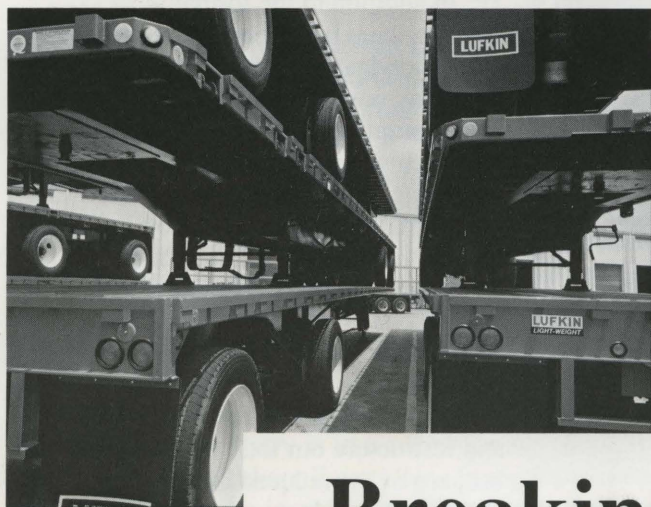


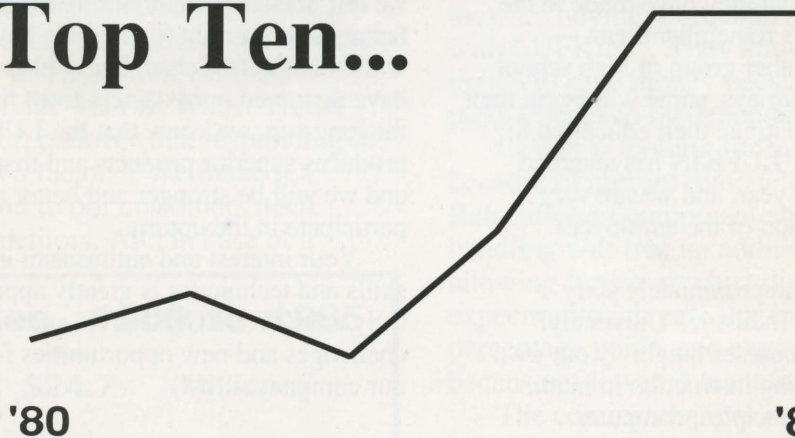
LUFKIN

ROUNDUP

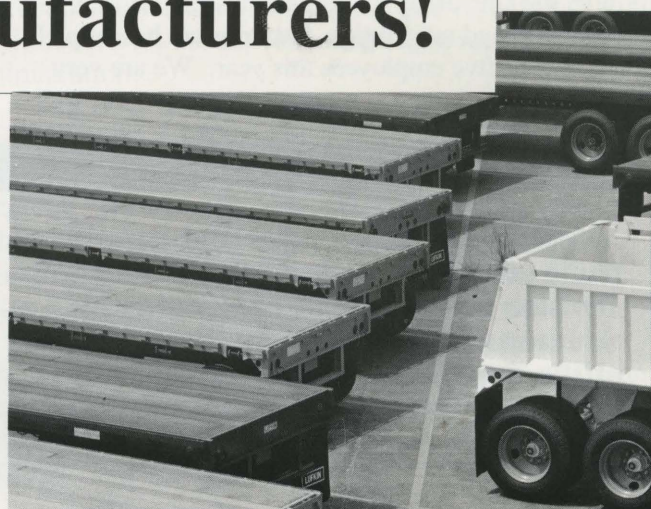
JULY 1986



**Breaking into the
Top Ten...**



Trailer Manufacturers!



FROM THE PRESIDENT'S DESK

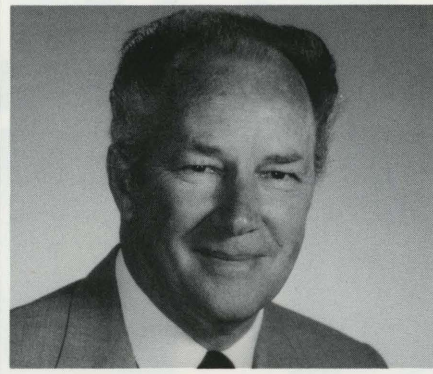
NEW BEGINNINGS

We have seen many fundamental changes within our company and within our own lives in 1986. We should look at change with a positive attitude and try to welcome the opportunities so that we will improve ourselves and our company. The following changes have affected us this year, and they are truly --- New Beginnings.

RETIREES - These friends truly face new beginnings in their lives as they change their everyday work habits. They will be sorely missed by each of us, and we appreciate so very much the contribution that they have made to the company, and we will always remember them.

GRADUATES - As another group of high school graduates embark on new journeys, some will begin their working career, some will continue their education in colleges around the country. **LUFKIN** has awarded twenty-two scholarships this year, and we are very encouraged by the participation of the employees' children in this program.

We have also graduated approximately sixty employees from the "Lufkin Industries University." These graduates have taken courses taught by our own people and have been receiving instruction in math, blueprint reading, foundry principles, computer applications, etc. In addition, approximately 275 employees have completed courses that were offered through the University of Texas Industrial Education Department, and our Tuition Aid Program has helped about twenty-five employees this year. We are very



*"Each day is truly a **NEW BEGINNING** and offers new challenges and new opportunities for each of us and for our company."*

happy that so many of you have chosen to participate in these courses.

In addition to the formal courses, there has been continuous on-the-job learning by everyone. Everyday our product is becoming more complicated and the equipment on which we produce the product is becoming more complicated, which means that each of us must continue to learn new ways of doing things and master the new techniques, so that we can constantly improve our own ability and be able to produce a better product for our customers.

As we are forced to downsize and restructure our total organization because of the reduced business

and increased competition, it is important to realize that we must continue to learn and improve everything that we do. It is also important to remember that we are facing a very bright future. We have always been faced with volatile, fast-changing markets, and these changes have disrupted our business from time to time, but in the long-run, we know that the **LUFKIN** Team produces superior products and that business will return and we will be stronger and better prepared to participate in the upturn.

Your interest and enthusiasm in mastering new skills and techniques is greatly appreciated. Each day is truly a **NEW BEGINNING** and offers new challenges and new opportunities for each of us and for our company.

Frank B. Stevenson

JULY COVER

Assorted product views and a positive chart reflect the pride of the Trailer Division for the recent recognition by Southern Motor Cargo magazine as one of the Top Ten trailer manufacturers in the country. See the story on page 3.

THE ROUNDUP

Volume 43, Number 7, 1986

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Viron Barbay, Photographer

Lufkin Trailers Now in the Top Ten!

by Kurt Martin

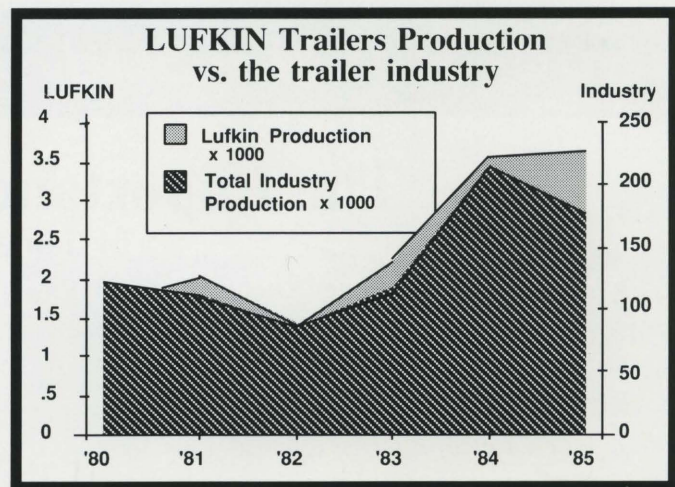
Lufkin Trailers produced 18 percent more trailers in 1985 than in 1984. Total industry production dropped 19 percent. The combined result of these facts moved Lufkin Trailers from twelfth to ninth in ranking of the **Top Ten Manufacturers** as reported by Southern Motor Cargo magazine.

This is welcome news for the Trailer Division as it is evidence of the continuing efforts to improve product, service, and LUFKIN's competitive stature in the trailer industry.

While the Trailer Division's production has followed industry trends since 1980, (see the chart on the upper right), it is significant that LUFKIN is breaking away and showing a growth pattern while the trailer industry is in a recessionary trend.

This should spell excellent business for LUFKIN when market conditions improve and demand for new trailers increases nationwide.

But why are the customers choosing LUFKIN during a time when demand is reduced and there are plenty of competitors willing to sell off their inventories at a low price? LaVan Watts, Trailer Plant General Manager, believes that responding to the customer's need is a factor. "We make it a special point to respond to our customers need quicker than our competitors. And in case of a



problem with our product, we have people on the road within 24 hours. In one instance there was a customer who was having trouble with the trailer brakes and a trailer's axle caught on fire. Our people were on the scene while the fire was still smoldering."

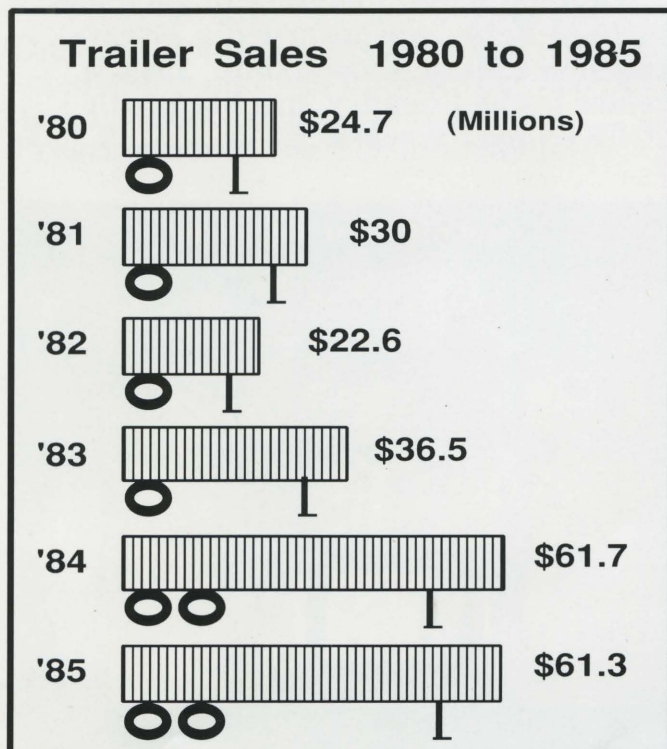
"All of our customers know they can depend on LUFKIN's service, consequently they are not only getting the quality but also superior service. As for price, we are higher but our customers know that they are buying more than a trailer when they deal with LUFKIN. They know that in the long run they will save money because of a dependable product backed by dependable service."

LaVan is looking for increases in production because of current remodeling in the Trailer Plant. Relocation of equipment and improved material handling will free up additional production space, allowing further product diversification. "We are expecting to increase our market share a few percentage points and expand our market area because of lowered manufacturing costs."

The coming changes in the Trailer Plant are based largely on the data obtained during the MAX 2000 project. The collective ideas of the production force, plant management and outside consultants will benefit all the aspects of manufacturing and administration.

This does not account for continuing and future contributions from new products. Art Nelson, newly appointed Trailer Plant Chief Engineer, reports, "We have project teams designing a new ultra-light dump trailer and a drop-frame, light-weight, flatbed trailer based primarily on our FL-75 float."

The best part of these accomplishments is that the contributions are coming from all levels of all the departments. Continuing this present trend should result in another great year and more milestones to talk of.



1986 Scholarship Awards

The Importance of Education

by James Horton

LUFKIN has long realized that education for its people is important. Proof of this is its awarding of college scholarships to 234 children of its employees since 1965. The importance of an educated work force is more evident now than ever. "America is in a transition from an industrial to a knowledge based economy with our basic knowledge doubling every twenty months."

Edward Donley, CEO of a 20,000 employee company and chairman of the Board of the U.S. Chamber of Commerce writing for Nations Business, June 1986 said, "For over 200 years we have been blessed with the most energetic, best trained people in the world. We have had practically all the natural resource we needed. We also have had two big oceans protecting us from foreign competition. Much of this is changing. We are no

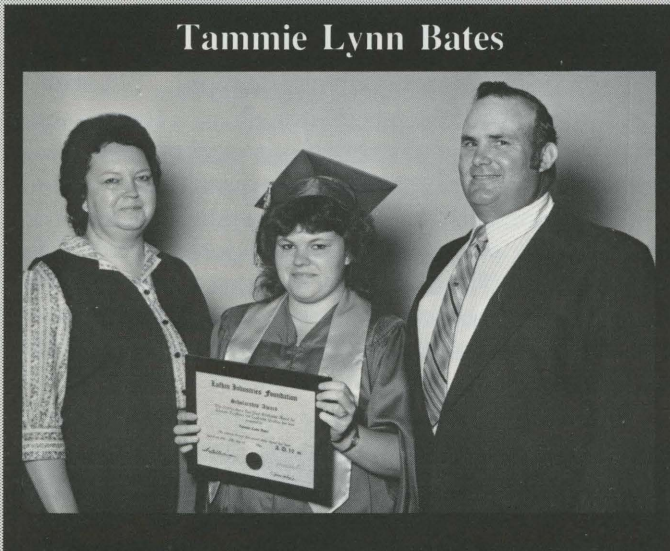
longer self sufficient in natural resources. Many foreign manufacturers are now able to effectively compete with us on every count.

Our ability to compete in the world market will eventually depend on how many and how well we educate our youngsters of today. I always tell young people to get all the education they can. I have been successful because I have a good education."

Billy Reagan, Superintendent of Houston Ind. Schools, speaking in Lukfin recently said that our future hinges on how well we educate today's youth. "U.S. Industry can no longer claim special advantages such as cheap fuel and superior tools. We must beat the competition with our people. In order to do this we must have them get superior educations."

1986 Scholarship Recipients

Tammie Lynn Bates



Tammie Bates, daughter of Jack and Barbara Bates, was awarded a 2-year Angelina College scholarship. Jack, a welder in the Foundry, has been with LUFKIN over 9 years.

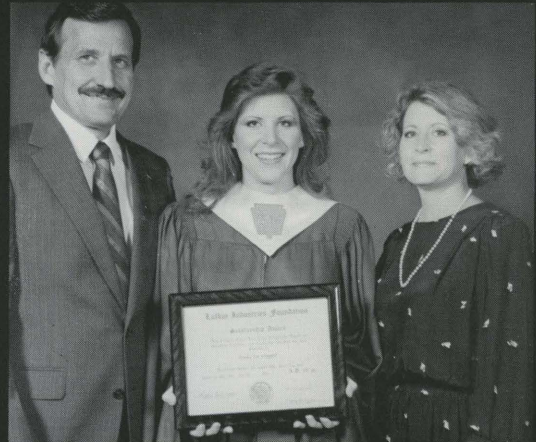
Nicole Brewer, daughter of Thom and Angela Brewer, will be going to the University of Texas to study business on her 4-year scholarship. Thom, a Procurement Planner in the Machine Shop, has worked for LUFKIN for six years.

Nichole Dawn Brewer

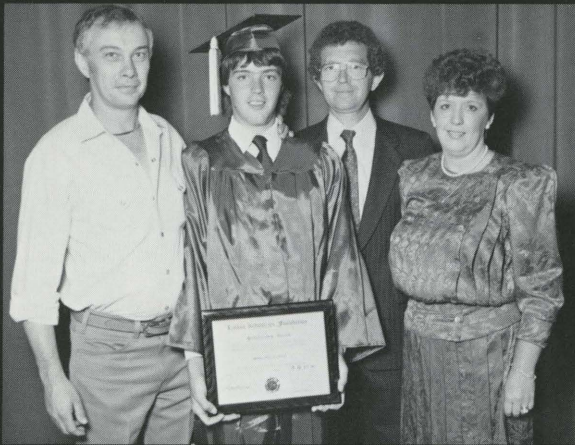


Penney Chappell, daughter of Willard and Cynthia Chappell, was awarded a 4-year scholarship and will study at least one year at Kilgore College before going on to the University of Texas at Austin. Willard is the Machinery Sales District Manager in Kilgore and has worked for LUFKIN for 20 years.

Penney Lee Chappell



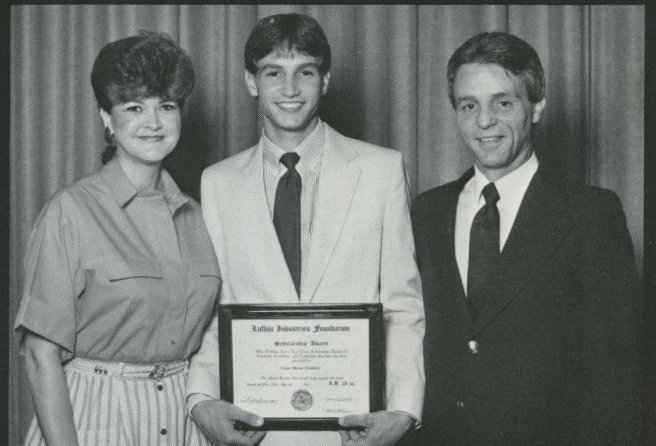
Robbie DeLayne Brown



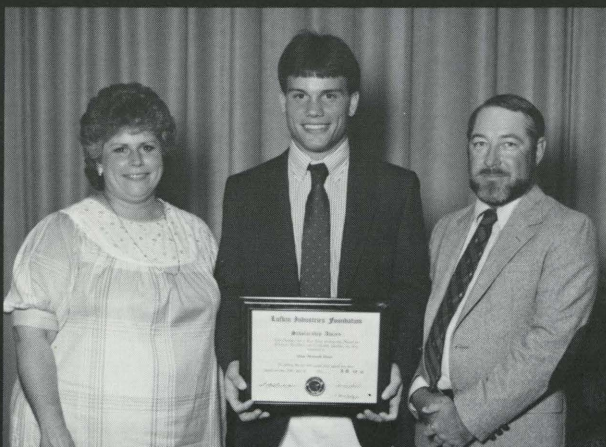
Robbie Brown, son of Dean Brown and Dr. and Mrs. Jerry Spinks, received a 2-year Angelina College scholarship. Dean, a Trailer Plant employee for over 20 years, is a Foreman 9.

Victor Dominey, son of Edwin and Darlene Dominey, was awarded a 4-year scholarship and will be studying journalism at Angelina College. Ed is an NC Programmer in the Machine Shop.

Victor Mason Dominey



Shane Mantooth Dixon



Shane Dixon, son of Truett and Judy Dixon, will be studying dentistry at Texas A&M on his 4-year scholarship. Truett is a Trailer Plant employee.

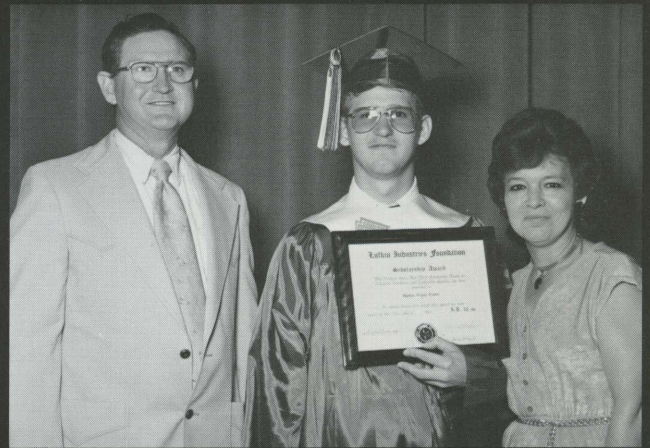
1986 Scholarship Awards

Jamara Joan Foster



Joanie Foster, daughter of Jimmy and Joan Foster, has been awarded a 2-year Angelina College scholarship. Jimmy, a Technician in the Machine Shop, has been with LUFKIN over 10 years.

Marlon Wayne Foster



Marlon Foster, son of Clifton and Glenda Foster, received a 4-year scholarship and will be studying pre-med at Stephen F. Austin in Nacogdoches. Clifton is an Inspector in the Machine Shop and has been with LUFKIN over 20 years.

Carolyn Sue Gilstrap



Carolyn Gilstrap, daughter of the late Charles Gilstrap and Lucille Gilstrap, was awarded a 4-year scholarship. Charles was a pilot for LUFKIN.

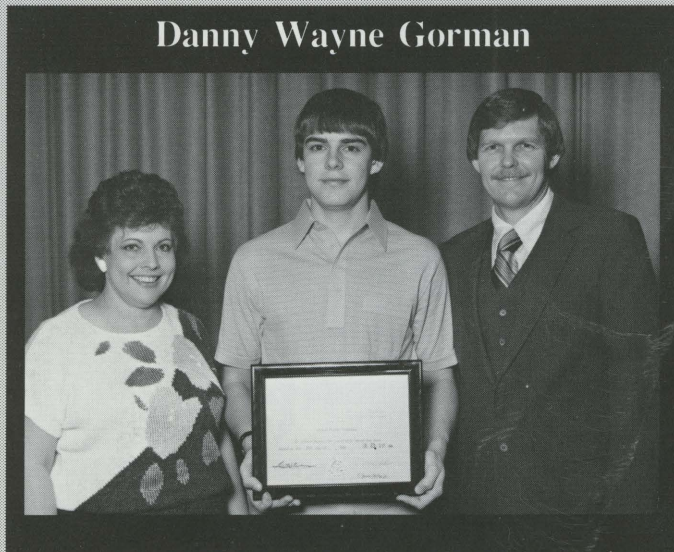
Martye Rene Glenn



Martye Glenn, daughter of Levelle and Martin Glenn, is the recipient of a 4-year scholarship. Levelle, a recent LUFKIN retiree, worked in the Accounting Department for over 30 years.

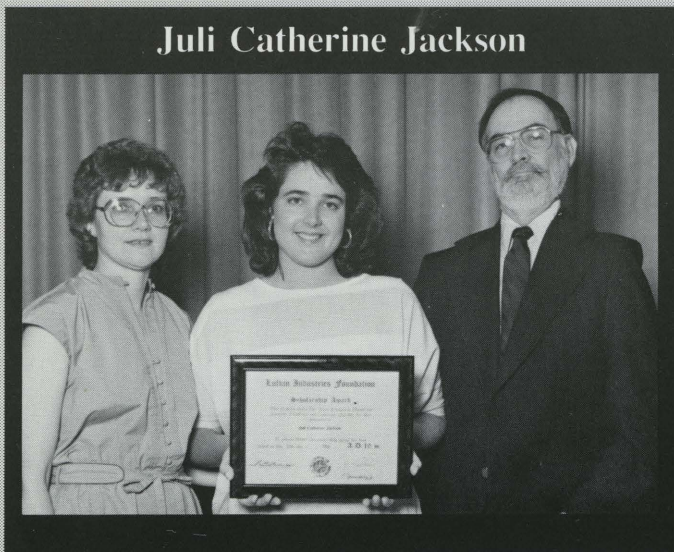
Rebecca Hall Green, daughter of Ray and Delores Hall, has been awarded a 2-year Angelina College scholarship. Ray, with over 24 years service with the Company, is the Supervisor of Office Services.

Danny Wayne Gorman



Stany Joseph, son of Peedikayil and Annamma Joseph, was the recipient of a 4-year scholarship. Peedikayil, a Machine Operator, has been in the Machine Shop for ten years.

Juli Catherine Jackson

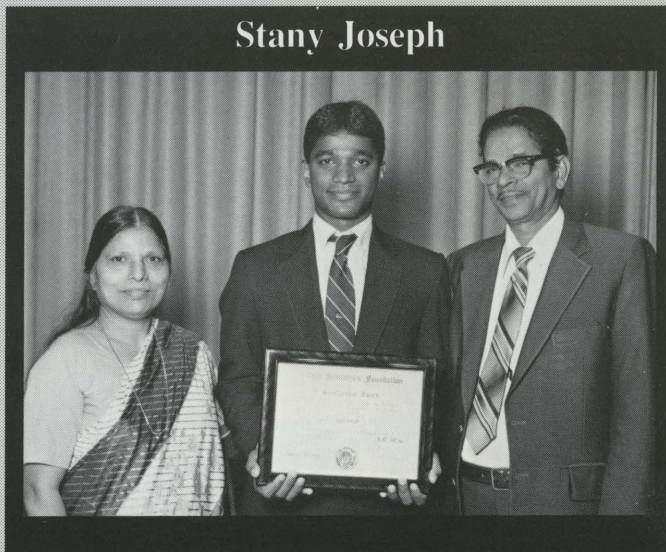


Rebecca Hall Green



Danny Gorman, son of Ellis and Sandra Gorman, received a 2-year Angelina College scholarship. Ellis has been with LUFKIN more than 6 years and is presently a Designer A in the Engineering Department.

Stany Joseph



Juli Jackson, daughter of Ron and Elaine Jackson, received a 2-year Angelina College scholarship. Ron works in Trailer Purchasing and has over 30 years at LUFKIN.

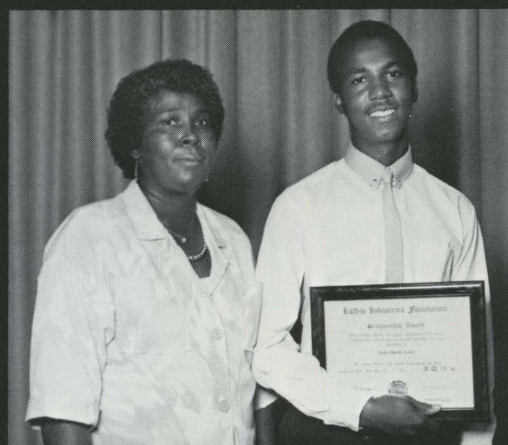
1986 Scholarship Awards

Rebecca Lynn Killingsworth



Rebecca Killingsworth has decided to study Business on her 4-year scholarship, but hasn't yet decided where. Louis and Jo Ann Killingsworth are Rebecca's proud parents. Louis is a Metallurgical Technician in the Foundry.

John Olando Lewis



John Lewis, son of Curley Mae Jenkins, was awarded a 2-year Angelina College scholarship. Curley Mae, is a Welder Specialist at the Trailer Plant, has been employed by the Company over 12 years.

Yesenia Luna



Yesenia Luna, daughter of Jose and Isabel Luna, received a 2-year Angelina College scholarship. Jose has worked in the Foundry for over 6 years.

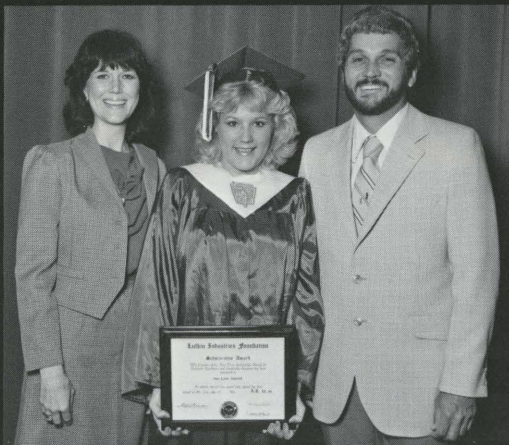
Lesley Jean Mewbourn



Lesley Mewbourn, daughter of Jim and Nancy Mewbourn, hasn't decided yet what she will study at Baylor on her 4-year scholarship. Jim, Project Manager in Engineering, has been with LUFKIN over 20 years.

Freda Thomas, daughter of Curtis and Shirley Thomas, was the recipient of a 2-year Angelina College scholarship. Curtis, a 20-year Machine Shop employee, is a Working Foreman.

Amy Lynne Sanford



Tammy Williams, daughter of Roger and Wilma Jane Williams, has been awarded a 2-year Angelina College scholarship. Roger, presently a Welder at Buck Creek has been with LUFKIN more than 20 years.

Lori Gayle Vann



Freda Gayle Thomas



Amy Sanford, daughter of Mike and Jeannie Sanford, will attend Stephen F. Austin in Nacogdoches, studying accounting with her 4-year scholarship. Mike has worked in Material Control for 10 years and is a Foreman.

Tammy Lynette Williams



Lori Vann, daughter of Larry and Gay Vann, a recipient of a 4-year scholarship plans to study Animal Science at Sam Houston in Huntsville. Larry, a 20-year Foundry employee, is a Pattern Designer.

Shop Class Graduates

Twenty-five employees were recognized May 22nd, for their participation in the Career Development shop classes. Instruction was offered in foundry principles, shop math, and blueprint reading.

Graduates were presented with certificates by their respective division managers and company president, Frank Stevenson.

It is noteworthy that some of the students are victims of current business conditions, yet they continued attending their classes until the courses were completed. LUFKIN is not a quitter, and these people represent the reason behind our company's staying power.

There were a few students who were not available for pictures. They are as follows: Carolyn Sherrer, Ron Sharp, Philip Cotie, Lawanna Gainer, Tony Torres, and Rick Parrish.



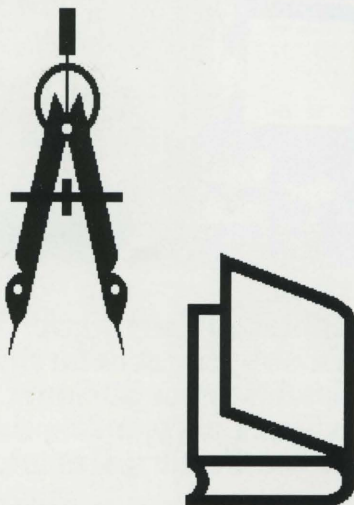
Blueprint Reading Class, front row left to right: John Molandes, Trailer Plant; Jackie Nichols, Trailer Plant; Jerry Wilson (instructor), Manufacturing Engineering; Helen Montes, formerly Machine Shop; Sherry Green, formerly Machine Shop. Back row left to right: Gene Caldwell, Trailer Plant; Charles Kendrick, Trailer Plant; Steve Tullos, formerly Foundry Metallurgy; Louis Killingsworth, Foundry; Richard Reeves, Machine Shop.



Foundry Principles, front row, left to right: Fred Preston (instructor), Foundry Technical Services; Donna Parish, Foundry Technical Services; Betty Wood, Machine Shop; Edward Butler, IGA; Truett Watts, Industrial Supply; Charles Vinson, Order Entry; Jim Foster, IGA.



Shop Math, front row, left to right: Ella Banks, Foundry; Vickie Oates, Foundry. Back row, left to right: Ken Phillips (instructor), Manufacturing Engineering; Dwight Walter, Trailer Plant; Bill Ptman, Machine Shop.



LUFKIN INDUSTRIES, INC.
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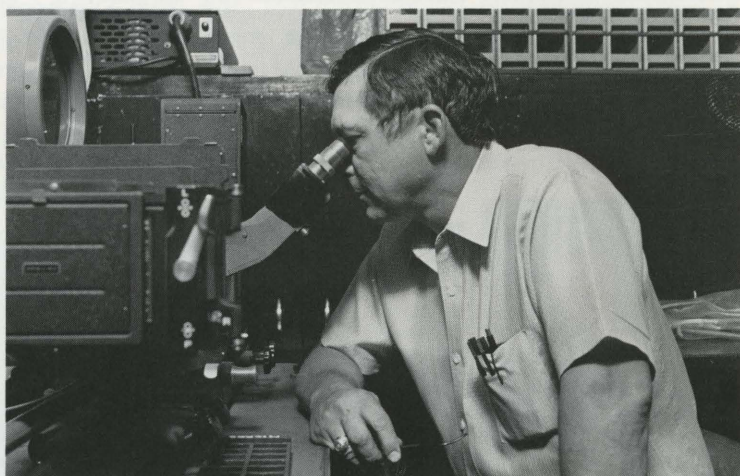
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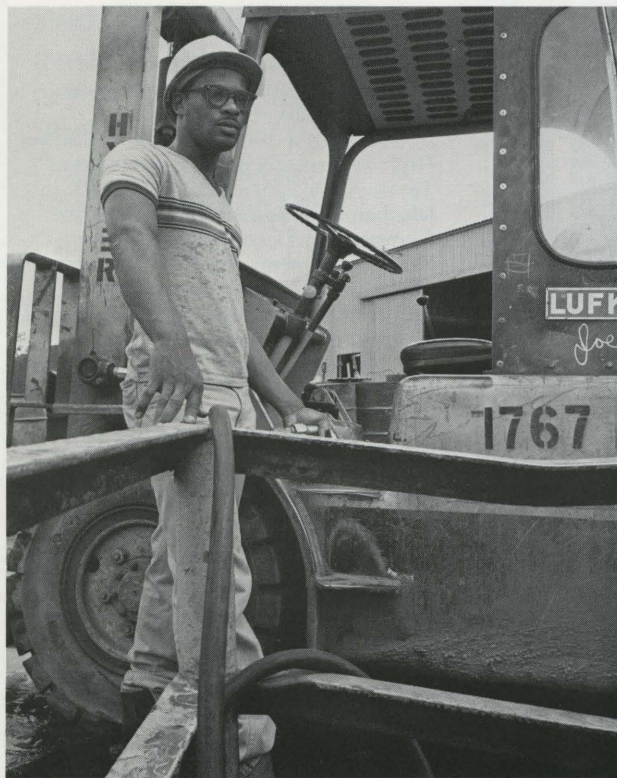
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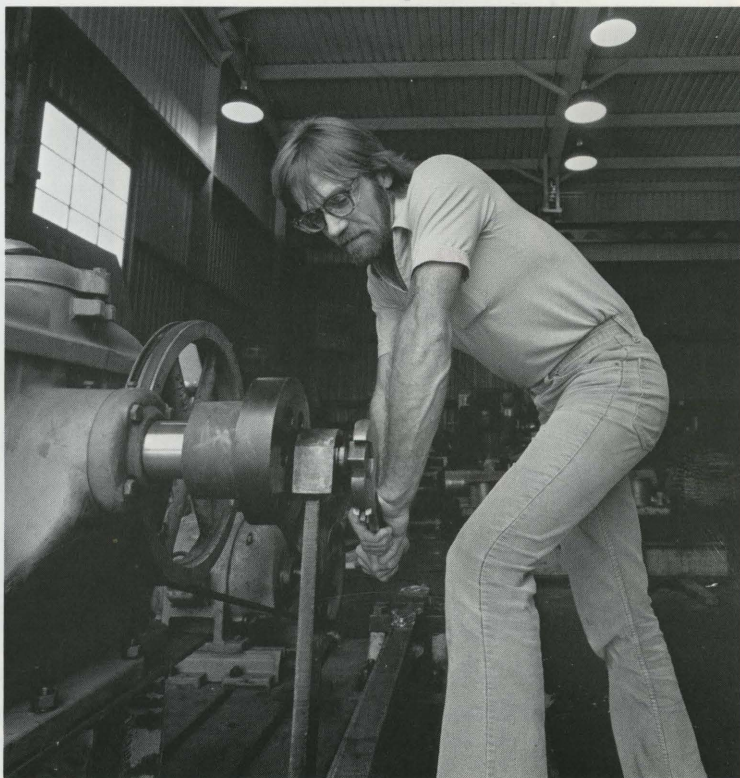
The Lufkin Team



Louis Killingsworth



Lenneth Sowell



Kurt Ulmer