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LUFKIN ROUNDUP

january 1992



Lufkin... Into The 90's

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LUFKIN ROUNDUP

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Lufkin Industries... 90th Anniversary

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For active and retired employees and their families

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The Legacy of the Past --

The Promise of the Future

In our business, there has always been change; there has always been improvement; there have always been new markets to conquer; there have always been new objectives to reach.

And yet, some things have never changed:

- Our concern for each individual;
- Our concern for serving the customer;
- The quality, dependability and real value of every product that we produce and every service that we render.

A significant change in the leadership of Lufkin Industries, Inc., was made on November 20, 1991. Herb Green was elected as the sixth president in the history of the company. He was chosen for this position because he was viewed as the most qualified person in the world to lead the company. He was chosen because of his leadership capabilities, his sound business judgment and his belief in the principles that have enabled the company to have success in the past. Most importantly, he was chosen for his vision of the future.

Many challenges face Herb and all of us as we work toward the future success of Lufkin Industries. Fortunately, we have many strengths upon which to build:

- Our financial situation is among the strongest in our industry, because we have cash reserves and no debt.
- Our modern plant equipment and facilities enable us to build products that can compete against those made anywhere in the world.
- Most significantly of all, we have the LUFKIN Team: the determination of each and every individual to work together to build the best product and to provide the best service to our customers.

It is reassuring to know that we have Herb Green to lead us, because he knows how to develop these strengths and take advantage of our opportunities. Let me encourage you to support his efforts and to continue to build upon our tradition of excellence, teamwork and service.

"Many challenges face Herb and all of us as we work toward the future success of Lufkin Industries."



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21st Annual Awards Banquet

Lufkin Industries honored its employees with the 21st Annual Awards Banquet, December 7, 1991.

Over 250 people were on hand to celebrate the holiday season and honor LUFKIN's retirees and those receiving service awards.

Herb Green, newly-named President and Chief Operating Officer, told the audience that, "there is some very good potential [for 1992's business], but also a lot of uncertainty."

While 1991, "has been a year of missed opportunities, I believe it has also been a year of renewed commitment to do the things necessary to get this business on the proper track."

Alluding to the December 7th attack on Pearl Harbor 50 years earlier, Green stated that, "We too are going to war; and this war will be launched on many fronts... in every department... in every division. Our weapons will include, not only our Quality Program, but many other initiatives which will be introduced by your management team.

"Let me assure you that we will not lose this war because of a lack of leadership. We have declared all out war."

Frank Stevenson, Board Chairman and Chief Executive Officer, thanked the assembled employees for their hard work and dedication.

"This is the time of year when we turn our thoughts to family and thankfullness for all of our blessings.

"Without you Lufkin Industries would not exist."












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Quality is KEY to Profitability



Lufkin Industries is serious about quality. That was the message shared with over 1600 employees at lunch meetings held during "Quality Awareness Week," December 9 - 13.

LUFKIN employees gathered in groups of 15 - 30 to eat ham or turkey sandwiches and watch a video of Scott Semlinger, Senior VP, talk about the LUFKIN Quality Process.

Scott began by "bragging" about Lufkin Industries' strengths, including good people, modern machinery and a solid reputation for quality. Unfortunately, the news is not all good.

"One of the key factors that drains our company is the dollars that we spend for doing things wrong. You heard me right: the dollars we pay for doing things wrong," Scott told the participants. Between 20 and 25 million dollars are wasted each year because things are not done right the first time. As a result, stockholders are not getting the return on their investment that they could be.

Scott said he was not interested in pointing fingers or placing blame. "Instead of thinking about working harder or longer, let's talk about about working smarter."

After the video, members of LUFKIN's Quality Improvement Team (QIT) offered more details about the LUFKIN Quality Process and answered questions. The QIT is made up of upper level managers and are charged with directing LUFKIN's quality efforts. Koozies with the LUFKIN quality logo were distributed, along with pocket cards stating LUFKIN's quality policy:

At Lufkin Industries, quality does not happen by chance . . . Quality happens because we make sure it happens.

We define quality as error free products and service that meet or exceed customer requirements.

Quality performance is achieved through teamwork and commitment to a process of continuous improvement.

Lufkin Industries is now in the process of training employees how to, as Scott said, "work smarter." Currently, over 400 employees are finishing the first round of quality education classes. By the end of May, all employees from the Machinery and Industrial Supplies Divisions, including those working in our branches, will have completed training.

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PRESIDENTS: Past... and Present

It was announced in November that top-level management changes involving Frank Stevenson and Herb Green were being made by the Board of Directors. Stevenson has been elevated to Chairman of the Board and Chief Executive Officer, while Green has been promoted to President, Chief Operating Officer.

Stevenson, who has served Lufkin Industries in the capacity of Manufacturing Engineer, Chief Industrial Engineer, Machine Shop Superintendent, Vice-President of Machinery Division Manufacturing, Senior Vice-President, Executive Vice-President and then as President and Chief Operating Officer before being named President, C.E.O., has been with LUFKIN for 35 years.

Green, who has served Lufkin Industries in the capacity of Materials & Information Systems Manager, Vice-President of Foundry Operations, Vice-President of the Machinery Division Manufacturing, Senior Vice-President and was named Executive Vice-President in November 1990, has been with LUFKIN approximately nine years.

Giving these moves the proper perspective they deserve, in the 90-year history of Lufkin Industries only two others have served the Company as Chairman of the Board and only five others have served as President.

The names of these predecessors reads like a Who's Who of Lufkin Industries:

- J.H. Kurth, Sr., one of the original founders of the Company, was President from 1902 to 1930.
- W.C. Trout, then held the Presidential post from 1931 to 1947.
- W.W. Trout, Sr. was President from 1948 to 1966 and served as the original Chairman of the Board from 1967 until his death in 1971.
- R.L. Poland was named President in 1966, a post which he occupied until 1984 when he was named Chairman of the Board, Chief Executive Officer.

At the time Poland moved into Chairman position, Stevenson was named President, Chief Operating Officer; he then acquired the Chief Executive Officer status upon Poland's retirement in 1985.



Frank Stevenson



Herb Green

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vantage point

"If you think it's not your job, you are right."

I heard an example used recently in a class of a man who owned a business. He had a sign in the work area that said, "If you think it's not your job, you are right." That statement should be applied to every area of Lufkin Industries. With the country, county and Company in the adverse economic situation they are in, we cannot afford any employee who thinks their job is limited to the job description.

As a unified body, we must take every opportunity to correct problems that are keeping us from being as profitable as we can be. We have started an excellent means of accomplishing profitability by adopting the Lufkin Quality Process. However, if every employee does not do their dead-level best to understand and implement the process, it will, like so many other programs, most certainly die. We should realize even though the Quality Process may require us to step outside our job descriptions at times, the expertise of each person involved is invaluable for producing profits.

It is everyone's job to get involved with the Quality Process. We must recognize that this is a forum to bring to light the annoyances that keep us from doing our jobs in the most effective way possible. However, we must also keep in mind that we have to target the most "profit-eliminating" areas first and then tackle the individual job problems. So, if you and I do not see our suggestions enacted immediately after they are made, be patient. The rattlesnakes have to be killed before the fire ants. If we all take the program seriously, we can make a healthy dent in the fire ant population around Lufkin Industries, too.



Lisa Ford, Project Engineer, in Corporate Engineering has been with LUFKIN 9 years.

Over the last six months in Engineering we have undertaken a Process Improvement program. We have been taught methods of documentation, streamlining processes and systematic design that we plan to use for further improvement of our design procedures. We have done this work to provide our customers, including Sales, Manufacturing, and of course, our ultimate customer, with much more accurate and timely information. At any point during the six months, practically anyone of the people working on the project could have said, "It's not my job," because what they were doing was definitely not something that had been done in Engineering before. However, they undertook their temporary assignments with enthusiasm and produced results for us to use for years to come.

As a Company, we must pull together and decide now that any job needing us is our job.

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An Ounce of Prevention



It's January and the time that many of us set new goals for ourselves. This just might be the year to quit smoking, lower cholesterol, ride that exercise bike and/or lose those ten pounds gained over the holidays.

Some New Year's resolutions are being taken seriously as more people are taking better care of themselves. Fewer Americans are smoking, healthier foods are readily available in stores, and you can hardly go anywhere without seeing someone walking or jogging. The emphasis has shifted from the tradition of treating illness to taking personal responsibility for preventing illness—an alternative that saves dollars and lives.

The November 6, 1989, issue of *Health Week*, reported that, "For the third year in a row, soaring health insurance costs far outpaced other workers compensation costs paid by U.S. employers and the trend shows no sign of abating." Since more than half of all illnesses and premature deaths are due to lifestyle, we can each personally take some reponsibility for controlling these soaring costs. Each of us can significantly improve our health and lower health-care costs by eating right, exercising and recognizing the powerful effects of lifestyle on health.

Prevention will be the focus of the Lufkin Industries worksite wellness program. Throughout the year you will become aware of special events and promotions to educate and encourage employees and family members to take responsibility for their health. The effort will be directed by Susan McCulley, Employee Care Manager, and a team of employees from various areas of the company.

The team members are Jim Riggs, Diane Baker, Ann Harris, Tina Randolph, Len Lockhart, Joyce West, Nita Thornton, Cathy Cloyd, Ron Myers, Danny Melton and Wayne Bynum. So let these people know what you think and support them in their effort to improve our health habits. Get involved. Prevention is one piece of the puzzle to solving the health care crisis and improving the quality of each of our lives.

Recently Lufkin Employees were surveyed regarding their interest in worksite wellness programs. The following programs were the top choices of the 864 employees responding to the survey:

- *Exercise and physical fitness class*
- *Warning signs of a heart attack*
- *CPR class*
- *Stress management*
- *Join a health club at an employee discount*
- *Nutrition*

Other programs of interest were: money management, cancer recognition and weight control.

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lifestyles



Greg Naten, Shop Serviceman in Bakersfield, has put the "g" back in whittlin'.

Whittlin' brings to mind images of elderly gentlemen sitting on a corner of a downtown square, calmly building mounds of wood chips while producing little but a smaller piece of wood.

Whittling, on the other hand, is an artistic use of wood to form custom or unique pieces. This definition fits Naten's work to a wooden T.

A visit to Kentucky as a youngster started Naten carving wooden chains with his pocket knife. From this simple beginning, in which his tools consisted of the traditional pocket knife, Naten soon graduated to working with a bandsaw, disc sander, bench-top drill press and "plenty of clamps."

In the early 80's, his efforts turned from producing knickknack items for "around the house" such as coat racks and wooden vases to making folding-blade pocket knives from wood.

Through trial-and-error, he determined the appropriate type wood, block size, position of dowels and the blade locking design. A 3-blade knife could be produced in about a week of evenings. Why? "Because they looked neat."

Then, after watching a PBS special Naten's interest turned from wooden pocket knives to boomerangs. His first attempt turned out as simply a "stick", so he found an instruction manual with a boomerang attached and worked from there.

Using mahogany plywood, he cut it out, finished it... and it flew.

With a new found understanding of aerodynamics, he set about designing his own boomerang. He worked with steam wood-bending techniques and originally laminated 9-10 strips of birch wood into his own design. Since that time he has perfected his design and technique and now utilizes 13-14 strips of birch.

From chains to knickknacks to knives to boomerangs, Greg Naten has definitely put the "g" back into whittlin'.

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JANUARY anniversaries

ACCOUNTING
Jerry Hill 12
Brenda Kee....10
CANADA
Tony Colangelo....12
CHANUTE
William D. Williford..16
CORPORATE
LaVan Watts 24
Elton Fenley 19
Sam Greenville....6
Donna Burch 5
ENGINEERING
Bobby Spells 27
Cecil Hunt....26
Carolyn Sherrer....24
Don Bridges 16
Frank Myers....11
Kevin McBride....4
Craig Cloud....3
Phyllis Grossman 2
Stephen London....2
FABRICATION
Audie Christie 30
James McKinney....27
Marvin Malnar 26
Bias McDaniel....26
Tommy Hollingsworth 25
James Loving....24
James Hamby....22
Tommy Dennis....21
John Goodwin....19
John Cooper 18
William Gann 18
Manuel Luna Sr 16
David Compton 16
Kim Frels....13
Rayford Barnes....13
Daniel Torres....12
Tomas Fuentes....12
William Haynes....12
Jimmy Russell....12
Jose Reyes 12
Willie Bell....12
David Pleasant 10
FOUNDRY
Calvin Cooper....28
Walter Bane 21
Ray McCollister 21
Jessie Wade 19
John Wade 19
Eneree Cranford....17
Kenneth Larue 16
Helen Ingram 15
Blake Bordelon 15
Trinidad Solis 13
Carlos Riojas, Jr....13
Herbert Moore 13
Tommy Smotherman..13
Oscar Elijah 13
Tommy Bass....12
Karl Ballenger 12
Fred Preston 12
Lenneth Sowell 8
Ricky Justus 7
Clyde Lowery 4
GEAR SALES
Mike May 18
Jack Anderson....15
Peggy Herbst....12
Don Prendergast....3
Bob Butler....2
Jaideep Luthra 2
INDUSTRIAL SUPPLIES
Edith Arnold....29
Robert Elliott....13
Phil Huber....3
Charlotte Fike....2
LITTLE ROCK FOUNDRY
Bobby Hall....13
David Hall 13
MACHINE SHOP
Richard Collmorgen ..34
John Cole 30

F.Y.I.

* **Lufkin Industries' retirees** met for their 14th Annual Christmas Banquet Friday, December 6, 1991.

G.C. "Cowboy" Starrett served as Master of Ceremonies for the more than 175 persons in attendance. Elie Smith and H.L. "Cricket" Westbrook entertained the group: Elie with his singing and Cricket with his humorous anecdotes.

Both Frank Stevenson and Herb Green spoke, concerning the contributions those assembled had made to Lufkin Industries and also concerning the outlook for business in the new year.

As always, Cowboy invited all LUFKIN retirees to attend the montlhly Retiree's Coffee which is held on the 1st Wednesday of each month at the main building of Lufkin Barbecue. He noted also, that there will not be a meeting in January, but that there will be a regular meeting in February.

* **All LUFKIN employees planning to apply for a Lufkin Foundation Scholarship** for their children need to remember that there is a specific deadline.

All applications and accompanying information must be at the Personnel Office no later than the close of business on April 1, 1992. To be complete, each application must have the student's high school transcript and a copy of the student's ACT or SAT scores.

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Milton Davis.....30
Walter Estes.....30
Hollis Clifton 30
Ed Dominey 30
Johnnie Smitherman ..29
LaVerne Basey.....27
William H. Oldham ..26
Mac Mitchell.....25
James Lee 24
Lowell Wicker 20
James White 19
Robert Ray 19
William Tidwell 19
Joe C. Powell 19
Paul Birdwell 18
Jerry Hampton 18
W. H. Tullos.....17
James Warren 17
Robert L. Conner, Jr...17
Kent James.....16
Marce Allen 16
Bennett McMullen 16
Alfred Johnson.....16
Michael Modisette 16
James Hines 15
Louise Melton 15

Conney Stapleton 15
Von Lowery, Jr.....15
Rickey Stanford 15
Mike Berquist 14
William Molandes 14
John Wilson 14
Kenneth Singleton 14
William Cooper.....12
Tony Hight 12
Claude McDonald 12
James E. Davis 12
Frank Derkowski 12
Kenneth Spears 12
Bruce Mott 12
Charles Reynolds 12
Beauford Kervin.....11
Frank Sander 10
George McMullen.....8
Rajan Babu 7
Terry Tullos 5
Michael Standifird 5
Joyce Basey 2
John Segrest.....2
Glenn McMullen.....2

PERSONNEL

John Havard 18
D.L. Ray.....11
Anna King 8
Beverly Selman.....8

PUMPING UNIT SALES

John Fincher.....37
Wanda Ottmers 21
Earl Stuckey 16
Melvin Cox 5
Danny Kizzia 5
Sylvester Crabb 4
Thomas Butler.....2

TRAILER

Rudy Block.....30
James Masters.....28
Calvin Hammer 28
Dawson Howell 26
Pat Gammill 25
Jerry Lawson 24
Charles Holmes 20
Virgil Reynolds 20
L. G. Dove 19
Thomas McLendon 16
Leon Berry 14
Roy Erwin 13
Reginald Moore.....13

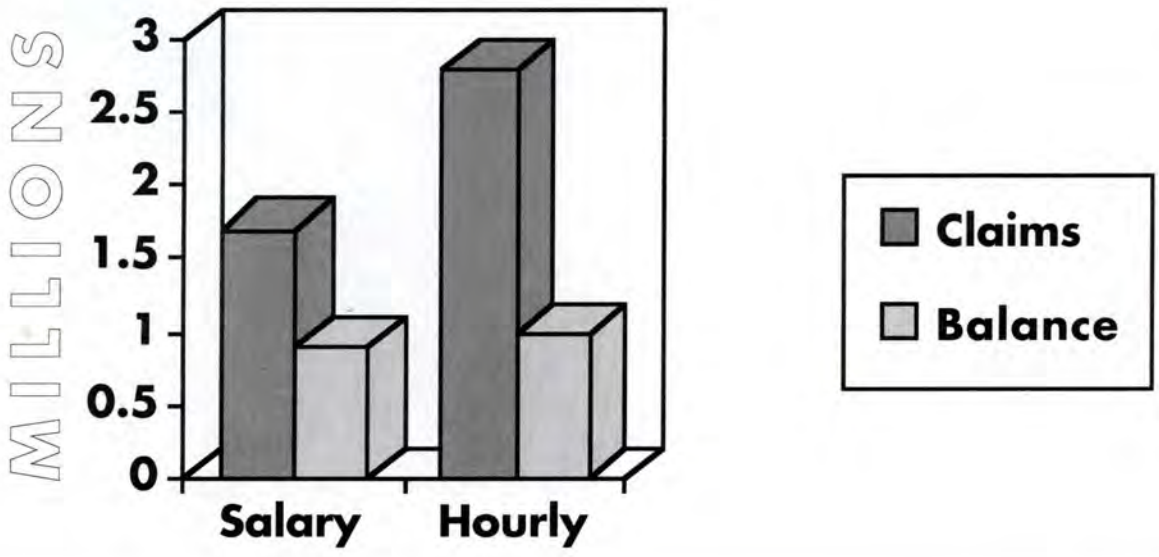
James M. Davis 12
Steve Spangler 12
Ray Loving 12
Horace Kendrick.....12
Dariet Stripling 8
Bryan Squyres 8
Joel Wier.....8
Charles Kilgore 8
Billy Horne.....8
David L. Merritt.....8
Johnny Christie 8
Danny Lock 8
Keith Collins.....7
Michael Hebert.....7

TRAILER BRANCHES

Mike Stringer 21
Joseph Williams 20
Carl Walker.....16
James Davidson.....8
Henry Sledge 8
Kenneth Davis 6
Louis Polasek.....6
Ronald Saint 4
Edward Johnson 3
James Holton.....3
Gregory Krumpelbeck .2

*

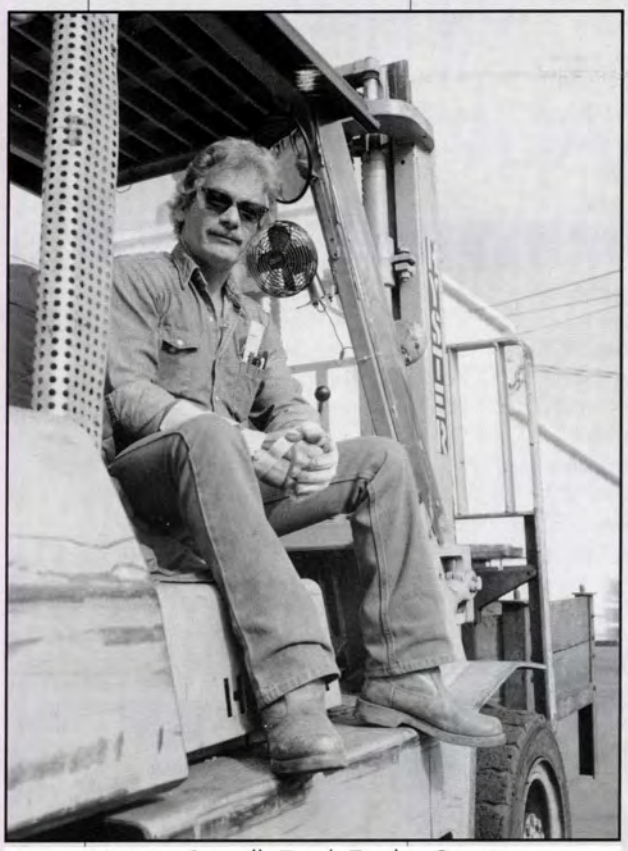
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