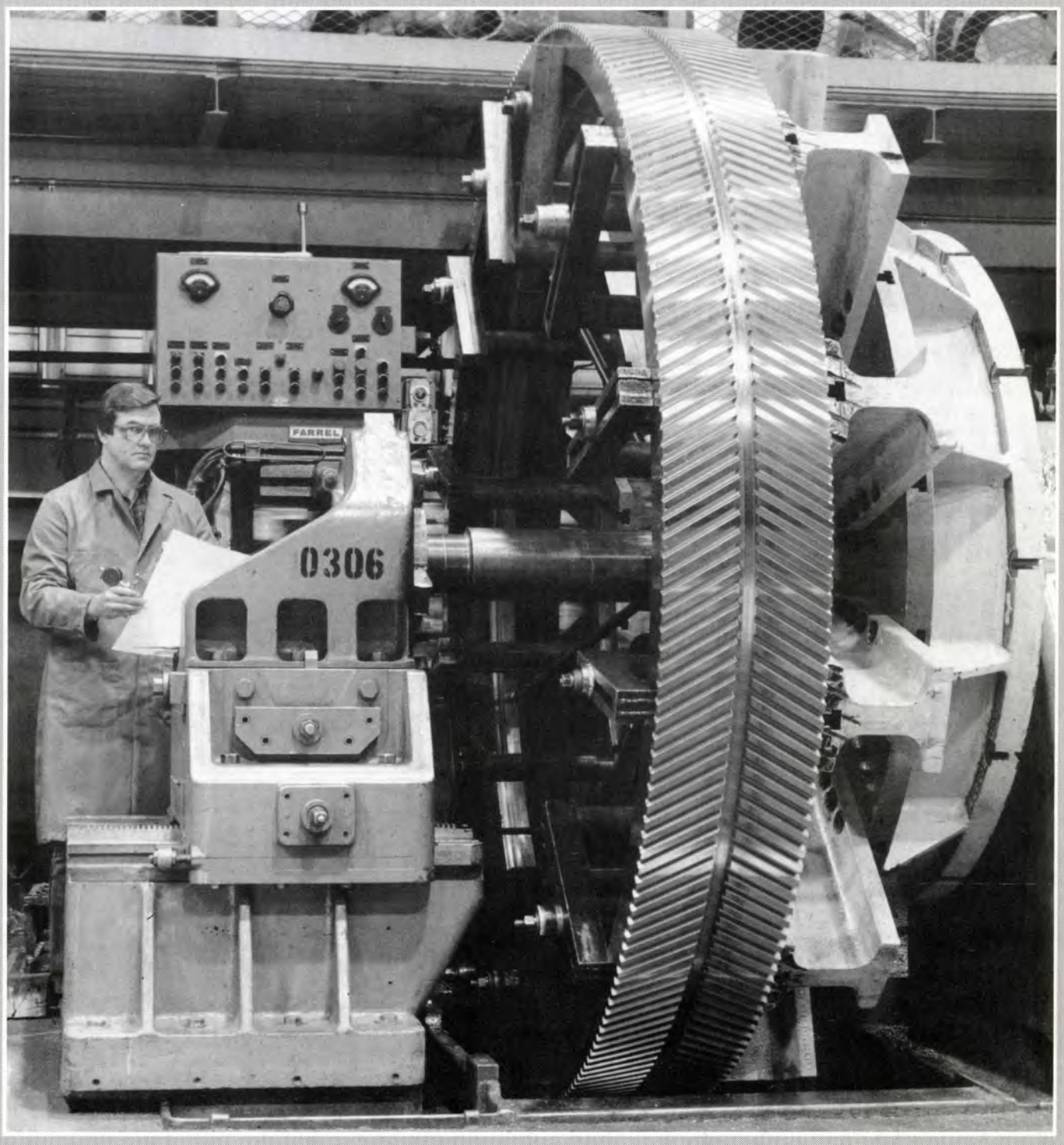
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LUFKIN

ROUNDUP

MARCH 1989



LUFKIN 's Competitive Edge

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The Competitive Advantage



Lufkin Industries has a long and enviable record of producing superior products, superior service, superior dependability, and real value - that's a **competitive advantage**.

We have kept our plant, facilities, offices, and service locations equipped with the best and most productive equipment available, and that's a **competitive advantage**.

We have continued to improve our processes so as to assure the superior product - - to assure that quality and dependability are built into everything LUFKIN produces, and that's a **competitive advantage**.

Each of our activities must reach into every part of the business. We realize that we can and must improve everything we do, whether in the office, on the factory floor, or in any of the support activities, we must continually improve our operations so we have a more efficient, productive environment - - this will give LUFKIN yet another **competitive advantage**.

The greatest asset that we have is each and every LUFKIN employee — **partners** in the truest sense with everything we do and everything we accomplish. **This is by far our most important competitive advantage**.

Let's make sure we continue to improve and accelerate all of our competitive advantages. By making the most of our resources, facilities, processes, and partners we will build a better and stronger company.

We recognize that in everything we do, we must enjoy our work. Each workday should be an occasion to which we look forward, and one that can truly be exciting and rewarding as each of us become masters of the tasks we perform and improve our relations with each other.

Thanks for your continuing efforts **to be the best** and to build the best - - to continually improve service to our customers, quality in our products, strength of our company, and careers for our partners - - that's the LUFKIN **competitve advantage**

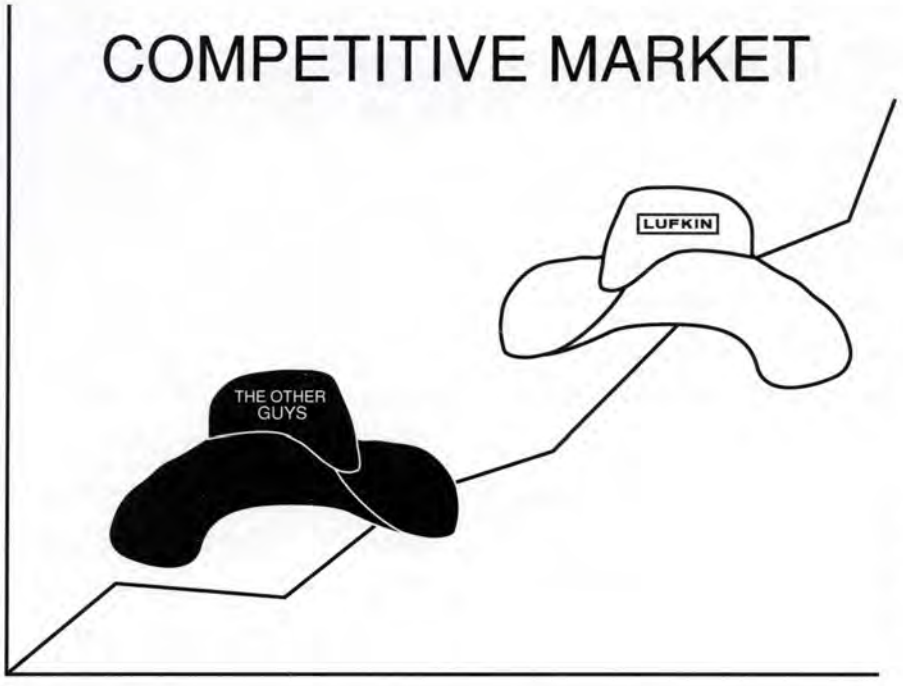
F B Stevenson

Frank B. Stevenson

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"The Other Guys"

The LUFKIN team must work harder and smarter everyday to produce a competitively priced, quality product because LUFKIN isn't the only company that manufactures pumping units, trailers, gears, or any other product that it sells. Lufkin Industries, Inc. and its employees compete with other companies in the same market everyday. Very simply, if LUFKIN does not perform better than its competition, maintaining the level of business required to prosper or perhaps even to sustain its current economic position will be difficult if not impossible.



In pumping unit manufacturing, LUFKIN ranks at the top, but being in the number one position makes competition tougher. Although LUFKIN recently acquired the inventory of two former competitors, Baker and Morgan, a fiercely competitive and severely reduced pumping unit market leans to a "one step ahead of the competition" philosophy. Competitors in the pumping unit market include American, Churchill, Canada's Legrand and Ampscot, and imports from China and Rumania.

Competition within the casting market consists of hundreds of commercial foundries across the country as well as foreign companies. LUFKIN's Foundry Division, although holding a small share of the outside castings market, is one of the few large, modern foundries in the country. As a predominantly in-house operation, the competition in the casting market works as a tool that allows LUFKIN to come closer to reaching its potential.

Industrial Supplies estimates a healthy share of the market, varying among the different product lines. Because of the diversity in products, Industrial Supplies' competitors range from large mail order houses (McMaster-Carr, Grainger), multi-branch general supply houses (Texas Mill, Briggs-Weaver), and specialty stores (Jackson's Industrial, Motion, Coburn, Moore Supply, Southern Abrasive). Over the past few years, demand for supplies has increased and in order to maintain a share of the marketplace, competitive pricing has become a greater factor for industrial supplies.

The Trailer Division competes heavily in an expanding trailer industry. Companies such as Fruehauf, Great Dane, Utility, Trailmobile, and Monon are LUFKIN's strongest competitors. Trailer production has increased over the last few years opening a large market for competition. In a field of over 50 trailer manufacturers, LUFKIN is in the top 1/4 of the market.

Out of all of LUFKIN's competitors, perhaps the toughest one to face is the market itself. Unpredictable and volatile as the economy, the industrial marketplace poses the strongest challenge to Lufkin Industries - - a challenge which we must continue to meet.

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LUFKIN's Co

Is there one thing that makes Lufkin Industries, Inc. better than "the other guy?" Is it LUFKIN's quality product, excellent service, state-of-the-art processes, or dedicated employees? What gives LUFKIN its competitive edge?

quality products

A very important selling point to LUFKIN customers is "We build a quality product that is second to none." As a financially stable industry established in 1902, LUFKIN has earned a reputation for quality that is a cornerstone to its competitive edge. Every product, from pumping units and trailers, to gears and castings, are manufactured to LUFKIN's strict standards. Creative design engineering, grade-A material, state-of-the-art processes, and quality assured final inspection combine to make LUFKIN's products the highest quality available in the industry today.

excellent service

Communication is a key ingredient to LUFKIN's excellent service. Everyday tasks such as listening to and answering customers questions quickly and thoroughly add to LUFKIN's competitive edge. LUFKIN's customer oriented attitude of 24-hour service, seven days a week does not go unnoticed.

One of LUFKIN's most valuable services has been repair. Whether gears, pumping units, or trailers, LUFKIN provides guaranteed quality repair for both LUFKIN and non-LUFKIN products. LUFKIN currently has five pumping unit service centers and ten trailer service centers located across the country equipped to perform repairs on all brands. The most recent service to expand is the gear repair business. As LUFKIN becomes more involved in gear repair, facilties will continue to be upgraded to meet market demand. Regardless of the product, LUFKIN offers services unequalled by its competitors.



To the left: Albert Duffield applies primer to a LUFKIN trailer frame in the newly installed paint booth at the Trailer Plant. State-of-the-art machinery and upgrades of existing machinery are part of LUFKIN's competitive edge. Above to the right: Hubert Pittman checks the status of a 50 year old gear box before repairs are made. Excellent service adds to LUFKIN's competitive edge. Bottom right: Theodore Perez loads a walking beam onto a trailer for shipment. In the background is a reminder of LUFKIN's top priorities. Quality products give LUFKIN a competitive edge. In all the photos, LUFKIN's strongest competitive edge is represented - - its' employees.

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ompetitive Edge



state-of-the-art processes

The management of Lufkin Industries realizes that to be competitive, it is necessary to invest in new equipment, machinery, and technology. Several millions of dollars are poured back into the company each year to upgrade existing equipment and technology and to acquire new machinery that will enable LUFKIN to maintain its leadership position. Examples of the most recent improvements include the CAD/CAM system that links manufacturing engineering directly to the machine operation, the decoiler at Buck Creek which eliminated the waste and cost of pre-cut steel, and the newly installed paint booth at the Trailer Plant.

The Machine Reliability Program in the Machine Shop is an example of LUFKIN's commitment to preventative maintenance which assures LUFKIN customers of continuous machine operations and on time delivery of the highest quality product.

employees

LUFKIN's strongest competitive edge is its 2200 employees. Without dependable, dedicated, and well-trained personnel, machines can't operate, repairs can't be made, bills can't be paid, products can't be sold, and profits can't be made. To be the best, LUFKIN's Machine Operators, Foundrymen, Trailer Builders, President, Managers, Laborers, and every employee must be better than "the other guys'." It is absolutely vital that every member of the LUFKIN team feels an urgency about the accomplishment of the tasks at hand and a need to outperform our counterparts in the competitive marketplace.

The determination, dedication, and attitude of the LUFKIN team build a strong foundation which allows LUFKIN to compete in the marketplace.



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On The Road To Success

ACCOUNTING

Ron Sharp ..... Programmer Analyst to Systems Programmer

MACHINE SHOP

Ralph Alaniz ..... Machine Operator Trainee to Machine Operator A
Andy Modisette, III ..... Machine Operator A to Machinist

MACHINERY SALES

Don Crow ..... Salesman B to Salesman A

TRAILER DIVISION

Ernest Caldwell ..... Trailer Builder A to Maintenance Mechanic B
Timothy Carter ..... Helper to Trailer Builder B
Daniel Casanova ..... Helper to Material Handler A
Johnny Charanza ..... Material Handler A to Trailer Builder A
Robert Dixon, Jr. ..... Helper to Trailer Builder B
Luis Garcia ..... Machine Operator A to Painter A
Michael Menefee ..... Painter B to Painter A
Kelly Scott ..... Shop Foreman to Service Manager (Lowell)
Jerry Williams ..... Painter B to Welder B



Trailer Division Holds Conference

The Trailer Division held its annual Sales Conference January 30-31 at the Roadway Inn in Lufkin. Attending the conference were:

Front Row: Sharon Spells, Jo Ann Tyler, Darcey Faircloth, Pat Gammill, Ben Raney, John Taylor, Roland McGee, Larry Morris, Jimmy Davidson, Joe Wade

Second Row: Doug Landers, David Miles, Bob Westbrook, Ada Beck, Harwelleen Corder

Third Row: Art Nelson, Larry Grimes, Glen Reynolds, Harold Downum, Charles Terry, Don Butler, John Seeman, LaVan Watts, Frank Stevenson, Kevin Holton, Floyd Bailey, Jim Allen, Wayne Carey, Tommie Miller, Joe Williams, Jim Masters, Sam Greenville

Fourth Row: Arden Jinkins, Frank Ragland, Danny Rodgers, Roger Ricketts, Benton Reynolds, John Myrick, Mike Donovan, James Holton, Mike Stringer, Ken Davis, Chris Duval, Steve Crawford, Don Wier, Joe Burch, Jim Horn, Don Roper, Wayland Quisenberry.

LUFKIN's nine trailer branches were represented at the meeting. John Myrick from the Memphis, Tennessee branch was named outstanding salesman of the year.

FEEDBACK

The LUFKIN Roundup staff wishes to thank those who participated in FEEDBACK. We received 102 responses to questions about drugs and alcohol in the workplace. Below are the results.

Does Lufkin Industries as a company have a drug and/or alcohol problem?

Yes 50 No 9 Don't Know 43

Do you know any LUFKIN employee who uses drugs at work?

Yes 18 No 78 No Answer 6

Do you think LUFKIN should be concerned about drug usage by employees?

Yes 94 No 6 No Answer 2

Do you consider drugs in the workplace to be a safety hazard?

Yes 100 No 2

Are you in favor of your insurance dollars paying for drug and/or alcohol rehabilitation?

Once 59 More Than Once 7 Not At All 36

Do you support a drug policy for the company which includes drug screening?

Yes 80 No 16 Unsure 6

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MARCH ANNIVERSARIES

Accounting

Pat Merriwether 12

Assembly & Shipping

Eddie Mask 16
Thomas Nash 16
William Howard 16
Jimmy Walker 12

Corporate Communications

Viron Barbay 5

Corporate

Bradley Smith 2

Engineering

Debra Chunn 11

Foundry

William Cole 26
James Horace 19
Terry Baird 18
Eugene Hodge 17
Elton Menefee 16
Lee Alexander 15
Truman Fussell 14
Henry Mack 14
Autry Tennyson 14
Paul Tuscana 14
Walter Culpepper 12
Eduardo Castillo 11
Johnny Ingram 10
Clinton Pool 10
Tommy Russell 10
Monte Ramsey 9
Roger Harbuck 8
Richard Adams 4
Linda Karber 2
Otis Alexander 2
James Evans 1
Clifton Whisenant 1
James Bennett 1
Robert Whitehead 1

Heavy Weldment

Robert Mitchell 30
James Burse 16
Arthur Young, Jr. 12
Carl Coutee 11
Milton Warren 9
Viel Cooper, Jr. 9
William Forsythe 9
Alvaro Alvarez 9

Industrial Supply

Diane Register 5
Sylvia Hawkins 5
Dwayne Shinn 4
Pamela Reece 4
Michael Looney 4
Claude Mullins 4
Stephen Bailey, Sr. 2
Gregory Broussard 1

Machine Shop

John Temple 35
Rex Berry 35
Gayland Wallace 35
George Montes 30
Ross Nash 30
Sam Turner 27
Rayford Wright 26
Jimmie Cole 23
Ira Brown 22
Royce Modisette 21
Edward Pillows 20
Billy Smith 20
Jesse Garcia Jr. 20
John Coffield 19
James Joshua 19
Dale Wigley 19
Gary Boyd 17
August Kulms 16
Cecil Primrose 16
Palmer Arnold 14
David Hensarling 14
Leroy Mooney, Jr. 14
Robert Evans 12
Jack Essary 12
Gerald Germany 12
Tommy Harwell 12
James Bryant 12
James Chmielewski 12
William Redd, Jr. 12
Dennis Justus 12
Charles Hodges 12
Donna Trego 10
David Landrum 9
George Pillows 9
David Amerson 9
William May 5
R. McGuire, Jr. 5
Aliene Jones 5
Ricky Moore 2
Kenneth Townsend 2
Ronnie Pace 2
James Wells 2
Calvin Lofton, Jr. 2
Walter Peden 2
Lorenz Wilkie 2
Wilber Williams 2
Benjamin Norwood 1

Machinery Sales

Hugh McWilliams 20
Dan Pillar 7
Terry Kerbo 4
Sonia Harrelson 3
Alfred Mitchell 2
Amando Ramirez 1

Sargent

Timothy Thompson 18
Karl Barnes 8

Personnel

Jean Eager 9
Robert Wilkerson 5

Purchasing

Linda King 2

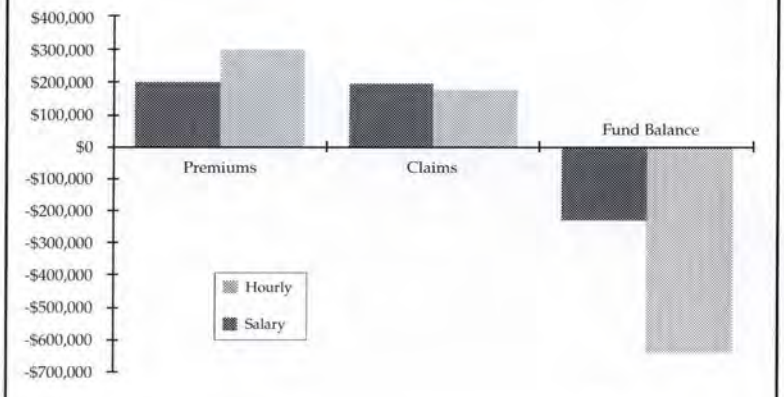
Trailer Division

James Horn 32
Bobby Malnar 27
Orvell Molandes 27
Joe Wade 24
Bob Westbrook 20
Jerry Ferguson 17
Deloyce Dodd 15
Shirley Hadnot 15
Loyd Fror 14
Earl Randolph 13
Ernest Young 13
David Harkness 12
Jose Jimenez 12
Walter Oder 12
Andrew Shoffitt 12
Larry Farr 10
Kenny Jackson 10
Terry Blake 10
Jackie Nichols 9
Billy Bynum 9
Jose Hernandez 9
Robert Polasek 9
Hubert Ream 7
Donald May 5
Russell Harvey 5
Mark Hayes 4
Marvin Rich 4
Charles Kendrick, Jr. 4
Brian Cloinger 4
Thomas Alexander 2
Wendell Carter 2
Danny Havard 2
Joseph Holcombe 2
Charles Steele 2
Clayton Johnson 2
Edna Jones 2
Joe Landers 2
Ricky Marrs 2
John Hannah 2
Grady Thompson 2
Gary Gladden 1
Jose Rodriguez 1
Juan Lopez 1
Lonnie Mack 1
Ronald Pope 1
Homer Patton 1
Florencio Rodriguez 1
Alex Forrest 1
David Hodges 1
Brenda Oliver 1
Jose Rosales 1
Robert Allen 1
David Alvarado 1
Armando Gamboa 1
John Porter 1
Linda Roland 1
Sergey Solntsev 1
Homero Trevino 1
Billy Hamilton 1
John Hutchins 1
Rodney Schultz 1
James Farmer 1
Judy Linton 1
Ernie Morin 1
Wade Sapia 1

Welding Shop

Donald Jones 34
Freddie Sullivan 24
Jesse Brooks 24
Joe Allen, Sr. 24
Melvin Brock, Jr. 19
Bobby Short 19
James Baker 19
Bobby Allen 16
James Adams 12
Mark Wright 11
Thomas Burnett 11
Elmer Anderson 11
Ronald Klem 10
Raymundo Espinoza ... 10
Dwayne Howell 7

DECEMBER INSURANCE CHART



The **LFM Credit Union** will be holding its annual meeting, Saturday, March 11 at the Roadway Inn in Lufkin. The meeting will begin at 7:00 p.m. For more information call 632-4397.

THE ROUNDUP

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For active and retired employees and their families.

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The LUFKIN Team



Harold Donaldson



James McGee



William Curl