

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

Form 10-Q  
Quarterly Report Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 2003

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 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  No

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

Class	Outstanding at May 2, 2003
Common Stock, Par Value \$.01	9,577,770 Shares

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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)

	March 31, 2003	December 31, 2002
-----		
ASSETS	(Unaudited)	
Current Assets:		
Cash and cash equivalents	\$3,927	\$3,653
Accounts and notes receivable:		
Trade	39,790	39,294
Other	154	69
	39,944	39,363
Inventories	34,677	32,925
Current deferred tax assets	1,494	1,494
Other current assets	1,482	696
Current assets of discontinued operations	13	138
	81,537	78,269
-----		
Property, Plant & Equipment - At Cost	72,485	72,023
Less Accumulated Depreciation	(37,214)	(35,940)
	35,271	36,083
-----		
Other Assets:		
Goodwill	350	350
Other intangibles - net	702	739
Investments	12,965	12,718
Deferred tax assets	4,443	4,454
Other assets	1,068	1,175
Assets of discontinued operations	1	196
	19,529	19,632
-----		
TOTAL ASSETS	\$136,337	\$133,984
=====		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$781	\$825
Accounts payable - trade	28,394	24,094
Accrued payroll and employee benefits	2,587	2,413
Current deferred tax liabilities	1,474	1,474
Other accrued liabilities	2,721	2,695
Liabilities of discontinued operations	156	74
	36,113	31,575
-----		
Long-Term Borrowings	21,000	23,000
-----		
Other Long-Term Debt	3,829	3,991
-----		
Deferred Tax Liabilities	4,195	4,195
-----		
Other Long-Term Liabilities	5,274	5,210
-----		
STOCKHOLDERS' EQUITY:		
Common stock	102	102
Paid-in capital	35,143	35,143
Retained earnings	35,042	35,208
Treasury stock	(3,616)	(3,629)
Accumulated other comprehensive loss	(745)	(811)
	65,926	66,013
-----		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$136,337	\$133,984
=====		

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2003	2002
	(Unaudited)	
Net Sales	\$59,519	\$63,173
Cost of Goods Sold	52,586	56,378
Gross Profit	6,933	6,795
Selling and Administrative Expenses	6,567	6,373
Interest Expense	579	674
Other Income	(320)	(280)
	6,826	6,767
Income From Continuing Operations Before Income Taxes and Cumulative Effect of Change in Accounting Principle	107	28
Income Taxes	43	-
Income From Continuing Operations Before Cumulative Effect of Change in Accounting Principle	64	28
Discontinued Operations:		
Loss From Operations of Foster Technologies	(380)	(317)
Income Tax Benefit	(150)	-
Loss on Discontinued Operations	(230)	(317)
Cumulative Effect of Change in Accounting Principle, Net of Tax	-	(4,390)
Net Loss	(\$166)	(\$4,679)
Basic & Diluted (Loss) Earnings Per Share:		
From Continuing Operations Before Cumulative Effect of Change in Accounting Principle	\$0.01	\$ -
From Discontinued Operations, Net of Tax	(0.02)	(0.03)
Cumulative Effect of Change in Accounting Principle, Net of Tax	-	(0.46)
Net Loss	(\$0.02)	(\$0.50)

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2003	2002
----- (Unaudited)		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income from continuing operations	\$64	\$28
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation and amortization	1,313	1,228
Loss on sale of property, plant and equipment	-	31
Unrealized (gain) loss on derivative mark-to-market	(11)	-
Change in operating assets and liabilities:		
Accounts receivable	(581)	7,004
Inventories	(1,752)	2,447
Other current assets	(786)	(350)
Other noncurrent assets	(142)	(345)
Accounts payable - trade	4,300	(1,320)
Accrued payroll and employee benefits	174	(116)
Other current liabilities	37	(570)
Other liabilities	85	(11)
-----		
Net Cash Provided by Operating Activities	2,701	8,026
-----		
Net Cash Provided (Used) by Discontinued Operations	228	(326)
-----		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	-	163
Capital expenditures on property, plant and equipment	(462)	(1,675)
Acquisition of business	-	(2,214)
-----		
Net Cash Used by Investing Activities	(462)	(3,726)
-----		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of revolving credit agreement borrowings	(2,000)	(5,000)
Exercise of stock options and stock awards	13	55
Repayments of long-term debt	(206)	(405)
-----		
Net Cash Used by Financing Activities	(2,193)	(5,350)
-----		
Net Increase (Decrease) in Cash and Cash Equivalents	274	(1,376)
Cash and Cash Equivalents at Beginning of Period	3,653	4,222
-----		
Cash and Cash Equivalents at End of Period	\$3,927	\$2,846
=====		
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	\$543	\$800
=====		
Income Taxes Paid	\$255	\$314
=====		

During the first three months of 2003, the Company did not finance any capital expenditures through the execution of capital leases. During the first three months of 2002, the Company financed certain capital expenditures totaling \$618,000 through the execution 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. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year ended December 31, 2003. Amounts included in the balance sheet as of December 31, 2002 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, 2002.

2. ACCOUNTING PRINCIPLES

In June 2001, the FASB issued Statement of Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" (SFAS 143), effective for fiscal years beginning after June 15, 2002. SFAS 143 provides accounting requirements for retirement obligations associated with tangible long-lived assets. The obligations affected are those for which there is a legal obligation to settle as a result of existing or enacted law. The Company has adopted this standard and it did not have a material effect on its consolidated financial statements.

In June 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (SFAS 146), effective for exit or disposal activities initiated after December 31, 2002, with earlier adoption encouraged. This statement supercedes EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, rather than at the date of an entity's commitment to an exit plan. The Company has adopted this standard and it did not have a material effect on its consolidated financial statements.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, and Interpretation of ARB No. 51", (FIN 46). FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied at the first interim or annual period beginning after June 15, 2003. Management is currently evaluating the effect that adoption of FIN 46 will have on its results of operations and financial condition. The Company has not identified any off balance sheet arrangements for which consolidation under FIN 46 is reasonably possible.

Stock-based compensation

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In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123" (SFAS 148) effective for fiscal years ending after December 31, 2002 and for interim periods beginning after December 15, 2002. This statement amends Statement of Financial Accounting Standards No. 123, "Accounting for Stock Stock-Based Compensation" (SFAS 123), to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the disclosure requirements of SFAS 123 to require

prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

The Company has adopted the disclosure provisions of SFAS 123 and applies the intrinsic value method of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for its stock option plans. Accordingly, no compensation expense has been recognized.

The following table illustrates the effect on the Company's income from continuing operations and earnings per share had compensation expense for the Company's stock option plans been applied using the method required by SFAS 123.

In thousands, except per share amounts	Three Months Ended March 31,	
	2003	2002
Net income from continuing operations, as reported	\$64	\$28
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	-	-
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	62	58
Pro forma income (loss) from continuing operations	\$2	(\$30)
Earnings per share from continuing operations:		
Basic and diluted, as reported	\$0.01	\$0.00
Basic and diluted, pro forma	\$0.00	\$0.00

Pro forma information regarding net income and earnings per share for options granted has been determined as if the Company had accounted for its employee stock options under the fair value method of Statement No. 123. The fair value of stock options used to compute pro forma net income and earnings per share disclosures is the estimated present value at grant date using the Black-Scholes option-pricing model. There were no stock options granted in the first quarter of 2003 or 2002.

### 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 March 31, 2003 and December 31, 2002 have been reduced by an allowance for doubtful accounts of (\$1,081,000) and (\$1,063,000), respectively. Bad debt expense was \$59,000 and \$37,000 for the three-month periods ended March 31, 2003 and 2002, respectively.

### 4. INVENTORIES

Inventories of the Company at March 31, 2003 and December 31, 2002 are summarized as follows in thousands:



	March 31, 2003	December 31, 2002
Finished goods	\$24,602	\$21,700
Work-in-process	7,001	6,343
Raw materials	4,923	6,731
Total inventories at current costs	36,526	34,774
(Less):		
LIFO reserve	(1,249)	(1,249)
Inventory valuation reserve	(600)	(600)
	\$34,677	\$32,925

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. DISCONTINUED OPERATIONS

During the fourth quarter of 2002, the Company started negotiations and committed to a plan to sell the assets related to its rail signaling and communication device business and recorded a \$660,000 non-cash impairment loss to adjust these assets to their fair value. In February 2003, substantially all of the assets of this business were sold for \$300,000. The operations of the rail signaling and communication device business qualify as a "component of an entity" under Statement of Financial Accounting Standards No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" and thus, the operations have been classified as discontinued, and prior periods have been restated. Future expenses related to this business as it winds down are expected to be immaterial.

Net sales and loss from discontinued operations were as follows:

In thousands	Three Months Ended March 31,	
	2003	2002
Net sales	\$ 1	\$ -
Pretax operating loss	(310)	(317)
Pretax loss on disposal	(70)	-
Income tax benefit	150	-
Loss from discontinued operations	\$ (230)	\$ (317)

#### 6. BORROWINGS

On September 26, 2002, the Company entered into a new credit agreement with a syndicate of three banks led by PNC Bank, N.A. The agreement provides for a revolving credit facility of up to \$60,000,000 in borrowings to support the Company's working capital and other liquidity requirements.

The revolving credit facility, which matures in September 2005, is secured by substantially all of the inventory and trade receivables owned by the Company. Availability under the agreement is limited by the amount of eligible inventory and accounts receivable applied against certain advance rates. Proceeds from the new facility were used to repay and retire the Company's previous credit agreement, which was to

mature in July 2003. Interest on the new credit facility is based on LIBOR plus a spread ranging from 1.75% to 2.5%.

The agreement includes financial covenants requiring a minimum net worth, a minimum level for the fixed charge coverage ratio and a maximum level for consolidated capital expenditures. The agreement also restricts investments, indebtedness, and the sale of certain assets. As of March 31, 2003, the Company was in compliance with all of the agreement's covenants.

#### 7. LOSS 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 March 31,	
	2003	2002
-----		
Numerator:		
Numerator for basic and diluted earnings per common share - net (loss) income available to common stockholders:		
Income from continuing operations	64	28
Loss from discontinued operations	(230)	(317)
Cumulative effect of change in accounting principle	-	(4,390)
-----		
Net loss	(\$166)	(\$4,679)
=====		
Denominator:		
Weighted average shares	9,524	9,441
-----		
Denominator for basic earnings per common share	9,524	9,441
-----		
Effect of dilutive securities:		
Contingent issuable shares	4	31
Employee stock options	71	189
-----		
Dilutive potential common shares	75	220
-----		
Denominator for diluted earnings per common share - adjusted weighted average shares and assumed conversions	9,599	9,661
=====		
Basic and diluted (loss) earnings per common share:		
Continuing operations	0.01	0.00
Discontinued operations	(0.02)	(0.03)
Cumulative effect of change in accounting principle	0.00	(0.46)
-----		
Basic and diluted loss per common share	(\$0.02)	(\$0.50)
=====		

#### 8. 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 the Company's 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, these proceedings will not materially affect the financial position of the Company.

At March 31, 2003, the Company had outstanding letters of credit of approximately \$2,687,000.

#### 9. 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 tables illustrate revenues and profits/(losses) of the Company by segment:

(in thousands)	Three Months Ended,		Three Months Ended,	
	March 31, 2003		March 31, 2002	
	Net Sales	Segment Profit/(Loss)	Net Sales	Segment Profit/(Loss)
Rail products	\$31,626	\$681	\$29,955	(\$384)
Construction products	23,964	(527)	30,034	107
Tubular products	3,929	365	3,184	145
<b>Total</b>	<b>\$59,519</b>	<b>\$519</b>	<b>\$63,173</b>	<b>(\$132)</b>

Foster Technologies, the Company's rail signaling and communications device business, was classified as a discontinued operation on December 31, 2002. Prior period results have been adjusted to reflect this classification. See Note 5, "Discontinued Operations".

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.

The following table provides a reconciliation of reportable net profit/(loss) to the Company's consolidated total:

(in thousands)	Three Months Ended	
	March 31,	
	2003	2002
Income (loss) for reportable segments	\$519	(\$132)
Cost of capital for reportable segments	2,425	2,716
Interest expense	(579)	(674)
Other income	320	280
Corporate expense and other unallocated charges	(2,578)	(2,162)
Income from continuing operations, before income taxes and cumulative effect of change in accounting principle	\$107	\$28

There has been no change in the measurement of segment profit/(loss) from December 31, 2002. Construction segment inventory increased approximately \$2.4 million from December 31, 2002, primarily due to an increase in inventories of precast concrete buildings as a result of seasonal factors.

## 10. COMPREHENSIVE LOSS

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

(in thousands)	Three Months Ended	
	2003	March 31, 2002
Net loss	(\$166)	(\$4,679)
Unrealized derivative gains on cash flow hedges (SFAS No. 133)	10	177
Foreign currency translation gains (losses)	8	(30)
Reclassification adjustment for foreign currency translation losses included in net loss	48	-
Comprehensive loss	(\$100)	(\$4,532)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

	Three Months Ended March 31,	
	2003	2002
-----		
	(Dollars in thousands)	
-----		
Net Sales:		
Rail Products	\$31,626	\$29,955
Construction Products	23,964	30,034
Tubular Products	3,929	3,184
-----		
Total Net Sales	\$59,519	\$63,173
=====		
Gross Profit:		
Rail Products	\$3,786	\$2,852
Construction Products	2,806	3,647
Tubular Products	802	551
Other	(461)	(255)
-----		
Total Gross Profit	6,933	6,795
-----		
Expenses:		
Selling and administrative expenses	6,567	6,373
Interest expense	579	674
Other income	(320)	(280)
-----		
Total Expenses	6,826	6,767
-----		
Income From Continuing Operations Before Income Taxes and Cumulative Effect of Change in Accounting Principle	107	28
Income Tax Expense	43	-
-----		
Income From Continuing Operations Before Cumulative Effect of Change in Accounting Principle	64	28
Discontinued Operations:		
Loss From Operations of Foster Technologies	(380)	(317)
Income Tax Benefit	(150)	-
-----		
Loss on Discontinued Operations	(230)	(317)
Cumulative Effect of Change in Accounting Principle, Net of Tax	-	(4,390)
-----		
Net Loss	(\$166)	(\$4,679)
=====		
Gross Profit %:		
Rail Products	12.0%	9.5%
Construction Products	11.7%	12.1%
Tubular Products	20.4%	17.3%
Total Gross Profit	11.6%	10.8%

## First Quarter 2003 Results of Operations

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The Company's first quarter income from continuing operations was \$64,000 (\$0.01 per share) on net sales of \$59.5 million. This compares favorably to the same period a year ago when income from continuing operations was \$28,000 (\$0.00 per share) on net sales of \$63.2 million.

Including a net loss from discontinued operations (the Company's Foster Technologies subsidiary), the net loss for the first quarter of 2003 was \$0.2 million (\$0.02 per share). During the same period a year ago, the Company had a net loss of \$4.7 million (\$0.50 per share) which included a loss from discontinued operations of \$0.3 million (\$0.03 per share) and a non-cash charge of \$4.4 million (\$0.46 per share) from the cumulative effect of a change in accounting principle as a result of the adoption of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets".

Sales for the first quarter of 2003 declined 5.8% when compared to the same period in 2002. Rail products' 2003 first quarter sales were \$31.6 million, an increase of 5.6% from last year's first quarter. This was due primarily to an increase in revenue recognized for transit products and an increase in sales of used rail. Construction products' net sales declined 20.2% to \$24.0 million. Pricing pressures on H-bearing pile and lower piling volume had a negative impact on the Construction segment's revenues. Tubular products' sales increased 23.4% compared to last year's first quarter due primarily to an increase in the amount of pipe coated at the Birmingham, AL facility.

The gross profit margin for the total Company was 11.6% in the first quarter of 2003 compared to 10.8% in the same quarter last year. Rail products' profit margin increased by 2.5 percentage points to 12.0% from the same period last year due primarily to improvement in used rail and transit products margins. Last year, used rail margins were low because this operation was being downsized through the sell-off of certain inventory at lower than usual margins. Construction products' margin remained relatively consistent with last year's first quarter, declining only 0.4 percentage points due in part to low volume inefficiencies at the precast concrete building facility in Spokane, WA. Tubular products' 3.1 percentage point increase in gross margin was primarily the result of higher volume efficiencies at the Birmingham, AL pipe coating facility.

Selling and administrative expenses increased \$0.2 million, or 3% compared to the same period of 2002, largely due to higher insurance costs. Other income includes primarily accrued dividend income on DM&E preferred stock. Corporate borrowings declined by \$8.2 million resulting in a 14% reduction in interest expense when compared to the prior year first quarter.

The Company is implementing certain tax planning strategies that will allow it to reverse some portion of the \$1.6 million valuation allowance against net operating losses in its discontinued operations. While the results of this effort will not be finalized until the third quarter, the Company believes that the tax benefits derived from current year losses in its discontinued operations will be utilized in the current year. As a result, the effective tax rate utilized for the first quarter was 40%. No tax provision was recorded in the first quarter of 2002.

## Liquidity and Capital Resources

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The Company generates operational cash flow from the sale of inventory and the collection of accounts receivable. Management's continued emphasis on working capital management contributed to positive cash flow from operations and a \$2.2 million reduction in corporate borrowings from December 31, 2002. During the first quarter of 2003, the average turnover rate for accounts receivable improved over the same period a year ago. The average inventory turnover rate in the current period improved slightly over the average rate for the 2002 first quarter. Working capital at March 31, 2003 was \$45.4 million compared to \$46.7 million at December 31, 2002.

The Company's Board of Directors has authorized the purchase of up to 1,500,000 shares of its Common stock at prevailing market prices. No purchases have been made since the first quarter of 2001. From August 1997 through March 2001, the Company had repurchased 973,398 shares at a cost of

approximately \$5.0 million. The timing and extent of future purchases will depend on market conditions and options available to the Company for alternate uses of its resources.

Capital expenditures were less than \$0.5 million for the first quarter of 2003, compared to \$1.7 million for capital improvements and \$2.2 million for the Greulich acquisition in the same period of 2002. Capital expenditures, excluding acquisitions, in 2003, are expected to be approximately \$5.0 million and funded by cash flow from operations and available external financing sources.

On September 26, 2002, the Company entered into a credit agreement with a syndicate of three banks led by PNC Bank, N.A. This new agreement provides for a revolving credit facility of up to \$60.0 million in borrowings to support the Company's working capital and other liquidity requirements. The revolving credit facility, which matures in September 2005, is secured by substantially all of the inventory and trade receivables owned by the Company. Availability under this agreement is limited by the amount of eligible inventory and accounts receivable applied against certain advance rates. Proceeds from the new facility were used to repay and retire the Company's previous credit agreement, which was to mature in July 2003. Interest on the new credit facility is based on LIBOR plus a spread ranging from 1.75% to 2.5%.

The agreement includes financial covenants requiring a minimum net worth and a minimum level for the fixed charge coverage ratio. The agreement also restricts investments, indebtedness, and the sale of certain assets. As of March 31, 2003, the Company was in compliance with all of the agreement's covenants.

Total revolving credit agreement borrowings at March 31, 2003 were \$21.0 million, a decrease of \$2.0 million from December 31, 2002. At March 31, 2003, remaining available borrowings under this facility were approximately \$18.3 million. Outstanding letters of credit at March 31, 2003 were approximately \$2.7 million. The letters of credit expire annually and are subject to renewal. Management believes its internal and external sources of funds are adequate to meet anticipated needs.

#### Dakota, Minnesota & Eastern Railroad

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The Company maintains a significant investment in the Dakota, Minnesota & Eastern Railroad Corporation (DM&E), a privately held, regional railroad, which controls over 2,500 miles of track in eight states.

At March 31, 2003, the Company's investment was comprised of \$0.2 million of DM&E common stock, \$1.5 million of Series B Preferred Stock and warrants, \$6.0 million of Series C Preferred Stock and warrants, \$0.8 million of Preferred Series C-1 Stock and warrants, and \$0.5 million of Series D Preferred Stock and warrants. In addition, the Company has a receivable for accrued dividend income on Preferred Stock of approximately \$4.0 million.

On July 30, 2002, the DM&E announced the acquisition of a 1,400 mile regional railroad formerly owned by the I&M Rail Link, LLC. The Company participated in the financing of this acquisition with a \$0.5 million investment in Series D Preferred Stock and warrants. On a fully diluted basis, the Company's ownership in the DM&E is approximately 13.6%.

In June 1997, the DM&E announced its plan to build an extension from the DM&E's existing line into the low sulfur coal market of the Powder River Basin in Wyoming and to rebuild approximately 600 miles of its existing track (the Project). The estimated cost of this project is expected to be in excess of \$2.0 billion. The Project received final approval by the Surface Transportation Board (STB) in January 2002. Litigation has been initiated appealing the STB's approval of the Project. In addition, the State of South Dakota has elected to appeal a federal court decision to enjoin it from enforcing an eminent domain statute. No time frame for a decision is yet known.

If the Project proves to be viable, management believes that the value of the Company's investment in the DM&E could increase significantly. If the Project does not come to fruition, management believes that the value of the Company's investment is supported by the DM&E's existing business.

## Other Matters

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During the first quarter of 2003, the Company finalized the sale of certain assets and liabilities of its Foster Technologies subsidiary engaged in the rail signaling and communication device business. The first quarter 2003 loss from this business, which has been classified as a discontinued operation, was principally due to losses incurred up to the sale date as well as certain charges taken primarily related to employee severance costs and an accrual for the remaining lease obligation. Future expenses related to the shutdown of this business are expected to be immaterial.

Specialty trackwork sales of the Company's Rail segment depend primarily on one supplier. In August 2000, the Company contributed a note, having a principal and interest value of approximately \$2.7 million, to a limited liability company created by the Company and this trackwork supplier (the LLC) in exchange for a 30% ownership position. Of the \$2.7 million initial investment, approximately \$1.7 million represented goodwill. At January 1, 2002, the Company's net equity investment in the LLC, net of goodwill amortization, was approximately \$1.9 million. During 2002, the Company recognized an impairment loss of the entire \$1.9 million. The loss in value of this investment was driven by the continued deterioration of certain rail markets. Equity earnings from this investment have been immaterial.

The Company has historically advanced progress payments to its principal trackwork supplier for the purpose of supporting working capital requirements and funding raw material purchases and product fabrication costs for Company projects. The timing differential created by these advances resulted in an asset of approximately \$5.4 million at December 31, 2002. As a result of the operating and financial issues experienced by the LLC, concerns regarding the recoverability of the advances led management to conclude that a full reserve was necessary. A charge for this reserve was recorded in the fourth quarter of 2002 and no additional advances were made to this supplier in the first quarter of 2003. The Company acknowledges the risk of loss that exists relative to these advances and believes that substantial uncertainty exists relative to the Company's ability to realize any measurable amounts of these advances. During the first quarter of 2003 and 2002, the volume of business the supplier conducted with the Company was approximately \$2.0 million and \$2.4 million, respectively. If, for any reason, this supplier is unable to perform, it could have a further negative impact on earnings and cash flows.

Operations at the Company's Newport, KY pipe-coating facility were suspended in 1998 in response to unfavorable market conditions. In 1999, the Company recorded an impairment loss to reduce these assets to their anticipated market value. The anticipated 2002 sale of these assets did not materialize. Therefore, during the fourth quarter of 2002, the Company removed the "held for resale" designation of these assets, reclassified them as "in service", and in accordance with SFAS 144, immediately recorded a \$0.8 million write-down to reflect depreciation not recorded while under the "held for resale" designation. The Company's effort to sell these assets continues.

Management continues to evaluate the overall performance of its operations. A decision to downsize 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.

## Outlook

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The Company has an exclusive agreement with a steel mill to distribute steel sheet piling in North America. Steel sheet piling production commenced in 2001 but the quantity produced has not materially impacted results. In December 2002, the Company announced the availability of Z-pile sheet piling products. During the first quarter of 2003, piling sales were lower than last year due to lower volumes and lower prices for H-bearing pile. The Company expects an increase in piling sales and profitability as it enters into the higher activity season.

The Company's CXT subsidiary and Allegheny Rail Products division are dependent on a Class I railroad for a significant portion of their business. The Company has a contract with this Class I railroad which provides for minimum quantities of concrete ties per contract year expiring in September 2003. If this contract is not renewed, it could have a negative impact on the operating results of the Company. In addition, a



substantial portion of the Company's operations is heavily 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, government actions concerning taxation, tariffs, the environment, or other matters could impact the operating results of the Company. The Company's operating results may also be affected by adverse weather conditions.

Although backlog is not necessarily indicative of future operating results, total Company backlog at March 31, 2003, was approximately \$127.5 million. The following table provides the backlog by business segment:

(In thousands)	Backlog		
	March 31, 2003	December 31, 2002	March 31, 2002
Rail Products	\$52,317	\$45,371	\$65,353
Construction Products	71,721	59,774	67,027
Tubular Products	3,417	3,995	3,890
<b>Total</b>	<b>\$127,455</b>	<b>\$109,140</b>	<b>\$136,270</b>

The reduction in Rail segment backlog from March 31, 2002 reflects the weakness in the current rail markets and the absence of firm renewal commitments on contracts under negotiation.

#### 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 judgements 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, 2002. For more information regarding the Company's critical accounting policies, please see the discussion in Management's Discussion & Analysis of Financial Condition and Results of Operations in Form 10-K for the year ended December 31, 2002.

#### New Accounting Pronouncements

In June 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (SFAS 146), effective for exit or disposal activities initiated after December 31, 2002, with earlier adoption encouraged. This statement supercedes EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, rather than at the date of an entity's commitment to an exit plan. The Company has adopted this standard and it did not have a material effect on its consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123" (SFAS 148) effective for fiscal years ending after December 31, 2002. This statement amends Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the disclosure requirements of SFAS 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

The Company has adopted the disclosure provisions of SFAS 123, and applies the intrinsic value method of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for its stock option plans. However, the Company has adopted the enhanced disclosure provisions as defined in SFAS 148 effective for the first quarter ended March 31, 2003.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, and Interpretation of ARB No. 51", (FIN 46). FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied at the first interim or annual period beginning after June 15, 2003. Management is currently evaluating the effect that adoption of FIN 46 will have on its results of operations and financial condition. The Company has not identified any off balance sheet arrangements for which consolidation under FIN 46 is reasonably possible.

#### Market Risk and Risk Management Policies

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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. In conjunction with the Company's debt refinancing in the third quarter of 2002, the Company discontinued cash flow hedge accounting treatment for its interest rate collars and has applied mark-to-market accounting prospectively. Although these derivatives are not deemed to be effective hedges of the new credit facility in accordance with the provisions of SFAS 133, the Company has retained these instruments as protection against interest rate risk associated with the new credit agreement and the Company will continue to record the mark-to-market adjustments on the interest rate collars, through 2006, in its consolidated income statement. The fair value of the interest rate collars on March 31, 2003 was a \$2.2 million liability and the company recorded approximately \$11,000 of other income in the first quarter of 2003 on the Condensed Consolidated Statements of Income to adjust these instruments to fair value. The Company continues to apply cash flow hedge accounting to interest rate swaps.

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's primary source of variable-rate debt comes from its revolving credit agreement. While not specifically correlated with the revolving credit agreement, the Company maintains an economic hedge of this variable rate through the maintenance of two interest rate collar agreements with a weighted average minimum annual interest rate of 4.99% to a maximum weighted average annual interest rate of 5.42%. Since the interest rate on the debt floats with the short-term market rate of interest, the Company is exposed to the risk that these interest rates may decrease below the minimum annual interest rates on the two interest rate collar agreements. The effect of a 1% decrease in rate of interest below the 4.99% weighted average minimum annual interest rate on \$21.0 million of outstanding floating rate debt would result in increased annual interest costs of approximately \$0.2 million.

The Company is not subject to significant exposures to changes in foreign currency exchange rates.

See the Company's Annual Report on Form 10-K for more information on the Company's derivative financial instruments.

## Forward-Looking Statements

Statements relating to the potential value or viability of the DM&E or the Project, or management's belief as to such matters, are forward-looking statements and are subject to numerous contingencies and risk factors. The Company has based its assessment on information provided by the DM&E and has not independently verified such information. In addition to matters mentioned above, factors which can adversely affect the value of the DM&E, its ability to complete the Project or the viability of the Project include the following: labor disputes, the outcome of certain litigation, any inability to obtain necessary environmental and government approvals for the Project in a timely fashion, the DM&E's ability to continue to obtain interim funding to finance the Project, the expense of environmental mitigation measures required by the Surface Transportation Board, an inability to obtain financing for the Project, competitors' response to the Project, market demand for coal or electricity and changes in environmental laws and regulations.

The Company wishes to caution 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. Additional delays in a Virginia steel mill's production of sheet piling products, or failure to produce substantial quantities of sheet piling products could adversely impact the Company's earnings. The inability to negotiate the sale of certain assets could result in an impairment in future periods. The inability to successfully negotiate a new sales contract with a current Class I railroad customer could have a negative impact on the operating results of the Company. 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, the impact of competition, the seasonality of the Company's business, the adequacy of internal and external sources of funds to meet financing needs, taxes, inflation and governmental regulations. Sentences containing words such as "anticipates", "expects", or "will" generally should be considered forward-looking statements.

## 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) Within the 90 days prior to the date of this report, L. B. Foster Company (the Company) carried out an evaluation, under the supervision and with the participation of the Company's management, including the President and Chief Executive Officer along with the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the President and Chief Executive Officer, along with the 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 or in other factors that could significantly affect internal controls subsequent to the date the Company carried out this evaluation.

## PART II OTHER INFORMATION

## Item 1. LEGAL PROCEEDINGS

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 See Note 8, "Commitments and Contingent Liabilities", to the Condensed Consolidated Financial Statements.

## Item 6. EXHIBITS AND REPORTS ON FORM 8-K

## a) EXHIBITS

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

- \* 3.1 Restated Certificate of Incorporation.
- 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, 2002.
- 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.
- \* 4.0.1 Amended Rights Agreement dated as of May 14, 1998 between L. B. Foster Company and American Stock Transfer and Trust Company.
- 4.0.2 Revolving Credit and Security Agreement dated as of September 26, 2002, between L. B. Foster Company and PNC Bank, N. A., filed as Exhibit 4.0.2 to Form 10-Q for the quarter ended September 30, 2002.
- 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, 1999.
- 10.12.1 Amendment dated March 12, 1996 to lease between CXT Incorporated and Pentzer Corporation, filed as Exhibit 10.12.1 to Form 10-K for the year ended December 31, 1999.
- 10.12.2 Amendment dated November 7, 2002 to lease between CXT Incorporated and Pentzer Development Corporation, filed as Exhibit 10.12.2 to Form 10-K for the year ended December 31, 2002.
- 10.13 Lease between CXT Incorporated and Crown West Realty, L. L. C., dated December 20, 1996, filed as Exhibit 10.13 to Form 10-K for the year ended December 31, 1999.
- 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, 2002.
- 10.14 Lease between CXT Incorporated and Pentzer Development Corporation, dated November 1, 1991 and filed as Exhibit 10.14 to Form 10-K for the year ended December 31, 1999.
- 10.15 Lease between CXT Incorporated and Union Pacific Railroad Company, dated February 13, 1998, and filed as Exhibit 10.15 to Form 10-K for the year ended December 31, 1999.
- 10.17 Lease between Registrant and the City of Hillsboro, TX dated February 22, 2002, filed as Exhibit 10.17 to Form 10-K for the year ended December 31, 2002.

- 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 10.19.2 to Form 10-K for the year ended December 31, 2000.
- 10.21 Stock Purchase Agreement, dated June 3, 1999 by and among the Registrant and the shareholders of CXT Incorporated, filed as Exhibit 10.0 to Form 8-K on July 14, 1999.
- \* 10.33.2 Amended and Restated 1985 Long-Term Incentive Plan as of February 26, 1997. \*\*
- 10.34 Amended and Restated 1998 Long-Term Incentive Plan as of February 2, 2001, filed as Exhibit 10.34 to Form 10-K for the year ended December 31, 2000. \*\*
- 10.45 Medical Reimbursement Plan, filed as Exhibit 10.45 to Form 10-K for the year ended December 31, 2002. \*\*
- 10.46 Leased Vehicle Plan as amended and restated on October 16, 2002, filed as Exhibit 10.46 to Form 10-Q for the quarter ended September 30, 2002. \*\*
- 10.51 Supplemental Executive Retirement Plan, filed as Exhibit 10.51 to Form 10-K for the year ended December 31, 2002. \*\*
- 10.52 Outside Directors' Stock Award Plan, filed as Exhibit 10.52 to Form 10-K for the year ended December 31, 2002. \*\*
- 10.53 Directors' resolutions, under which directors' compensation was established, dated October 15, 2002, filed as Exhibit 10.53 to Form 10-K for the year ended December 31, 2002. \*\*
- 19 Exhibits marked with an asterisk are filed herewith.
- \* 99.1 Certification of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
- \* 99.2 Certification of Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
- \*\* Identifies management contract or compensatory plan or arrangement required to be filed as an Exhibit.

b) Reports on Form 8-K

On April 23, 2003, the Registrant filed a current report on Form 8-K under Item 9 FD disclosure announcing first quarter results.

SIGNATURE

Pursuant to the requirements of the Securities and 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: May 13, 2003  
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By: /s/ David J. Russo  
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David J. Russo  
Senior Vice President,  
Chief Financial Officer  
and Treasurer  
(Duly Authorized Officer of Registrant)

## Form of Sarbanes-Oxley Section 302(a) Certification

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I, Stan L. Hasselbusch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of L. B. Foster Company;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based in our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

/s/Stan L. Hasselbusch

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Stan L. Hasselbusch  
President and Chief Executive Officer

## Form of Sarbanes-Oxley Section 302(a) Certification

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I, David J. Russo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of L. B. Foster Company;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based in our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

/s/David J. Russo

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David J. Russo  
Senior Vice President,  
Chief Financial Officer and Treasurer



TO

RIGHTS AGREEMENT DATED  
AS OF MAY 15, 1997 BETWEEN  
L.B. FOSTER COMPANY (A DELAWARE CORPORATION) AND  
AMERICAN STOCK TRANSFER &  
TRUST COMPANY, AS RIGHTS AGENT

Whereas, as of May 15, 1997 L.B. Foster Company, a Delaware corporation ("L.B. Foster- DE"), and American Stock Transfer & Trust Company, a New York corporation ("Rights Agent"), entered into a Rights Agreement ("Rights Agreement") setting forth the terms of certain Rights ("Rights") to be issued by L.B. Foster-DE to purchase shares of Class A Common Stock, par value \$.01 per share, of L.B. Foster-DE; and

Whereas, by action of the board of directors of L.B. Foster-DE on May 15, 1997, a dividend distribution of one Right for each share of Class A Common Stock outstanding on May 21, 1997 was made, and the board further authorized the issuance of one Right for each share of Class A Common Stock issued between May 21, 1997 and the Distribution Date (as defined in the Rights Agreement), each Right, when exercisable, entitling the registered holder thereof to purchase one share of Class A Common Stock from L.B. Foster-DE for \$30, subject to adjustment; and

Whereas, at the close of business on May 14, 1998, L.B. Foster-DE was merged ("Merger") into L.B. Foster Company, a Pennsylvania corporation ("L.B. Foster-PA"), pursuant to a Plan of Merger whereby L.B. Foster-PA succeeded to all the property, rights and obligations of L.B. Foster- DE, L.B. Foster-DE ceased to exist as a Delaware corporation, and each outstanding share of Class A Common Stock of L.B. Foster-DE (including shares held in the treasury) became and was converted into one validly issued, fully paid and non-assessable share of common stock, \$.01 par value, of L.B. Foster-PA; and

Whereas, L.B. Foster-PA and the Rights Agent wish to amend the Rights Agreement to reflect and confirm that L.B. Foster-PA has succeeded to all of the rights and obligations of L.B. Foster-DE thereunder and to reflect and confirm certain conforming changes therein.

Now, therefore, L.B. Foster-PA and the Rights Agent, intending to be legally bound, agree as follows:

1. As of the time of the Merger, L.B. Foster-PA succeeded to all the rights and obligations of L.B. Foster-DE under the Rights Agreement, and L.B. Foster-PA replaced, and hereby does replace, L.B. Foster-DE as the "Company" under the Rights Agreement.

2. As of the time of the Merger, each Right theretofore issued by L.B. Foster-DE, and which attached to a share of Class A Common Stock of L.B. Foster-DE, became, and hereby does become, a Right, when exercisable, to purchase from L.B. Foster-PA one share of common stock of L.B. Foster-PA for \$30, subject to adjustment as provided in the Rights Agreement, such Right being attached to the share of common stock of L.B. Foster-PA into which such share of Class A Common Stock of L.B. Foster-DE has been converted.

3. As of the time of the Merger, all references in the Rights Agreement to "Common Stock" became, and hereby do become, references to the common stock, \$.01 par value per share, of L.B. Foster-PA, and all references to other securities of L.B. Foster-DE became, and hereby do become, references to other securities of L.B. Foster-PA.

4. One Right (as such number may be adjusted pursuant to Section 11(p) of the Rights Agreement) to purchase a share of common stock of L.B. Foster-PA for \$30, when exercisable and subject to adjustment as provided in the Rights Agreement, shall be issued for and attach to each share of common stock of L.B. Foster-PA issued after the time of the Merger, whether an originally- issued share or a share delivered from the treasury to which a Right had not previously attached, all in accordance with Section 3 of the Rights Agreement as hereby amended.

5. Section 32 of the Rights Agreement is hereby amended by substituting "Commonwealth of Pennsylvania" for "State of Delaware."

6. Except as amended herein, the Rights Agreement and all of its terms and provisions shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be

duly executed as of the date first above written.

L.B. FOSTER COMPANY

By: /s/David L. Voltz  
Name: David L. Voltz  
Title: Vice President

AMERICAN STOCK TRANSFER &  
TRUST COMPANY, as Rights Agent

By: /s/Herbert Lemmer  
Name: Herbert Lemmer  
Title: Vice President

L.B. FOSTER COMPANY  
1985 LONG-TERM INCENTIVE PLAN AS AMENDED AND RESTATED \*

ARTICLE I

PURPOSE, EFFECTIVE DATE AND AVAILABLE SHARES

1.1 Purpose. The purpose of the Plan is to provide financial incentives for selected key personnel and directors of L.B. Foster Company (the "Company") and its subsidiaries, thereby promoting the long-term growth and financial success of the Company by (i) attracting and retaining personnel and directors of outstanding ability, (ii) strengthening the Company's capability to develop, maintain and direct a competent management team, (iii) motivating key personnel to achieve long-range performance goals and objectives, and (iv) providing incentive compensation opportunities competitive with those of other corporations.

1.2 Effective Date and Expiration of Plan. The Plan is subject to approval by the Board of Directors of the Company, and, if so approved, shall be effective January 1, 1985. Unless earlier terminated by the Board pursuant to Section 5.3, the Plan shall terminate on the twentieth anniversary of its Effective Date. No Award shall be made pursuant to the Plan after its termination date, but Awards made prior to the termination date may extend beyond that date.

1.3 Shares Available Under the Plan. L.B. Foster Company stock to be offered under the Plan pursuant to Options and SARs may be authorized but unissued common stock or previously issued shares of common stock which have been reacquired by the Company and are held in its treasury. Subject to adjustment under Section 5.6, no more than 1,500,000 shares of common stock shall be issuable upon the exercise of Options or SARs. Any shares of stock subject to an Option which for any reason is cancelled (excluding shares subject to an Option cancelled upon the exercise of a related SAR) or terminated without having been exercised shall again be available for Awards under the Plan. Shares subject to an Option cancelled upon the exercise of an SAR shall not again be available for Awards under the Plan.

\* As amended July 30, 1997.

ARTICLE II

DEFINITIONS

2.1 "Award" means, individually or collectively, any Option or SAR under this Plan.

2.2 "Board" means the Board of Directors of L.B. Foster Company.

2.3 "Committee" means Directors, not to be less than two, appointed by the Board, each of whom is a "non-employee director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

2.4 "Company" means L.B. Foster Company and its successors and assigns.

2.5 "Director" means a director of the Company.

2.6 "Effective Date" means the date on which the Plan is effective as provided in Section 1.2.

2.7 "Fair Market Value" of the Stock as to a particular time or date means the last sales price of the Stock as reported in the NASDAQ National Market System or, if the Stock is listed on a securities exchange, the last reported sales price of the Stock on such exchange that shall be for consolidated trading if applicable to such exchange, or if neither so reported or listed, the last reported bid price of the Stock.

2.8 "Incentive Stock Option" means an option within the meaning of Section 422 of the Internal Revenue Code (i) of 1986, as amended, if granted after December 31, 1986 or (ii) of 1954, as amended, if granted before January 1, 1987.

2.9 "Key Personnel" means officers and employees of the Company and its Subsidiaries who occupy responsible executive, professional or administrative positions and who have the capacity to contribute to the success of the Company. Such term also includes directors of Subsidiaries.

2.10 "Nonqualified Stock Option" means a stock option granted under the Plan other than an Incentive Stock Option.

2.11 "Option" means both a Nonqualified Stock Option and an Incentive Stock Option to purchase common stock of the Company.

2.12 "Option Price" means the price at which common stock of the Company may be purchased under an Option as provided in Section 4.6.

2.13 "Participant" means a person to whom an Award is made under the Plan.

2.14 "Personal Representative" means the person or persons who, upon the death, disability or incompetency of a Participant, shall have acquired, by will or by the laws of descent and distribution or by other legal proceedings, the right to exercise an Option or SAR theretofore granted to such Participant.

2.15 "Plan" means the Company's 1985 Long-Term Incentive Plan as Amended and Restated, as amended.

2.16 "SAR" means a stock appreciation right under the Plan.

2.17 "Stock" means common stock of the Company.

2.18 "Stock Option Agreement" means an agreement entered into between a Participant and the Company under Section 4.5.

2.19 "Subsidiary" means a corporation or other business entity, domestic or foreign, the majority of the voting stock or other voting interests in which is owned directly or indirectly by the Company.

### ARTICLE III

#### ADMINISTRATION

3.1 Committee to Administer. (a) The Plan shall be administered by the Committee. The Committee shall have full power and authority to interpret and administer the Plan and to establish and amend rules and regulations for its administration. The Committee's decisions shall be final and conclusive with respect to the interpretation of the Plan and any Award made under it.

(b) A majority of the members of the Committee shall constitute a quorum for the conduct of business at any meeting. The Committee shall act by majority vote of the members present at a duly convened meeting. Action may be taken without a meeting if written consent thereto is given in accordance with applicable law.

3.2 Powers of Committee. (a) Subject to the provisions of the Plan, the Committee shall have authority, in its discretion, to determine those Key Personnel and Directors who shall receive Awards, the time or times when each such Award shall be made and the type of Award to be made, whether an Incentive Stock Option or a Nonqualified Stock Option shall be granted and the number of shares to be subject to each Option.

(b) A Director shall not participate in a vote granting himself an Option or SAR.

(c) The Committee shall determine the terms, restrictions and provisions of the agreement relating to each Award, including such terms, restrictions and provisions as shall be necessary to cause certain Options to qualify as Incentive Stock Options. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan, or in any agreement relating to an Award, in such manner and to the extent the Committee shall determine in order to carry out the purposes of the Plan. The Committee may, in its discretion, accelerate the date on which an Option or SAR may be exercised, if the Committee determines that to do so will be in the best interests of the Company and the Participant.

#### ARTICLE IV

##### AWARDS

4.1 Awards. Awards under the Plan shall consist of Incentive Stock Options, Nonqualified Stock Options and/or SARs. All Awards shall be subject to the terms and conditions of the Plan and to such other terms and conditions consistent with the Plan as the Committee deems appropriate. Awards need not be uniform.

4.2 Eligibility for Awards. Awards may be made to Key Personnel and Directors. Employees must be in Grade Level 15 or above unless otherwise selected by the Committee. In selecting Participants and in determining the form and amount of the Award, the Committee may give consideration to his or her functions and responsibilities, his or her present and potential contributions to the success of the Company, the value of his or her services to the Company, and other factors deemed relevant by the Committee.

4.3 Award of Stock Options. The Committee may, from time to time, subject to Section 3.2(b) and other provisions of the Plan and such terms and conditions as the Committee may prescribe, grant Incentive Stock Options and Nonqualified Stock Options to any Key Personnel or Director. Awards of Incentive Stock Options and Nonqualified Stock Options shall be separate and not in tandem.

4.4 Period of Option. (a) Unless otherwise provided in the related Stock Option Agreement, an Option granted under the Plan shall be exercisable only after twelve (12) months have elapsed from the date of grant and, after such twelve-month waiting period, the Option may be exercised in cumulative installments in the following manner:

(i) The Participant may purchase up to one-fourth (1/4) of the total optioned shares at any time after one year from the date of grant and prior to the termination of the Option.

(ii) The Participant may purchase an additional one-fourth (1/4) of the total optioned shares at any time after two years from the date of grant and prior to the termination of the Option.

(iii) The Participant may purchase an additional one-fourth (1/4) of the total optioned shares at any time after three years from the date of grant and prior to the termination of the Option.

(iv) The Participant may purchase an additional one-fourth (1/4) of the total optioned shares at any time after four years from the date of grant and prior to the termination of the Option.

The duration of each Option shall not be more than ten (10) years from the date of grant.

(b) Except as otherwise provided in the Stock Option Agreement, an Option may not be exercised by a Participant unless such Participant is then, and continually (except for sick leave, military service or other approved leave of absence) after the grant of an Option has been, an officer, director or employee of the Company or a Subsidiary.

4.5 Stock Option Agreement. Each Option shall be evidenced by a Stock Option Agreement, in such form and containing such provisions not inconsistent with the provisions of the Plan as the Committee from time to time shall approve.

4.6 Option Price and Exercise. (a) The Option Price of Stock under each Option shall be determined by the Committee but shall be not less than the Fair Market Value of the Stock on the trading day immediately preceding the date on which the Option is granted, as determined by the Committee. (b) Options may be exercised from time to time by giving written notice of exercise to the Company specifying the number of shares to be purchased. The notice of exercise shall be accompanied by (i) payment in full of the Option Price in cash, certified check or cashier's check or (ii) a copy of irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds sufficient to cover the Option Price.

4.7 Delivery of Option Shares. The Company shall not be obligated to deliver any shares upon the exercise of an Option unless and until, in the opinion of the Company's counsel, all applicable federal, state and other laws and regulations have been complied with. In the event the outstanding Stock is at the time listed on any stock exchange, no delivery shall be made unless and until the shares to be delivered have been listed or authorized to be added to the list upon official notice of issuance on such exchange. No delivery shall be made until all other legal matters in connection with the issuance and delivery of shares have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the Participant or other person purchasing shares of Stock under the Plan such investment representation or such agreement, if any, as counsel for the Company may consider necessary in order to comply with the Securities Act of 1933, as amended, and the regulations thereunder. Certificates evidencing the shares may be required to bear a restrictive legend. A stop transfer order may be required to be placed with the transfer agent, and the Company may require that the Participant or such other person agree that any sale of the shares will be made only on one or more specified stock exchanges or in such other manner as permitted by the Committee.

The Participant shall notify the Company when any disposition of the shares, whether by sale, gift or otherwise, is made. The Company shall use its best efforts to effect any such compliance and listing, and the Participant or other person shall take any action reasonably requested by the Company in such connection.

4.8 Limitations on Incentive Stock Options. (a) The aggregate Fair Market Value (determined at the time the Option is granted) of the Stock with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under all plans of the Participant's employer corporation and its parent and subsidiary corporations) shall not exceed \$100,000. The foregoing sentence shall apply only to Incentive Stock Options granted after December 31, 1986.

(b) Each Incentive Stock Option granted prior to January 1, 1987 shall not be exercisable while there is outstanding any Incentive Stock Option that was previously granted to the Participant by the Company or a Subsidiary (determined as of the time such Option is granted) or a predecessor of any of such corporations. An Incentive Stock Option shall be treated as outstanding for this purpose until it is deemed exercised in full or expires by reason of lapse of time.

(c) An Incentive Stock Option shall not be granted to any Key Personnel who, at the time of grant, own stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any Subsidiary.

(d) No Incentive Stock Option may be exercisable more than three months after termination of the Participant's employment with the Company or with a parent or Subsidiary of the Company, except that where such employment is terminated because of permanent and total disability, within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986 ("Permanent Disability"), or death, such period may be one year.

4.9 Termination of Service. Except as otherwise provided in this Plan, or in the applicable Stock Option Agreement, if the service of a Participant (i.e., as an officer, director or employee of the Company or a Subsidiary) terminates for any reason other than death, permanent disability or retirement with the consent of the Company, all Options held by the Participant shall expire and may not thereafter be exercised. For purposes of this section, the employment or other service in respect to Options held by a Participant shall be treated as continuing in tact while the participant is on military leave, sick leave, or other bona fide leave of absence (such as temporary employment with the Government) if the period of such leave does not exceed 90 days, or, if longer, so long as the Participant's right to reestablish his service with the Company is guaranteed either by statute or by contract. Where the period of leave exceeds 90 days and where the Participant's right to reestablish his service is not guaranteed by statute or by contract, his service shall be deemed to have terminated on the ninety-first day of such leave. Anything herein to the contrary notwithstanding and unless the Stock Option Agreement provides otherwise, if the service of a Participant terminates more than four years after the grant of the Option, other than due to a termination for Cause, the Participant may exercise such Option within 30 days of such termination. Except as so exercised, such Option shall expire at the end of such period. In no event, however, may any Option be exercised after the expiration of ten (10) years from the date of grant of such Option.

For the purpose of the Plan, termination for Cause shall mean (i) termination due to (a) willful or gross neglect of duties or (b) willful misconduct in the performance of such duties, so as to cause material harm to the Company or any Subsidiary as determined by the Board of Directors, (ii) termination due to the Participant committing fraud, misappropriation or embezzlement in the performance of his or her duties or (iii) termination due to the Participant committing any felony he is convicted of and which, as determined in good faith by the Board of Directors, constitutes a crime involving moral turpitude and results in material harm to the Company or a Subsidiary.

4.10 Death. Except as otherwise provided in the applicable Stock Option Agreement, if a Participant dies at a time when his Option is not fully exercised, then at any time or times within such period after his death, not to exceed 12 months, as may be provided in the Stock Option Agreement, such Option may be exercised as to any or all of the shares which the Participant was entitled to purchase under the Option immediately prior to his death, by his executor or administrator or the person or persons to whom the Option is transferred by will or the applicable laws of descent and distribution. In no event, however, may any Option be exercised after the expiration of ten (10) years from the date of grant of such Option.

4.11 Retirement or Permanent Disability. Except as otherwise provided in the applicable Stock Option Agreement, if a Participant retires from service with the consent of the Company, or suffers Permanent Disability, at a time when he is entitled to exercise an Option, then at any time or times within three years after his termination of service because of such retirement or Permanent Disability the Participant may exercise such Option as to all or any of the shares which he was entitled to purchase under the Option

immediately prior to such termination. Except as so exercised, such Option shall expire at the end of such period. In no event, however, may any Option be exercised after the expiration of ten (10) years from the date of grant of such Option.

The Committee shall have authority to determine whether or not a Participant has retired from service or has suffered Permanent Disability, and its determination shall be binding on all concerned. In the sole discretion of the Committee, a transfer of service to an affiliate of the Company other than a Subsidiary (the latter type of transfer not constituting a termination of service for purposes of the Plan) may be deemed to be a retirement from service with the consent of the Company so as to entitle the Participant to exercise the Option within 90 days after such transfer.

4.12 Stockholder Rights and Privileges. A Participant shall have no rights as a stockholder with respect to any Stock covered by an Option until the issuance of a stock certificate to the Participant representing such Stock.

4.13 Award of SARs. (a) At any time prior to six months before an Option's expiration date, the Committee may award to the Participant an SAR related to the Option.

(b) The SAR shall represent the right to receive payment of an amount not greater than the amount, if any, by which the Fair Market Value of the Stock on the trading day immediately preceding the date of exercise of the SAR exceeds the Option Price.

(c) SARs awarded under the Plan shall be evidenced by either the Stock Option Agreement or a separate agreement between the Company and the Participant.

(d) An SAR shall be exercisable only at the same time and to the same extent and subject to the same conditions as the Option related thereto is exercisable, except that the Committee may prescribe additional conditions and limitations on the exercise of any SAR, including a maximum appreciation value. An SAR shall be transferable only when the related Option is transferable, and under the same conditions. The exercise of an SAR shall cancel the related Option. SARs may be exercised only when the Fair Market Value of a share of Stock subject to the related Option exceeds the Option Price. Such value shall be determined in the manner specified in Section 4.13(b).

(e) An SAR shall be exercisable only by written notice to the Company and only to the extent that the related Option is exercisable. However, an SAR shall in no event be exercisable during the first six months of its term except in the event of death or Permanent Disability of the Participant prior to the expiration of such six-month period.

(f) All SARs shall automatically be exercised on the last trading day prior to the expiration of the related Option, so long as the Fair Market Value of the Stock at the time of exercise exceeds the Option Price, unless prior to such day the holder instructs the Company otherwise in writing.

(g) Payment of the amount to which a Participant is entitled upon the exercise of an SAR shall be made in cash, Company stock, or partly in cash and partly in Company stock, as the Committee shall determine at the time of the Award. To the extent that payment is made in Company stock, the shares shall be valued at their fair market value, as determined by the Committee.

(h) At any time when a Participant is, in the judgment of counsel to the Company, subject to Section 16 of the Securities Exchange Act of 1934 with respect to any equity securities of the Company:



(i) any election by such Participant to receive cash in whole or in part upon the exercise of such SAR shall be made only during the period beginning on the third business day following the date of release by the Company for publication of any quarterly or annual summary statement of its sales and earnings and ending on the twelfth business day following such date of release, and

(ii) in the event the Committee has not determined the form in which such SAR will be paid (i.e., cash, shares of Company stock, or any combination thereof), any election to exercise such right in whole or in part for cash shall be subject to the subsequent consent thereto, or disapproval thereof, by the Committee in its sole discretion.

(i) Each SAR shall expire on a date determined by the Committee at the time of Award, or, if later, upon the termination of the related Option.

## ARTICLE V

### MISCELLANEOUS PROVISIONS

5.1 Nontransferability. No Award under the Plan shall be transferable by the Participant other than by will or the laws of descent and distribution. All Awards shall be exercisable during the Participant's lifetime only by such Participant or his Personal Representative. Any transfer contrary to this Section 5.1 will nullify the Award.

5.2 Amendments. The Committee may at any time discontinue granting Awards under the Plan. The Board may at any time amend the Plan or amend any outstanding Option for the purpose of satisfying the requirements of any changes in applicable laws or regulations or for any other purpose which may at the time be permitted by law; provided that no such amendment shall result in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, becoming inapplicable to any Options or without the approval of the stockholders of the Company (a) increase the maximum number of shares of Stock available under the Plan (subject to adjustment as provided in Section 5.6), (b) reduce the exercise price of Options below the prices provided for in the Plan, (c) extend the time within which Options or SARs may be granted, (d) extend the period of an outstanding Option beyond ten (10) years from the date of grant or (e) change the designation of the persons or classes of persons eligible to receive Awards under the Plan. No amendment shall adversely affect the right of any Participant under any Award theretofore granted to him except upon his written consent to such amendment. Amendments requiring the approval of stockholders may be effected by the Board subject to such approval.

5.3 Termination. The Board may terminate the Plan at any time prior to its scheduled expiration date but no such termination shall adversely affect the rights of any Participant under any Award theretofore granted without his written consent.

5.4 Nonuniform Determinations. The Committee's determinations under the Plan, including without limitation (i) the determination of the Key Personnel and Directors to receive Awards, (ii) the form, amount and timing of such Awards, (iii) the terms and provisions of such Awards and (iv) the Agreements evidencing the same, need not be uniform and may be made by it selectively among Key Personnel and Directors who receive, or who are eligible to receive, Awards under the Plan, whether or not such Key Personnel or Directors are similarly situated.

5.5 No Right to Employment. Neither the action of the Company in establishing the Plan, nor any action taken by it or by the Board or the Committee under the Plan, nor any provision of the Plan, shall be construed as giving to any person the right to be retained in the employ, or as an officer or director, of the Company or any Subsidiary.

5.6 Changes in Stock. In the event of a stock dividend, split-up, or a combination of shares, recapitalization or merger in which the Company is the surviving corporation or other similar capital change, the number and kind of shares of stock or securities of the Company to be subject to the Plan and to Options or SARs then outstanding or to be granted thereunder, the maximum number of shares of stock or security

which may be issued on the exercise of Options granted under the Plan, the Option Price and other relevant provisions shall be appropriately adjusted by the Board, whose determination shall be binding on all persons. In the event of a consolidation or a merger in which the Company is not the surviving corporation, or any other merger in which the stockholders of the Company exchange their shares of stock in the Company for stock of another corporation, or in the event of complete liquidation of the Company, or in the case of a tender offer accepted by the Board of Directors, all outstanding Options and SARs shall thereupon terminate, provided that the Board may, prior to the effective date of any such consolidation or merger, either (i) make all outstanding Options and SARs immediately exercisable or (ii) arrange to have the surviving corporation grant to the Participants replacement Options and SARs on terms which the Board shall determine to be fair and reasonable.

ARTICLES OF INCORPORATION

OF

L.B. FOSTER COMPANY  
(A Pennsylvania Corporation)

ARTICLE 1. The name of the corporation is:

L.B. FOSTER COMPANY

ARTICLE 2. The address of the registered office of the corporation in Pennsylvania (which is located in Allegheny County) is:

412 Holiday Drive, Pittsburgh, Pennsylvania 15220

ARTICLE 3. The corporation is incorporated under the provisions of the Business Corporation Law of 1988.

ARTICLE 4. The aggregate number of shares that the corporation shall have authority to issue is 25,000,000 shares, divided into 20,000,000 shares of Common Stock, par value \$0.01 each, and 5,000,000 shares of preferred stock. The board of directors shall have the full authority permitted by law to divide the authorized and unissued shares of preferred stock into classes or series, or both, and to determine for any such class or series its designation and the number of shares of the class or series and the voting rights, preferences, limitations and special rights, if any, of the class or series.

ARTICLE 5. The following provisions of the Business Corporation Law of 1988 shall not be applicable to the corporation:

- (i) Section 1715 (relating to exercise of powers generally).
- (ii) Section 2538 (relating to approval of transactions with interested shareholders).
- (iii) Subchapter 25E (relating to control transactions).
- (iv) Subchapter 25F (relating to business combinations).
- (v) Subchapter 25G (relating to control-share acquisitions).
- (vi) Subchapter 25H (relating to disgorgement by certain controlling shareholders following attempts to acquire control).

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ARTICLE 6. The shareholders of the corporation shall not have the right to cumulate their votes for the election of directors of the corporation.

ARTICLE 7. These Articles of Incorporation may be amended in the manner prescribed at the time by statute, and all rights conferred upon shareholders in these Articles of Incorporation are granted subject to this reservation.

ARTICLE 8. The name and address of the incorporator are:

L.B. Foster Company  
(a Delaware Corporation)  
415 Holiday Drive  
Pittsburgh, Pennsylvania 15220

L.B. FOSTER COMPANY  
(Incorporator)

By: /s/David L. Voltz

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Name: David L. Voltz  
Title: Vice President

CERTIFICATION UNDER SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of L. B. Foster Company.

/s/Stan L. Hasselbusch  
Stan L. Hasselbusch  
President and  
Chief Executive Officer  
May 13, 2003

CERTIFICATION UNDER SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of L. B. Foster Company.

/s/David J. Russo

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David J. Russo  
Senior Vice President,  
Chief Financial Officer and Treasurer  
May 13, 2003