Featured in this issue:

BOONE SERVICES
Highly diversified Baton Rouge contractor creates quality projects for repeat clients

See article inside...
Dear Equipment User:

After years of decline, hopefully the recent strong construction economy has been good for you, your employees and your business overall. We are encouraged to see that customers seem to have the work they need to keep their equipment busy and H&E is here to help. We look forward to another active construction season serving your equipment sales, rental and product support needs.

At H&E Equipment Services, our goal has always been to have the equipment and services you need, when you need them. You can rest assured that we will do our best to get whatever piece you’re looking for, but you can help by letting us know what you think you’re going to need as early as possible. Additional lead time will allow us to explore all options.

While you may need some new, used or rental machines to meet your work load this year, something else you’ll certainly want to do is extend the life of your existing equipment fleet. One way to do that is to let us take care of your routine maintenance and repairs. We offer a full range of repair and maintenance contracts that we’re convinced will save you money in the long run and we’ll be happy to explain the programs to you. You can also read more about them in this issue of your Advantage magazine.

As always, we hope you’ll allow H&E Equipment Services to be a part of your equipment solution. We look forward to proving what we can do for you, in good times and bad.

Sincerely,

John Engquist
President, CEO
H&E Equipment Services
THE PRODUCTS PLUS
THE PEOPLE TO SERVE YOU!

IN THIS ISSUE

BOONE SERVICES
During the past 30 years, this Baton Rouge contractor has grown and diversified to become a full-service site-development company. Read how two generations of the Boone family use their “customer-first” attitude to keep clients coming back.

GUEST OPINION
Funding shortfalls could mean big trouble for the nation’s water infrastructure systems. Find out what’s needed to resolve the problem.

EQUIPMENT FOCUS
Komatsu is serious about its “Quality you can rely on” motto. Learn what it means for equipment users in practical terms.

INDUSTRY EVENT
The biggest construction industry show ever just took place and Komatsu was there in full force. Here’s a recap of what you might have seen if you attended or what you missed if you didn’t make it to CONEXPO-CON/AGG 2005.

NEW PRODUCT
If you’ve been looking for a vertical-lift skid steer loader that’s larger and more powerful, this is it. Read all about Komatsu’s new SK1026-5.

SERVICE NOTES
Find out why more equipment users are turning to Komatsu distributors to handle routine machine maintenance with PM contracts.

KOMATSU & YOU
Three Komatsu America leaders share their insights about equipment, parts support, the construction industry outlook and other topics.

Published by Construction Publications, Inc. for

H&E Equipment Services
www.HE-equipment.com

H&E Equipment Services

Sales • Parts • Service
Rentals • Training

Blaw-Knox asphalt pavers and Ingersoll-Rand high-performance compactors offer reliability, durability and smooth results that set the industry standard. The Ingersoll-Rand paving team delivers uniform compaction and surface texture at infinitely variable material widths. With rugged, powerful units like these, you have the freedom to focus on what really matters — getting the job done.

For more information about the full range of compaction and paving products available from Ingersoll-Rand and Blaw-Knox, contact your nearest H&E Equipment Services location.

**H&E... Louisiana’s authorized Ingersoll-Rand dealer**

**Equipment Services**

**Baton Rouge**
(225) 356-6113

**Kenner**
(504) 467-5906

**Shreveport**
(318) 746-5272

**Lake Charles**
(337) 625-2180

**Alexandria**
(318) 443-7173

**Gonzales**
(225) 644-2328
Brent Boone started Boone Services in the mid-1970s out of necessity. A factory worker, Boone had been doing small site jobs for a few years on the side and really liked the work, but with five young children at home, he also liked the steady paycheck from the plant. But when that factory job went away, Boone didn’t have to think too hard about what he was going to do.

“Of course, starting Boone Services and going to work for himself turned out to be the best thing that ever could have happened to my dad,” said Carey Boone, who, along with his father Brent, runs jobs and oversees field work for Boone Services. Another son, Tracy Boone, is in charge of the estimating, office and financial end of the family business.

Brent started small, doing odd jobs by himself. The work was mostly light residential work like lot grading and bush hogging. Throughout the years, the company grew gradually. In 1993, after graduating from high school, Carey joined his dad full time. Tracy went to college and joined the company full time four years later.

“Dad had grown the company to about 10 full-time employees when I came on board,” Carey recalled. “Once Tracy and I both became involved, we started growing more rapidly, which only makes sense when you stop to think about it. With us, there were two more people who had a vested interest in how we were doing, and who went home at night thinking about what more we might be able to do.”

“The result of that thinking is that we began to diversify into some services we hadn’t previously offered,” added Tracy. “That diversification brought more growth and now we have about 60 full-time employees.”

**Full-service site developers**

Today, Boone Services is a full-service site-development company.

“In the beginning, we did clearing and general dirt work and that was about it,” Carey remembered. “Then we started putting in culverts, sewer and water lines and lift stations. Today, we also do concrete work and demolition. We prefer jobs that include earthmoving, but we also do municipal sewer work, new road work and stand-alone concrete work. Just about anything a customer wants done, we can do it.”

“Our main focus is working for a developer who contacts us right at the beginning of a

Continued . . .

The Boone Services office staff includes (back row, L-R) Carey Boone, Brent Boone, John Wild, (front row, L-R) Carrie Wright, Jessica McCarty and Tracy Boone. Carey and Brent oversee most of the field activities for Boone Services while John, Carrie and Jessica assist Tracy in the office.
Future growth likely for Boone Services

...continued

project — whether it’s a residential subdivision, a shopping center, a hospital or whatever,” Tracy explained. “He has a piece of ground he wants to develop and we make it happen, from the clearing to the final dressing. Except for the asphalt work, which we sub out, we do everything else in-house, which is one of our strengths. Being in control of all the various aspects of the job helps us better meet budgets and deadlines.”

Customer service

Boone Services, which works primarily within about a 30-mile radius of Baton Rouge, prides itself on providing top customer service and satisfaction.

“Because of a customer-first attitude, most of our work is for repeat clients,” Carey pointed out. “They come back to us because we do good work, we do it fast and we stand behind it. If there’s a problem on a job and it’s our fault, we fix it. Period. It doesn’t matter if it may be out of warranty. We’re going to take care of it because that’s the way we do business. And even if it’s not our fault, we’re going to help the customer out. We’ll fix it and charge him a fair price — not gouge him. I think that’s why so many of our customers are loyal to us.”

“We don’t duck anybody, ever,” added Tracy. “If a customer wants to talk to me, Carey or Dad, we get on the phone. We always want to know what’s going on, whether it’s good, bad or indifferent. The other thing is, we try to help our clients up front. Going into a project, if we see something that can be done differently, something that’s going to save them money or improve the job, we’re going to let the owner know about it right away rather than wait and try to take advantage of it later on.”

Employees are key

It’s one thing for owners to think that way. At the most successful companies, employees share that same customer-first attitude. The Boones say that’s the real reason they’ve been able to grow and prosper.

“The quality of people we have is the real key to what we’ve been able to accomplish,” said Carey. “Our management and supervisory personnel are topnotch and they’ve stayed with us through the years. In fact, the first guy Dad hired, David Landry, is still here after almost 25 years.”

“We try to treat our employees very well and they repay us with extraordinary effort,” said Carey. “Tracy and I have a strong work ethic instilled in us by our Dad, and the people who work for us tend to share the same trait. If we’ve got to work Christmas Day to meet a deadline or help a customer in an emergency,
that’s what we’re going to do. And our employees not only understand that, I think they feel the same way.”

**Reliable, long-lasting equipment**

To do the timely work that their customers expect, Boone Services relies almost exclusively on a large fleet of Komatsu equipment from H&E Equipment Services in Baton Rouge.

“We probably have 40 to 50 Komatsu machines, most of them excavators and dozers,” noted Tracy. “For us, productivity is what it’s all about and Komatsu equipment is productive. It’s really that simple.”

“If it didn’t work and didn’t last, we wouldn’t have it,” Carey added. “Komatsu machines definitely last a long time. We believe in buying and holding our equipment and working it until it just won’t work anymore. I don’t think we’ve ever sold anything. In fact, the first units Dad bought back when he was getting started were a Komatsu PC150 track hoe and a D41 dozer. We still use both machines. They’re not out on jobs anymore, but we still use them in the yard.”

Boone Services’ excavator fleet includes five Komatsu PC200s, eight PC220s and five PC300s. The company also has up to 20 Komatsu dozers ranging from a D31 up to a D85, with most in the D41 and D65 size classes. In addition, they own two Komatsu parallel tool carriers (WA180PT and WA250PT), as well as two WB140 backhoe loaders.

Boone Services does most of its own equipment maintenance and repairs, but calls on H&E Equipment Services as needed.

“H&E has been a really good partner,” acknowledged Carey. “Our salesman Jeff Stringer is very helpful and basically, whatever we need, any time of the day he gets right on it. The people at H&E understand that downtime is enemy number one. I think they also appreciate our loyalty through the years, so they respond very well when we call.”

**Still growing**

While Boone Services has experienced significant growth in recent years, both brothers say they don’t think the company has peaked.

“I wouldn’t say we’re actively trying to get bigger, but I think we will continue to grow,” said Carey. “It really comes down to people. For us, it’s about getting the people and then getting the work — not the other way around.”

“We’ll continue to look for new opportunities, but any growth we experience will not be because of some grand plan on our part,” added Tracy. “Our growth will come from doing quality work, which has always been and will always be our primary focus. That’s what our customers expect and it’s what we deliver because of our hands-on approach to the business. And that hands-on, personal touch is something we’re always going to have because it’s who we are.”
It’s time to turn up the volume on water infrastructure. The simple fact is that the nation is facing a water infrastructure crisis. How big that crisis is depends on whom you ask. The Environmental Protection Agency (EPA) predicts that over the next 20 years, water infrastructure investment will lag behind needs by $300 billion to $500 billion. The Water Infrastructure Network (WIN) has estimated the annual investment shortfall over the next two decades at $23 billion.

In contrast to those needs, the figures proposed in the Bush Administration’s FY 2006 budget are paltry. They’re actually less than last year, which was less than the year before. Under the administration’s budget proposal, the Clean Water State Revolving Fund (SRF) would receive just $730 million for FY 2006, a whopping 46 percent cut from what the program received in 2004. The Safe Drinking Water SRF would receive $850 million, roughly the same as last year.

Pro-infrastructure members of Congress have criticized the figures. Sen. Jim Jeffords, I-Vt., said the cuts would have a “devastating” impact on efforts to improve water quality. Senate Environment and Public Works Committee chairman Jim Inhofe, R-Okla., said he was troubled by the proposed SRF cuts. Committee member Hillary Clinton, D-N.Y., called the proposed cuts shortsighted, given the nation’s enormous water infrastructure needs.

The administration said the funding cuts were necessary given the fiscal constraints of the current budget situation. According to EPA, the $730 million proposed for the Clean Water SRF next year is consistent with the administration’s goal of providing $6.8 billion in total funding for the SRF program by 2011. But those funding levels won’t go very far toward closing the $300 billion, 20-year water infrastructure funding gap predicted by the EPA itself.

With a $300 billion shortfall in water infrastructure funding over the next 20 years, many water projects could be postponed or cut back, limiting construction growth. Water State Revolving Fund (SRF) would receive just $730 million for FY 2006, a whopping 46 percent cut from what the program received in 2004. The Safe Drinking Water SRF would receive $850 million, roughly the same as last year.

Pro-infrastructure members of Congress have criticized the figures. Sen. Jim Jeffords, I-Vt., said the cuts would have a “devastating” impact on efforts to improve water quality. Senate Environment and Public Works Committee chairman Jim Inhofe, R-Okla., said he was troubled by the proposed SRF cuts. Committee member Hillary Clinton, D-N.Y., called the proposed cuts shortsighted, given the nation’s enormous water infrastructure needs.

The administration said the funding cuts were necessary given the fiscal constraints of the current budget situation. According to EPA, the $730 million proposed for the Clean Water SRF next year is consistent with the administration’s goal of providing $6.8 billion in total funding for the SRF program by 2011. But those funding levels won’t go very far toward closing the $300 billion, 20-year water infrastructure funding gap predicted by the EPA itself.

We’re going to need to do much more than the White House has proposed if we want to keep our water safe, our communities growing, and our economy strong — and all signs suggest that unless we get more engaged, cuts will be enacted. The word from the Hill is that lawmakers simply aren’t hearing from their constituents about water issues. Unless they do, resources will continue to be drained from water construction programs and big funding increases will remain a pipe dream.

In the months ahead, AED is going to do its part to improve the political environment on this issue. Thanks in advance for answering the call to action when the time comes.
Undeniable power, performance and reliability — a history of productivity that runs in the family. Take a look at the pedigree of Komatsu’s complete line of utility equipment and you’ll find a direct link to its larger hydraulic excavators. Arguably the most productive excavators in the world, Komatsu has taken the best features of these machines and built its Utility Equipment with the same uncompromising quality.

To learn more, contact your local Komatsu distributor, visit us online at KomatsuAmerica.com or call 1-800-Komatsu.
Almost anybody in the equipment industry will tell you that the overall quality of utility, construction and mining machines has improved markedly during the last decade or two — and that this improvement is evident virtually across-the-board, covering all machines and manufacturers. In other words, no matter what brand you buy today, you’re more or less assured of getting a decent piece of equipment.

So, as an equipment user, you’d be foolish to buy anything but the lowest-priced machine on the market, right? "Wrong!" says Lee Haak, director of Komatsu ReMarketing, which oversees Komatsu’s Distributor Certified used equipment program. While it’s true that all manufacturers have improved, it doesn’t mean that all machines are now created equal. Komatsu’s motto, “Quality you can rely on,” demonstrates that the manufacturer believes significant differences in equipment still do exist, and that these differences are particularly noticeable over time.

“Any new machine will probably give you fairly good production with relatively few problems for the first year or two,” acknowledged Haak. “The differences start becoming apparent as the machine ages. For small to mid-size machines, quality can start becoming a significant factor, perhaps in the 6,000- to 10,000-hour range.”

Once it reaches that level of service, inferior equipment may be either on its last legs or is beginning to cost its owner a lot of money in downtime and repairs, or perhaps is in need of a major rebuild. But many longtime Komatsu users have found their machines are still going strong at 10,000 hours, and showing no signs of slowing down.

“Honestly, we feel like we’re just getting started,” stated Bob Umbrello, general superintendent of Cape Cod Aggregates, a Massachusetts material supplier that owns about 25 Komatsu WA500 wheel loaders. “We have a Komatsu WA500 that we purchased in 1982 that’s still on the job for us, and we have a number of units in the 25,000- to 30,000-hour range that work right alongside our new Dash-5 Komatsu loaders.”

Of course, in order to get that type of longevity, Cape Cod Aggregates has an
excellent preventive maintenance program. The company scrupulously tracks service intervals to make sure oil, fluids and filters are all changed at the appropriate time.

“That’s another plus for Komatsu,” Umbrello pointed out. “Maintenance is fairly easy to do. But the main thing is that Komatsu wheel loaders are so structurally sound, we don’t hesitate to put a little money into them at 20,000 hours. If we have to do a line boring or replace the pins and bushings, that’s fine. It’s such a solid machine, we know we’re going to recoup our costs many times over.”

“Among companies that take good care of their Komatsu equipment, that type of service isn’t unusual,” reported Bob Post, Komatsu wheel loader product manager. “Like all our equipment, Komatsu wheel loaders are built to last. They feature very heavy frames with lots of steel in high-stress areas, and transmissions that are built to a high standard and spec’d on the high side. Throughout the machine, our first-line components are built to last, and we have data showing those components do last longer than any of our competitors, bar none.”

**Dozers “set the standard”**

A long life span is certainly not unique to wheel loaders in the Komatsu product lineup. In fact, bulldozers were the first Komatsu products, and because of the way they were made, many old Komatsu tractors are still in service.

“I bought my first Komatsu dozer, a D65E-6, in 1985,” recalled Bob Stout of Bob Stout Construction in Mountain City, Tenn. “The thing is, it was a 1973 model that I bought used, so it was basically 13 years old when I got it. I didn’t do anything to it. I took it out and worked it and never had a single problem. That dozer literally put me in business.”

And yes, in case you’re wondering, Stout still has the dozer. Now 32 years old (its hours are a mystery as the meter broke a long time ago), it still works and, according to Stout, “is ready to go whenever we need it.”

Stout also has a couple of Dash-8 models of the D65 that are “only” about 20 years old. “The great thing about Komatsu dozers is, not only have they gotten much better through the years, but they forced the entire dozer industry to get better, or be left behind. In my opinion, they set a standard for quality and dependability that raised the bar for everybody.”

Komatsu dozer product manager Ed Warner says the Komatsu difference is in the details.

“We are one of the few manufacturers that builds virtually everything ourselves. Engines, transmissions, pumps, motors, hydraulic cylinders and valves — they’re all designed and built by Komatsu, in a Komatsu factory, specifically for Komatsu equipment. It’s tailor-made for us, just the way we want it. That’s a big plus compared to a manufacturer that buys a pump motor system off the shelf from a supplier and says ‘this will work,’ or that tries to adapt its machine to the component it gets. The Komatsu way provides optimum performance and the longest life.”

Also adding to machine longevity is the fact that the Komatsu frame is carefully built and assembled for maximum strength. “We use only the highest-quality steel,” said Warner. “We use castings as opposed to weldments wherever castings are warranted. We build rigidity into the machine where rigidity is needed. Everything works together to provide the strength that Komatsu customers have come to expect.”

**Continued . . .**
Durable, long-lasting excavators

For many years, Komatsu has been considered an industry leader in the design and manufacture of hydraulic excavators. It’s a reputation that dates to some of the first models that made their way to the U.S. Always regarded as technologically advanced machines, Komatsu excavators are also renowned for their durability.

“That’s why our entire fleet of hydraulic excavators is Komatsu,” related Jim McClelland, superintendent for SACC, Inc., an underground utilities specialist based in San Antonio, Texas. “They’re very durable, almost trouble-free and extremely long-lasting machines. We have a number of Komatsus that are 11 or 12 years old, and the service we’ve gotten from them is the major reason we’ve stayed with Komatsu when we’ve added to the fleet or replaced a unit. We currently have a number of their new Dash-7 models, in addition to the older Dash-6 and Dash-5 units.”

Such comments are no surprise to Carl Heggen, Komatsu hydraulic excavator product manager. “When a customer buys a Komatsu excavator, he’s buying because of quality — not price. He’s willing to pay a little more for a machine that’s reliable and productive, that will last a long time and hold its value.”

The other thing a Komatsu excavator user is getting, according to Heggen, is a machine that will hold up in a tough application. “Rock digging, serving as a carrier for a hydraulic hammer, demolition — those are the kinds of things that push an excavator to its limits. Because of the way they’re designed and built, Komatsu excavators are able to handle those severe-duty jobs and still provide a long life.”

Quality is the “highest priority”

That type of rugged performance is part of Komatsu’s “Quality you can rely on” heritage, according to Bill Campbell, Komatsu America director of manufacturing. Campbell helps oversee four North American plants (Chattanooga, Tenn.; Newberry, S.C.; Peoria, Ill.; and Candiac, Canada) which produce excavators, articulated trucks, wheel loaders, utility equipment and mining trucks.

“Building a quality machine is our highest priority. Komatsu engineers are very particular about the raw materials and components that we use and how the various parts are built, which is why we build most of our own major components. The manufacturing process itself is very precise with numerous inspections along the way. The importance of quality is underscored by the fact that most of our top executives attend our monthly corporate quality review meetings.”

While he’s proud of the company’s reputation as a leading manufacturer of high-quality equipment, Campbell says there’s no resting on laurels at Komatsu. “Our charge is to always do better the next time. Komatsu’s philosophy is steady improvement, achieved by continually setting the bar higher, with the ultimate goal being to make equipment that stands the test of time.”
Let CEC muscle your materials!

Track Mobile

Powerful Track Drives
Low Profile Loading Hopper
Lockable Control Panel
Dual Plug-Ins For Pendant Line Joy Sticks
Two Product Conveyors Open In Minutes
Hydraulic Planetary Feeder Drive

26x42 Jaw Crusher

Remote Radio Control
Hydraulic Self-Adjusting Clutch
Hydrostatic Variable Speed Feeder
Grizzly Reject Conveyor
Individual Hopper Flair Controls
Belt Magnet For Metal Rejects
Long Tracks - Wide Pads

DUAL UNIT Track Mobile Impact Plant

High Production And On Site Mobility
102x115 Track Mobile Impactor
5x12 Track Mobile Screen
Hydraulic Self Adjusting Clutch
With Push Button Start

6x16 Screen-It

Portability
High Production Screen Action
Screens Up To 12 Inch Material
Screen Down To 1mm Minus Material
Available As 4x10 and 5x12
MANUFACTURED IN U.S.A.
It’s not as rare as Halley’s Comet, a Cubs or Red Sox World Series win, or even a presidential election. But make no mistake, CONEXPO-CON/AGG, which occurs once every three years, is a highly anticipated event for many people in the construction and aggregate industries.

More than 124,000 equipment users and other interested parties attended this year’s show, which concluded its five-day run at the Las Vegas Convention Center on March 19. Almost 2,000 exhibitors used 1.88 million net square feet of exhibit space. Combined with the co-located International Exposition for Power Transmission, more than 45 acres — or about 41 football fields of space — were taken up by the event.

Show officials were pleased with the turnout, which was attributed largely to a construction economy that continues to be very strong. Three years ago, the show was held during an economic downturn and just a few short months after the 9/11 tragedy. As a result, attendance dropped substantially from the record number that attended in 1999. This year, the crowds were back again as equipment users took advantage of the unique comparison shopping opportunity CONEXPO provides them as they look to replace aging fleets.

**Equipment and more**

CONEXPO-CON/AGG encompasses virtually every aspect of the construction and aggregate industries. For most attendees, the highlight of the show is seeing what’s new on the equipment front. All the major manufacturers were there with huge display areas to show their latest machines and personnel were on hand to answer any questions a visitor might have.

The Komatsu booth consisted of 25 machines, including 11 pieces from the company’s growing utility equipment division. Construction-size machines included dozers ranging from the D39 to the D85, the new PC300LC-7 “Power Plus” hydraulic excavator that features added lifting capacity, and two models in the manufacturer’s “unique and unrivaled” line of hydrostatic wheel loaders. Also on display were an HM300 articulated truck, an HD465 rigid-frame truck, the innovative BR380JG mobile crusher and a GD675 motor grader.

In addition to the new products, Komatsu ReMarketing showed a Distributor Certified used machine. Komatsu also displayed its new...
Tier III engine known as ecot 3 (economy and ecology technology).

On the lighter side, Komatsu had a live Internet feed from the bucket of a PC1800 excavator, where attendees could show the folks back home that they were indeed at CONEXPO. There was also the “Komatsu Challenge,” which gave operators a chance to test their skills against others in an articulated-truck-driving video game contest.

**Education and information**

While equipment is unquestionably the star of the show, it’s far from the only reason that people from across the U.S., and in fact from throughout the world (international attendance of more than 21,000 was an all-time record), attend CONEXPO. Educational and informational opportunities are abundant as well.

With more than 115 different offerings, the seminar program was extensive. Specific tracks included Aggregates, Asphalt, Concrete, Construction Project Management, Equipment Maintenance Management, Equipment Maintenance Operations, Environmental Regulations, Management, Personal Development, Recycling, Safety and Utility Construction.

The Information Technology Pavilion displayed the latest construction-related computer software, hardware and peripherals, as well as telecommunications equipment.

For contractors and material producers interested in doing business beyond U.S. borders, an International Forum provided valuable information.

**Industry meeting place**

Beyond the new product information and the educational opportunities, CONEXPO-CON/AGG 2005 presented equipment users with an opportunity to interact with people like themselves from other parts of the country. Informal contacts while having lunch, sitting on an outside bench or viewing a machine frequently lead to information sharing that many contractors discover valuable as they apply it to their own businesses.

An example of the industry-wide attraction of CONEXPO-CON/AGG is the impressive list of sponsors and supporting organizations.

---

*Continued.*
Primary sponsors are the Association of Equipment Manufacturers (AEM); National Ready Mixed Concrete Association; National Stone, Sand & Gravel Association; and Associated General Contractors (AGC).

In addition, more than 100 other allied industry groups were supporting organizations. These included the American Association of State Highway & Transportation Officials (AASHTO); American Road & Transportation Builders Association (ARTBA); Asphalt Institute; Association of Builders & Contractors; Associated Equipment Distributors (AED); Institute of Scrap Recycling Industries (ISRI); National Asphalt Pavement Association (NAPA); National Utility Contractors Association (NUCA); Portland Cement Association; and Specialty Carriers & Rigging Association (SCRA).

CONEXPO will return to Las Vegas in March 2008.

Educational opportunities abound at CONEXPO. This was one of more than 115 seminars that were offered.
Designed to finish first, Komatsu’s new line of reliable wheel loaders strike the perfect balance between productivity, efficiency and economy. Hydrostatic transmissions reduce cycle times by matching ground speed to available work space, making it a breeze to dive in and out of piles. Large cabs with light touch controls keep operators in their seats. And you on the fast track.

For details, contact your local Komatsu distributor. Call 1-800-Komatsu. Or visit KomatsuAmerica.com
WORK HARD
Feel the power and the productivity thanks to the skid steer loader’s two speed transmission — a standard feature. Capable of speeds of up to 10 mph. Plus, Automatic Power Control allows for full utilization of engine power without stall outs.

REST EASY
Maintenance is a breeze thanks to the 250 hour greasing intervals for all pins and bushings. Eliminates daily greasing. And the 1,000 hour hydraulic oil change interval means lower maintenance cost.

For details, contact your local Komatsu distributor. Call 1-800-Komatsu. Or visit KomatsuAmerica.com
For increased performance in a variety of material-handling applications, Komatsu has introduced its latest skid steer loader model, the SK1026-5. It’s the third and largest model in Komatsu’s family of vertical-lift skid steer loaders. Komatsu also makes three models of conventional or radial-arm design skid steers.

“The primary benefit of vertical lift is its ability to achieve maximum dump reach at full dump height,” said Komatsu skid steer loader product manager Bob Beesley. “Because of that, we see this unit as being ideal for the landscape contractor, especially in a truck-loading (10 feet and lower) application. Because the bucket remains close to the machine, the SK1026-5 is also an excellent load-and-carry skid steer.”

Due to the vertical-lift design, the 84-hp SK1026-5 has more capacity than does the SK1020-5, which is Komatsu’s comparably sized conventional skid steer loader. The new model’s operating capacity is 2,650 pounds with a breakout force up to 5,400 pounds. Komatsu’s exclusive standard two-speed travel allows for low impact, shift-on-the-go speed changes between the 6.5-mph work range and 10-mph travel range, which improve cycle times.

Smooth and powerful

“The SK1026-5 has more horsepower than most competitors as well as one of the longest wheel bases in its class,” said Lessner. “But what really sets it apart is Komatsu’s exclusive HydrauMind™ hydraulic system, which Komatsu excavators also have. HydrauMind provides smooth and responsive hydraulic control.”

Also boosting performance on the SK1026-5 is the Automatic Power Control (APC) system, which is Komatsu’s patented engine anti-stall system. An auxiliary hydraulic circuit with a flow of 21 gallons per minute comes standard on the unit. An additional “Super Flow” auxiliary hydraulic circuit with a maximum flow of 34 gpm is also available.

Operators have the choice of three control patterns ranging from traditional hand and foot controls to two variations of all-hand controls. Other options include a fully enclosed cab with heating and air conditioning, and a ride-control feature that smooths out some of the bumps an operator feels.

More than 40 attachments are available for the SK1026-5.

<table>
<thead>
<tr>
<th>Brief specs on the Komatsu SK1026-5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model</strong></td>
</tr>
<tr>
<td>SK1026-5</td>
</tr>
</tbody>
</table>

The vertical-lift SK1026-5 features standard two-speed travel, HydrauMind™ hydraulics, and more capacity than any other Komatsu skid steer loader.
Komatsu’s broad line of mining shovels rise above the competition. These diamonds in the rough offer larger buckets. More powerful digging forces. Faster cycle times. Simplified maintenance. Advanced technology that, combined with Komatsu’s years of mining experience, helps you reduce downtime, increase productivity and set your own standard.

For details, contact your local Komatsu distributor. Call 1-800-Komatsu. Or visit KomatsuAmerica.com
There’s no question that regular preventive maintenance (PM) is the single most important thing you can do to get the longest life from any piece of equipment you own. Doing all oil, fluid and filter changes properly, and at the hour intervals called for in the owner’s manual, will also go a long way toward limiting breakdowns that may result in costly repair bills and even costlier, unexpected downtime.

In recent years, many equipment users have turned to their Komatsu distributor to do their routine PM work. With a PM contract, a trained technician will come to your jobsite at precise intervals to do all the maintenance items you’ve specified, according to a pre-determined checklist. He’ll also do a complete machine inspection and properly dispose of all fluids and filters.

“Maintenance contracts have become much more common as equipment users have come to recognize that there are many, very real benefits that come from having their distributor do their fluid and filter changes,” said Komatsu senior product manager Tom Brakeall. “The primary benefit is one that goes right to their bottom line — they get more work done. Why? Because most distributors will do the PM after hours, when the machine would be down anyway.”

Another production advantage you’ll likely notice from a PM contract is less emergency downtime. The reason is twofold. One is the walk-around inspection where the technician visibly examines the machine for signs of potential problems like oil or hydraulic leaks. The other factor is that the PM contract also includes oil sampling through the Komatsu Oil and Wear Analysis (KOWA) program, which helps predict invisible problems that may be developing inside your machine, so they can be addressed before they cause component failure.

Peace of mind

Other benefits of a PM contract include exclusive use of Komatsu OEM products, and better machine resale or trade-in value.

“Some equipment owners might be hesitant to use PM contracts if they think they can do it more cheaply themselves,” said Brakeall. “But when you figure in the cost of a mechanic, the need to have a truck and/or shop, and the potential staggering cost of even one emergency repair bill that might have been avoided — we think any potential savings disappear rather quickly.

“And beyond the dollars and cents, what is peace of mind worth to you?” Brakeall asks. “With a PM contract from your Komatsu distributor, you know your maintenance is being done and being done right, and that you’re doing everything possible to ensure your machine works to its fullest for the longest possible time.”

PM contracts are becoming increasingly popular among equipment owners who want to maximize equipment availability, minimize unexpected repair bills and improve longevity.
The following “Komatsu & You” segment comes from a Komatsu news conference held at CONEXPO. Speakers included Komatsu America chairman and CEO David Grzelak, director of product marketing and planning John Koetz and vice president and general manager of construction equipment sales Ed Powers.

**Grzelak on the equipment market:**

We project the market for our products — utility, construction and mining equipment — will be up about 5 percent this year compared to last year. Mining is particularly strong as commodity prices are very good.

Komatsu Ltd. will post record-high sales this fiscal year (ending in March 2005). For the first time in history, the North American region will lead the company in sales, exceeding Japan in the construction and mining equipment business. Retail activity in North America will be 30 to 35 percent higher than a year ago.

**Grzelak on why he’s optimistic:**

There are many good things going on. Housing starts are at a 21-year high. The Highway Bill will finally be approved. Interest rates continue to be very competitive. And most of all, our distributors, 36 in the U.S. and six in Canada, are all upbeat and very positive.

These are unprecedented times from the point-of-view that every market in the world happens to be up. Historically, America might be up when Europe or Asia is down, or vice versa. But right now, everyplace in the world is up at the same time.

Komatsu invests considerable amounts of money, 3 percent to 4 percent of total sales or about $350 million to $400 million, in research and development to remain on the cutting edge of new technology.

**Grzelak on Komatsu utility efforts:**

In North America, mini-excavators, skid steer loaders, backhoe loaders and similar compact machines constitute the largest market in numbers of units sold, roughly doubling the construction market.

If you look at Komatsu’s utility product line today compared to just a few years ago, we now represent about 85 percent of the full product offering. So we’re continuing to grow the utility business with our distributors.
**Grzelak on increasing inventory of articulated dump trucks:**

This year, Komatsu started manufacturing articulated dump trucks in Chattanooga, Tennessee, where our hydraulic excavators are also manufactured. To my knowledge, it’s the only articulated dump truck manufactured in North America. We'll be increasing production both here and in Japan to meet increased demand for the product.

**Grzelak on regional parts depots:**

From a support point-of-view, it’s very important that we take care of our customers. In regard to parts, our goal is to have replacement parts available anywhere in the country by 7 a.m. the next day. [In order to do that] we’re opening regional emergency parts depots. The first one is already operational in Pittsburgh and we’re announcing today that we'll soon be opening our second one right here in Las Vegas. When we’re done, we’ll have six or seven such emergency parts depots strategically placed throughout North America.

**Koetz on “unique and unrivaled” products:**

Our goal as a manufacturer is to have equipment that is truly superior to the competition. [To that end] we’ve developed a “unique and unrivaled” product strategy. That means developing and manufacturing machines that, compared to the competition, will significantly improve the productivity, profitability and success of our customers. We’re striving to have 25 percent of our model lineup be “unique and unrivaled.” Examples of such products today include our PC400LC-7 hydraulic excavator and our Dash-5 line of hydrostatic wheel loaders.

**Koetz on Komatsu Tier III engines:**

Komatsu has a 70-year history of engine development and manufacture. Our ecot 3 (Ecology and Economy Technology) engine will use proven technology (high-pressure, common-rail fuel injection and a heavy-duty exhaust gas recirculation system) to meet Tier III emission standards when they go into effect in January 2006.

The important aspect of this is not that we’re just meeting new regulations, but that we’re going to do it in a way that provides exceptional customer benefits through lower emissions, improved fuel efficiency, lower noise, higher low-end torque and excellent reliability. We already have tens of thousands of hours of lab and field testing on the ecot 3 engines and look forward to introducing them in our new models later this year.

**Powers on sales successes:**

As Dave mentioned, our sales were strong last year and we’re optimistic about 2005. One sale we’re very proud of was to the U.S. military for D155 dozers, PC300 excavators and skid steer loaders. We’re also pleased to have opened some avenues with some large companies, including third rental parties, such as Neff Rentals, that we’ve never done business with before.

We attribute these new opportunities to our “unrivaled” products strategy, to a strong distributor network, and to our ongoing commitment to focus on the success of our customers. Our thought is, if we make ourselves an invaluable part of our customer’s success, he’ll make sure we’re successful as well.

In order to help meet the high demand for articulated trucks, Komatsu is now producing the units in Chattanooga, as well as in Japan.
The construction industry is a major component of the economic well-being of the United States. That’s more than just an idle claim. Ken Simonson, chief economist for Associated General Contractors of America (AGC) recently compiled a set of “Construction Quick Facts” to demonstrate the powerful role the industry plays in sustaining economic growth. Here are some of them.

• Construction is a major source of jobs. The industry provides employment to 7 million people, more than 5 percent of the total nonfarm work force. In 2004, construction employment rose by 258,000 employees, or 3.8 percent, which is more than double the 1.7 percent increase in all nonfarm jobs.

• Construction jobs pay well. In December 2004, seasonally adjusted hourly earnings in construction averaged $19.34 per hour, 22 percent higher than the average for all private industry nonsupervisory workers.

• Construction makes a disproportionately large contribution to GDP. The value of construction put in place in 2004 was approximately $1 trillion — about 8 percent of gross domestic product (GDP), considerably higher than the industry’s share of employment.

• Construction is a major purchaser of manufactured products. In 2004, shipments of construction materials and supplies totaled approximately $470 billion, which was nearly 11 percent of total manufacturing shipments.

These impressive numbers were achieved despite the fact that:

• The typical construction firm size is very small. In 2002, according to the Census Bureau, there were 710,000 construction establishments with 6.3 million paid employees, plus another 2.1 million establishments without paid employees (mostly self-employed individuals). More than 91 percent of construction firms had fewer than 20 employees. Only 1 percent had 100 or more. The average employment was nine people per firm.

So if you’re ever wondering whether what you do has importance beyond putting food on your own table, the answer is a resounding yes. And you shouldn’t hesitate to share these facts with friends, neighbors and other acquaintances as a way of saying you’re proud of what you do and what it means to the entire nation.
The contracting business is enough of a gamble, so don’t gamble on used equipment. Komatsu Distributor Certified Used Equipment is a sure bet when you’re looking for high-quality, affordable machines. Each machine is inspected and evaluated by your Komatsu Distributor’s certified service technicians to ensure they meet factory specifications — and deliver maximum productivity. All the cards are laid out on the table so you’ll know what you’re buying. What’s more, your Komatsu Distributor “ups the ante” on the value of the equipment with special finance and warranty plans as well as strong parts and service support. To see how Komatsu Distributor Certified Used Equipment can help deal you a winning hand on your next job, contact your Komatsu Distributor today.
Typically at CONEXPO, you expect to see the latest and greatest in equipment, and machines that are flawless in their appearance. Paint jobs are often superior to factory-direct models. So what was that machine with a little ding on its backside and a rusty bucket doing at the Komatsu CONEXPO display?

“We left it in its work clothes, so to speak, to make a point,” explained Lee Haak, director of Komatsu ReMarketing, which oversees Komatsu’s Distributor Certified used equipment program. “We wanted to show equipment buyers that we never try to cover up or mask any potential problems that a machine might have. With a Komatsu Distributor Certified used machine, what you see is what you get. And what you can’t see, well, we’re going to tell you the truth about that too.”

Haak says the philosophy behind the Komatsu Distributor Certified used equipment program is simple.

“It’s all about providing value and reducing risk for the used equipment buyer. Our used machines are evaluated inside and out by a trained technician, including testing and diagnostics, to establish a true performance level based on age, hours and component wear. We then share that information with the buyer so he doesn’t have to guess or wonder what he’s getting. With a Komatsu Distributor Certified machine, he knows exactly what he’s getting.”

Warranty, financing and inventory

Komatsu is so confident in its Distributor Certified used equipment that subsidized financing and factory warranties are available for most machines.

“We stand behind our Certified machines and, more important, our distributors stand behind them,” said Haak. “We think that fact alone should provide a lot of peace of mind for customers.”

According to Haak, Komatsu Distributor Certified used equipment is available in most models. The distributor has access to a nationwide database of Certified machines along with photos and an evaluation of each unit.

“For contractors who are looking for reliability at a cost substantially below new, we’re confident this is the best option out there. And we’d certainly like to prove that to anyone who’s in the market for a used machine.”
Call one of our Louisiana or Arkansas Locations Near You!

Alexandria, LA  (318) 443-7173  
Baton Rouge, LA   (225) 356-6113  
Belle Chasse, LA  (504) 394-7400

Gonzales, LA  (225) 644-2328  
Kenner, LA   (504) 467-5906  
Lake Charles, LA  (337) 625-2180

Shreveport, LA  (318) 746-5272  
Little Rock, AR  (501) 568-7867  
Springdale, AR  (479) 927-1672

Or Contact Used Equipment Manager Larry Levet  
(225) 298-5272   email: llevet@he-equipment.com   www.he-equipment.com

**KOMATSU D61PX**, 2001, 2,000 hours.  
**KOMATSU D41P-6C**, 2004, 610 hours.  
**KOMATSU D41P**, 1997, 5,060 hours.  
**KOMATSU D39PX-21**, 2003, 578 hours.  
**KOMATSU D39PX-21**, 2002, 1,990 hours.  
**KOMATSU D37PX-21**, 2004, 615 hours.  
**KOMATSU PC400LC-6**, 1999, 5,994 hours.  
**KOMATSU PC300LC-6**, 1996, 8,645 hours.  
**KOMATSU PC270LC**, 2002, 1,049 hours.  
**KOMATSU PC220LC-6**, 1997, 8,544 hours.  
**KOMATSU PC220LC-6**, 1996, 7,809 hours.  
**KOMATSU PC220LC-5**, 1989, 6,662 hours.  
**KOMATSU PC210LC-6**, 2001, 1,369 hours.  
**KOMATSU PC210LC-6**, 2001, 1,974 hours.  
**KOMATSU PC200LC-6**, 1999, 4,495 hours.  
**KOMATSU PC150**, 2001, 4,557 hours.  
**KOMATSU PC128US-2**, 2003, 1,199 hours.  
**KOMATSU PC126-6**, 2002, 1,392 hours.  
**KOMATSU PC120-6**, 2001, 1,848 hours.  
**KOMATSU PC120**, 2000, 740 hours.  
**KOMATSU PC120-6**, 2000, 2,029 hours.  
**KOMATSU PC120-6**, 2000, 2,815 hours.  
**KOMATSU PC120-6**, 1999, 5,740 hours.  
**KOMATSU PC120**, 1997, 3,250 hours.  
**KOBELCO SK200**, 1999, 4,832 hours.  
**CATERPILLAR 225**, 1982, hours unknown.  
**KOMATSU PW170ES-6**, 2000, 1,477 hours.  
**KOMATSU WA450-3MC**, 2001, 7,429 hours.  
**KOBELCO LK850II**, 1997, 1,591 hours.  
**KOMATSU WB140**, 1997, 3,250 hours.  
**KOMATSU WB140-2**, 1999, 1,812 hours.  
**KOMATSU WB140**, 2001, 2,616 hours.  
**KOMATSU WB140**, 2001, 1,410 hours.  
**KOMATSU WB140-2**, 2000, 834 hours.  
**KOMATSU PC60**, 2000, 522 hours.  
**KOMATSU PC60**, 1995, 3,829 hours.  
GO WITH KOMATSU

UP TO 0% FOR 36 MONTHS*

36 MONTH WARRANTY**

Komatsu makes it easier than ever to own the best-built compact excavators.

Now is the perfect time to make the decision to go with Komatsu compact excavators:

- 3 years zero-interest financing that will save you thousands
- 3-year, 3,000-hour warranty gives you 36 months of no hassle, worry-free operation

PC09-1
NEW! PC18MR-2
NEW! PC20MR-2
PC27MR-2
PC35MR-2
PC40MR-2
PC50MR-2
PC58UU-3
PC78US-6
PC78MR-6

*FINANCE - Offer expires 07/31/2005. To qualify for this offer, application must be submitted to Komatsu Financial ("KF"). All applications are subject to credit approval by KF and other KF financing terms and conditions, in its discretion. Rates listed herein are estimates only and do not take into account any administrative fees. Rates are subject to change, including changes in the amount of such fees, and will only become final at the time of financing. This offer is valid in the U.S.A. only.

**WARRANTY - Terms and conditions. Routine maintenance must be completed with genuine Komatsu repair parts and performed by an authorized Komatsu distributor.