KIRBY-SMITH MACHINERY, INC.

CONNECTION

A publication for and about Kirby-Smith Machinery customers • 2006 No. 1

Featured in this issue:

M&M WRECKING, INC.

Shift in emphasis leads to success for Oklahoma City demolition contractor

See article inside...

Brothers Ronnie Mason (left) and Steve Mason, co-owners of M&M Wrecking, Inc.

KOMATSU

A MESSAGE FROM THE PRESIDENT

Ed Kirby

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

KIRBY-SMITH MACHINERY, INC.

Dear Equipment User:

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

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

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

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

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

Sincerely,
KIRBY-SMITH MACHINERY, INC.

H. E. Kirby, Jr.

Ed Kirby,
President

KIRBY-SMITH MACHINERY, INC.

CONNECTION

IN THIS ISSUE...

M&M WRECKING, INC.
A shift from building structures to tearing them down leads to success for this Oklahoma City demolition contractor.

GUEST OPINION
Learn why supporters of the Clean Water Trust Fund want guaranteed funding for water infrastructure improvements. Christian Klein, Washington counsel for AED, provides the details.

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

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

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

GROWING WITH TEXAS
Construction is well underway at Kirby-Smith's new branch facility in Fort Worth.

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A SALUTE TO A KIRBY-SMITH MACHINERY, INC. CUSTOMER

M&M WRECKING, INC.

Shift in emphasis leads to success for Oklahoma City demolition contractor

Fifteen years ago Ronnie and Steve Mason, co-owners of M&M Wrecking, Inc., changed the emphasis of their business, moving away from building structures to tearing them down. It was a shift in focus that's kept M&M busy and made the business grow steadily.

"We're constantly moving, it seems like there is always something to tear down," said Ronnie, who serves as President. Steve is the Vice President. "Some may view that in a negative way, but we see it as progress. If something is coming down that usually means something else is going up in its place. We consider the demolition we do as the first step to new construction and progress."

The brothers weren't always so heavily involved in the first step. Based in Blanchard, Okla., M&M Wrecking was formed when Ronnie and Steve decided to step away from concrete work, something they had been involved in most of their lives by working with their father Darrel, who owned a concrete business.

"We did nearly every kind of concrete work: foundations, walls, driveways," recounted Steve. "As part of it, we did some minor demolition such as taking out part of an old driveway. Then we decided to move in that direction because it was a niche we could fill. Our plan wasn't to be big, just do enough work to keep the two of us busy."

Change of focus

But like the change in emphasis, the plans changed, too. During the past 15 years, M&M Wrecking has gradually grown to become one of the premier demolition contractors in Oklahoma. With a staff of nearly 50 employees, they handle everything from small, private residential tear-downs to complete demolition of large commercial structures, mainly in the Oklahoma City area.

M&M Wrecking specializes in providing a full demolition package that includes removal of a structure as well as any cut-and-fill operations necessary to prepare a site for future construction. The company also does interior demolition projects, often handling inside jobs that others won't do.

"There isn't much we won't tackle," said Ronnie. "We believe one of our biggest strengths is that we're always up for a challenge. We'll take a look at about any project that comes along, including ones others don't want any part of. It doesn't mean we specialize in the tough jobs, but we're not afraid of them.

Brothers Ronnie Mason (left) and Steve Mason are co-owners of M&M Wrecking, Inc. Ronnie serves as President and Steve as Vice President.

An M&M crew used several Komatsu excavators, including a new 96,712-pound PC400LC-7, to load dirt from the fairground project in Oklahoma City. "We firmly believe that Komatsu has the best excavators," said Steve Mason, Vice President of M&M. "We were sold on it from the first machine and have continued to buy Komatsu excavators because they last."

"We've done jobs where we've had to put machinery into the interior of the building to knock out something," he continued. "We've taken machines apart and hoisted them into a structure. Then, we put the machine back together so we could do the job. We're not afraid of hard work. Early on, our dad taught us the value of a good work ethic and we've carried that over into our business."

Family atmosphere

Their father Darrel now works for M&M Wrecking, which has a strong family atmosphere. Steve's wife Kathy and Ronnie's wife Joy are officers in the company and Steve's sons Jeff and Mike work for M&M.

"It's very much a family business," Steve asserted. "We have sons, wives, nephews, sons-in-law, cousins, you name it, working here. We treat those who aren't related to us like family as well. That's another big part of our success, because everyone cares about the business. They're conscientious about doing quality work and being safe."

"We have many very knowledgeable people on staff who understand how to demolish and tear down structures using the best practices," Ronnie emphasized. "They study the job and go about it in a way that maximizes efficiency. It's because of them we've continued to grow and succeed. We started out with just the two of us and have built a very good staff from there."

Today, that staff works on about six projects at any one time, depending on the size and scope of the projects M&M Wrecking has underway. Recent projects include the demolition of a parking garage at Oklahoma University Medical Center in Oklahoma City. The $1 million project involved removing all the concrete and rebar from the three-story structure as well as hauling out nearly 200,000 cubic yards of dirt to make way for a larger parking garage on the site.

"It's one of the biggest projects we've ever taken on. It really shows how much we've grown since the beginning of the business," Ronnie explained. "When we did our first job, all we had was a skid steer and ourselves.

An M&M operator uses a Komatsu PC220LC-7 with a hammer to break up concrete on the parking structure demolition project at the Oklahoma University Medical Center in Oklahoma City.

We tore down a two-story house, using the skid steer inside the home to knock it down. The project at OU Medical Center involved multiple machines and trucks to remove the material. It's a far cry from that first job."

M&M Wrecking also removed several structures around Oklahoma City to make way for construction of Interstate 40, which will sweep around the state capital in the near future. Much of the dirt M&M removed from the OU Medical Center project was hauled to sites along the future route to help build ramps for the Interstate.

Other notable projects include removing an old stadium and parking area at the fairgrounds in Oklahoma City to make way for

Continued . . .

M&M Wrecking looks for ways to better serve customers

. . . continued

a larger, flatter parking area for the thousands of people who attend horse shows at the site. M&M also did a partial removal of bleachers and press boxes at Stillwater Stadium in Stillwater.

Dependable equipment

As M&M Wrecking's business has grown, so has its equipment fleet. From its start with a single skid steer, the company has built up a solid array of heavy equipment, including several Komatsu excavators purchased from Kirby-Smith Machinery's Oklahoma City branch. M&M recently added a PC400LC-7 and a PC300LC-7 to its lineup, which already included a PC300LC-6, a PC220LC-7, a PC220LC-6 and a PC220LC-5. The newer machines are equipped with JRB quick couplers to change attachments such as the NPK 12X hammer M&M uses to break up concrete.

"We firmly believe that Komatsu has the best excavators," affirmed Steve. "We bought our first one, a PC220, about 10 years ago. It was used and had several thousand hours on it. We did some work to it, got it running the way we wanted and continued to use it until we bought some newer equipment a couple of years ago. We sold it to a county and they're still using it. That says something about the longevity of Komatsu equipment. We were sold on it from that first machine and have continued to buy Komatsu. It lasts."

M&M Wrecking uses the machines for a variety of purposes, including loading massive amounts of material with the 96,712-pound PC400LC-7. "It's a great machine," Steve said. "We're able to move more concrete and dirt with it than we ever could before. The power is tremendous. Someone on the OU Medical job asked us to set a lift station with our PC400 so they didn't have to rent a crane. The lift station was very heavy, but the PC400 handled it without any problem."

"We like the versatility of the PC300s and PC200," added Ronnie. "We can use them for a variety of things. Those machines will handle just about anything we throw at them." The company also owns a Trail King TK100 trailer and an Ingersoll-Rand SD100 roller purchased from Kirby-Smith

In addition to the equipment, the Masons have been very happy with the service and support they've received from Kirby-Smith Territory Manager Terry Bridwell and Product Support Sales Representative Casey Beasley. "Terry and Casey have been very good to work with," Steve stated. "Most contractors purchase equipment because of the relationship with the dealer, and we have a very good one with Terry, Casey and Kirby-Smith. They support us well by working with us to get the right equipment and stock the parts we need."

From left, Kirby-Smith PSSR Casey Beasley and Territory Manager Terry Bridwell meet with Ronnie and Steve Mason, co-owners of M&M Wrecking.

Looking forward

M&M Wrecking has grown far beyond what Steve and Ronnie Mason imagined when they began toying with the idea of going into demolition full time. Now they're looking ahead at ways to better improve their services.

"We're always looking for things that will make us more efficient and ways to better meet our customers' needs," Ronnie pointed out. "For example, we're considering buying a crusher to recycle materials. Right now, we take it to others, but we'd like the ability to crush materials ourselves. It's an area of the demolition industry that's growing and we want to grow with it. Hopefully, that will happen in the very near future." ■

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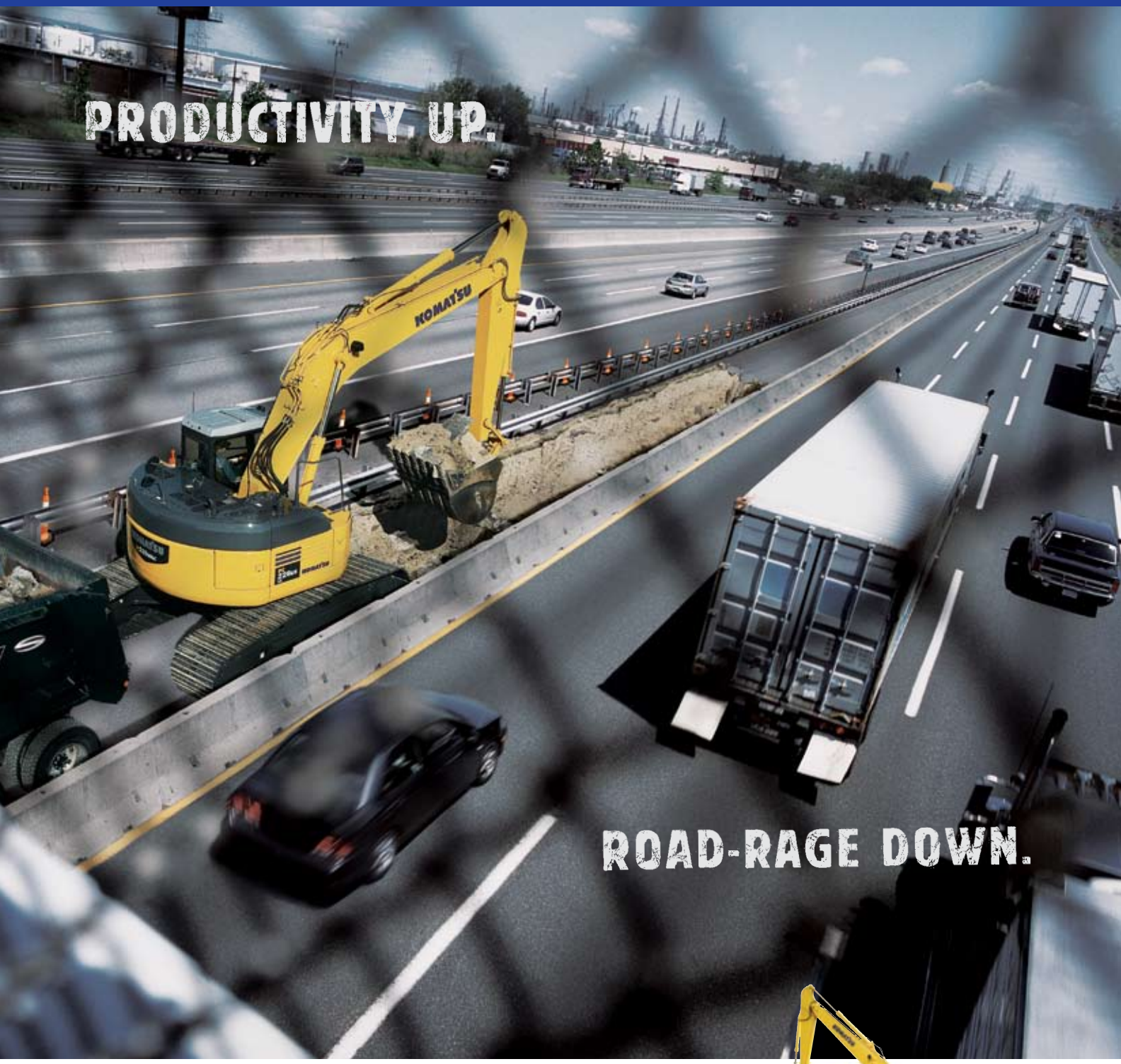

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PC308USLC-3

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CLEAN WATER TRUST FUND

Supporters want guaranteed money for water infrastructure improvements

Christian A. Klein

This Guest Opinion, which first appeared in the newsletter, **Washington Insights**, *was prepared by Christian Klein, who serves as Washington counsel for the Associated Equipment Distributors. Mr. Klein can be contacted at caklein@potomac-law.com.*

Late last year, Rep. John J. Duncan, R-Tenn., chairman of the House Water Resources and Environment subcommittee, introduced an ambitious bill to address the nation's water needs. The Clean Water Trust Fund Act of 2005 would create a dedicated federal trust fund for water infrastructure improvements that would provide $37.5 billion over the next five years.

In proposing the legislation, Chairman Duncan said, "I am aware of the problems faced by municipal wastewater treatment agencies. ... I have heard over and over from our utilities that we need this legislation to protect our clean water supply."

To overcome these challenges, the chairman's legislation would provide $7.5 billion annually in dedicated funding for the Clean Water State Revolving Fund (CWSRF) between 2006 and 2010.

The CWSRF program provides grants to states. The states then match 20 percent of the grants and create loan programs for cities, towns and state agencies to make improvements to their sewer systems and treatment plants. Currently, funding for CWSRF comes from the federal government's general fund. This means the money for the program is appropriated each year from general tax revenues. Over three years, funding for the CWSRF has diminished by 33 percent, from $1.35 billion in fiscal year (FY) 2004 to $990 million in FY 2006.

The five-year guaranteed revenue stream for the CWSRF would not only provide states and municipalities with more money annually, but would also provide greater certainty in funding. Unlike now, when pressures on the overall federal budget can, and frequently do divert funding from water infrastructure, the Act would implement user fees targeted specifically for the Clean Water Trust Fund (similar to the Highway Trust Fund and the Airport and Airways Trust Fund). This certainty would allow local governments to plan projects in advance, without fear that funding would not be available when the time came to begin the projects.

The public, for its part, has expressed support for dedicated, national investment in water. According to a March 2005 poll, 86 percent of Americans supported legislation that would create a long-term, sustainable and reliable trust fund for clean and safe water infrastructure. In addition, 67 percent of Americans would support spending on water infrastructure rather than tax cuts. The notable public support for water investment suggests that now may be the time for Congress to take a serious look at the Clean Water Trust Fund.

Look for increased focus on water infrastructure issues on Capitol Hill this year. ■

If approved, a new bill would provide five years of guaranteed money for the Clean Water State Revolving Fund, which has been cut substantially in recent years.

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A FULL-LINE COMPANY

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

Dave Grzelak, Chairman and CEO, Komatsu America

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

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

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

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

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

From smallest to largest

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

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

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

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

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

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

Specialty equipment and innovations

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

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

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

"When Komatsu came out with the first tight-tail-swing machine in the mid- to late '90s, the old PC128UU that was painted purple, people would stop at jobsites and stare at it," said Grzelak. "Today, tight-tail-swing machines are a staple of many contractors' fleets."

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

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

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

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

Adding products

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

Continued . . .

Komatsu's full line provides customer options

. . . continued

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

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

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

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

More of the same in the future

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

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

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

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

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

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

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

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

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NEW MACHINES AT UTILITY EXPO

Unique features of Komatsu machines are showcased at ICUEE

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

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

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

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

Track loader unveiled

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

Continued . . .

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

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

New track loader unveiled at ICUEE

. . continued

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

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

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

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

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

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

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

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COMPACT EQUIPMENT GROWTH

Komatsu makes strong gains in booming compact construction equipment market

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

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

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

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

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

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

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

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

Continued . . .

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

Ivor Hill
Vice President and General Manager
Komatsu America Utility Division

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

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

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

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

Quality equipment and support spur growth

. . continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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FORT WORTH NEWS

Construction well underway at new Kirby-Smith branch facility

The building floor is poured, the wash rack is in and construction on the new Kirby-Smith Fort Worth branch continues to move rapidly since it began the final week of December.

April 15 is the planned move-in date for the 14,000-square-foot facility located at 5300 Lone Star Blvd., just a few miles northwest of Kirby-Smith's current Fort Worth location. The new location will feature six work bays with overhead hoists and a separate wash-rack facility.

"Everyone is excited about the new location," said Branch Manager Fred Leach. "It's going to be a first-class facility that gives us a lot more room. The building size will be double what we have now, and the overall site is larger than our current one. We'll have more space for inventory, and it will be easier to get machinery in and out of the location compared to our current site.

"It will give us much better visibility as we continue to make our presence in the marketplace even stronger," he continued.

Additional equipment, staff

Kirby-Smith recently added Bomag paving equipment and Trail King trailers to its equipment lineup in Fort Worth, to go along with longtime products such as National Crane boom trucks and Elliott aerial work platforms. Leach emphasized that the new facility will be beneficial for customers who use any of Kirby-Smith's products.

"We'll have the capacity to stock more parts and increase our number of product support personnel," he said. "We anticipate adding additional field and shop technicians to handle the additional lines and any future lines we take on. More parts inventory and additional staff mean less downtime to the customer, which is what we're striving for." ■

Fort Worth Branch Manager Fred Leach said his staff is excited about the move to Kirby-Smith's new facility. "It's going to be a first-class facility that gives us a lot more room. It will give us much better visibility as we continue to make our presence in the marketplace even stronger."

Construction is well underway on the new Kirby-Smith branch at 5300 Lone Star Blvd. in Fort Worth. The 14,000-square-foot facility will feature six work bays with overhead hoists, a separate wash-rack facility and more space for additional equipment and parts inventories.

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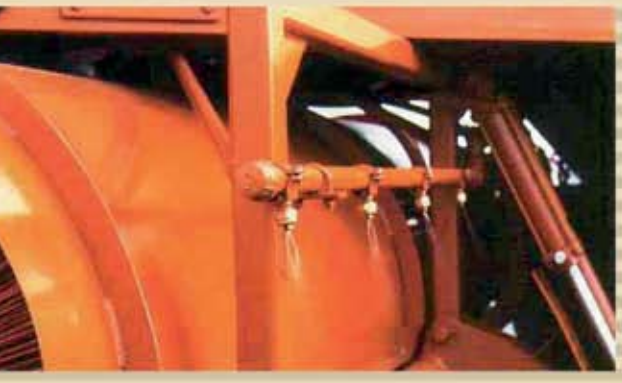

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TULSA BRANCH EXPANDS

Kirby-Smith adds space for additional parts inventory, plans future expansion

Kirby-Smith Machinery increased its parts inventory capacity at its Tulsa branch by adding an additional 1,500 square feet of warehouse space as part of an overall expansion to the facility. Total expansion was more than 3,150 square feet, which included 1,650 square feet of office space for rentals and sales as well as a conference room.

"It's an effort to offer even better service to our customers, and we'd really like to thank them for their patience during the construction," said Kelly Littlefield, V.P. and Branch Manager. "With the additional space we can stock more inventory to meet our customers' needs, so it helps us become more efficient in our day-to-day operations."

In addition to work on the building, asphalt was laid in the front and the side yards of the facility to add additional parking for trucks and customer vehicles.

"Now we have more space for our customers to park and more room to move trucks in and out," Littlefield commented. "It will really help out."

More expansion ahead

Littlefield said he and the employees at the branch are excited about the additional space and are looking forward to more expansion coming in the not-too-distant future.

"Once the city of Tulsa completes the installation of a new sewer line, we're going to do away with our sewer lagoons and use that area for additional equipment storage," he noted. "We also have plans to add two double drive-through shop bays and remodel the parts counter and the reception and service areas." ■

Kirby-Smith's Tulsa branch recently completed a renovation and expansion plan that added an additional 3,150+ square feet of space to the facility. Chief among its expansion was 1,500 square feet of warehouse space for additional parts inventory. Paving in the lot area and more office space were added as well. Additional expansion at the branch is expected in the near future.

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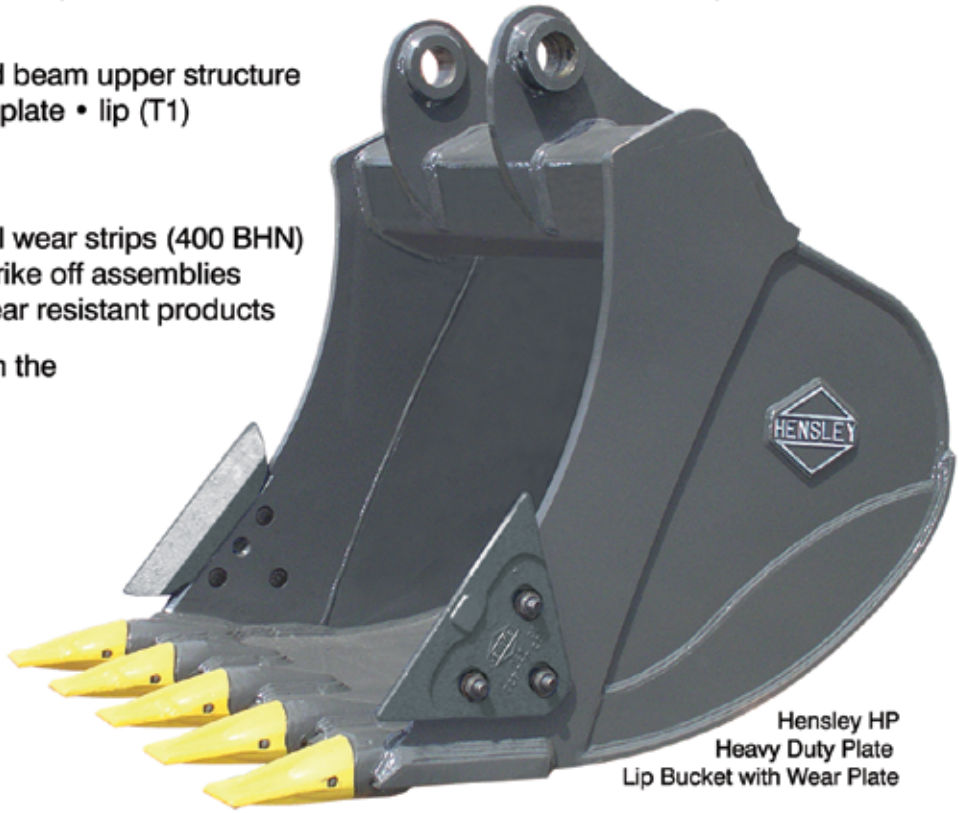

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USING epartscentral

Kirby-Smith customer saves time, space with convenience of ordering parts online

Maintenance Director Kent Bergman oversees a vast fleet of equipment for Cherokee Builders, Inc. in Tulsa. It's a job Bergman relishes as he takes on the challenge of keeping the company's equipment productivity at its peak while it's used to tackle major site development, utility and concrete projects.

"My job is to make sure the machinery is running at maximum performance," Bergman said of the fleet, which includes an array of Komatsu equipment purchased from Kirby-Smith Machinery. "It's crucial that it's in top condition because we can't afford downtime. We stress routine maintenance and keep parts on hand to do needed repairs quickly so our machinery is up and running quickly."

To place parts orders, both routine and emergency, Bergman logs onto his computer and buys what he needs online at Komatsu's epartscentral.

"It's a great resource," said Bergman. "I can look up parts books instantly and find the part I need within minutes. It gives me real-time, updated parts availability and pricing and allows me to have the parts delivered wherever I need them, whether it's the shop or out in the field. It then gives me a confirmation e-mail.

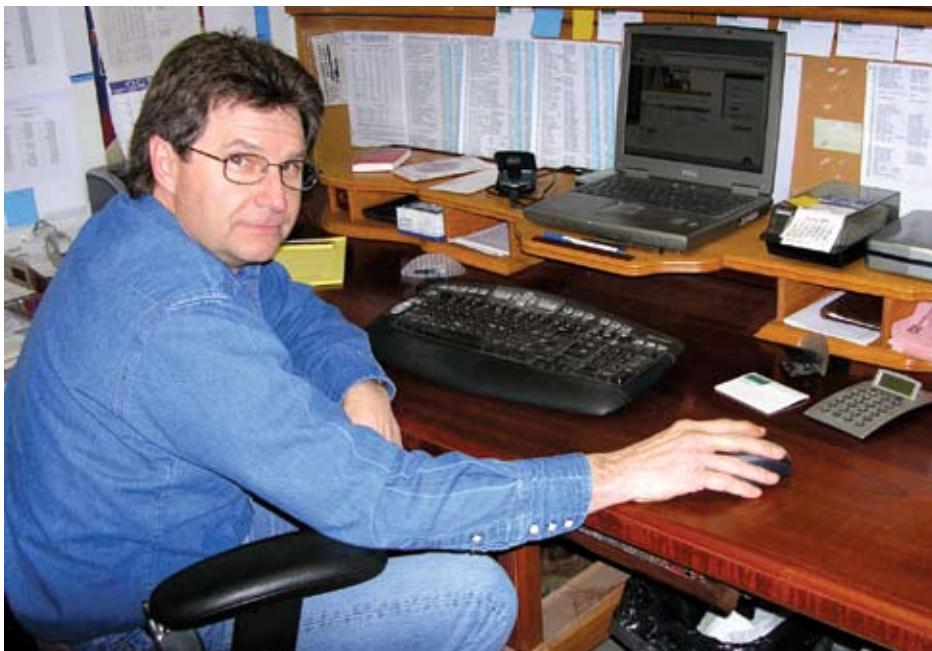
"We keep many of our parts books on the machines, so another real benefit is that I can look up the parts book online in the office so I don't have to go to where the machine is to get the book," he added. "That saves valuable time. It also saves space because I don't have to store books here."

Ordering is easy

To order Komatsu parts online at epartscentral, you must first register at mykomatsu.com, which you can reach by clicking on the parts section at komatsuamerica.com. Register each machine individually with model and serial number to ensure that you'll have access to the correct online parts book. Before you can start ordering, Kirby-Smith will contact you to verify your information and ensure that everything is ready to go. Epartscentral is open 24 hours a day, seven days a week.

Bob Williams, Kirby-Smith General Parts Manager, helped Bergman set up Cherokee Builder's epartscentral account. "Bob was a big help in getting started," Bergman said. "It's really a very user-friendly process that has helped us tremendously." ■

Kent Bergman, Maintenance Director for Cherokee Builders, Inc., uses epartscentral to quickly and conveniently order parts online for the company's Komatsu equipment. "It's a great resource," Bergman said. "I can look up parts instantly and find the part I need within minutes."



UNDERCARRIAGE REPLACEMENT

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

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

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

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

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

Two key issues

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

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

Real value

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

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

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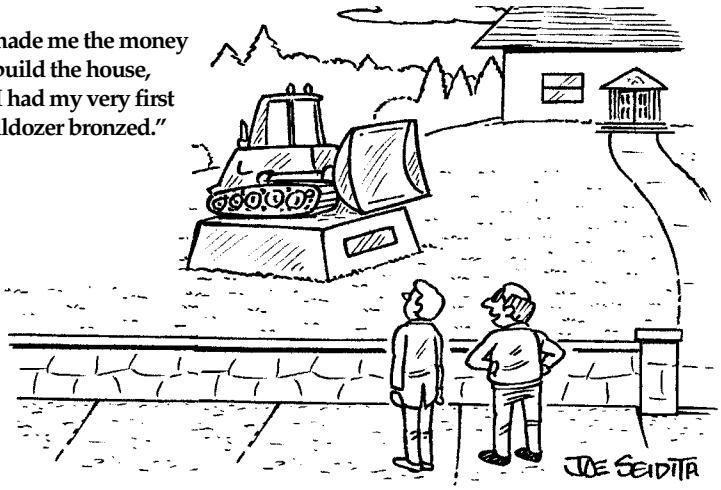
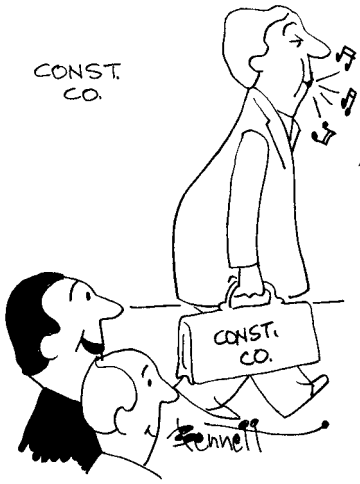
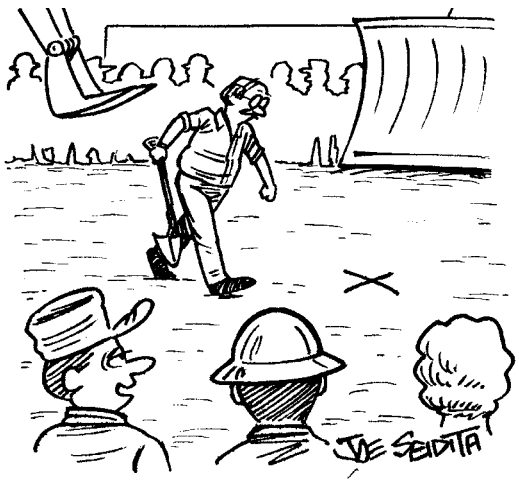


"Pop, tell me the story of 'The Little Bulldozer that Could' again."



"He's the best salesman we ever had . . . He gets the attention of prospects by matching the ring of their cell phones."



"It's a tradition around here . . . Our oldest employee gets to break ground on every new job."

INTERSTATE TURNS 50

Multilane highway system changed U.S. way of life

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

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

Three states claim to have the first Interstate highway. Missouri was the first to award a project under the new law (Route 66, which would become I-44), and the first to start construction (Route 40, which would become I-70). Meanwhile, a little farther to the west, Kansas was the first state to begin paving a portion of the Interstate (also I-70) on September 26, 1956.

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

Today, the nearly 50,000-mile system of multilane roads connects every major city and most minor ones coast to coast. ■

EMPLOYEE SALUTE

Kirby-Smith service tech called to duty in Iraq

Oklahoma City Service Technician Jack Bruesch is currently serving in the Oklahoma Army National Guard in Iraq. Jack, a staff sergeant with the 1/158th field artillery unit based in Fort Sill, was deployed just before Christmas. He recently wrote to us through e-mail saying:

"Everything is going well here. I am at Camp Victory in Baghdad. My squad provides security for two captains, taking them to meetings in and around Baghdad. They are in charge of making sure the Iraqi highway patrol is trained and has the equipment it needs. We have an interpreter who also works with us."

Jack, who has been with Kirby-Smith for seven years, and his wife Shae have a six-year-old son, Jackson, and a daughter, Blakeley, who is almost one. We thank Jack for his service to our country and wish him a safe tour of duty. ■

Kirby-Smith Service Technician Jack Bruesch is currently serving in Iraq. Bruesch has been with Kirby-Smith seven years, and was deployed just before Christmas.

REMEMBERING HOYT KIRBY

Father of President Ed Kirby passes away at age 85

Hoyt E. Kirby, father of Kirby-Smith President Ed Kirby, passed away recently at the age of 85. Interment was held at Rose Hill Burial Park in Oklahoma City.

For many years he was actively involved in the heavy equipment industry, as well as other ventures, such as thoroughbred horses and rodeos.

Hoyt graduated from Oklahoma Military Academy and Oklahoma A&M where he was a member of Sigma Chi fraternity. He retired from the Army Air Corps where he served as a first lieutenant during World War II.

He is survived by Julia, his wife of 64 years, his daughter Judy Wiegand, son Ed, four grandchildren and five great-grandchildren. ■

Hoyt Kirby

KIRBY-SMITH GUILDS

Guilds add new members; three earn perfect score in 2005

John Martin, Technical Communications & Training Coordinator

Jay Van Duzer, Internal Systems Trainer

The Kirby-Smith Guilds grew again with two members added to the list of parts staff and service technicians who are working to become better educated about the equipment they deal with. Fort Worth Service Technician Mark Lucas and Dave Harris from the Oklahoma City parts department joined their respective guilds.

To qualify for membership in either the Partsman Guild or Service Technician Guild, participants in the program must take and pass an exam that covers technical information from Komatsu and other manufacturers. The programs started in 2004.

Three current Guild members recorded perfect scores on all four tests in 2005, including Oklahoma City Parts Manager Larry Hollen. Also scoring 100 percent were Kirk Brown and John Fallert, both St. Louis Service Technicians. All three will be rewarded with an extra savings bond and a special dinner. ■

TULSA - Service

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Jim Payne

Justin Carey

Brian Witt

Travis Bolden

Cecil Cartlidge

Brian DeVore

Joe Howsden

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Ed Meadlock

Shaun Merchant

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Ron Hagood

Dustin Wooten

OKLAHOMA CITY - Parts

Bob Weaver

Ron Clark

Larry Hollen

Gary Cox

Dusty Odom

Bob Williams

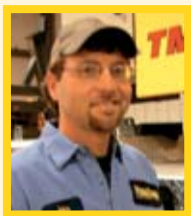
Dave Harris

ST. LOUIS - Service

Kirk Brown

Tim Carothers

Kerry MacPherson


John Fallert

Kenny Boenker

Bill Ruser

Dale Schmidt

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ANNUAL SERVICE AWARDS

K-S acknowledges dedicated employees at special ceremonies

Each year, the list of longtime Kirby-Smith employees grows. In December 2005, Kirby-Smith took time to honor those dedicated employees during a special celebration dinner where they received awards for their excellent service to customers and to our company.

Kirby-Smith recognized employees from each branch who reached three-, five-, 10-, 15-, and 20-year anniversaries. "We're proud that so many of our people have skills built upon years of experience with Kirby-Smith," commented Kirby-Smith President Ed Kirby. ■

KIRBY-SMITH MACHINERY, INC.

Recipients of Kirby-Smith 2005 Service Awards are:

Bob Tilley (center) was honored for 20 years of service with Kirby-Smith during a celebration dinner and awards ceremony in December. VP/General Manager Glen Townsend (left) and President Ed Kirby presented Bob with his award.

OKLAHOMA CITY

3 YEARS OF SERVICE
Randy Coffey
Allan Dacci
Tim Kline
Bryce Puckett
Debra Reddington
Perry Teeler

5 YEARS OF SERVICE
Preston Brown
Stanley Collier
Ben Graham
Micki Savage
Keith Tippett
Dean Traylor
Debra Weber

10 YEARS OF SERVICE
Kenneth Howeth
Shai Mahan
Ronnie Morgan
Gary Osborne
Bud Sears

15 YEARS OF SERVICE
Lawrence Wilkowski

20 YEARS OF SERVICE
Bob Tilley

TULSA

3 YEARS OF SERVICE
Brian DeVore
Gary Stallsworth
Brian Witt
Todd York

5 YEARS OF SERVICE
Justin Carey
Ed Meadlock
Leo Olivarez

10 YEARS OF SERVICE
Marvin Holloway
Rowe McCarthy
James Purcell

FT. WORTH

3 YEARS OF SERVICE
Mike De La Torres

5 YEARS OF SERVICE
Dave Dick

ST. LOUIS

3 YEARS OF SERVICE
Kirk Brown
Ray Jost
Kerry MacPherson
Dale Schmidt
Bill Ruser

RELIABLE USED EQUIPMENT

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

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

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

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

Komatsu Distributor Certified used machines are thoroughly inspected and rated based on specific criteria including age, hours, component wear and appearance. Special finance rates and extended warranties are also available on many Distributor Certified machines.

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

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

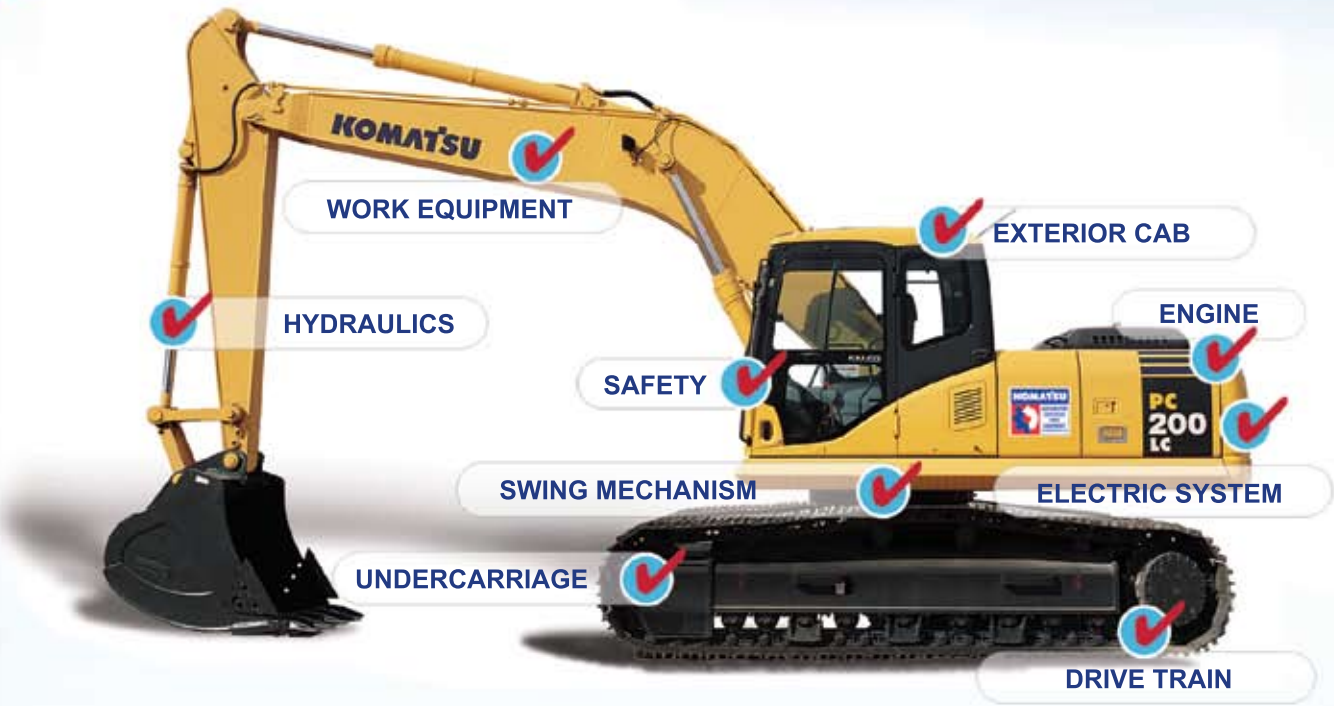
Peace of mind

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

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

KOMATSU DISTRIBUTOR CERTIFIED USED EQUIPMENT

The next best thing to new.



If it can be measured, we measure it!

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

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

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

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

KIRBY-SMITH MACHINERY, INC.

KOMATSU REMARKETING

KIRBY-SMITH MACHINERY, INC.

USED EQUIPMENT

Check These Special Values

DOZERS

KOMATSU D65EX-12, '95, s/n 61071, (KMU95383), OROPS, semi-U, new rails/shoes/rollers/sprockets/idlers/top idlers $70,000

EXCAVATORS

TAKEUCHI TB070, '98, s/n 1704287, (TCU98049), 3,175 hours, rubber tracks, cab, dozer blade, bkt. $42,500

KOMATSU PC400LC-6, '99, s/n A80591, (KM98683*), 11'1" stick, 23'2" boom, cwt. rem $152,500

KOMATSU PC220LC-6E, '98, s/n A83491, (KM98730RR), 6,800 hrs., 10' stick, 19'2" boom $79,500

KOMATSU PC150LC-6, '99, s/n K30840, (KM99871), 4,400 hrs., 8'7" stick, 27.6" shoes, a/c. $69,000

KOMATSU PC150LC-6, '00, s/n K32199, (KM00098), 5,300 hrs., 9'6" stick, 16'11" boom $69,000

CAT 330BL, '97, s/n 6DR01033, (CTU97735), quick cplr, 60" bkt, U/C approx 70% . . . $77,500

MINI EXCAVATOR

BOBCAT 320, '98, s/n 562315542, (ZZU98919), OROPS, std stick, rubber tracks, 2,100 hrs. . $9,500

PAVING EQUIPMENT

LEEBOY 1000B, '98, s/n 2499, (LB98057), track machine, 8'-13' screed, good condition $24,500

IR PF3120 Paver/Finisher, '04, s/n 176741, (IR04183*), poly track pads, Blaw Kontrol, single grade sonic, 745 hours $75,000

LEEBOY 8500HD Paver, '03, s/n 3300, (LBU03053), 8'-15' extendable screed, 74-hp Hatz diesel, sonic grade and slope, 800 hours, good condition $55,000

GRADERS

GALION 850B, '98, s/n 203518, (GAU98064), EROPS, 14' blade, scarifier, new 14.00-24 tires, ex-county machine. $39,500

JOHN DEERE 670B, '95, s/n 550007, (JDU95072), EROPS, 14' blade, rear ripper, new 14.00-24 tires, approx 8,800 hrs. $48,500

WHEEL LOADERS

KOMATSU WA420-1, '95, s/n A26024, (KMU95379), EROPS, add'l ctwt, GP bkt., approx. 11,600 hrs. $37,500

BACKHOES

KOMATSU WB140, '03, s/n 20234, (KMU03926), OROPS, 4WD, ext. stick, 1,000 hours, nice machine. $42,500

ARTICULATED TRUCK

VOLVO A35, '96, s/n 3087, (ZZ96469), 5,653 hrs., 35-ton art. truck, cab, a/c, new tires. $129,500

MISCELLANEOUS

ETNYRE DISTRIBUTOR TRUCK, 1,900 gal. on '93 IH truck, 86,500+ miles, 7,699 hrs., truck, tank and spray system are good $35,000

SPECIAL FEATURES

KOMATSU PC 1100LC-6, '00, stk# KM00205, 9,500 hrs., a/c, 29'11" boom, 14'9" stick, 44" DBG shoes, 72" ESCO heavy-duty bkt. $535,000

KOMATSU PC 1100LC-6, '00, stk# KM00164, 8,500 hrs., a/c, 29'11" boom, 11'3" stick, 44" DBG shoes, 72" ESCO heavy-duty bkt. $525,000

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Glen Townsend
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VP & Crane Division Mgr.

Kelly Littlefield
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David Baker
VP & Product Support Manager

Randy Coffey
General Manager Rental/Used Equipment

Chris Kirby
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