FOSTER L B CO
Form 10-Q
November 10, 2008

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

(Mark One)

þ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended September 30, 2008

Or

o **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from _____ to _____

Commission File Number 0-10436

L. B. Foster Company

(Exact name of Registrant as specified in its charter)

Pennsylvania	25-1324733
(State of Incorporation)	(I. R. S. Employer Identification No.)
415 Holiday Drive, Pittsburgh, Pennsylvania	15220
(Address of principal executive offices)	(Zip Code)

(412) 928-3417
(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ
Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	Outstanding at October 27, 2008
Common Stock, Par Value $.01	10,251,258 Shares

L.B. FOSTER COMPANY AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

L. B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

	September 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 111,755	$ 121,097
Accounts and notes receivable:		
Trade	68,865	52,856
Other	567	754
	69,432	53,610
Inventories	120,336	102,447
Current deferred tax assets	3,553	3,615
Other current assets	1,304	1,131
Property held for resale		2,497
Total Current Assets	306,380	284,397
Property, Plant & Equipment At Cost	96,649	93,589
Less Accumulated Depreciation	(55,288)	(49,453)
	41,361	44,136
Other Assets:		
Goodwill	350	350
Other intangibles net	41	50
Deferred tax assets	1,434	1,411
Other assets	392	428
Total Other Assets	2,217	2,239
TOTAL ASSETS	$ 349,958	$ 330,772
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 5,833	$ 6,191
Short-term borrowings	238	
Accounts payable trade	76,664	53,489
Accrued payroll and employee benefits	7,269	11,490

Current deferred tax liabilities	3,541	3,541
Other accrued liabilities	7,321	8,841
Current liabilities of discontinued operations	200	200
Total Current Liabilities	101,066	83,752
Long-Term Debt, Term Loan	14,048	16,190
Other Long-Term Debt	9,169	11,866
Deferred Tax Liabilities	1,638	1,638
Other Long-Term Liabilities	5,190	3,500
STOCKHOLDERS EQUITY:		
Common stock	110	109
Paid-in capital	47,798	45,147
Retained earnings	191,403	169,314
Treasury stock	(19,830)	
Accumulated other comprehensive loss	(634)	(744)
Total Stockholders Equity	218,847	213,826
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 349,958	$ 330,772

See Notes to Condensed Consolidated Financial Statements.

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L. B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
Net Sales	$ 145,550	$ 135,753	$ 368,824	$ 394,966
Cost of Goods Sold	122,843	114,759	308,611	338,544
Gross Profit	22,707	20,994	60,213	56,422
Selling and Administrative Expenses	10,092	9,890	29,417	28,081
Interest Expense	500	926	1,543	3,331
Dividend Income		(8,719)		(9,214)
Gain on Sale of DM&E Investment			(2,022)	
Loss (Gain) on Sale of Property	3	13	(1,473)	7
Interest Income	(617)	(15)	(2,018)	(21)
Other Expense / (Income)	45	49	51	(48)
	10,023	2,144	25,498	22,136
Income From Continuing Operations Before Income Taxes	12,684	18,850	34,715	34,286
Income Tax Expense	4,558	4,301	12,626	9,796
Income From Continuing Operations	8,126	14,549	22,089	24,490
Discontinued Operations:				
Loss From Discontinued Operations Before Income Taxes		(26)		(45)
Income Tax Benefit		(8)		(16)
Loss From Discontinued Operations		(18)		(29)
Net Income	$ 8,126	$ 14,531	$ 22,089	$ 24,461
Basic Earnings Per Share				
From continuing operations	$ 0.77	$ 1.37	$ 2.04	$ 2.31
From discontinued operations				

Basic Earnings Per Share	$ 0.77	$ 1.36	$ 2.04	$ 2.31
Diluted Earnings Per Share				
From continuing operations	$ 0.76	$ 1.32	$ 2.01	$ 2.24
From discontinued operations				
Diluted Earnings Per Share	$ 0.76	$ 1.32	$ 2.01	$ 2.24

See Notes to Condensed Consolidated Financial Statements.

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L. B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Nine Months Ended September 30,	
	2008	2007
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income from continuing operations	$ 22,089	$ 24,490
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	39	(61)
Depreciation and amortization	6,699	6,435
Gain on sale of DM&E investment	(2,022)	
(Gain) loss on sale of property, plant and equipment	(1,473)	7
Deferred gain amortization on sale-leaseback	(125)	
Stock-based compensation	799	527
Unrealized loss (gain) on derivative mark-to-market	76	(20)
Excess tax benefit from share-based compensation	(877)	(1,025)
Change in operating assets and liabilities:		
Accounts receivable	(15,822)	(1,467)
Inventories	(17,889)	6,123
Other current assets	(173)	(84)
Prepaid income tax		1,861
Other noncurrent assets	9	(9,226)
Accounts payable trade	23,175	(1,989)
Accrued payroll and employee benefits	(3,754)	3,774
Other current liabilities	(825)	1,607
Other liabilities	(486)	(1,993)
Net Cash Provided by Operating Activities	9,440	28,959
Net Cash Used by Discontinued Operations		(31)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	6,611	15
Proceeds from sale of DM&E investment	2,022	
Capital expenditures on property, plant and equipment	(4,010)	(3,847)
Net Cash Provided (Used) by Investing Activities	4,623	(3,832)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (repayments) of revolving credit agreement	238	(39,161)
Proceeds from long-term debt, term loan		20,000
Repayments of long-term debt, term loan	(2,380)	(476)
Repayments of other short-term borrowings		(726)
Proceeds from exercise of stock options	507	1,018
Tax benefit related to stock options exercised	877	1,025

Acquisition of treasury stock	(19,830)	
Repayments of other long-term debt	(2,817)	(2,339)
Net Cash Used by Financing Activities	(23,405)	(20,659)
Net (Decrease) Increase in Cash and Cash Equivalents	(9,342)	4,437
Cash and Cash Equivalents at Beginning of Period	121,097	1,309
Cash and Cash Equivalents at End of Period	$ 111,755	$ 5,746
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	$ 1,456	$ 3,288
Income Taxes Paid	$ 13,328	$ 6,765

The Company financed $0.1 million in certain capital expenditures through short-term borrowings and the execution of capital leases during the first nine months of 2007. There were no such expenditures during the first nine months of 2008.

See Notes to Condensed Consolidated Financial Statements.

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L. B. FOSTER COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all estimates and adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. However, actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year ended December 31, 2008. Amounts included in the balance sheet as of December 31, 2007 were derived from our audited balance sheet. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company s annual report on Form 10-K for the year ended December 31, 2007.

2. NEW ACCOUNTING PRINCIPLES

In February 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, Including an Amendment of SFAS No. 115, (SFAS 159). SFAS 159 permits entities to measure eligible financial assets, financial liabilities and firm commitments at fair value, on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value under other accounting principles generally accepted in the United States. The fair value measurement election is irrevocable and subsequent changes in fair value must be recorded in earnings. The Company already records derivative contracts at fair value in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended (SFAS 133). The adoption of SFAS 159 on January 1, 2008 had no impact on the Company as management did not elect the fair value option for any other financial instruments or certain other assets and liabilities.

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations, (SFAS 141R) which replaces SFAS No. 141. SFAS 141R retains the purchase method of accounting for acquisitions, but requires a number of changes, including changes in the way assets and liabilities are recognized in the purchase accounting. It also changes the recognition of assets acquired and liabilities assumed arising from contingencies, requires the capitalization of in-process research and development at fair value, and requires the expensing of acquisition-related costs as incurred. SFAS 141R is effective for business combinations for which the acquisition date is on or after the beginning of the first fiscal year beginning after December 15, 2008. The Company will adopt the provisions of this standard beginning January 1, 2009.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of SFAS No. 133, (SFAS 161). SFAS 161 requires enhanced disclosures about an entity s derivative and hedging activities, including (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under SFAS 133, and (iii) how derivative instruments and related hedged items affect an entity s financial position, results of operations and cash flows. This standard is effective for fiscal years beginning after December 15, 2008. As SFAS 161 only requires enhanced disclosures, this standard will have no impact on the Company s financial position or results of operations when it is adopted on January 1, 2009.

3. FAIR VALUE MEASUREMENTS

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States, and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements, rather it applies under existing accounting pronouncements that require or permit fair value measurements. The Company adopted SFAS 157 on January 1, 2008. The adoption of this standard did not impact our financial position or results of operations, as the Company had previously determined the fair value of these instruments in a manner consistent with the requirements of SFAS 157.

SFAS 157 applies to all assets and liabilities that are being measured and reported on a fair value basis. This standard discusses valuation techniques, such as the market approach (comparable market prices), the income approach

(present value of future income or cash flow) and the cost approach (cost to replace the service capacity of an asset or replacement cost). SFAS 157 enables readers of financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair

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values. The standard requires that each asset and liability carried at fair value be classified into one of the following categories:
Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.
Included within cash and cash equivalents are principally our investments in tax-free money market funds with municipal bond issuances as the underlying securities all of which maintain AAA credit ratings. At September 30, 2008, the fair value of these investments was approximately $100,142,000. Also included within cash and cash equivalents are our investments in bank certificates of deposit. At September 30, 2008, the fair value of these investments was approximately $7,595,000. The Company determined the fair values of these investments based on quoted market prices. As prescribed by the SFAS 157 levels listed above, the Company recognized the fair value of its investments as a Level 1 valuation.

4. ACCOUNTS RECEIVABLE

Credit is extended based upon an evaluation of the customer s financial condition and, generally, collateral is not required. Credit terms are consistent with industry standards and practices. Trade accounts receivable at September 30, 2008 and December 31, 2007 have been reduced by an allowance for doubtful accounts of ($1,080,000) and ($1,504,000), respectively. Bad debt (recovery) expense was ($108,000) and $215,000 for the nine-month periods ended September 30, 2008 and 2007, respectively.

5. INVENTORIES

Inventories of the Company at September 30, 2008 and December 31, 2007 are summarized in the following table:

(in thousands)	September 30, 2008	December 31, 2007
Finished goods	$114,457	$ 92,962
Work-in-process	6,393	5,121
Raw materials	19,978	16,786
Total inventories at current costs	140,828	114,869
Less:		
LIFO reserve	(16,433)	(8,605)
Inventory valuation reserve	(4,059)	(3,817)
	$120,336	$102,447

The majority of the Company s inventory is generally valued at the lower of last-in, first-out (LIFO) cost or market. Other inventories of the Company are valued at average cost or market, whichever is lower. An actual valuation of inventory under the LIFO method is made at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management s estimates of expected year-end levels and costs.

6. PROPERTY HELD FOR RESALE

In December 2007, the Company entered into a preliminary agreement to sell approximately 63 acres of real estate located in Houston, TX used primarily by the Company s Tubular Products segment and reclassified these assets as property held for resale under SFAS No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets. The sales price of the real estate was approximately $6,500,000. This transaction closed on March 3, 2008 and the Company recorded a gain of $1,486,000.

7. SALE-LEASEBACK

On March 3, 2008 pursuant to the sale of property noted in footnote 6, the Company entered into a sale-leaseback transaction, as amended on April 30, 2008, with the purchaser of the Houston, TX real estate for approximately 20

acres of the real estate and certain other assets for a ten year term at a monthly rental rate of $1,000 per acre with annual 3%

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increases. The April 30, 2008 amendment added approximately 9 acres of real estate on a month to month term basis. The lease is a net lease with the Company being responsible for taxes, maintenance, insurance and utilities. The Company will use the leased property for its threaded product operations.

This lease is being accounted for as an operating lease with an interest rate of 5.25% for the transaction. The transaction qualifies as a sale-leaseback under applicable guidance, including SFAS No. 98, Accounting for Leases, and the Company recorded as a deferred gain the present value of the minimum lease payments of the operating lease, $2,146,000. This deferred gain will be amortized over the life of the lease, 120 months.

8. RETIREMENT PLANS

The Company has four plans covering all hourly and salaried employees, specifically two defined benefit plans (one active / one frozen) and two defined contribution plans. Employees are eligible to participate under these specific plans based on their employment classification. The Company s funding to the defined benefit and defined contribution plans is governed by the Employee Retirement Income Security Act of 1974, applicable plan policy and investment guidelines. The Company policy is to contribute at least the minimum funding required by ERISA.

Defined Benefit Plans

Net periodic pension costs for both the active plan and frozen plan for the three months and nine months ended September 30, 2008 and 2007 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
In thousands	2008	2007	2008	2007
Service cost	$ 5	$ 6	$ 15	$ 18
Interest cost	63	55	189	166
Expected return on plan assets	(72)	(65)	(216)	(194)
Prior service cost	2	2	6	5
Transition asset		(2)		(5)
Recognized net actuarial loss	13	13	38	38
Net periodic benefit cost	$ 11	$ 9	$ 32	$ 28

The Company contributed approximately $311,000 to the defined benefit plans in 2008.

Defined Contribution Plans

The Company has a defined contribution plan that covers all non-union hourly and all salaried employees. This plan permits both pretax and after-tax employee contributions. Participants can contribute, subject to statutory limitations, between 1% and 75% of eligible pre-tax pay and between 1% and 100% of eligible after-tax pay.

The Company matches 100% of the first 1% of deferred eligible compensation and up to 50% of the next 6% of deferred eligible compensation, for a total maximum potential match of 4%. The Company may also make discretionary contributions to the Plan.

The expense associated with this plan for the nine months ended September 30 was $1,560,000 in 2008 and $2,235,000 in 2007.

The Company also has a defined contribution plan for union hourly employees with contributions made by both the participants and the Company based on various formulas. The expense associated with this plan for the nine months ended September 30, 2008 and 2007 was $25,000 and $29,000, respectively.

9. DISCONTINUED OPERATIONS

In February 2006, the Company sold substantially all of the assets of its Geotechnical division for $4,000,000 plus the net asset value of the fixed assets, inventory, work in progress and prepaid items, resulting in a gain of approximately $3,005,000. The operations of the division qualified as a component of an entity under SFAS No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets and thus, were reclassified as discontinued for all periods presented. Future expenses related to this business are expected to be immaterial.

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Net sales and income from discontinued operations were as follows:

(in thousands)	Three Months Ended September 30, 2008	2007	Nine Months Ended September 30, 2008	2007
Net sales	$	$	$	$
Loss from discontinued operations	$	$(26)	$	$(45)
Income tax benefit		(8)		(16)
Loss from discontinued operations, net of tax	$	$(18)	$	$(29)

10. BORROWINGS

On May 5, 2005, the Company entered into the Amended and Restated Revolving Credit and Security Agreement (Agreement) with a syndicate of three banks led by PNC Bank, N.A. The Agreement provided for a revolving credit facility of up to $60,000,000 in borrowings to support the Company s working capital and other liquidity requirements. In September 2005, the Company s maximum credit line was increased to $75,000,000 under a first amendment to the Agreement. The Company s maximum credit line was increased again to $90,000,000 in July 2007 under a fourth amendment to the Agreement, which also extended the expiration of the Agreement to May 2011. The revolving credit facility is secured by substantially all of the trade receivables and inventory owned by the Company. Revolving credit facility availability under the Agreement is limited by the amount of eligible accounts receivable and inventory, applied against certain advance rates, and are limited to 85% of eligible receivables and 60% of eligible inventory. Additionally, the fourth amendment established a $20,000,000 term loan that was immediately applied to pay down existing amounts outstanding on the revolving credit facility. The term loan is being amortized on a term of seven years with a balloon payment on the remaining outstanding principal due at the maturity of the Agreement, May 2011. If average availability should fall below $10,000,000 over a 30-day period, the loans become immediately secured by a lien on the Company s equipment that is not encumbered by other liens.

Prior to February 2007, borrowings under the credit facility bore interest at either the base rate or the LIBOR rate plus or minus an applicable spread based on the fixed charge coverage ratio. The base rate was equal to the greater of (a) PNC Bank s base commercial lending rate or (b) the Federal Funds Rate plus .50%. The base rate spread ranged from negative 1.00% to a positive .50%, and the LIBOR spread ranged from 1.50% to 2.50%. In February 2007, the Company entered into a third amendment to the Agreement under which revolving credit facility borrowings placed in LIBOR contracts are priced at prevailing LIBOR rates, plus 1.25%. Borrowings placed in other tranches are priced at the prevailing prime rate, minus 1.00%. The term loan base rate spread is fixed at minus 0.75% and the LIBOR spread is fixed at plus 1.50%.

The third amendment also permits the Company to use various additional debt instruments to finance capital expenditures, outside of borrowings under the Agreement, limited to an additional $10,000,000, and increases the Company s permitted annual capital expenditures to $12,000,000. Under the amended Agreement, the Company maintains dominion over its cash at all times, as long as excess availability stays over $5,000,000 and there is no uncured event of default.

The Agreement includes financial covenants requiring a minimum level for the fixed charge coverage ratio and a maximum level for the consolidated capital expenditures. The Agreement also includes a minimum net worth covenant and restricts investments, indebtedness, and the sale of certain assets. As of September 30, 2008 the Company was in compliance with all the Agreement s covenants.

At September 30, 2008 there was $238,000 outstanding under the revolving credit facility. Also at September 30, 2008, the Company had $16,667,000 outstanding under the term loan and approximately $85,409,000 in unused borrowing commitment.

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11. EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per common share:

(in thousands, except earnings per share)	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Numerator:				
Numerator for basic and diluted earnings per common share - net income available to common stockholders:				
Income from continuing operations	$ 8,126	$14,549	$22,089	$24,490
Loss from discontinued operations		(18)		(29)
Net income	$ 8,126	$14,531	$22,089	$24,461
Denominator:				
Weighted average shares	10,561	10,654	10,812	10,601
Denominator for basic earnings per common share	10,561	10,654	10,812	10,601
Effect of dilutive securities:				
Employee stock options	132	336	144	340
Other stock compensation plans	2		7	
Dilutive potential common shares	134	336	151	340
Denominator for diluted earnings per common share adjusted weighted average shares and assumed conversions	10,695	10,990	10,963	10,941
Basic earnings (loss) per common share:				
Continuing operations	$ 0.77	$ 1.37	$ 2.04	$ 2.31
Discontinued operations				
Basic earnings per common share	$ 0.77	$ 1.36	$ 2.04	$ 2.31
Diluted earnings (loss) per common share:				
Continuing operations	$ 0.76	$ 1.32	$ 2.01	$ 2.24
Discontinued operations				
Diluted earnings per common share	$ 0.76	$ 1.32	$ 2.01	$ 2.24

12. STOCK-BASED COMPENSATION

Stock Option Awards

The Company recorded stock compensation expense of $28,000 for the three month periods ended September 30, 2008 and 2007. The related deferred tax benefits were $11,000. The Company recorded stock compensation expense of $82,000 and $88,000 for the nine month periods ended September 30, 2008 and 2007, respectively. The related deferred tax benefits were $33,000 and $34,000, respectively.

At September 30, 2008, there was $46,000 of compensation expense related to nonvested awards which is expected to be recognized over a weighted-average period of 0.5 years. At September 30, 2007, there was $157,000 of compensation expense related to nonvested awards which was expected to be recognized over a weighted-average period of 1.4 years.

There were no stock options granted during the first nine months of 2008 or 2007.

At September 30, 2008 and 2007, common stock options outstanding under the plans had option prices ranging from $2.75 to $14.77, with a weighted average exercise price of $5.92 and $5.21 per share, respectively.

The weighted average remaining contractual life of the stock options outstanding at September 30, 2008 and 2007 are 3.8 years and 3.9 years.

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Options exercised during the nine month periods ended September 30, 2008 and 2007 totaled 109,380 and 112,025 shares, respectively. The weighted average exercise price per share of the options exercised during the nine month periods ended September 30, 2008 and 2007 were $4.64 and $5.16, respectively. The total intrinsic value of options exercised during the three month periods ended September 30, 2008 and 2007 were $337,000 and $954,000, respectively. The total intrinsic value of options exercised during the nine month periods ended September 30, 2008 and 2007 were $4,235,000 and $2,610,000, respectively.

A summary of the option activity as of September 30, 2008 is presented below.

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2008	349,900	$5.52	4.3	
Granted				
Canceled				
Exercised	(109,380)	4.64		
Outstanding at September 30, 2008	240,520	$5.92	3.8	$5,892,740
Exercisable at September 30, 2008	217,070	$5.45	3.6	$5,420,238

Restricted Stock Awards

During the nine month periods ended September 30, 2008 and 2007 there were 10,500 and 17,500, respectively, fully vested restricted stock awards granted to the outside directors of the Company. The weighted average fair value per share of these restricted stock awards were $32.61 and $25.10, respectively.

Compensation expense recorded by the Company related to restricted stock awards was approximately $342,000 and $439,000, respectively, for the nine months ended September 30, 2008 and 2007.

A summary of the restricted stock awards activity as of September 30, 2008 is presented below.

	Restricted Shares	Weighted Average Fair Value	Weighted Average Remaining Contractual Term	Aggregate Fair Value
Outstanding at January 1, 2008		$		$
Granted	10,500	32.61		342,405
Vested	(10,500)	32.61		(342,405)
Canceled				
Outstanding at September 30, 2008		$		$

The 2005 2007 Three Year Incentive Plan

The Company granted, pursuant to the 2006 Omnibus Plan, as amended, approximately 11,000 fully-vested shares during the first quarter of 2008 in lieu of a cash payment earned under the Three Year Incentive Plan. These shares are not voluntarily transferable until May 1, 2010. The weighted average fair value of these restricted stock awards was

$43.91 per share.

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Performance Unit Awards

Under the 2008 2010 Three Year Incentive Plan the Company granted, pursuant to the 2006 Omnibus Plan, as amended, approximately 23,000 performance units during the nine months ended September 30, 2008. These awards can be earned based upon the Company s performance relative to performance measures as defined in the plan. These awards are subject to forfeiture, cannot be transferred until March 6, 2012 and will be converted into common stock of the Company based on conversion multiples as defined in the underlying plan. The weighted average fair value of these restricted stock awards was $43.91 per share.

Other Long-term Awards

The Company granted approximately 12,000 nonvested shares during the nine month period ended September 30, 2008. The weighted average fair value of these time-vested, forfeitable restricted stock awards was $40.69. These restricted stock awards vest after a four year holding period.

The Company recorded compensation expense of $375,000 for the nine month period ending September 30, 2008 relative to the awards granted pursuant to the Performance Unit Awards and the Other Long-term Awards.

13. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is subject to laws and regulations relating to the protection of the environment, and the Company s efforts to comply with environmental regulations may have an adverse effect on its future earnings. In the opinion of management, compliance with the present environmental protection laws will not have a material adverse effect on the financial condition, results of operations, cash flows, competitive position, or capital expenditures of the Company.

The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial condition or liquidity of the Company. The resolution, in any reporting period, of one or more of these matters could have a material effect on the Company s results of operations for that period.

In the second quarter of 2004, a gas company filed a complaint against the Company in Allegheny County, PA, alleging that in 1989 the Company had applied epoxy coating on 25,000 feet of pipe and that, as a result of inadequate surface preparation of the pipe, the coating had blistered and deteriorated. The Company does not believe that the gas company s alleged problems are the Company s responsibility. Although no assurances can be given, the Company believes that it has meritorious defenses to such claims and will vigorously defend against such a suit. The Company s insurance carrier, although it reserved its right to deny coverage, has undertaken the defense of this claim.

In November 2005, the City of Clearfield, Utah, filed suit in the Second District Court, Davis County, Utah, against the Utah Department of Transportation, a general contractor, four design engineers and/or consultants, a bonding company and the Company. The City alleged that the design and engineering of an overpass in 2000 had been faulty and that the Company had provided the mechanical stabilized earth wall system for the project. The City alleged that the embankment to the overpass began, in 2001, to fail and slide away from the stabilized earth wall system, resulting in damage in excess of $3,000,000. The Company believes that it has meritorious defenses to these claims, that the Company s products complied with all applicable specifications and that other factors accounted for any alleged failure. The Company has referred this matter to its insurance carrier, which, although it reserved its right to deny coverage, has undertaken the defense of this claim.

At September 30, 2008 the Company had outstanding letters of credit of approximately $4,353,000.

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14. BUSINESS SEGMENTS

The Company is organized and evaluated by product group, which is the basis for identifying reportable segments. The Company is engaged in the manufacture, fabrication and distribution of rail, construction and tubular products. The following table illustrates revenues and profits of the Company by segment:

(in thousands)	Three Months Ended, September 30, 2008 Net Sales	Three Months Ended, September 30, 2008 Segment Profit	Nine Months Ended, September 30, 2008 Net Sales	Nine Months Ended, September 30, 2008 Segment Profit
Rail products	$ 65,646	$ 5,642	$172,680	$13,520
Construction products	69,769	9,601	169,794	20,112
Tubular products	10,135	2,297	26,350	5,143
Total	$145,550	$17,540	$368,824	$38,775

(in thousands)	Three Months Ended, September 30, 2007 Net Sales	Three Months Ended, September 30, 2007 Segment Profit	Nine Months Ended, September 30, 2007 Net Sales	Nine Months Ended, September 30, 2007 Segment Profit
Rail products	$ 61,452	$ 3,485	$203,832	$ 9,916
Construction products	62,270	5,696	162,581	13,556
Tubular products	12,031	2,883	28,553	6,243
Total	$135,753	$12,064	$394,966	$29,715

Segment profits, as shown above, include internal cost of capital charges for assets used in the segment at a rate of, generally, 1% per month. There has been no change in the measurement of segment profit from December 31, 2007. The following table provides a reconciliation of reportable segment net profit to the Company s consolidated total:

(in thousands)	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Income for reportable segments	$17,540	$12,064	$ 38,775	$ 29,715
Cost of capital for reportable segments	5,004	4,709	14,434	14,626
Interest expense	(500)	(926)	(1,543)	(3,331)
Dividend income		8,719		9,214
Gain on sale of DM&E investment			2,022	
(Loss) gain on sale of property	(3)	(13)	1,473	(7)
Interest income	617	15	2,018	21
Other (expense) / income	(45)	(49)	(51)	48
LIFO expense	(5,065)	(574)	(7,828)	(1,675)
Corporate expense and other unallocated charges	(4,864)	(5,095)	(14,585)	(14,325)

Income from continuing operations before income taxes	$12,684	$18,850	$ 34,715	$ 34,286

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15. COMPREHENSIVE INCOME

Comprehensive income represents net income plus certain stockholders equity changes not reflected in the Condensed Consolidated Statements of Operations. The components of comprehensive income, net of tax, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2008	2007	2008	2007
Net income	$8,126	$14,531	$22,089	$24,461
Unrealized derivative gains (losses) on cash flow hedges	34	(14)	110	(196)
Comprehensive income	$8,160	$14,517	$22,199	$24,265

16. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company does not purchase or hold any derivative financial instruments for trading purposes. The Company uses derivative financial instruments to manage interest rate exposure on variable-rate debt, primarily by using interest rate collars and variable interest rate swaps. The Company s primary source of variable-rate debt comes from its revolving credit agreement.

At contract inception, the Company designates its derivative instruments as hedges. The Company recognizes all derivative instruments on the balance sheet at fair value. Fluctuations in the fair values of derivative instruments designated as cash flow hedges are recorded in accumulated other comprehensive income and reclassified into earnings as the underlying hedged items affect earnings. To the extent that a change in interest rate derivative does not perfectly offset the change in value of the interest rate being hedged, the ineffective portion is recognized in earnings immediately.

The Company is not subject to significant exposures to changes in foreign currency exchange rates. The Company will, however, manage its exposure to changes in foreign currency exchange rates on firm sale and purchase commitments by entering into foreign currency forward contracts. The Company s risk management objective is to reduce its exposure to the effects of changes in exchange rates on these transactions over the duration of the transactions.

During 2006, the Company entered into commitments to sell Canadian funds based on the anticipated receipt of Canadian funds from the sale of certain rail commencing in the second quarter of 2007 through the third quarter of 2008. All of these contracts have been settled as of September 30, 2008. The fair value of these instruments was a liability of $172,000 as of December 31, 2007. The liability was recorded in Other Accrued Liabilities. During the first nine months of 2008, two of these Canadian dollar denominated commitments matured for a realized loss of approximately $129,000.

Item 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

General

L. B. Foster Company is a leading manufacturer, fabricator and distributor of products for rail, construction, utility and energy markets. The Company is comprised of three business segments: Rail Products, Construction Products and Tubular Products.

Recent Developments

From July 2008 until October 2008, the cost of scrap steel has declined by more than 80%. This steep decline in the cost of scrap has already had an impact on the selling price of various products in the Construction industry, including H-beams, which we distribute. While we believe that the demand for many products that have few manufacturers in North America that the Company distributes will decline more slowly than commodity based products like beams, they will nonetheless reflect price decreases in the future. This could have a negative impact on the dollar value of our

sales and margins in upcoming periods.

On October 8, 2008 the Company, as part of this share repurchase program, entered into an agreement with a shareholder of the Company to purchase 224,400 shares of the Company s common stock held by the shareholder for approximately $4.9 million, including brokerage commissions. This agreement was settled on October 14, 2008. Upon the settlement of this agreement, the Company had approximately $0.2 million remaining in the amount available under the $25.0 million share repurchase program authorized in May 2008. On October 28, 2008, the Board of Directors authorized the

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repurchase of up to an additional $15.0 million of the Company s common shares until December 31, 2010 at which time this authorization will expire. There have been no purchases made under this plan. For additional information regarding the Company s share repurchase program, refer to Part II, Item 2 Unregistered Sales of Equity Securities and Use of Proceeds on page 23.

Critical Accounting Policies

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States. When more than one accounting principle, or method of its application, is generally accepted, management selects the principle or method that is appropriate in the Company s specific circumstances. Application of these accounting principles requires management to make estimates about the future resolution of existing uncertainties. As a result, actual results could differ from these estimates. In preparing these financial statements, management has made its best estimates and judgments of the amounts and disclosures included in the financial statements giving due regard to materiality. There have been no material changes in the Company s policies or estimates since December 31, 2007. For more information regarding the Company s critical accounting policies, please see the Management s Discussion & Analysis of Financial Condition and Results of Operations in Form 10-K for the year ended December 31, 2007.

New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States, and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements, rather it applies under existing accounting pronouncements that require or permit fair value measurements. The Company adopted SFAS 157 on January 1, 2008. The adoption of this standard did not impact our financial position or result of operations, as the Company had previously determined the fair value of these instruments in a manner consistent with the requirements of SFAS 157.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, Including an Amendment of SFAS No. 115, (SFAS 159). SFAS 159 permits entities to measure eligible financial assets, financial liabilities and firm commitments at fair value, on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value under other accounting principles generally accepted in the United States. The fair value measurement election is irrevocable and subsequent changes in fair value must be recorded in earnings. The Company already records derivative contracts at fair value in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended (SFAS 133). The adoption of SFAS 159 on January 1, 2008 had no impact on the Company as management did not elect the fair value option for any other financial instruments or certain other assets and liabilities.

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations, (SFAS 141R) which replaces SFAS No. 141. SFAS 141R retains the purchase method of accounting for acquisitions, but requires a number of changes, including changes in the way assets and liabilities are recognized in the purchase accounting. It also changes the recognition of assets acquired and liabilities assumed arising from contingencies, requires the capitalization of in-process research and development at fair value, and requires the expensing of acquisition-related costs as incurred. SFAS 141R is effective for business combinations for which the acquisition date is on or after the beginning of the first fiscal year beginning after December 15, 2008. The Company will adopt the provisions of this standard beginning January 1, 2009.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of SFAS No. 133, (SFAS 161). SFAS 161 requires enhanced disclosures about an entity s derivative and hedging activities, including (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under SFAS 133, and (iii) how derivative instruments and related hedged items affect an entity s financial position, results of operations and cash flows. This standard is effective for fiscal years beginning after December 15, 2008. As SFAS 161 only requires enhanced disclosures, this standard will have no impact on the Company s financial position or results of operations when it is adopted on January 1, 2009.

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Results of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(Dollars in thousands)			
Net Sales:				
Rail Products	$ 65,646	$ 61,452	$172,680	$203,832
Construction Products	69,769	62,270	169,794	162,581
Tubular Products	10,135	12,031	26,350	28,553
Total Net Sales	$145,550	$135,753	$368,824	$394,966
Gross Profit:				
Rail Products	$ 10,232	$ 7,920	$ 27,194	$ 23,961
Construction Products	15,109	10,452	35,257	27,246
Tubular Products	2,908	3,510	6,819	7,980
LIFO Expense	(5,065)	(574)	(7,828)	(1,675)
Other	(477)	(314)	(1,229)	(1,090)
Total Gross Profit	22,707	20,994	60,213	56,422
Expenses:				
Selling and administrative expenses	10,092	9,890	29,417	28,081
Interest expense	500	926	1,543	3,331
Dividend income		(8,719)		(9,214)
Gain on sale of DM&E investment			(2,022)	
Loss (gain) on sale of property	3	13	(1,473)	7
Interest income	(617)	(15)	(2,018)	(21)
Other expense / (income)	45	49	51	(48)
Total Expenses	10,023	2,144	25,498	22,136
Income from Continuing Operations Before Income Taxes	12,684	18,850	34,715	34,286
Income Tax Expense	4,558	4,301	12,626	9,796
Income from Continuing Operations	8,126	14,549	22,089	24,490
Discontinued Operations:				
Loss From Discontinued Operations		(26)		(45)
Income Tax Benefit		(8)		(16)
Loss From Discontinued Operations, Net of Tax		(18)		(29)

Net Income	$ 8,126	$ 14,531	$ 22,089	$ 24,461
Gross Profit %:				
Rail Products	15.6%	12.9%	15.7%	11.8%
Construction Products	21.7%	16.8%	20.8%	16.8%
Tubular Products	28.7%	29.2%	25.9%	27.9%
Total Gross Profit	15.6%	15.5%	16.3%	14.3%

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Third Quarter 2008 Results of Operations

Net income for the third quarter of 2008 was $8.1 million ($0.76 per diluted share) on net sales of $145.6 million. Net income for the third quarter of 2007 was $14.5 million ($1.32 per diluted share) on net sales of $135.8 million. Net income for the prior year period includes $8.5 million of dividend income related to the announcement of the merger agreement between the DM&E and Canadian Pacific Railway Limited. Excluding this incremental dividend income, net income was $7.0 million ($0.64 per diluted share).

Sales increased by $9.8 million, or 7.2%, compared to the prior year quarter. Rail Products sales increased 6.8% to $65.6 million due mainly to increased volumes of new rail within our rail distribution division. Rising steel prices also contributed to the increases which helped to offset volume declines throughout the remainder of the segment. Our track panel plant in Pueblo, CO ended its operations at the beginning of 2008 due to the loss of its contract with its main customer. Reduced sales to a Class I railroad have negatively impacted our Allegheny Rail Products (ARP) facility in Pueblo, CO, where we manufacture insulated rail joints and assemble rail lubricators. Our Grand Island, NE and Tucson, AZ facilities continue to be impacted negatively by the UPRR purchase reductions. Reduced sales of concrete turnout ties had a negative sales impact at our Spokane, WA facility.

Construction Products sales increased 12.0% to $69.8 million over the third quarter of 2007 due to growth in all segment divisions. Our concrete buildings division sales increased approximately 45.6% due to increased sales volumes and increased pricing due to escalating raw materials prices. Increased steel prices have offset the reduction in sales volumes of our piling products. However, our sales of flat sheet piling for open cell systems have experienced volume increases. Finally, the start of a new bridge project during the current period had a favorable impact in our fabricated bridge products division. Our Tubular Products sales decreased by $1.9 million, or 15.8% to $10.1 million in comparison to the third quarter of 2007. New sales associated with our threaded products division s micropile products have offset reductions at our coated pipe facility in Birmingham, AL. This facility operated a second shift in the prior year period to meet customer requirements while we operated only one shift in 2008.

Our gross profit margin increased to 15.6%, an increase of 0.1 percentage points, compared to last year s third quarter. Rail Products profit margin improved 2.7 percentage points to 15.6%. Our transit products division increased profits due to favorable negotiations with suppliers. Our Grand Island, NE concrete tie plant has experienced margin growth through the production and sale of our new industrial tie. Our ARP division also realized margin expansion through plant process improvements and product mix. These increases were partially offset by margin declines associated with corresponding sales volume reductions in track panels and concrete turnout ties.

Construction Products gross profit margin improved 4.9 percentage points to 21.7% from the prior year period due to improvement across the entire division. Much of this improvement is attributable to the sales of piling for engineered solutions of open cell systems as well as the significant price increases in structural steel that have occurred throughout 2008. Our fabricated products and concrete buildings division s showed improved volumes and selling margins. Tubular Products gross profit margin declined to 28.7%, a decrease of 50 basis points, compared to the prior year period. Margin expansion in our threaded products division, resulting from more profitable micropile sales and sales price increases, mitigated the margin decrease from not running a second shift at our Birmingham, AL pipe coating facility. Finally, LIFO charges increased $4.5 million in the third quarter of 2008 to $5.1 million negatively impacting our gross profit margin.

Selling and administrative expenses increased $0.2 million, or 2.0%, from the same prior year period due to increases in employee related costs and advertising expenses. Interest expense decreased 46.0% from the prior year period due principally to reduced outstanding average borrowings. Last year s sale of our investment in the DM&E railroad eliminated the recurring stream of dividend income, however, the investment income associated with the proceeds from the sale generated $0.6 million of interest income during the third quarter of 2008. Income taxes from continuing operations in the third quarter were recorded at approximately 35.9% compared to 22.8% in the prior year period. The lower tax rate in the prior year period was primarily due to the aforementioned incremental $8.5 million in dividend income as only 30% of this income was taxable.

First Nine Months of 2008 Results of Operations

Net income for the first nine months of 2008 was $22.1 million ($2.01 per diluted share) on net sales of $368.8 million compared to net income for the first nine months of 2007 of $24.5 million ($2.24 per diluted share) on

net sales of $395.0 million.

Net income for the first nine months of 2008 includes a pre-tax gain of $2.0 million related to the receipt of escrow proceeds from a favorable working capital adjustment pursuant to the sale of our investment in the DM&E railroad. Also included in the first nine months of 2008 was a pre-tax gain of $1.5 million on the sale and lease-back of our threaded

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products facility located in Houston, TX. Net income for the first nine months of 2007 includes the aforementioned $8.5 million of previously unrecorded dividend income.

Excluding these gains and dividend income, earnings per diluted share from continuing operations were $1.82 and $1.55 for the nine month periods ended September 30, 2008 and 2007, respectively.

Sales decreased by $26.1 million, or 6.6%, compared to the prior year period. Rail Products sales decreased 15.3% to $172.7 million due to decreases in all divisions within the segment except for ARP. Our decision to limit our use of foreign suppliers for our rail distribution products caused a reduction in the first half of 2008 sales levels. Our track panel plant in Pueblo, CO ended its operations at the beginning of 2008 due to the loss of its contract with its main customer. The aforementioned reductions in the volume of orders for concrete ties had a negative impact at our Grand Island, NE, and Tucson, AZ facilities. Lastly, our transit products division sales decreased due to a decrease in order backlog compared to a year ago. These decreases were partially offset by increased orders from Class 1 railroads for Allegheny Rail Products.

Construction Products sales increased 4.4%, or by $7.2 million, compared to the first nine months of 2007. Sales increases at our concrete buildings and fabricated products divisions have more than offset a small piling sales decrease. An increased sales force has fueled sales growth within our fabricated products division. Our Tubular Products sales decreased 7.7% to $26.4 million in comparison to the first nine months of 2007. Higher sales in 2007 were due to our coated pipe facility in Birmingham, AL operating two shifts while operating only one shift in the current period. Partially offsetting this decline was our threaded products division sales in the micropile market and its ability to successfully pass raw material cost increases onto its customers.

Our gross profit margin increased to 16.3%, or 2.0 percentage points, compared to the first nine months of 2007 despite the negative impact of LIFO charges increasing $6.2 million to $7.8 million. Rail Products profit margin improved 3.9 percentage points to 15.7%. The reduction of inefficiencies at our Tucson, AZ concrete tie facility experienced in the first nine months of 2007 due to labor force turnover, concrete mix design and operational issues has driven margin improvement. We achieved margin expansion at our ARP division due to plant process improvements and volume increases. Lastly, our transit products division increased profits due to favorable negotiations with suppliers. These increases more than offset gross profit margin declines associated with corresponding sales volume reductions in track panels and concrete turnouts.

Construction Products gross profit margin increased 4.0 percentage points to 20.8% from the prior year period due to improvement in our piling division. This improvement is attributable to the piling sales of engineered solutions for open cell systems as well as the significant price increases in structural steel that have occurred throughout 2008. Sales volume increases drove margin improvement in our concrete buildings division while our fabricated products divisions margin was down slightly due to increased raw material costs. The reduced absorption of plant expenses due to not running a second shift at our Birmingham, AL facility drove the decrease in our Tubular Products segment gross profit margin of 2.0 percentage points to 25.9%.

Selling and administrative expenses increased 4.8% to $29.4 million from the same prior year period due to increases in employee related costs, including salaries and benefits, and advertising expenses. Interest expense decreased 53.7% from the prior year period due principally to reduced borrowings. Dividend income was eliminated due to the sale of our investment in the DM&E. We generated interest income of $2.0 million during the first nine months of 2008 from our investment of the proceeds from this sale in principally short-term, tax free money market funds. We recognized pre-tax gains of $2.0 million and $1.5 million from the receipt of DM&E escrow proceeds and the sale-leaseback of our Houston, TX threaded products facility, respectively. Income taxes from continuing operations for the first nine months of 2008 were recorded at approximately 36.4% compared with the prior year period of 28.6%.

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Liquidity and Capital Resources

The Company s capitalization is as follows:

Debt: *In millions*	September 30, 2008	December 31, 2007
Revolving Credit Facility/Term Loan, due May 2011	$ 16.9	$ 19.0
Capital Leases and Interim Lease Financing	9.8	12.1
Other (primarily revenue bonds)	2.6	3.1
Total Debt	29.3	34.2
Equity	218.8	213.8
Total Capitalization	$ 248.1	$ 248.0

Working capital increased $4.7 million to $205.3 million at September 30, 2008 compared to $200.6 million at December 31, 2007.

The Company s liquidity needs arise from seasonal working capital requirements, capital expenditures, acquisitions and debt service obligations.

The following table summarizes the year-to-date impact of these items:

(In millions)	September 30, 2008	2007
Liquidity needs:		
Working capital and other assets and liabilities	$(15.8)	$ (1.4)
Common stock purchases	(19.8)	
Capital expenditures	(4.0)	(3.8)
Scheduled repayments of long-term debt	(2.4)	(0.5)
Scheduled repayments of other long-term debt	(2.8)	(2.3)
Cash interest paid	(1.5)	(3.3)
Net liquidity requirements	(46.3)	(11.3)
Liquidity sources:		
Internally generated cash flows before interest paid	26.7	33.6
Proceeds from the sale of DM&E investment	2.0	
Proceeds from asset sales	6.6	
Credit facility activity	0.2	(39.2)
Long-term borrowings		20.0
Equity transactions	1.4	2.0
Other	0.1	(0.7)
Net liquidity sources	37.0	15.7

Net Change in Cash	$ (9.3)	$ 4.4

Cash provided by operating activities decreased to approximately $9.4 million at September 30, 2008 from $29.0 million at September 30, 2007, a decrease of $19.6 million or 67.4%. The primary reason for the decline in operating cash flow was due to significant increases in accounts receivable and inventory during 2008 as compared to 2007. An increase in sales during the third quarter of 2008 over the prior quarter and an increase in days sales outstanding to 45 days at September 30, 2008 from 40 days at September 30, 2007 contributed to the increase in accounts receivable. Commodity cost increases, primarily within our piling and rail distribution divisions, as well as customer delivery delays drove the 2008 increase in inventory, which was offset by a corresponding increase in accounts payable.

The Company s cash and cash equivalents also decreased due to the share repurchase program that began in May 2008 resulting in the purchase of approximately $19.8 million in Company common stock as of September 30, 2008.

Capital expenditures were $4.0 million for the first nine months of 2008 compared to $3.8 million for the prior year period. Spending in 2008 and 2007 was primarily for maintenance capital, productivity improvement and equipment spending at our manufacturing facilities and information technology enhancements. We anticipate total capital spending in 2008 will be less than $6.0 million and funded by cash flow from operations.

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We routinely review our portfolio of businesses and contemplate potential acquisitions and dispositions from time to time. In addition to the share repurchase programs totalling $40.0 million that were authorized in May 2008 and October 2008, we continue to assess additional options for the use of the proceeds received from the sale of our investment in the DM&E including, but not limited to, debt reduction, strategic acquisitions, organic investment and other general corporate purposes. We currently have the majority of these funds invested in short-term, tax free money market funds. Additionally, a small portion of these funds were invested in short-term, certificates of deposit.

We have a revolving credit agreement which expires in May 2011 and provides for up to $90.0 million in borrowings to support our working capital and other liquidity requirements. Borrowings under this agreement are secured by substantially all the trade receivables and inventory owned by us, and are limited to 85% of eligible receivables and 60% of eligible inventory. Additionally, the revolving credit agreement provided for a $20.0 million term loan that was immediately applied to pay down existing drawings on the revolving credit facility. If average availability should fall below $10.0 million over a 30-day period, the loans become immediately secured by a lien on the Company s equipment that is not encumbered by other liens.

Prior to February 2007, borrowings under the credit facility bore interest at rates based upon either the base rate or LIBOR plus or minus applicable margins. The base rate was equal to the higher of (a) PNC Bank s base commercial lending rate or (b) the Federal Funds Rate plus .50%. The base rate spread ranged from a minus 1.00% to a plus 0.50%, and the LIBOR spread ranged from 1.50% to 2.50%. Effective in February 2007, under the third amendment to the credit facility, for borrowings under the revolving credit facility the base rate spread is fixed at minus 1.00% and the LIBOR spread is fixed at plus 1.25%. The term loan base rate spread is fixed at minus 0.75% and the LIBOR spread is fixed at plus 1.50%. Under the credit agreement, we maintain dominion over our cash at all times, as long as excess availability stays over $5.0 million and there is no uncured event of default.

There were approximately $0.2 million revolving credit facility borrowings at September 30, 2008 and none at December 31, 2007. At September 30, 2008, remaining available borrowings under this facility were approximately $85.4 million. The outstanding amount of the term loan at September 30, 2008 was approximately $16.7 million of which approximately $14.0 million was classified as noncurrent. Outstanding letters of credit at September 30, 2008 were approximately $4.4 million. The letters of credit have expiration dates ranging from December 2008 to May 2010. Management believes its internal and external sources of funds are adequate to meet anticipated needs for the foreseeable future.

The credit agreement includes financial covenants requiring a minimum level for the fixed charge coverage ratio and a maximum level for consolidated capital expenditures. The credit agreement also includes a minimum net worth covenant and restricts certain investments, indebtedness, and the sale of certain assets. As of September 30, 2008 we were in compliance with all the credit agreement s covenants.

Off-Balance Sheet Arrangements

The Company s off-balance sheet arrangements include operating leases, purchase obligations and standby letters of credit. A schedule of the Company s required payments under financial instruments and other commitments as of December 31, 2007 is included in the Liquidity and Capital Resources section of the Company s 2007 Annual Report filed on Form 10-K. There have been no significant changes to the Company s contractual obligations relative to the information presented in the Form 10-K. These arrangements provide the Company with increased flexibility relative to the utilization and investment of cash resources.

Dakota, Minnesota & Eastern Railroad

During the fourth quarter of 2007, we sold our investment in the Dakota, Minnesota & Eastern Railroad (DM&E). When this transaction closed, we reserved approximately $2.1 million of the proceeds which were held in escrow to secure certain of the DM&E s obligations. This amount was fully reserved due to the uncertainty surrounding the amount of any future payout as well as the timing of such payout.

During the first quarter of 2008, upon completion of the buyer s working capital audit, the applicable proceeds were released from escrow. We recognized a pre-tax gain of approximately $2.0 million related to the receipt of these proceeds.

For more information regarding the sale of our investment in the DM&E, please see our Management s Discussion & Analysis of Financial Condition and Results of Operations in Form 10-K for the year ended December 31, 2007.

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Outlook

As far as near-term future business activity levels for 2009 are concerned, we have seen recent evidence of both strength and weakness, with more evidence of weakness. At the present time we are unable to determine the extent or the duration of any effects the current credit crisis will have on our results of operations and financial position.

We do, however, enter this period of uncertainty in an extremely strong financial position. As previously noted, as of September 30, 2008, we have approximately $111.8 million in cash and short-term investments, $29.3 million of outstanding debt and a $90.0 million revolving credit facility with approximately $85.4 million of availability expiring in May 2011. We believe this capacity will afford us the flexibility to take advantage of opportunities that we may confront or weather the current economic downturn, if need be, as future circumstances dictate. Our short-term investments are primarily in AAA rated tax-free money market funds all of which are currently guaranteed by the United States Treasury.

Our CXT Rail division is dependent on the Union Pacific Railroad (UPRR) for a significant portion of its business. Our agreement with the UPRR provides for the UPRR s purchase of concrete ties from our Grand Island, NE facility through 2010 and our Tucson, AZ facility through 2012. We believe total concrete ties purchased by the UPRR in 2008 will be approximately 48% fewer than 2007 purchase levels. We have taken certain steps to mitigate this loss of business by reducing the workforce at both of our facilities and other efficiency efforts including extending the cure times of the concrete ties. In addition, both of these facilities are actively pursuing product sales opportunities to other third parties. We believe that the 2009 UPRR concrete tie purchasing levels will improve.

Our ARP facilities in Niles, OH and Pueblo, CO have contracts with Class 1 railroads that are periodically subject to renewal which account for a significant portion of this division s business. If we are unable to successfully renew these contracts, our results of operations and financial position could be negatively impacted.

Certain of our operating groups sold, from time to time, to the DM&E both railroad and construction related materials. As a result of the DM&E s merger agreement with the Canadian Pacific Railway Limited (CP), certain of this business may be provided to the DM&E directly from other suppliers through existing CP relationships. The total amount of revenues associated with the DM&E for the year ended December 31, 2007 was approximately $18.7 million. While these revenues generated lower than typical gross profit margins, the Company may not be able to successfully mitigate the impact of this potential loss of business.

We have made a strategic decision to limit our use of foreign suppliers for our North American rail distribution business as we believe that the long-term impact of this decision will deliver positive impacts to our results of operations and financial position. Additionally, there have been more significant increases in the prices of these products from our international suppliers. Due to this decision, the short-term impact will reduce the sales recorded by our rail distribution division and negatively impact our results of operations and financial position.

Our primary customer for track panels produced at our Pueblo, CO facility has not renewed its contract. The total amount of revenues associated with this contract for the year ended December 31, 2007 was approximately $12.0 million. We do not believe that the loss of this contract will have a material, adverse impact on our results of operations or our financial position.

Although backlog is not necessarily indicative of future operating results, total Company backlog from continuing operations at September 30, 2008, was approximately $178.9 million. The following table provides the backlog from continuing operations by business segment:

	Backlog		
(In thousands)	September 30, 2008	December 31, 2007	September 30, 2007
Rail Products	$ 72,412	$ 61,597	$ 71,631
Construction Products	97,014	70,342	83,219
Tubular Products	9,436	6,375	10,921

Total from Continuing Operations	$178,862	$138,314	$165,771

We continue to evaluate the overall performance of our operations. A decision to down-size or terminate an existing operation could have a material adverse effect on near-term earnings but would not be expected to have a material adverse effect on the financial condition of the Company.

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Market Risk and Risk Management Policies

The Company does not purchase or hold any derivative financial instruments for trading purposes. The Company uses derivative financial instruments to manage interest rate exposure on variable-rate debt, primarily by using interest rate collars and variable interest rate swaps. The Company s primary source of variable-rate debt comes from its revolving credit agreement.

At contract inception, the Company designates its derivative instruments as hedges. The Company recognizes all derivative instruments on the balance sheet at fair value. Fluctuations in the fair values of derivative instruments designated as cash flow hedges are recorded in accumulated other comprehensive income and reclassified into earnings as the underlying hedged items affect earnings. To the extent that a change in interest rate derivative does not perfectly offset the change in value of the interest rate being hedged, the ineffective portion is recognized in earnings immediately.

The Company is not subject to significant exposures to changes in foreign currency exchange rates. The Company will, however, manage its exposure to changes in foreign currency exchange rates on firm sale and purchase commitments by entering into foreign currency forward contracts. The Company s risk management objective is to reduce its exposure to the effects of changes in exchange rates on these transactions over the duration of the transactions.

During 2006, the Company entered into commitments to sell Canadian funds based on the anticipated receipt of Canadian funds from the sale of certain rail commencing in the second quarter of 2007 through the third quarter of 2008. All of these contracts have been settled as of September 30, 2008. The fair value of these instruments was a liability of $0.2 million as of December 31, 2007. The liability was recorded in Other Accrued Liabilities. During the first nine months of 2008, two of these Canadian dollar denominated commitments matured for a realized loss of approximately $0.1 million.

Forward-Looking Statements

Statements relating to the value of the Company s share of potential future contingent payments related to the DM&E merger agreement with the Canadian Pacific Railway Limited (CP) are forward-looking statements and are subject to numerous contingencies and risk factors. The CP has stated that it may take several years for it to determine whether to construct the PRB expansion.

Our businesses could be affected adversely by significant changes in the price of steel, concrete, and other raw materials or the availability of existing and new piling and rail products. Our operating results may also be affected negatively by adverse weather conditions.

A substantial portion of our operations are heavily dependent on governmental funding of infrastructure projects. Many of these projects have Buy America or Buy American provisions. Significant changes in the level of government funding of these projects could have a favorable or unfavorable impact on our operating results. Additionally, government actions concerning Buy America provisions, taxation, tariffs, the environment, or other matters could impact our operating results.

A significant portion of our Construction segment net sales and profits were related to the purchase and resale of products procured from Chaparral Steel Company, previously our primary supplier of steel sheet piling and bearing pile. In September 2007, Gerdau Ameristeel Corporation acquired Chaparral. If we are unable to continue to distribute the products of Gerdau Ameristeel Corporation, our results of operations and financial position could be adversely affected. The Company does not believe there will be an effect on our existing relationship.

The Company cautions readers that various factors could cause the actual results of the Company to differ materially from those indicated by forward-looking statements made from time to time in news releases, reports, proxy statements, registration statements and other written communications (including the preceding sections of this Management s Discussion and Analysis), as well as oral statements, such as references made to the future profitability, made from time to time by representatives of the Company. For a discussion of some of the specific risk factors, that may cause such differences, see the Company s Form 10-K for the year ended December 31, 2007.

Except for historical information, matters discussed in such oral and written communications are forward-looking statements that involve risks and uncertainties, including but not limited to general business conditions, the availability of material from major suppliers, labor disputes, the impact of competition, the seasonality of the

Company s business, the adequacy of internal and external sources of funds to meet financing needs, the Company s ability to curb its working capital requirements, taxes, inflation and governmental regulations. Sentences containing words such as believes, intends, anticipates, expects, or will generally should be considered forward-looking statements.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See the Market Risk and Risk Management Policies section under Item 2, Management s Discussion and Analysis of Financial Condition and Results of Operations.

Item 4. CONTROLS AND PROCEDURES

a) L. B. Foster Company (Company) carried out an evaluation, under the supervision and with the participation of the Company s management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures (as defined in Rules 13a 15(e) under the Securities and Exchange Act of 1934, as amended). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company s disclosure controls and procedures are effective to timely alert them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company s periodic SEC filings.

b) There have been no significant changes in the Company s internal controls over financial reporting that occurred in the period covered by this report that have materially affected or are likely to materially affect the Company s internal controls over financial reporting.

PART II OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 13, Commitments and Contingent Liabilities , to the Condensed Consolidated Financial Statements.

Item 1A. RISK FACTORS

There has not been any material change in the risk factors disclosure from that contained in the Company s 10-K for the year ended December 31, 2007.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company s and affiliated purchaser s purchases of equity securities for the nine month period ended September 30, 2008 were as follows:

	Total Number Of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
May 1, 2008 - May 31, 2008	132,276	$32.52	132,276	$ 20,691,160
June 1, 2008 - June 30, 2008	281,086	33.83	281,086	11,168,588
July 1, 2008 - July 31, 2008				11,168,588
August 1, 2008 - August 31, 2008	136,079	38.27	136,079	5,953,533
September 1, 2008 - September 30, 2008	20,468	38.24	20,468	5,169,810
Total	569,909	$34.75	569,909	$ 5,169,810

(1) On May 12, 2008, the Board of Directors

authorized the repurchase of up to $25.0 million of the Company s common shares until June 30, 2010 at which time this authorization will expire.

On October 8, 2008 the Company, as part of this share repurchase program, entered into an agreement with a shareholder of the Company to purchase 224,400 shares of the Company s common stock held by the shareholder for $4,948,020 including brokerage commissions. This agreement was settled on October 14, 2008. Upon the settlement of this agreement, the Company had $221,790 remaining in the amount available under the $25,000,000 share repurchase program authorized in May 2008.

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On October 28, 2008, the Board of Directors authorized the repurchase of up to an additional $15.0 million of the Company s common shares until December 31, 2010 at which time this authorization will expire. There have been no purchases made under this plan.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

The Exhibits marked with an asterisk are filed herewith. All exhibits are incorporated herein by reference:

3.1	Restated Certificate of Incorporation, filed as Exhibit 3.1 to Form 10-Q for the quarter ended March 31, 2003.
3.2	Bylaws of the Registrant, as amended and filed as Exhibit 3.2 to Form 10-K for the year ended December 31, 2007.
4.0	Rights Amendment, dated as of May 15, 1997 between L. B. Foster Company and American Stock Transfer & Trust Company, including the form of Rights Certificate and the Summary of Rights attached thereto, filed as Exhibit 4.0 to Form 10-K for the year ended December 31, 2002.
4.1	Rights Amendment, dated as of October 24, 2006, between L. B. Foster Company and American Stock Transfer & Trust Company, including the form of Rights Certificate and the Summary of Rights attached thereto, filed as Exhibit 4B to Form 8-K on October 27, 2006.
10.0	Amended and Restated Revolving Credit Agreement dated May 5, 2005, between Registrant and PNC Bank, N.A., LaSalle Bank N.A., and First Commonwealth Bank, filed as Exhibit 10.0 to Form 10-Q for the quarter ended March 31, 2005.
10.0.1	First Amendment to Revolving Credit and Security Agreement dated September 13, 2005, between Registrant and PNC Bank, N.A., LaSalle Bank N.A., and First Commonwealth Bank, filed as Exhibit 10.0.1 to Form 8-K on September 14, 2005.
10.0.3	Third Amendment to Revolving Credit and Security Agreement dated February 8, 2007, between Registrant and PNC Bank, N.A., LaSalle Bank N.A., and First Commonwealth Bank, filed as Exhibit 10.0.3 to Form 8-K on February 9, 2007.
10.12	Lease between CXT Incorporated and Pentzer Development Corporation, dated April 1, 1993, filed as Exhibit 10.12 to Form 10-K for the year ended December 31, 2004.
10.12.1	Second Amendment dated March 12, 1996 to lease between CXT Incorporated and Crown West Realty, LLC, successor, filed as Exhibit 10.12.1 to Form 10-K for the year ended December 31, 2004.
10.12.2	Third Amendment dated November 7, 2002 to lease between CXT Incorporated and Crown West Realty, LLC, filed as Exhibit 10.12.2 to Form 10-K for the year ended December 31, 2002.
10.12.3	Fourth Amendment dated December 15, 2003 to lease between CXT Incorporated and Crown West Realty, LLC, filed as Exhibit 10.12.3 to Form 10-K for the year ended December 31, 2003.
10.12.4	

Fifth Amendment dated June 29, 2004 to lease between CXT Incorporated and Park SPE, LLC, filed as Exhibit 10.12.4 to Form 10-K for the year ended December 31, 2004.

10.12.5 Sixth Amendment dated May 9, 2006 to lease between CXT Incorporated and Park SPE, LLC, filed as Exhibit 10.12.5 to Form 10-Q for the quarter ended June 30, 2006.

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	10.12.6	Seventh Amendment dated April 28, 2008 to lease between CXT Incorporated and Park SPE, LLC, filed as Exhibit 10.12.6 to Form 8-K of May 2, 2008.
	10.13	Lease between CXT Incorporated and Crown West Realty, LLC, dated December 20, 1996, filed as Exhibit 10.13 to Form 10-K for the year ended December 31, 2004.
	10.13.1	Amendment dated June 29, 2001 between CXT Incorporated and Crown West Realty, filed as Exhibit 10.13.1 to Form 10-K for the year ended December 31, 2007.
	10.14	Lease of property in Tucson, AZ between CXT Incorporated and the Union Pacific Railroad Company dated May 27, 2005, filed as Exhibit 10.14 to Form 10-Q for the quarter ended June 30, 2005.
	10.15	Lease of property in Grand Island, NE between CXT Incorporated and the Union Pacific Railroad Company, dated May 27, 2005, and filed as Exhibit 10.15 to Form 10-Q for the quarter ended June 30, 2005.
	10.15.1	Industry Track Contract between CXT Incorporated and the Union Pacific Railroad Company, dated May 27, 2005, filed as Exhibit 10.15 to Form 10-Q for the quarter ended June 30, 2005.
	10.16	Lease Agreement dated March 3, 2008 between CCI-B Langfield I, LLC, as Lessor, and Registrant as Lessee, related to Registrant s threading operation in Harris County, Texas and filed as Exhibit 10.16 to Form 8-K on March 7, 2008.
	10.16.1	First Amendment dated April 1, 2008 to lease between CCI-B Langfield I, LLC, as Lessor, and Registrant as Lessee, related to Registrant s threading operation in Harris County, Texas, filed as Exhibit 10.16.1 to Form 8-K on May 1, 2008.
	10.17	Lease between Registrant and the City of Hillsboro, TX dated February 22, 2002, and filed as Exhibit 10.17 to Form 10-K for the year ended December 31, 2007.
	10.19	Lease between Registrant and American Cast Iron Pipe Company for pipe-coating facility in Birmingham, AL, dated December 11, 1991, filed as Exhibit 10.19 to Form 10-K for the year ended December 31, 2002.
	10.19.1	Amendment to Lease between Registrant and American Cast Iron Pipe Company for pipe-coating facility in Birmingham, AL dated November 15, 2000, and filed as Exhibit 10.19.1 to Form 10-Q for the quarter ended March 31, 2006.
	10.20	Equipment Purchase and Service Agreement by and between the Registrant and LaBarge Coating LLC, dated July 31, 2003, and filed as Exhibit 10.20 to Form 10-Q for the quarter ended September 30, 2003.
^	10.21	Agreement for Purchase and Sales of Concrete Ties between CXT Incorporated and the Union Pacific Railroad dated January 24, 2005, and filed as Exhibit 10.21 to Form 10-K for the year ended December 31, 2004.
^	10.21.1	Amendment to Agreement for Purchase and Sales of Concrete Ties between CXT Incorporated and the Union Pacific Railroad dated October 28, 2005, and filed as Exhibit 10.21.1 to Form 8-K on November 14, 2005.

10.24	Asset Purchase Agreement by and between the Registrant and The Reinforced Earth Company dated February 15, 2006, filed as Exhibit 10.24 to Form 10-K for the year ended December 31, 2005.
10.33.2	Amended and Restated 1985 Long-Term Incentive Plan as of May 25, 2005, filed as Exhibit 10.33.2 to Form 10-Q for the quarter ended June 30, 2005. **
10.34	Amended and Restated 1998 Long-Term Incentive Plan as of May 25, 2005, filed as Exhibit 10.34 to Form 10-Q for the quarter ended June 30, 2005. **
10.34.1	Amendment, effective May 24, 2006, to Amended and Restated 1998 Long-Term Incentive Plan as of May 25, 2005, filed as Exhibit 10.34.1 to Form 8-K on May 31, 2006. **
10.45	Medical Reimbursement Plan (MRP1) effective January 1, 2006, filed as Exhibit 10.45 to Form 10-K for the year ended December 31, 2005. **

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	10.45.1	Medical Reimbursement Plan (MRP2) effective January 1, 2006, filed as Exhibit 10.45.1 to Form 10-K for the year ended December 31, 2005. **
	10.46	Leased Vehicle Plan as amended and restated on September 1, 2007, filed as Exhibit 10.46 to Form 10-Q for the quarter ended September 30, 2007. **
	10.51	Supplemental Executive Retirement Plan as Amended and Restated on January 1, 2005, filed as Exhibit 10.51 to Form 8-K on December 8, 2005. **
*	10.51.1	Amendment to the L.B. Foster Supplemental Executive Retirement Plan, dated October 29, 2008. **
	10.53	Directors resolution dated March 6, 2008, under which directors compensation was established, filed as Exhibit 10.53 to Form 10-Q for the quarter ended March 31, 2008. **
	10.55	Management Incentive Compensation Plan for 2007, filed as Exhibit 10.55 to Form 8-K on March 8, 2007. **
	10.56	2005 Three Year Incentive Plan, filed as Exhibit 10.56 to Form 8-K on May 31, 2005. **
	10.57	2006 Omnibus Incentive Plan, effective May 24, 2006, filed as Exhibit 10.57 to Form 8-K on May 31, 2006. **
	10.57.1	2006 Omnibus Plan, as amended and restated March 6, 2008, filed as exhibit 10.57.1 to Form 8-K on March 12, 2008. **
	10.58	Special Bonus Arrangement, effective May 24, 2006, filed as Exhibit 10.58 to Form 8-K on May 31, 2006. **
	10.59	Executive Annual Incentive Compensation Plan, filed as Exhibit 10.59 to Form 8-K on March 12, 2008. **
	10.60	Letter agreement on Lee B. Foster II s retirement, filed as Exhibit 10.59 to Form 8-K on April 22, 2008. **
	19	Exhibits marked with an asterisk are filed herewith.
*	31.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
*	31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
*	32.0	Certification of Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.

* Exhibits marked with an asterisk are filed herewith.

** Identifies management contract or compensatory plan or

arrangement required to be filed as an Exhibit.

^ Portions of the exhibit have been omitted pursuant to a confidential treatment request.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

L.B. FOSTER COMPANY
(Registrant)

Date: November 10, 2008

By: /s/ David J. Russo
David J. Russo
Senior Vice President,
Chief Financial Officer and Treasurer
(Duly Authorized Officer of Registrant)