



The Differentiator in the Global Energy Service Sector

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- Global Supplier of Oilfield and Gearbox Products.** Founded in 1902, Lufkin Industries is a vertically-integrated supplier of oilfield equipment, primarily pumping units and other artificial lift products in addition to mechanical power transmission (PT) products. Efficiency, technology and reliability are the hallmarks of its products, and Lufkin has the unique ability to bundle its products, services and automation with its high-quality engineering, superior customer service, and strong sales support.
- Oilfield Division Focused on Enhancing Artificial Lift Solutions.** Pursuant to its strategy of supplying a more complete artificial lift solution, Lufkin has added new product offerings to its portfolio including progressive capacity pumps (PCPs), plunger lift, gas lift, hydraulic downhole pumps, and downhole rod pumps through recent acquisitions. Automation is an integral part of Lufkin’s system-wide approach to artificial lift optimization, and new technologies help reduce the overall cost of production in mature fields. Through acquisitions and in-house developments, Lufkin has expanded its product line to offer a broad suite of artificial lift solutions.
- Acquiring “Building Block” Technologies for the Next Generation of Automation Services.** Lufkin’s automation products control more than 150,000 wells around the globe. The technologies it has acquired so far in 2012 will provide the building blocks for the “next generation” of intelligent well optimization / well control devices. Lufkin’s acquisition of Zenith Oilfield Technology in February, and Datac Instrumentation and RealFlex Technologies in January accelerated its strategic goal of offering a fully-integrated solutions package of well automation, remote well monitoring, and control capabilities. Zenith brought proprietary real-time optimization technology that enables downhole reservoir monitoring and data interpretation (ZSight), which can be used with any ESP or PCP gauge system. The acquisitions of Datac and RealFlex added advanced SCADA communications and a data platform to link meters with Lufkin’s well manager in an integrated system to manage artificial lift production.
- Expansion in Both Domestic and International Markets.** Lufkin is positioned for expected worldwide energy growth with its strong management team, a well-considered strategic plan and expanded manufacturing capacity already in place. With its global network of service centers aligned with central manufacturing, engineering and support centers in the U.S., Argentina, and soon in Romania, Lufkin is able to more cost-effectively provide high-value service to its global clients. In the U.S., a new multi-purpose facility in North Dakota will serve the development of the Bakken play, and the opening of the Romanian plant in late 2012 will add manufacturing capacity in the Eastern Hemisphere. Lufkin already serves the European markets from its France-based gear manufacturing facility where demand for high-speed turbo equipment remains strong.

- Solid Top-Line Growth.** Lufkin had a strong first quarter, reflecting brisk order intake and a new single quarter record for bookings. Total revenues rose 44% from a year ago, including a full quarter contribution from the Quinn’s acquisition and a partial quarter’s contribution from Zenith. Oilfield revenues rose 53.5% from a year ago to \$236 million, driven primarily by demand for pumping units in the U.S. shale plays. PT sales were up 7% to \$43.5 million, driven by both upstream and downstream oil and gas projects and Lufkin’s improved manufacturing performance.

Price (May 31, 2012) \$57.47

Stock Data

Fiscal Year-End:	December
Symbol / Exchange:	LUFK / NASDAQ
52-Week Range:	\$42.10 – 90.81
Diluted Common Shares O/S:	34.0mm
Market Capitalization:	\$1,954mm
Total Enterprise Value (TEV) ¹⁾ :	\$2,223mm
Average Daily Volume (L3M):	420,716
Insider Ownership ²⁾ :	4.8%
Dividend / Yield	\$0.50 / 0.8%

Financial Data

Balance Sheet (\$mm)	03/31/12	12/31/11	12/31/10	
Total Assets:	\$1347.0	\$1096.7	\$621.1	
Shareholders’ Equity:	756.6	507.5	486.0	
Working Capital:	\$337.6	\$293.7	\$260.6	
Backlog	3/31/12	12/31/11	3/31/10	
Oilfield	\$207.1	\$164.2	\$178.9	
Power Transmission	\$120.5	\$107.4	\$122.8	
Income Statement	1Q12	1Q11	2011	2010
Oilfield Revenue	\$236.0	\$153.7	\$736.5	\$478.0
PT Revenue	43.5	40.7	195.7	167.7
Total Revenue:	\$279.5	\$194.4	\$932.1	\$645.7
Gross Profit:	67.5	46.2	227.1	158.5
Diluted EPS:	\$0.34	\$0.40	\$2.14	\$1.45

Stock Price (12-month price performance)



1) Mkt cap calculated with diluted common shares outstanding; Total Enterprise Value (TEV) pro forma 2.5mm common stock offering
 2) As reported by ThomsonOne Financial

COMPANY OVERVIEW

Lufkin Industries, Inc. is a global supplier of oilfield equipment and mechanical power transmission (PT) products. Its Oilfield division sells and services oilfield pumping units, well automation systems, gas lift and plunger lift systems, progressive cavity pumps, well completion products and foundry castings to extract oil and other liquids from wells. The PT business designs, manufactures and services both high-speed turbo and low-speed gearboxes for industrial and marine applications, primarily in the energy industry.

Leading Supplier of Oilfield Pumping Equipment

Lufkin's oilfield pumping units set the industry standard worldwide. The Company's success has been driven by its in-house manufacturing and production engineering capabilities that are fully integrated with its automation technologies. Lufkin has an established market in most major oil producing basins and has local manufacturing capacity in many international markets to meet specific country requirements.

Expanding Fully-Integrated Capabilities. Over the past few years, Lufkin has successfully expanded its products and manufacturing capabilities through capital investments and strategic acquisitions. These "bolt-on" acquisitions have been consistent with its long-term goal of integrating quality and complementary assets to enhance its industry leadership position.

In the second half of 2011, Lufkin's acquisition of Pentagon Optimization Services created significant synergies with its existing ILS plunger lift offering, and the Quinn's Oilfield acquisition brought strategic subsurface rod pump technology. Quinn's is one of the largest reciprocating rod pump manufacturers in North America, and is well-positioned in the oil sands plays in Canada. In late February 2012, Lufkin made a "step-changing" purchase of Zenith Oilfield Technology, an international provider of innovative technology and products for real-time monitoring and analysis of down-hole data and related completion products for the artificial lift market. Zenith expanded Lufkin's presence in the electric submersible pump (ESP) and PCP markets.

Powerful Package of Automation Products. Zenith has developed market-leading downhole sensor equipment and gauges with new measurement techniques to evaluate artificial lift performance, including an extreme temperature gauge that brings new technology to the growing market for steamflood enhanced oil recovery. Additionally, its ZSight optimization system automates the real-time processing and analysis of surface and wellbore data directly at the well site. Zenith's capabilities, combined with Lufkin's existing automation control offerings and the advanced SCADA-related technologies added with the Datac and RealFlex acquisitions give Lufkin a very powerful package of automation products and services designed to reduce customers' operating costs per well and increase production and ultimate reserve recovery.

Reciprocating Rod Lift Systems Optimize Production and Maximize Reservoir Recovery. Pumping units are primarily used in oilfields for artificial lift, which helps to maximize reservoir recovery and optimize field production. Artificial lift is typically used when the reservoir pressure is too low to lift the oil to the surface and is also used in naturally flowing wells to increase flow rates. An estimated 94% of the roughly 1

million global oil producing wells use some form of artificial lift.

Lufkin is an industry leader in the manufacture of rod lift systems. A reciprocating rod lift system consists of a surface pumping unit powered by an electric motor or gas engine prime mover, a rod string, and a positive displacement pump. Lufkin manufactures numerous components of the rod pump system, and the Quinn's downhole rod pumps mate with the surface unit. Lufkin also manufactures PCP, gas lift, plunger lift, and hydraulic lift units.

As a natural extension of its pumping unit business, Lufkin's Automation business designs, manufactures, installs and services computer control equipment and analytical services for the units. Automating oilfield equipment creates operating and cost efficiencies. The integration of all of Lufkin's artificial lift devices with its state-of-the-art technical capabilities provide a complete portfolio of integrated surface, hardware, downhole software and automation offerings.

Specializing in Highly Engineered Precision-Made Gears

Lufkin's Power Transmission business is the industry leader in high-speed turbo gearing, and it services many diverse markets. The energy industry is the primary user of high-speed gears which are typically used in large-scale, capital intensive projects with long lead times, and thus, less sensitive to changes in commodity prices. PT's low-speed gearing caters to the marine, metal processing, mining, sugar, plastics and other non-energy industries, each with its own set of drivers. Future growth is expected in the oil and gas and power generation sectors, which rely heavily on high-performance gear products.

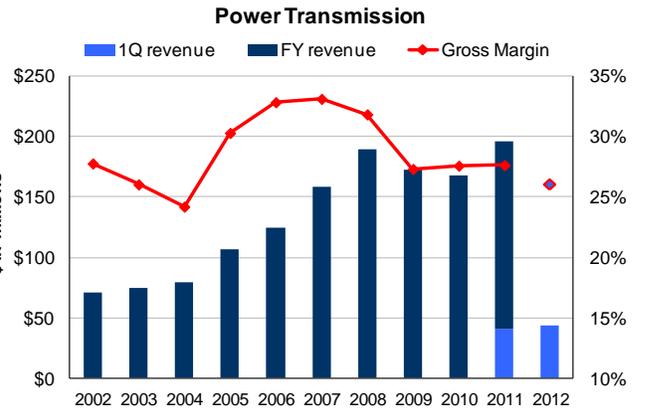
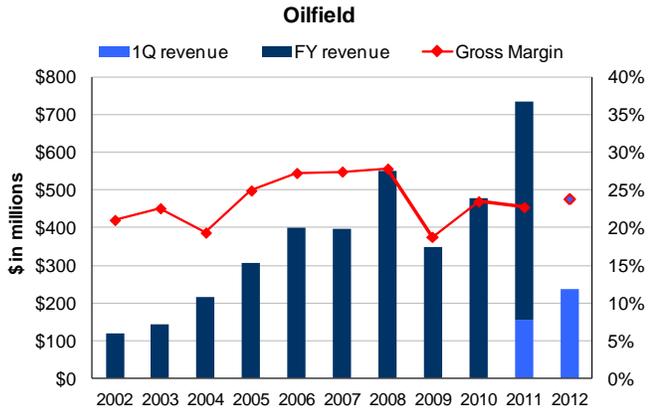
From a competitive standpoint, Lufkin benefits from its strong reputation as a global design leader, its advanced engineering skills, high-velocity manufacturing, and product performance levels. Lufkin is also noted for its domestic and international sales and support, specifically regarding its repair and service capability, its high-speed mechanical test capabilities, and its comprehensive design and engineering support team.

Pace of Well Completions Expected to Increase

Recent demand for artificial lift orders and oilfield equipment has been driven by the increased activity in the unconventional shales and the liquids-rich resource plays as drilling activity shifts towards oil and away from natural gas. Additionally, the shortage of hydraulic fracturing capacity that had limited the pace of well completions has virtually been eliminated. During the quarter, a stronger correlation between rig count and new orders for artificial lift equipment began to emerge.

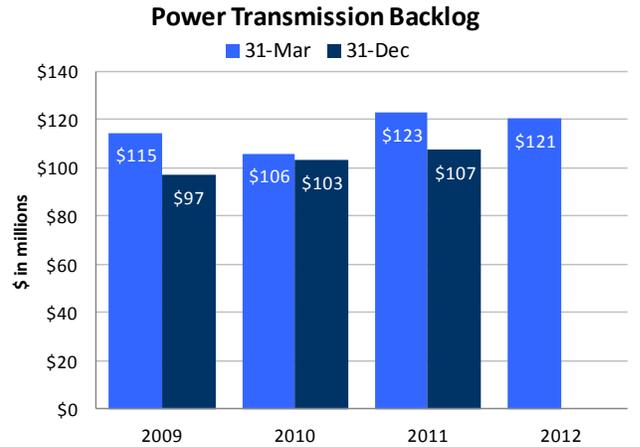
Lufkin's first quarter 2012 revenues rose 44% to \$279.5 million from \$194.4 million in the 2011 first quarter. Key drivers were robust market conditions, supply chain improvements and increased efficiencies at its U.S. manufacturing facilities combined with contributions from its recently-acquired businesses. Excluding the \$0.22 diluted impact of acquisition-related expenses, net earnings rose 32% per share to \$17.9 million (\$0.56/diluted share) compared to \$13.6 million (\$0.44/share) in the same period last year. Lufkin estimates that full-year 2012 revenues will range between \$1.25 billion and \$1.3 billion, with projected diluted EPS of \$3.75 to \$4.05, excluding acquisition-related expenses. Guidance for the 2012 second quarter is for revenues of \$300 million to \$310 million and diluted EPS of \$0.80 to \$0.90.

OILFIELD AND POWER TRANSMISSION BUILDING MOMENTUM



Source: Company Reports

BACKLOG GROWTH SIGNALS SIGNS OF RECOVERY

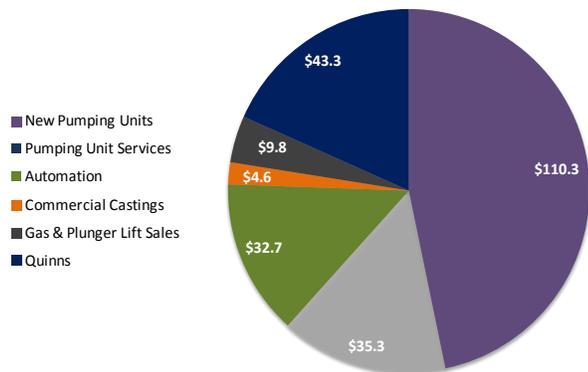


Source: Company Reports

OILFIELD AND POWER TRANSMISSION LEVERAGED TO ENERGY MARKETS

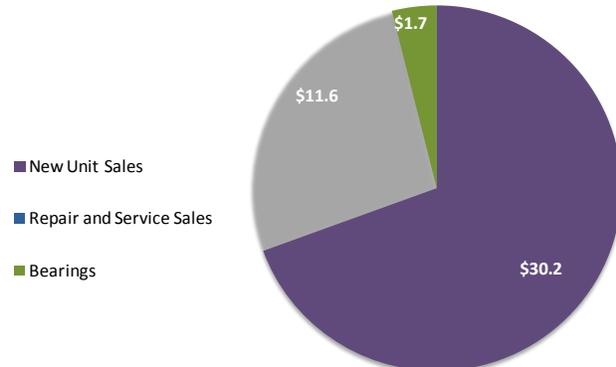
Oilfield Q1 2012 Revenue
(\$ in millions)

\$236.0 million of revenues in Q1 2012



Power Transmission Q1 2012 Revenue
(\$ in millions)

\$43.5 million of revenues in Q1 2012





Lufkin Industries, Inc.

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Reader Advisory and Forward Looking Statements

This Fact Sheet is presented as a brief company overview for the information of investors, analysts and other parties with an interest in the Company. Lufkin's management hopes that this Fact Sheet will encourage analysts and investors to investigate more about the Company through its Securities and Exchange Commission (SEC) filings, press releases and other public materials. This Fact Sheet does not constitute an offer to sell or a solicitation of an offer to buy any securities of the Company. This Fact Sheet contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act that are based on management's current expectations, estimates and projections. All statements that address expectations or projections about the future, including statements about Lufkin's strategy for growth, product development, market position, expected expenditures and financial results are forward-looking statements. Some of the forward-looking statements may be identified by words like "expects," "anticipates," "plans," "intends," "projects," "indicates," and similar expressions. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Many factors, including those discussed more fully elsewhere in this Fact Sheet and in documents filed with the Securities and Exchange Commission by Lufkin, particularly its Annual Report on Form 10-K for the year ended December 31, 2011, as well as others, could cause results to differ materially from those stated. These factors include, but are not limited to, the investigation of certain accounting matters by the Securities and Exchange Commission; changes in the laws, regulations, policies and economic conditions, including inflation, interest and foreign currency exchange rates, of countries in which Lufkin does business; competitive pressures; successful integration of structural changes, including restructuring plans, acquisitions, divestitures and alliances; cost of raw materials, research and development of new products, including regulatory approval and market acceptance; and seasonality of sales of Lufkin products. Lufkin's filings with the Securities and Exchange Commission can be obtained at no charge at <http://www.sec.gov>, as well as through our website at <http://www.lufkin.com>. This Fact Sheet does not purport to be all-inclusive or to contain all of the information that a reader may desire regarding the structure or the affairs of the Company. The information contained in this Fact Sheet is only current as of June 1, 2012, and the Company undertakes no obligation to update this Fact Sheet.