

# **LUFKIN INDUSTRIES, INC.**

## **NOMINATING AND GOVERNANCE COMMITTEE CHARTER**

### **I. Membership**

The Nominating and Governance Committee (the “Committee”) of Lufkin Industries, Inc. (the “Corporation”) shall be comprised of at least three members of the Corporation’s Board of Directors (the “Board”). The members of the Committee shall be appointed by the Board and shall collectively meet the applicable independence and other requirements of The NASDAQ Stock Market (“NASDAQ”) and applicable federal law.

### **II. Quorum**

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

### **III. Frequency**

The Committee shall meet as at least once during each fiscal year and more frequently as the Committee in its discretion deems advisable.

### **IV. Purpose**

The purpose of the Committee is to focus on the issues surrounding the composition, practices and operation of the Board.

### **V. Powers, Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

1. Make recommendations to the Board regarding all nominees for Board membership.
2. Review and develop qualifications for board membership.
3. Conduct the appropriate inquiries and deliberations regarding the background and qualification of possible candidates for director.
4. Consider director candidates submitted by shareholders and determine the procedure to be followed by shareholders in submitting such recommendations.
5. Recommend Board committee structure and responsibilities to be included in the charter of each Board committee.
6. Recommend directors to serve on each Board committee and to serve as chairpersons of the Board committees.
7. Conduct an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis.

8. Review issues and developments related to corporate governance matters and recommend corporate governance standards to the Board.
9. Review and approve the policies and disclosures related to governance and director nominations to be set forth in the Corporation's annual proxy statement under the rules of the Securities and Exchange Commission.
10. Perform any other activities consistent with this Charter, the Corporation's Bylaws, NASDAQ rules and governing law, as the Committee or the Board deems necessary or appropriate.
11. Assess the appropriate size of the Board and make a recommendation to the Board for any change.

Revised: 2/2005