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LUFKIN
ROUNDUP

MAY 1987

Casting A Line



A Fishing Tale





Reeling In The Money

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Planning for Success

The announcement on May 4, 1987 that the Board of Directors had adopted a new Stock Rights Program was an important step for each shareholder and each employee.

Although the plan seemed rather complicated, it is actually based on two very simple principles:

1. The Directors want to assure the long-term success of the company.
2. The long-term success of the business assures that each employee will have a more stable working environment and will have the opportunity to participate in the long-term growth of the company.

In this day of hostile takeovers, it is not unusual for whole divisions or parts of companies to be sold without any real thought of the future consequences to the people that have built the business.

The goal of stability and long-term growth led the Directors to make this very important decision. With this decision, they made a very strong statement that they have faith in you, faith in the future and faith that we can bring the company back to a profitable basis. It reflects their confidence that we can continue the long-term growth of the company and provide better opportunities for every employee and every stockholder.

Let's renew our determination to do our very best to find better ways to improve our products, better ways to help each other and better ways to help the customer. Your efforts and spirit toward building a better company are greatly appreciated.

F B Stevenson

Frank B. Stevenson

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Company Event Raises Stink





For those who didn't catch the big one, there was a serious game of dominoes that caught the attention of others while they waited for the fish to be fried by Piney Point host Joe Lowe. This was the 11th year for the fishing event but only the second year for the fish fry. Over 120 people attended LUFKIN's annual event.

Buzzing electric knives, scattered scales and the odor of freshly cut fish filled the air at the 11th Annual Bass-Crappie Fishing Tournament held Friday, April 17th at Sam Rayburn Lake. Following the weigh in, a fish fry was held at Piney Point for all the participants.

Sixty one teams, which consisted of two persons each, participated in the tournament and approximately 110 people stayed to help clean and fry the fish that were caught. Needless to say, some catfish was on standby in case the fishermen were not so lucky with their catch. Complementing the fish were french fries and cole slaw with iced tea to drink and cake for dessert.

This years winners included Dennis Hopper, who won the big bass individual award for his 6 lb. 2 oz. catch. Linda Whitten won the big crappie individual award with a catch of 1 lb. 12 1/2 oz. The top team award in the bass category was Mark Wright & Johnny Eoff with a total weigh-in of 15 lb. 15 oz. while in the crappie category, John Buschman & Keith Humbert were the top winners with a weigh-in of 28 lb. 10 oz.

Overall, the bass weighed-in at 104 lb. 11 1/2 oz. and the crappie totaled 106 lb. 4 oz. - a total of 210 lb. 15 1/2 oz.

Other team winners in the bass category included Sam Turner & Wayne Curbow, Hugh McWilliams & Dennis Hopper, Truitt Dixon & Doug Hudson, Roy Euper & Herb Green, Jimmy Foster & P.C. Page and James Davis & Charles Winthrop. Team winners in the crappie category were David Lawson & Matt Harris, Sam Hughes & Vernon Whitely, Mike Whitten & Kenneth Townsend, Coy Minshew & Bobby Greenville and Larry Vann & Jimmy Van.



Mark Wright and Johnny Eoff were the top team winners in the bass category. They won $60 and were awarded a trophy for their weigh-in of 15 lb. 15 oz.

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CASTING PROFIT$

Paul, forklift truck operator, depresses the ignition switch on his fork truck - an action he will repeat over a thousand times this year. The engine sputters as it comes to life, he puts the truck into gear and heads toward his destination at the foundry. He maneuvers around each turn as swiftly as an ice skater in a figure eight. He picks up his load like he does every day, yet this time the product he's carrying is not a typical casting; in fact, it's a casting that has never been seen before at LUFKIN. What is different about this load is that it's not a casting for a LUFKIN product but a casting made for a new customer of LUFKIN's outside castings business.

Lufkin Industries' Foundry Division has strengthened and expanded outside castings to make them as popular as the LUFKIN pumping units, trailers and industrial gears with an initial goal of $10 million in three years time.

The Foundry has sold castings to outside customers for several years, but in the late seventies and early eighties when the pumping unit business picked up, there was less capacity for outside sales. When the oil field pumping units took a downturn, a decision was made to increase efforts toward outside sales again. That decision was consistent with management's long range expansion plans and diversification goals.

Herb Green, Vice President of Foundry Operations, said, "Two key things to consider when deciding to enter a new market are the market size and potential and your knowledge of the business. We see a very large market, a shrinking domestic manufacturing capability and a technology that we know very well."

An overall reduction in demand and competition of foreign foundries caused the domestic casting industry to fall into a severe slump over the past few years. The result was the closing of many foundries across the country.

However, Green says many foundries suffered from obsolete facilities, poor quality and excessive debts - something LUFKIN does not have. "We have modern facilities, excellent quality standards and a strong financial base. It should be no secret who will do well in the long run."

Modern facilities, excellent quality and strong finances have created immediate opportunities in outside casting orders. Through this, the company has been able to increase revenues and provide jobs that otherwise would have been lost. Scott Semlinger, Chief Foundry Engineer, said, "The outside castings' business not only provides additional revenues, but it also gives us a standard to compare our foundry (in terms of the quality and price), which for a number of years had been producing castings almost exclusively for LUFKIN products, and see how our manufacturing costs stood up against other foundries on the open market."

Sam Greenville, Foundry Marketing Manager, has been researching the market to see where LUFKIN's manufacturing capabilities would fit. According to Greenville, the bulk of the castings being purchased are in the Northeast, Midwest and along the West Coast.

Additionally, the Machinery Division sales force began to ask about the casting requirements of our existing customers and informed them that LUFKIN would be able to provide quality castings at a competitive price. Semlinger, Greenville and Steve Reynolds began calling on outside sales accounts. Dennis Clark became the first full time castings salesman and will soon be located in Baltimore. He will be calling on some of the existing gear accounts and assist in handling their casting requirements.

Fred Coulter, who has played an instrumental part in this project, is currently calling on prospective casting customers in Kentucky, Ohio and Indiana.

Based on the market study, the potential casting market is almost $2 billion a year in the domestic market and between $2-$4 billion in defense related purchases. Semlinger says LUFKIN's expertise in the market is mainly castings that weigh 200 pounds and up. He adds, "A shortage of foundries in the U.S. who could supply castings in our optimal size and weight range is forecast to exist within the next few years. This should give us additional growth potential."

According to Semlinger, the foundries goal is to exceed $1 million in outside casting sales and pattern work in 1987 and to achieve substantial growth in the years ahead. Within the first four months of 1987, these sales have totaled $278,000.

Defense related sales are becoming more accessable through the doors that Congressman Charles Wilson continues to open for the Foundry in their efforts to deal with government agencies and key defense contractors. He and his staff seek continuously to introduce Lufkin Industries to opportunities in the Defense Department. Greenville said, "He has been very aggressive in helping us get our foot in the door with the defense contractors, the Navy, the Army and various other government agencies."

Production capabilities of the Foundry Division appeal to defense and domestic customers alike. The recent completion of the Ductile Iron Foundry and the Small Castings Facility further enhanced these capabilities. Both foundries employ state of the art technological equipment and procedures. A heat treating facility, pattern shop, metallurgical lab and sand lab represent equipment and departments not found in many competitors foundries. Total capacity available has doubled since the boom years of 1980/1981. The foundry operation can easily handle record sales in pumping units and gears and still contribute over $20 million annually in casting sales.

Greenville said, "The foundry tour is our most effective sales tool. Without exception, every potential customer who tours our foundry ranks it as one of the top foundries in the country. There are many foundries with similar equipment, but our people distinguish us as a leader in the industry. We are often asked, 'Where have you guys been? We've needed a quality foundry like yours for years.'"

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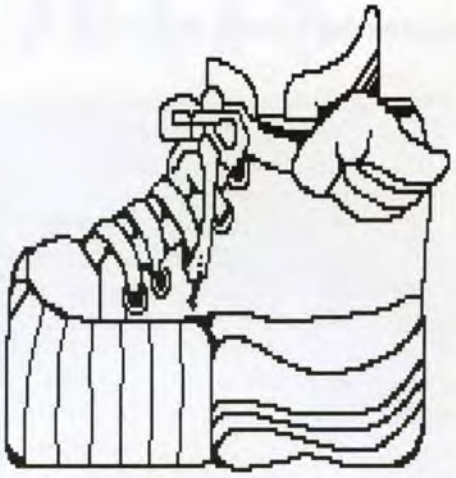
by Sharon Henderson
photos by Viron Barbay



After the foundry has received the casting pattern from the pattern shop, they pour the sand into the mold and create a casting designed to the specifications of the customer. It is then carried to the cleaning room where they prepare it for the paint booth. Paul Tuscana carries a casting to the loading dock where it is prepared to be delivered to the customer.

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Trailer Division Employees Accomplish Great Feet



For the second year in a row, Lufkin Industries' Trailer Division participated in the March of Dimes Walk America. The event was held Saturday, April 25th. The walk began at Ellen Trout Park and continued around Loop 287 to Beard's Jewelers then returned to the Ellen Trout Park Pavilion finish line where a free lunch was served to all the walkers.

The event was an effort to raise money for research into the crippling disease which in the past had maimed or killed mainly young people in epidemic proportions. Now, research continues with a focus on the prevention of birth defects. Life-saving care, made possible through the March of Dimes, has allowed newborn babies suffering from ill-effects to lead normal and productive lives.

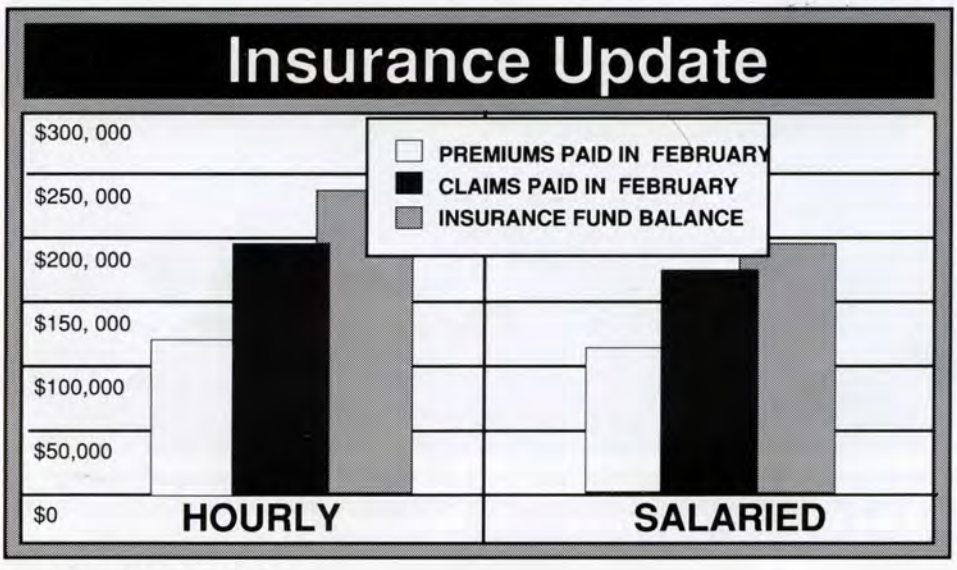
Participants in the walk included Libby Parrish, Maebelle Hearne, her husband Herman and daughter Connie Barkley, Jeff Bordelon, Gene Hallmark, friends Nancy Milner and Cary Griffith, Sandra DiStefano, Vicki Tullos, Betty Wilson, her daughter Jody Zamudio and granddaughter Jessica Zamudio, Shirley Ware, her daughter Margaret Elledge, James Hodges, Marsha Day, her sister Jeanne' Matthews and friend Carol Day and former LUFKIN employee June Armstrong.

The group raised over $1500 in donations and won the Industrial Divsion award for monies raised.





The team picture was taken before the walk began but all those who did participate for Lufkin did complete the nine miles and raised enough money to win the Industrial Division Award. After the race, everyone seemed to have enough energy to eat the free B-B-Q sandwiches provided by Arby's. A best T-shirt contest was held with the Trailer Division coming in a close second (maybe next year something can go on the back of the shirt). Overall, it was a perfect day for a walk and what made it even better was the fact that money was being raised to help fight birth defects. Just another example of LUFKIN's continued effort in helping the city of Lufkin and its people. Congratulations to all the participants !



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MAY ANNIVERSARIES

Accounting

Charles Griffis	11
Karen Barringer	10
Pat Grimes	9
Rhonda Modisette	6
Donna Conner	3

Canada

Victor Halwa	20
Alois Schmid	1

Corporate

Jim Riggs	28
Jim Haley Jr.	14
Joseph Lowe	3

Engineering

Edwin Braden	41
Wesley Davis	11
Rick Masters	10
Gladys Grossman	9
Debbie Vann	8
Robert Callaway	7
Karen Forrest	7
Lisa Ford	5
Randall Harkins	5
Ross Pinner	3
Jeff Lewis	3

Final Assembly

James Davis	12
Robert Burrell	10
Marilyn McCloud	9

Foundry

Billy Harris	31
Rodney Brazil	26
R. D. McClendon	24
Billy Summers	22
Gene Hunziker	17
Robert Lucas	17
Bill Fincher	16
Simmie Moffett Jr.	15
Larry Thigpen	15
Charles Shattuck	14
Moses Davis	12
Michael Hulett	12
Billy Davis	11
Carl Canino	10
Basilio Morales	10
Donald Williams	8
Jose Lopez	8

Little Rock

Bonnie Troutman	8

Machine Shop

Dan Tullos	33
Charles McFarland	32
Charlie Vann	25
Charles Minshew	21
Mike Cloyd	20
Larry Lunsford	20
Phillip Smith	19
James Duggan	18
Jimmy Johnson	17
Myrle Powers	17
Tommy Davis	17
Fred Curbow	15
Fremon Bryant	15
Manuel Basham	14
Glenn Youngblood	14
Steve Cortines	13
Michael Maddux	13
James Headrick	13
Wayne Bynum	12
Delbert Floyd	12
Peyton Page	12
Manuel Luna Jr.	12
Randal Luce	12
Gary Long	11
James Sumrall	10
Michael Whitten	10
Larry Mathews	10
William Cantrell Jr.	10
David Evans	10
Clarence Collins	9
Larry Singleton	8
Buford Thomas	8
Jerry Wilson	8
John Tyer	8
David Pennington	7
Eally Smith III	6

Machine Sales

Willard Chappell	24

Material Control

Charles Sanford	11

Order Dept.

Loyd Davis	28
LaWanna Gainer	14

Personnel

Lyndell Phillips	15
Wendell Addington	7
Judy Murphy	7
Robert Smith	3

Structural Fabrication

Aron Garner	19
Sherman Thomas	13
William Simcoe	12
Rene Esteves	12
Ronnie Smith	12
Ronnie Frederick	12
Donald Deckard	11
Kenneth Faries	11
William Luce	6
James Ivey	3

Trailer Plant

Oscar Milligan	37
Betty Coleman	20
Thomas Coutee	20
Henry Lawson Jr.	20
Willie Burgess	18
Charles White	18
John Seeman Jr.	16
Mondorfe Hadnot	15
Gene Hallmark	15
Terry Taylor	15
Sammie Davis	14
Albert Gilder	14
Charles Patton	13
Gene White	12
Jerry Elder	12
Bobby Landrum	12
James Watson	12
Randall Havard	11
Justin McEroy	10
James Allen	9
Steven Sowell	9
James Crawford	8
Evelyn Rice	8
Johnny Mote	8
Jose Gutierrez	7
Leonard Hobbs	7
Robert Bower	7
Martin Hernandez Jr.	6
Nelson Sapia	6
Ernest Caldwell	3
David Hudspeth	3
John Buschman	3
David Meaux	3
Jorge Guajardo	3
Kim Brady	3
Scott Rayburn	3
Guadalupe Garcia	2
Glenn Robinson	1

Welding Shop

John LaForge	9

Promotions



Larry Hight

Larry Hight has been promoted from Security Officer to Warehouse Foreman at the Trailer Plant.

Hight graduated from Louisville High School in Louisville, Missouri and attended I.C.S. College studying accounting and income tax preparation. Hight joined the company in 1982. He is a member of the Angelina County Reserve Deputies and Angelina County Peace Officers Assoc. and attends Denman Avenue Baptist Church.

Hight and his wife Robyn have three children, Curtis, Cary and Kevin and are expecting their first grandchild. Hight's two brothers, Tony and Wyatt work for LUFKIN in the Machine Shop.



Jane Stephens

Jane Stephens has been promoted from M.E. Data Base Coordinator II to Assistant Data Base Coordinator at the Foundry.

Stephens is a graduate of Corrigan-Camden High School in Corrigan, Texas and has an Associate Degree from Angelina College and a degree in general business from Stephen F. Austin. She joined the company in 1981 as a keypunch operator then moved to Data Control Clerk before becoming a Computer Operator in 1984.

Stephens and her husband Tony, who works in engineering, have an eight month old son named Clay.

MAY COVER

Lufkin Industries has decided to increase efforts in the outside castings' business. Also pictured is the company fishing tournament and fish fry at Piney Point and the Trailer Division's walk for the March of Dimes.

THE ROUNDUP

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The Lufkin Team Back Cover

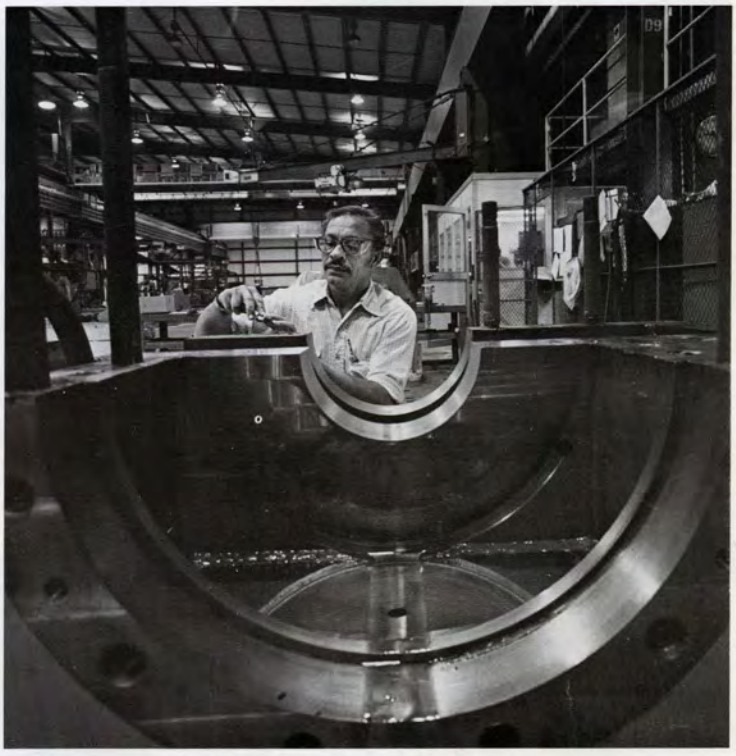
The Lufkin Team



J.C. Higgins



Bert Brady



Chester Mitchell

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