UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1996

Commission File Number 0-10436

L. B. Foster Company
(Exact name of registrant as specified in its charter)

Delaware	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 X No

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

Class	Outstanding at July 24, 1996
Class A Common Stock, Par Value $.01	9,952,738 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)

	June 30, 1996	December 31, 1995
ASSETS		
Current Assets:		
Cash and cash equivalents	$1,537	$1,325
Accounts and notes receivable (Note 3):		
Trade	49,642	48,166
Other	249	111
	49,891	48,277
Inventories (Note 4)	43,577	40,304
Current deferred tax assets	1,005	1,005
Other current assets	598	831
Property held for resale	2,961	985
Total current assets	99,569	92,727
Property, Plant & Equipment-At Cost	41,855	43,561
Less Accumulated Depreciation	(20,677)	(20,956)
	21,178	22,605
Property Held for Resale	1,227	4,545
Deferred Tax Assets	952	2,018
Other Assets	3,024	2,528
TOTAL ASSETS	$125,950	$124,423
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$1,287	1,266
Short-term borrowings (Note 5)	12,235	9,750
Accounts payable	17,633	18,065
Accrued payroll and employee benefits payable	2,606	2,682
Other current liabilities	1,523	3,105
Total current liabilities	35,284	34,868
Long-Term Debt	24,505	25,034
Other Long-Term Liabilities	1,453	1,348
Stockholders' Equity:		
Class A Common stock	102	102
Paid-in capital	35,208	35,148
Retained earnings	29,955	28,480
Treasury stock	(577)	(577)
Total stockholders' equity	64,708	63,173
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$125,950	$124,423

See notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
Net Sales	$64,758	$72,564	$113,061	$128,020
Costs and Expenses:				
Cost of Goods Sold	56,565	64,816	98,668	113,848
Selling and Administrative Expenses	5,610	5,741	11,013	10,962
Interest Expense	611	756	1,175	1,336
Other (Income) Expense	(209)	(256)	(336)	(252)
	62,577	71,048	110,520	125,894
Income Before Income Taxes and Cumulative Effect of Change in Accounting Method	2,181	1,516	2,541	2,126
Income Taxes	926	(208)	1,066	
Income Before Cumulative Effect of Change in Accounting Method	1,255	1,724	1,475	2,126
Cumulative Effect of Change in Accounting Method (Note 2)				(219)
Net Income	$1,255	$1,724	$1,475	$1,907
Earnings Per Common Share Before Cumulative Effect of Change in Accounting Method	$0.13	$0.17	$0.15	$0.21
Earnings Per Common Share From Cumulative Effect of Change in Accounting Method				(0.02)
Earnings Per Common Share (Note 6)	$0.13	$0.17	$0.15	$0.19
Average Number of Common Shares Outstanding	9,944	9,923	9,939	9,923
Cash Dividend per Common Share	$	$	$	$

See Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended June 30, 1996	Six Months Ended June 30, 1995
Cash Flows from Operating Activities:		
Net Income	$1,475	$1,907
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Deferred income taxes	1,066	
Depreciation and amortization	1,608	1,578
Gain on sale of property, plant and equipment	(413)	(164)
Cumulative effect of change in accounting method		219
Change in Operating Assets and Liabilities:		
Accounts receivable	(1,614)	(10,751)
Inventories	(3,273)	(5,338)
Property held for resale	1,342	
Other current asset	233	(49)
Other non-current assets	(578)	(128)
Accounts payable-trade	(432)	5,240
Accrued payroll and employee benefits	(76)	(503)
Other current liabilities	(1,582)	(524)
Other liabilities	105	91
Net Cash Provided by Operating Activities	(2,139)	(8,422)
Cash Flows from Investing Activities:		
Proceeds from sale of property, plant and equipment	1,580	2,351
Capital expenditures on property, plant and equipment	(1,129)	(2,724)
Net Cash Provided (Used) by Investing Activities	451	(373)
Cash Flows from Financing Activities:		
Proceeds from issuance of revolving credit agreement borrowings	2,485	9,240
Exercise of stock options	60	
Repayments of long-term debt	(645)	(366)
Net Cash Used by Financing Activities	1,900	8,874
Net Increase (Decrease) in Cash and Cash Equivalents	212	79
Cash and Cash Equivalents at Beginning of Period	1,325	1,180
Cash and Cash Equivalents at End of Period	$1,537	$1,259
Supplemental Disclosures of Cash Flow Information:		
Interest Paid	$1,201	$1,444
Income Taxes Paid	$241	$132

During 1996 and 1995, the Company financed the purchase of certain capital expenditures totaling $137,000 and $2,371,000, respectively, through the issuance of capital leases.

See Notes to Condensed Consolidated Financial Statements.

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 generally accepted accounting principles 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. Operating results for the six months ended June 30, 1996 are not necessarily indicative of the results that may be expected for the year ended December 31, 1996. 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, 1995.

2. ACCOUNTING PRINCIPLES

The Company adopted the provisions of the Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," in its financial statements for the year ended December 31, 1995. The cumulative effect as of January 1, 1995, of adopting Statement 121 decreased net income by $219,000, or $0.02 per share.

In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation". This statement is effective for fiscal years beginning after December 15, 1995. The Company will continue to record stock-based compensation under the provisions of APB 25, and will provide the disclosures and pro forma results mandated by SFAS 123, for year end reporting.

3. ACCOUNTS RECEIVABLE

Credit is extended on 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 June 30, 1996 and December 31, 1995 have been reduced by an allowance for doubtful accounts of $1,770,000 and $1,800,000, respectively. Bad debt expense was ($30,000) and $71,000 for the six month periods ended June 30, 1996 and 1995, respectively.

4. INVENTORIES

Inventories of the Company at June 30, 1996 and December 31, 1995 are summarized as follows (in thousands):

	June 30, 1996	December 31, 1995
Finished goods	$ 31,658	$33,570
Work-in-process	12,116	6,687
Raw materials	2,864	2,659
Total inventories at current costs:	46,638	42,916
(Less):		
Current costs over LIFO stated values	(2,461)	(2,012)
Reserve for decline in market value of inventories	(600)	(600)
	$43,577	$40,304

Inventories of the Company are 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 can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end levels and costs.

5. SHORT-TERM BORROWINGS

During 1995, the Company entered into an Amended and Restated Loan Agreement with its banks. The agreement increased the borrowing commitment to $45 million from $40 million, slightly reduced interest rates and extended the term of the agreement to July 1, 1999. Borrowings under the agreement are secured by accounts receivable and inventory.

The agreement includes financial covenants requiring a minimum net worth, and minimum levels for the fixed charge coverage ratio, the leverage ratio and the current ratio. The agreement also restricts dividends, investments, capital expenditures, indebtedness and sales of certain assets.

6. EARNINGS PER COMMON SHARE

Earnings per common share are computed by dividing net income by the average number of Class A common shares and common stock equivalents outstanding during the quarterly periods ending June 30, 1996 and 1995 of approximately 9,944,000 and 9,923,000, respectively.

Common stock equivalents are the net additional number of shares which would be issuable upon the exercise of the outstanding common stock warrants and common stock options, assuming that the Company used the proceeds to purchase additional shares at market value. Common stock equivalents had no material effect on the computation of earnings per share for the periods ending June 30, 1996 and 1995.

7. 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 increasingly stringent environmental regulations may have an adverse effect on the Company's future earnings. While it is not possible to quantify with certainty the potential impact of actions regarding environmental matters, particularly any future remediation and other compliance efforts, in the opinion of management, compliance with the present environmental protection laws will not have a material adverse effect on the financial position, competitive position, or capital expenditures of the Company.

The Company is subject to legal proceedings and claims which 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 position of the Company.

At June 30, 1996, the Company had outstanding letters of credit of approximately $856,000.

Management's Discussion and Analysis of Financial Condition and Results of Operations

	Three Months Ended June 30, 1996	Three Months Ended June 30, 1995	Six Months Ended June 30, 1996	Six Months Ended June 30, 1995
	(Dollars in thousands)			
Net Sales:				
Rail Products	$25,109	$30,263	$48,628	$51,393
Construction Products	23,663	25,482	39,681	44,697
Tubular Products	15,986	16,819	24,752	31,930
Total Net Sales	64,758	72,564	113,061	128,020
Gross Profit:				
Rail Products	3,549	3,623	7,063	6,373
Construction Products	3,294	2,713	5,371	4,839
Tubular Products	1,350	1,412	1,959	2,960
Total Gross Profit	8,193	7,748	14,393	14,172
Expenses:				
Selling and adminisitrative expenses	5,610	5,741	11,013	10,962
Interest expense	611	756	1,175	1,336
Other (income) expense	(209)	(265)	(336)	(252)
Total Expenses	6,012	6,232	11,852	12,046
Income Before Income Taxes	2,181	1,516	2,541	2,126
Income Tax Expense (Benefit)	926	(208)	1,066	
Income Before Cumulative Effect of Change in Accounting Method	1,255	1,724	1,475	2,126
Cumulative Effect of Change in Accounting Method				(219)
Net Income	$1,255	$1,724	$1,475	$1,907

Second Quarter 1996 Results of Operations

The net income for the 1996 second quarter was $1.3 million or $0.13 per share on net sales of $65 million. This compares to a 1995 second quarter net income of $1.7 million or $0.17 per share on net sales of $73 million.

Rail products' net sales in the 1996 second quarter of $25.1 million decreased 17% from the comparable period last year due to unanticipated delays in the shipments of certain rail products. Despite a substantial increase in fabricated products' sales, construction products' second quarter net sales decreased 7%. The decline was primarily attributable to the continued reduced availability of piling products. Tubular products' net sales in the quarter were $16.0 million or a decrease of 5%. Increases in coated pipe activity and fosterweld sales were offset by the Company's withdrawal from the warehouse pipe market. Changes in net sales are primarily the result of changes in volume rather than changes in prices.

The gross margin percentage for the total company in the 1996 second quarter increased to 13% from 11% in the 1995 second quarter. Rail products' gross margin percentage increased to 14% due to higher margins in all major product areas. Construction products' gross margin percentage increased to 14% due to higher margins on fabricated products and a reduction in the sale of lower margin piling products. The gross margin percentage for tubular products did not change from the prior year second quarter.

Selling and administrative expenses decreased 2% in the 1996 second quarter from the same period last year. Operating income before taxes increased 44% to $2.2 million from $1.5 million.

First Six Months of 1996 Results of Operations

Net income for the first six months of 1996 was $1.5 million or $0.15 per share. This compares to a 1995 first six months net income of $1.9 million or $0.19 per share. The restated 1995 results included a charge of $0.2 million relating to the adoption of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of".

Rail products' net sales in the first half of 1996 declined 5% from the first half of 1995 due to decreased billings in all but new rail products. Construction products' net sales decreased 11% primarily due to the lack of availability of piling products. Tubular products' net sales decreased 23% which reflects the Company's withdrawal from the warehouse pipe market. Changes in net sales are primarily the result of changes in volume rather than changes in prices.

The gross margin percentage for the Company was 13% in the first half of 1996 compared to 11% in the 1995 first half. Rail products' gross margin percentage increased to 15% due to higher margins in all major product areas. Construction products' gross profit margin increased to 14% from 11% as a result of higher margins on fabricated products and a reduction in the sale of lower margin piling products. The gross margin percentage for tubular products decreased to 8% due to lower margins on coated pipe products.

Selling and administrative expenses for the first six months of 1996 were relatively unchanged from the first six months of 1995.

Liquidity and Capital Resources

The Company's ability to generate internal cash flow ("liquidity") results from the sale of inventory and the collection of accounts receivable. During the first six months of 1996, the average turnover rate for inventory was relatively unchanged from the prior year. The turnover rate for accounts receivable during the first six months of 1996 was slightly higher than during the same period of the prior year. Working capital at June 30, 1996 was $64.3 million compared to $57.9 million at December 31, 1995.

During the first six months of 1996, the Company had capital expenditures of $1.1 million. Capital expenditures in 1996 are not expected to exceed $3.0 million and are anticipated to be funded by cash flows from operations.

Total revolving credit agreement borrowings at June 30, 1996 were $32.2 million or an increase of $2.4 million from the end of the prior year. At June 30, 1996, the Company had approximately $11.9 million in available unused borrowing commitment. Management believes its internal and external sources of funds are adequate to meet anticipated needs.

Other Matters

The Company owns stock in a privately held short-line railroad. The railroad's financial statements indicate a book value of approximately $2.7 million for the stock held by the Company. The market value of the stock is not readily determinable and, therefore, the investment is recorded in the Company's accounts at its historical cost of $0.2 million. The Company has been advised that the railroad intends eventually to sell this business. Although no assurances can be given as to timing or results of this sale, the Company believes that the potential sales price of the stock could significantly exceed $2.7 million.

The Company had previously decided to divest its Fosterweld operations and is engaged in exclusive discussions with a potential buyer concerning the sale of these assets. Although the outcome of these discussions is uncertain, and various issues remain unresolved, management believes that this transaction should be completed in 1996 and the Company will recognize a gain on the sale. The amount of gain is uncertain at this time.

The Company sold its facility at Windsor, New Jersey, which had fixed assets with a carrying value of $1.0 million. In February 1996, the Company leased its Navasota, Texas pipe coupling facility to a third party, with an option to purchase at $0.8 million.

Outlook

The Company's future operating results may be affected by a number of factors. The Company is dependent upon a number of major suppliers. If a supplier had operational problems or ceased making material available to the Company, operations could be adversely affected. The Company's operations are in part dependent on governmental funding of infrastructure projects. Significant changes in the level of government funding of these projects could have a favorable or unfavorable impact on the operating results of the Company.

Additionally, governmental actions concerning taxation, tariffs, the environment or other matters could impact the operating results of the Company. The Company's operations results may also be affected by the weather.

Although backlog is not necessarily indicative of future operating results, total Company backlog at June 30, 1996, was approximately $93 million or 14% higher than at December 31, 1995 and 15% lower than at June 30, 1995. The decline in the 1996 rail backlog reflects the partial shipment of the $23 million Port of Los Angeles modernization contracts. The following table provides the backlog by business segment.

	Backlog		
	June 30,		December 31,
	1996	1995	1995
	(Dollars in thousands)		
Rail Products	$46,035	$61,169	$43,879
Construction Products	30,068	28,072	28,239
Tubular Products	16,403	19,064	8,857
Total Backlog	$92,506	$108,305	$80,975

PART II. OTHER INFORMATION

Item 4. RESULTS OF VOTES OF SECURITY HOLDERS

At the Company's annual meeting on May 8, 1996, the following individuals were elected to the Board of Directors:

Name	For Election	Withheld Authority
L. B. Foster II	7,996,950	55,695
J. W. Puth	7,996,850	55,795
W. H. Rackoff	7,996,850	55,795
R. L. Shaw	7,996,850	55,795
J. W. Wilcock	7,996,786	55,859

Additionally, the shareholders voted to approve Ernst & Young as the Company's independent auditors for the fiscal year ended December 31, 1996. The following table sets forth the results of the vote for independent auditors:

For Approval	Against Approval	Abstained
8,009,478	31,620	11,547

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

a) EXHIBITS

Unless marked by an asterisk, all exhibits are incorporated herein by reference:

3.1 Restated Certificate of Incorporation as amended to date filed as Exhibit 3.1 to Form 10-Q for the quarter ended March 31, 1987.

3.2 Bylaws of the Registrant, as amended to date, filed as Exhibit 3.2 to Form 10-K for the year ended December 31, 1993.

4.1 Amended and Restated Loan Agreement by and among the Registrant and Mellon Bank, N.A., NBD Bank, and Corestates Bank, N.A. dated as of November 1, 1995 and filed as Exhibit 4.1 to Form 10-K for the year ended December 31, 1995.

10.15 Lease between the Registrant and Amax, Inc. for manufacturing facility at Parkersburg, West Virginia, dated as of October 19, 1978, filed as Exhibit 10.15 to Registration Statement No. 2-72051.

10.16 Lease between Registrant and Greentree Building Associates for Headquarters office, dated as of June 9, 1986, as amended to date, filed as Exhibit 10.16 to Form 10-K for the year ended December 31, 1988.

10.16.1 Amendment dated June 19, 1990 to lease between Registrant and Greentree Building Associates, filed as Exhibit 10.16.1 to Form 10-Q for the quarter ended June 30, 1990.

10.19 Lease between the Registrant and American Cast Iron Pipe Company for Pipe Coating Facility in Birmingham, Alabama dated December 11, 1991 and filed as Exhibit 10.19 to Form 10-K for the year ended December 31, 1991.

10.33.2 Amended and Restated 1985 Long-Term Incentive Plan, as amended and restated March 2, 1994 and filed as Exhibit 10.33.2 to Form 10-K for the year ended December 31, 1993. **

10.45 Medical Reimbursement Plan filed as Exhibit 10.45 to Form 10-K for the year ended December 31, 1992. **

10.46 Leased Vehicle Plan as amended to date. Filed as Exhibit 10.46 to Form 10-K for the year ended December 31, 1993. **

10.49 Lease agreement between Newport Steel Corporation and L.B. Foster Company dated as of October 12, 1994 and filed as Exhibit 10.49 to Form 10-Q for the quarter ended September 30, 1994.

10.50 L. B. Foster Company 1996 Incentive Compensation Plan. Filed as Exhibit 10.50 to Form 10-K for the year ended December 31, 1995. **

10.51 Supplemental Executive Retirement Plan. Filed as Exhibit 10.51 to Form 10-K for the year ended December 31, 1994. **

19 Exhibits marked with an asterisk are filed herewith.

** Identified management contract or compensatory plan or arrangement required to be filed as an exhibit.

b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed by the Registrant during the three month period ended June 30, 1996.

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: August 7, 1996

By /s/ Roger F. Nejes

Roger F. Nejes
Sr. Vice President-
Finance and Administration
& Chief Financial Officer
(Principal Financial Officer
and Duly Authorized Officer
of Registrant)

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