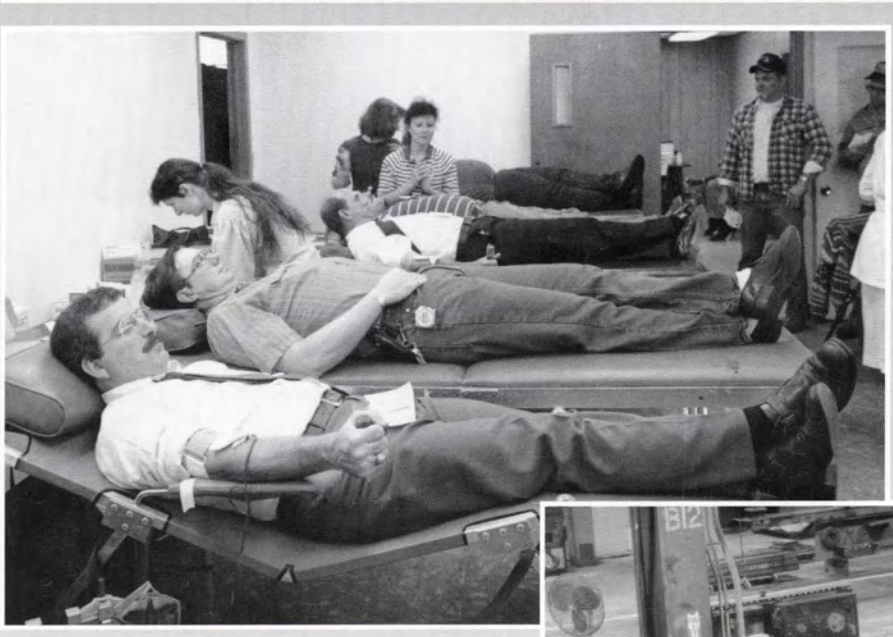
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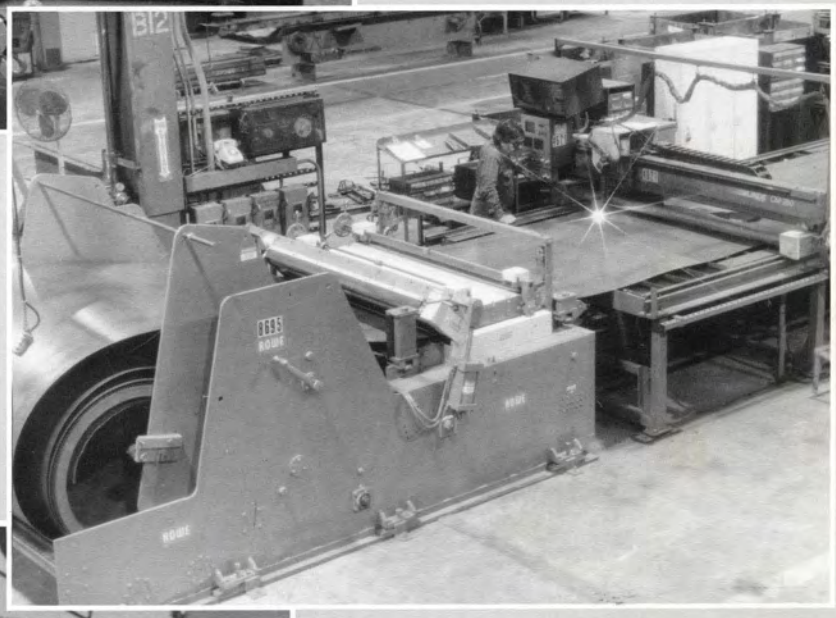
LUFKIN

ROUNDUP

JANUARY 1989



Giving Life



Uncoiling Steel



Rewarding Service

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From The President's Desk

The Challenge of '89



As we enter 1989, we will be faced with many problems which include low demand for many of our products, high prices for material we must purchase to manufacture our products, and an extremely tight, competitive selling price for all of the goods that we produce.

The challenge of '89 is to turn these problems into opportunities - opportunities to add more value by using less and wasting less, while simultaneously improving our products. We should remember that time is a valuable ingredient that must be included as we search for ways to return to profitability. How can we accomplish more with less? We are blessed with good people, and as a team we can overcome our poor markets, high material costs, and extremely cut-throat competition.

Our competitive advantage in 1989 will be the skill, determination, and creativeness of all the LUFKIN team to find a better way, to be of better service to the customer, to produce a better quality product, and to continue to build on our improvements.

Let's take a fresh look at everything we do. Let's determine that in 1989 we **will** put the pieces together, and we **will** find ways to turn problems into opportunities. By meeting the challenge of '89, our profit sharing plan can be something that will be significant to every individual.

Thanks very much for your efforts in 1988 - there were many achievements and successes. Let's make 1989 the year that we really turn things around and make significant advances in our lives and in our company.

F B Stevenson

Frank B. Stevenson

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Blood Drive '88

The 14th Annual Blood Drive was held Wednesday December 7th, 1988 as 423 employees gave the gift of life. Wednesday, January 4th, 1989, the Stewart Blood Center from Tyler returned to the Trailer Plant to service those who were missed on the first trip.

Bill Grimes, President of the Stewart Blood Center, said Lufkin Industries, Inc. is the largest drive conducted by the SBC. Holding the LUFKIN drive in December helps SBC get through the holiday season when blood is needed the most.

Every department of LUFKIN participated in the drive. The Career Development Center, serving as the donation center for the Machine Shop, Personnel, Corporate Communications, Engineering, Purchasing, and Order Entry, recorded 190 donors. The Foundry Division turned out 65 blood donors, Buck Creek handled 33, and the Trailer Plant added 105, not including those from January 4th. The SBC coach accommodated the Corporate Office and Industrial Supplies personnel, who combined for over 30 donors.

The blood donated was sent back to Tyler where it will be processed and stored. Donations are credited to a pool account for Lufkin Industries through the Life/Share Blood Pool Plan. Any LUFKIN employee, retiree, or family member who is in need of a transfusion will be able to receive the blood from LUFKIN's account.

Anyone who was unable to give blood due to high blood pressure, irregular heart beat, colds, or those who were out of town, can go by Memorial Medical Center of East Texas in Lufkin to the Stewart Blood Center (second floor) and donate blood that can be credited to LUFKIN's account. Those who donated during the drive may go to SBC in eight weeks and donate again.

A big thanks goes out to those who participated in this year's blood drive. The Stewart Blood Center and its personnel look forward to next year's blood drive and hope for an even better turnout.

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Fabrication Department Adds Decoiler



John Foster, Class A Burner, adjusts the tension on the decoiler before running it through the plasma arc cutter.



In October 1988, Structural Fabrication began using the Combination Cradle & Straightening Machine, simply known as the decoiler, for belt cover manufacturing operations. The decoiler flattens the uncoiling steel as it feeds 60" wide, 14 gauge (.075 inch thickness) steel material to the plasma arc cutter.

Structural Fabrication previously purchased needed steel in sheets from Norton Steel in Houston, Texas. With the addition of the decoiler, the steel is now purchased in 20,000 pound coils eliminating cutting and stacking costs. According to Chuck Beloney, Technologist II at Buck Creek, the total annual savings would be over $50,500. The cost of the decoiler including shipment and installation cost $65,588.40 and calculated out to a 1.3 year payback period.

The decoiler is approximately 10' long and is connected to the 25' plasma arc cutter. A 20,000 pound coil, which is the maximum amount of weight that can be put on the decoiler, measures 1300 feet long. The decoiler also has variable speeds of 35-100 feet per minute (fpm). Since October 18th, 47,000 pounds of material (3000 feet of coil) has been processed.

The combination of the coil and decoiler allows better utilization of the steel. In 1987, utilization of the 14 gauge steel was 65% with a scrap rate of 35%. The addition of the decoiler will help increase the utilization rate to 82% while reducing scrap by 50%. By purchasing coils, steel sheets can be cut to any length rather than the previously single steel sheets purchased in only two lengths, which required splicing together two sheets for larger belt covers. Elimination of the individual sheets also reduces material handling.

A process known as "nesting" will allow two belt covers to share steel that previously would have been scrap. Through the use of CAD/CAM, two belt covers can be placed close enough together to utilize the unused portion of the steel.

Beloney praised Utility Maintenance for the installation work of the decoiler. He said, "They did a fantastic job on installing the electrical and air hook-ups. It really went smoothly thanks to them."

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18th Annual Awards Banquet

Lufkin Industries, Inc. 18th Annual Service Awards Banquet was held December 3, 1988 at the Lufkin Civic Center. Awards for five to thirty years of services were presented to 318 LUFKIN employees including the company branches. This years nine retirees were also honored.

Frank Stevenson, President and CEO, opened the banquet by stating that "the LUFKIN team has survived a difficult year but is getting stronger everyday." He added that the real purpose of the gathering was to say thanks to the people who brought the company to where it is today.

Reviewing 1988, Stevenson noted that sales increased 15% from 1987. Employment grew from 2272 employees in 1987 to 2365 for 1988. With the growth of the company, there was also an increase in competition. During the year, LUFKIN invested money into better and more efficient equipment to meet the competitive market.

Industrial Supplies, the oldest division of the company, increased sales 15% over 1987. With the addition of the Jasper store, Industrial Supplies will be a strong influence in the marketplace. The Trailer Division had an increase of 15% in unit shipments. Increased production has allowed ultra-light dumps and drop frame trailers to be manufactured in the Heavy Weldment facility. Industrial Gears increased unit shipments by 20% over 1987. LUFKIN gear units are now being manufactured with higher horsepower and more precision.

Stevenson described the oilfield pumping unit business as the same story for the third year in a row. Despite the oil prices, unit shipments increased 12% over 1987. Some of the improvements for the future include a broadening of the product line and increasing service centers. Sargent, acquired by LUFKIN over a year ago, has allowed LUFKIN to extend its oilfield market.

Stevenson said one of the primary company objectives is to help people succeed. Continual career development, company classes and tuition refunds are evidence of LUFKIN's efforts. Innovation has been a spark to LUFKIN's success as seen in continuous product improvements.

Concluding, Stevenson emphasized the most important ingredient to LUFKIN. He said, "We have mainframes, mini, personal, micro NC, DNC, CNC - - every type of computer and electronically controlled device known to man. Bricks, mortar, and machinery are available to everyone, but it boils down to people. People are what make a great company."









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BLUEPRINT: FR: Thomas Benge, James Chamblee, Matt Daniel, Linda King. BR: Dale Staten, Jeff Kirkland, Jimmy Little, Dan Melton.



BLUEPRINT: FR: Marvin Rich, Troy Smith, Jerry Wilson, Lanell Smitherman. BR: David Hensarling, Robert Horn, Ben Sallas.



NON-DESTRUCTIVE TESTING: FR: Charles Smith, Kay Walter, Mattie Wilson, Helen Ingram. BR: Bobby Allen, Charles Shattuck, Phillip Jones, Dan Melton



FOUNDRY PRACTICES: FR: Kevin Buchanan, Robert Jones, Byron Coutee, Kevin Cauley. BR: Curtis Smith, James Bennett, Phillip Jones, James Vasher, Gary Porter.



FOUNDRY PRACTICES: FR: Ron Smith, Mitchell O'Neill, Ide Russell. BR: Walter Culpepper, Leonard Sweat.



SHOP MATH: Greg Alexander, Brent Bynum, Wayne Shelton, Donnie Wolf



WORK SIMPLIFICATION: Mark Strong, Nancy Ballenger, Oscar Vasquez.

Industrial Training Classes

Lufkin Industries, Inc. awarded 53 certificates of completion to employees participating in the Industrial Training Classes.

A banquet was held Thursday, December 15, 1988 at the Lufkin BBQ Annex to honor those who recently completed courses in industrial training.

LUFKIN offers classes in Foundry Practices, Blueprint, Shop Math, Work Simplification, and Non-Destructive Testing as part of its continuing effort to help employees achieve success.

Those who participated in the classes work in the Foundry, the Machine Shop, the Trailer Plant, Structural Fabrication, Purchasing, Accounting, and Engineering.

It's an opportunity for employees to learn more about the company and understand its operation while improving their job performance.

The next session of Industrial Training Classes begins January 30th. Sign up sheets will be posted during the week of January 9th. Sign up and take advantage of LUFKIN's offer to help you succeed.

On The Road To Success

ENGINEERING

Norman Smith ..... Graduate Engineer to Associate Engineer

MACHINE SHOP

Jack Alexander ..... I. E. Draftsman to Design Draftsman
Vernice Roebuck ..... Foreman 8 to Foreman 9

TRAILER DIVISION

Evan Luce ..... Welder B to Welder A
Carl Peacock ..... Helper to Cleaner & Grinder
Royce Kelley ..... Helper to Cleaner & Grinder
Jerry Bowers ..... Helper to Material Handler A

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JANUARY ANNIVERSARIES

Accounting

Pam Thompson 10
Jerry Hill 9
Brenda Kee 7

Assembly & Shipping

Bias McDaniel 23
John Cooper 15
Manuel Luna, Sr. 13
Rayford Barnes 10
Jimmy Russell 8

Canada

Tony Colangelo 9

Corporate

LaVan Watts 21
Elton Fenley 16

Engineering

Bobby Spells 24
Cecil Hunt, Jr. 23
Roy Wright 22
Carolyn Sherrer 21
Don Bridges 13
Frank Myers 8
Jane Green 2
Jerry Houser 1
Robert McBride 1

Foundry

Ferdinand Guillory ... 27
Calvin Cooper 26
Walter Bane 18
Ray McCollister 18
Jessie Wade 16
John Wade 16
Robert Hoosier 15
Eneree Cranford 14
Kenneth Larue 13
Helen Ingram 12
Blake Bordelon 12
Ella Banks 11
Roger Kitchens 11
Trinidad Solis 10
Herbert Moore 10
Carlos Riojas, Jr. 10
Pedro Garza 10
Tommy Smotherman 10
Oscar Elijah 10
Tommy Bass 9
Karl Ballenger 9
Bruce Bain 9
Fred Preston 9
Lenneth Sowell 5
Ricky Justus 4
James Jones 2
Ralph Jones 2
Donna Burch 2
John Ridgeway 2
Houston Davidson 2
Clyde Lowery 1
Troy Edwards 1

Heavy Weldment

James McKinney 24
James Hamby 19

Industrial Supply

Edith Arnold 26
Hubert Morgan 22

Little Rock

Bobby Hall 10
David Hall 10

Machine Shop

Richard Collmorgen . 33
Jimmy Horton 30
John Cole 27
Milton Davis 27
Walter Estes 27
Hollis Clifton 27
Ed Dominey 27
Johnnie Smitherman . 26
Clarence Miller 23
William Oldham 23
Mac Mitchell 22
James Lee 21
Lowell Wicker 17
James White 16
Robert Ray 16
William Tidwell 16
Joe Powell 16
Paul Birdwell 15
Michael May 15
Jerry Hampton 15
W. Tullos 14
James Warren 14
Robert Conner, Jr. 14
Clark James 13
Marce Allen 13
Bennett McMullen 13
Alfred Johnson 13
Michael Modisette 13
James Hines 12
Louise Melton 12
Conney Stapleton 12
Jack Anderson 12
Von Lowery Jr. 12
Rickey Stanford 12
Fred Berquist 11
William Molandes 11
John Wilson 11
Kenneth Singleton 11
Billy Coutee 10
Felipe Trevino 10
William Cooper 9
Tony Hight 9
Claude McDonald 9
James Davis 9
Frank Derkowski Jr. 9
Kenneth Spears 9
Bruce Mott 9
Charles Reynolds 9
Beauford Kervin 8
Frank Sander 7
George McMullen 5
Kurt Martin 5
Terry Tullos 2
Michael Standifird 2

Machinery Sales

John Fincher, Jr. 34
Ethel Sunday 20
Wanda Ottmers 18
Bob Hail 15
Wayne Stuckey 13
Bill Williford 13
Peggy Herbst 9
Melvin Cox 2
Danny Kizzia 2

Personnel

John Havard 15
Samuel Blair, Sr. 11
Delbert Ray 8
Anna King 5
Beverly Selman 5
Marsha Day 4

Purchasing

LaVerne Basey 24

Sargent

Eugene Wellman 32
Samuel Curtis 14
Hoyt Prater 8
Donald Wood 6
Deana Williams 6

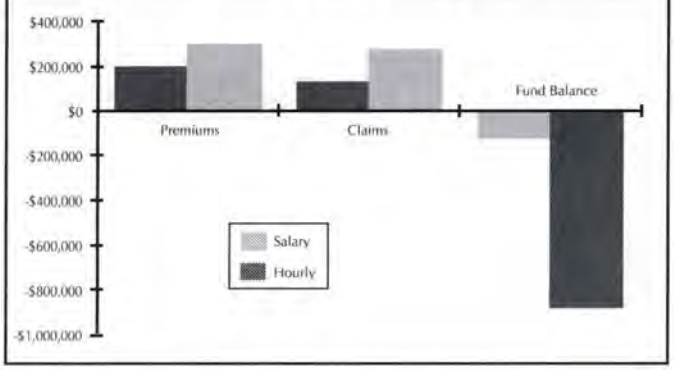
Trailer Division

Otis Alexander 33
Don Block 27
James Masters, Jr. 25
Calvin Hammer 25
Dawson Howell 23
Pat Gammill 22
Jerry Lawson 21
Michael Stringer 18
Joseph Williams 17
Quinton Edwards 17
Charles Holmes 17
Virgil Reynolds 17
L. Dove 16
David Compton 13
Thomas McLendon ... 13
Carl Walker 13
Leon Berry 11
Maria Boonstra 11
Robert Elliott 10
Roy Erwin 10
Reginald Moore 10
James Davis 9
Steve Spangler 9
Ray Loving 9
Horace Kendrick 9
James Hight 7
Dariet Stripling 5
Bryan Squyres 5
Henry Sledge 5
James Davidson 5
Charles Kilgore 5
Joel Wier 5
Johnny Christie 5
Billy Horne 5
Danny Lock 5
David Merritt 5
Fredrick Smith 5
Glenn Ellender 4
Keith Collins 4
Rajan Babu 4
Michael Hebert 4
David Miles 3
Kenneth Davis 3
Sam Greenville 3
Louis Polasek 3
Mary Russell 3
Lum Teer 2
Norman Coleman, Jr. .. 2
Gregory Harrison 2
Roy Hilton, Jr. 2
John Modisette 2
Edward Clifton 2
Kelly Hopson 2
Kimberly Bacile 1
Ronald Saint 1
Kelly Scott 1
Kendall Scott 1
Lovita Abbott 1
Winston Richard 1
Sam Taylor 1
Burtis Boles, Jr. 1
Salvino Gonzalez 1

Welding Shop

Audie Christie 27
Marvin Malnar 23
Tom Hollingsworth ... 22
James Loving 21
Tommy Dennis 18
John Goodwin 16
William Gann 15
Kim Frels 10
Russell Ash 10
Tomas Fuentes 9
Daniel Torres 9
William Haynes 9
Jose Reyes 9
Eusevio Martinez 9
Willie Bell 9
Ernest Pleasant 7

NOVEMBER INSURANCE CHART



THE ROUNDUP

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For active and retired employees and their families.

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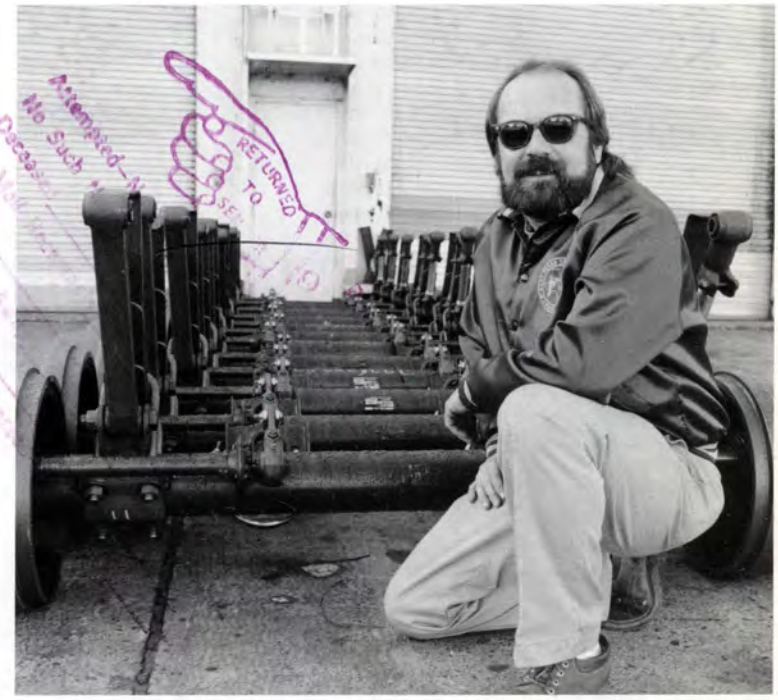
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In This Issue:

From The President's Desk	2
Blood Drive '88	3
Fabrication Adds Decoiler	4
18th Annual Service Awards	5
Industrial Class Graduates	6
On The Road To Success	6
Anniversaries	7
November Insurance Chart	7

The LUFKIN Team



Chuck White



Jose O. Diaz



Thomas Nash