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A MESSAGE FROM THE PRESIDENT



Mark Kelso, President

Construction remains in positive territory



Dear Valued Customer:

Economists and industry organizations predict further strength in construction throughout 2018. Many see growth across several market sectors, and if Congress delivers on new infrastructure legislation, that would also add to the positive outlook. At Continental Equipment, we are hopeful that will be the case.

Growth in the construction industry means more machinery in the field. CEC is aligned with great manufacturers who we believe engineer and build the best equipment in the industry. Komatsu is a perfect example. No other company can match its *intelligent* Machine Control dozers and excavators, which are making businesses like yours more productive, efficient and profitable. You can read about one such firm in this issue of your CEC On Track magazine.

Of course, there are times when standard machinery is your best choice. Komatsu's extensive lineup of Dash-11 excavators stands out for its unrivaled power, durability, reliability and productivity. Read about several models inside.

These, and many other Komatsu Tier 4 products, are covered by Komatsu CARE for the first three years or 2,000 hours. Our technicians perform the scheduled maintenance at times and locations convenient for you, which minimizes your downtime. We track your machines' hours, contact you when services are due and get them done.

CEC can also service your older Komatsu machines, other brands we carry and competitive equipment as well. If there is anything you need, from sales and rentals to parts, maintenance and repairs, we have you covered. Call or stop by one of our branch locations for more information.

Sincerely,

Continental Equipment Company

Mark Kelso, President



IN THIS ISSUE

INDIAN SUMMER RECYCLING pg. 4

Bob Brooks and Fred Thompson are innovators in the yard-waste recycling industry. Read about their formula for success inside.

SPECIAL EVENT pg. 9

Ride along with CEC customers as they preview new technology and test the latest products at Demo Days.

CONSTRUCTION OUTLOOK pg. 12

Take a look at industry leaders' predictions for growth in the construction field this year.

GUEST OPINION pg. 14

Learn why building information modeling for virtual designs could lower infrastructure spending.

FOCUS ON EXCAVATORS pg. 16

Explore Komatsu's extensive line of excavators, which use Tier 4 Final technology.

FIELD NOTES pg. 21

See how one contractor improves efficiency using a Komatsu D51EXi dozer.

KOMATSU & YOU pg. 23

Get to know Walt Nichols, General Manager of Komatsu's Chattanooga Manufacturing Operation.

INDUSTRY NEWS pg. 27

Examine the results of recent research, which indicate that most Americans are supportive of higher taxes, if funds are used to improve roads.

TRAINING TALK pg. 28

Visit the Komatsu Service Institute where distributor personnel sharpen and expand their skills.

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INDIAN SUMMER RECYCLING

This Casco, Mich., duo's second act proves to be as important as it is profitable



Bob Brooks, Partner



Fred Thompson, Partner

An Indian Summer Recycling operator uses a Komatsu PC290LC excavator to dewater a creek at its facility in Casco, Mich. Longtime friends Bob Brooks and Fred Thompson haven't fully grasped the concept of retirement. After enjoying highly successful careers – Brooks owned a hardware store and Thompson was an attorney – the duo decided to go into the compost business in 1990.

Growing public concern about a shortage of landfill space and the benefits of recycling gave Thompson and Brooks an idea. They would start a facility to accept yard waste from local communities, keeping it out of the landfills, and turn it into compost that their company could sell. It would serve two purposes: protect the environment and make money. Both turned out to be correct, but far from easy.

"Truth be known, we started the business because we were going to get paid to take stuff that we thought God was just going to turn into dirt anyway," admitted Thompson. "Our mentality was, 'How hard could it be?' As it turned out, pretty darn hard, actually."

Today, Indian Summer Recycling processes roughly 40,000 tons of leaves and grass clippings annually and has contracts to sell the resulting compost. However, before the firm could reach its current level of success

and efficiency, Brooks and Thompson had to literally create the blueprint on yard-waste recycling.

The business was one of the first private yard-waste recycling centers in the United States. Not only was there a lack of information and research on the industry to pull from, but also there was little legislation governing the suddenly popular field. The pair threw themselves into the business, helping develop standards and practices that paved the way for the industry.

"I had at least 10 people tell me that we wouldn't survive one year," recalled Brooks. "Here we are 27 years later. We've outlasted a lot of our competitors, and we did it on our own."

Indian Summer Recycling has eight employees and accepts yard waste from communities within a 35-mile radius of its 30-acre campus in Casco, Mich. This territory includes all of Macomb County.

The smell of success

Having ample space to store incoming yard waste and securing contracts to sell it are two vital components to running a successful recycling company. To set their firm apart, Brooks and Thompson mastered another aspect of the business: smell management. However, don't expect them to share how they keep 40,000 tons of yard waste odorless.

"It's a trade secret," said Brooks with a wink. "Controlling the smell is a huge challenge in our industry, because it can get really bad. It made Fred sick one day, and my wife used to ask me to change clothes in the garage before I came inside. The odor ruined the car I had when we started. We did some research,





This Indian Summer Recycling operator uses a new Komatsu WA470 wheel loader to fill a semi trailer with compost material.

tried a few things and finally came up with a good solution."

As recycling centers opened, the resulting odor caused many communities to change their zoning laws to keep the facilities away from residents. It became readily apparent to Brooks and Thompson that solving this problem would be a key to future success.

"Overall, people were excited about the service we were providing, but the smell was a bit overwhelming," recalled Thompson. "It went from a nice addition to the community to an ugly situation. Once people figured out recycling was profitable, we had a lot of competitors, and they didn't care as much about controlling the smell. Compost centers got a bad reputation and zoning regulations changed as a result. Fortunately, it did help to weed out the people who weren't committed to doing it the right way."

"Keeping the odor to a minimum is important because no one wants to spend their day smelling this stuff," Brooks added. "That's one huge aspect of our job, and it's also an important part of being a good neighbor. We're very proud of our record."

Innovating with Komatsu

With few established industry protocols in place, Indian Summer Recycling recognized an open invitation to experiment with its day-to-day operations. One area of focus was equipment.

"When we started, I had a garden tractor with tongs behind it," laughed Brooks. "I was a little overmatched because we had about as



much material coming in then as we do today. Everyone was still learning how to run an operation like this. It involved a lot of expensive trial and error."

Indian Summer Recycling finally found the right fit when it turned to Continental Equipment Company (CEC) and Sales Manager Greg Doyal for Komatsu dozers and wheel loaders in 2000. The business further increased its efficiency when the partners made the decision to purchase new machinery instead of used equipment.

"We tried a lot of equipment that was supposed to be specialized for our needs, but it just didn't work," noted Brooks. "Thirty percent of our costs were going toward keeping our machines operating. Finally, we called Greg and got serious. He had been telling us the advantages of buying new machines for years, so we finally decided to listen. After that, our fuel consumption went down 40 percent."

A Komatsu PC290LC
is put to work turning
a pile of yard-waste
material and helping
the composting process.
"We had used dozers to
turn piles, but we would
always get clay in our
loads," said Partner Fred
Thompson. "Then, one
day Bob had an idea
to use an excavator to
turn the piles from the
top-down. It was perfect."

Continued . . .

Excavators are 'perfect' for turning compost piles

continued

With Komatsu equipment from CEC slotted into the equation, Brooks and Thompson continued to tinker with their efficiency, and that led to a "light-bulb" moment.

"Originally, we were using dozers to turn the piles – which is necessary to help the material break down into compost – and wheel loaders to move it to the screeners and load trucks," detailed Thompson. "The ground here is made up of a lot of clay. No matter what we did, or how good our operators were, we kept getting clay mixed in with our compost, which isn't ideal because clay is non-organic. Then, one day Bob had the idea to use an excavator to turn the piles from the top-down. It was perfect."

Today, Indian Sumer Recycling uses two Komatsu WA470 wheel loaders as well as a pair of Komatsu PC290LC excavators to manage piles and load trucks.

CEC Sales Manager
Greg Doyal
(center) calls on
Indian Summer
Recycling Partners
Fred Thompson
(left) and Bob
Brooks. Purchasing
new Komatsu
equipment from
CEC helped the
firm decrease fuel
consumption by
40 percent.



Using a Komatsu WA470 wheel loader, an Indian Summer Recycling operator moves a load of leaves and grass clippings onto a compost pile.



"The Komatsu machines are very dependable," said Thompson. "We know they will start up every morning and go all day. It has really helped us increase production and efficiency at our site."

The company also trusts CEC for machine maintenance through Komatsu CARE, a program that provides complimentary service on its new Tier 4 equipment for the first 2,000 hours or three years.

"Having CEC maintain our equipment has been so nice," said Brooks. "We used to spend eight hours trying to get a machine to work for part of a shift. With new Komatsu equipment, that's not an issue. Plus, CEC monitors the machines and schedules service and maintenance for us. We also trust them to work on types of equipment they don't carry.

"We really value the relationship we have with CEC," he continued. "Greg does an amazing job for us, and if we ever need anything, he is on it."

Need for expansion

Neither Brooks nor Thompson are in any rush to start a second retirement; they see Indian Summer Recycling as positioned for continued success.

"This is a lifetime business," declared Brooks. "We've been around for more than 25 years, and the service we provide has become a value to the public. I think that if a decision would be made to put yard waste back into the landfill, the communities we serve wouldn't stand for it."

With the popularity of recycling and increased awareness regarding the benefits of composting, Indian Summer Recycling would like to add a second facility.

"The demand is there," said Thompson.
"Recycling is as popular as ever. Compost is excellent topsoil for growing grass and other crops. We have customers who have sent us photos of a site that has lush grass grown from it in three days. Compost is also a great way to lower lead levels in the ground because it changes the composition of the soil, which is a big deal in our area.

"If we had a second facility, it could be just as busy as our current one," he added. "We're working on it; we have some zoning issues to navigate, but if we could get one, we'd benefit."

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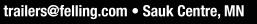




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Want to make your next machine acquisition really count? Komatsu's lineup of automated excavators, including the all-new PC360LCi-11 and PC490LCi-11, feature a revolutionary, factory integrated, machine control system. The exclusive *intelligent* Machine Control technology lets operators focus on moving materials efficiently, without worrying about digging too deep or damaging the target surface. Contact your Komatsu distributor to learn how you can hit pay dirt today with Komatsu innovation.

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JUMP RIGHT IN

Demo Days gives customers opportunity to operate latest equipment

More than 300 customers and industry professionals attended Komatsu's most recent Demo Days event at its Cartersville Customer Center in Cartersville, Ga. Attendees were treated to an abundance of sunshine and warm temperatures as they enjoyed the latest Komatsu has to offer.

"It was a great event to showcase our machines, technology and employees to a large group of customers," explained Director of Training and Publications Bill Chimley. "Demo Days is the perfect opportunity for customers because they can come here and operate the newest machines, and our staff members can answer any questions they have."

The entire lineup of Komatsu *intelligent* Machine Control dozers and excavators – the industry's first machines with integrated GPS and machine control technology – were available for attendees to operate. In total, nearly 30 pieces of equipment were on-hand for demonstration, including a remote-control D155AXi *intelligent* Machine Control dozer and a Hybrid HB365LC excavator in addition to haul trucks, dozers, excavators and wheel loaders.

"The *intelligent* Machine Control pieces are always a big hit at Demo Days," noted Chimley. "Customers get the chance to jump in an integrated dozer or excavator and see exactly what the technology can offer. Plus, they can operate it in a safe, controlled environment with an expert right there to provide proper training. There is a lot of interest in the technology, and Demo Days is a great opportunity to test it out."

Manufacturing operation tour

Customers had two options for the morning. They could attend information sessions at the

 $Continued \dots$



Bill Chimley, Director of Training and Publications



Matt Double of USA Earthworks (left) gets ready to demo equipment with CEC Sales Rep Tim Ferguson.

Komatsu's recent Demo Days event in Cartersville, Ga., featured nearly 30 pieces of equipment – including excavators, dozers, wheel loaders, haul trucks and a motor grader – available for customers to operate.



Great time to demo new technology

continued

Cartersville Customer Center focused on Komatsu technology or tour the Chattanooga Manufacturing Operation (CMO) facility in Tennessee to see how the machines are made. The two groups then came together for lunch and a safety briefing before operating machines in the afternoon.

"We want everyone who attends Demo Days to get all the information they need, and the morning sessions are a great way to do that," said Chimley. "Our product managers and technology solutions experts lead sessions on emerging technology and also host question-and-answer sessions.

"The CMO tour is a neat experience as well," he added. "Seeing the machines being assembled and then operating them that

Attendees had the opportunity to operate Komatsu's full family of *intelligent* Machine Control dozers at Demo Days.

More than 300 customers, distributors and equipment representatives attended the latest Demo Days at Komatsu's Cartersville Customer Center.



afternoon gives customers a chance to really get a feel for our equipment – from fabrication to operation. Sometimes we'll have customers on tour when their machines are being assembled, and we let them sign the frame or do something to personalize it. This year, we had a customer whose excavator was just assembled, and he took a photo with it."

The Cartersville Customer Center also featured Komatsu's operator-training simulator, Worksite VR. The simulator uses a computer program in conjunction with a virtual-reality headset, an operator's chair, pedals and joysticks to recreate excavator operations at a jobsite. The simulator was available for attendees to test out throughout the day.

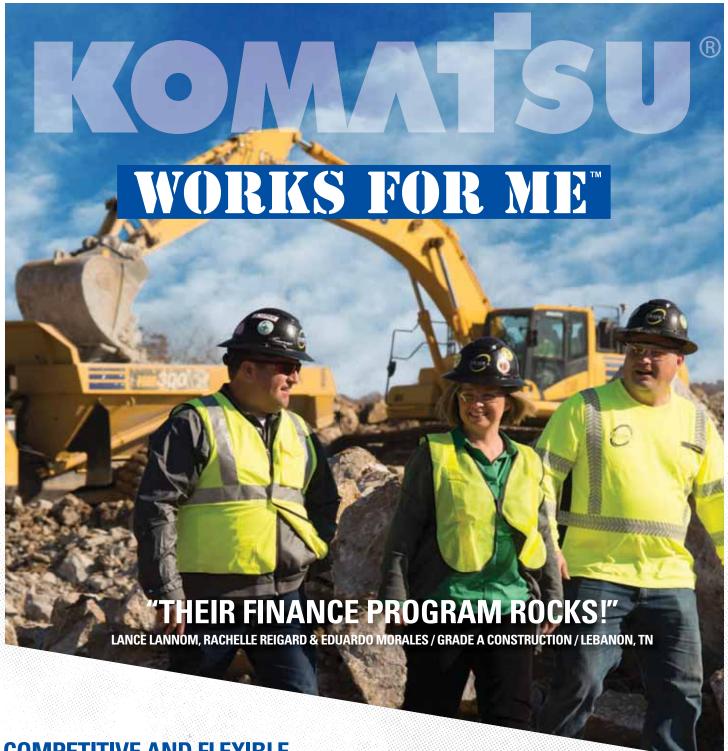
"Demo Days provides an opportunity to operate several machines and get a great deal of information in a short time," noted Chimley. "Customers who are interested in attending Demo Days should contact their distributor to set up a visit."



CEC Technology Solutions Expert Will Bert (left) meets with Kevin Shipperbottom of Slusarski Excavating & Paving.

Jim Rogers (left) and Troy Marshall of B&R Excavating enjoy Demo Days.





COMPETITIVE AND FLEXIBLE



"Komatsu has been a great partner for us. They've been with us through the years, even when we started small and not many other places wanted to talk to us. They believed in us and helped us grow. From a custom financing plan to tech like KOMTRAX, to customer service and Komatsu CARE, and, of course, reliable products—they offer everything to help our bottom line grow." Rachelle Reigard, President





CONSTRUCTION OUTLOOK

FORECAST 2018

Industry experts predict further growth in most construction industry sectors

Ten years ago, the construction industry faced a major crisis. The nation's worst economic period since the Great Depression had pulled it down. New starts were relatively small, firms were closing at a rapid pace and many of those that were hanging on were forced to slash staff in an effort to stay afloat.

A decade later, the landscape looks quite different. The end of 2017 saw construction employment at its highest level since November 2008, totaling nearly 7 million jobs. The Associated General Contractors of America's Chief Economist Ken Simonson noted that the year-over-year growth rate in industry jobs of 2.7 percent from November 2016 to November 2017 was nearly twice the rise in total nonfarm payroll employment. He also pointed out that factors such as a lack of skilled workers and tight profit margins prevented an even higher number.

"Employment and pay in the construction industry have risen more rapidly throughout the past year than in the economy overall, as the supply of unemployed, experienced workers continues to shrink," said Simonson. "With low overall unemployment, contractors are likely to have increasing trouble filling many types of hourly craft and salaried openings."

While there is a lack of skilled workers, there are seemingly plenty of upcoming project opportunities in 2018. Construction finished 2017 on a positive note with nearly every sector showing strong growth. Industry groups and individuals largely see more of the same for 2018, especially if Congress passes proposed infrastructure legislation that has been under discussion for nearly two years.

There is apparent consensus that construction as a whole will increase this year. Simonson expects growth of 2 to 7 percent overall. ConstructConnect forecasts a 4.8 percent increase to \$773.1 billion. The American Institute of Architects (AIA) Consensus Construction Forecast panel predicts 3.5 to 4 percent growth, and Dodge Data & Analytics sees a 3 percent climb to \$765 billion.

"For 2018, there are several positive factors which suggest that the construction expansion has further room to proceed," said Robert Murray, Chief Economist for Dodge Data & Analytics. "The U.S. economy is anticipated to demonstrate moderate job growth. Long-term interest rates may see some upward movement but not substantially. Overall, the year is likely to show some construction sectors register gains, while other project types settle back."

Single-family housing leads the way

All economists and organizations point to single-family housing as a bright spot in

Construction industry organizations and individuals see single-family housing starts continuing to gain momentum. Dodge Data & Analytics says it will rise 9 percent in dollars, corresponding to a 7 percent increase in units to 850,000.





Public works spending, including highways and bridges, is expected to increase after falling last year. The American Road & Transportation Builders Association believes air terminals; public transit; Class 1 railroads; and private driveway, street and parking lot construction associated with residential and commercial developments will also be up in 2018.

the construction industry. Dodge Data & Analytics says it will rise 9 percent in dollars, corresponding to a 7 percent increase in units to 850,000. Dodge cites continued employment growth for easing caution by potential homebuyers as well as older millennials in their 30s helping to lift demand.

That fits with ConstructConnect's analysis, which notes that residential construction should remain strong in 2018, but is partially contingent on whether millennials start making the move from living in downtown metropolitan areas to becoming homeowners.

"If millennials decide they want to have single-family housing like their parents and grandparents, it will help to drive residential starts," said ConstructConnect Chief Economist Alex Carrick. "We've had 10 years when housing starts were less than the 1.4 million benchmark that represents equilibrium. So, if housing really gets going, it's going to drive the economy for years to come."

Much of the commercial and industrial sectors were red hot last year, with most up 6 to 10 percent. That growth trend will continue, albeit at a slower pace.

Overall, those two categories accounted for 8.8 percent growth in 2017. AIA foresees a 4 percent uptick in 2018, with retail growth leading the way at 4.6 percent, followed by office space, hotels and industrial facilities. The latter category was down nearly 7 percent

last year, but AIA predicts a 1.1 percent rise this year.

Public spending rebound

Another area of agreement is public spending, including transportation, which fell 2.8 percent in 2017. Modest improvement is expected, although it will vary from state to state and region to region. That's due in part to several states passing referendums or legislation to increase their gas taxes to pay for infrastructure. The last surface transportation bill (FAST Act, 2015) also calls for rising federal funds for highways and bridges in 2018.

The American Road & Transportation Builders Association (ARTBA) believes air terminals; public transit; Class 1 railroads; and private driveway, street and parking lot construction associated with residential and commercial developments will be up this year.

"The fundamentals of this market are positive," said ARTBA Chief Economist Dr. Alison Premo Black in a Rock Products News article detailing the organization's outlook. "There are a lot of things going on that could support growth in the coming year, including the local and federal investment part of it. It really depends on where you are working. We are seeing much more variation in the regional, state and even local or urban level. There are states and areas that are showing very strong, significant growth and potential for growth throughout the next few years."

PREVIEW PAYOFF

How virtually designing infrastructure jobs with building information modeling saves taxpayer dollars



Jim Lynch, Vice President, Autodesk Construction Products Group

Jim Lynch is a 30-year veteran of the computeraided drafting industry. He has served in a variety of senior management roles in the AEC (architecture, engineering and construction), manufacturing and electronic design automation industries.

No longer the infrastructure envy of the world, many of the United States' roads, bridges and tunnels are crumbling and in need of substantial maintenance or replacement. Compounding these challenges are the pressures of increased urbanization and population growth, which will place added stress on already strained systems.

So, while the Beltway banter continues about addressing infrastructure funding, we can no longer focus solely on the amount of spending, but rather the manner by which those dollars are spent. Secretary of Transportation Elaine Chao captured the point perfectly in her confirmation hearing last year when she said, "It's also important to recognize that the way we build and deliver projects is as important as how much we invest."

Using building information modeling – BIM – will allow the federal government to do far more with taxpayer dollars by virtually building first in order to validate the approach and costs.

But what is BIM? Simply stated, BIM allows project teams across all disciplines – designers,

engineers, construction teams and project sponsors/owners – to build in the digital world before doing so in the physical world. The benefits? Reduced risk, waste and rework in construction, which typically lead to cost overruns.

Many governments around the world have or are in the process of creating requirements for spending funds more responsibly with an eye on long-term growth and modernization of government-funded infrastructure. China, Germany, Japan, the United Kingdom (U.K.), France and others are in the lead on developing BIM policies or standards and demonstrating real value on behalf of their constituencies.

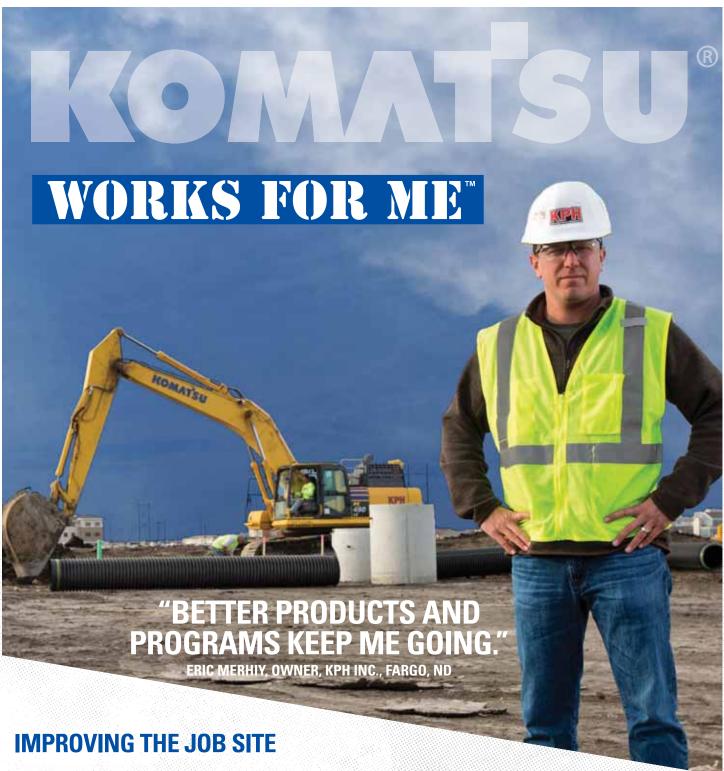
Perhaps the U.S. Department of Transportation should take a page out of the U.K.'s playbook. That nation implemented a technology policy that all government-funded projects, including infrastructure, are required to use BIM. Using the BIM process, between 2009 and 2015, the policy saved U.K. taxpayers 15 to 20 percent in construction costs, roughly the equivalent of more than \$1 billion U.S. dollars.

Ben Franklin popularized the phrase, "a penny saved is a penny earned." When it comes to spending taxpayer dollars on infrastructure, the proverb has even greater meaning. Millions saved means we can put America's roads, railways, airports and bridges reliably back to work and help create many thousands of meaningful jobs.

Jim Lynch, Vice President of Autodesk Construction Products Group, says using building information modeling will allow the federal government to do far more with taxpayer dollars by virtually building first in order to validate the approach and costs.



Editor's note: This article is excerpted from one that was originally published in The Hill. To see the full article, please visit http://thehill.com/opinion/technology/363166-to-address-americas-crumbling-infrastructure-follow-britains-lead.





"We use Komatsu CARE and the program is set up on all of our dozers and excavators. Our local dealer services us by producing reports and analysis that our in-house techs review. For us, it's just one more benefit that gives us one step that we can outsource for our company, allowing us to keep our techs working on other projects and let the dealer handle our Komatsu CARE needs. It's a time/value savings of money and production—being able to keep machines up and running when you need them. For my business, what Komatsu does for us is worth a lot!"





FOCUS ON EXCAVATORS

EXTRA BENEFITS

Tier 4 Final technology brings more than fuel efficiency to Komatsu excavators



Justin Lantin, Komatsu Product Manager, Excavators

Whether your business loads trucks, digs trenches, provides mass excavation or all of the above, Komatsu has a Tier 4 Final construction-size excavator equipped to get the job done. Komatsu designed the excavators to do more than meet the stringent emissions standards that come with Tier 4 Final regulations.

"They maintain, or improve, the production of their predecessors, while being more fuel-efficient," said Justin Lantin, Komatsu Product Manager, Excavators. "As an added bonus, with new Komatsu technology and innovation, in some cases you can do the same work with a Dash-11 excavator that's a size-class-smaller than the one you are replacing. For example, a customer who owns an older PC400, which we no longer manufacture, may be able to get as much or

size class to replace it. We would work with them to find the right fit."

more production with a new PC390LC-11. In

that case, they wouldn't need to go to the next

Performance and production

Production is the name of the game when it comes to excavators. Each Komatsu Tier 4 Final machine features a Closed-Center Load Sensing Hydraulic System that provides quick response and smooth operation to maximize productivity. An electronic-control system optimally controls the engine and hydraulic system according to the operating conditions.

Operators can match the machine to the work at hand by selecting the proper working mode, each of which matches the engine speed, pump delivery and system pressure to the application for maximum efficiency. Six modes are available, including Power, Economy, Lifting, Breaker, Attachment Power and Attachment Economy.

"Today's market requires excavators to be more than digging machines. For example, customers want hydraulic packages to run multiple attachments," said Lantin. "Our Dash-11 excavators have standard electrical connectors that allow users to easily add proportional joysticks, either at the factory or as a kit that doesn't require extensive wiring. Operators can control attachments with a thumb button on the joysticks."

The PC360LC-11 and PC390LC-11 feature an enhanced Power mode that provides improved performance in demanding applications. In standard Power mode, the new logic provides up to a 12 percent increase in production, compared to Dash-10 models.

The PC210LC-11 features additional horsepower and increased operating weight, compared to its predecessor.





"The enhanced Power mode combines flow from both pumps and provides greater available torque to the hydraulic pumps when digging," said Lantin. "That creates better cycle times and digging performance and lowers per-ton costs."

257 hp

359 hp

87,867-90,441 lb

105,670-110,220 lb

Durability, stability

PC390LC-11

PC490LC-11

All Komatsu excavators are built to last. Komatsu uses one-piece steel castings in the booms and arms, providing increased durability to the front work equipment. The loads are spread out through the use of castings, minimizing high-stress areas. Larger machines used for heavier workloads have unique characteristics that further improve their durability and stability. The PC290LC-11 has a longer arm and boom for extended reach and a heavy-duty undercarriage for stability and long life.

"The PC240LC-11 is a great machine that fits a lot of contractors. The next-size-larger PC290 is a PC240 on steroids," said Lantin. "It has a larger counterweight, and a larger and longer boom, as well as bigger arm and bucket cylinders. The PC290 also has improved lifting and digging performance. The productivity is fantastic."

The PC360LC-11, PC390LC-11 and PC490LC-11 feature a heavy-duty design. For instance, the PC390LC-11 has a more robust undercarriage that uses larger-size-class

components. The bigger undercarriage has a 6 percent wider track gauge and offers up to 18 percent greater over-the-side lift capacity than the PC360LC-11.

0.89-2.91 cu yd

1.47-4.15 cu yd

"The PC360LC-11 is a good fit, right in between a utility-size machine and bigger excavators," said Lantin. "It's great for pipeline and general construction, site development and trenching. When a company needs extra lift capacity, that's where the PC390LC-11 comes in, and the PC490LC-11 is great for moving mass quantities of material in short order."

New standards

Komatsu added standard features to the Dash-11 excavators to increase operator comfort, efficiency and monitoring. Enhanced work environments in the ROPS-certified cab meet Level 1 Operator Protective Guard requirements. Features include a high-back, heated, air-suspension seat with adjustable arm rests; a large, LCD color-monitor panel with a 7-inch, high-resolution screen; Eco-Guidance that offers tips for lowering fuel consumption; and enhanced attachment control. In addition, an Equipment Management Monitoring System continuously checks the machine operation and vital systems to identify issues and assist with troubleshooting.

Continued . . .

stability, durability and power along with features that

make them more efficient and offer lower owning and

operating costs, compared to their predecessors.

Dash-11 excavators armed with latest technology

. . . continued

Komatsu carried over the standard rearview camera from its Dash-10 models and improved operator usage. The monitor now has a combination screen that shows a view from the camera, and it sits alongside all the main gauges.

"That gives operators greater situational awareness and helps improve productivity," according to Lantin. "They don't have to pause operation and push a button to get the camera view."

All Tier 4 Final excavators have Komatsu Auto Idle Shutdown that helps reduce unnecessary idle time and operating costs. They also include a standard Operator Identification System, which reports key machine information for multiple operators, applications and job locations.

"Operators are only limited by their imaginations when it comes to using the system," Lantin pointed out. "They can get data for a particular project, do bucketversus-hammer or other attachment analyses and a whole lot more. It allows them to set very specific benchmarks."

All Dash-11 excavators feature the latest version of KOMTRAX monitoring technology, which is available via the Internet or through a mobile app on a smart phone or tablet. Data now includes

diesel exhaust fluid (DEF) levels, ambient air temperatures and pressures, as well as standard items, such as locations, hours and codes.

"Every manufacturer is required to use DEF in Tier 4 Final equipment, but we stand out in a couple of ways," said Lantin. "I believe Komatsu is the only manufacturer that puts a site gauge on the tank, which allows users to quickly check the DEF level without getting in and turning on the machine to read the gauge. More significantly, we separated the DEF pump from the tank, placing the pump in a more accessible location. If the pump needs a new filter, it's done in minutes, whereas other manufacturers combine the pump and tank, requiring a lengthy process to simply change a pump filter.

"Another standout feature is that Komatsu's design gives operators some peace of mind when it comes to DEF level and working on slope," he added. "Even if the gauge reads empty, there is actually enough reserve margin in the tank. The DEF pick-up will remain submerged up to the slope limit of 70 percent. Overall, we're seeing that DEF usage is running close to where we expected it to be – at about two gallons for every 100 gallons of fuel, if not a little lower. Komatsu has also designed DEF tank capacity to run through two full tanks of fuel before requiring DEF."

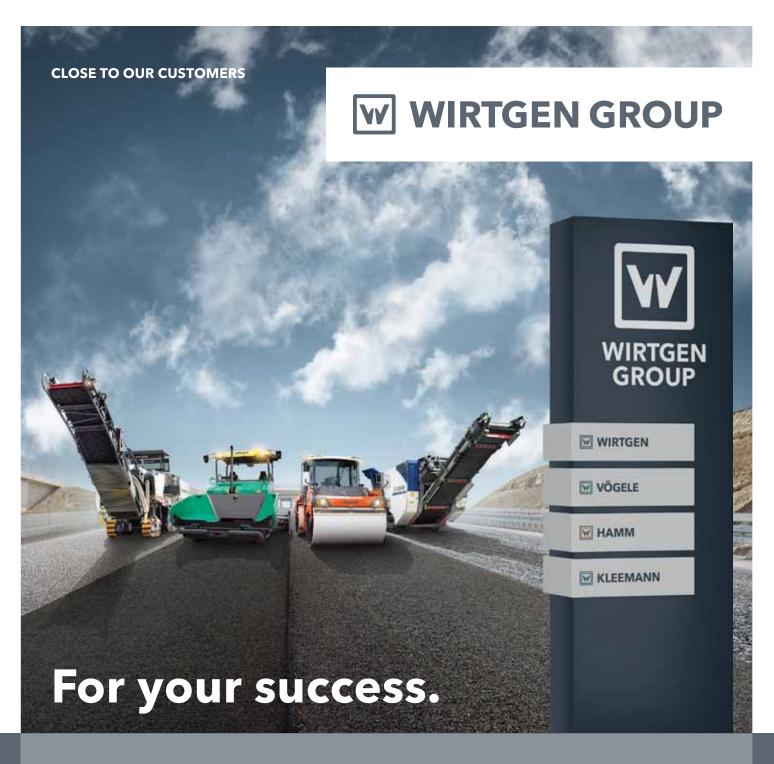
When Komatsu rolled out its Tier 4 Interim machines, it also introduced Komatsu CARE, which provides complimentary scheduled service for the first three years or 2,000 hours. Factory-trained technicians perform all work at a convenient time and location and conduct a 50-point inspection at the same time. Komatsu distributors track the machines through KOMTRAX, contact the owner when a service is due and schedule the work.

"Komatsu CARE also covers two Komatsu Diesel Particulate Filter (DPF) exchanges in the first five years," Lantin noted. "Most manufacturers charge for changing the DPF. That is complimentary with Komatsu and done with minimal downtime because the service tech puts in a fresh filter, versus waiting for the old filter to be cleaned and reinstalled. Komatsu CARE is a great program that provides world-class support to world-class machines."

The PC390LC-11 has a robust undercarriage that uses larger-size-class components. The bigger undercarriage has a 6 percent wider track gauge and offers up to 18 percent greater over-the-side lift capacity than the PC360LC-11. "When a company needs extra lift capacity, that's where the PC390LC-11 comes in," said Justin Lantin, Komatsu Product Manager, Excavators.







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FIELD NOTES



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INTELLIGENT DOZING

Experienced earthmoving contractor boosts efficiency with Komatsu D51EXi dozer

Cody Weaver started moving dirt at the age of 12 and hasn't stopped. Throughout the years, the Owner of CW Construction learned how to do it as efficiently and competitively as possible by maximizing production time. Approximately a year ago, he upped the ante further with the addition of a Komatsu D51EXi *intelligent* Machine Control dozer.

Weaver uses it to prep subgrade for roadways, level pads, cut and move massive amounts of dirt, as well as place sub-base materials, among other tasks. The dozer features factory-integrated machine control that requires no masts or cables like traditional aftermarket GPS grading systems.

"I love that it provides automatic dozing from rough cut to finish grade, and that the system is integrated into the machine," said Weaver. "The accuracy is impressive. It eliminates overcutting and the need to replace materials with expensive fill."

Once engaged, Komatsu's *intelligent* Machine Control system automatically starts the cut and

lowers to grade in a typical dozing pass. If the load increases to maximum capacity, the blade automatically raises to minimize track slip, ensuring productive dozing. This allows the dozer to achieve up to 8 percent greater efficiency in moving materials, based on start-to-finish grade testing against typical aftermarket machine-control systems.

Four modes

Operators can select from four distinct operating modes (Cut and Cutting, Spreading and Simple Grading) to optimize performance to the application. They can also tailor blade loads to material conditions by choosing from light, normal or heavy blade-load settings.

"It virtually eliminates the need for staking and grade checkers," Weaver stated. "You can just plug in the plans, set the machine and it does the work, making even the newest operators look like they have been running a dozer for years. Our time, material and labor savings are remarkable."



Cody Weaver, Owner, CW Construction



CW Construction's intelligent
Machine Control D51EXi
dozer cuts, grades and
pushes material. "I love that
it provides automatic dozing
from rough cut to finish
grade, and that the system is
integrated into the machine,
so there are no masts or
cables to install or remove,"
said Owner Cody Weaver.
"The accuracy is impressive.
Our time, material and labor
savings are remarkable."



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ALL ABOUT QUALITY

General Manager Walt Nichols says Komatsu's CMO builds products to stringent standards

QUESTION: What products are produced at the Chattanooga Manufacturing Operation (CMO)?

ANSWER: From a construction standpoint, our focus is standard hydraulic excavators from the 21-ton PC210LC-11 to the 49-ton PC490LC-11, as well as *intelligent* Machine Control PC360LCi-11 and PC490LCi-11 models. We mainly supply the North American market. In addition, CMO produces forestry excavators, tracked harvesters and tracked feller bunchers. This is the only Komatsu plant in the world that builds those forestry-tracked machines. Nearly everything we manufacture is Tier 4 Final. CMO is the only plant in North America that cleans diesel particulate filters from Tier 4 Final machines.

QUESTION: Why is it a good choice to buy a machine built at CMO?

ANSWER: It's all about quality. Komatsu has stringent standards, from the fabrication and welding of frames to genuine Komatsu parts and components. Outside vendors who supply certain items have to meet Komatsu's engineering standards, or we don't use them.

Our team of more than 400 people takes great pride in assembling what we all believe are the best machines in the construction and forestry industries. Many staff members have been here 20 years or more. Each is dedicated to ensuring that every piece of equipment is built correctly, tested and ready to move dirt or timber productively and efficiently.

QUESTION: How do you determine how many machines to build?

ANSWER: There are several factors that come into play. Markets are one of them. We also



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.

Walt Nichols, General Manager, Chattanooga Manufacturing Operation

Approximately 12 years ago, Walt Nichols and his wife, Kelly, were looking to make a change. The couple was living in the Atlanta area with their young daughter. However, both were natives of Chattanooga, Tenn., and still had family there, so they wanted to move back.

They relocated to Chattanooga, and Nichols landed a job with Komatsu in the Supply Chain Division. "Growing up, I actually lived close to Komatsu's Chattanooga Manufacturing Operation. I drove past it nearly every day.

"My background was in operations and management with one of the major delivery companies. I didn't know much about manufacturing, but I learned quickly and was hooked," he said.

Within a year he was managing the Import Department, procuring machines from all over the world. A move into the role of Production, Planning and Control Manager for the plant followed.

From there, he became Director of Manufacturing Administration, a position he held for the past seven years before becoming General Manager in October 2017. Nichols is now responsible for overseeing every department within the plant, including quality, safety, production, material management and more. "Each successive role was good preparation for this position," said Nichols. "I really enjoy it here. We have a dedicated staff with many years of experience who take great pride in building Komatsu equipment."

Long-tenured staff takes pride in craftsmanship

... continued



The 21-ton PC210LC-11 is the smallest excavator that Komatsu's Chattanooga Manufacturing Operation produces. The largest is the 49-ton PC490LC-11.



Four sizes of forestry-tracked harvesters and tracked feller bunchers are built at the Chattanooga Manufacturing Operation, including the XT460L-3.

work closely with distributors and customers to ensure we are meeting their needs. There are other Komatsu factories around the world that build the same machines, and we coordinate with them. For instance, if they can't meet their current demand for some reason, CMO may ramp up to help and vice versa. As an example, when a tsunami hit Japan a few years ago, it devastated many areas of the country. Our Japanese excavator plant was occupied building machines to assist with the cleanup. That caused a spike in our production because, for a time, we had to build all the machines to supply North America.

QUESTION: Do you manufacture custom-order machines?

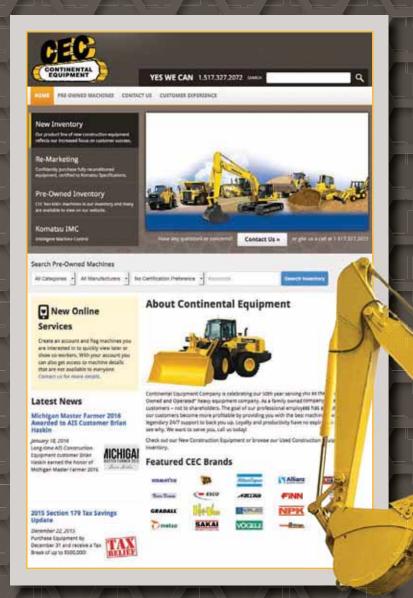
ANSWER: From a planning standpoint we keep ourselves flexible enough to be able to accommodate those requests. Our commitment on an order is eight days from when it's submitted to the time we have it on a truck ready to ship. In most instances, we beat that. Some super-specialty items might take a little longer.

QUESTION: Speaking of customers, do you encourage them to visit CMO?

ANSWER: Absolutely, and the public as well! We have a lot of visitors come through every year. We want them to see how Komatsu machines are manufactured and the quality that's built in.



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INDUSTRY NEWS

TAXES, TOLLS

Most Americans want better roads, and they are willing to pay for them

Two recent surveys showed that a majority of Americans support higher taxes and/or increased tolling to fund transportation infrastructure. In one study from HNTB Corporation, more than 75 percent of respondents said they back paying more at the pump or the tollbooth, especially if the money is earmarked specifically for road projects.

Fifty-five percent supported a gas tax increase in a Bloomberg national poll. It noted that the idea has bipartisan support with 51 percent of Republicans saying yes as well as 64 percent of Democrats.

"People are fed up," stated former U.S. Transportation Secretary and gas tax supporter Ray LaHood, in a Bloomberg article. "They're ready for politicians to take action."

Several states have recently raised their gas taxes – many by public vote – but the federal levy has remained at 18.4 cents per gallon since 1993. The federal tax is the primary source of revenue for the Highway Trust Fund (HTF).

Shoring up the shortfall

Factors such as inflation and more economical cars have led to a shortfall in funds needed to repair roads and bridges. Congress has transferred money from other areas of the federal budget to fill the gap. The Congressional Budget Office says the HTF will be insolvent by 2021 without additional funding.

Seventy-three percent of those surveyed are in favor of public-private partnerships,

according to HNTB's research, which also showed that 80 percent of respondents are behind increased tolling. Avoiding congestion and saving time were major reasons why, with respondents saying they would pay on average \$1.70 to use an express lane if that saved 15 to 30 minutes of travel time.

"People are willing to pay higher taxes and tolls, if they know that the money was going to pay for transportation," said Kevin Hoeflich, Chairman of Toll Services at HNTB in a recent Reuters article. "They've seen... funding get diverted to other areas and not where they expected."



Recent polls show most Americans are willing to pay more at the pump, or in tolling, if it means better roads and bridges. "People are fed up," stated former U.S. Transportation Secretary Ray LaHood in a Bloomberg article. "They're ready for politicians to take action."



Discover more at CECOnTrack.com

ALL-AROUND SERVICE

Komatsu Service Institute provides valuable education for distributor personnel



Brian Wysocki, Manager of Business Development

Komatsu Instructor/

Developer Kevin Dunphy

of the Komatsu intelligent

Machine Control D155AXi

explains the finer details

More than 130 employees from 26 Komatsu North American distributors attended the Komatsu Service Institute (KSI) at the Cartersville Customer Center in Georgia last fall. The week-long conference, which Komatsu has hosted annually for the last four years, enabled attendees to gain valuable leadership, organizational and interpersonal skills in addition to information on Komatsu equipment and technology.

"Our goal is both professional and technical skills development," noted Manager of Business Development Brian Wysocki. "Originally, KSI was designed for our distributors' service managers, but it has grown to include branch managers, general managers, vice presidents and warranty administrators. It has become a valuable it helps advance their careers."

The a la carte offerings range from technical classes focused on Tier 4 and intelligent

experience to attain specialized skills that they can take back with them to their branches, and

dozer during a Komatsu Service Institute session at the Cartersville Customer Center in Cartersville, Ga.

Machine Control equipment, to leadership courses geared toward identifying personality styles and developing customer service skills.

"There is no defined course schedule, some people come for a day and some for the week, depending on their needs," said Wysocki. "We designed the classes to be a mix of lecture and hands-on training, especially with the Tier 4 and intelligent Machine Control topics.

"The leadership courses were developed because there was a demand for them among our distributors," he added. "Most of our service managers have advanced their careers through technician training and similar courses, but they have never had exposure to these interpersonal-type training sessions. These classes have been attendee favorites each year."

Scenario-based course

Another popular class is KSI's two-day War Games simulation focused on financial-skill development and operations management.

"It's a scenario-based game with teams of four people managing a distributor branch over a two-year simulation," stated Wysocki. "They work together to make financial decisions and navigate issues that a distributor might encounter, like economic trends and employee morale. It's very helpful for those employees who aspire to move into or advance in their managerial roles."

The event also provided attendees the opportunity to operate machinery and earn a certification as an Expert of Customer Support.

"Attendees look forward to KSI each year," shared Wysocki. "We ensure that the courses remain relevant to our industry, so that it's a valuable asset for our distributors." ■

SIDE TRACKS

Can you spot what is different?

At first glance, it may seem like the photos are identical. In reality, there are 10 differences between these two pictures. How many can you find? Test your power of observation, and then check your answers at the bottom of the page.





ANSWERS: 1) Color of operator's vest is now orange. 2) The number at the top of cab door is different. 3) The Conoco sign from background is gone.
4) There are more concrete pipe sections. 8) There is one less piece of wood near the men. 9) There is more dirt on the blade. 10) The exhaust pipe is shorter.

MORE INDUSTRY NEWS

Komatsu recognized for environmental efforts

Komatsu Ltd., has been awarded a position on this year's A List for climate and water by CDP, the non-profit global environmental disclosure platform. The A List is awarded to companies that are international leaders in managing climate change and water security.

Komatsu has conventionally positioned environmental activities as one of its top management priorities. In April 2016, it defined Environment, Social and Governance Management as one of its focused efforts and implemented aggressive actions in this area.

Go Build campaign aims to change perceptions, gain new recruits

A new website was launched recently by Go Build and is aimed at changing perceptions of construction and gaining new recruits to an industry that continues to experience a worker shortage. According to the site, "Go Build is a comprehensive workforce development initiative that seeks to enhance the image of the construction industry and inform young people, parents and educators about opportunities in the skilled trades – because a four-year degree isn't the only way to make a living."

The website is only one component of the industry-driven, image-building Go Build program, which hopes to rebrand and

promote the entire construction industry via a multiplatform public relations campaign, according to an Engineering News Record article by Jim Parsons. He says it will maximize the use of video-enhanced social media, a lively and information-packed website, ads, grassroots outreach and other carefully crafted elements.

"We created our own playbook – an aggressive, comprehensive and sustained effort with a look and feel that engages young people and inspires them to explore careers in the construction trades," said Executive Director Ryan Dwyer in the article. ■

Most firms still struggling to find skilled workers

The latest figures from the Associated General Contractors showed that nearly 70 percent of construction firms in the United States experienced challenges in finding qualified craft workers. Released in August 2017, it was roughly the same

number as AGC's 2016 report, but down from 2015's figure of 86 percent.

Roughly half of the companies surveyed said they increased base pay for craft workers. Nearly a fourth are providing incentives and bonuses to attract workers.

Consumer confidence continues to climb

Consumer confidence recently rose to its highest level in almost 17 years as Americans feel good about the economy and job market, according to figures from the New York-based

Conference Board. The Confidence Index reached 125.9, its highest in 17 years. The Board's Consumer Expectations Gauge also hit 109.1 in October, a seven-month high. ■



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2008 KOMATSU HM400-2 Stk #: W41895, 3,012 hrs\$259,000







2011 KOMATSU PC78US-8 Stk #: W41701, 1,677 hrs



2016 KOMATSU D37PX-24Stk #: W42671, 1,310 hrs., Enclosed ROPS, S/N: 85008. \$98,500



2014 KOMATSU PC200-10 Stk #: W42533, 1,346 hrs





LABOUNTY MSD2000R Shears, Shear Attachment, Stk #: W40459



Stk #: W41885, 1,813 hrs











2014 KOMATSU D61PX-23 Stk #: W41842, 1,642 hrs., Enclosed ROPS, Cab/AC \$\\$187,000



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2011 KOMATSU PC30MR-3 Stk #: W41856, 1,084 hrs



2012 KOMATSU PC20MR-3 Stk #: W42309, 840 hrs., Open ROPS \$27,500



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