



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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

October 26, 2010 (October 26, 2010)

L. B. Foster Company

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation)

000-10436

(Commission File Number)

25-1324733

(I.R.S. Employer Identification No.)

415 Holiday Drive, Pittsburgh, Pennsylvania

(Address of principal executive offices)

15220

(Zip Code)

Registrant's telephone number, including area code

(412) 928-3417

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On October 26, 2010, L.B. Foster Company (the “Company”) issued a press release announcing the Company’s results of operations for the third quarter ended September 30, 2010. A copy of that press release is furnished with this report as Exhibit 99.1.

The information contained in this Current Report shall not be deemed to be “filed” for the purposes of Section 18 of the Securities and Exchange Act of 1934 (the “Exchange Act”), as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities and Exchange Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release issued by **L.B. Foster Company**, October 26, 2010.

SIGNATURES

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

L.B. Foster Company

(Registrant)

Date: **October 26, 2010**

/s/ David J. Russo

David J. Russo

Senior Vice President,

Chief Financial and Accounting Officer and

Treasurer

EXHIBIT INDEX

Exhibit Number

99.1

Description

Press Release dated October 26, 2010, of L. B. Foster Company.



PRESS RELEASE

L.B. Foster Company

415 Holiday Drive, Pittsburgh, PA 15220

Contact: David J. Russo

Phone: (412) 928-3417

FAX: (412) 928-7891

Email: investors@LBFosterCo.com

FOR IMMEDIATE RELEASE

L.B. FOSTER REPORTS IMPROVED

THIRD QUARTER RESULTS

PITTSBURGH, PA, October 26, 2010 – L.B. Foster Company (NASDAQ: FSTR), a leading manufacturer, fabricator, and distributor of products and services for rail, construction, energy and utility markets, today reported that 2010 third quarter net income increased by 6.0% to \$6.5 million or \$0.63 per diluted share, compared to \$6.1 million or \$0.60 per diluted share in the third quarter of 2009. The prior year third quarter results included a pretax gain on the sale of marketable securities of \$1.2 million or \$0.07 per diluted share.

2010 Third Quarter Results

Third quarter 2010 net sales increased 28.3% to \$125.6 million compared to \$97.9 million in the prior year quarter. Gross profit margin declined by 210 basis points to 16.0% from the prior year quarter due principally to decreased LIFO income of \$4.2 million, partially offset by improved manufacturing variances of \$1.4 million and reduced scrap and obsolescence charges of \$0.8 million.

Selling and administrative expenses increased by \$0.8 million or 8.7% from last year's quarter due primarily to \$0.5 million of increased incentive compensation expense and increased bad debt expense of \$0.3 million. The negative bad debt comparison is due primarily to a \$0.3 million credit recorded in last year's third quarter as opposed to any problems in our current receivable portfolio. The Company's effective income tax rate was 35.5% in the third quarter compared to 37.6% in the prior year quarter primarily due to an increased domestic manufacturing deduction.

"Sales and profitability were up across all segments in the third quarter of 2010 and our backlog continued at a substantially higher level than it was a year ago. While business activity continues to be inconsistent, especially in the industrial and heavy civil markets, we continue to see a moderate strengthening in most of our businesses," stated Stan Hasselbusch, President and Chief Executive Officer. "Bookings for the quarter were \$124.8 million compared to \$114.3 million last year, a 9.2% increase and backlog was \$204.9 million, up 23.6% from last year," noted Mr. Hasselbusch as he added, "With regard to the Portec acquisition, we are moving forward with a process to divest the assets employed in Portec's insulated bonded rail joint business in order to satisfy the concerns of the Antitrust Division of the Department of Justice and gain its approval to close the acquisition."

2010 Nine Month Results

For the nine months ended September 30, 2010, L.B. Foster reported net income of \$14.3 million or \$1.38 per diluted share compared to net income of \$11.8 million or \$1.15 per diluted share in 2009. Included in the prior year nine month period were unfavorable gross profit adjustments of \$5.3 million (\$0.33 per diluted share) related to concrete tie issues discovered in 2009. Additionally, as previously mentioned, the prior year results included a pretax gain on the sale of marketable securities of \$1.2 million, or \$0.07 per diluted share.

Net sales for the first nine months of 2010 increased 9.4% to \$327.1 million compared to \$298.8 million in the prior year. Gross profit margin was 16.0%, up 120 basis points from 2009, primarily as a result of last year's concrete tie adjustments as well as improved manufacturing variances, partially offset by decreased LIFO credits.

Selling and administrative expenses increased \$3.1 million or 11.7% from the prior year due primarily to acquisition costs of \$1.3 million as well as increased incentive compensation costs of \$1.3 million and bad debt expense of \$0.9 million, partially offset by reduced salaries. Interest expense decreased \$0.3 million from the prior year due to decreased borrowings and, to a lesser extent, lower interest rates. Interest income declined by \$0.4 million due to lower interest rates. The Company's income tax rate was 35.6% compared to 37.5% in the prior year primarily due to an increased domestic manufacturing deduction and reversal of a reserve previously recorded for an uncertain tax position.

Cash generated from operations was approximately \$15.9 million for the third quarter compared to \$7.2 million last year. Cash generated from operations for the first nine months of 2010 was approximately \$32.7 million compared to \$18.0 million in 2009. Capital expenditures for the three and nine months of 2010 were \$1.4 million and \$4.1 million, respectively, compared to \$2.5 million and \$4.8 million, respectively, in the prior year. “We have already generated cash flow significantly in excess of our expected capital expenditures and debt service for 2010. As we operate our business through 2010 and into 2011, we expect to continue to be challenged by a weak economy and a highly competitive business environment and as such, we will review measures to win new sales opportunities, control costs and improve our operational processes while we continue to look for opportunities to leverage our strong balance sheet,” noted Mr. Hasselbusch as he concluded, “We have strong liquidity and access to credit and we continue to look for value through synergistic and accretive acquisitions.”

L.B. Foster Company will conduct a conference call and webcast to discuss its third quarter 2010 operating results and general market activity and business conditions on Tuesday, October 26, 2010 at 11:00am ET. The call will be hosted by Mr. Stan Hasselbusch, President and Chief Executive Officer. Listen via audio on the L.B. Foster web site: www.lbfoster.com, by accessing the Investor Relations page. The replay can also be heard via telephone at (888) 286-8010 by entering pass code 83833550.

There are no assurances regarding the timing of the closing of the merger agreement involving L. B. Foster and Portec or the expected benefits of the transaction, including potential synergies and cost savings or future financial and operating results, and the combined company's plans and objectives. Risks and uncertainties include the satisfaction of closing conditions for the acquisition, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act; the tender of sixty-five percent of the outstanding shares of common stock of Portec Rail Products, Inc., calculated on a fully diluted basis; the possibility that the transaction will not be completed, or if completed, not completed on a timely basis; the potential that market segment growth will not follow historical patterns; general industry conditions and competition; business and economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances and patents attained by competitors; and domestic and foreign governmental laws and regulations. L.B. Foster can give no assurance that any of the transactions related to the tender offer will be completed or that the conditions to the tender offer and the merger will be satisfied.

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 in news releases, and other communications, including oral statements, such as references to future profitability, made from time to time by representatives of the Company. Specific risks and uncertainties that could affect the Company's profitability include, but are not limited to, general economic conditions, sudden and/or sharp declines in steel prices, adequate funding for infrastructure projects, production delays or problems encountered at our manufacturing facilities, additional concrete tie defects and the availability of existing and new piling and rail products. There are also no assurances that the Canadian Pacific Railway will proceed with the Powder River Basin project and trigger any contingent payments to L.B. Foster related to the Company's sale of its investment in the DM&E.

Matters discussed may include forward-looking statements that involve risks and uncertainties. Sentences containing words such as "anticipates," "expects," or "will," generally should be considered forward-looking statements. More detailed information on these and additional factors which could affect the Company's operating and financial results are described in the Company's Forms 10-K, 10-Q and other reports, filed or to be filed with the Securities and Exchange Commission. The Company urges all interested parties to read these reports to gain a better understanding of the many business and other risks that the Company faces. The forward-looking statements contained in this press release are made only as of the date hereof, and the Company undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
	(Unaudited)		(Unaudited)	
NET SALES	\$125,561	\$97,888	\$327,067	\$298,849
COSTS AND EXPENSES:				
Cost of goods sold	105,519	80,130	274,637	254,577
Selling and administrative expenses	9,858	9,068	29,825	26,707
Interest expense	211	328	697	989
Loss on joint venture	31	-	272	-
Gain on sale of marketable securities	-	(1,194)	-	(1,194)
Interest income	(114)	(169)	(295)	(676)
Other income	(46)	(116)	(199)	(445)
	<u>115,459</u>	<u>88,047</u>	<u>304,937</u>	<u>279,958</u>
INCOME BEFORE INCOME TAXES	10,102	9,841	22,130	18,891
INCOME TAX EXPENSE	<u>3,589</u>	<u>3,697</u>	<u>7,877</u>	<u>7,076</u>
NET INCOME	<u>\$6,513</u>	<u>\$6,144</u>	<u>\$14,253</u>	<u>\$11,815</u>
BASIC EARNINGS PER COMMON SHARE	<u>\$0.64</u>	<u>\$0.60</u>	<u>\$1.40</u>	<u>\$1.16</u>
DILUTED EARNINGS PER COMMON SHARE	<u>\$0.63</u>	<u>\$0.60</u>	<u>\$1.38</u>	<u>\$1.15</u>
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC	<u>10,246</u>	<u>10,160</u>	<u>10,203</u>	<u>10,170</u>
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - DILUTED	<u>10,354</u>	<u>10,292</u>	<u>10,324</u>	<u>10,315</u>

L.B. Foster Company and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands)

	September 30, 2010	December 31, 2009
ASSETS	(Unaudited)	
<u>CURRENT ASSETS:</u>		
Cash and cash items	\$144,183	\$124,845
Accounts and notes receivable:		
Trade	62,355	59,062
Other	32	2,116
Inventories	94,688	98,982
Current deferred tax assets	3,671	3,678
Prepaid income tax	711	248
Other current assets	1,220	1,161
Total Current Assets	306,860	290,092
<u>OTHER ASSETS:</u>		
Property, plant & equipment-net	35,453	37,407
Goodwill	3,211	350
Other intangibles - net	1,663	25
Deferred tax assets	1,573	1,574
Investments	4,053	3,358
Other non-current assets	1,320	362
Total Other Assets	47,273	43,076
	\$354,133	\$333,168
LIABILITIES AND STOCKHOLDERS' EQUITY		
<u>CURRENT LIABILITIES:</u>		
Current maturities on other long-term debt	\$2,745	\$2,787
Current maturities on long-term debt, term loan	10,952	2,619
Accounts payable-trade and other	43,549	52,777
Deferred revenue	25,309	9,062
Accrued payroll and employee benefits	6,283	6,106
Other accrued liabilities	6,025	6,409
Total Current Liabilities	94,863	79,760
LONG-TERM DEBT, TERM LOAN	-	10,476
OTHER LONG-TERM DEBT	2,702	2,721
DEFERRED TAX LIABILITIES	1,956	1,893
OTHER LONG-TERM LIABILITIES	5,559	5,726
<u>STOCKHOLDERS' EQUITY:</u>		
Class A Common stock	111	111
Paid-in capital	47,109	47,660
Retained earnings	227,040	212,787
Treasury stock	(24,929)	(27,574)
Accumulated other comprehensive loss	(278)	(392)
Total Stockholders' Equity	249,053	232,592
	\$354,133	\$333,168

