

LUFKIN INDUSTRIES, INC.

NOMINATING AND GOVERNANCE COMMITTEE CHARTER

I. Organization and Membership

The Nominating and Governance Committee (the "Committee") of the Board of Directors (the "Board") of Lufkin Industries, Inc. (the "Company") will be comprised of at least three members of the Board. Each Committee member shall meet the applicable independence and other requirements of The Nasdaq Stock Market and the rules and regulations of the Securities and Exchange Commission. The members of the Committee shall be appointed by, and may be removed with or without cause by, the Board.

II. Quorum

A majority of the members of the Committee shall constitute a quorum.

III. Meetings

- A. The Committee shall meet as at least once during each fiscal year and more frequently as the Committee in its discretion deems advisable.
- B. Meetings may be called by the Committee Chair, the Chairman of the Board, the Lead Director or two or more Committee members.
- C. Minutes of each meeting will be kept and sent to each Committee member for review and approval, and, upon request, may be sent to other Board members who are not on the Committee.

IV. Purpose

The Committee's primary purpose is to discharge the Board's responsibilities related to public policy matters, to consider matters related to corporate governance, to identify individuals qualified to become Board members and to review the qualifications of the Board members and Board structure.

V. Powers, Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee is, among other things, responsible for:

- A. reviewing and making recommendations to the Board concerning the appropriate size and composition of the Board, including candidates for election or re-election as directors, the criteria to be used for the selection of candidates for election as directors, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board, the composition and functions of

the Board committees, and all matters relating to the development and effective functioning of the Board;

- B. considering and recruiting candidates to fill positions on the Board;
- C. considering nominees recommended by stockholders for election as directors;
- D. reviewing and making recommendations to the Board of each Board committee's membership and committee chairpersons including, without limitation, recommending whether one or more Audit Committee members qualifies as an "audit committee financial expert" in accordance with applicable law and whether directors and committee members are independent;
- E. periodically reviewing the Company's Corporate Governance Guidelines and recommending any updates to the Board;
- F. establishing the process for evaluating, and administering the evaluation of, the Board and the committees of the Board;
- G. reviewing public issues identified by management and overseeing the Company's efforts in addressing these public issues through research, analysis, lobbying efforts and participation in business and government programs;
- H. reviewing and approving codes of conduct applicable to directors, officers and employees;
- I. reviewing and assessing management's activities regarding the Company's Enterprise Risk Management program;
- J. reviewing and administering the Company's practices for Board continuing education, including matters relating to the Company's adherence to governance changes, good governance practices, trends and other Board-relevant topics; and
- K. overseeing the Company's Related Person Transactions approval and ratification procedures.

VI. General

- A. The Committee will review and reassess the adequacy of this Charter on an annual basis and recommend changes to the Board for approval.
- B. The Committee will conduct an annual review of its performance. The Committee shall report the results of such review to the Board. In addition, the Committee shall make regular reports to the Board of its activities.

- C. The Committee may form and delegate authority to subcommittees as it deems appropriate.

/s/ Alejandro Cestero
Secretary

Last approved by the Board: February 12, 2013