

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

Form 10-Q

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

For Quarter Ended June 30, 1997

Commission File Number 0-10436

L. B. Foster Company

(Exact name of registrant as specified in its charter)

Delaware

25-1324733

(State of Incorporation)

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

415 Holiday Drive, Pittsburgh, Pennsylvania

15220

(Address of principal executive offices)

(Zip Code)

(412) 928-3417

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X

No

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

Class	Outstanding at August 8, 1997
-----	-----
Class A Common Stock, Par Value \$.01	10,162,738 Shares

L. B. FOSTER COMPANY AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 1997	December 31, 1996
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,453	\$ 1,201
Accounts and notes receivable (Note 3):		
Trade	40,793	49,468
Other	2,551	450
	43,344	49,918
Inventories (Note 4)	53,662	42,925
Current deferred tax assets	664	1,214
Other current assets	312	398
Total current assets	99,435	95,656
Property, Plant & Equipment-At Cost	39,471	40,965
Less Accumulated Depreciation	(20,328)	(20,498)
	19,143	20,467
Property Held for Resale	3,986	4,022
Other Assets	7,187	3,253
TOTAL ASSETS	\$129,751	\$123,398
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 1,332	\$ 1,366
Short-term borrowings (Note 5)	17,918	6,000
Accounts payable	14,161	19,060
Accrued payroll and employee benefits payable	2,567	3,543
Other current liabilities	1,186	2,160
Total current liabilities	37,164	32,129
Long-Term Debt	21,150	21,816
Deferred Tax Liabilities	474	394
Other Long-Term Liabilities	1,944	1,878
Stockholders' Equity:		
Class A Common stock	102	102
Paid-in capital	35,445	35,276
Retained earnings	33,616	32,338
Treasury stock	(144)	(535)
Total stockholders' equity	69,019	67,181
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$129,751	\$123,398

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, 1997 1996		Six Months Ended June 30, 1997 1996	
Net Sales	\$ 53,716	\$ 64,758	\$108,210	\$113,061
Costs and Expenses:				
Cost of Goods Sold	45,988	56,565	94,048	98,668
Selling and Administrative Expenses	5,825	5,610	11,127	11,013
Interest Expense	646	611	1,181	1,175
Other (Income) Expense	(24)	(209)	(107)	(336)
	52,435	62,577	106,249	110,520
Income Before Income Taxes	1,281	2,181	1,961	2,541
Income Tax Expense	410	926	683	1,066
Net Income	\$ 871	\$ 1,255	\$ 1,278	\$ 1,475
Earnings Per Common Share (Note 6)				
	\$ 0.09	\$ 0.13	\$ 0.13	\$ 0.15
Average Number of Common Shares Outstanding				
	10,163	9,944	10,147	9,939
Cash Dividend per Common Share				
	\$ -	\$ -	\$ -	\$ -

See Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended June 30,	
	1997	1996
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Cash Flows from Operating Activities:		
Net Income	\$ 1,278	\$ 1,475
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Deferred income taxes	630	1,066
Depreciation and amortization	1,333	1,608
Gain on sale of property, plant and equipment	(188)	(413)
Change in Operating Assets and Liabilities:		
Accounts receivable	6,574	(1,614)
Inventories	(10,487)	(3,273)
Property held for resale	36	1,342
Other current asset	86	233
Other non-current assets	(297)	(578)
Accounts payable-trade	(4,899)	(432)
Accrued payroll and employee benefits	(976)	(76)
Other current liabilities	(974)	(1,582)
Other liabilities	66	105
<hr style="border-top: 1px dashed black;"/>		
Net Cash Used by Operating Activities	(7,818)	(2,139)
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Cash Flows from Investing Activities:		
Proceeds from sale of property, plant and equipment	1,309	1,580
Capital expenditures on property, plant and equipment	(983)	(1,129)
Purchase of DM&E stock	(1,500)	
Acquisition of business	(2,500)	
<hr style="border-top: 1px dashed black;"/>		
Net Cash (Used) provided by Investing Activities	(3,674)	451
<hr style="border-top: 1px dashed black;"/>		
Cash Flows from Financing Activities:		
Proceeds from issuance of revolving credit agreement borrowings	11,918	2,485
Exercise of stock options	560	60
Payments of capital leases	(734)	(645)
<hr style="border-top: 1px dashed black;"/>		
Net Cash Provided by Financing Activities	11,744	1,900
<hr style="border-top: 1px dashed black;"/>		
Net Increase in Cash and Cash Equivalents	252	212
<hr style="border-top: 1px dashed black;"/>		
Cash and Cash Equivalents at Beginning of Period	1,201	1,325
<hr style="border-top: 1px dashed black;"/>		
Cash and Cash Equivalents at End of Period	\$ 1,453	\$ 1,537
<hr style="border-top: 1px dashed black;"/>		
Supplemental Disclosures of Cash Flow Information:		
Interest Paid	\$ 1,139	\$ 1,201
<hr style="border-top: 1px dashed black;"/>		
Income Taxes Paid	\$ 565	\$ 241
<hr style="border-top: 1px dashed black;"/>		

During 1997 and 1996, the Company financed the purchase of certain capital expenditures totaling \$33,500 and \$137,000, 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, 1997. 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, 1996.

2. ACCOUNTING PRINCIPLES

In October 1995, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation". The Company follows the requirements of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for stock-based compensation. The Company provides, when material, the pro forma disclosures required by SFAS No. 123.

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income" and SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information". The Company does not anticipate that the reporting requirements of SFAS No. 130 or SFAS No. 131 will have a material impact on existing disclosures.

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, 1997 and December 31, 1996 have been reduced by an allowance for doubtful accounts of \$1,935,000 and \$1,803,000, respectively. Bad debt expense was \$132,000 and (\$30,000) for the three month periods ended June 30, 1997 and 1996, respectively.

4. INVENTORIES

Inventories of the Company at June 30, 1997 and December 31, 1996 are summarized as follows (in thousands):

	June 30, 1997	December 31, 1996

Finished goods	\$ 38,525	\$ 31,347
Work-in-process	13,971	11,117
Raw materials	3,990	3,135

Total inventories at current costs:	56,486	45,599
(Less):		
Current costs over LIFO stated values	(2,224)	(2,074)
Reserve for decline in market value of inventories	(600)	(600)

	\$ 53,662	\$ 42,925

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. SHORT-TERM BORROWINGS

The Company maintains a \$45,000,000 revolving credit agreement. 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. The interest rates are adjusted quarterly based on the fixed charge coverage ratio defined in the agreement. The ranges are prime to prime plus 0.25%, the CD rate plus 0.45% to the CD rate plus 1.125%, and the Euro-bank rate plus 0.45% to the Euro-bank rate plus 1.125%. Borrowings under the agreement, which expires July 1, 1999, are secured by accounts receivable and inventory.

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

6. EARNINGS PER COMMON SHARE

Earnings per common share are computed by dividing net income by the average number of Class A common shares and common stock equivalents outstanding during the periods ended June 30, 1997 and 1996 of approximately 10,163,000 and 9,944,000, respectively.

Common stock equivalents are the net additional number of shares which would be issuable upon the exercise of the outstanding common stock options, assuming that the Company used the proceeds to purchase additional shares at market value. Common stock equivalents had no material effect on the computation of earnings per share for the periods ending June 30, 1997 and 1996.

In February 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings per Share", which is required to be adopted on December 31, 1997. At that time, the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. The impact of Statement 128 on the calculations of primary and fully diluted earnings per share for the second quarters ended June 30, 1997 and June 30, 1996 is not material.

7. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is subject to laws and regulations relating to the protection of the environment. While it is not possible to quantify with certainty the potential impact of actions regarding environmental matters, particularly any future remediation and other compliance efforts, in the opinion of management, compliance with the present environmental protection laws will not have a material adverse effect on the financial position, competitive position, or capital expenditures of the Company. The Company will provide for any liability as defined in SOP 96-1, "Environmental Remediation Liabilities. However, the Company's efforts to comply with increasingly stringent environmental regulations may have an adverse effect on the Company's future earnings.

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

At June 30, 1997, the Company had outstanding letters of credit of approximately \$917,000.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1997	1996	1997	1996
(Dollars in thousands)				
Net Sales:				
Rail Products	\$ 25,603	\$ 25,109	\$ 49,149	\$ 48,628
Construction Products	13,985	23,663	33,183	39,681
Tubular Products	14,128	15,986	25,878	24,752
Total Net Sales	53,716	64,758	108,210	113,061
Gross Profit:				
Rail Products	3,746	3,549	6,433	7,063
Construction Products	2,486	3,294	4,864	5,371
Tubular Products	1,496	1,350	2,865	1,959
Total Gross Profit	7,728	8,193	14,162	14,393
Expenses:				
Selling and administrative expenses	5,825	5,610	11,127	11,013
Interest Expense	646	611	1,181	1,175
Other (income) expense	(24)	(209)	(107)	(336)
Total Expenses	6,447	6,012	12,201	11,852
Income Before Income Taxes	1,281	2,181	1,961	2,541
Income Tax Expense	410	926	683	1,066
Net Income	\$ 871	\$ 1,255	\$ 1,278	\$ 1,475
Gross Profit %:				
Rail Products	14.6%	14.1%	13.1%	14.5%
Construction Products	17.8%	13.9%	14.7%	13.5%
Tubular Products	10.6%	8.4%	11.1%	7.9%
Total Gross Profit %	14.4%	12.7%	13.1%	12.7%

Second Quarter 1997 Results of Operations

The net income for the 1997 second quarter was \$0.9 million or \$0.09 per share on net sales of \$54 million. This compares to a 1996 second quarter net income of \$1.3 million or \$0.13 per share on net sales of \$65 million.

Rail products' second quarter net sales were 25.6 million in 1997 and \$25.1 million in 1996. Construction products' second quarter net sales decreased 41% from the year earlier quarter, due primarily to the decline in piling sales which resulted from

the loss of our sheet piling producer and also, to lower shipments of bridge and highway products. Tubular products' net sales in the quarter were 12% lower than the year earlier quarter due primarily to lower coating activity. Changes in net sales are primarily the result of changes in volume rather than changes in prices.

The gross margin percentage for the total company in the 1997 second quarter increased to 14% from 13% in the 1996 second quarter. Rail products' gross margin percentage remained approximately 14% while Construction products' gross margin percentage increased 4% as a result of the reduced volume of lower margin piling sales. The gross margin percentage for tubular products climbed to almost 11% from 8% as a result of higher margins on sales of coated pipe and coating services sales.

Selling and administrative expenses increased 4% in the second quarter of 1997 in comparison to the same period last year, due in part to product development expenses associated with the Monitor Group. Interest expense increased 6% from the year earlier quarter due to higher borrowing costs resulting from the increased investment in inventory associated with the purchase of Bethlehem Steel's remaining sheet piling production. The total income tax provision in the second quarter of 1997 decreased to 32% of income before taxes as a result of reduced state income tax provisions.

First Six Months of 1997 Results of Operations

Net income for the first six months of 1997 was \$1.3 million or \$0.13 per share on net sales of \$108 million. This compares to net income of \$1.5 million or \$0.15 per share for the first half of 1996 on net sales of \$113 million.

Rail products' net sales in the first half of 1997 were \$49 million, the same as in the first half of 1996. Construction products' net sales declined 16% due to the shut down of our major piling producer and the decision to terminate the pile driving equipment division. Tubular products' net sales were \$26 million in the first half of 1997 and \$25 million in 1996.

The gross margin percentage for the Company was 13% in both the first six months of 1997 and 1996. Rail products' gross margin percentage declined from 14% to 13% while construction products' gross margin increased to 15% from 14%. The gross margin percentage for Tubular products increased to 11% from 8% due to higher margins on sales of coated pipe and coating services as stated earlier.

Selling and administrative expenses for the first six months of 1997 and 1996 were unchanged at \$11 million. As noted previously, the change in the state income tax provision had the effect of lowering the effective rate by approximately 5% for the first six months of 1997.

Liquidity and Capital Resources

The Company's ability to generate internal cash flow ("liquidity") results from the sale of inventory and the collection of accounts receivable. During the first six months of 1997, the average turnover rate for inventory decreased from the prior year primarily due to purchases of sheet piling inventory. The Company's supplier of sheet piling products, Bethlehem Structural Products Corporation, shut down its hot rolled sheet piling and structural products facility in Bethlehem, PA in March, 1997. The Company purchased Bethlehem's remaining piling production, prior to shutdown, and will use a portion of this inventory to maintain its rental piling business beyond 1997. The turnover rate for accounts receivable during the first six months of 1997 was higher than during the same period of the prior year due to an increase in collection rate. Working capital at June 30, 1997 was \$62.3 million compared to \$63.5 million at December 31, 1996.

During the first six months of 1997, the Company had capital expenditures of \$1.0 million. In addition, the Company purchased the assets of the Monitor Group for \$2.5 million and increased its investment in the Dakota, Minnesota & Eastern Railroad Corporation by \$1.5 million. Excluding acquisitions, capital expenditures in 1997 are not expected to exceed \$2.0 million and are anticipated to be funded by cash flow from operations.

Total revolving credit agreement borrowings at June 30, 1997 were \$35.9 million or an increase of \$6.7 million from the end of the prior year. At June 30, 1997, the Company had approximately \$8.2 million in available unused borrowing commitment. Management believes its internal and external sources of funds are adequate to meet anticipated needs.

Other Matters

In June, 1997, the Company increased its 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, by acquiring \$1.5 million of the DM&E's Series B Preferred Stock and warrants. The Company maintained its ownership of approximately 13% of the DM&E's outstanding common stock on a fully diluted basis. The Company's investment in the DM&E's stock is recorded in the Company's accounts at its historical cost of \$1.7 million including, \$0.2 million of common stock and \$1.5 million of the DM&E Series B Preferred Stock and warrants. Although its market value is not readily determinable, management believes that this investment, without taking into account the DM&E's proposed Powder River Basin project, could be worth significantly more than its historical cost.

The DM&E announced in June, 1997 that it plans to build approximately 250 miles of new railroad as 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 650 miles of its existing track (the "Project"). The DM&E also has announced that the estimated cost of this Project is \$1.2 billion. The Project is subject to approval by the Surface Transportation Board and the Project is scheduled to be

completed within 5 years if the DM&E is able to obtain the required financing. Morgan Stanley & Co. Inc. has been retained by the DM&E to assist in identifying strategic partners to join in the Project. The DM&E has stated that the DM&E 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.

As stated previously, the Company intends to divest its Fosterweld operations but does not expect to complete any sale in the near-term. Additionally, the Company has terminated its pile driving equipment business through sales and leases of its remaining assets.

On May 6, 1997 the Company acquired the assets of the Monitor Group. The Monitor Group designs, develops and assembles portable mass spectrometers. Mass spectrometers are used to measure gas compositions and concentrations for various applications, including monitoring air quality for the mining industry and serving as a process monitor and diagnostic tool in chemical manufacturing industries. For the balance of 1997, the Company anticipates that the Monitor Group's operating costs will exceed the Division's revenue.

Management continues to evaluate the overall performance of certain operations. A decision to terminate an existing operation could have a material effect on near-term earnings but would not be expected to have a material adverse effect on the financial condition of the Company.

Outlook

As previously disclosed, the Company's primary supplier of hot rolled sheet piling products has ceased operations as of March, 1997. The Company has agreed to become the exclusive distributor of sheet piling for Chaparral Steel when it enters this market. Chaparral has announced a plan to build a new facility to produce sheet piling and expects to begin operations in 1999.

The rail segment of the business depends on one source for fulfilling certain trackwork contracts. The Company has provided \$5.6 million of working capital to this supplier in the form of loans and advanced payments. If, for any reason, this supplier is unable to perform, the Company could experience a negative short term effect on earnings.

The Company's operations are in part dependent on governmental funding of infrastructure projects. Significant changes in the level of government funding of these projects could have a favorable or unfavorable impact on the operating results of the Company. Additionally, governmental actions concerning taxation, tariffs, the environment or other matters could impact the operating results of the Company. The Company's operating results may also be affected by the weather.

Although backlog is not necessarily indicative of future operating results, total Company backlog at June 30, 1997, was approximately \$70 million. This does not include the previously awarded Tren-Urbano project which will have an order value of \$17 - \$20 million. If this project was included in the following table, Rail Products' backlog would be, at a minimum, \$53 million and the total backlog would be \$87 million.

Backlog			
	June 30, 1997		December 31, 1996
(Dollars in thousands)			
Rail Products	\$ 36,099	\$ 46,035	\$ 36,100
Construction Products	20,451	30,068	28,080
Tubular Products	13,372	16,403	11,328
Total Backlog	\$ 69,922	\$ 92,506	\$ 75,508

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 assessments on information provided by the DM&E and has not independently verified such information. In addition to matters mentioned above, factors which could adversely affect the value of the DM&E, its ability to complete the Project or the viability of the Project include the following: any failure to meet the requirements of the DM&E's credit agreements, insufficient capital or operating cash flows, adverse weather conditions, labor disputes, any inability to obtain necessary environmental and other governmental approvals for the Project in a timely fashion, an inability to obtain financing for the Project, competitors' responses to the Project (such as cutting coal-freight rates), changes in the demand for coal or electricity and changes in environmental and other 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. 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.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 7, "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 15, 1997, the following individuals were elected to the Board of Directors:

Name	For Election	Withheld Authority
L. B. Foster II	8,809,273	104,293
J. W. Puth	8,812,756	100,810
W. H. Rackoff	8,812,792	100,774
R. L. Shaw	8,812,856	100,710
J. W. Wilcock	8,812,856	100,710

Additionally, the shareholders voted to approve Ernst & Young, LLP as the Company's independent auditors for the fiscal year ended December 31, 1997. The following table sets forth the results of the vote for independent auditors:

For Approval	Against Approval	Abstained
8,836,693	51,145	25,728

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

a) EXHIBITS

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

- 3.1 Restated Certificate of Incorporation as amended to date filed as Exhibit 3.1 to Form 10-Q for the quarter ended March 31, 1987.
- 3.2 Bylaws of the Registrant, as amended to date, filed as Exhibit 3.2 to Form 10-K for the year ended December 31, 1993.
- 4A 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.

- 4.1 Amended and Restated Loan Agreement by and among the Registrant and Mellon Bank, N.A., NBD Bank, and Corestates Bank, N.A. dated as of November 1, 1995 and filed as Exhibit 4.1 to Form 10-K for the year ended December 31, 1995.
- 10.15 Lease between the Registrant and Amax, Inc. for manufacturing facility at Parkersburg, West Virginia, dated as of October 19, 1978, filed as Exhibit 10.15 to Registration Statement No. 2-72051.
- 10.16 Lease between Registrant and Greentree Building Associates for Headquarters office, dated as of June 9, 1986, as amended to date, filed as Exhibit 10.16 to Form 10-K for the year ended December 31, 1988.
- 10.16.1 Amendment dated June 19, 1990 to lease between Registrant and Greentree Building Associates, filed as Exhibit 10.16.1 to Form 10-Q for the quarter ended June 30, 1990.
- * 10.16.2 Amendment dated May 29, 1997 to lease between Registrant and Greentree Building Associates.
- 10.19 Lease between the Registrant and American Cast Iron Pipe Company for Pipe Coating Facility in Birmingham, Alabama dated December 11, 1991 and filed as Exhibit 10.19 to Form 10-K for the year ended December 31, 1991.
- 10.19.1 Amendment to Lease between the Registrant and American Cast Iron Pipe Company for Pipe Coating Facility in Birmingham, Alabama dated April 15, 1997.
- * 10.33.2 Amended and Restated 1985 Long-Term Incentive Plan, as amended and restated July 30, 1997. **
- 10.45 Medical Reimbursement Plan filed as Exhibit 10.45 to Form 10-K for the year ended December 31, 1992. **
- 10.46 Leased Vehicle Plan as amended to date. Filed as Exhibit 10.46 to Form 10-K for the year ended December 31, 1993. **
- 10.49 Lease agreement between Newport Steel Corporation and L.B. Foster Company dated as of October 12, 1994 and filed as Exhibit 10.49 to Form 10-Q for the quarter ended September 30, 1994.
- 10.50 L. B. Foster Company 1997 Incentive Compensation Plan. Filed as Exhibit 10.50 to Form 10-K for the year ended December 31, 1996. **

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

19 Exhibits marked with an asterisk are filed herewith.

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

b) REPORTS ON FORM 8-K

On June 2, 1997, the Registrant filed a Current Report on Form 8-K
announcing that L. B. Foster Company declared a dividend distribution
of stock purchase rights.

SIGNATURE

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

L. B. FOSTER COMPANY
(Registrant)

Date: August 11, 1997

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)

6-MOS

DEC-31-1997

JUN-30-1997

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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.

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE is made as of the 30th day of April, 1997, by and between MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, a Massachusetts corporation ("Landlord"), and L.B. FOSTER COMPANY, a Delaware corporation ("Tenant").

RECITALS:

A. Landlord's predecessor in title and Tenant entered into that certain Lease dated June 9, 1986 (the "Original Lease"), whereby Landlord's predecessor in title leased to Tenant certain premises consisting of 34,767 rentable square feet of office space on the first, second and third floors of that certain office building known as Foster Plaza and located at 415 Holiday Drive, Pittsburgh, Pennsylvania, for a lease term to expire on September 30, 1991.

B. Landlord's predecessor in title and Tenant entered into a certain Amendment to Lease dated March 14, 1988 (the "First Amendment"), whereby the premises demised under the Original Lease were reduced to 30,844 rentable square feet of office space on the first, second and third floors of the aforesaid building (the "Existing Premises").

C. Landlord and Tenant entered into a certain Second Amendment to Lease dated June 19, 1990 (the "Second Amendment"), whereby the expiration date of the lease term of the Original Lease, as amended, was extended to April 30, 1997. The Original Lease, as amended by the First Amendment and the Second Amendment, is hereinafter called the "Lease."

D. Landlord became the owner of the aforesaid building and succeeded to the interest of the landlord under the Lease.

E. Landlord and Tenant desire to further amend the Lease to (i) further extend the expiration date of the lease term of the Lease, and (ii) further reduce the premises demised under the Lease, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. DEFINITIONS. Each capitalized term used as a defined term in this Third Amendment but not otherwise defined herein shall have the same meaning as is ascribed to such capitalized term in the Lease.

2. EXTENSION OF TERM. The expiration date of the Term is extended from April 30, 1997 to April 30, 2007. All of the terms and provisions of the Lease shall apply with respect to that part of the Term occurring after April 30, 1997, except as otherwise provided herein. From and after the date hereof, the word "Term" as used and defined in the Lease, as hereby amended, shall mean the initial Term as heretofore extended and as extended under this Paragraph 2.

3. TERMINATED SPACE.

A. Termination of Lease for Terminated Space. Effective as of April 30, 1997 (the "Termination Date") the Lease shall terminate pro tanto with respect only to that part of the Premises (the "Terminated Space") consisting of 3,663 rentable square feet consisting of all of that portion of the Existing Premises which are located on the third floor of the Building. Rent owing for the Terminated Space shall be paid through and apportioned as of the Termination Date. Neither Landlord nor Tenant shall have any rights, estates, liabilities or obligations under the Lease with respect to the Terminated Space for the period accruing after the Termination Date, except those which pursuant to the Lease are intended to survive the expiration or termination of the Term.

B. Lease for Terminated Space. Landlord leases to Tenant and Tenant takes and hires from Landlord the Terminated Space for a lease term commencing on May 1, 1997 and expiring on September 30, 1997. There shall be no charge to Tenant for the use of the

Terminated Space from May 1, 1997 through September 30, 1997. Thereafter, the Terminated Space shall be leased on a month-to-month basis and shall expire on any date occurring on or after September 30, 1997 and which is thirty (30) days after the date upon which either party gives a written notice to the other party terminating the month-to-month tenancy for the Terminated Space. The Terminated Space shall be leased upon all of the same terms and provisions as are contained in the Lease, as hereby amended. Effective as of October 1, 1997, Tenant shall pay monthly minimum rent for the Terminated Space in the amount of Five Thousand Four Hundred Eighteen and 19/100 Dollars (\$5,418.19)(i.e. \$17.75 per rentable square foot of the Terminated Space per year). If the lease term for the Terminated Space continues after December 31, 1997, then, effective as of January 1, 1998, Tenant shall pay Additional Rent for the Terminated Space under Paragraphs 8 and 9 of the Original Lease, as amended by Paragraph 2(c) of the First Amendment, Paragraphs 2(d) and 2(e) of the Second Amendment and Paragraph 6 of this Third Amendment, except that with respect only to the Terminated Space, "Tenant's proportionate share" as defined in Paragraph 8 of the Original Lease shall be 8.42% (and the base year for the Terminated Space shall be calendar year 1997 as is provided in Paragraph 6 below). Tenant shall accept the Terminated Space during the month-to-month tenancy for the Terminated Space in an "as-is" condition.

4. NEW PREMISES. Landlord leases to Tenant and Tenant leases from Landlord those certain premises (the "Additional Premises") consisting of 731 rentable square feet of office space on the first floor of the Building, as shown on Exhibit A attached hereto, for a lease term to commence on May 1, 1997 and to expire on April 30, 2007, unless sooner terminated as provided in the Lease. The Additional Premises are leased upon all of the same terms and provisions as are contained in the Lease, as hereby amended, except as otherwise set forth herein. As used herein "New Premises" shall mean and refer to 27,912 rentable square feet consisting of the Existing Premises and the Additional Premises less the Terminated Space. Effective as of May 1, 1997, the term "Premises" as used and defined in the Lease, as hereby amended, shall mean and refer to the New Premises.

5. TOTAL MINIMUM RENT. Tenant shall pay total minimum rent as and when required under the Lease for that part of the Term

occurring after April 30, 1997, except that effective as of May 1, 1997, such total minimum rent shall be in the following amounts for the following periods:

Period	Annual Minimum Rent	Monthly Minimum Rent	Annual Rate of Minimum Rent Per RSF
5/1/97 - 4/30/00	\$495,438	\$41,286.50	\$17.75
5/1/00 - 4/30/03	523,350	43,612.50	18.75
5/1/03 - 4/30/07	551,262	45,938.50	19.75

6. ADDITIONAL RENT. Tenant shall pay Additional Rent under Paragraphs 8 and 9 of the Original Lease, as amended by Paragraph 2(c) of the First Amendment and Paragraphs 2(d) and 2(e) of the Second Amendment, for that part of the Term occurring after April 30, 1997, except that effective as of May 1, 1997: (a) "Tenant's proportionate share" as defined in Paragraph 8 of the Original Lease, shall be reduced to 65.28% [which was determined by dividing the rentable area of the New Premises (i.e. 27,912 square feet) by the rentable area of the Building (i.e. 42,756 square feet)], (b) all references in Paragraph 8 of the Original Lease (as amended by Paragraph 2(d) of the Second Amendment) to "the Total Real Estate Taxes for calendar year 1990" shall be deleted and "the Total Real Estate Taxes for calendar year 1997" shall be substituted in lieu thereof, and (c) all references in Paragraph 9 of the Original Lease (as amended by Paragraph 2(e) of the Second Amendment) to "the Total Operating Expenses for calendar year 1990" shall be deleted and "the Total Operating Expenses for calendar year 1997" shall be substituted in lieu thereof.

7. CONDITION OF PREMISES.

No agreement of Landlord to alter, remodel, decorate, clean or improve the New Premises, and no representation regarding the condition of the New Premises or the Building, have been made by or on behalf of Landlord or relied upon by Tenant, except as is expressly set forth in this Third Amendment. Landlord and Tenant agree to renovate and improve the New Premises and pay for such renovations and improvements in accordance with the Work Letter Agreement attached hereto as Exhibit B.

8. RIGHT OF FIRST OFFER.

(a) Deletion. Paragraph 1 of the Rider attached to the Original Lease (Right of First Refusal) is deleted from the Original Lease in its entirety and shall be of no further force or effect.

(b) Right of First Offer. Tenant is hereby granted a one-time right of first offer to lease the Terminated Space during the Term. Before Landlord first leases the Terminated Space to any party, Landlord will notify Tenant of Landlord's intent to lease the Terminated Space. Tenant will thereupon have a one-time right of first offer to lease the Terminated Space prior to other third parties. Within seven (7) days after such notice, time being of the essence, Tenant shall give Landlord a notice that it either does or does not

desire to lease the Terminated Space. In the event that Tenant's notice provides that it does not desire to lease the Terminated Space or if Tenant fails to give Landlord the notice of its desires respecting the Terminated Space within the foregoing required seven (7) day period, then Landlord shall be entitled to proceed to lease the Terminated Space to a third party free and clear of Tenant's right of first offer and such right shall be deemed forever terminated with respect to the Terminated Space.

(c) Terms. If Tenant exercises such right of first offer, Tenant shall lease the First Offer Space upon all of the same terms and provisions as are contained in the Lease, as hereby amended. The lease term for the Terminated Space shall commence on the date which is 30 days after the date upon which Tenant exercises its right of first offer and shall expire on April 30, 2007. The annual rate of minimum rent per rentable square foot and the annual rate of Additional Rent per rentable square foot payable for the Terminated Space shall be equal at all times during the lease term for the Terminated Space to the annual rate of minimum rent per rentable square foot, and the annual rate of Additional Rent per rentable square foot, respectively, then payable for the New Premises under the Lease, as hereby amended. The provisions of Paragraph 7 of this Third Amendment shall apply with respect to the Terminated Space, except that the TL Allowance for the Terminated Space shall be an amount equal to the product of (i) 3,663, multiplied by (ii) \$17.00, multiplied by (iii) a fraction, the numerator of which is the number of months in the lease term for the Terminated Space and the denominator of which is 120, and the amount of the remaining balance (if any), of "Landlord's Contribution" as defined in Paragraph 8(b) of the Work Letter Agreement shall be adjusted upward by such amount and Tenant shall have 210 days after the lease term for the Terminated Space commences to utilize 100% of such additional allowance.

(d) Amendment. In the event that Tenant exercises its right of first offer, then Tenant shall have thirty (30) days from the date of the notice within which to amend the Lease by adding the Terminated Space. In the event Tenant fails to sign such amendment to the Lease within said thirty (30) day period, time being of the essence, then Landlord shall be entitled to proceed to market and/or lease the Terminated Space to a third party free and clear of such right of first offer and such right of first offer shall be deemed terminated.

(e) Personal Right. The right of first offer herein granted shall be a personal right in favor of L.B. Foster Company, and shall terminate and become null and void upon any assignment of the Lease or sublease of the Premises, or any part thereof.

9. SIGNAGE. Tenant shall have the right to maintain during the Term, as hereby extended, (i) Tenant's sign (the "Penthouse Sign") now located on the penthouse of the Building, and (ii) Tenant's sign now located on Landlord's monument sign for the Building located on the Land; provided, however, that if Landlord's monument sign deteriorates or is damaged by any cause (other than damage caused by Landlord, in which event Landlord shall repair Landlord's monument sign, at its expense) and Landlord elects not to rebuild or repair Landlord's monument sign, then Tenant, at its expense, may, subject to applicable laws, rebuild or repair Landlord's monument sign (at the same location and of a size and design which is approved by Landlord, which approval shall not be unreasonably withheld), in which event Tenant shall continue to have the non-exclusive right to maintain a sign identifying L.B. Foster Company on such repaired

or rebuilt monument sign with letters of the same height as now exist on such monument sign. Tenant, at its expense, shall maintain the Penthouse Sign during the Term. Landlord agrees that no tenant of the Building will be permitted to install either (a) any sign identifying such tenant and located on the exterior facade of the Building, or (b) any monument sign identifying such tenant and which sign is located on the Land and contains letters which are larger than the letters identifying L.B. Foster Company on any monument sign on the Land which then exists. The signage restrictions contained herein are personal to L.B. Foster Company and shall automatically terminate if at any time during the Term, as hereby extended, L.B. Foster Company is in actual occupancy of and conducting business from less than 20,000 rentable square feet of space in the Building and paying rental for less than 20,000 rentable square feet of space in the Building.

10. REMEDIES. Notwithstanding anything contained in Paragraph 25 of the Original Lease to the contrary, in the event of any default or breach of the Lease by Tenant, Landlord shall take reasonable measures to mitigate the damages recoverable against Tenant; provided, however, that Landlord shall not be obligated to relet or attempt to relet the Premises on a priority basis per other unleased or unoccupied space in the Building.

11. ACCELERATED RENT. The first sentence of Paragraph 24 of the Original Lease is deleted and the following sentence is substituted in lieu thereof:

In the event of any default or breach of this Lease by Tenant as set forth in Paragraph twenty-three (23) hereof, the amount, if any, by which (a) the rent reserved herein for the entire unexpired portion of the term of this Lease, exceeds (b) the fair rental value of the Premises for the entire unexpired portion of the term of this Lease (taking into account a reasonable period for reletting and tenant concessions on reletting such as tenant improvement allowances and rental abatements), shall, at Landlord's option, thereupon be accelerated and immediately become due and payable in an amount determined by discounting such excess at the rate of 5% per annum on a present value basis to the date of such default or breach.

12. PARKING. Landlord agrees that the parking rights granted to Tenant pursuant to Paragraph 38 of the Original Lease, as amended by paragraph 39(c) of the Second Amendment, shall consist of not less than 3 parking spaces per 1,000 square feet of the Premises, (a) 12 of which such parking spaces shall be for the exclusive use of Tenant at the location shown on Exhibit C attached hereto (and which location may be changed by Landlord at any time upon 30 days' prior written notice to Tenant, but only if such change is required by events beyond Landlord's reasonable control and in any event, at least six (6) of such parking spaces shall remain directly in front of the Building), and (b) the balance of such parking spaces to be non-exclusive parking spaces in the parking areas and facilities from time to time established by Landlord for the Building. Landlord agrees that Landlord will not grant to any other tenant of the Building more than 12 exclusive parking spaces. Further, if Landlord desires at any time during the Term, as hereby extended, to grant to other tenants of the Building, a number of exclusive parking spaces (the "Other Tenant Exclusive Parking Spaces"), which, in the aggregate with all other then existing Other Tenant Exclusive Parking Spaces, is in excess of 12, then (i) Tenant shall be entitled to an additional number of exclusive parking spaces (Tenant's Additional Exclusive Parking Spaces") equal to the amount by which the total number of Other Tenants Exclusive Parking Spaces exceeds 12, and (ii) Tenant shall have the right to first select the location of 50% of Tenant's

Additional Exclusive Parking Spaces; then Landlord and/or the other tenants shall have the right to select the location of 100% of the Other Tenant Exclusive Parking Spaces, and then Tenant shall have the right to select the location of the remaining 50% of Tenant's Additional Exclusive Parking Spaces. Tenant's right to receive the Additional Exclusive Parking Spaces are personal to L.B. Foster Company and shall automatically terminate if at any time during the Term, as hereby extended, L.B. Foster Company is in actual occupancy of and conducting business from less than 20,000 rentable square feet of space in the Building and paying rental for less than 20,000 rentable square feet of space in the Building.

13. BUILDING SERVICES.

(a) Paragraph 13(a) of the Original Lease is amended to substitute "7:30 A.M." for "8:30 A.M." and "6:30 P.M." for "5:30 P.M." in the third line.

(b) Paragraph 13(e) of the Original Lease is amended to delete the words "and inside".

(c) Paragraph 13(i) of the Original Lease is deleted in its entirety.

14. RULES AND REGULATIONS. Rule 10 (Public Entrance) in Exhibit C attached to the Original Lease is amended to delete the last sentence in said Rule 10 and substitute the following sentence in lieu thereof:

"Persons entering the Building after 5:30 P.M. on business days other than Saturday and after 1:00 P.M. on Saturdays and at all times on Sundays and holidays shall comply with such reasonable security procedures which may be implemented by Landlord from time to time to control after hour access to the Building".

15. CLEANING SPECIFICATIONS. Exhibit D attached to the Lease is deleted in its entirety and the Exhibit D attached hereto is substituted in lieu thereof.

16. INSURANCE.

(a) Tenant, at its expense, shall purchase and maintain during the Term (i) fire insurance on Tenant's contents in the Premises, and (ii) commercial general liability insurance covering the Premises in an amount of \$2,000,000 for injury and/or death and over third party property damage per occurrence and in an amount of \$3,000,000 for injury and/or death and third party property damage in the aggregate.

(b) Landlord shall purchase and maintain during the Term (i) fire insurance, with extended coverage endorsement, on the Building, and (ii) commercial general liability insurance covering the Building in an amount of \$2,000,000 for injury and/or death and third party property damage per occurrence and in an amount of \$3,000,000 for injury and/or death and third party damages in the aggregate. Such insurance may be in the form of blanket and umbrella policies. The cost of such insurance shall be included in Operating Expenses. Landlord, at

its option, may elect to self-insure against the liabilities herein specified in accordance with a self-insurance plan which is consistent with sound accounting practices.

(c) Neither party nor its agents, employees or guests shall be liable for any loss or damage to the Building, the Premises or the property or contents of such party caused by fire or any other cause within the scope of standard fire and extended coverage insurance policies (whether or not such insurance is actually in effect), it being understood that each party shall look solely to its insurer (if any) for reimbursement for such loss or damage. Each party agrees to obtain endorsements to their respective fire insurance policies as provided in Paragraph 19(c) of the Original Lease to permit the waivers herein provided.

17. NOTICES. Effective as of the date of this Third Amendment, Tenant shall send each notice desired or required to be given by Tenant under the Lease to Landlord at the following address:

Cornerstone Real Estate Advisers, Inc.
311 South Wacker Drive, Suite 980
Chicago, Illinois 60606

18. BROKER. Tenant represents to Landlord that except for Oxford Development Company and Grubb & Ellis Company (the "Brokers" collectively), Tenant has not dealt with any real estate broker, salesperson or finder in connection with this Third Amendment, and no other such person initiated or participated in the negotiation of this Third Amendment or is entitled to any commission in connection herewith. Tenant hereby agrees to indemnify, defend and hold Landlord, its property manager and their respective employees harmless from and against any and all liabilities, claims, demands, actions, damages, costs and expenses (including attorneys' fees) arising from either (i) a claim for a fee or commission made by any broker, other than the Brokers, claiming to have acted by or on behalf of Tenant in connection with this Third Amendment, or (ii) a claim of, or right to, lien under the Statutes of Pennsylvania relating to real estate broker liens with respect to any such broker retained by Tenant. Landlord agrees to pay any commissions owing to the Brokers in connection with this Third Amendment if and to the extent same are due and owing.

19. BINDING EFFECT. The Lease, as hereby amended, shall continue in full force and effect, subject to the terms and provisions thereof and hereof. In the event of any conflict between the terms of the Lease and the terms of this Third Amendment, the terms of this Third Amendment shall control. This Third Amendment shall be binding upon and inure to the benefit of Landlord, Tenant and their respective successors and permitted assigns.

20. SUBMISSION. Submission of this Third Amendment by Landlord or Landlord's agent, or their respective agents or representatives, to Tenant for examination and/or execution shall not constitute an option to extend the Term of the Lease or in any manner bind Landlord and no obligations on Landlord shall arise under this Third Amendment unless and until this Third Amendment is fully signed and delivered by Landlord and Tenant; provided, however, the execution and delivery by Tenant of this Third Amendment to Landlord or Landlord's agent, or their respective agents or representatives, shall constitute an irrevocable offer by Tenant to extend the Term of the Lease on

the terms and conditions herein contained, which offer may not be revoked for fifteen (15) days after such delivery.

21. LIMITATION OF LIABILITY. Neither Landlord nor any principal of Landlord nor any owner of the Building, whether disclosed or undisclosed, shall have any personal liability with respect to any of the provisions of the Lease, as hereby amended, or the Premises, and if Landlord is in breach or default with respect to Landlord's obligations under the Lease, as hereby amended, or otherwise, Tenant shall look solely to the equity of Landlord in the Building for the satisfaction of Tenant's remedies or judgments.

IN WITNESS WHEREOF, this Third Amendment is executed as of the day and year aforesaid.

LANDLORD:

MASSACHUSETTES MUTUAL LIFE
INSURANCE COMPANY, a Massachusetts
corporation

By: CORNERSTONE REAL ESTATE
ADVISERS, INC., its agent

ATTEST:

/s/Heather D. Stastny

By: /s/T. Fleming
Title: Vice President

TENANT:

L.B. FOSTER COMPANY, a Delaware
corporation

ATTEST:

/s/David L. Voltz

By: /s/Lee B. Foster II
Title: President

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Heather Stastny, a Notary Public in and for said County, in the State of aforesaid, do hereby certify that Thomas Fleming, the Vice President of CORNERSTONE REAL ESTATE ADVISORS, INC., agent for MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, a Massachusetts corporation (the "Corporation"), personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Thomas Fleming, appeared before me this day in person and acknowledged that he/she signed the said instrument as his/her own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 29th day of May, 1997.

/s/Heather D. Stastny
Notary Public

[SEAL]

COMMONWEALTH OF PENNSYLVANIA)
) SS.
COUNTY OF ALLEGHENY)

I, Diane Close, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Lee B. Foster II, the President of L.B. FOSTER COMPANY, a Delaware corporation (the "Corporation"), personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Lee B. Foster II, appeared before me this day in person and acknowledged that he signed the said instrument as his own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 20th day of May, 1997.

/s/Diane K. Close
Notary Public

[SEAL]