-16s comes from better visibility in the larger ROPS/FOPS cab that puts the operator higher and more forward for improved sight to the blade. The cab is ultra quiet at a 75-decibel rating, and an air-ride seat and rear hydraulics are standard. A seven-inch, in-cab, color monitor allows owners and operators to track fuel consumption and idle time, as well as other functions, using Komatsu’s KOMTRAX technology that comes standard and is free for the first five years.

KOMTRAX helps provide better maintenance tracking to ensure proper service intervals are met, further keeping owning and operating costs down. Komatsu’s new D65 models also feature easy routine maintenance that includes daily engine checks grouped at the left-hand side of the engine compartment. A wide-core cooling package and manually reversing fan allow for quick cleaning of the radiator without leaving the cab.

“There are so many things you can point to that make these new models an upgrade over previous ones,” said Boebel, who noted that the dozers can come with Topcon plug-and-play or Trimble ready. “We designed these from the ground up with a list of enhancements our customers wanted. The result is more efficient and reliable machines, which is what they asked for.” ■

EX and WX models can be equipped with a SIGMA blade designed for heavy dozing applications. Blade visibility is better in the new D65s as the cab was designed to move the operator up and forward.





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NEW PC78US-8

Compact excavator provides upgraded features that increase productivity, reduce O&O costs



David Caldwell,
Product Manager

A machine that offers more horsepower, operating weight and increased digging depth at lower owning and operating costs and emissions would be a major asset to your business. Komatsu's new PC78US-8 excavator offers all that in a compact package that works well in small and mid-size applications.

The PC78US-8 replaces the PC78US-6, offering almost 400 additional pounds of operating weight. The popular long arm is now standard, offering a larger working range than the previous standard arm. A 55-horsepower, direct-injection, Interim Tier 4 engine provides better fuel efficiency without sacrificing power or productivity.

"It's a great machine for a variety of construction projects, as well as utility and landscaping jobs," said Product Manager David Caldwell. "With the tight tail swing, it's very useful in confined areas."

Using Komatsu's HydrauMind™ hydraulic system, the PC78US-8's pressure-compensating Closed Loading Sensing System (CLSS) ensures each function works according to its control input regardless of the load, giving the operator precise control. An engine-speed sensing system maintains engine speed under all

conditions, so the engine's full power potential is always available. An auto-idle feature senses when the machine is not working and reduces rpms to conserve fuel.

Productivity features

A number of the new PC78US-8's features add to productivity, including load-sensing, automatic, two-speed travel that provides 10.7 percent faster high-speed travel. Komatsu also improved traction force by 2.6 percent, enhancing blade performance and enabling the new PC78US-8 to power through turns.

Auxiliary hydraulics and the Level 3 KOMTRAX package (Komatsu's exclusive wireless machine-monitoring system) are standard equipment. Inside the spacious cab that's 3.6 percent larger, a seven-inch, color, multifunction monitor gives the operator the ability to easily navigate between functions. The monitor allows operators to select from five working modes for power, economy, lifting, breaker and attachments; to adjust the flow rate to auxiliary attachments without leaving the cab; and to modify the heat and air conditioning for maximum comfort throughout the day.

Komatsu made maintenance easier with an engine hood that can be opened in confined spaces, a wide-opening side hood, and extended, 500-hour arm and boom lube intervals and 500-hour engine oil and filter changes. In addition, the new machine comes with a standard three-year, 3,000-hour warranty.

"Our previous PC78US-6 model was very popular because of its power and productivity in tight jobsites, and we have further improved upon that," said Caldwell. "It's a valuable addition to any fleet, especially for those contractors who do utility work, landscaping, residential and non-residential construction." ■

Brief Specs on Komatsu's PC78US-8 Excavator

Model
PC78US-8

Operating Weight
16,240 lbs.

Net Hp
55 hp*

Digging Depth
15 feet, 5 inches

*Interim Tier 4
emissions-certified engine



The new PC78US-8 has several upgrades that make it more productive and efficient in small to mid-size applications.



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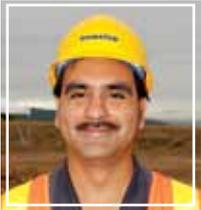
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NEW HYBRID EXCAVATOR

Komatsu unveils the future of excavation with its revolutionary Hybrid PC200LC-8



Dave Grzelak,
CEO and Chairman,
Komatsu America



Armando Najera,
Product Manager
Excavators

By now you've probably seen hundreds of cars with a green leaf on them indicating they use hybrid technology. You may have even wondered when that technology would be available in construction equipment. The answer is now, with the launch of Komatsu's new Hybrid PC200LC-8 excavator.

Komatsu is the first manufacturer to commercialize a hybrid excavator, and has been for some time. Komatsu's unique Hybrid controller synchronizes the conventional diesel engine and hydraulic pumps with electric assist that uses energy that's wasted in conventional machines. The Hybrid PC200LC-8 works on the principle of regeneration and energy storage using the

Komatsu Ultra Capacitor system that turns the stored energy into power transmission.

"This is similar to hybrid car technology," explained Armando Najera, Product Manager Excavators. "Hybrid cars use batteries that capture energy from the brakes when the car slows down. The difference is the Hybrid PC200LC-8 captures energy during the swing brake and stores it in the Ultra Capacitor. The Ultra Capacitor works in harmony with the engine, providing a seamless experience for the operator. Each time the upper structure slows down, energy is created and stored, then used to assist the engine. The result is greater fuel economy versus a conventional machine."

Najera points out that the more the upper structure rotates, the greater the efficiency. "Any application where the machine has to rotate frequently, such as mass excavation and utility trench digging, are ideal for the Hybrid. Each time the upper structure slows down, more energy is sent to the Ultra Capacitor and is available to assist the engine."

Actual customer trials have shown fuel savings of 25 percent to 41 percent when compared to a conventional PC200LC-8.

"Obviously, the fuel savings depend on the application, but our testing shows significant fuel reduction under a variety of applications," said Dave Grzelak, CEO and Chairman of Komatsu America. "There's also a significant reduction in CO₂ emissions with the hybrid. Compared to a conventional PC200LC-8, our data show that during the course of 2,000 hours — a fairly typical number of hours put on an excavator in

Brief Specs on the Komatsu Hybrid PC200LC-8 Excavator

Model	Operating Weight	Net Horsepower	Bucket Capacity
Hybrid PC200LC-8	43,643-47,260 lbs.	138 hp	0.66-1.57 cu. yd.

Truck loading and trench digging are ideal applications for the Hybrid PC200LC-8, according to Product Manager Armando Najera. "The more the upper structure rotates, the more energy is sent to the Ultra Capacitor and is available to assist the engine, resulting in greater fuel economy versus a conventional machine."



a year — the hybrid emits up to 25 tons less. That's equivalent to taking nearly 600 5,000-gallon tanker trucks off the road. That's something to be very excited about."

A very efficient system

Komatsu's Hybrid PC200LC-8 reduces fuel consumption and emissions thanks to innovative technology that captures previously wasted energy and converts it to electricity that can be used to power the machine. Unlike conventional excavators, which use a hydraulic motor to rotate the upper structure, the Hybrid employs an electric swing motor that captures the energy that is normally wasted during swing braking.

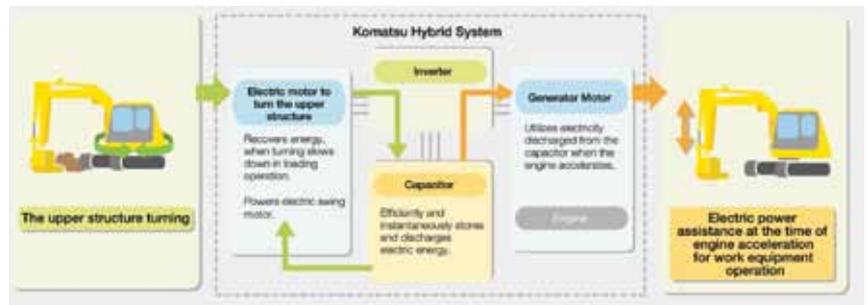
The energy goes through an inverter that changes it from AC to DC and quickly stores it in the Hybrid PC200LC-8's Ultra Capacitor where it remains available until needed to power the swing motor or to assist the engine to create hydraulic power.

In addition to the swing motor, inverter and Ultra Capacitor, the Hybrid PC200LC-8 uses a built-in generator motor between the engine and the hydraulic pumps for effective transmission of energy to the pumps. The generator can charge the Ultra Capacitor during periods when no work or travel operations are used. The generator motor also receives power from the Ultra Capacitor for engine assist.

"It's a very efficient system," affirmed Najera. "Think of the Ultra Capacitor like a balloon that's taking in air as it's being blown up. In this case the air represents the energy being stored in the capacitor. When a balloon pops, the air rushes out. The Ultra Capacitor works the same way in that it releases energy instantaneously when it's needed. Side-by-side, the Hybrid has the same digging force and performance levels as a standard machine, while using less fuel and reducing emissions."



In a side-by-side comparison with a standard PC200LC-8, the Hybrid PC200LC-8 performed the same amount of work with a fuel savings of more than 30 percent. Komatsu's data, gathered over nearly two years, shows the Hybrid can save upward of 40 percent, depending on the application.



Monitor displays status of stored energy

Similar to a standard PC200LC-8, the Hybrid has a seven-inch LCD monitor that displays valuable information regarding machine location, utilization, hours and service intervals. It also comes standard with Komatsu's KOMTRAX remote machine-monitoring system.

In addition, the operator and owner can see energy flow on the "Hybrid Operation Monitor" as the machine operates. Users can change the monitor to display status of the Ultra Capacitor charging and discharging and engine assist by the generator motor as energy flow.

"The Hybrid is another aspect of Komatsu's overall commitment to produce the most efficient and environmentally friendly equipment," said Grzelak, who noted that hybrid technology is not new to Komatsu, which has been producing hybrid forklifts for a few years. "The Hybrid PC200LC-8 is a revolutionary product that's already been proven in the field to reduce fuel consumption without a reduction in productivity." ■

To watch the new Hybrid PC200LC-8 excavator in action, go to www.komatsuamerica.com and click on the "Find out about Komatsu Hybrid Excavator" link.



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READY FOR NEW REGULATIONS

Komatsu is geared up for the big leap in Tier 4 emission standards that start next year

Throughout the past several years you've heard a lot about Tier 3 emission standards for construction equipment, and chances are you have one or more machines that meet that criteria. In the next few months, the industry will shift to another gear, bringing a heavy dose of new Tier 4 standards to a large number of engines and all the compliance levels that go with them.

Tier 4 standards come in two phases, with the interim phase beginning next year and focusing on particulate matter reduction requirements. Final standards will come later and deal with oxides of nitrogen (NOx) and hydrocarbons. Tier 4 interim standards for smaller engines, ranging from 25 to 74 horsepower, are already in effect. However, OEMs have the option of skipping Tier 4 interim standards if they implement Tier 4 final standards one year ahead of schedule, in 2012.

Emission standards don't cover the type of machine, rather they apply to the horsepower of the engine, and a very large number of construction machines with engines in the 175 to 750 range will be affected when the interim phase comes in January of 2011. A year later, 75- to 174-horsepower machines will have to meet the interim phase.

So what do the new standards mean for construction machinery? Tier 4 rules cut the soot an engine can emit by 90 percent compared to Tier 3, and cut NOx by 45 percent during the interim phase. When final compliance goes into effect in 2014, NOx will have to be cut by an additional 80 percent, meaning new-machine emissions will be close to zero.

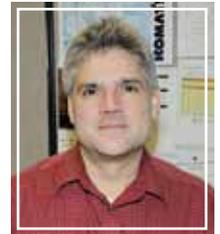
In addition, diesel machines will be required to use Tier 4-specific engine oil, use ULSD

fuel containing less than 15 ppm sulfur, and maintain emission filters. While meeting these new standards is challenging, Komatsu has already announced it's set for the new requirements to take effect.

"We were ready for Tier 3 compliance in advance, and that's also the case with Tier 4," said Senior Product Manager Chuck Murawski. "Komatsu has always been an innovator, and constantly looks for ways to not only meet current and future standards, but exceed them when possible."

Technology behind the engines

Murawski said machine performance won't be affected, and in some cases, may actually be improved. Komatsu engineered new excavators, dozers, wheel loaders, trucks and other equipment in the new horsepower range to meet the standards without sacrificing productivity or fuel efficiency.



Chuck Murawski,
Senior Product
Manager

Continued . . .

Equipment in the 175- to 750-horsepower range, such as Komatsu's WA500-6 wheel loaders and HM400-2 articulated trucks, must meet Tier 4 interim standards beginning January 1, 2011. "Komatsu was ready for Tier 3 compliance in advance, and that's also the case with Tier 4," said Senior Product Manager Chuck Murawski.



Komatsu steps up to Tier 4 with innovative design

... continued

Komatsu did so in a variety of ways, including a newly designed, KVTG (Komatsu variable-geometry turbocharger) that varies the air flow and delivers optimum air volume to the engine combustion chamber under all speed and load conditions. The result is cleaner exhaust gas and improved fuel economy while maintaining power and performance.

“Our initial feedback has seen more responsive machines that consume less fuel,” said Murawski. “The Tier 4 machines are completely Komatsu-designed and -manufactured, including components, so we control quality and performance. All machine systems work in harmony.”



Dozers such as the Komatsu D155AX-6 Sigma will be required to meet interim Tier 4 standards next year, while smaller dozers, such as the D51EX-22, have until 2012 to meet regulations.

The PC88MR-8 is equipped with a 65-horsepower engine that meets Tier 4 interim standards.



Other key features of the new technology include:

- A Komatsu-designed and -developed high-efficiency, diesel-particulate filter that captures more than 90 percent of particulate matter. The engine controller initiates passive and active regeneration automatically as needed to oxidize the particulates while the engine is running, which allows uninterrupted machine operation. A special oxidation catalyst eliminates the need for a traditional fuel burner, reducing maintenance costs and increasing reliability.
- A computer-controlled, heavy-duty High Pressure Common Rail System delivers the precise quantity of pressurized fuel into the engine combustion chamber, using multiple injections to achieve complete fuel burn and reduce exhaust emissions. Wear-resistant materials provide improved fuel-injector life.
- A heavy-duty, cooled Exhaust Gas Recirculation System, which has already proven effective in Tier 3 models, has been enhanced for increased capacity to further reduce NOx to Tier 4 levels. Larger, more robust components ensure reliable performance during demanding work conditions.
- A new fuel/air combustion chamber, located at the top of the engine piston, has a new shape designed to improve combustion and further reduce NOx, particulate matter, fuel consumption and noise.
- The engine and machine equipment function in harmony as the electronic control system performs high-speed processing of information from sensors throughout the machine. The result is reduced fuel consumption, noise, NOx and particulate matter.

“What customers get with these machines is solid production with lower emissions and less fuel consumption,” said Murawski. “Komatsu technology has once again produced machines with a competitive edge.” ■

OFFERING FINANCING SOLUTIONS

VP Financial Services and Treasurer Ben Norris says helping customers purchase equipment is top priority

QUESTION: What role does Komatsu Financial play in customer purchases?

ANSWER: First, Komatsu Financial is interested in the success of every deal, but we're not a replacement for traditional lenders. We encourage those buying equipment to shop around and find the best rates and terms that they believe will benefit them the most. However, Komatsu Financial offers a vast array of options that equipment buyers can use to finance or lease their Komatsu machines.

Komatsu makes efficient and productive products that are cost-effective, and we believe, put more profit in our customers' pockets. Komatsu Financial wants to help ensure customers are able to purchase Komatsu pieces by providing financing solutions, whenever they're needed.

QUESTION: Will you only finance new Komatsu equipment?

ANSWER: First and foremost that's what we do. Most of our customers are buying new pieces of equipment because, again, newer models tend to be more efficient and productive. But, if a customer believes a used piece is more of an advantage to them, we'll certainly work with them. From the used side, we'll finance competitive brands as well. For instance, if a distributor took a competitive piece on trade, and a customer is interested in purchasing it, we're here to help.

QUESTION: What's the advantage to using Komatsu Financial?

ANSWER: First, Komatsu Financial offers a stable, cost-effective and viable financing solution to customers by providing core product financing of Komatsu equipment. Second, we provide the best service in the

Continued . . .



Ben Norris,
VP Financial Services/Treasurer

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.

Ben Norris has witnessed firsthand the massive growth Komatsu has undergone during the past 30 years. He's currently Vice President Financial Services and Treasurer of Komatsu America, as well as President of Komatsu Financial, a wholly owned subsidiary of Komatsu America. He's also served as Finance Sales Manager and Controller in his 25 years with Komatsu.

Ben started in finance operations after graduating with a Bachelor of Science degree in finance from Illinois State in 1984. He received his MBA in 1990 from DePaul University, and served on the 2006 National Security Forum as a civilian guest at the Air War College at Maxwell AFB in Huntsville, Ala.

As Vice President Financial Services and Treasurer, he's responsible for assets and liabilities for Komatsu America. He oversees a staff of more than 50 finance professionals who work with Komatsu distributors and customers to provide financing options for equipment purchases.

"Komatsu Financial provides support to about 20,000 Komatsu end users, as well as our distributors throughout the United States and Canada," said Norris. "That's considerably higher than when I started with Dresser Leasing, which eventually grew into Komatsu Financial. One thing I'm most proud of is that through the transition into Komatsu Financial, and especially through the peaks and valleys of the construction industry, we've consistently provided stable, cost-effective and competitive financing."

Ben and his wife, Marybeth, are celebrating 20 years of marriage and have two sons aged 18 and 13. The Norrises enjoy golf, fishing, sports and travel.

Affordable solutions give buyers options

. . continued

industry. We don't offer other types of loans or lines of credit. But because our rates and terms are in line with other lenders, customers can finance equipment with Komatsu, leaving their other sources of credit open to continue to grow their businesses.

Because equipment financing is our core business, we have been incredibly consistent

Komatsu Financial offers cost effective and viable financing solutions for all types of equipment.



throughout the years in providing affordable solutions through all types of market conditions. We understand that the construction industry has peaks and valleys, and the last couple of years would indicate that sometimes there are deep valleys. But through it all, we've maintained our book of business and haven't shied away from lending until the next peak hits. We also have more than 50 people on staff, many of whom have been here a decade or more, and they understand the industry better than anyone else.

QUESTION: Given the current economics, there are sure to be businesses that may fall behind on payments. How do you handle those situations?

ANSWER: Really, that happens in all economies for a variety of reasons. As I said, we understand there are going to be some rough times, and to be honest, there are times when we have to take a machine back. That's a last resort, however. Maybe it's just a matter of the customer waiting to get paid for a job, or the customer has work lined up months ahead but hasn't been able to start yet. It helps if the customer contacts us, and lets us know the situation. Our first priority is to work with customers to find solutions that will allow them to keep their machinery so they can continue working.

QUESTION: What do you see ahead?

ANSWER: We're optimistic about the construction industry going forward. We believe the industry has hit a firm bottom, and projections are for a gradual recovery and growth ahead. Our factories are ramping up again, so that as the market grows, we're in position to have the machinery ready that end users can put to work.

Those who are looking for machinery should contact their distributor first to find the right equipment to match their needs. That's the most important step in the equipment-buying process, and our distributors are excellent at doing that. Next comes financing, if needed. Komatsu distributors have strong credit or finance managers who can help buyers find financing with Komatsu Financial or an outside lender of their choice. ■



According to Ben Norris, Komatsu VP Financial Services/Treasurer, the company is optimistic about the construction industry's future, and projections are for gradual growth ahead. Komatsu factories are ramping up production again, Norris noted.

Vice President Financial Services/Treasurer Ben Norris said Komatsu Financial's main aim is to help customers purchase new Komatsu equipment, such as the all-new D65EX-16 dozer.



MAKING AN OLD YARDER NEW AGAIN

Converting to a crawler undercarriage boosts productivity of Madill 071 and 171 yarders

Through the years, Madill manufactured more than 260 model 071 and model 171 yarders. A high percentage of those are still in operation, most in the Pacific Northwest and western Canada.

Since acquiring the assets of the former Madill Equipment Company, Modern Machinery has begun a program of refurbishing Madill 071 and 171 yarders, making them much more functional for current logging operations.

“Most 071s and 171s are still high-production machines and have a lot of life remaining in the working portion of the yarder,” said Modern Machinery Washington Regional Manager Jim Hassebrock. “The problem is that the old, tank-carrier drive system is unreliable and often requires support equipment, such as a large dozer, to relocate the machine on a logging site. What we’re now doing is converting the old drive system to a crawler undercarriage, making it much more functional and user friendly.”

Converting 071s and 171s to a crawler undercarriage offers numerous benefits including:

- Improved mobility (including counter rotation capability);
- Improved reliability;
- Improved stability and safety;
- Increased productivity (through proper placement on project);
- Lower cost of operation (by eliminating need for support dozer).

“In addition to converting the undercarriage, we can repair all other working components up to and including recertification of the unit,” said Hassebrock. “If you have an 071 or 171, you should give us a call. We’ll be happy to provide a quote. It’s an equipment upgrade that

we’re absolutely convinced will improve the productivity and profitability of your logging operation.”

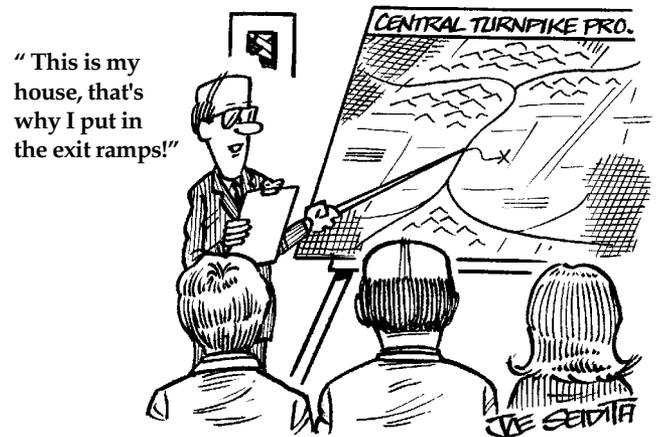
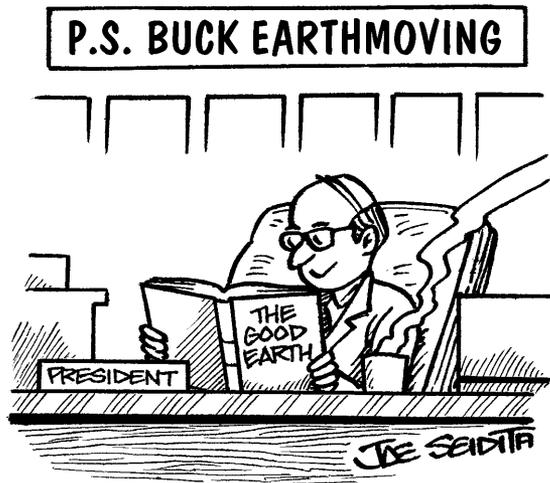
For more information on Madill 071 and 171 yarder conversions, contact your Modern Machinery Sales Rep or the nearest Modern branch. ■



Modern Machinery refurbished this older Madill model 171 yarder (left), converting the old drive system to a modern crawler undercarriage. The refurbished unit (below) offers better mobility, higher productivity and lower cost of operation.



On the light side



"You had your company's very first bulldozer bronzed?"



Did you know...

- A giraffe can go without water longer than a camel can.
- A mole can dig a tunnel 300 feet long in just one night.
- On average, a person laughs about 15 times a day.
- February 1865 is the only month in recorded history not to have a full moon.
- Maine is the only state whose name is just one syllable.
- One quarter of the bones in your body are in your feet.
- Our eyes are always the same size from birth, but our nose and ears never stop growing.
- The only 15-letter word that can be spelled without repeating a letter is uncopyrightable.
- Months that begin on a Sunday will always have a Friday the 13th.
- It takes a drop of ocean water more than 1,000 years to circulate around the world.

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.ModernUpdate.com

1. ANPETIWORR _____
2. NITAROTC _____
3. KOBEC AH _____
4. RBIYDH _____
5. TAFESY _____
6. WYGAHIH _____



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Group says nation needs long-term, coordinated freight plan

The American Association of State Highway and Transportation Officials (AASHTO) joined the chorus of organizations calling for a significant boost in highway, rail and other transportation funding in its new report, *Unlocking Freight*. It identifies key projects across the country that would improve freight delivery and dependability and offer needed relief for freight congestion, job generation and improved productivity.

"The simple fact is: no transportation, no economy," said AASHTO President Larry L. "Butch" Brown. "They are inseparable. We must invest to maintain and strengthen

the American 'transconomy.' Congress must invest in all transportation modes, from waterways to roads and rails, to get us where we need to be as a competitive nation. Millions of jobs and our nation's long-term economic health depend on it."

The report highlighted deficiencies on roads, rail, waterways, ports and other forms of freight transportation. Noting that the freight transportation system supports more than 10 million jobs, many are calling for increased national and regional investments that include all freight transportation modes. ■

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(Prices subject to change without notice)

Manufacturer/Model	Description	Serial No.	Year	Hours	Price
CRAWLER DOZERS 					
KOMATSU D155AX-6	SU BLADE, WINCH OR RIPPER	80532	2008	3,451	\$340,000
KOMATSU D65EX-15E0	SU BLD, OROPS, RPR HYDS	69460	2007	767	POR
KOMATSU D65WX-15E0	PAT BLD, A/C, RPR	69054	2007	1,385	POR
KOMATSU D65PX-15E0	ST. BLD, A/C	69519	2007	4,417	POR
KOMATSU D61PX-15	PAT BLD, OROPS	B41185	2007	1,888	POR
KOMATSU D51EX-22	PAT BLD, OROPS, HEAT, RPR	B10572	2008	234	POR
KOMATSU D51PX-22	PAT BLD, A/C	B10803	2008	1,271	POR
KOMATSU D39PX-21A	PAT BLD, OROPS	1727	2005	2,245	\$59,500
KOMATSU D37PX-21A	PAT BLD, A/C	5787	2007	969	POR
KOMATSU D37EX-21A	PAT BLD, AC, RIPPER	5943	2008	758	POR
WHEEL LOADERS 					
KOMATSU WA600-6	8.5 YDS PADE, ECSS	60075	2006	5,435	POR
KOMATSU WA500-6	7.5 YD WEDGE, STIKSTR, RDLs, SCALE	A92489	2008	2,115	POR
KOMATSU WA430-6	4.5 YD, RDLs, LSD	65198	2007	3,435	POR
KOMATSU WA380-6	RDLs, QC, MONO, BKT 723061	A53521	2008	2,924	POR
KOMATSU WA320-5L	QC, BKT 75436	A32244	2004	4,988	POR
CAT 938G	LOADER, QC, GP BKT	HCRD01906	2006	3,927	\$87,000
CAT 928G	GP BKT	DJ002249	2006	7,210	\$68,000
HYDRAULIC EXCAVATORS 					
KOMATSU PC800LC-8	15' ARM, CTWT REM	55104	2007	2,684	\$625,000
KOMATSU PC600LC-7	14' ARM, QC	20023	2004	8,668	\$235,000
KOMATSU PC400LC-7E0	13' ARM, QC, 48" 76528	60012	2006	1,514	\$287,500
KOMATSU PC308USLC-3	11'6" ARM, COMBO HYDS, QC, 42"	20026	2003	5,494	\$119,500
KOMATSU PC300LC-7E0	13' ARM, QC, 72" BKT	55284	2007	3,861	\$142,500
KOMATSU PC228US-2	BRKR PIPES, BKT	15329	2000	6,689	\$65,000
KOMATSU PC220LC-8	10' ARM, QC, THM	75021	2006	3,200	\$165,000
KOMATSU PC158USLC-2	8' ARM, QC, THM 76799	10196	2007	1,388	POR
KOMATSU PC138USLC-2	8'2" ARM, QC, BRKR HYDS	1824	2005	3,784	POR
KOMATSU PC128US-2	EXCAVATOR, COMBO HYDS, QC	6507	2000	3,942	\$40,500
KOMATSU PC120-6	33" B&C, EXTRA BKT 76801	70239	2003	2,411	\$67,000
HITACHI ZX800	QC, 70" BKT	6253	2003	5,877	\$305,000
DEERE 200CLC	42" COMBO HYDS	FF0200CX5082	2006	2,781	\$82,000
CAT 330CL	54" B&C	CYA00425	2004	6,389	\$87,000
CAT 330BL	BKT, THUMB	60R02104	1998	11,595	POR
MOTOR GRADERS 					
KOMATSU GD655-3C	14' BLADE, A/C, MS RIPR	B20036	2006	2,033	POR
CAT 14H		7WJ00347	1996	14,530	\$169,000



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Manufacturer/Model	Description	Serial No.	Year	Hours	Price
SKID STEERS & UTILITY LOADERS					
KOMATSU CK30-1	TRACK LOADER U17	A30712	2010	27	POR
KOMATSU WA100M-5	QC, BKT, A/C, FRKS, RDLS	H50315	2008	355	POR
KOMATSU WA80-5	1.18 YD, CAB, QC, FORKS, ECSS	H50513	2008	358	POR
FORESTRY EQUIPMENT					
VALMET EX10	445 U/C, ESPAR, 370.2	ET4C28950426	2007	1,170	POR
TIMCO T475E	NO HEAD, SET UP FOR PROCESSOR	CW4C2137020903	2003	4,772	\$135,000
TIMCO 475EXL	W/395VT, SN902	CW4C2224082903	2003	4,003	\$115,000
VALMET 500T	W/ 965 HEAD, SN 333	500T0111	1993	4,659	\$75,000
VALMET 500T	SQRT. BOOM, 965 SN452	500T0168	2000	7,312	\$99,500
MADILL H1800	622B WARATAH	H180037	2007	2,391	POR
VALMET 911C	HARVESTER, 965 SN381	911C4025	1997	8,581	\$100,000
VALMET 921	HARVESTER, 965	3109	1999	9,207	\$99,500
TIIMCO T445B	QUADCO T445C	FT4C0838022296	1996	9,705	\$79,000
TIMCO T425E	HARVESTER	AT4C2048043002	2002	8,798	\$99,500
KOMATSU PC270LC-7L	622B WARATAH	A86082	2003	7,265	\$150,000
KOMATSU PC270LL-7L	LOG LOADER	A86004	2005	2,775	POR
KOMATSU PC220LL-8	LOG LOADER W/KOMATSU FRONT	A87001	2008	225	POR
KOMATSU PC200LL-7L	LOG LOADER	A86023	2007	2,251	POR
VALMET 890.3	VT FORWARDER W/ BRUKS CHIPPER	310249	2007	1,901	POR
VALMET 890.3	VT FORWARDER	310359	2008	64	POR
VALMET 892	VT FORWARDER	892237	1996	15,248	\$80,000
HAUL TRUCKS					
KOMATSU HM400-1	ARTIC TRK, TGATE	1168	2004	9,402	POR
KOMATSU HM350-1	ARTIC TRK, TGATE	1125	2005	4,415	POR
KOMATSU HM300-2	ARTIC TRK	A11011	2006	3,821	POR
KOMATSU HD465-7	45-YD TRUCK	7621	2006	5,846	\$425,000
KOMATSU HD325-7	31-YD TRUCK, LINED BED, RDLS	7208	2007	750	POR
MOXY MT31X	A/C, TGATE	710549	2005	4,198	POR
MOXY MT31X	A/C, TGATE	710528	2005	4,245	POR
MOXY MT31X	A/C, TGATE	710659	2006	1,935	POR
MOXY MT31X	A/C, TGATE	710675	2006	2,153	POR
AGGREGATE EQUIPMENT					
2248	CR JAW, 4816 HR FEEDER, 3 AXLE	34045	1975		POR
JCI K400	CONE PLANT	P070456	2007	157	POR
JCI FT6203CC	TRACK-MOUNT SCREEN PLANT	P060369	2007	26	POR
SUPERIOR	36"X100' STACKING CONV.	806307	2007		POR
KPI	36"X150' SUPER STACKING CONVEYOR	408907	2008		POR
MISCELLANEOUS					
SAKAI GW750	PNEUMATIC	10170	2007	884	POR
IR CR30	52" RBR/STEEL ASPHALT ROLLER	172940	2004	2,031	POR
IR SD160DX	IR 84" SMOOTH SINGLE	181528	2005	2,299	POR
IR SD160DX	IR 84" SMOOTH SINGLE	184746	2005	2,309	POR
HAMM HD90HV	66" ASPHALT, HI VIBE	H1810462	2008	175	POR

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