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 June 30, 2000

Commission File Number 0-10436

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

Pennsylvania 25-13247733
(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 X 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 August 4, 2000
Common Stock, Par Value $.01	9,508,534 Shares

L.B. FOSTER COMPANY AND SUBSIDIARIES

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PART II. Other Information
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2000 (unaudited)	December 31, 1999
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 2,189	$ 1,558
Accounts and notes receivable:		
Trade	59,643	52,110
Other	3,086	1,002
	62,729	53,112
Inventories	50,839	45,601
Current deferred tax assets	1,925	1,925
Other current assets	930	981
Property held for resale	1,345	2,856
Total Current Assets	119,957	106,033
Property, Plant & Equipment - At Cost	54,149	51,747
Less Accumulated Depreciation	(23,598)	(21,621)
	30,551	30,126
Property Held for Resale	4,172	4,203
Other Assets:		
Goodwill and intangibles - net	7,140	7,474
Investments	9,016	8,610
Deferred tax assets	1,720	1,720
Other assets	4,092	6,565
Total Other Assets	21,968	24,369
TOTAL ASSETS	$ 176,648	$ 164,731
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 1,030	$ 1,141
Short-term borrowings	8,270	5,000
Accounts payable - trade	34,756	24,446
Accrued payroll and employee benefits	3,112	3,619
Current deferred tax liabilities	1,857	1,857
Other accrued liabilities	916	2,233
Total Current Liabilities	49,941	38,296
Long-Term Borrowings	40,000	40,000
Other Long-Term Debt	3,828	4,136
Deferred Tax Liabilities	6,293	6,293
Other Long-Term Liabilities	1,637	1,356
STOCKHOLDERS' EQUITY:		
Common stock	102	102
Paid-in capital	35,316	35,377
Retained earnings	43,419	42,505
Treasury stock	(3,907)	(3,364)
Accumulated other comprehensive income	19	30
Total Stockholders' Equity	74,949	74,650
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 176,648	$ 164,731

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See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30, 2000	Three Months Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
	(unaudited)		(unaudited)	
Net Sales	$ 71,692	$ 58,743	$ 131,181	$ 112,526
Cost of Goods Sold	61,452	49,798	112,630	96,422
Gross Profit	10,240	8,945	18,551	16,104
Selling and Administrative Expenses	7,950	6,460	15,358	12,447
Interest Expense	997	524	1,935	922
Other Income	(293)	(299)	(874)	(659)
	8,654	6,685	16,419	12,710
Income from Continuing Operations, Before Income Taxes	1,586	2,260	2,132	3,394
Income Tax Expense	636	763	854	1,203
Income from Continuing Operations	950	1,497	1,278	2,191
Loss from Discontinued Operations, Net of Taxes	(189)	(259)	(365)	(493)
Net Income	$ 761	$ 1,238	$ 913	$ 1,698
Basic Earnings Per Common Share From:				
Continuing Operations	$ 0.10	$ 0.15	$ 0.13	$ 0.22
Discontinued Operations	(0.02)	(0.03)	(0.04)	(0.05)
Basic Earnings Per Common Share	$ 0.08	$ 0.12	$ 0.09	$ 0.17
Diluted Earnings Per Common Share From:				
Continuing Operations	$ 0.10	$ 0.15	$ 0.13	$ 0.22
Discontinued Operations	(0.02)	(0.03)	(0.04)	(0.05)
Diluted Earnings Per Common Share	$ 0.08	$ 0.12	$ 0.09	$ 0.17

See Notes to Condensed Consolidated Financial Statements.

L.B. Foster Company and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In Thousands)

	Six Months Ended June 30, 2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:	(unaudited)	
Income from continuing operations	$ 1,278	$ 2,191
Adjustments to reconcile net income to net cash provided (used) by continuing operations:		
Depreciation and amortization	2,492	1,473
Loss on sale of property, plant and equipment	3	21
Change in operating assets and liabilities:		
Accounts receivable	(9,617)	(1,545)
Inventories	(5,238)	(7,427)
Property held for resale	1,611	(3)
Other current assets	51	(303)
Other non-current assets	2,054	268
Accounts payable - trade	10,310	(891)
Accrued payroll and employee benefits	(507)	(1,565)
Other current liabilities	(1,073)	(1,926)
Other liabilities	281	296
Net Cash Provided (Used) by Continuing Operations	1,645	(9,411)
Net Cash Used by Discontinued Operations	(608)	(613)
Net Cash Provided (Used) by Operating Activities	1,037	(10,024)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment		5
Capital expenditures on property, plant and equipment	(2,526)	(1,497)
Purchase of DM&E stock		(6,000)
Acquisition of business		(17,389)
Net Cash Used by Investing Activities	(2,526)	(24,881)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of revolving credit agreement borrowings	3,270	37,045
Exercise of stock options and stock awards	191	329
Treasury share transactions	(796)	(1,702)
Repayments of long-term debt	(538)	(491)
Net Cash Provided by Financing Activities	2,127	35,181
Effect of exchange rate on cash	(7)	10
Net Increase in Cash and Cash Equivalents	631	286
Cash and Cash Equivalents at Beginning of Period	1,558	874
Cash and Cash Equivalents at End of Period	$ 2,189	$ 1,160
Supplemental Disclosures of Cash Flow Information:		
Interest Paid	$ 2,011	$ 948
Income Taxes Paid	$ 1,758	$ 1,767

During 2000 and 1999, the Company financed the purchase of certain capital expenditures totaling $119,000 and $246,000, respectively, through the issuance of capital leases.

See Notes to Condensed Consolidated Financial Statements.

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

1. FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all estimates and adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included, however, actual results could differ from those estimates. The results of operations for these interim periods are not necessarily indicative of the results that may be expected for the year ended December 31, 2000. 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, 1999.

2. ACCOUNTING PRINCIPLES

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements." SAB 101 outlines the basic criteria that must be met to recognize revenue and provides guidelines for disclosure related to revenue recognition policies. As required, the Company will implement SAB 101 in the fourth quarter of 2000 and does not expect it to have a material effect on its consolidated financial statements.

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivative financial instruments and hedging activities. In June 1999, FASB Statement No. 137, "Accounting for Derivative Instruments and Hedging Activities: Deferral of Effective Date of the FASB Statement No. 133," was issued. This statement delays the effective date to all fiscal quarters of all fiscal years beginning after June 15, 2000. This statement will be adopted by the Company in 2001 and is not expected to have a material effect on the consolidated financial statements.

3. ACCOUNTS RECEIVABLE

Credit is extended on an evaluation of the customer's financial condition and, generally, collateral is not required. Credit terms are consistent with industry standards and practices. Trade accounts receivable at June 30, 2000 and December 31, 1999 have been reduced by an allowance for doubtful accounts of $(1,528,000) and $(1,555,000), respectively. Bad debt expense was $(24,000) and $42,000 for the six month periods ended June 30, 2000 and 1999, respectively.

4. INVENTORIES

Inventories of the Company at June 30, 2000 and December 31, 1999 are summarized as follows in thousands:

	June 30, 2000	December 31, 1999
Finished goods	$ 36,408	$ 28,755
Work-in-process	10,472	13,000
Raw materials	6,411	6,298
Total inventories at current costs:	53,291	48,053
(Less):		
Current costs over LIFO stated values	(1,852)	(1,852)
Reserve for decline in market value of inventories	(600)	(600)
	$ 50,839	$ 45,601

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. PROPERTY HELD FOR RESALE

(in thousands)	June 30, 2000	December 31, 1999
Location:		
Norcross, GA	$3,055	$3,055
Coated pipe assets formerly located in Newport, KY	1,345	1,345
Pomeroy, OH	656	665
St. Marys, WV	461	483
Houston, TX		1,511
Property held for resale	$5,517	$7,059
Less current portion	1,345	2,856
	$4,172	$4,203

The Norcross, GA location consists of buildings and approximately 28 acres of land, which are being underutilized by the Company's business.

The Newport, KY location consisting of machinery and equipment was included in the Company's coated pipe division of the tubular products segment. Due to unfavorable market conditions, management suspended operations in September 1998 and intends to dispose of the assets. The Newport machinery and equipment was dismantled in 2000 and the assets were moved to an off-site storage location in Birmingham, AL. An impairment loss of $183,000 was recorded in 1999 in anticipation of the disposal cost.

The Pomeroy, OH and St. Marys, WV locations , consisting of machinery and equipment, buildings, land and land improvements which comprise the Company's Mining division of the rail products segment, were determined not to meet the Company's long-range strategic goals. The Company continues to explore the divestiture of these assets.

In March 2000, the Company sold an undeveloped 62-acre portion of a 127-acre Houston, TX property for approximately $2,000,000.

6. DISCONTINUED OPERATIONS

In the fourth quarter of 1999, the Company made the decision to classify the operations of the Monitor Group, a developer of portable mass spectrometers, as a discontinued operation, pending its sale. Accordingly, the operating results of the Monitor Group have been segregated from continuing operations and reported as a separate line item on the financial statements.

The Company has restated its financial statements to reflect the operating results of the Monitor Group as a discontinued operation, for the prior periods presented.

The six months ended June 30, 2000 includes a net loss from discontinued operations of approximately $365,000. The Company continues ongoing discussions with prospective buyers, with an estimated disposal to occur in 2000.

7. BORROWINGS

In March of 2000, the Company's revolving agreement was reduced to $64.9 million. The interest rate is, at the Company's option, based on the prime rate, the domestic certificate of deposit rate (CD rate) or the Euro-bank rate (LIBOR). The interest rates are established quarterly based upon cash flow and the level of outstanding borrowings to debt as defined in the agreement. Interest rates range from prime to prime plus 0.25%, the CD rate plus 0.575% to 1.8%, the LIBOR rate plus .575% to 1.8%. Borrowings under the agreement, which expires July 1, 2003, are secured by eligible accounts receivable, inventory, and the pledge of the Company-held DM&E Preferred stock.

The agreement includes financial covenants requiring a minimum net worth, a minimum level for the fixed charge coverage ratio, and a maximum level for the consolidated total indebtedness to EBITDA ratio. The agreement also restricts investments, indebtedness, and the sale of certain assets. The Company has received a limited waiver from its banks to exclude restructuring charges from financial covenant calculations from June 30, 2000 through August 28, 2000.

8. EARNINGS PER COMMON SHARE

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

(in thousands, (except earnings per share)	Three Months Ended June 30, 2000	Three Months Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
Numerator:				
Numerator for basic and diluted earnings per common share - net income available to common stockholders:				
Income from continuing operations	$ 950	$ 1,497	$ 1,278	$ 2,191
Loss from discontinued operations	(189)	(259)	(365)	(493)
Net Income	$ 761	$ 1,238	$ 913	$ 1,698
Denominator:				
Weighted average shares	9,491	9,710	9,526	9,748
Denominator for basic earnings per common share	9,491	9,710	9,526	9,748
Effect of dilutive securities:				
Contingent issuable shares pursuant to the Company's Incentive Compensation Plans	64	53	58	41
Employee stock options	13	251	39	253
Dilutive potential common shares	77	304	97	294
Denominator for diluted earnings per common share - adjusted weighted average shares and assumed conversions.................	9,568	10,014	9,623	10,042
Basic earnings per common share:				
Continuing operations	$0.10	$0.15	$0.13	$0.22
Discontinued operations	(0.02)	(0.03)	(0.04)	(0.05)
Basic earnings per common share..........................	$0.08	$0.12	$0.09	$0.17
Diluted earnings per common share:				
Continuing operations	$0.10	$0.15	$0.13	$0.22
Discontinued operations	(0.02)	(0.03)	(0.04)	(0.05)
Diluted earnings per common share..........................	$0.08	$0.12	$0.09	$0.17

9. 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, competitive position, or capital expenditures of the Company.

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the amounts of ultimate liability with respect to these actions will not materially effect the financial position of the Company.

At June 30, 2000, the Company had outstanding letters of credit of approximately $4,099,000.

10. 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 Company's portable mass spectrometer segment, the Monitor Group, was classified as a discontinued operation on December 31, 1999. Prior period results have been adjusted to reflect this classification. The following tables illustrate revenues and profits/(losses) of the Company by segment:

	Three Months Ended June 30, 2000		Six Months Ended June 30, 2000	
(in thousands)	Net Sales	Segment Profit/(Loss)	Net Sales	Segment Profit/(Loss)
Rail products	$35,901	($147)	$68,558	($698)
Construction products	31,221	2,006	52,948	2,362
Tubular products	4,544	315	9,534	721
Total	$71,666	$2,174	$131,040	$2,385

	Three Months Ended June 30, 1999		Six Months Ended June 30, 1999	
(in thousands)	Net Sales	Segment Profit/(Loss)	Net Sales	Segment Profit/(Loss)
Rail products	$35,068	$944	$66,485	$1,155
Construction products	15,596	872	30,892	956
Tubular products	8,124	885	14,988	1,319
Total	$58,788	$2,701	$112,365	$3,430

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 June 30, 2000	Three Months Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
Net Profit/(Loss)				
Total for reportable segments	$2,174	$2,701	$2,385	$3,430
Cost of capital for reportable segments	2,947	2,542	5,899	4,973
Interest expense	(997)	(524)	(1,935)	(922)
Other income	293	299	874	659
Corporate expense and other unallocated charges	(2,831)	(2,758)	(5,091)	(4,746)
Income from continuing operations, before income taxes	$1,586	$2,260	$2,132	$3,394

There has been no change in the measurement of segment profit/(loss) from December 31, 1999. There has been no significant change in segment assets from December 31, 1999.

11. ACQUISITIONS

On June 30 1999, the Company acquired all of the outstanding stock of CXT Incorporated (CXT), a Spokane, WA based manufacturer of engineered prestressed and precast concrete products primarily used in the railroad and transit industries. The purchase price of $17,514,000 has been allocated based on fair values of the assets acquired and liabilities assumed. This allocation has resulted in acquired goodwill of approximately $4,221,000, which is being amortized on a straight-line basis over twenty years.

The acquisition was reported using the purchase method of accounting and has been included in operations since the date of acquisition. The purchase price was allocated to the assets and liabilities based on estimated fair values as of the acquisition date.

Had the acquisition been made at the beginning of 1999, the Company's pro forma unaudited results would have been:

(Dollars in thousands, except per share data)	Six Months Ended June 30, 1999
Net sales	$132,191
Income from continuing operations	2,414
Basic earnings per common share from continuing operations	$0.24

The unaudited pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which would have actually resulted had the acquisition been in effect on January 1, 1999, or of future results of operations.

12. SPECIAL CHARGES

The Company has formulated plans to consolidate or downsize sales and administrative functions and several plant operations as part of its overall plan to increase asset utilization and streamline administrative functions. Special charges of $1,111,000 pretax or $0.07 per share after tax were included in the year to date results. The Company expects to record additional nonrecurring pretax charges of approximately $500,000 related to these programs by its fiscal 2001 year-end. The costs accrued for the implemented programs were based upon management estimates using the latest information available at the time the accrual was established.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
	(Dollars in thousands)			
Net Sales:				
Rail Products	$35,901	$35,068	$68,558	$66,485
Construction Products	31,221	15,595	52,948	30,892
Tubular Products	4,544	8,124	9,534	14,988
Other	26	(44)	141	161
Total Net Sales	$71,692	$58,743	$131,181	$112,526
Gross Profit:				
Rail Products	$4,413	$4,532	$8,599	$8,171
Construction Products	5,326	3,351	8,861	5,944
Tubular Products	763	1,427	1,633	2,451
Other	(262)	(365)	(542)	(462)
Total Gross Profit	10,240	8,945	18,551	16,104
Expenses:				
Selling and administrative expenses	7,950	6,460	15,358	12,447
Interest expense	997	524	1,935	922
Other income	(293)	(299)	(874)	(659)
Total Expenses	8,654	6,685	16,419	12,710
Income From Continuing Operations Before Income Taxes	1,586	2,260	2,132	3,394
Income Tax Expense	636	763	854	1,203
Income From Continuing Operations	950	1,497	1,278	2,191
Loss From Discontinued Operations, Net Of Taxes	(189)	(259)	(365)	(493)
Net Income	$761	$1,238	$913	$1,698
Gross Profit %:				
Rail Products	12.3%	12.9%	12.5%	12.3%
Construction Products	17.1%	21.5%	16.7%	19.2%
Tubular Products	16.8%	17.6%	17.1%	16.4%
Total Gross Profit	14.3%	15.2%	14.1%	14.3%

Second Quarter 2000 Results of Operations

Income from continuing operations for the second quarter of 2000 was $1.0 million or $0.10 per share on net sales of $71.7 million. This compares to a 1999 second quarter income from continuing operations of $1.5 million or $0.15 per share on net sales of $58.7 million.

Net losses from the Monitor Group, classified as a discontinued operation on December 31, 1999, were $0.2 million and $0.3 million in the second quarters of 2000 and 1999, respectively.

Rail products' 2000 second quarter net sales were $35.9 million or an increase of 2.4% over the same period last year. This increase was due to the addition of CXT Incorporated, which more than offset the decline in rail and transit project shipments due to increased industry competition resulting from spending cutbacks by the major railroads. Construction products' net sales doubled from the year earlier quarter as shipments of "H" bearing pile and flat web sheet piling increased. The addition of CXT's building division also increased construction products' sales. Tubular products' sales decreased 44% from the same quarter of 1999 due to the lack of pipe coating projects at the Birmingham, AL facility. Changes in net sales are primarily the result of changes in volume rather than changes in prices.

The gross margin percentage for the total Company was 14% in the second quarter of 2000 and 15% in the 1999 second quarter. Rail products' gross margin percentage declined to 12% in the second quarter of 2000 from 13% in the year earlier quarter. This was primarily the result of a decline in margins for used rail. The gross margin percentage for construction products declined 4.4% from the year earlier quarter primarily due to the mix of piling products sold and lower margins on sign structure projects. Tubular products' gross margin percentage in the second quarter of 2000 declined 0.8% from the same period last year, primarily due to a decline in pipe coating activity.

Selling and administrative expenses increased 23% over the prior year period due to the inclusion of expenses associated with CXT operations and a majority of the special charges discussed later. Interest expense increased over the year earlier quarter due to an increase in outstanding borrowings associated with the acquisition of CXT. The provision for income taxes was recorded at 40% in the second quarter of 2000. The second quarter 1999 provision was recorded at 33% due to the implementation of certain tax planning strategies.

First Six Months of 2000 Results of Operations

Income from continuing operations for the fist six months of 2000 was $1.3 million or $0.13 per share on net sales of $131.2 million. This compares to net income from continuing operations of $2.2 million or $0.22 per share on net sales of $112.5 million for the first half of 1999.

Net losses from the Monitor Group, classified as a discontinued operation on December 31, 1999, were $0.4 million and $0.5 million in the first six months of 2000 and 1999, respectively.

Rail products' net sales in the first half of 2000 were $68.6 million, an increase of 3.1% over the same period last year. The increased sales volume due to the CXT acquisition more than offset the decline in rail and transit project shipments due to increased industry competition resulting from spending cutbacks by the major railroads. Construction products' year to date net sales increased 71.4% over the same period last year as shipments of "H" bearing pile and flat web sheet piling increased. The addition of CXT's building revenues also increased construction products' sales. Net sales of tubular products declined 36.4% due to weakness in the pipe coating market.

The gross margin percentage for the Company in the first six months of 2000 and 1999 was 14%. Rail products' gross margin percentage remained relatively the same as last year. During the first half of 2000, the gross margin percentage for construction products declined 2.5% primarily due to the mix of piling products sold and lower margins on sign structure projects. Tubular products' gross margin percentage improved approximately 0.7% due to more efficient operations at the Langfied, TX threading facility which offset weakness in pipe coating activity.

Selling and administrative expenses have increased 23% over the same period last year due to the inclusion of expenses associated with CXT operations and the special charges discussed below. Interest expense increased over the year earlier quarter due to an increase in outstanding borrowings associated with the acquisition of CXT. The provision for income taxes was recorded at 40% in the first half of 2000 compared to 35% in 1999. The 1999 provision reflected the implementation of certain tax planning strategies.

Special Charges

The Company has formulated plans to consolidate or downsize sales and administrative functions and several plant operations as part of its overall plan to increase asset utilization and streamline administrative functions. Special charges of approximately $0.6 million pretax or $0.04 per share after tax were included in the second quarter's results. Additionally, special charges of $0.5 million pretax or $0.03 per share after tax were included in the first quarter's results. The Company expects to record additional nonrecurring pretax charges of approximately $0.5 million related to these programs by its fiscal 2001 year-end. The costs accrued for the implemented programs were based upon management estimates using the latest information available at the time the accrual was established.

Liquidity and Capital Resources

The Company generates internal cash flow from the sale of inventory and the collection of accounts receivable. During the first six months of 2000, the average turnover rate for accounts receivable was higher than during the same period last year in all of the Company's segments. The average inventory turnover rate for the first six months of 2000 was lower than the same period in 1999, particularly in new and used rail products. Working capital at June 30, 2000 was $70.0 million compared to $67.7 million at December 31, 1999.

During the first quarter of 1999, the Company announced a program to purchase up to 1,000,000 shares of its common stock. As of June 30, 2000, 408,398 shares had been purchased under this program at a cost of $2.1 million.

The Company had capital expenditures of approximately $2.5 million in the first half of 2000. Capital expenditures in 2000, excluding acquisitions, are expected to be approximately $4.0 million and are anticipated to be funded by cash flow from operations.

Total revolving credit agreement borrowings at June 30, 2000 and December 31, 1999 were $48.3 million and $45.0 million, respectively. At June 30, 2000 the Company had $12.5 million in unused borrowing commitment. Outstanding letters of credit at June 30, 2000 were $4.1 million. Management believes its internal and external sources of funds are adequate to meet anticipated needs.

In March of 2000, the Company reduced the revolving agreement to $64.9 million. The interest rate is, at the Company's option, based on the prime rate, the domestic certificate of deposit rate (CD rate) or the Euro-bank rate (LIBOR). The interest rates are established quarterly based upon cash flow and the level of outstanding borrowings to debt as defined in the agreement. Interest rates range from prime to prime plus 0.25%, the CD rate plus 0.575% to 1.8%, the LIBOR rate plus .575% to 1.8%. Borrowings under the agreement, which expires July 1, 2003, are secured by eligible accounts receivable, inventory, and the pledge of the Company held DM&E Preferred stock.

The agreement includes financial covenants requiring a minimum net worth, a minimum level for the fixed charge coverage ratio, and a maximum level for the consolidated total indebtedness to EBITDA ratio. The agreement also restricts investments, indebtedness, and the sale of certain assets. The Company has received a limited waiver from its banks to exclude restructuring charges from financial covenant calculations from June 30, 2000 through August 28, 2000.

Dakota, Minnesota & Eastern Railroad

The Company maintains a significant investment in the Dakota, Minnesota & Eastern Railroad Corporation (DM&E), a privately-held, regional railroad which operates over 1,100 miles of track in five states.

At December 31, 1998, the Company's investment in the stock was recorded at its historical cost of $1.7 million, comprised of $0.2 million of common stock and $1.5 million of the DM&E's Series B Preferred Stock and warrants. On January 13, 1999, the Company increased its investment in the DM&E by acquiring $6.0 million of DM&E Series C Preferred Stock and warrants. On a fully diluted basis, the Company owns approximately 16% of the DM&E's common stock. Although the market value of the DM&E is not readily determinable, management believes that this investment, if the DM&E's Powder River Basin project is successful, will be worth significantly more than its historical cost.

The DM&E announced in June 1997 that it plans 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 DM&E also has announced that the estimated cost of this project is $1.4 billion.

The Project is subject to approval by the Surface Transportation Board (STB). In December 1998, the STB made a finding that the DM&E had satisfied the transportation aspects of applicable regulations. The STB still must address the extent and nature of the project's environmental impact and whether such impact can be adequately mitigated. New construction on this project may not begin until the STB reaches a final decision.

The DM&E has stated that it could repay project debt and cover its operating costs if it captures a 5% market share in the Powder River Basin. If the Project proves to be viable, management believes that the value of the Company's investment in the DM&E could increase dramatically.

Other Matters

On May 2, 2000, a local union of the United Steelworkers of America declared a strike at the Company's Pomeroy, OH facility which manufactures trackwork for the mining industry. The strike was settled 2 1/2 weeks later and had no material impact on the Company's financial results.

In March 2000, the Company sold an undeveloped 62-acre portion of a 127-acre Houston, TX property for approximately $2.0 million.

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

The Company has become TXI Chaparral's exclusive North American distributor of steel sheet piling and "H" bearing pile. Shipments of "H" bearing pile began very late in the third quarter of 1999 from TXI Chaparral's new Petersburg, VA facility. Current mill indications are that the startup of steel sheet piling production will not commence until late in the third quarter with no appreciable production quantities expected this year.

The rail segment of the business depends on one source for fulfilling certain trackwork contracts. At June 30, 2000, the Company had $11.8 million committed to this supplier including inventory progress payments, a note receivable, equipment, and other receivables, principally interest charges on inventory progress payments. If, for any reason, this supplier is unable to perform, the Company could experience a negative short-term effect on earnings.

The Company has agreed to contribute a note, having principal and interest of approximately $2.7 million to a limited liability company created by the Company and its trackwork supplier in exchange for a 30% ownership position.

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, governmental 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 June 30, 2000, was approximately $175.7 million. The following table provides the backlog by business segment:

Backlog	June 30, 2000	June 30, 1999	December 31, 1999
Rail Products			
excluding CXT	$ 54,580	$ 63,293	$ 41,685
CXT	60,603	80,816	69,393
Construction Products	58,281	39,548	41,842
Tubular Products	2,236	2,620	2,012
Total Backlog	$175,700	$186,277	$154,932

Market Risk and Risk Management Policies

The Company is not subject to significant exposure to change in foreign currency exchange rates. The Company does hedge the cash flows from operations of its Canadian subsidiary. The Company manages its exposures to changes in foreign currency exchange rates on firm sales commitments by entering into foreign currency forward contracts. The Company's risk management objective is to reduce its exposure to the effects of changes in exchange rates on sales revenue over the duration of the transaction.

At June 30, 2000, the Company had outstanding foreign currency forward contracts to purchase $212,000 Canadian for approximately $146,000 US.

The Company is also exposed to changes in interest rates primarily from its long-term debt arrangements. The Company uses interest rate derivative instruments to manage exposure to interest rate changes.

The Company has entered into an interest rate swap agreement as the fixed rate payor to reduce the impact of changes in interest rates on a portion of its revolving borrowings. At June 30, 2000 the swap agreement had a notional value of $8,000,000 consisting at 5.48% and expires in January 2001. The swap agreement's floating rate is based on LIBOR. Any amounts paid or received under the agreement are recognized as adjustments to interest expense. Neither the fair market value of the agreement nor the interest expense adjustments associated with the agreement has been material.

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, any inability to obtain necessary environmental and government approvals for the Project in a timely fashion, the expense of environmental mitigation measures required by the Surface Transportation Board, an inability to obtain financing for the Project, competitor's 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 made from time to time by representatives of the Company. Additional delays in TXI Chaparral's production of steel sheet piling would, for example, have an adverse effect on the Company's performance. The nonrecurring charges through 2001 are estimates and are subject to change as the Company further develops its plans. 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, taxes, inflation and governmental regulations. Sentences containing words such as "anticipates", "expects", or "will" generally should be considered forward-looking statements.

PART II OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 9, "Commitments and Contingent Liabilities", to the Condensed Consolidated Financial Statements.

Item 4. RESULTS OF VOTES OF SECURITY HOLDERS

At the Company's annual meeting on May 10, 2000, the following individuals were elected to the Board of Directors:

Name	For Election	Withheld Authority
Lee B. Foster II	9,058,776	243,285
Henry J. Massman IV	9,058,776	243,285
John W. Puth	9,063,881	238,180
William H. Rackoff	9,058,776	243,285
Richard L. Shaw	9,058,160	243,901

The stockholders also voted to approve Ernst & Young, LLP as the Company's independent auditors for the fiscal year ended December 31, 2000. The following table sets forth the results of the vote for independent auditors:

For Approval	Against Approval	Abstained
9,043,429	192,266	66,366

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

a) EXHIBITS

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

3.1	Restated Certificate of Incorporation as amended to date, filed as Appendix B to the Company's April 17, 1998 Proxy Statement.
3.2	Bylaws of the Registrant, as amended to date, filed as Exhibit 3B to Form 8-K on May 21, 1997.
4.0	Rights Agreement, 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 4A to Form 8-A dated May 23, 1997.
4.0.1	Amended Rights Agreement dated as of May 14, 1998, between L. B. Foster Company and American Stock Transfer & Trust Company, filed as Exhibit 4.0.1 to Form 10-Q for the quarter ended June 30, 1998.
4.1	Third Amended and Restated Loan Agreement by and among the Registrant and Mellon Bank, N.A., PNC Bank, National Association, and First Union National Bank dated as of June 30, 1999 and filed as Exhibit 4.1 to Form 10-Q for the quarter ended June 30, 1999.
10.12	Lease between CXT Incorporated and Pentzer Development Corporation, dated April 1, 1993 and 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 Development Corporation, filed as Exhibit 10.12.1 to Form 10-K for the year ended December 31, 1999.
10.13	Lease between CXT Incorporated and Crown West Realty, L.L.C. dated December 20, 1996 and files as Exhibit 10.13 to Form 10-K for the year ended December 31, 1999.
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.
10.16	Lease between Registrant and Greentree Building Associates for Headquarters office, dated as of June 9, 1986, as amended to date, filed as Exhibit 10.16 to Form 10-K for the year ended December 31, 1988.
10.16.1	Amendment dated June 19, 1990 to lease between Registrant and Greentree Building Associates, filed as Exhibit 10.16.1 to Form 10-Q for the quarter ended June 30, 1990.
10.16.2	Amendment dated May 29, 1997 to lease between Registrant and Greentree Building Associates, filed as Exhibit 10.16.2 to Form 10-Q for the quarter ended June 30, 1997.
10.19	Lease between the Registrant and American Cast Iron Pipe Company for Pipe-Coating facility in Birmingham, Alabama dated December 11, 1991, filed as Exhibit 10.19 to Form 10-K for the year ended December 31, 1991.

10.19.1	Amendment to Lease between the Registrant and American Cast Iron Pipe Company for Pipe-Coating facility in Birmingham, Alabama dated April 15, 1997, filed as Exhibit 10.19.1 to Form 10-Q for the quarter ended March 31, 1997.
10.20	Asset Purchase Agreement, dated June 5, 1998, by and among the Registrant and Northwest Pipe Company, filed as Exhibit 10.0 to Form 8-K on June 18, 1998.
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 amended and restated February 26, 1997, filed as Exhibit 10.33.2 to Form 10-Q for the quarter ended June 30, 1997. **
10.34	Amended and Restated 1998 Long-Term Incentive Plan for Officers and Directors, as amended and restated February 24, 1999 and filed as Exhibit 10.34 to Form 10-K for the year ended December 31, 1998. **
10.45	Medical Reimbursement Plan, filed as Exhibit 10.45 to Form 10-K for the year ended December 31, 1992. **
10.46	Leased Vehicle Plan, as amended to date, filed as Exhibit 10.46 to Form 10-K for the year ended December 31, 1997. **
10.50	L.B. Foster Company 2000 Incentive Compensation Plan, filed as Exhibit 10.50 to Form 10-K for the year ended December 31, 1999. **
10.51	Supplemental Executive Retirement Plan, filed as Exhibit 10.51 to Form 10-K for the year ended December 31, 1994. **
19	Exhibits marked with an asterisk are filed herewith.
* 27	Financial Data Schedule
**	Identifies management contract or compensatory plan or arrangement required to be filed as an Exhibit.

b) Reports on Form 8-K

No reports on Form 8-K were filed by the Registrant during the six month period ended June 30, 2000.

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: August 11, 2000

By /s/Roger F. Nejes

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

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