



TRACTOR & EQUIPMENT COMPANY

TRACTOR TIMES

A publication for and about our customers in AL, FL & GA • 2007 No. 1

Featured in this issue:

PARODI & WELCH

From plumbing to utilities to site work, this Dallas, Ga., firm continues to evolve

See article inside...



KOMATSU

Owner/President Dale Welch (left) and Project Manager/COO Blake Stewart

A MESSAGE FROM THE PRESIDENT



Dan Stracener



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Dear Equipment User:

Each new year brings with it new opportunities, and 2007 will certainly be no different.

Except for housing, almost all other sectors of the construction and related economy remain strong and should provide a healthy amount of work for contractors this year. There's also a realistic hope that interest rates have peaked and may start falling this summer. If that happens, the excess housing inventory should begin to disappear and housing construction could start to come back as early as this summer.

At TEC, we're optimistic about 2007. We're gearing up for a substantial year in order to be ready to provide the reliable equipment and responsive service you need, when you need it.

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Whether your need is for equipment, parts or service — we hope you'll select TEC to be your distributor of choice. I can assure you, we'll do everything in our power to make your experience a good and profitable one.

Sincerely,



Dan Stracener
President



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TRACTOR TIMES

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A SALUTE TO A TEC CUSTOMER

PARODI & WELCH

From plumbing to utilities to site work, this Dallas, Ga., firm continues to evolve



Dale Welch,
Owner/President

When Vance Parodi and Dale Welch joined together in 1993, their company, Parodi & Welch, did plumbing work. With Parodi the plumber and Welch the underground specialist, they were a good team. But when Parodi passed away in 2002, Dale Welch knew he was going to have to go in a different direction.



Blake Stewart,
Project Manager/
COO

"I don't do plumbing, only underground, so I knew I was going to have to grow that end of the business," Welch explained. "I also knew I was going to need some help to do it, so I hired Blake Stewart in 2003. Blake was very aggressive and told me he wanted to be a major player in underground utilities in the Atlanta area. I told him, 'If you can pull it together, let's do it,' and we've been growing ever since."

When Stewart hired on with Welch, the company employed about half a dozen people. Today, with Welch as President and Stewart as Chief Operating Officer and Project Manager, Parodi & Welch has 32 employees. The company continues to do underground utility work, but now also frequently does general site-work activities on many projects.

"We're continuing to grow and expand," said Stewart. "If a municipality or general contractor wants to hire us to do utility-only work, we're more than happy to do that, but we also enjoy doing the other dirt work that's associated with many jobs. Today, about 50 percent of our work is utility-related and the other 50 percent is a combination of grading and pipe, what I'd call total site work."

Tackling the tough jobs

Parodi & Welch's big break as an underground utility contractor came when Stewart helped pick up a new client, Choate Construction.

"Choate is certainly one of the leading general contractors in the southeastern United States," stated Welch. "They work at a very fast pace and have stringent requirements and high expectations for anyone who works for them. Once we started doing a substantial amount of their underground work, we had to grow quickly just to keep up with them."

Choate does a lot of large commercial work in downtown Atlanta. Parodi & Welch also works for other large generals, as well as doing municipal work and residential subdivision work.

"We do a substantial amount of downtown work where there are many existing

Parodi & Welch finds its Komatsu D61EX dozer especially useful for site work. The firm specializes in underground utilities but frequently does the dirt work associated with many of its projects.



utilities, as well as a lot of work in hard-rock conditions," said Welch. "In other words, we do many jobs that most other utility contractors try to avoid. That's one of the things we're known for."

Keep the job moving

The other thing Parodi & Welch is known for is working fast. Based in Dallas, Ga., about 20 miles west of Marietta, the company works all of metro Atlanta and goes as far south as Robins Air Force base, south of Macon.

"We go where we need to go and do what we need to do to satisfy a client," said Stewart. "I believe our reputation is a company that gets things done. We do quality work in a professional manner and we get it done fast. Meeting and beating schedules is something that's very important to Choate and many of our good customers. Our calling card is to get in on time and take care of business, then get out and let them do their thing."

"One of our points of emphasis is to never have a site that's held up because of Parodi & Welch," added Welch. "I'm proud that, to this point, we've met that challenge. That's very important to both Blake and me. If there's a problem or potential problem on a job — and there often is — you can bet we're going to stay up late at night to figure it out and find a way to keep the job moving. That's what we're all about."

Veteran employees

Welch and Stewart rely on a veteran, motivated work force to complete difficult projects in a timely manner.

"Quality people are hard to find, so when we get them, we do our best to keep them," said Stewart. "We try to take care of our crews by giving them plenty of work and by doing what we say we're going to do."

"We have many good people who've been with us a while now and that's important," added Welch. "When you've got a veteran crew, they know what's expected of them and they're able to deliver. Virtually every job we get is a fast-track job, so we have to have people who know what they're doing and are



This Parodi & Welch operator uses a Komatsu PC300LC-7 to dig a sewer line for a subdivision project in Fulton County. "When we started looking to upgrade our equipment fleet, we demo'd all the top brands," said Parodi & Welch President Dale Welch. "But as soon as our guys got on a Komatsu hoe and started digging, it was all over — the decision was made. It's a superior digging machine."



The Fulton County job consisted of laying about two miles of 24-inch ductile iron, sewer, storm drain and water systems. One section is being delivered here by a Komatsu WA250PT-5 wheel loader. Crews placed the pipe up to 30 feet deep, much of it through solid rock. "We're known for taking on tough jobs that most other contractors try to avoid," said President Dale Welch.

willing to work hard. We're fortunate to have a lot of men who fit that description."

Key members of the Parodi & Welch team are Project Managers Darryl Adams and Jeremy Warrington, and Welch's wife, Robin, who takes care of everything in the office for Parodi & Welch.

Equipment and service

In addition to a good work force, Parodi & Welch relies on high-quality, late-model Komatsu equipment from Tractor & Equipment Company to do the quick-turnaround work the company is known for.

The company has three Komatsu excavators (PC300LC-7, PC270LC-7 and PC200LC-7), two Komatsu wheel loaders (WA320PT-5 and WA250PT-5) and a D61EX dozer with a six-way blade.

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Parodi & Welch continues to grow

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“When we started working with these large companies, we had to upgrade our equipment fleet in order to deliver the speed they were looking for,” said Welch. “We needed equipment that would work every day and would be highly productive. We demo’d all the top brands. But as soon as our guys got on a Komatsu hoe and started digging, it was all over — the decision was made. The power, speed and smoothness were superior to everything else. It’s just a great digging machine. Our main-line operators love them.”

“We’ve been extremely happy with all our Komatsu equipment,” added Stewart. “The wheel loaders and dozer are great

too. Reliability, availability, power — those machines have it all.”

“The other thing we appreciate is the support we get from Tractor & Equipment Company,” continued Welch. “Our salesman, Brian Bacon, has been very helpful. TEC has an excellent supply of parts. Their service department is very responsive. They have the people, the resources and the commitment to take care of their customers and they’ve certainly done that for us.”

Still growing and diversifying

Although Parodi & Welch has experienced significant growth in recent years, both Welch and Stewart say they’re not through yet.

“I definitely think we’re still growing and diversifying,” confirmed Stewart. “I expect during the next couple of years, we’ll continue to grow the grading end of the business to where we’re basically doing all the dirt work and utilities, even on the larger jobs.”

For Welch, who didn’t really anticipate doing such large-scale work, it’s been an exciting time. “When I hired Blake, I was in a comfort zone doing smaller projects and concentrating on utilities. I gave him the green light to pursue his vision. Basically, I came along for the ride and it’s been a very good ride.”

“Dale is being overly modest,” insisted Stewart. “Obviously, he’s critically important to what we’re doing. The reason we’re succeeding is because we work so well together. We both do estimating, project management and sales. We’ll both also hop on machines whenever that’s necessary. Basically, my job is to make his life easier, and vice-versa.”

“It’s hard to find somebody to come into a company and basically treat it like it’s his own,” observed Welch. “But that’s what Blake has done. He worries about jobs as much as I do, and he watches the dollars and cents just like I do. I don’t know what to say other than he’s almost like a brother to me. As long as we can continue to stay focused and hire good people who share our philosophy on how to work and how to treat customers, I think we’ll continue to do well for years to come.” ■

Parodi & Welch Project Manager/COO Blake Stewart (left) and President Dale Welch (right) worked with TEC Sales Rep Brian Bacon to upgrade their equipment fleet with Komatsu machines.



This Komatsu WA320PT-5 wheel loader performs a wide variety of tasks for Parodi & Welch, from loading trucks to carrying pipe. “We’ve been extremely happy with all our Komatsu equipment,” confirmed Project Manager/COO Blake Stewart.





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A SALUTE TO A TEC CUSTOMER

QEST, INC.

Alabama clearing company specializes in turning trees into fuel

Getting an excavation project underway often involves some sort of clearing operation, be it removing a couple small saplings or knocking down several acres of large trees and mountains of brush. For the latter, contractors throughout the Southeast have increasingly turned to QEST, Inc.

“We’re set up to clear large parcels of land,” said Owner and President Chris Collum of the Brewton, Ala., company. “We clear, grub, grind and haul off the material for reuse as fuel by large paper companies. It’s a clean process that’s efficient and environmentally friendly.

“When I first started in the clearing business we did small jobs, and burning was the norm,” Collum continued. “That got to be a difficult practice with regulations and burning

bans. There were days where we would get shut down, and that messed up everyone’s schedule. So, I looked into processing wood.”

But Collum didn’t make the leap into wood processing right away.

“I didn’t go into it blind,” claimed Collum. “I studied wood processing for about seven years before deciding it was the right way for my business to go. It’s not something you jump right into because it takes a major investment and lots of knowledge. You could easily lose your shirt very quickly.”

A big investment pays off

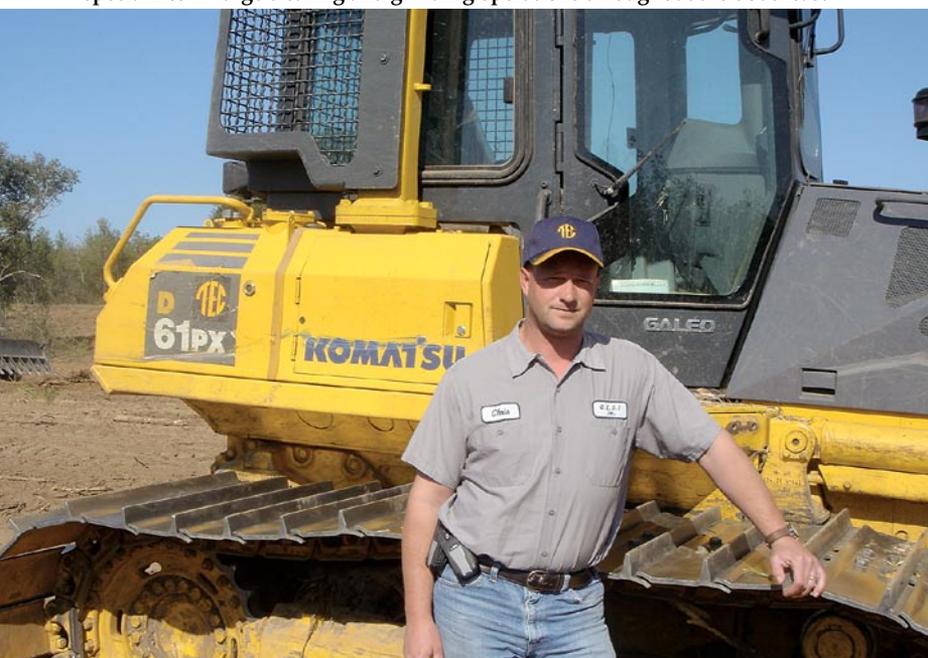
For Collum, the time used to study has proven to be well spent. He’s built QEST, which stands for Quality Environmental Solutions & Technologies, into a multicrew operation that customers have come to call on time and again to put their projects on the fast track.

“Our customers hire us because they know we’ll get in and out quickly, so they can get on with their excavation work,” said Collum. “We can certainly get things done much faster than the old days when we were burning. Jobs that before would have taken us two to three days, we can now do in about three hours, and it’s much safer. It’s been a good move for us.

“However, it hasn’t always been an easy process,” he admitted. “We started out with some old tub grinders and have continued to upgrade by putting money back into new equipment. We’re a much more efficient and productive operation now. Our customers see that and have confidence in our ability to do a good job for them.”

QEST has also invested in its own “green waste” recycling facilities in the panhandle

Owner and President Chris Collum heads up QEST, Inc. The Brewton, Ala., company specializes in large clearing and grinding operations throughout the Southeast.





Using a new PC200LC-8 excavator with a thumb and rake, a QEST operator feeds the company's grinder with trees and brush. "We tried other brands of equipment, but we found the Komatsu excavators are the best for speed and fuel efficiency," said Owner and President Chris Collum.

of Florida — one in Santa Rosa County and one in Escambia County. The company allows other businesses to dump vegetative waste such as trees, shrubs and brush at its sites, then QEST processes the materials.

"Even though we didn't generate the material, we're still happy to take it in," Collum noted. "It's just good practice, because we can recycle the waste by processing it and taking the chips to paper companies for use. We also work with some roof-truss companies to take care of their waste.

"The paper companies appreciate that we have the capabilities to process what's known as 'dirty' material," he continued. "We run a large screening plant, so we can process material that's not clean enough for the mill to use. We get the dirt out of it. We produce between 4,000 and 5,000 tons a week of wood by that process. It's a good volume of what would otherwise be waste."

Large jobs, no problem

QEST's largest volume of work still comes from its large contract clearing jobs, such as the 6,000-acre tract of land it recently cleared for a new subdivision in Pace, Fla. The company

has also cleaned up after several hurricanes, including Katrina and Wilma.

"The bigger jobs tend to be where we shine because there aren't many companies that can do what we do," Collum pointed out. "There are numerous companies that can come in and clear small parcels or do some minor clearing as part of excavation work. They do a good job on those, but when someone needs a large volume done as quickly as possible, they turn to us."

Such was the case on another project in Pace, where QEST cleared trees, stumps and roots for a new shopping center. Some of the wood was hundreds of years old, tall and not easily removed.

"We ran into some root systems that were 40 feet in diameter," Collum remembered. "We had to cut the trees, use our machines to split the stumps and get them to a workable size for our grinders to chip them. It was probably the most difficult job we've ever done. We cleared about 40 acres in a little less than four days."

Collum credits his employees, including salesman Josh McNeely, with making quick

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QEST relies on Komatsu equipment

... continued

work of every job QEST does. "They are a terrific bunch of guys," he acknowledged. "I certainly couldn't do it without their hard work and dedication. We've traveled from Texas to southern Florida, doing some massive work, and they've handled the moving and each job with professionalism."

Reliable equipment proves productive, efficient

Collum also credits his investment in quality machinery as a big factor in QEST's ability to handle large volumes of material in short order. The company has steadily added reliable Komatsu equipment purchased from Tractor & Equipment Company, including two excavators (a PC200LC-8 and a PC200LC-7), two 155-horsepower D61PX-15 dozers and a D41 dozer.

"The biggest factor for us in production is keeping the grinders fed, and our Komatsu equipment has done a tremendous job of making sure that happens," reported Collum. "The D61s are our main machines for pushing piles to the grinders. They have proven time and again that they have the power to handle large volumes of material at once without a hitch. A big reason for that is the wider tracks on the PX models, which allow us to work in adverse conditions. That's a big plus for us because we can't let the rain stop us."

For more information about QEST contact Chris Collum at 7139 Jimmy Sellers Rd. Brewton, AL 36426 (251) 538-0469 chriscollum@aol.com

Pushing materials into a pile takes a large machine, such as one of the two D61PX-15 dozers QEST uses. "They have proven time and again that they have the power to handle large volumes of material at once without a hitch," said Owner and President Chris Collum.



After dozers push the piles to the grinders, crews load them using the PC200s. QEST equipped the excavators with thumbs and rakes to keep dirt out of the grinders as the 45,000-pound-plus machines feed them.

"We tried other brands of equipment, but we've found the Komatsu excavators are the best for speed and fuel efficiency," observed Collum, who recently added the PC200LC-8 with a Tier 3 engine. "We bought the first one a couple years ago, and added the Dash-8 just a few months ago. It offers even more production and better fuel economy than the Dash-7, so we're very pleased with it."

Collum is also pleased with the service TEC and Pensacola Branch Manager Dave Niesen have provided. "They've done a tremendous job for me," he said. "We handle the basic services, with a little help from TEC. They've always been very responsive to my needs."

Aspirations for growth

Collum believes he's already ahead of the game when it comes to clearing and grinding materials for reuse.

"The process is going to become more prominent as time goes by," he said. "The President mentioned it as an alternative means of fuel, and we're getting calls daily from paper mills wondering if they can get more volume. We're doing everything we can to accommodate them, and I believe it's only a matter of time before the size of our company grows even more."

Growth means adding more equipment and manpower to handle more jobs, in addition to the three to four jobs the company already has going at once.

"We have aspirations of running a fleet of at least 20 grinders and crews within about a five- to seven-year time frame," Collum remarked. "Our customers are realizing the cost savings by allowing us to come in and take care of a niche they may not want to fill. So, we're looking for ways to better serve the market and give our customers even more than what we're offering now." ■

GUEST OPINION

NEW CONGRESS

What does the Democratic takeover mean for the construction industry?

With Democrats in control of both the House and Senate for the next two years, there are bound to be some changes coming out of Washington that will impact the construction and equipment industries. Here is some of what we think might happen.

Our association (Associated Equipment Distributors or AED) has long been recognized as a leading advocate for increased highway, airport and water infrastructure investment. Generally, Democrats have been more willing than Republicans across-the-board to support infrastructure programs and the user-fee increases necessary to pay for them. Democratic control of Congress may present an opportunity for an honest debate on crafting a new user-fee structure to pay for the highway system and to develop a consistent funding mechanism for water infrastructure, among other things.

Additionally, Democrats have generally supported capital investment incentives such as the depreciation bonus. If there is a drop-off in business investment in the next two years, we may find Democratic support for accelerated depreciation.

However, one of AED's biggest issues, the death tax, doesn't face a bright future under the new regime. Democrats have by-and-large opposed efforts to permanently repeal the death tax. While it is possible that Democrats will accept scaled-back death-tax relief to take the issue off the table for the 2008 elections, this is highly speculative. Other industry-specific tax priorities are not generally as partisan and will likely depend on the desire of lawmakers to delve into broader tax and budget issues.

Watching the "Blue Dogs"

There is much speculation about the role the "Blue Dog" Democrats will play in the new Congress. Blue Dogs generally support pro-growth tax and regulatory policy, limited government, fiscal responsibility and infrastructure investment. During the last two years, AED has worked aggressively to build relationships with members of the Blue Dog coalition.

We're hopeful that given the relatively slim Democratic margin of control on Capitol Hill, Blue Dogs will be able to temper the Democratic agenda and remind their colleagues in leadership that policies that hurt America's family businesses ultimately wind up hurting the people those companies employ. ■



Christian A. Klein

*This Guest Opinion, which first appeared in the newsletter, **Washington Insights**, was prepared by Christian Klein, Vice President of Government Affairs for the Associated Equipment Distributors. Mr. Klein can be contacted at caklein@potomac-law.com.*

Associated Equipment Distributors says Democratic control of Capitol Hill might mean some good and some bad for the construction industry.





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EQUIPMENT DESIGN BENEFITS

TOP GRADES

Visibility, blade geometry and ease of operation help set Komatsu motor graders apart

When it comes to operating heavy construction equipment, proficiency does not happen overnight. According to many industry experts, that fact applies to motor graders more than any other machine.

While wheel loaders and dozers use essentially one control stick to manage all functions of the machine, motor graders have more than a dozen different controls to monitor while moving at different speeds in forward and reverse.

“That’s why, for many contractors and many government entities, getting a good blade man is so important,” said Jenkins Davis, Director of Sales & Marketing Development for Komatsu America. “Many times, they will cater to grader operators because they’re so valuable. It’s very hard to replace somebody who’s a good blade man, due to the operational skills it takes to do the job.”

Direct drive and torque converter

With skilled operators in such demand, it makes sense to reduce the complexity of motor grader operation. Davis said the unique dual transmission of Komatsu motor graders helps do just that. At the flip of a switch, operators can go from Mode One, which is the direct-drive transmission, to Mode Two, which utilizes Komatsu’s unique torque-converter transmission. The top four gears in Mode Two offer automatic shifting, making the machine easier to manage.

“It just simplifies the whole operating process,” Davis described. “The best comparison I could make would be the difference of going from a stick shift to an automatic transmission in a car. Using a clutch and shifting in a car is somewhat similar to Mode One, which is the direct-drive concept. Mode Two, which is a torque converter, is similar to a regular power-shift car. It’s easier

to operate and that’s especially beneficial for younger and less-experienced operators.”

The current dual-transmission line of Komatsu motor graders has been out for several years now and, according to Davis, is tested and proven. “We were very successful with our previous line of motor graders,” Davis noted, “but as we looked at the evolution of the product, we believed some major design changes would make the product even better. That’s really what led to the development of our current line of graders.”

Other Komatsu advantages

In addition to easier operation, Davis said Komatsu graders feature an advanced hydraulic system, excellent visibility and superior blade geometry, all of which combine to provide improved power and performance at a jobsite.

The hydraulics help maximize speed and responsiveness. A closed-center system of valves allows fluid to flow to each individual implement, providing outstanding operator “feel” and unmatched implement control.



Jenkins Davis,
Director of Sales
& Marketing
Development,
Komatsu America
Corp.

Continued . . .

The GD555-3, with a 140- to160-variable-horsepower engine, is Komatsu’s smallest motor grader.



Grader design features help boost productivity

... continued

“Operators want an instantaneous response from the blade when they hit that lever,” Davis explained. “We think the hydraulics on our machine are superior to anything else on the market.”

The operator’s ability to clearly see the work underway is essential in grade work, too, and

the visibility of Komatsu graders sets them apart from competitors. The large front glass helps provide an unobstructed view of the moldboard and front tires. In addition, angled front and rear glass prevents dust buildup.

“The visibility to the blade is crucial,” concurred Bob Lessner, Product Manager, Motor Graders for Komatsu America. “That’s the working end of the machine and our visibility is probably equal to or better than any other manufacturer in the market today.”

Blade geometry is also an important design advantage of Komatsu motor graders. The unique blade-suspension system improves reach and allows a wide working range, including true 90-degree bank sloping.

Another design feature is parts commonality. “Many parts used in our excavators, wheel loaders and dozers are incorporated into Komatsu motor graders, so parts are readily available and technicians are knowledgeable about the product,” Davis pointed out. “That’s a tremendous benefit if a part needs to be replaced.”

Here’s another benefit of Komatsu motor graders: the GD655-3 and the GD675-3 machines are now equipped with a Tier 3 engine, which offers greater horsepower and improved fuel efficiency.

“We increased engine horsepower slightly by 10 horsepower,” Lessner said of the GD655. “It now has 180 to 200 horsepower with the Tier 3 engine. The other changes we made are in the cab. We have an electronic hand throttle now, whereas before it was a lever, so it’s more user-friendly.”

Operating options

Governmental work, including road maintenance and repair jobs, ditching and slope work, makes up 50 percent of motor grader sales in some areas of the country. “We have a motor grader to fit any job,” confirmed Davis. “Komatsu is very committed to the North American market and the motor graders are a big part of our product line, along with dozers, excavators and wheel loaders. We want to do everything we can to promote this product line because we think we’ve got something very special here.” ■

Brief specs on Komatsu Motor Graders

Model	Operating weight	Output	Overall Length
GD555-3 (Tier 2)	30,950 lbs.	140-160 hp	30’10”
GD655-3 (Tier 3)	33,069 lbs.	180-200 hp	32’4”
GD675-3 (Tier 3)	34,855 lbs.	180-200 hp	32’4”



Bob Lessner, Product Manager, Motor Graders, Komatsu America Corp. (left) stands in front of a Komatsu GD555-3 motor grader with Komatsu Motor Grader Consultant Jim Terrell.

The GD655 is slightly larger than the GD555 and is the biggest seller in Komatsu’s grader line. The GD655 and the GD675 are now available with a Tier 3 engine.





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UTILITY MACHINES

WORKING A NEW ANGLE

How feedback from contractors helped improve these popular compact excavators

In the 21st century, compact excavators are what skid steer loaders were in the late 20th century: highly maneuverable and versatile tools for the construction and landscape trades.

As is typically the case when a new piece of machinery is introduced into the market, contractors provide manufacturers with feedback that makes the machines more user friendly and productive. Komatsu relies heavily on customer feedback to engineer machines that meet the ever-expanding requirements of its customers. The Komatsu compact excavator line is no exception.

The market for compact excavators has grown more than 250 percent since 2002, and has exceeded the market for backhoe loaders. Part of the increase is due to economics, but a big part of the growth for these powerful products is the recognition by contractors that compact excavators are for real; they're productive, flexible and can do jobs and go places that larger machines can't.

A vast assortment of features

Komatsu compact excavators continue to advance by introducing features that contractors appreciate. To meet the wide range of customer requirements, Komatsu offers 10 models ranging from the 1,960-pound PC09 to the nearly 18,000-pound PC78MR. Features include:

- Pilot proportional joystick controls and load-sensing hydraulics that make operation smooth and effortless;
- Control-pattern changer that allows either backhoe or excavator operators to use the operating pattern they're most comfortable with;
- Boom offset that permits machines to work in very tight spaces;

- Three track options that allow customers to choose what's right for their business — standard rubber tracks, optional steel tracks for work in abrasive conditions, or optional Komatsu Road-Liner tracks that are ideal for work on pavement;
- A four-way, power-angle backfill blade option on PC35MR-2 and PC50MR-2 models that improves flexibility and backfilling productivity;
- A standard thumb-mounting bracket on the dipper arm (available in early 2007) that allows installation of a hydraulic thumb attachment without the need to weld on the arm;
- A significantly expanded range of attachments through a cooperation with Werk-Brau, a major manufacturer of excavator and backhoe attachments, will also be available in 2007.

With everything they have to offer, there's another reason to check out the lineup of Komatsu compact excavators. Now is the time to take advantage of Komatsu's zero-percent retail finance plans. ■



In 2006, Komatsu introduced the four-way, power-angle blade option on its PC35MR-2 and PC50MR-2 compact excavators to improve flexibility and backfilling productivity. This year will see the introduction of a standard thumb-mounting bracket on the dipper arm, as well as an expanded range of attachments.



FIELD NOTES

QUARRY DAYS

Large machines take the spotlight at Komatsu proving grounds in Cartersville, Ga.

More than 200 equipment users from across the U.S. and Canada got an up close and personal look at numerous Komatsu machines designed for quarry, large construction and small mining applications at Komatsu Quarry Days late last year. The Quarry Days show was

the first event to be held at Komatsu's new proving-ground site located at the Komatsu Training Center in Cartersville, Ga.

Similar to the former Komatsu Field Days, the manufacturer will now stage Quarry Days and similar shows in the future in order to provide equipment users with the opportunity to talk to product managers and field test the equipment. The difference from Field Days is that, rather than have machines of all sizes at the same show, Komatsu will now host smaller events that focus on a particular size class of equipment. Generally speaking, quarry machines range from the large end of the construction class of equipment to small mining-class machines.

Machines at Quarry Days consisted of dozers, (D85EX-15, D155AX-6, D275AX-5 and the new Tier 2-compliant D475A-5), excavators (PC400LC-7, PC600LC-8, PC800LC-8 and the new PC2000-8), wheel loaders (WA430-6, WA500-6 and WA600-6), rigid-frame trucks



This 100-ton HD785 haul truck breaks the ribbon at the grand opening of the new Komatsu demonstration site, which hosted its inaugural event, Quarry Days, late last year.

The Komatsu demo site is about a 12-acre area immediately behind the Komatsu Training Center in Cartersville, Ga. It easily accommodated 15 large machines for Quarry Days.



The Quarry Days event provided customers with an opportunity to speak directly with Komatsu personnel, such as Excavator Senior Product Manager Peter Robson.



The new D275A-3 dozer with a Tier 3 engine was one of four Komatsu dozers at the Quarry Days event.

(HD605-7 and HD785-7), the HM400-2 articulated dump truck and the GD655-3 motor grader.

Complete lineup

Among the new machines at Quarry Days were the PC800LC-8 and PC2000-8, which replace the PC750 and the PC1800 in the Komatsu excavator lineup. Also new is the WA430-6 wheel loader, which replaces the WA400. Dozers at the show ranged from 264 horsepower to 890 horsepower.

“We believe our quarry-size group of machines is the most complete lineup in the industry and includes a number of units we consider to be unique and unrivaled products,” said Komatsu Vice President of Product Marketing Erik Wilde. “We were pleased with the opportunity Quarry Days gave us to show these outstanding products to current and potential customers in a real-world environment.” ■



Tom Stedman, Komatsu Marketing Manager for Mining Trucks (far right) visits with a group of customers at Quarry Days.



The 956-horsepower PC2000-8 (above) is a new machine that replaces the PC1800 in the Komatsu excavator lineup. Similarly, the new PC800LC-8 (below), has more horsepower and greater stability than the PC750 it replaces.



The new WA600-6 wheel loader, which improves productivity while dramatically lowering fuel consumption, is a significant upgrade from the previous model and is considered to be one of Komatsu’s unique and unrivaled products.





KOMATSU & YOU

REALISTIC BUT OPTIMISTIC

Komatsu America President believes 2007 could start another upturn in construction



Ted Ohashi, President and COO,
Komatsu America Corp.

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.

Since graduating from the University of Tokyo in 1977, Ted Ohashi has worked for Komatsu in increasingly important positions. He's now beginning his fourth year as President and COO of Komatsu America Corp. and he's not looking to leave anytime soon.

"North America is the world's largest market for construction and mining equipment and as such, is very important to Komatsu," said Ohashi. "Being President of Komatsu America is certainly a challenge, but it's one I enjoy and I want to stay in the position as long as Komatsu wants me to be here."

With a strong background in engineering, including a master's degree from Stanford University, Ted understands the nuts and bolts of the equipment industry. He also understands what equipment users want and need. "Our customers want reliable equipment and they want outstanding support. Komatsu and our distributors are committed to providing both."

Ted's wife remains in Tokyo with their three sons, two of whom are in college, while the third is finishing high school. "It's an accepted part of life in Japan to go where your job takes you, so the long-distance marriage is not a major issue," said Ohashi. "Besides, I travel so much in my job that we would spend a lot of time apart even if she lived here in Chicago. As it is, she visits relatively frequently and I can plan my schedule to be home when she's here."

In his free time, Ted enjoys attending the Chicago Opera and playing golf. "On Christmas Day 2005, I hurt my back in a rather serious bicycle accident, so I wasn't able to play as much golf last year. But I hope to make up for it in 2007."

QUESTION: Following three years of extraordinary growth in the construction economy, there are questions about 2007. What is Komatsu expecting this year?

ANSWER: I would say we're realistic but optimistic about what 2007 is going to bring. Certainly, demand for equipment leveled off in 2006, largely because of about a 25 percent decline in housing starts compared to 2005. Our hope and belief is that the bottom of the housing market has been reached and that a rebound could well begin this year.

Of course, much depends on what happens with interest rates. Our hope is that interest rates are through climbing and may actually start inching back down in 2007. If that happens, the current excess housing inventory should get used up, which means more houses will need to be built.

QUESTION: Beyond housing, what's the construction economy like?

ANSWER: Remarkably strong. Non-residential building, highway construction and mining all had excellent years in 2006 and we expect more of the same for 2007. As always, the level of activity will vary region by region, but overall we are optimistic about the construction economy and Komatsu's place in it.

QUESTION: What is Komatsu's place as an equipment manufacturer?

ANSWER: We are the world's second-largest manufacturer and supplier of utility, construction and mining equipment. In North America, my goal as president is to help Komatsu America achieve steady and sustainable growth each and every year, and so far, we've accomplished that.

When you look at where we started from — a sales and marketing company that simply imported dozers to sell in the U.S. — our



Komatsu is taking steps to improve product support by increasing service personnel to aid distributor technicians as necessary. Komatsu is also working to certify all distributor technicians.

growth in and commitment to North America is remarkable. We now offer a full range of products and services, and have several manufacturing plants here. Significantly, we also recently added the important R&D function for mining trucks and many dozers, which, in essence, makes the U.S. the center of the Komatsu universe for those products. So, although we are a foreign company, we also consider ourselves to be increasingly American, and I think our North American customers see that and appreciate it.

QUESTION: Speaking of customers, what are American equipment users looking for from Komatsu?

ANSWER: Equipment users are very smart. They know that the cheapest price doesn't necessarily mean the best value. At Komatsu, we've always emphasized the life cycle of a machine. What's important is the production you get compared to operating costs throughout the life of the machine, which takes into account repairs, downtime and resale value. Komatsu customers understand that concept and understand that Komatsu provides it as well as, if not better than, any other manufacturer.

QUESTION: What is Komatsu doing to improve customers' experience with Komatsu products?

ANSWER: Our products have always been well-received and well-accepted by customers. Much of what we're emphasizing now is support related.

For example, we've opened six regional parts depots to complement our national parts distribution center to help us get parts to customers more quickly. We're taking steps to help our dealers improve their service technicians by training and certifying them based on their level of expertise. We've also increased the



A slowdown in housing starts impacted construction in 2006. Komatsu America President Ted Ohashi is cautiously optimistic that the bottom of the housing market has been hit and that 2007 could start a new upturn.



number of Komatsu service personnel to help our dealers out as needed. And we've put our GPS-based KOMTRAX monitoring system on all Tier 3 machines, which we constantly track right here at Komatsu America headquarters to help us support our dealers and our customers much more proactively.

QUESTION: When an equipment user hears the name Komatsu, what do you want him to think?

ANSWER: Solution provider. More than just a manufacturer of equipment, we want our customers to think of us as a partner who can help them succeed in their business. Our Working Gear Group, with its focus on developing equipment and attachments for specific industries, such as material handling or demolition, is a good example of our commitment to being a solution provider. In conjunction with our excellent nationwide distributor network, we believe we can help customers solve their problems, and in turn help them be more productive and more profitable. ■

Komatsu has four manufacturing plants in North America, including this one in Candiac, in the Canadian province of Quebec. "Although we are a foreign company, the fact that we have a large factory presence, and have even moved some product R&D functions to the U.S. and Canada, demonstrates that we are becoming increasingly American, and I think North American customers appreciate that," said Ohashi.



MILESTONES

CELEBRATING 20 YEARS

Chattanooga Manufacturing Operation marks anniversary



**Dennis Riddell,
General Manager**

Dignitaries and employees gathered to celebrate the 20th anniversary of Komatsu's Chattanooga Manufacturing Operation (CMO) in early November. The achievement was honored with the planting of a ceremonial cherry tree similar to the one planted on the site when it opened.

Today, the operation has a payroll of more than 300 employees who work to manufacture

hydraulic excavators and articulated dump trucks for the North American market. In 2007, the 488,000-square-foot plant will roll out its 34,000th machine.

"This anniversary underscores Komatsu's commitment to the North American market," said Dave Grzelak, Chairman and CEO of Komatsu America Corp. "Throughout the past 20 years, we have enjoyed a reputation built on an experienced work force; a strong allegiance to our supplier base and to the Chattanooga community; and a commitment to the area's economic growth. As we continue to expand Komatsu's presence throughout the United States, we remain loyal to these initial principles upon which the company was founded."



The Chattanooga Manufacturing Operation's 20th anniversary celebration featured speakers Dave Grzelak, Chairman and CEO of Komatsu America Corp. (above left), and Masahiro Sakane, President and CEO of Komatsu Ltd.

In addition to Grzelak, several Komatsu executives and local officials made remarks, including Masahiro Sakane, President and CEO of Komatsu Ltd.; Dennis Riddell, General Manager of the Chattanooga Manufacturing Operation; Chattanooga Mayor Ron Littlefield and Hamilton County Mayor Claude Ramsey.



Officials at the Chattanooga operation's 20th anniversary celebration planted a ceremonial cherry tree, similar to the one planted on the 53-acre site when it opened.

Komatsu's Chattanooga Manufacturing Operation produces hydraulic excavators and articulated trucks.

"I believe Komatsu can be very proud of its place in the local community," said Riddell, who has been at the CMO for more than 19 years. "The community has really embraced us and given the CMO a lot of help over the years. In turn, we've provided well-paying jobs with good benefits. It's been a great partnership between the CMO and the local community."

Throughout its two decades of history, the Komatsu CMO has seen several changes. The plant's first production models included wheel loaders, dump trucks and small crawler tractors. The plant also produced other machinery, including motor graders.



'A natural fit'

Today, the chief focus of the CMO is production of hydraulic excavators — which began in 1990 — and articulated trucks, which started in January 2005. The plant builds five excavator models (PC200, PC220, PC270, PC300 and PC400) and three trucks: HM300, HM350 and HM400.

"It's really a natural fit to manufacture both of those machines here," said Riddell. "There's synergy between the articulated truck and the excavator because, typically, those machines are paired together as a work team. It also made sense to bring production of the articulated trucks here because North America is the largest market for those type of trucks globally."

Currently, the CMO is manufacturing an excavator in a little more than two days, but Riddell noted that the goal is to drop that to less than two days. For custom-order excavators, the plant employs a "4W1D" approach. "That stands for four weeks and one day," Riddell explained. "Our goal is to have a custom machine built to the customer's specifications in that amount of time after we receive the order.

"Our lead time on articulated trucks is about two months," he continued, "but we expect to cut that down to one month soon. Our ultimate goal is to reduce it to a week."

Quality conscious

Riddell oversees a skilled and experienced staff whose focus is on ensuring that every product is of the highest quality. The plant runs one shift per day for assembly, and three shifts in fabrication, which includes welding and machining of components.

"Our philosophy is to build quality into the product," Riddell noted. "Each person is responsible for his or her work. Each machine goes through several stations as it's being built. The workers at each station assume the workers at the next one are their customers. By doing that, each step has a quality focus. The end result is our distributors and end users get a product that's been built with the highest standards in mind."

Quality is further ensured once a machine has been assembled. Experts thoroughly test and inspect machines before they're stored on the 53-acre site prior to delivery to distributors and customers.



Workers install a hose on an articulated truck at the Chattanooga Manufacturing Operation, which began producing HM300, HM350 and HM400s in January 2005.



Using an overhead crane, a worker installs the counterweight on a PC300LC-7 at the Chattanooga plant.



More than 300 employees work at the Chattanooga Manufacturing Operation. Many of those workers have been at the plant more than 15 years.



General Manager Dennis Riddell (far right) often leads visitors on a guided tour of the plant.

"We have several quality-control checks throughout the manufacturing process, but after the machine is built, we go over it with a fine-tooth comb," Riddell said. "For instance, two people check over the excavators, conducting a 90-minute inspection. One examines all the operational functions, such as boom speed, travel speed, and up-and-down arm movement. The other checks what I call 'the frills' — items such as the windshield wiper, radio and cigarette lighter. If they don't believe a machine is right, it doesn't go out."

That will always be the philosophy, according to Riddell. "We're very proud of the machinery we produce here, and 20 years is a great testament to the dedication of both Komatsu as a company and the people who work here. Chattanooga and Komatsu have become great partners and it's a relationship that will carry forward for a long time." ■



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PRODUCT SUPPORT

CUSTOMER SUPPORT PROGRAMS

Proactive product support can extend equipment life and save you money

If you're looking to get the most out of your equipment for the longest time, you might want to consider Komatsu Customer Support Programs (CSP). Komatsu distributors offer cost-effective CSPs to cover a full range of maintenance services, all designed to improve equipment productivity and reliability.

CSPs include Komatsu Oil & Wear Analysis (KOWA), which uses independent labs to test oil for wear metals and contaminants; PM-PRO, which is a planned maintenance program in which a distributor technician comes to your jobsite to perform all routine maintenance procedures including oil sampling; and Preventive Maintenance Inspections (PMI), which consist of a walk-around inspection and diagnostic tests to measure engine speed and hydraulic pressure to ensure your machine is working up to its capabilities.

Also offered is a repair and maintenance (R&M) program that uses machine histories and a proactive "before failure" approach to changing out parts and components. With an R&M agreement, you can schedule and budget all repair and maintenance items in advance.

Komatsu's Track Management System (TMS) helps you get the most out of your undercarriage. This CSP manages undercarriage wear to help you maximize usage and avoid costly downtime.

Also available is Komatsu ADVANTAGE Extended Coverage, which is a warranty that will take over when your initial new-machine warranty expires. It allows you to choose from full-machine or powertrain coverage, and select from among a number of options for the time period, hours and deductible.

Lower O&O costs

All Komatsu CSPs are designed to help you lower your owning and operating costs, improve equipment uptime and provide the longest productive life for your Komatsu machines. They also improve the resale value of your equipment by providing proof that the machine has been well maintained.

Feel free to talk to our service manager or a product support representative to learn more about Komatsu Customer Support Programs and how they can help you benefit your operation. ■

Oil sampling through the Komatsu Oil & Wear Analysis (KOWA) Customer Support Program is one of the best ways to reduce unexpected and costly equipment downtime and repairs.





SERVING YOU BETTER

BRANCH UPGRADE

New track shop, pavement, landscaping are among the improvements at TEC's Columbus location

There's a new, fresh look and some added capabilities at Tractor & Equipment Company's Columbus, Ga., branch location, which reflect its dedication to service.

Most notably, TEC recently established a full-service track shop at its Columbus facility. The track press allows service technicians to perform undercarriage work such as pin and bushing replacements and turns, link replacement, pad change-outs, seal replacement and installation of new OEM or all-makes undercarriage components.

TEC has also added a concrete surface to much of its Columbus branch property in preparation for construction of a new six-bay service shop. A newly paved entrance drive and parking lot enhance the property and the building pad for the shop is in place.

"We're looking forward to the opening of the new shop because it will greatly expand our service department capabilities," Freeman stated. "We'll be able to get more customers' machines repaired in less time."

In addition, the new shop will have room for a larger parts warehouse, which will include a complete hose operation.

Improved appearance

While providing a more attractive appearance, the new concrete surfaces at TEC's Columbus branch also improve customers' experience when visiting the facility. "This is a cleaner, better working environment for our customers and staff," acknowledged Freeman.

TEC has also made landscaping improvements at the Columbus location, including new flower beds and shrubs. "We want our customers to have a pleasant overall experience when they come to our facility," Freeman continued. "Not only are we committed to improving the way we operate, we're taking steps to polish the appearance of our business.

"It's just another way we can serve our customers," Freeman concluded. "That's why we're here. We're constantly looking at things we can do to improve the way we do business, and with our recent improvements, I think we've done just that." ■



New landscaping adorns the front entrance to TEC's Columbus branch.

The newly paved drive and parking areas at TEC's Columbus branch provide a cleaner, more pleasant environment for customers and staff.



This full-service track shop is a recent addition to the TEC Columbus facility.





NEWS OF NOTE

COMMITTED TO CUSTOMERS

Award recognizes TEC for longstanding commitment to product support

Customers of Tractor & Equipment Company have long experienced TEC's commitment to product support and service. Now, TEC has received recognition that further confirms its dedication to limiting customers' machine downtime.

TEC has earned Komatsu's Outstanding Parts Performance Award for 2006. The award is based on parts availability for customers, meeting certain parts operational criteria and achieving Komatsu's goals for customer coverage by product support sales representatives.

"Tractor & Equipment has exceeded those standards considerably," said TEC Vice President and Parts Manager Steve Day. "TEC is particularly proud to receive this award because we give so much attention to product support and customer satisfaction. We've made substantial investments in product support throughout the life of the company, but particularly in recent years."

As part of that investment, TEC has one of the largest parts inventories in the country. To move parts and get them to customers as quickly and efficiently as possible, TEC operates a special transportation service called NODS, which stands for Network Overnight Delivery Service.

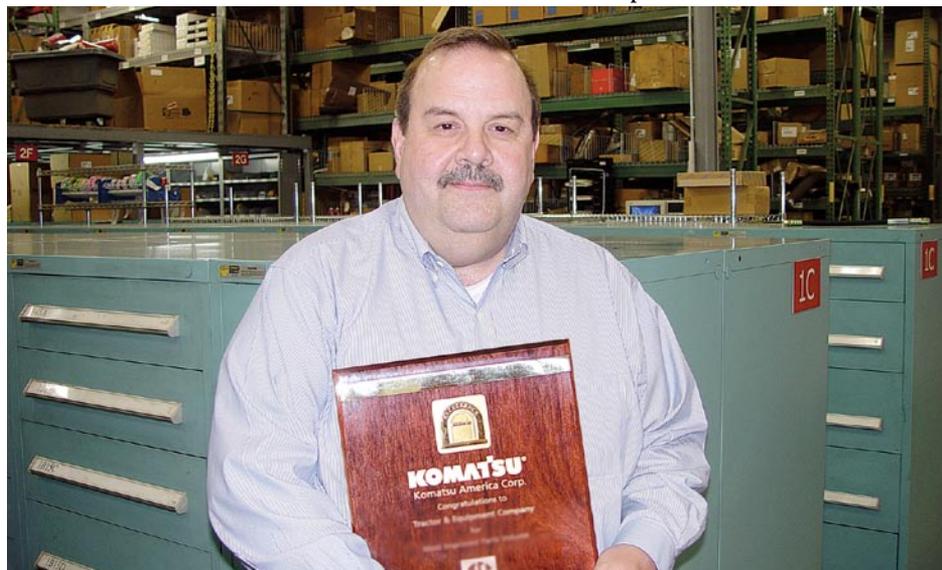
"While our customers are sleeping, we're running parts," Day explained. "We run two tractor trailers a day to Komatsu's main distribution facility in Ripley, Tennessee. We then bring those products back to our Birmingham hub and distribute them to all our branches. If we don't have a part in stock, our customers can get it by 7 the next morning using NODS."

Hose initiative

In addition, Day said the company has also made a large investment during 2006 and 2007 to ensure customers can get replacement hoses as quickly as possible. "Virtually everything Tractor & Equipment sells has hydraulic hoses, so our ability to make a hose goes a long way toward improving customers' machine availability," Day explained. "We've made very large investments in replacement hose and hose machines, fittings and adapters in every branch. We're proud that we can make virtually any hose customers might need, no matter which branch they walk into. Very few distributors of any kind have the same capability for hose making that Tractor & Equipment now offers."

Day said the Outstanding Parts Performance Award is a further reflection of TEC's longstanding commitment to service. "Tractor & Equipment remains committed to providing outstanding product support for its customers," he said. "We're continuing to look for new ways to give industry-leading support." ■

TEC Vice President and Parts Manager Steve Day displays the company's Outstanding Parts Performance Award, which Komatsu presented to TEC in 2006.



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TRACTOR & EQUIPMENT Company





RELIABLE EQUIPMENT
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DISTRIBUTOR CERTIFIED

QUALITY USED EQUIPMENT

How Komatsu Distributor Certified used machines have helped this utility contractor grow

Since starting an underground utility company in Fort Myers, Fla., about ten years ago, Jim Murphy has seen the firm grow from a handful of people to about 60 today. Certainly, some of that growth is attributable to a Gulf Coast economy that boomed during that period, but equally important is the quality of work that J.P. Murphy, Inc. is known for doing.

“Our philosophy is to get the work done fast and give the customer top quality for the dollar,” said Murphy. “Whether it’s commercial work, residential work or municipal work, we believe in providing value for the developer or municipality that hires us.”

A perfect fit

As his company has grown, so has his equipment fleet, most of which consists of Komatsu Distributor Certified used machines.

“We probably have at least 15 Komatsu Distributor Certified used machines,” reported Murphy, whose fleet includes half a dozen Komatsu WA320 wheel loaders, numerous Komatsu excavators ranging up to a PC600, and a couple of small dozers. “I’ve always preferred to buy slightly used equipment to let somebody else pay for the initial depreciation, so the Komatsu Distributor Certified used program was a perfect fit for us. We get high-quality used equipment that’s been inspected and certified, and because of that, we know our Komatsu distributor is going to back it up.

“The other thing that’s important to me is the Distributor Certified pieces we buy tend to be very good, low-hour machines, so they qualify for extended warranties and special rates from Komatsu Financial,” he added.

“The low interest rates make an affordable machine even more affordable, and as a result, I’ve gotten some very good deals.”

Murphy says most of the Komatsu Distributor Certified machines he owns were less than a year old and had fewer than 3,000 hours when he bought them. “I believe in buying good machines, maintaining them well, and holding on to them for the long term. With these Komatsu Distributor Certified pieces, I expect to get five to eight years out of them, at least.” ■



Jim Murphy, Owner and Founder of J.P. Murphy, Inc., owns more than a dozen Komatsu Distributor Certified used machines, including numerous WA320 wheel loaders. “With Komatsu Distributor Certified Used equipment, we get high-quality used equipment that’s been inspected and certified, and we know our Komatsu distributor is going to back it up.”

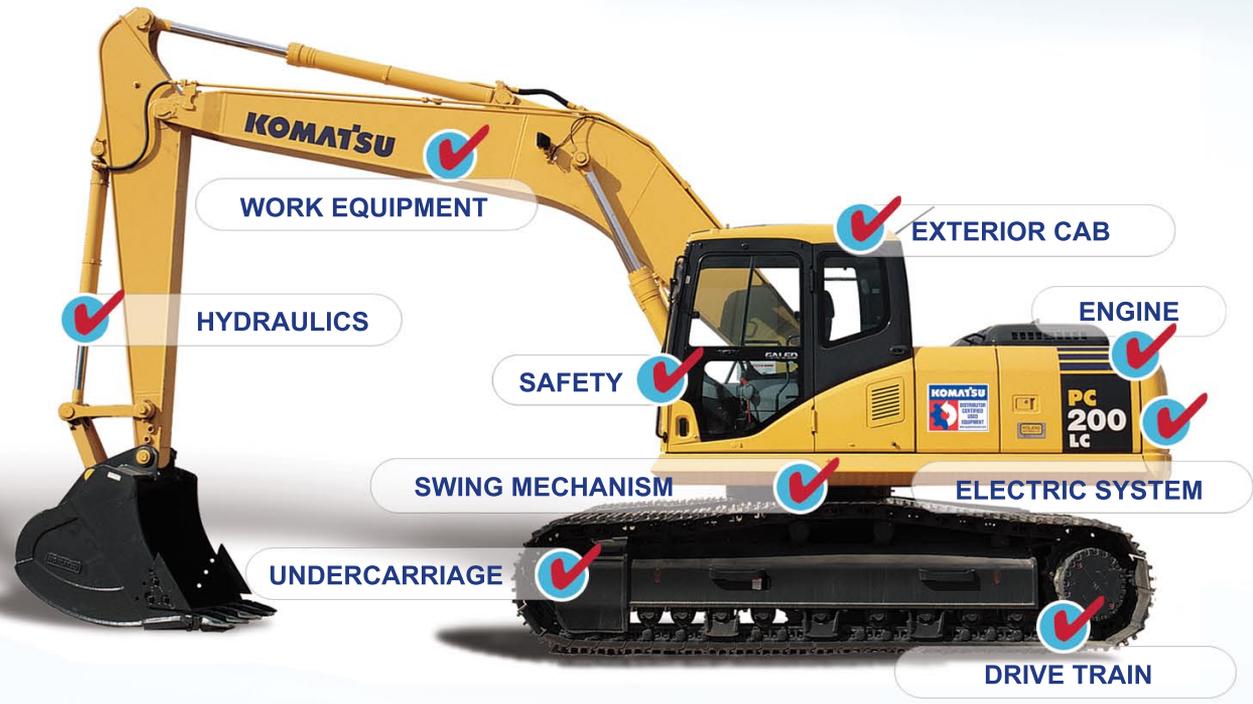
Among J.P. Murphy’s Distributor Certified Used machines is this PC600LC-6, which is the company’s mainline utility machine.





KOMATSU DISTRIBUTOR CERTIFIED USED EQUIPMENT

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If it can be measured, we measure it!

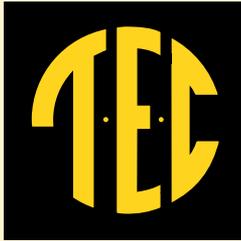
Whether you're looking for a high-quality machine that will become part of your fleet, or for a machine that will get you through the busy season, Komatsu Distributor Certified Used Equipment is your best alternative to buying new.

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 and click on "used equipment."





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Komatsu WA150L-5, S/N 71908



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