

**GROWING WITH**

March 2006, Issue 1

# INDIANA

A publication for and about Brandeis  
Machinery & Supply Company customers



Featured in this issue:

## CENTRAL ENGINEERING & CONSTRUCTION

Site-development firm has a long  
history of performing Indianapolis-area  
infrastructure work

See article inside...



**KOMATSU**

Karen Horth-Powers,  
Owner/President



# A MESSAGE FROM THE PRESIDENT



Gene Snowden, Jr.

**We can help you  
with any equipment  
and product support  
needs you may have  
in the upcoming year**



Dear Equipment User:

By all economic forecasts, 2006 promises to be another good year for the construction, mining and logging industries (see related article inside). While the amount of growth may be slightly less than it's been the last two years, most forecasters — including the U.S. Commerce Department — foresee solid gains continuing.

At Brandeis Machinery & Supply Company, we're optimistic as well. Of course, we have no control over the amount of work that will be available to you, but we truly believe we can help you complete your jobs in the timeliest and most cost-effective manner.

One reason we're confident is our longtime relationship with Komatsu, which is truly one of the giants of the equipment manufacturing industry. The manufacturer is introducing many new products this year, notably those with the new ecot3 engines. We hope you'll take the time to read the article on Komatsu's expanding product line in this issue. It explains Komatsu's philosophy to compete head-to-head against the other full-line manufacturer in essentially every type and size of machine, and demonstrates the company's commitment to be the best.

Beyond the new products we'll be featuring this year, we're also excited about our growing product support capabilities. At Brandeis, we understand the importance of uptime to you and your operation. In light of that, we're continuing to bolster our service and parts departments in an effort to speed repairs and help you keep your equipment running for the longest time at the lowest cost. We hope you'll give us the opportunity to show what we can do for you.

Please feel free to stop in at any of our branch locations, or give us a call if there's any way we can be of service. All of us at Brandeis are looking forward to meeting your equipment and support needs for 2006 and beyond.

Sincerely,  
BRANDEIS MACHINERY & SUPPLY COMPANY

A handwritten signature in black ink, appearing to read 'Gene Snowden, Jr.'.

Gene Snowden, Jr.  
President and Chief Operating Officer





## IN THIS ISSUE

### CENTRAL ENGINEERING & CONSTRUCTION

Find out why this site-development firm has a long history of performing infrastructure work in the Indianapolis area.

### INDUSTRY OUTLOOK

Construction industry analyst Andy Fanter explains why he and other experts expect construction and related industries to continue growing in 2006.

### PRODUCT FOCUS

Whether it's construction, mining or logging, Komatsu is committed to providing a full product line to meet its customers' needs. Komatsu's Chairman and CEO Dave Grzelak explains what it means to be a full-line company.

### PRODUCT UPDATE

Here's a look at the utility machines Komatsu showcased at the last International Construction and Utility Equipment Exposition.

### KOMATSU & YOU

Ivor Hill, Vice President and General Manager of Komatsu America Utility Division, answers questions about the booming market for compact equipment and explains Komatsu's position in this equipment category.

### INDUSTRY NEWS

Read all about the new nationwide call-before-you-dig number, designed to simplify the approval process and help ensure safe excavation.

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# CENTRAL ENGINEERING & CONSTRUCTION

## Site-development firm has a long history of doing Indianapolis-area infrastructure work



Karen Horth-Powers,  
Owner/President

Central Engineering & Construction, which got its start in the middle of the Great Depression, originally specialized in railroad track construction. In 1934, the Ohio firm, founded by Albert James Horth a year earlier, came to Indianapolis to do just that.

While Central Engineering was doing that track work, some plant owners located near the railroad asked Horth if his company would be interested in doing some site work for their industrial operations. The answer was yes, and in the 70-plus years since, Central Engineering has been involved in much of the infrastructure construction throughout the Indianapolis area.

Today, Karen Horth-Powers owns and runs Greenfield, Indiana-based Central Engineering & Construction Associates. Technically, it's

not the same company that her grandfather (Albert Horth) and father (Donald Horth) ran. That business was Central Engineering & Construction Corp.

"There were three members of my father's generation in the family business, and my involvement created a transition issue," said Horth-Powers. "In 1993, when they were ready to retire, instead of just taking over the business, with their blessings I purchased many of their assets, hired some of their employees, and started my own company to replace theirs. However, I kept a very similar name, changing only the last word from Corp. to Associates. I did that because I was proud of my family's involvement in the previous company, and because it had an excellent reputation, I wanted to maintain a connection to it."

### Building civilization

Today, Central Engineering specializes in total site-development packages including earthmoving; sewer, water and storm drain; and soil stabilization. Except for the railroad work, it's basically the same thing her father and grandfather had done for the previous six decades.

"We do just about everything from the ground down," explained Horth-Powers. "That's one of the ways I describe what we do to people who aren't in construction. The other thing I tell them is, 'We build civilization.' Obviously, those of us in underground contracting don't do it all by ourselves — but in the history of mankind, until people figured out how to control their sewage, they didn't have civilization. While we don't want to overstate our own importance, we are proud

From its headquarters in Greenfield, Ind., Central Engineering & Construction does site development and infrastructure work throughout the Indianapolis area.



of what we do and believe that our business is relevant."

Central Engineering does some municipal sewer and water work, but the largest portion of its work load today is residential subdivisions, where the company does everything except paving.

### Big jobs

One of the company's signature subdivision jobs was Hamilton Proper and Hawthorns Golf and Country Club. Located off I-69 in Fishers, Indiana, about five miles northwest of the I-465 Beltway around Indianapolis, Hamilton Proper is an 850-acre, master-planned golf community, which includes 100 acres of preserved wetlands.

"It's a significant showcase property that we're very proud of," said Horth-Powers. "We also do a large amount of work for Centex Homes, a major national builder that works extensively in this region. We're currently doing a project for Portrait Homes in Noblesville called Prairie Lake Estates."

In addition to its residential work, recent Central Engineering jobs include sewers and lift stations at the Clay Regional Waste District, as well as work on the new terminal under construction at the Indianapolis International Airport.

### A great team

With the recent acquisition of another site-development firm, Central Engineering employs about 80 people during the busy season.

"The success we've had since I bought the company is directly attributable to our employees, especially the field people," acknowledged Horth-Powers. "They're the guys who get the job done for us day-in and day-out. I believe I've got a great team, certainly one of the best in the area."

Key people cited by Horth-Powers include Field Superintendent Alan Schaub, Estimator Jody Wallace and Asset/Equipment Manager Gary Schwartz. Dirt Foreman Jim Watson and Sewer Foreman Dwayne Martin are also longtime, valued employees. Office Manager Bettie Mitchell and Controller Trey Everly



Central Engineering bought this Komatsu PC600LC-7 to do deep sewer work. "It's done a great job for us," said Owner/President Karen Horth-Powers. "We own numerous Komatsu excavators and they've been virtually flawless for us through the years."

help Horth-Powers take care of the inside business.

### Pride in work

Horth-Powers says a key to Central Engineering's success is that these longtime employees, as well as new hires, take so much pride in their work.

"Most of our guys are very conscientious when it comes to doing the best possible job for our clients. When we do something, we want it done right and we want it to last. We don't build infrastructure for the duration of a job, we build it for the life of the community.

"A good example of that is a call we received a few years ago from a private inspector who had put a camera down into a sewer line in order to tap into it. It was a line we had done several decades earlier and he was just calling to tell us he was really impressed with how well it has held up. He said it looked as good as the day it was installed. I think having that kind of reputation -- as a company that does quality work that stands the test of time -- is something everybody who works here strives for."

In addition to pride in its work, Horth-Powers cites as company strengths: personal service, a track record of completing projects on time and on budget, and a proactive approach to each job.

*Continued . . .*



# Quality work that stands the test of time

... continued

"We try to make sure everything is in place before we start to work. It helps us maximize efficiency and it can save our clients substantial time and money by ensuring we don't do something that doesn't need to be done — or worse, has to be done again later. We think that kind of care and attention to detail is one of the main reasons we're on a short list of preferred contractors for many clients."

## Productive, long-lasting equipment

For many years, Central Engineering has turned to Brandeis Machinery & Supply in Indianapolis for much of its equipment needs. Central has two Komatsu dozers (a new D155

and a D85), as well as a large fleet of Komatsu excavators including a new PC600LC-7, a new PC300LC-7 and numerous other PC300s and PC400s.

"Our Komatsu excavators have been virtually flawless through the years," claimed Horth-Powers. "That's the main reason why, when we needed a bigger machine for our deep, wet sewer work, we didn't hesitate in choosing the PC600LC-7. I also talked to many of our friendly competitors who were all very complimentary toward the large Komatsu excavators. So we were comfortable in choosing the PC600LC-7, and it's done a great job for us."

Horth-Powers says she also likes the longevity she gets from all her Komatsu machines. "We believe in keeping our equipment a long time and with Komatsu, we're able to do that and still get outstanding production. For example, one of our PC300s is an old Dash-3 model with well over 20,000 hours on it and it's still a front-line machine for us. That's the type of performance we like because it makes us money."

In addition to the quality of the equipment, Horth-Powers says the longtime relationship with Brandeis is important to her. "We've done business with them for many years, even preceding my involvement. They've always treated us fairly and provided good support, and our salesman Spencer Depoy is very helpful in doing what it takes to get a deal done."

## Safety, quality and profitability

For the past several years, Central Engineering & Construction Associates has experienced solid growth. "The central Indiana economy is good, although we expect our growth, especially in single-family housing, to level off a bit this year, then resume in 2007," predicted Horth-Powers. "Generally speaking, we're always looking to grow because if not, we're declining, and we're certainly not interested in going that direction."

"Although we'd like more market share and are taking steps to achieve it, our goal for this year and beyond will be the same as always — to work safely, do a quality job and make a profit. As long as we do those things, we'll consider ourselves successful." ■

Brandeis Sales Representative Spencer Depoy meets with Central Engineering President Karen Horth-Powers. "We've done business with Brandeis for many years," said Horth-Powers. "They've always treated us fairly and provided good support."



Central Engineering & Construction recently added this 310-horsepower Komatsu D155AX-5 dozer to its growing equipment fleet.



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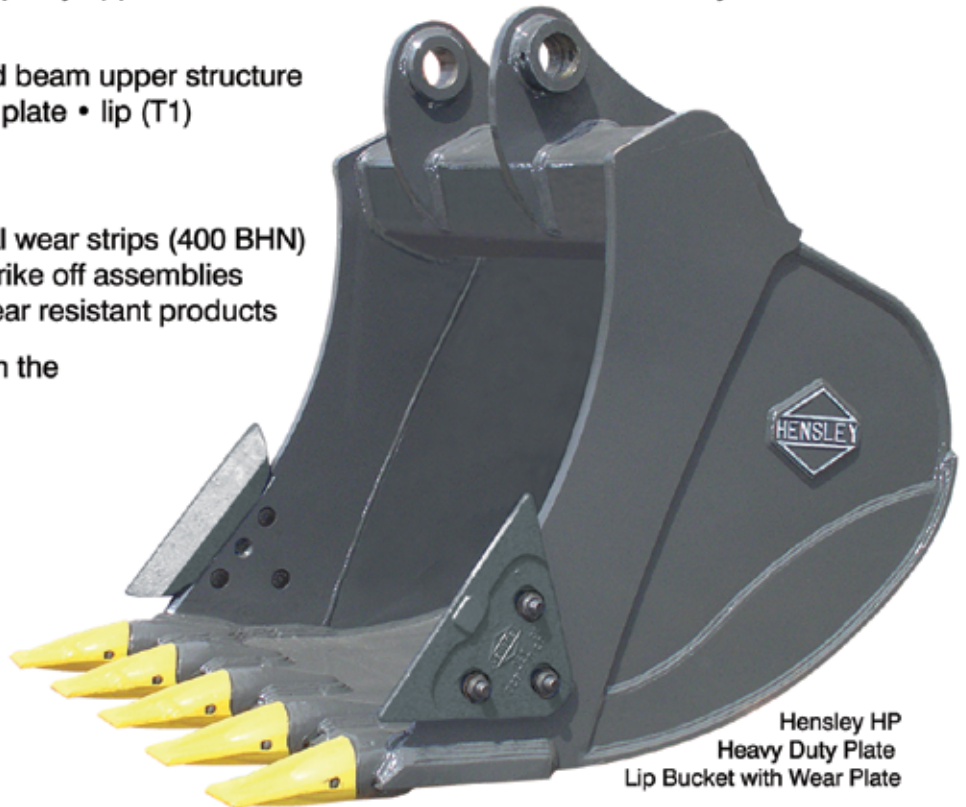
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# CONTINUED GROWTH!

## Analysts expect construction and related industries to move upward again in 2006

Economists can often look at the same set of data and come up with very different conclusions. But that's not the case with construction industry economists this year, as all of them forecast continued growth through 2006.

Of course, the amount of growth varies from minimal to robust. The biggest concerns, other than the possibility of natural or man-made disasters, center around the twin money

Some analysts see housing finally slowing down, although it's not a unanimous view. Even those who expect a slight decline note that the total number of new houses built in 2006 will still be the second-highest on record.

issues of inflation and higher interest rates. Some industry forecasters are concerned that the higher cost of construction materials will eat up much of this year's growth, and that higher interest rates may finally end housing's remarkable upward run (although the total number of houses to be built this year is, nonetheless, still expected to be the second highest in history).

A drop in residential construction is particularly significant because single-family and multifamily housing represent a very high percentage (about 57 percent last year, according to the U.S. Department of Commerce) of the nation's total construction activity.

While many forecasters, including the National Association of Home Builders, predict a housing decline this year — that's not a unanimous sentiment. The Commerce Department, for example, thinks a strong start to the housing market will carry it through this year to another record high, despite the higher interest rates. In fact, the Commerce Department is rather bullish all the way around, calling for a 6.0 percent increase in total construction in 2006 to a total construction put-in-place of more than \$1.2 trillion.

Almost all analysts see a good rise in nonresidential building this year, which includes commercial structures, as well as public works such as highways and bridges.

To help give more meaning to the numbers, we asked industry analyst Andy Fanter to interpret the data as it relates to contractors, loggers, miners and other equipment users across the country. Here are his findings.







The highway bill Congress passed last year will spur road-related construction activity.



## THE YEAR AHEAD

For the majority of us, 2005 was a great year, and those of us who paid attention to the business even made a little money along the way. This year should see more of the same, although it would certainly be nice if we could avoid a catastrophic hurricane season like the one we just experienced.

Since the hurricane season has ended, we have seen fuel prices move downward. Decreases in energy prices could bring down the price of concrete. Material prices are another issue. With the construction boom continuing through 2006, along with additional highway work, material prices will remain high.

I think we'll see long-term interest rates continue to inch upward. The Federal Reserve will also continue to raise interest rates on short-term money to protect against inflation. Prices are *not* going to be going down on machines, parts or labor — but inflation should stay close to 3 percent.

The U.S. economy is growing nicely and Europe is beginning to see some growth in economic activity as well. The Chinese economy will continue to grow, gobbling up huge amounts of everything.

### The housing situation

Yes, there is a housing bubble, but it is concentrated in the very hottest housing



Both mining and logging should do well in 2006, however, there will likely continue to be a shortage of some large equipment, so if you anticipate needing a mining machine or large truck, forecasters recommend ordering early.

markets, where speculation has occurred. Anybody who is speculating on housing in any of these red-hot areas, hoping to become rich through real estate, could be in for a shock. While a few may time their exit just right, I expect most of those speculators to become much poorer, but smarter. For most of us, the bigger housing-related problem is that when the bubble does burst in these overheated regions, it will make great headlines and cause some uncertainty in local markets throughout the country.

I look for rates for a 30-year mortgage to average around 6.5 percent, which, while higher than it has been, is still a historically

*Continued . . .*

*Andy Fanter is an industry analyst with Cyclast-Intercast, a sales forecasting firm that works with more than 65 equipment distributors and manufacturers throughout the U.S. He can be reached at [cafanter@aol.com](mailto:cafanter@aol.com) or by calling (316) 755-2648.*



# It looks like another good year

... continued

reasonable mortgage interest rate. Housing permits will be around the 2 million mark, down slightly from the 2.2 million seen in 2005.

Offsetting that somewhat is the fact that 2006 will be the third consecutive year of major growth in the nonresidential construction market. Nonresidential projects are all those structures such as shopping malls, box retail stores, restaurants, fire stations, medical facilities, hotels and all those other buildings which are not apartments or houses. Somewhat ironically, it's the housing growth and low interest rates, both of which are now going in the other direction, which have contributed to the boom in the nonresidential construction market.

For the small contractor who has always been deeply involved in housing, 2006 may be the year to expand into nonresidential work, as growth in the nonresidential market will likely be double digit while housing will level off or decline slightly in some areas.

Even if housing declines a bit, there will still be a very large number of houses and other structures built this year, so the logging industry should also fare pretty well.

## Mining and road building

Large machines for mining and big projects will remain in short supply throughout 2006. Manufacturers of mining equipment are running near capacity, and tire capacity in the world is at 100 percent. Even if the machine suppliers could make more equipment, they would have to come without tires. The good news is that commodity prices will remain at current levels all year long.

For those of you involved in road building, get ready for a busy season. The highway bill, which Congress has already passed and funded for the first three years, is going to make every governmental unit in the country hungry for new or improved highways. Most states are seeing significant tax revenue gains, so matching funds will be available in most areas. Typically, it takes state planners about six to nine months to gear up to spend the money that has become available.

One thing to consider, the availability of highway machines will decline throughout 2006. You should make plans early with your equipment distributor to ensure availability later in the year.

## Be aware of possible shortages

A couple of things that all contractors should probably look out for is a shortage of both labor and material. Shortfalls in either or both could present significant problems and impact your ability to get work done in a timely manner this year, so you should be careful about giving an owner a firm occupancy date.

A positive sign is that both architectural firms and developers are busy this year and that's a nationwide situation — not just regional hot spots. Coastal areas will see the most activity, but growth will also be good in the central part of the country.

In summation, 2006 should be another good year. Be aware of rising interest rates, rising costs of building materials and labor, and shortages in certain machines. If you plan well and work these cautions into your bids, it will be another profitable year. ■

U.S. Dept. Of Commerce Construction Forecast

	2004	2005 (estimate)	2006 (forecast)
Residential	\$570.0 billion	\$649.8 billion	\$689.6 billion
Nonresidential	\$457.8 billion	\$486.3 billion	\$515.1 billion

Commercial building activity is expected to be strong throughout 2006, helping to offset a possible slowdown in housing construction.







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# A FULL-LINE COMPANY

## Komatsu's continually expanding product line is part of a "commitment to compete"



Dave Grzelak,  
Chairman and CEO,  
Komatsu America

Back in the 1970s, when Komatsu America was formed and the equipment maker started selling small to mid-size dozers in the U.S., few people would have guessed that within a couple of decades it would be the second-largest manufacturer and supplier of construction, mining and utility equipment in North America. But thanks to a number of agreements and acquisitions, combined with an aggressive desire to compete and be the best, that is exactly what has happened.

"We are a 'full line' company," said Dave Grzelak, Komatsu America Chairman and CEO. "What does that mean? It means we don't limit ourselves to certain machines or certain size classes. Instead, we manufacture and sell a complete line of heavy equipment and compete head-to-head in virtually all categories and sizes. There's only one other equipment manufacturer in the world that can make the same claim."

Some other equipment makers, according to Grzelak, are essentially "short line" companies,

meaning they specialize in certain types of machines or certain sizes. Some may specialize in agricultural equipment and make only small construction units. Others go up into the construction size, but don't offer some types of machines, or perhaps stop well short of Komatsu's largest construction-size models. When you get into mining-size equipment, the field narrows even more.

"It's no accident that we compete across-the-board with the only other full-line company," said Grzelak. "We're committed to compete for two primary reasons. One, we think it's important for the equipment industry in general to have competition in all size classes and machine types because it prevents market domination and spurs product improvement. And two, we do it because in many instances, we believe we make state-of-the-art products that don't just compete with, but are demonstrably superior to those of our main competitor, as well as all the short-line companies."

### From smallest to largest

Today, Komatsu makes more than 100 machines ranging from compact units as small as a one-ton excavator and a 29-horsepower wheel loader, up to the largest dozer in the world, a 3,500-horsepower truck, and an excavator/mining shovel that weighs in at 770 tons. But perhaps the most important and significant aspect of those figures is that Komatsu also makes everything in between those extremes.

Komatsu utility equipment includes compact excavators, wheel loaders and a dozer, as well as backhoe loaders and skid steer loaders. The utility division also offers the unique Komatsu

An example of Komatsu's commitment to competing in all product lines and all class sizes is the 1,150-hp D575, the largest bulldozer in the world.





crawler carrier, which is essentially a track dump truck with a bed that rotates a full 360 degrees.

In construction-size machines, Komatsu makes hydraulic excavators, crawler dozers, wheel loaders, landfill dozers, material handlers, waste handlers, forestry machines, a wheel dozer, motor graders, articulated trucks, rigid-frame mechanical trucks (up to 69-ton capacity) and mobile crushers.

Komatsu mining equipment consists of excavators/shovels, dozers, wheel loaders, a motor grader, mechanical trucks (up to 164-ton capacity) and electric trucks (up to 330-ton capacity).

In certain machine categories, Komatsu probably has more sizes and models than any manufacturer. Take hydraulic excavators, for example. The company has nine utility models with less than 54 horsepower; 18 construction-size units (counting five tight-tail-swing and two wheel models) up to the 651-horsepower PC1250LC-7; and five mining excavators/shovels including the giant 4,020-horsepower PC8000. That's a breadth of offerings that no other manufacturer can match, and it doesn't even include Komatsu's excavator-based material handlers and log loaders.

## Specialty equipment and innovations

Material handlers and forestry machines, as well as the crawler carrier, are examples of specialty equipment that Komatsu has added in recent years. Other such products include waste-handling wheel loaders, landfill dozers and mobile crushers.

"We're always looking for innovations to make equipment better for the customer, whatever the job is," said Grzelak. "We spend up to \$400 million a year on research and development (R & D), all of it on new products designed to make our customers more productive and more cost effective."

An example of Komatsu product innovation is the tight-tail-swing excavator.

"When Komatsu came out with the first tight-tail-swing machine in the mid- to late '90s, the old PC128UU that was painted purple, people



As the excavator/articulated dump truck combination gained widespread acceptance in the last decade or so as a cost-effective method of moving dirt, Komatsu introduced a highly regarded line of articulated haulers.



A leader in tight-tail-swing excavators, Komatsu offers nine compact models and construction-size units, including the PC308USLC-3, the industry's largest tight-tail-swing machine.



Compact equipment, such as skid steer loaders (above left) and specialty equipment, such as logging machines through Komatsu Forest, are now part of the large Komatsu family of machines.

would stop at jobsites and stare at it," said Grzelak. "Today, tight-tail-swing machines are a staple of many contractors' fleets."

Through the years, Komatsu has continued to push the tight-tail-swing envelope. In 2003, the company introduced the PC308USLC-3, which is the largest tight-tail-swing model on the market today. In total, Komatsu produces five construction-size and nine utility-size excavators that use the tight-tail-swing design.

## Adding products

Also in recent years, Komatsu has added mainline products, such as articulated dump trucks.

*Continued . . .*

# Komatsu's full line provides customer options

... continued

"In regard to articulated trucks, we weren't first in the marketplace, but in order to be a true full-line company, we knew we had to get into this important and growing segment," said Grzelak. "We spent a lot of time designing what we believed would be the best articulated truck and in 2001 we introduced it in the form of the HM400."

Today, Komatsu offers three artic models (30 ton, 35 ton and 40 ton).

Komatsu carried the same attitude into its utility line. "Again, we weren't the first, but because our customers were using utility-size machines, we believed we had to be in the business of supplying them," said Grzelak. "As the utility market has grown in the last decade or so, Komatsu has definitely grown with it and is continuing to grow with it."

In 2002, Komatsu opened a utility equipment manufacturing plant in Newberry, S.C., which today produces all the company's backhoes and skid steer loaders.

## More of the same in the future

As for the future, Komatsu intends to continue to be involved at all levels of the equipment industry — and to lead the way in many product categories.

With rigid-frame trucks ranging from 44-ton to 330-ton capacity and wheel loaders with buckets less than a yard to more than 26 yards, Komatsu can offer an equipment combination to meet any construction or mining requirement.



As an example of the company's commitment to compete at the highest level, Grzelak points to the new Komatsu machines with ecot3 engines that are just now hitting the market. They're designed not only to meet the latest EPA requirements, but to also boost productivity. "We fully expect our machines with ecot3 engines to be industry leaders in terms of performance and fuel efficiency."

He also cites a truly groundbreaking development that the company expects to unveil in the not-too-distant future. "Through our subsidiary Modular Mining, we're on the verge of introducing autonomous (driverless) trucks to the mining marketplace. It's an exciting advancement that we think holds the promise of helping many mines significantly lower their costs, and may eventually be applicable at smaller jobsites as well."

Grzelak says pioneering such products is one of the main advantages of being a full-line company like Komatsu.

"The reason we make so many different products and invest so heavily in R & D is that it puts us on the industry's cutting edge. Something that's really important is that when we do make a significant discovery, it's often transferable throughout much of our product line, so all equipment users end up benefitting from it.

"We think customers who use construction and utility-size equipment should take great comfort in the fact that the Komatsu that makes their PC200 excavators is the same Komatsu that makes these huge mining machines, including the largest dozer in the world. Why? Because there's a very high level of expectation from mining customers. The fact that we do business with them and are able to meet their equipment needs as well as their parts and service needs, we hope signals to contractors that we can do the same thing for them."

Don't look for Komatsu to change its philosophy any time soon. "We're absolutely committed to being a one-stop shop, where any and all equipment users can get whatever they need, under one roof. So yes, our intention is to continue to grow and expand our product line wherever necessary, to ensure that our customers will always have options." ■





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## PRODUCT UPDATE

# NEW MACHINES AT UTILITY EXPO

## Unique features of Komatsu machines are showcased at ICUEE

Equipment users wanting to see and demo the latest utility machines got the chance last fall at the International Construction and Utility Equipment Exposition (ICUEE) in Louisville, Ky. Held every two years, ICUEE is the show that features utility machines, many of which are available for demonstration as well as viewing.

The Komatsu display consisted of 13 utility machines, including a WA80-5 compact wheel loader, a D21P-8 compact dozer and a WB140-2N backhoe loader, as well as six different models of compact excavators and three skid steer loaders.

Bob Lessner, Director of Product Marketing for Komatsu Utility, ran down some of the unique aspects of Komatsu utility equipment.

"We offer a power angle blade on both the PC35 and PC50 compact excavators and there's only one other manufacturer that does that. On the backhoe, our excavator-style controls are a well-accepted option that's so popular we're considering making it standard equipment. The WA80-5 features a tilt-forward operator compartment, which nobody else has. It also has a creeper gear to separate ground speed from engine rpm so you can get maximum hydraulic flow along with low travel speed. We're now also offering an air-conditioning option on our skid steer loaders."

### Track loader unveiled

As well as displaying many proven units, Komatsu used the ICUEE show to unveil its brand new CK30 track loader — an 84-horsepower machine that weighs 9,525 pounds.

*Continued . . .*



Komatsu had a large display at the International Construction and Utility Equipment Exposition (ICUEE) in Louisville, Ky., last fall. ICUEE is a biennial event that focuses on utility-size equipment and includes hands-on demonstrations.

At the ICUEE show, Komatsu unveiled its new CK30 track loader. It features a unique undercarriage design with an oscillating sub-frame that makes it much easier to climb curbs and other obstructions.





# New track loader unveiled at ICUEE

... continued



This attendee tried out the Komatsu PC35MR-2 compact hydraulic excavator at the ICUEE show.



The SK1020 skid steer loader (right) and WB140 backhoe loader (below) were two machines Komatsu had available for demonstration at the event.



"What separates the CK30 from the competition is the undercarriage," said Skid Steer Loader Product Manager Bob Beesley. "We used a unique design whereby the front idler and first roller are on a sub-frame that oscillates on the front of the track frame. It helps you climb over curbs and obstructions more easily.

"Also, our front idler is a three-way idler," he added. "That means you have the two outer shells of the front idler actually running on the rubber track itself. The result is that you're not putting pressure on the chain and therefore it will wear longer."

The other significant item, according to Beesley, is that the cleats or wear pads on the CK30 are offset (rather than evenly spaced on both sides) to reduce vibration and provide a much smoother ride. "We took a great deal of care to try to make this the smoothest running track loader on the market, which not only makes it more comfortable for the operator, but also considerably improves longevity."

Beesley says the advantages of a track loader compared to a skid steer are that it requires the same working space, does less damage to the ground, and provides greater traction so you can push and load more material. ■



Komatsu Skid Steer Loader Product Manager Bob Beesley shows these ICUEE attendees some of the inner workings of the new track loader.



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# COMPACT EQUIPMENT GROWTH

## Komatsu makes strong gains in booming compact construction equipment market

**QUESTION:** What has happened to the compact construction equipment market in recent years?

**ANSWER:** It's been booming. In 2004, the compact market grew by 20 percent, followed by an additional 10 percent growth in 2005. More than 122,000 machines were sold in the U.S. last year, which made it about a \$4 billion business.

**QUESTION:** How does that compare with the construction equipment market?

**ANSWER:** The construction market has also exploded, but compact machines outsold construction machines more than two to one. In fact, there were more skid steer loaders alone sold last year than the total number of construction machines. Of course, construction-size equipment tends to cost a lot more, so the total dollars are higher on the construction side.

**QUESTION:** Where is the growth occurring in the compact construction equipment market?

**ANSWER:** Growth has been across the board, but one segment that's really taken off is the mini excavator, up more than 40 percent to about 22,000 units a year. Many people are turning to a mini excavator/skid steer loader combination in place of a backhoe loader because, for about the same price, they get two machines and a lot more versatility. Having said that, we know there's always going to be a place for the backhoe loader when you need to dig deeper or need more power, and in fact, backhoe sales have also continued to grow, although at a slower rate.

**QUESTION:** What about Komatsu specifically? How is it doing?

**ANSWER:** We got a late start in the compact equipment business, but we're working hard to catch and surpass our competitors. We now

*Continued . . .*



**Ivor Hill**  
Vice President and General Manager  
Komatsu America Utility Division

*This is one of a series of articles based on interviews with key people at Komatsu discussing the company's commitment to its customers in the construction and mining industries — and their visions for the future.*

Ivor Hill was born and raised in England, but has lived and worked in the U.S. most of his adult life. He came here in 1987 with a mining equipment company and joined Komatsu in 2000. Today, he's Vice President and General Manager of Komatsu America's Utility Division, which is at the other end of the heavy equipment spectrum from mining machines.

"The two industries are very different, but also very similar," Hill noted. "Of course, a mining machine may be 100 times larger than a compact machine, but what they do — dig holes and move material — is basically the same. And while mining equipment can cost well into the millions of dollars versus perhaps as little as \$20,000 for a skid steer loader, the importance of that skid steer loader purchase is just as great, and maybe even greater, to the guy who's making the payments. At Komatsu, we understand the expectations and needs of both customers and act accordingly."

Under Hill's guidance, Komatsu is rapidly on its way to becoming the number-two supplier of compact construction equipment in the United States. "Just like in construction, we offer almost every type of compact machine and every size — and what we don't have, we soon will."

When he's not on the job or spending time with his family, the 50-year-old Hill's passion is soccer. "I play in two outdoor leagues and one indoor league," he explained. "I have a hard time finding enough people my age who play, so I often go against many players who are much younger. But just because I'm older, they don't cut me any slack. I'm sure it's because of my British background. They want to show me that the U.S. plays pretty good soccer too."

# Quality equipment and support spur growth

... continued

compete in 88 percent of the market. In other words, we have almost all the same machines and size classes that the other full-line companies have, and soon, we plan to be closer to 100 percent.

We didn't get into the business to be a bit player. We want to be one of the stars. In four years, we've gone from \$47 million in sales to more than \$200 million. In 2005 we increased our final deliveries by 33-percent versus year-to-date December 2004. Our goal is to be the number-two overall supplier of compact equipment, and number one in mini excavators, by 2007 — and we believe we're well on our way to accomplishing that.

**QUESTION: What do you consider to be Komatsu's strengths in compact construction equipment?**

ANSWER: Number one, it's the equipment itself. We make quality equipment that's reliable for the customer out on the job. Just as with our full-size machines, we believe our hydraulic system is superior, which is why we anticipate being number one in mini excavators in the near future. When you're digging around fiber optic lines and the like, you need complete control. On our skid steer loaders, two-speed control is standard. And on all our machines, we've emphasized comfort.

Beyond the equipment itself, it's the support we provide, which lowers machine owning and operating costs. For example, with Komatsu Financial, we can often provide a creative finance plan if that's helpful. Plus, we have a very strong distributor network to service the machines we sell — and certainly, not everybody who sells utility equipment can make the same claim.

**QUESTION: What new products is Komatsu Utility coming out with that you're excited about?**

ANSWER: The big news in the first quarter is the introduction of our first two Compact Track Loaders (CTL). CTLs are very popular among landscapers because they can do heavier work, work better in limited space, and cause less ground damage than traditional skid steer loaders.

Beyond the CTLs, we recently introduced two new, small mini excavators (PC18MR-2 and PC20MR-2); we have a whole new line of Dash-5 compact wheel loaders; and we'll also soon be introducing the new models of the backhoe loaders.

**QUESTION: What would people be most surprised to learn about the Komatsu Utility Division?**

ANSWER: Many people may know that we have a manufacturing facility in Newberry, South Carolina, where we make all our backhoe and skid steer loaders. What they probably don't realize is that it's also our Utility Division headquarters. The advantage is that all our decision-makers are right there where the machines are being manufactured, so when necessary, we're able to make decisions very quickly.

The other thing that might surprise some people is the large amount of money we invest in research and development. There's a copycat mentality in much of the construction equipment business. At Komatsu, certainly we keep an eye on what's going on elsewhere in the industry, but most of our efforts are internal — looking for ways to incorporate technology to improve our existing products and make them more cost effective. I'm not saying no other equipment manufacturer does that, but I would bet that few, if any, do it to the extent that we do — and I'm very pleased that, on the utility side, we get our fair share of that R & D investment. ■

Komatsu makes six different skid steer loader models, plus a new track loader. Two-speed control is standard on all Komatsu skid steer loaders.

Skid steer and backhoe loaders are made at Komatsu's Newberry Manufacturing Operation in South Carolina.



Mini hydraulic excavators are the fastest-growing segment of the utility equipment industry. Komatsu expects to be number one in this important machine group in the near future.





# CALL-BEFORE-YOU-DIG UPDATE

## New nationwide, three-digit, one-call number will be 8-1-1

For many years, excavation contractors and anyone else who digs in the ground have been required to phone a local One-Call Center before starting the excavation. The purpose of the call is to get information on the location of buried utilities and thereby ensure a safe and trouble-free dig for the excavation crew as well as the general public.

While the vast majority of excavation contractors make the call, there are still some who don't.

"There are about 400,000 excavation incidents each year resulting in substantial damage to facilities and about 50 fatalities," said Paul Preketes, Board Chairman of the Common Ground Alliance (CGA), a broad coalition of groups including excavators, utilities, regulators, engineers, insurance companies and other industry stakeholders. "When companies or individuals plan to dig, the first thing they must do is contact a One-Call Center."

But one of the problems with the current one-call system has been that there is no single, centralized, nationwide, easy-to-remember number to call. Rather, there are different numbers in each state and many municipalities — and they are regular ten-digit numbers including area code.

### **Simple, convenient, new number**

The Pipeline Safety Improvement Act of 2002 mandated that a three-digit, pre-dig, one-call number be established, but didn't set a time frame for it. The CGA has been urging the Federal Communications Commission to adopt such an easy-to-use nationwide number sooner rather than later. Last year, the FCC did just that by establishing 8-1-1 as the national one-call number.

"We commend the FCC," said CGA President Bob Kipp. "This simple, convenient number will encourage safe excavation, protecting the nation's vital energy and telecommunications infrastructure and those living nearby. The next step is to get the number online as expeditiously as possible and make it as familiar as 9-1-1."

According to FCC rules, 8-1-1 must be fully operational on wireless, wireline and pay phone systems nationwide by April 2007.

For more information on the Call-Before-You-Dig program, contact the Common Ground Alliance at [www.commongroundalliance.com](http://www.commongroundalliance.com) or call (703) 836-1709. ■



**Bob Kipp,**  
President, Common  
Ground Alliance



Before any excavation, you're required to contact a local One-Call Center to determine the location of existing underground utilities. The Federal Communications Commission has established 8-1-1 as the single, nationwide three-digit, one-call number, effective April 2007.

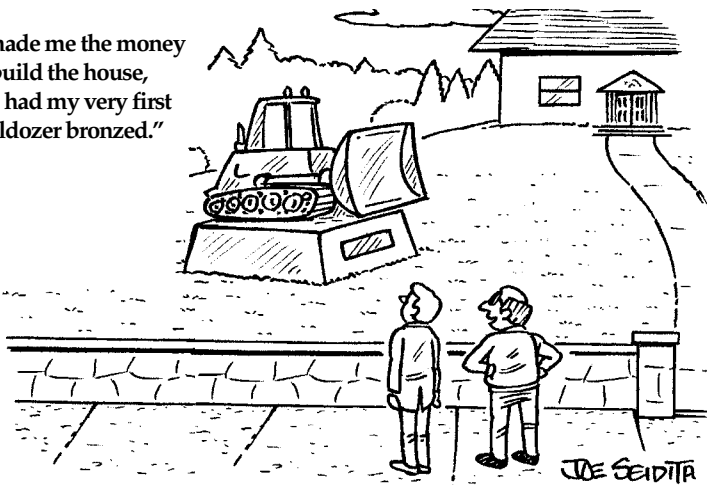
# ON THE LIGHT SIDE

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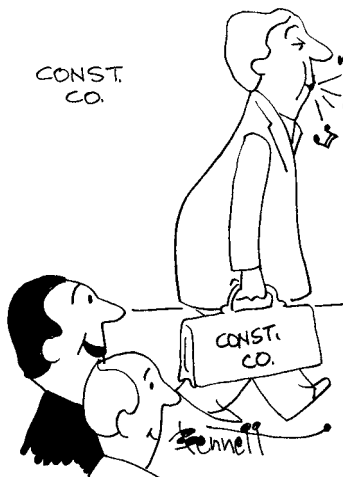
"It made me the money to build the house, so I had my very first bulldozer bronzed."



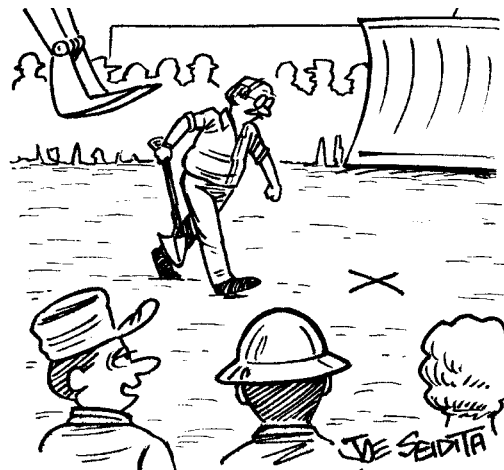
"Pop, tell me the story of 'The Little Bulldozer that Could' again."



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# UNDERCARRIAGE REPLACEMENT

## Crawler owners discover the benefits of quality plus price-competitive OEM parts

If you own a crawler dozer, you know much of the operating cost associated with it centers around undercarriage repair and replacement. With that in mind, Komatsu has taken steps to make its original equipment manufacturer (OEM) undercarriage more affordable and more readily available.

"The Komatsu OEM undercarriage is specifically designed to provide maximum life and performance for Komatsu track machines," said Dick Schaefer, Komatsu America Senior Product Manager for Undercarriage. "That's why, when a Komatsu dozer user replaces the original undercarriage, we want him to use our OEM product rather than an 'off brand' from the secondary or 'will-fit' market. It's the only way we can assure him that he's going to continue to get the same type of performance he got from the original."

### Two key issues

Schaefer says there are two key issues for people who buy what he refers to as "will-fit" undercarriage products. "One is that mixing and matching different undercarriage products could create a problem with consistency. The other key question is whether the quality of the 'will-fit' part is as good as the original equipment."

According to Schaefer, many dozer owners in the past have turned to "will-fit" undercarriage products in order to save a little money. "We think most dozer owners would prefer to buy OEM, so we studied our pricing structure and made our product more price competitive. At the same time, we increased our supply of undercarriage parts by expanding one of our manufacturing plants."

### Real value

Schaefer says the actions have caused Komatsu dozer owners to take notice, as evidenced by an almost 200 percent sales increase in the last couple of years. "That tells us our customers recognize that Komatsu OEM undercarriage products represent real value, and while they may still be able to find undercarriage parts that cost less, those 'will-fit' parts may not provide the longevity or productivity of OEM."

Another plus for Komatsu OEM undercarriage, according to Schaefer, is that Komatsu backs it with a three-year, 4,000-hour breakage and leakage warranty that is among the best in the industry. ■

*For more information on Komatsu OEM undercarriage, contact our parts department.*

Komatsu has increased its supply of OEM undercarriages while at the same time, making them more price competitive. Komatsu urges its equipment users to use the OEM product to get maximum undercarriage performance and longevity.





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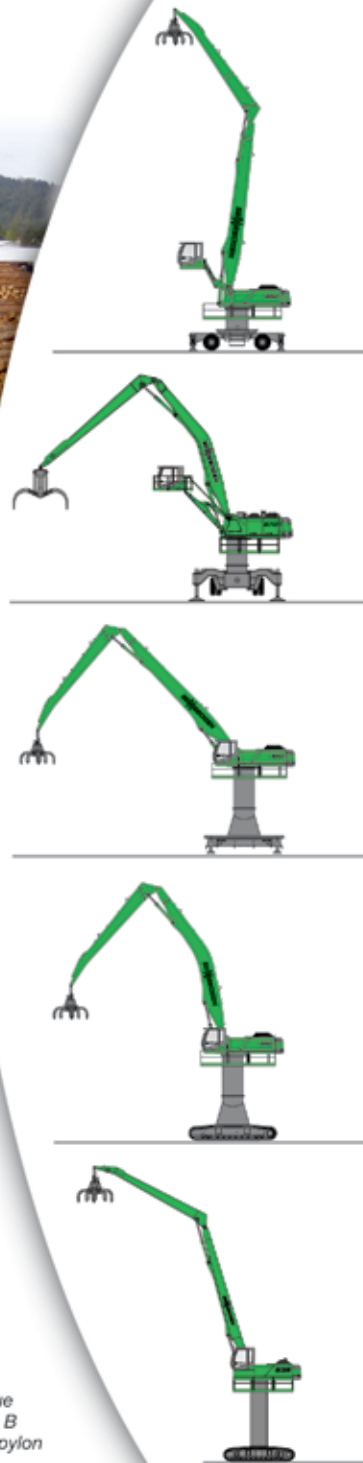
*The SENNEBOGEN "special" series machines provide engineered solutions to the unique challenges of special material handling requirements. The 835 R special at work at B & B Metals weighs in at 145,000 lbs. and has a working radius of 61'. It is built on a 16'5" pylon and combines a hydraulic cab to achieve eye level height of 36'5".*

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## MORE INDUSTRY NEWS

# INTERSTATE TURNS 50

On June 29, 1956, President Eisenhower signed the Federal-Aid Highway Act of 1956. That means the Interstate Highway System, created by that Act, turns 50 this summer.

The Interstate was voted the number-three construction achievement of the 20th century by attendees at CONEXPO 1999 — but in terms of significance on our economy, and in fact on our entire way of life, there's no question that it dwarfs numbers one and two (the Chunnel Tunnel and the Golden Gate Bridge).

Three states claim to have the first Interstate highway. Missouri was the first to award a project under the new law (Route 66, which would become I-44), and the first to start

construction (Route 40, which would become I-70). Meanwhile, a little farther to the west, Kansas was the first state to begin paving a portion of the Interstate (also I-70) on September 26, 1956.

While both are legitimate claims to number one, the state of Pennsylvania says not so fast. Supporters point out that the Pennsylvania Turnpike contains most features of what would become Interstate highways, and the Turnpike opened from near Pittsburgh to near Harrisburg back in 1940.

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## THE PEOPLE INSIDE

# BRANDEIS NAMES NEW OFFICER

## David Coultas assumes new VP position

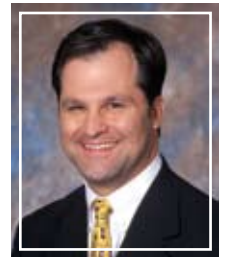
Bramco, LLC, the parent company of Brandeis Machinery, recently promoted David Coultas to the position of Vice President. Bramco took the action at its annual board of directors meeting, which was held in December 2005.

David Coultas joined Brandeis in 1999 and has been serving as Regional Sales Manager for the past three years. With the promotion to Vice President/Regional Sales Manager, Coultas becomes an officer of the company.

He is responsible for the sales management of Brandeis Machinery's Louisville, Lexington and Corbin branches. Brandeis' other Vice President/Sales Managers are David Ball and Chuck Mueller.

Coultas is a graduate of the University of Kentucky with departmental honors in marketing and management.

Coultas will continue working out of the corporate headquarters in Louisville, Ky. ■



David Coultas,  
Vice President

# NEW OPERATIONS MANAGERS

## Three Brandeis employees step into new roles

Beginning January 1 of this year, Brandeis Machinery has three new Operations Managers — David Smithmier, Kevin Wolford and Chris Stevens. Each will oversee local operations at his respective branch, including sales and rental functions.

Smithmier joined Brandeis in March 2004 and served as a Product Support Manager and as a Machine Sales Representative at the Paducah branch, where he now assumes the position of Operations Manager.

Wolford joined Brandeis in January 2000. He began as a Machine Sales Representative for the company's Fort Wayne and South Bend locations. Wolford was recently named Product Support Manager at South Bend and now steps up there as Operations Manager.

A longtime Brandeis employee, Stevens began his career with Brandeis in 1988 as a

Service Technician. He later became Product Support Manager in South Bend. Stevens is now Operations Manager at the Brandeis Fort Wayne branch.

We invite you to stop by and visit the new Brandeis Operations Managers. They'll be happy to help you out in any way they can. ■



David Smithmier,  
Operations Manager



Kevin Wolford,  
Operations Manager



Chris Stevens,  
Operations Manager

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# RELIABLE USED EQUIPMENT

## How Komatsu Distributor Certified machines help eliminate the risks of buying used



*For more information on Komatsu Distributor Certified used machines, talk to your sales representative or call or visit our nearest branch location.*

In 2002, Dan Kramer started an excavation company, Kramer Excavating, in his hometown of Pleasant Hill, Mo. The company, with a work force of about a dozen people, specializes in moving dirt for commercial developments and residential subdivisions in the Kansas City area.

Like all earthmoving contractors, Kramer needs productive and reliable equipment to get his jobs done quickly and cost effectively. For a number of pieces, he has turned to Komatsu Distributor Certified used equipment from his local Komatsu distributor.

Komatsu Distributor Certified used machines are thoroughly inspected and rated based on specific criteria including age,

hours, component wear and appearance. Special finance rates and extended warranties are also available on many Distributor Certified machines.

"We need machines that we can count on, day-in and day-out," said Kramer, who currently owns a Komatsu Distributor Certified PC220LC-6 hydraulic excavator. "The PC220, as well as previous Distributor Certified machines we've owned, including a D65 dozer and a WB140 backhoe loader, meets our productivity and reliability requirements at a price we can afford. Best of all, because it comes from my Komatsu dealer, I know it's going to work like it's supposed to, or they're going to make it right."

### Peace of mind

In fact, Kramer says he did have an issue with an early Distributor Certified machine he owned. "My Komatsu distributor had a replacement unit at our jobsite the next day. That kind of support and backing is crucial to me."

Whereas some equipment owners buy used machines at auction because they think they're getting the best bargains there, Kramer says "peace of mind" is worth much more to him. "I'm sure it's possible to get a good machine at a good price at auction. But I've seen people really get burned. In the vast majority of cases, I believe there's probably a reason a machine was sent to auction rather than traded in. I avoid auctions because I don't want to be the unsuspecting buyer who learns that reason too late. To me, a Komatsu Distributor Certified machine delivers excellent cost savings and a safety net as well." ■



Dan Kramer prefers Komatsu Distributor Certified used equipment like this PC220 hydraulic excavator to other used equipment because of the support and backup he knows he's going to get from his Komatsu distributor.





# KOMATSU DISTRIBUTOR CERTIFIED USED EQUIPMENT

## The next best thing to new.



*If it can be measured,  
we measure it!*

Whether you're looking for a high-quality machine that will become part of your fleet, or for a machine that will get you through the busy season, Komatsu Distributor Certified Used Equipment is your best alternative to buying new.

If it can be measured, we measure it! Specially trained Komatsu Distributor Certified evaluators check, measure and diagnose virtually every aspect of the machine. Once the machine meets Komatsu's high performance standards, your local distributor can tailor the machine for your site-specific needs. And to add to your peace of mind, most Komatsu Distributor Certified Used Equipment is eligible for special financing and warranty.

Purchasing Komatsu Distributor Certified Used Equipment makes sound business sense. You'll receive good value for your money and a reliable and productive machine that will get the job done for years to come — we guarantee it!

**To learn more about Komatsu ReMarketing's Distributor Certified Used Equipment, contact your local Komatsu Distributor or go to our Web site at [www.equipmentcentral.com](http://www.equipmentcentral.com) and click on "used equipment."**





## USED EQUIPMENT SPECIALS

**1997  
Blaw-Knox  
PF3180  
#BT4N10  
3,800 hrs.  
\$25,000**



**2002  
Komatsu  
D39PX-21  
#BT5422  
4,512 hrs.  
\$68,500**



### AIR COMPRESSORS

1999 Ingersoll-Rand R P375WJD, #BT5309, 5,958 hrs. .... \$8,933

### ASPHALT PAVERS

1990 Blaw-Knox PF180H, #BT5504, 6,414 hrs. .... \$18,667

1997 Blaw-Knox PF3180, #BT4N10, 3,800 hrs. .... \$25,000

Blaw-Knox PF500, #U20549 ..... \$5,333

### COMPACTION

2001 Ingersoll-Rand DD24, #U21349, 218 hrs. .... \$24,000

Stone PDB54, #BT5806, 1,069 hrs. .... \$17,000

### CRAWLER DOZERS

2002 Komatsu D39PX-21, #BT5422, 4,512 hrs. .... \$68,500

1977 Cat D6D, #BT5421 ..... \$36,000

1995 Cat D6H LGP Series II, #BT5515, 12,781 hrs. .... \$66,667

1998 Komatsu D58E-1, #U015376-1, 6,839 hrs. .... \$52,000

1997 Komatsu D58P-1, #U014641-1, 4,761 hrs. .... \$24,000

1995 Dresser TD15E, #U012835-1, 10,000 hrs. .... \$46,667

### EXCAVATORS

2000 Bobcat 331, #U21079, 1,638 hrs. .... \$22,667

2002 Komatsu PC200LC-7, #U18613, 2,660 hrs. .... \$130,667

1998 Komatsu PC220LC-6, #BT5600, 9,854 hrs. .... \$52,000

### FORESTRY

1993 Timberjack 450C, #U21022, 2,500 hrs. .... \$25,340

1996 Deere 548GX, #U21309, 4,685 hrs. .... \$32,000

### HAMMER

1997 Rammer S26N, #PO1165 ..... \$5,000

### OFF-ROAD TRUCK

1996 Haulpak 330M, #BP1712, 17,500 hrs. .... \$216,000

### SKID STEER

1999 Bobcat 763, #BT5807, 1,392 hrs. .... \$11,000

### WHEEL LOADER

2002 Komatsu WA250PT-3MC, #BT5408, 4,100 hrs. .... \$87,333

Most machines are available for rental purchase option. All machines subject to prior sale. Year listed is year of manufacture.

**For additional information, please call (502) 493-4380**



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