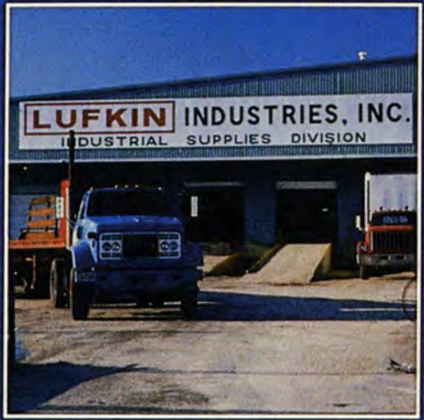
LUFKIN
MARCH, 1984

ROUNDUP



1983 EMPLOYEE ANNUAL REPORT

From the President's Desk

"Manufacturers will move away from the 'Good Old Friend' Policy"

In the past few years, I have been constantly bombarded with questions from people of every walk of life about changes that have occurred in the oil field equipment business during the last 40 years.

Actually, there were few changes in the way we did business until the recession of 1982 hit us.

In the old days, the oil field production people requisitioned their equipment (in our case, pumping units) from the manufacturer of their choice. If the field people liked LUFKIN, they bought LUFKIN.

During the last 60 years, it was standard practice for oil companies to place orders with manufacturers, such as LUFKIN, covering thousands, even millions, of dollars worth of equipment. These orders were placed without any down-payment, or partial pre-payment, and the manufacturers withstood all the risks for the cost of materials, labor, production and inventories. Many orders were placed by telephone, or simply confirmed with a handshake. And, we rarely had losses from bad debts because their word was their bond. Their word was based on trust, good faith and friendship.

Now, in nearly every case, it is different. Corporate purchasing departments are charged with the responsibility of selecting the brand of equipment. This equipment is quite often bought on price alone from bids taken from many suppliers.

I am convinced many changes will come to the oil field equipment industry over the next five to ten years. Very few suppliers or equipment manufacturers will be willing, or able, to absorb all costs until units are shipped.

Manufacturers will move away from the "good old friend" policy. They'll no longer accept large, special orders with zero-down-payment plus no cancellation charges. This will be particularly true where large amounts of money are involved and including extended delivery dates.

Such practices caught many manufacturers in a bind when the bottom dropped out in 1982. Customers cancelled large equipment orders that manufacturers had built at their own considerable expense. Fortunately, LUFKIN was financially strong enough to weather the storm while many other companies lost money and went bankrupt.

I am reminded of a story that Walter Trout used to tell about an oil executive he knew, who was in the market for a large number of pumping units. The executive asked each bidder to list his recommendations as to the best, next best, third best and so on. Naturally every bidder listed his own product as number one, but they all listed LUFKIN as number two. It was immediately obvious to the oil executive that LUFKIN was the unit to buy, and he did.

Even though we expect marketing changes in the future, we know that quality and service are still the hallmark of selling. Lufkin Industries, with the finest tools in the trade, most advanced technology, and the best people working and pulling together, will most assuredly stay ahead in this present game of worldwide competition.

1983
A Year of Transition

By David Willmon

The company's performance during 1983 could be called amazing or disappointing, depending upon where one stands and looks at it. Competitors, who either closed their doors or lost millions of dollars during 1983, would look at this company's performance and grimace with envy. Measured against past years of success, 1983 was a disappointing, frustrating year for both management and employees.

To sum up the year as either a success or failure, regardless of the viewpoint, is not an accurate reflection of the year. The year was not exactly disappointing, because the poor market for the company's major products was expected, but to call the year a success, sounds too much like backslapping. Attitudes around the plant in 1983 were no reflection of the year's performance, but of the busy preparation for better years.

Because as bad as business was in 1983, there was no loss of hope for the future. During the year, the company took its first steps in a new approach to manufacturing. The changes in manufacturing philosophy are simply new ways to produce quality products for customers at the right time and at a fair price, the same objectives the company has had during its 82 years, but the changes will not be easy.

"In 1984 we have a tremendous opportunity to build upon the strengths we have. The secret is teamwork," says Frank Stevenson, executive vice president. "We have to compete with anybody in the world, and we must believe that we can beat them."

Capital investments, over $6 million, in new machine tools, new sales office and repair facilities for customers were evidence enough of the company's confidence in the future. Throughout the plant, the efforts of all departments were generally directed toward reassessing past performances or "sharpening our axe," as one company executive summed up the efforts of the past year.

The year 1983 might best be called, a year of transition.

A Time For Change

Staying ahead of the competition, the company spent the year looking for new ways to play an old game

For those involved in the production of the Machinery Division's major product, oil field pumping units, the past year was a year of transition. A time when the company made bold changes in the way it would accomplish basic objectives, which never change regardless of the times.

"Quality, delivery and fair prices are the cornerstone of our existence," says Frank Stevenson, executive vice president, "and historically these three things have given us the business, because we have been known for these things. But we must do better. The competition is going to be severe in the future.

"The important thing to realize is that we will never return to doing business the way we were before," Stevenson says.

In every area of manufacturing, efforts were made to implement a new manufacturing philosophy called "just-in-time manufacturing." The changes being made as a result of it are designed to make the company's manufacturing more responsive and more efficient.

"Our biggest objective this past year was to develop more of our manufacturing systems into flow-through, linked processes which eliminate non-value-adding operations," says Mike Penn, vice president, machinery manufacturing. "We're redesigning manufacturing areas to eliminate many non-value operations, using conveyors to eliminate handling and linking processes so there is less need for counting and reporting."

Changes in product designs were made to produce manufacturing savings wherever possible. "During the year, we made design changes that made it possible to machine components quicker and at less cost," says Fred Griffin, vice president of product design engineering. "We have to constantly re-design components to take advantage of changes in the machining technology."

The product design engineers also developed a new "low-profile" pumping unit and began re-designing conventional pumping unit bases and sampson posts to effect a two-point suspension foundation. The two-point suspension foundation, developed for the Mark II pumping unit several years ago, allows operators to economize on pumping unit foundations.

At the structural steel, final assembly and shipping plant where modern, automated manufacturing systems are less than two years old, emphasis was on improving quality says W.T. Pennington, vice president, and manager of the operations. The formal quality control program initiated last year involves more than tougher inspections.

"Our quality control people are more than inspectors saying 'Accept,' or 'Reject.' They are teachers more than anything else," says Pennington. "When they find a problem, they take it right back to the person who did it, show him what it caused and how to prevent it."

In the company's foundry operations, quality was also a major concern, says E.G. Pittman, vice president and manager of foundry

KURT MARTIN

Flow-through manufacturing systems speed production times of components.

operations. A new pattern make-ready department was instituted to inspect patterns before the molding cycle.

"If there's a blemish in the pattern, we can fix it just one time, otherwise this blemish will show up in every casting we make from that pattern," Pittman says.

During 1983, the installation of a new Hunter molding machine, one of the most modern molding machines ever purchased by LUFKIN, increased capacity and reduced lead time in the production of small castings. Engineering designs for the conversion of the old counterweight foundry to a new highly-automated facility for the production of ductile iron castings were completed during 1983.

The division shipped 3,330 pumping units during 1983, recording sales of $108.6 million, as the market declined even further from 1982 when the division shipped 6,650 pumping units and pumping unit sales totaled $244 million.

Still the market conditions presented a greater challenge to salesmen even though they worked harder to get a lesser amount of business, says Ben Queen, vice president and sales manager of the Machinery Division.

"Our market virtually dried up, then when there was a slight return of business there was extreme price deterioration due to so many competitors having units in inventory. Many were going out of business and liquidating inventory," he says.

The company remained committed to their pumping unit customers and opened a new repair facility in Odessa and new sales offices in Abilene and Williston, North Dakota, which Queen says is unusual for any company under such market conditions.

"It shows the confidence our management has in the recommendations of people in the field," says Queen. "In no way do business prospects for the short term influence our long-range planning or our commitment to the industry we serve."

CLOSE-UP

Sherry Meaux
Structural steel plant

"We were pushing quality last year and you can tell it now. You don't see any sloppy work.

"Even though things seemed to have picked up now, I think people are a lot more concerned about their job and take more interest in their work because they saw how close they came to not having work."

A Year Of Extremes

For Trailer Division employees, the year began with little promise and ended with record-breaking sales

The company's diversity paid off once again during 1983, as the Trailer Division's sales turned up sharply while markets for the other LUFKIN product lines remained depressed.

When nation-wide demand for trailers slumped in 1980, Trailer Division employees fabricated pumping unit structures in 1980, 1981, and 1982 to help the Machinery Division meet record demand for oil field pumping units. But during 1983, with oil field and industrial gear markets depressed, the market for trailers finally returned, and the company's Trailer Division became one of the bright spots in a rather dismal year.

"It was a year of extremes," says Dick McKay, vice president and manager of the division. "We started out the year not knowing where our next order was coming from and ended the year with record-breaking sales in November and December. It was one of the hardest years I've ever experienced during my career at Lufkin Industries."

At the beginning of the year, the division built commercial trash containers, foundry flasks and pattern boards for the company's foundry operations, and solicited any kind of fabrication work from industries within a 100-mile radius to keep employees busy. Still, sales totaled less than $1 million during the months of January and February.

During the month of March, trailer sales picked up slightly as a few companies purchased trailers to avoid an April 1 increase in excise tax on new trailers, but fell off again during April. Then, in May the first of several large orders from J.B. Hunt Transport of Lowell, Arkansas, was the first indication that the trailer industry was recovering.

By the end of 1983, trailer sales were at record levels. The division's billings totaled $4,762,000 during November breaking the previous record of $4,340,971 set in December, 1978 and billings during December set another record, totaling more than $6 million.

The division finished the year with a record $36.6 million in sales, producing 2,245 trailers of all types, an increase of 849 over 1982. During 1982, the division produced 1,396 trailers and sales totaled $22.7 million.

The majority of the 1983 trailer orders were for new longer, 102-inch wide trailers which were permitted on the nation's interstate highways following the enactment of the 1982 Surface Transportation Act. The trailers sold to Hunt Transport were "high-cube" trailers which were of a unique design.

"We could offer the largest cube trailer on the market with a rear opening design that allowed same as inside clearance. That was something other manufacturers weren't able to offer," McKay says. "This is a tribute to our engineering and production departments who designed and built it."

Although demand for floats, low-boys and dumps remained light, due primarily to the slump in the oil industry, the trailer engineering department also completed designs during 1983 for two new trailer models, a lightweight dump trailer and a lightweight float.

With competition fierce within the

CHUCK STEVENSON

A new post-loader, designed and built during 1983 by the company's manufacturing engineering, maintenance and electrical departments, improved production time on the Pierce-Rivet machine which produces the entire side of an aluminum van.

industry for every trailer order, McKay says prices for trailers were at an all-time low during the early months of 1983 and orders were not profitable. Efforts were made to reduce production costs.

"We reduced the number of hours it took to make a trailer without sacrificing quality. I'd have to give the credit to the people in the shop. They were just as concerned about their jobs as I was about mine. They realized that we had to get the job done with less expense to be profitable. I'd say we improved our productivity 20 percent."

As demand for trailers increased and prices firmed up during the second half of the year, trailer orders became more profitable. These better prices when combined with the cost-saving measures and quantity discounts the division was receiving from suppliers as material purchases increased, helped produce more profits on orders. The division was able to recover from losses which occurred during the early months of 1983 and show a profit for the year, something few trailer

CLOSE-UP

Earl Dover
Trailer Plant

"We weren't prepared to manufacture the longer, wider trailers when they first started talking about the new law. We adapted our equipment so we could offer this longer, wider trailer whenever the law passed. It appeared to me that because LUFKIN reacted so quickly, we were able to get some early business."

For the division, 1983 was a profitable year, and with a backlog of orders for six months into 1984, Trailer Division employees are expecting a record-breaking year next year.

A $400,000 expansion project to enlarge the paint house facility to accommodate the wider, longer trailers is now underway. New painting equipment and a more efficient washing system will be installed.

But the experiences of the past four years will not be forgotten, says McKay. "We don't take business for granted anymore," he says. "We'll only get our share of the business if we remain competitive. We've got to stay efficient and maintain our standards for quality."

A Year Of Waiting

Stifled in the wake of uncertainty from the oil industry's slump, gear projects sat waiting for better days

There's no better evidence of the far-reaching effects of the slump in the giant oil industry than the havoc it created in the industrial and marine gearing market serviced by the company's Machinery Division.

Practically every type of industry felt the effects of the severe recession in the oil industry. Industrial and marine gear customers delayed construction projects simply because of the economic uncertainty which spread to industries even remotely tied to the oil patch, or because they were directly affected by a downturn in the oil industry.

"Our gear markets were extremely depressed last year," says Ben Queen, vice president and sales manager of the Machinery Division. "Still it was a busy year for gear sales personnel. There's always activity and leg work to be done. Some of these jobs take as long as a year to come to fruition."

A large portion of the marine propulsion gear market was directly affected by the recession in the oil industry. A surplus of work boats which service offshore drilling operations and move petroleum products along the major waterways, brought construction of new vessels to an all time low.

Still, when compared to 1982, sales of industrial and marine gears during 1983 fared no worse than the Machinery Division's major product, oil field pumping units.

During 1983, the Machinery Division's gear sales totaled $11,200,000 on shipments of 423 industrial and marine gear units. Industrial and marine gear sales in 1982 totaled $26,900,000 and the division shipped 638 gear units.

The company's gear service department began a more aggressive approach to gear service during the year, performing special rush jobs for customers and rebuilding any type of gear for customers.

In recent weeks, there has been renewed activity in industrial and marine markets, and the promise for 1984 is good. Company engineers are preparing designs to manufacture gears in the 70,000 horsepower class as demand for such high performance gearing seems on the increase.

Most promising for the company's industrial and marine gear market is the increased activity in the oil industry and a general improvement in the economy. The waiting is over.

CLOSE-UP

Dennis Flowers
Industrial gear manufacturing

"As I worked with people last year, training them on new machines, it seemed that everyone was more concerned about doing a good job."

Almost A Record Year

The year was better than expected, but a decline in sales to the company kept the Industrial Supplies Division short of its record year

Coming off a record year in 1982 when sales topped $10 million, employees in the Industrial Supplies Division were prepared for a tough year in 1983. With the business climate in East Texas still depressed and the company's Machinery Division caught in one of the oil industry's worst slumps, the attitude among Industrial Supplies employees was that every sale, large or small, would be needed to offset the expected decline in sales to the division's biggest customer, the company itself.

"Last year's sales were good compared to what we had expected," says Elton Fenley, manager of the division. "The only decrease in sales we had were the sales to the company, which dropped off nearly $2 million. We only had a $3 million drop in sales from the record year in 1982, and most of that was the decline in sales to our own company. They are our single biggest customer."

The division's sales for the year totaled $9,296,000.

The division markets pole line hardware for electric utilities, industrial supplies for area industries, and plumbing supplies for industrial and residential customers within a 150-mile radius of Lufkin.

"Our pole line sales were up last year and our industrial and plumbing sales to other area industries was better than expected. The recession didn't hurt us as bad as we thought it would," says Fenley. "If you left out Lufkin Industries, and looked at all our other business, 1983 was business as usual."

Once again, the Industrial Supplies Division is taking a hard, aggressive approach to the coming year even though the outlook is much better.

"Our customers in the wood industries are very optimistic about the coming year, the pole line hardware should be as good or better than last year, and our plumbing products should improve if housing picks up as predicted," says Fenley. "If the oil industry improves, our industrial sales to the company will pick up again and we're concentrating our efforts toward finding even more products that we can supply to the company at a savings."

A special team from Industrial Supplies has begun a survey of all the products purchased by the company from other suppliers to determine if the division could supply any at a competitive price.

CLOSE-UP

Tom Squyres
Plumbing buyer

"We tried to service every customer more because we realized we wouldn't have any quantity sales. We worked harder to get every sale."

WHERE DOES T

The company earns its money by selling the products it manufactures. The sales dollars are used to pay the expenses, such as the raw materials, taxes, and employee salaries and benefits.

Although the company's income of $170 million in 1983 was considerably less than its income in 1982, expenses were kept in line and the company maintained its strong financial position.

The company's largest expense each year is the cost of raw materials, goods and supplies, and services which are necessary for the operation of the company.

Other expenses are the local, state and federal taxes on property and income. Funds are also set aside to pay for depreciation, the replacement cost of buildings and equipment as they wear out.

Another major expense is the benefits and compensation paid to the company's employees. Although the company's income declined sharply from 1982, employee salaries and benefits were not cut.

The company paid out more than $16 million during the year for employee benefits such as paid holidays and vacations, retirement programs, and the company contributes 60 percent of the cost of group insurance plans which protect employees and their families in the event of illness, disability or death. The company's pension plan is funded 100 percent by the company and is designed to supplement Social Security benefits for an employees' retirement income. Paid holidays and vacations provide employees a chance to spend time with their families. The company observes

TOTAL SALES
$170,406,000

During 1983 $6 million was reinvested in new machine tools, improvements and expansion to create more jobs and keep the company competitive.

HE MONEY GO?

nine holidays each year, and full time employees with one year of service qualify for paid vacation time.

Several government programs provide employees with security during retirement or in the event of disability or termination, and the company contributes to these plans. It also pays half of the Social Security tax and for all of the unemployment and worker's compensation programs.

The employee benefits, which go unnoticed when employees receive their paycheck, amount to an additional one-third of an average salary.

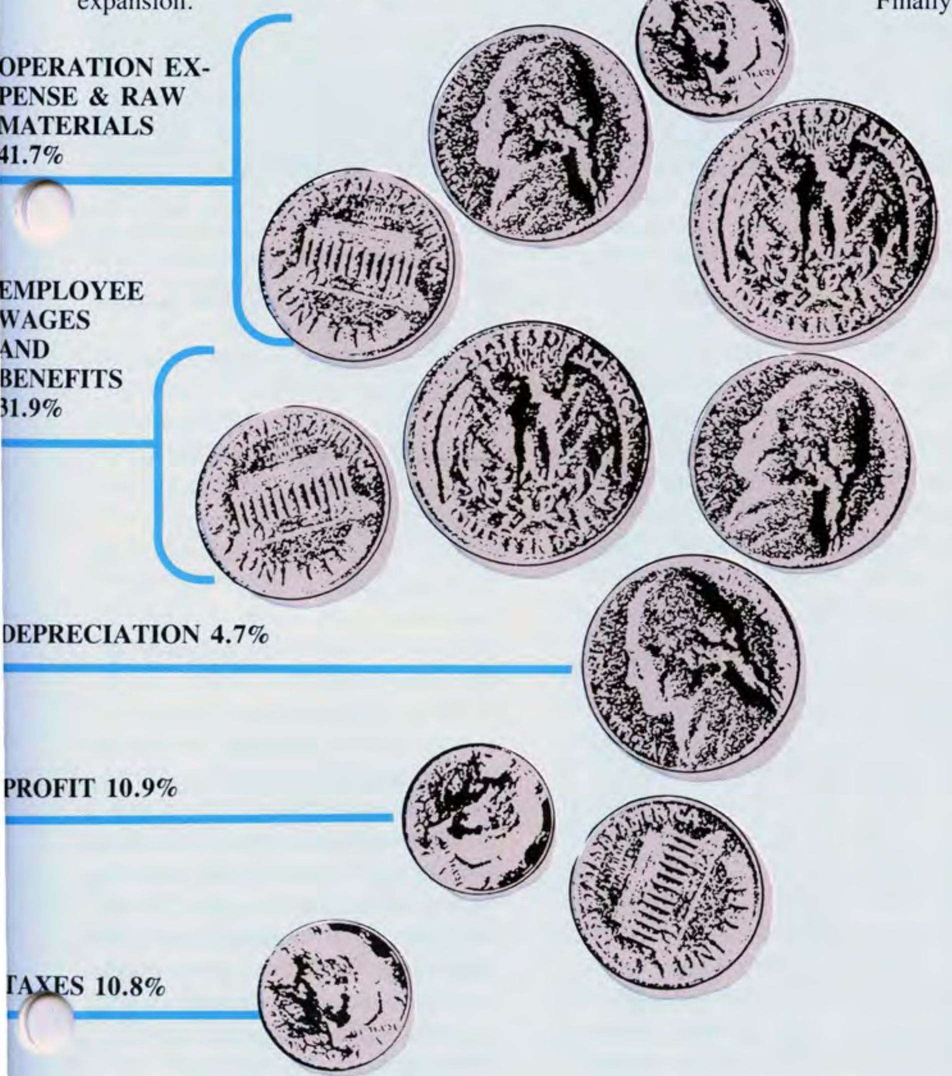
What is left after all the expenses are taken out of its income, is the company's profit. From this money, Lufkin Industries pays for new manufacturing facilities and equipment, or purchases property for expansion.

Over the years, the company has consistently reinvested much of its profit in new machine tools and capital expansions that provide more jobs and keeps the company competitive. During the past 15 years, the company has reinvested earnings of more than $125 million.

No money has been borrowed to finance expansions and improvements, so even during a severe business slump, the company maintained its strong financial position and even reinvested almost $6 million in modernization during the year.

Dividends to stockholders are also paid from the company's profit. Dividends are a cash return to those who invested their money into LUFKIN by purchasing shares of stock.

Finally, the company puts aside a small portion of its profits each year for the future.



EMPLOYEE BENEFITS
$16,039,378

Vacations & Holidays
$2,026,709

Payroll Taxes
(Social Security)
$2,904,023
(Federal & state unemployment)
$471,014

Worker's Compensation
$1,025,041

Group Insurance Plans
$1,951,036

Pensions
$5,541,879

Bonuses
$1,612,135

Other
$507,541

SALARIES & WAGES
$41,318,863

From barrel's bottom To record trailer billings

By Rick Pezdirtz

"My toughest, most unusual year with Lufkin Industries," says Dick McKay; but, his Trailer Division rallies for 61 percent business increase

Right about this time a year ago, Dick McKay, the Lufkin Industries' Vice President and Trailer Division Manager, was living with some self-admitted anxieties about a severe lack of business.

He was almost at the bottom of the barrel ... or garbage can, if you will.

When outside orders for his division's trucking products — vans, floats and dumps — dwindled down to a precious few, McKay had no other alternative than to whack back his labor force to a three-day week.

"We hardly had enough work for even a three-day week. We had our men making and repairing large, commercial trash containers for six Texas cities. Some municipalities sent us bent, broken and rusted-out trash containers that we restored to like-new condition.

"We even went to making foundry flasks, pattern boards and horse stalls for the new Angelina County Exposition Center," recalled McKay with something of an economic shudder during last month's Trailer Division sales conference.

However, if 1983 started slow for McKay and his Trailer Division, it finished with an all-time record flourish.

"We had less than $1 million in billings the first two months of 1983, then saw a complete reversal with a record $10 million in billings the last two months of the year," said McKay.

Without doubt, 1983 was an economical roller-coaster ride for McKay and the Trailer Division, zooming to its strongest year of the past four.

"We went from wondering where our next orders were coming from to almost more orders by year-end than we could handle. They say hard times builds character and a better cooperative spirit. Perhaps this is why we were able to finish the year in the black after being so far in the hole during the early months.

"Of the 28 years I've been with Lufkin Industries, I'd have to say 1983 was the most unusual and perhaps the toughest I've spent with the company. It was truly a year of extremes," said McKay.

Exactly how much of a terrific turn-around did the Trailer Division luxuriate in during 1983? Well, statistical buffs or figure filberts might wish to fasten their eyeballs and pencil points on this:

- With overall company business off 55 percent because of a mushy 1983 oil patch economy, the Trailer Division showed a splendiferous 61 percent shipping increase over 1982.
- By sending 2,245 vans, floats and dumps off its Buck Creek production lines, the Trailer Division was up 849 units over the 1,396 output of 1982.
- Representing only 7.5 percent of total company business in 1982, the Trailer Division nearly tripled to 21.5 percent of all Lufkin Industries' sales figures for 1983.

"What a difference a year makes," McKay says. "We were order-poor at the start of 1983 but entered 1984 with a backlog of 1,234 vans to build and orders for over 300 more have come in since January 1. We'll be running into July just filling existing orders."

Lufkin Industries President and Chief Executive Officer R.L. Poland applauded visiting salesmen from four Texas cities — Houston, Dallas, San Antonio and Lubbock — and five out-of-state branches at Atlanta, Memphis, Oklahoma City, New Orleans and Shreveport, saying: "You weathered a storm in 1983 and gave us one of our best years ever in the trailer division. I want you to know this company is not sitting idle.

"We're going to keep plugging, looking for new products we can put the name LUFKIN on to manufacture, warranty and market. I know of no company our size on the Fortune 500 list that is as financially healthy as Lufkin Industries. We're not going to be complacent and 1984 is going good. We're putting people back to work and orders are flowing in much better than a year ago."

New Trailer Division Sales Manager Jimmy Horn forecast 1984

All smiles after a 61 percent business increase for the Trailer Division during 1983 were four Lufkin Industries' executives. From left-to-right are: Dick McKay, company vice president and Trailer Division manager; Joy Prendergast, opening a new sales office in Birmingham, Ala.; Jimmy Horn, Trailer Division sales manager; and Joe Williams of Oklahoma City, recipient of 1983's Top Salesman Award.

as "potentially our division's best year ever. We can't possibly handle all the business out there, but we sure want and expect our share. We can't be the best and also the cheapest, so we'd rather remain the best. We'll continue to sell value and quality with competitive prices."

If you had to credit one man for the Trailer Division's turn-around rise from garbage-container ashes to prominent mid-year activity, that man would be Joe Williams of Oklahoma City. He was a shoo-in Salesman of the Year winner for peddling 843 trailers ($10.5 million). His diligence and persuasive persistence disentrenched noteworthy competitor, Great Dane, from a J.B. Hunt Company fleet order that eventually reached 1,432 trailers. "We obtained that J.B. Hunt order because two of our oldtime sales pros — Williams and John Schaeffer — went into hostile territory and persevered with long hours of hard work," said McKay. "This was good for us in other areas, since similar companies look to see what Hunt is buying and many times swing their business that way, too."

John Seeman of Memphis with 425 units ($4.5 million) and Jim Alexander of Dallas with 241 units ($2.5 million) received runners-up Top Sales plaques. Mike Stringer of Shreveport and Hoyt Rogers of Memphis received awards for parts/service sales. Ernie Dailey of Oklahoma City earned an award for total branch-office sales.

Schaeffer (30 years) and Sales Manager Marshall Dailey (37 years), both now retired, were honored for their long service to the company.

When Marshall Dailey bid his final, fond farewells to Trailer Division personnel at the annual sales conference last month, he recited his own poem to a silent, respectful audience.

A FRIEND

As I take retirement I'm thinking,
Of the fun I've had through the years!
When I could sit with my friends and talk,
Have a meal or maybe some cheers!

I'm not a man for an Island,
Where there is no one to see!
Where it would get pretty lonely,
With no one to talk to me!

I hope I will be remembered,
After I've layed down my pen and my pad!
And my old friends will stop to visit,
If not, then I will be sad!

A friend is the most precious thing,
A man can have, you know!
So remember me on down the road,
While through life you go!

So stop by my friend and sit awhile,
We will talk about our past!
And hope as we grow older,
Our true friendship will last!

Boulder Outcropping in South Central Texas

Buck Schiwetz: 1898-1984

Recalling the man who created many famous Texas scenes for this company's publications

By Virginia Allen

Buck Schiwetz was 85 when he cashed in his chips last month. Without the infirmities of failing eyesight and trembling hands, he probably is sketching the landscapes of heaven. Life to Buck was sketching and painting, a habit he formed when he was a mere child.

Buck became a part of Lufkin Industries in 1955, and he remained a warm and loyal friend to the end. We made his acquaintance over a plate of succulent shrimp as only Kelley's in Houston could fry it. It was a lazy summer's day and Buck would much prefer to talk of catfishing in East Texas rivers rather than any business proposition we wanted to make. But, somewhere in all that conversation, he agreed to paint for Lufkin Industries.

For 20 years he painted for us, long after he declined all other industrial or commercial commissions. The paintings we have are almost a chronological record of his aging, judging from the various mediums he used. Our first was a beautiful watercolor, depicting a night scene in the oil fields just before Christmas, and his last was a multi-medium, capturing the salty smell of shrimp nets and oyster shells on his beloved Texas coast. In between, we have watercolors exclusively or mixed with pen and ink, pastels, crayons, pencil, acrylics or whatever happened to be on his board when he was creating. Each is a masterpiece, and we are most fortunate to have them.

Why were we buying paintings for Lufkin Industries? Perhaps you have seen the covers of The Lufkin Line, our magazine circulated among customers and shareholders. Or the framing reproductions we printed in limited numbers to give upon request to customers. Or the Christmas cards our executives sent to our friends who buy our products. They were unique.

Many honors came to Buck throughout his long life, most of which he accepted timidly or even reluctantly. He was a man who loved God's world, more particularly his hills near Kerrville and his Half S acres along the Guadalupe. His affinity for the sandy shores of the Texas coast was discernible in countless paintings. He didn't cater much to man's proclivity to pass out awards and honors. However, we think he rather cherished the fact that Gov. Dolph Briscoe named him "Texas Artist" in 1977.

He was buried atop a hill in the Texas State Cemetery in Austin on a chilly, windy afternoon February 6, 1984. There was much ado at his funeral; he probably would have been embarrassed. But we all loved him too much to let his departure be little noticed.

Somewhere a child waits . . .

Company pilots are among those waiting with the parents of Kelly Musick for another chance for liver transplant

By Rick Pezdirtz

Somewhere a child waits. Ever since she was born — three years ago March 5th — little Kelly Musick has grown from infancy to the toddler stage, unknowingly under one of those quirky, semi-death sentences that seem so unexplainable to Christian, God-fearing parents anywhere. Such as, Elton and Betty Musick.

They've known.

"We've known since the day she was born. They told us she was terminal . . . that there was no hope," says Elton. His daughter was born with biliary atresia, a disease that prohibits the flow of bile from her liver.

Kelly Lee Musick desperately needs a liver donor and transplant.

Although the Musicks have twice confronted heartbreaking false alarms, once at Thanksgiving time and again on Jan. 27 when a Lufkin Industries' airplane transported Kelly to Memphis for the latest attempted transplant which was later cancelled due to what surgeons described "an unsuitable liver" — there will hopefully be another plane ride for the tiny patient.

"We can't thank Mr. Poland and Lufkin Industries enough for all their assistance and cooperation," says Elton. "It is just wonderful how this entire area has rallied to our support with so many benefit dances and other events."

The Mercy Mission to Memphis was not in vain for Kelly, however. She underwent three separate operations to seal veins where Blood was seeping out, but not the much-needed liver transplant. A suitable liver was found for a three-year-old boy while Kelly was at LeBonheur Children's Hospital in Memphis. But, sadly, this little one died of a post-operative heart attack in late February.


CHUCK STEVENSON

When the call came from Memphis that a liver donor had been found for Kelly Musick, shown at right in her father Elton's arms, the Lufkin Industries' Beechcraft C-90 propjet was ready on the runway for its Mission of Mercy flight. At right are company pilots Walt Bardwell and Chad Courtney with Kelly's mother, Betty.

"We have great hope," says Elton. "When she was born, her survival rate was zero. Then they discovered an anti-rejection drug called cyclosporin which means she could come through a liver transplant even at her age. She would, of course, have to take this very expensive anti-rejection drug, that I'm told is $150 per prescription, for the rest of her life."

About the Lufkin Industries' Mercy Mission flight, Bardwell said, "We were mighty lucky the airplane was at the Burke airport that day. We were supposed to have flown to Indianapolis on company business that morning, but that trip was cancelled. The Good Lord must have been smiling down on little Kelly."

Should the company plane not be available the next time a call comes for Kelly from Memphis, Lufkin Industries' Director S.W. Henderson III, president of Lufkin Federal Savings and Loan, has offered his private aircraft for backup emergency transportation. "With three small daughters of my own, I have great empathy for the Musicks," said Henderson.

Despite the two false alarms, the Musicks are not walking with despair these near-Spring days.

"You just have to put your faith in the right place . . . and that place is in the Hands of God," says the child's father.

DEPARTMENTS ANNOUNCE PROMOTIONS

Company officials in the machinery sales, trailer division and material control departments announced promotions for six company employees.


Harry Sledge

In the Machinery Sales department, Harry Sledge was promoted to district manager in the Tulsa office. Sledge was employed by the company in 1981. After completing a period of training in the plant, he was assigned to the Machinery Division's Oklahoma City office as sales representative.

He is a graduate of Hillcrest High School in Dallas and a graduate of North Texas State University in Denton. He and his wife, Alice, now reside in Tulsa with their son, Ralph.

In the Trailer Division, promotions were announced for Bill Jones, Lum Teer, William Smith and Steve Spangler.

Bill Jones has been promoted to foreman of the van carpenter department in the trailer plant. He was employed by Lufkin Industries in 1962.


Bill Jones

Jones is a graduate of Corrigan High School. He and his wife, Oneta, reside in Lufkin.

Lum Teer was promoted to foreman of the van finish-off department in the trailer plant. Teer joined the company in 1955. He is also a graduate of Corrigan High School and resides in Lufkin with his wife, Juanita.


Lum Teer

Steve Spangler has been promoted to foreman in the machines department, second shift, in the trailer plant. He joined the company in 1980.

Spangler is a graduate of Garland High School in Dallas, Texas and has attended Richland Junior College, Dallas, and is currently attending Angelina College. He and his wife, Jeri, reside in Huntington with their three children, Adrianne, Rachel and Cassie.


Steve Spangler

William J. Smith was promoted to foreman of the van sub-assembly department, second shift, in the trailer plant. Smith was employed by the company in 1975 after a 22-year career in the U.S. Navy.


William Smith

He is a graduate of Jeff Davis High School in Houston, Texas. He and his wife, Ethel, reside in Lufkin with their two children, David and Danette.

DEPARTMENT ANNOUNCES NEW EMPLOYEES

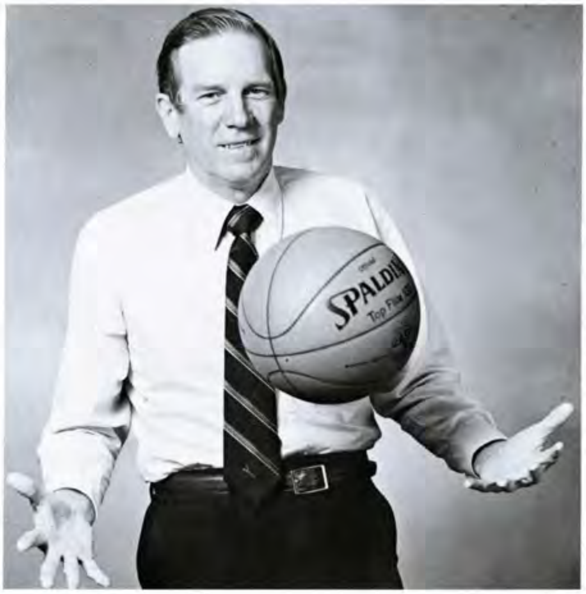
Two new employees have joined the corporate communications department, according to Rick Pezdirtz, director. The new staff members are Kurt Martin, photographer, and Mary Beth Kinner, photographic technician and secretary.

Kurt Martin

Martin is a 1971 graduate of Rolla High School, Rolla, Missouri and attended Florida College at Temple Terrace, Florida.

Mary Beth Kinner

Ms. Kinner is a graduate of Lewis & Clark High School of Spokane, Washington and has attended Spokane Falls College, Eastern Washington State University, Lorain County Community College in Lorain, Ohio and is currently attending Angelina College.



HE'S STILL BOUNCING 'ROUND
It's been 42 years since Lufkin Industries' personnel director, Johnny Long set an Angelina County single-game basketball scoring record that still stands. He once pumped in 63 points in one game. For more on Johnny and his 1942 accomplishment, see "of Faces & Places" on page 18.

FOUNDATION SCHOLARSHIP APPLICATIONS DUE APRIL 1

Graduating seniors applying for Lufkin Industries Foundation scholarships must return their applications before April 1 to Johnny Long, foundation president, in the personnel department.

Applications for four-year scholarships are available through the personnel and corporate communications departments, and at principals' offices in Lufkin and other area schools. Applications for the two-year Angelina College scholarships are available through the Financial Aids Office of Angelina College.

Scholarship applications must include a transcript from grades 9-11 and the first semester transcript of grade 12. Four-year scholarship applications must include Scholastic Aptitude Test (SAT) results from the Admissions Testing Program of the College Board.

Applications without SAT results cannot be considered for four-year scholarships. Students who have completed the SAT test are encouraged to apply for both the four-year and two-year Angelina College scholarships.

An unmarried, high school senior with an overall high school grade average of 80 or more, whose parent was employed by the company at least one year immediately prior to the date the student registered for his senior year, is eligible to apply for a scholarship.

If a member of a senior's family has received a four-year scholarship in the past, the student is ineligible to apply for the four-year scholarship, but can apply for the Angelina College scholarship. If a member of the family has received a past Angelina College scholarship, the student is ineligible to apply for the two-year scholarship, but can apply for a four-year scholarship.

Selections are based on academic achievement, character and citizenship. The winners are selected by a committee disassociated with Lufkin Industries, Inc. Children of officers of the company are ineligible.

ANNIVERSARIES

STRUCTURAL STEEL OPERATIONS

	Employment Date	Years With Co.
Robert Chapmon	March 19, 1951	33
Don Jones	March 28, 1955	29
Marlin Williams	March 3, 1959	25
Robert Mitchell	March 16, 1959	25
Charles Steele	March 27, 1963	21
Freddie Sullivan	March 11, 1965	19
Jesse Brooks	March 29, 1965	19
Joe Allen	March 30, 1965	19
Melvin Brock Jr.	March 4, 1970	14
Bobby Short	March 16, 1970	14
James Baker	March 27, 1970	14
Janice Brooks	March 29, 1971	13
James Burse	March 12, 1973	11
Bobby Allen	March 26, 1973	11
Thomas Flowers	March 3, 1975	9
Jose Jimenez	March 14, 1977	7
Andrew Shoffitt	March 17, 1977	7
Arthur Young Jr.	March 28, 1977	7
James Adams	March 30, 1977	7
Thomas Burnett	March 14, 1978	6
Carl Coutee	March 20, 1978	6
Elmer Anderson	March 22, 1978	6
Ronald Klem	March 21, 1979	5
Hipolito Tierrablanca	March 22, 1979	5
Raymundo Espinoza	March 27, 1979	5
Daniel Smith	March 7, 1980	4
Tommy Powell	March 10, 1980	4
Milton Warren	March 19, 1980	4
Jose Hernandez	March 20, 1980	4
Viel Cooper Jr.	March 23, 1980	4
Pedro Rodriguez	March 24, 1980	4
William Forsythe	March 26, 1980	4
Fred Howell	March 10, 1982	2

FINAL ASSEMBLY AND SHIPPING

	Employment Date	Years With Co.
Grady Due	March 23, 1966	18
James Sowell	March 14, 1972	12
Eddie Mask	March 6, 1973	11
Thomas Nash	March 20, 1973	11
William Howard	March 21, 1973	11
Louis Brock	March 27, 1974	10
Jimmy Walker	March 21, 1977	7
Larry Farr	March 26, 1979	5
Sandria Randle	March 26, 1979	5
Ivory Hollis	March 13, 1980	4
Lloyd Day	March 17, 1980	4
Samuel Cooper	March 18, 1980	4
David Jasso	March 20, 1980	4
Bobby Mosby	March 25, 1980	4
Jose Rodriguez	March 31, 1980	4
Rafael Guevara	March 31, 1980	4

FOUNDRY OPERATIONS

	Employment Date	Years With No.
Noble Stringer	March 20, 1947	37
Lessie Roberson	March 3, 1953	31
Steve McKinney	March 22, 1954	30
William Cole	March 18, 1963	21
Billy Reynolds Sr.	March 11, 1968	16
James Horace	March 30, 1970	14
Terry Baird	March 9, 1971	13
Eugene Hodge	March 7, 1972	12
Elton Menefee	March 8, 1973	11
Lee Alexander	March 25, 1974	10
Truman Fussell	March 3, 1975	9
Henry Mack	March 5, 1975	9
Autry Tennyson	March 10, 1975	9
Walter Culpepper	March 9, 1977	7
Walter Oder	March 14, 1977	7
Charley Martin	March 14, 1977	7
Eduardo Castillo	March 21, 1978	6
Johnny Ingram	March 5, 1979	5
Clinton Poole	March 22, 1979	5
Tommy Russell	March 26, 1979	5
Monte Ramsey	March 17, 1980	4
Roger Harbuck	March 5, 1981	3

MACHINERY OPERATIONS

	Employment Date	Years With Co.
Andy Modisette Jr.	March 1, 1948	36
J.V. Nash	March 20, 1952	32
John Temple	March 16, 1954	30
Rex Berry	March 22, 1954	30
Gayland Wallace	March 24, 1954	30
George Montes	March 2, 1959	25
Doyle Lunsford	March 2, 1959	25
Ross Nash	March 6, 1959	25
Sam Turner	March 23, 1962	22
Hubert Lankford Jr.	March 4, 1963	21
Rayford Wright	March 20, 1963	21
Andrew Barge Jr.	March 5, 1965	19
Jimmie Cole	March 22, 1966	18
Ira Brown	March 14, 1967	17
Royce Modisette	March 20, 1968	16
Edward Pillows	March 4, 1969	15
Billy Smith	March 10, 1969	15
Jesse Garcia Jr.	March 25, 1969	15
James Joshua	March 12, 1970	14
Dale Wigley	March 26, 1970	14
May Hancock	March 31, 1970	14
Gary Boyd	March 28, 1972	12
James Wolfe	March 30, 1972	12
August Kulms	March 14, 1973	11
Cecil Primrose	March 15, 1973	11
Wilbur Bruton	March 27, 1973	11
William Redd	March 8, 1974	10
Palmer Arnold	March 3, 1975	9
David Hensarling	March 11, 1975	9
Loyd Fror	March 24, 1975	9
Leroy Mooney Jr.	March 26, 1975	9
Ernest Young	March 15, 1976	8
David Harkness	March 7, 1977	7
Robert Evans	March 9, 1977	7
Jack Essary	March 10, 1977	7
Tommy Harwell	March 14, 1977	7
Gerald Germany	March 14, 1977	7
James Bryant	March 17, 1977	7
James Chmielewski	March 21, 1977	7
Dennis Justus	March 22, 1977	7
Charles Hodges	March 28, 1977	7
Sergio Rodriguez	March 1, 1979	5
Charles Butler	March 19, 1979	5
Donna Trego	March 26, 1979	5
David Landrum	March 2, 1980	4
Robin Turney	March 7, 1980	4
George Pillows	March 24, 1980	4
David Amerson	March 30, 1980	4

MACHINERY MANUFACTURING ADMINISTRATION

	Employment Date	Years With Co.
Gene Vinson	March 26, 1962	22
Mike Champion	March 6, 1967	17
John Coffield	March 9, 1970	14
Paul Tuscana	March 18, 1975	9
William Redd Jr.	March 21, 1977	7
Mark Wright	March 9, 1978	6
Debra Chunn	March 29, 1978	6

CORPORATE OFFICES

	Employment Date	Years With Co.
Eulen Parrish	March 3, 1947	37
Martin Cortines	March 23, 1959	25
Pat Merriwether	March 1, 1977	7
Jackie Weaver Jr.	March 28, 1979	5
Jean Eager	March 24, 1980	4
Richard Hays	March 1, 1983	1
Donald Lorenz	March 21, 1983	1

MACHINEY SALES AND SERVICE

	Employment Date	Years With Co.
Hugh McWilliams	March 25, 1969	15
Keith Walters	March 1, 1973	11
Richard Dombrowski	March 7, 1977	7
Dan Pillar	March 29, 1982	2

PERSONNEL

	Employment Date	Years With Co.
Joe Perkins	March 16, 1954	30
Jesse Ray Jr.	March 24, 1971	13
Albert Arnold	March 6, 1979	5
James Dias	March 6, 1979	5
Stephen Shirey	March 13, 1980	4
John Long	March 20, 1981	3

TRAILER PLANT

	Employment Date	Years With Co.
Elbert Bailey	March 2, 1950	34
Coy Oliver	March 2, 1950	34
Fred Nash	March 20, 1952	32
James Mainer	March 25, 1952	32
George Brown Jr.	March 14, 1956	28
Bobby Malnar	March 7, 1962	22
Orvell Molandes	March 8, 1962	22
Richard English	March 8, 1962	22
Ancle Armstrong	March 31, 1966	18
Ferris Sturrock	March 12, 1968	16
Bob Westbrook	March 3, 1969	15
Marion Yarbrough	March 25, 1969	15
Jerry Ferguson	March 14, 1972	12
Norman Barlow	March 20, 1973	11
Shirley Hadnot	March 4, 1974	10
Marie Blackburn	March 4, 1974	10
Deloyce Dodd	March 4, 1974	10
Earl Randolph	March 8, 1976	8
Joseph Waller Jr.	March 28, 1977	7
Patricia Scogin	March 30, 1978	6
Jackie Nichols	March 3, 1980	4
Billy Bynum	March 4, 1980	4
Irmel Coleman	March 4, 1983	1
Stephen Barber	March 11, 1983	1
Ruben Camacho	March 24, 1983	1

TRAILER SALES AND SERVICE

	Employment Date	Years With Co.
Jim Horn	March 18, 1957	27
Joe Wade	March 29, 1965	19
Ernest Benning	March 16, 1978	6
Kenny Jackson	March 12, 1979	5
Terry Blake	March 19, 1979	5
Robert Polasek	March 24, 1980	4
Randy Collins	March 17, 1981	3
Walter Davis	March 30, 1981	3
Hubert Ream	March 11, 1982	2

CANADIAN OPERATIONS

	Employment Date	Years With Co.
Ronald Hyland	March 2, 1982	2

# of Faces & Places

by Rick Pezdirtz

He's no "Johnny Come Lately" ... But, he IS "Long" on personnel experience

Alas, there are those among us who are uninformed.

There are those who still wear pleats in their britches, who believe that man doth live by bread alone, and who hold that there's ample parking space downtown for all.

There are those who cannot quote Dolly Parton's balcony statistics; those who are not aware Fidel Castro's beard is infested with flying squirrels. There are those who could not pour vinegar from a boot, with directions printed on the heel in seven languages.

But, there isn't a blessed soul hereabouts who is not aware of 30-year Lufkin Industries' executive **Johnny Long.** He began in the material control department in June of 1953; stepped up to personnel director in 1966. Eighteen years later, he's still directing the 40 personnel/security guard department hirelings.

If there's one thing Johnny knows about, it's people. He's seen thousands traffic through his personnel offices over the years. He also knows about basketball.

Unbeknownst to many, Johnny still holds the all-time Angelina County single-game basketball scoring record. On a wintry night 42 years ago, as one of Coach **Paul Pickard's** Redland High School players, Long went berserk on the basketball court against Central of Pollok.

He shredded the nets with SIXTY-THREE points. "I remember that particular night as though it were only yesterday," Johnny was saying the other day. "I only played a little over a half and it seemed like everything I put up fell through the hoop."

Long went on to star at Stephen F. Austin State University where at only 6-foot-2 he was the second tallest Lumberjack player for coaches **Bob Shelton** and **Stan McKewen.** In a game against arch-enemy Sam Houston State, Johnny once put too much muscle on a bounce pass only to see the ball carom off the hardwoods and arc lazily through the basket. It would seem Long even scored when he wasn't trying.

Following a Navy hitch, he coached at Redland, Central and Hudson before settling in for his long tenure with Lufkin Industries.

For the past few days, I've occasionally been scanning a company employee-roster until my optic nerves resemble No. 2 sandpaper.

This perusal of personnel has brought familiar face-images wiggling across my brainwaves. Most — in my mind's eye, anyway — are remembered as they were 26 years hence, when I left Lufkin for other pursuits.

There's old Lufkin High School classmates **Ron Jackson, Leonard Avery, Charlene Cortines, Don Rudy Block, Frank Grimes** and **Shirley Ware.** Also, upperclassmen **Wallace Davison, Bobby Conner, Martin Cortines, Robert Boynton, Joe Behannon.**

Fellow churchman **Jimmy Lamont** strikes a familiar chord as do company directors **Bill Little** and **Simon Henderson III** (he'll always be just plain Bubby to me). There's former footballers **Dick McKay, Ernest Lord, Charles Teutsch, Calvin Scarbrough** ... tennis terror **Jerry Kimmey** ... basketballer **Billy Ray Harris** ... baseballers **Cecil Hunt, Danny Martin** and **Roy Myers** who roamed leftfield for the 1962 Lufkin Panther state championship club.

Mutt Barr, Charles Skinner, Bill Trout ... recognizable acquaintances all.

Speaking of Trout, with company **President R.L. Poland** and wife, **Adell**, away on what they described as "just a little Caribbean cruise on the Love Boat," **Bill** pinch-hit with a well-received speech before a Leadership Lufkin conference. For a guy who just won a Crown Colony Tennis Tournament trophy, Trout served up a smashing description of Lufkin Industries — where we've been, where we are and where we're going. His talk followed one of **Chuck Stevenson's** classy audio-visual presentations.

As I eventually visit the inner-sanctums of this sprawling 2.1-million square foot, 219-acre industrial complex — the shops and storerooms, offices and coffee bars — other faces in other places will surface and perhaps squawk for some editorial attention.

Who knows? Maybe somebody out there actually knows Dolly Parton's balcony statistics!

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INSIDE THIS ISSUE

ON THE COVERS

Front: Photographs representing the company's divisions and the many departments involved illustrate the teamwork involved in the company's operation.
Cover graphic by Chuck Stevenson.

Back: Faces seldom seen by local employees are those of sales representatives of Trailer Division, top, and Machinery Division in town recently for annual sales conferences.

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