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, 1998

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 3, 1998
Class A Common Stock, Par Value $.01	10,035,542 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, 1998 (unaudited)	December 31, 1997
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,120	$ 1,156
Accounts and notes receivable:		
Trade	41,824	45,022
Other	2,995	2,564
	44,819	47,586
Inventories	42,547	43,365
Current deferred tax assets	474	123
Other current assets	498	557
Property held for resale		3,461
Total Current Assets	89,458	96,248
Property, Plant & Equipment - at cost	41,596	42,134
Less Accumulated Depreciation	(22,397)	(21,359)
	19,199	20,775
Property Held for Resale	615	615
Other Assets:		
Goodwill and intangibles	4,256	4,484
Investments	1,707	1,693
Other assets	3,542	3,154
Total Other Assets	9,505	9,331
TOTAL ASSETS	$ 118,777	$ 126,969
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 1,203	$ 1,309
Short-term borrowings		18,111
Accounts payable	17,089	12,524
Accrued payroll and employee benefits	3,722	3,008
Other accrued liabilities	2,121	1,219
Total Current Liabilities	24,135	36,171
Long-Term Borrowings	14,420	15,000
Other Long-Term Debt	3,991	2,530
Deferred Tax Liabilities	1,274	554
Other Long-Term Liabilities	2,098	2,206
Stockholders' Equity:		
Class A Common stock	102	102
Paid-in capital	35,432	35,434
Retained earnings	38,272	35,625
Treasury stock	(947)	(653)
Total Stockholders' Equity	72,859	70,508
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 118,777	$ 126,969

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
	(unaudited)			
Net Sales	$ 58,876	$ 53,716	$ 108,217	$ 108,210
Costs and Expenses:				
Cost of Goods Sold	49,953	46,189	92,200	94,316
Selling and Administrative Expenses	6,278	5,624	11,934	10,859
Interest Expense	479	646	1,069	1,181
Other (Income) Expense	(1,070)	(24)	(1,403)	(107)
	55,640	52,435	103,800	106,249
Income Before Income Taxes	3,236	1,281	4,417	1,961
Income Tax Expense	1,295	410	1,770	683
Net Income	$ 1,941	$ 871	$ 2,647	$ 1,278
Basic Earnings Per Share	$ 0.19	$ 0.08	$ 0.26	$ 0.12
Diluted Earnings Per Share	$ 0.19	$ 0.08	$ 0.26	$ 0.12
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, 1998	Six Months Ended June 30, 1997
	(unaudited)	
Cash Flows from Operating Activities:		
Net income	$ 2,647	$ 1,278
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Deferred income taxes	369	630
Depreciation and amortization	1,534	1,333
Gain on sale of property, plant and equipment	(1,218)	(188)
Change in operating assets and liabilities:		
Accounts receivable	2,767	6,574
Inventory	(3,547)	(10,487)
Property held for resale	205	36
Other current assets	59	86
Other non-current assets	(404)	(297)
Accounts payable - trade	6,977	(4,899)
Accrued payroll and employee benefits	804	(976)
Other current liabilities	902	(974)
Other liabilities	(108)	66
Net Cash Provided (Used) by Operating Activities	$ 10,987	$ (7,818)
Cash Flows from Investing Activities:		
Proceeds from sale of property, plant and equipment	489	1,309
Proceeds from sale of Fosterweld	7,258	
Capital expenditures on property, plant and equipment	(1,048)	(983)
Purchase of DM&E stock		(1,500)
Acquisition of business		(2,500)
Net Cash Used by Investing Activities	6,699	(3,674)
Cash Flows from Financing Activities:		
(Repayments) proceeds from issuance of revolving credit agreement borrowings	(18,691)	11,918
Proceeds from Industrial Revenue Bond	2,045	
Exercise of stock options	308	560
Treasury share transactions	(694)	
Repayments of long-term debt	(690)	(734)
Net Cash (Used) Provided by Financing Activities	(17,722)	11,744
Net (Decrease) Increase in Cash and Cash Equivalents	(36)	252
Cash and Cash Equivalents at Beginning of Period	1,156	1,201
Cash and Cash Equivalents at End of Period	$ 1,120	$ 1,453
Supplemental Disclosures of Cash Flow Information:		
Interest Paid	$ 1,176	$ 1,139
Income Taxes Paid	$ 815	$ 565

During 1998, no capital expenditures were financed through the issuance of capital leases, however, during 1997, the Company financed the purchase of certain capital expenditures totaling $33,500 through the issuance of capital leases.

See 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, 1998. Certain items previously reported in specific financial statement captions were reclassified in 1997. The reclassifications had no effect on income. 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, 1997.

2. ACCOUNTING PRINCIPLES

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 has had no reportable transactions under the provisions of SFAS No. 130 and the Company does not anticipate that the reporting requirements of SFAS No. 131 will have a material impact on existing disclosures.

Financial Accounting Standards Board Statement No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," was issued in February 1998. This statement revises employers' disclosures about pension and postretirement benefit plans. It does not change the measurement or recognition of those plans. The Company will adopt this statement in 1998.

Financial Accounting Standards Board Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued in June 1998. This statement establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. This statement is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. The effect of adopting this statement is presently being evaluated.

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, 1998 and December 31, 1997 have been reduced by an allowance for doubtful accounts of $1,569,000 and $1,468,000, respectively. Bad debt expense was $104,000 and $132,000 for the six month periods ended June 30, 1998 and 1997, respectively.

4. INVENTORIES

Inventories of the Company at June 30, 1998 and December 31, 1997 are summarized as follows in thousands:

	June 30, 1998	December 31, 1997
Finished goods	$ 34,977	$ 30,380
Work-in-process	4,046	7,826
Raw materials	6,934	8,369
Total inventories at current costs:	45,957	46,575
(Less):		
Current costs over LIFO stated values	(2,810)	(2,610)
Reserve for decline in market value of inventories	(600)	(600)
	$ 42,547	$ 43,365

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. REVOLVING CREDIT AGREEMENT

On August 13, 1998 the Company entered into a senior secured revolving credit facility for $45,000,000 with its banks. The amended agreement replaces the November, 1995 revolving credit agreement that had a maturity date of July, 1999.

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 ratio of total indebtedness to EBITDA as defined in the agreement. The ranges are prime to prime plus 0.125%, the CD rate plus 0.35% to the CD rate plus 1.375%, and the Euro-bank rate plus 0.35% to the Euro-bank rate plus 1.375%. Borrowings under the agreement, which expires July 31, 2002, are secured by accounts receivable and inventory.

The agreement includes financial covenants requiring a minimum net worth, a fixed charge coverage ratio, and a maximum ratio of total indebtedness to EBITDA.

6. OTHER (INCOME)/EXPENSE

Other income included a gain of $1,700,000 for the sale of the Fosterweld facility and a write-down of $900,000 for a Houston, Texas property currently under a sale agreement. For 1997, the Fosterweld Division had revenues of $12,225,000 with operating profit of $1,365,000.

7. EARNINGS PER COMMON SHARE

In 1997, the Company adopted Financial Accounting Standards Board Statement No. 128, "Earnings Per Share" (SFAS No. 128). Statement No. 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and certain convertible securities. Diluted earnings per share uses the average market prices during the period in calculating the dilutive effect of options under the treasury stock method.

The following table sets forth the computation of basic and diluted net income per common share (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
Numerator:				
Numerator for basic and diluted net income per common share - net income available to common stockholders	$ 1,941	$ 871	$ 2,647	$ 1,278
Denominator:				
Weighted average shares	10,014	10,163	10,015	10,147
Denominator for basic net income per common share	10,014	10,163	10,015	10,147
Effect of dilutive securities:				
Employee stock options	216	91	217	87
Dilutive potential common shares	216	91	217	87
Denominator for diluted net income per common share - adjusted weighted average shares and assumed conversions	10,230	10,254	10,232	10,234
Basic net income per common share .	$ 0.19	$ 0.08	$ 0.26	$ 0.12
Diluted net income per common share	$ 0.19	$ 0.08	$ 0.26	$ 0.12

8. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is subject to laws and regulations relating to the protection of the environment and the Company's efforts to comply with increasingly stringent 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, 1998, the Company had outstanding letters of credit of approximately $2,902,000.

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

	Three Months Ended June 30, 1998	Three Months Ended June 30, 1997	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
	(Dollars in thousands)			
Net Sales:				
Rail Products	$ 29,419	$ 25,603	$ 56,991	$ 49,149
Construction Products	13,167	13,985	25,178	33,183
Tubular Products	16,264	14,128	26,022	25,878
Other	26		26	
Total Net Sales	58,876	53,716	108,217	108,210
Gross Profit:				
Rail Products	4,227	3,661	8,198	6,294
Construction Products	2,837	2,474	5,316	4,844
Tubular Products	2,070	1,484	2,929	2,848
Other	(211)	(92)	(426)	(92)
Total Gross Profit	8,923	7,527	16,017	13,894
Expenses:				
Selling and Administrative Expenses	6,278	5,624	11,934	10,859
Interest Expense	479	646	1,069	1,181
Other (Income) Expense	(1,070)	(24)	(1,403)	(107)
Total Expenses	5,687	6,246	11,600	11,933
Income Before Income Taxes	3,236	1,281	4,417	1,961
Income Tax Expense	1,295	410	1,770	683
Net Income	$ 1,941	$ 871	$ 2,647	$ 1,278

Gross Profit %:				
Rail Products	14%	14%	14%	13%
Construction Products	22%	18%	21%	15%
Tubular Products	13%	11%	11%	11%
Total Gross Profit %	15%	14%	15%	13%

SECOND QUARTER 1998 RESULTS OF OPERATIONS

Net income for the 1998 second quarter was $1.9 million or $0.19 per share on net sales of $58.9 million. This compares to a 1997 second quarter net income of $0.9 million or $0.08 per share on net sales of $53.7 million.

Rail products' 1998 second quarter net sales were $29.4 million or an increase of 15% over the same period last year due primarily to higher shipments of new industrial rail and insulated joints. Construction products' net sales declined 6% from the year earlier quarter as the loss of sheet piling sales more than offset the increase in bridge and highway product sales. Tubular products' sales increased $2.1 million or 15% from the same quarter of 1997 as a result of higher volume sales of pipe and coating services. Sales of spiralweld pipe were unchanged at $3.0 million from the prior year period. 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 15% in the 1998 second quarter or an increase of 1% from the same period last year. Rail products' gross margin percentage in the second quarter of 1998 and 1997 was 14%. The gross margin percentage for construction products climbed to 22% from 18% in the year earlier quarter as a result of increased margins on piling and bridge products. Tubular products' gross margin percentage in the second quarter of 1998 increased 2% from the same period last year as the better utilization of the Birmingham pipe coating facility offset a weak performance at our Newport facility.

Selling and administrative expenses increased 12% in the 1998 second quarter in comparison to the same period last year principally due to expense generated from the operations of new acquisitions and profit sharing accruals related to increased profits. Interest expense decreased 26% over the year earlier quarter because the Company was able to use the cash received from the sale of it's Fosterweld facility to pay down the revolving bank loan. Other income included a gain of $1.7 million for the sale of the Fosterweld facility and a write-down of $0.9 million for a Houston, Texas property currently under a sale agreement. The provision for income taxes was recorded at 40% versus 32% in 1997. A prior period tax adjustment reduced the 1997 provision below statutory rates.

FIRST SIX MONTHS OF 1998 RESULTS OF OPERATIONS

Net income for the first six months of 1998 was $2.6 million or $0.26 per share on sales of $108.2 million. This compares to a net income of $1.3 million or $0.12 per share for the same period last year also on net sales of $108.2 million.

Rail products' net sales in the first half of 1998 were $57.0 million compared to $49.1 million in 1997. This 16% increase resulted from higher volume sales of new rail, relay rail and insulated joints. Construction products' net sales declined 24% to $25.2 million compared to 33.2 million in the first half of 1997 as the loss of sheet piling sales more than offset the increase in bridge and highway product sales. Net sales of tubular products for the first six months of 1998 and 1997 were the same.

The gross margin percentage for the Company during the first six months of 1998 increased to 15% from 13% in the same period last year. Rail products' gross margin percentage increased to 14% from 13% primarily due to relay rail's lower cost of sales and more favorable plant expense variances. The gross margin percentage for construction products increased to 21% from 15% as a result of high demand for a limited supply of piling products. Tubular products' gross margin percentage was 11% in both the first half of 1998 and 1997.

Selling and administrative expenses for the first six months of 1998 increased 9% from the same period of 1997. The increase was due to added expense generated from the operations of new acquisitions. Interest expense decreased 9% as the Company paid down it's revolving credit borrowings with funds received from the sale of its Fosterweld facility. The provision for income taxes is recorded at 40% versus 35% in 1997. A prior period tax adjustment reduced the 1997 provision below statutory rates.

LIQUIDITY AND CAPITAL RESOURCES

The Company generates internal cash flow from the sale of inventory and the collection of accounts receivable. During the first half of 1998 the average turnover rate for accounts receivable was lower than the same period last year due to slower collections of certain transit contracts. The average turnover rate for inventory was higher in 1998 than in 1997, primarily in the Fabricated Products Division. Working capital at June 30, 1998 was $65.3 million compared to $60.1 million at December 31, 1997.

Year to date, the Company had total capital expenditures of $1.0 million. In addition, the Company repurchased $0.7 million of its common stock in accordance with the Company's previously announced buy-back program. Since inception of this program, the Company has repurchased 210,384 shares of the 500,000 shares authorized. Capital expenditures in 1998 are expected to be consistent with 1997 and are anticipated to be funded by cash flows from operations.

Total revolving credit agreement borrowings at June 30, 1998 were $14.4 million, or a decrease of $18.7 million from the end of the prior year. The Company borrowed $2.0 million through an industrial revenue bond to finance part of the Precise Fabricating Corporation acquisition. Outstanding letters of credit at June 30, 1998 were $2.9 million. At June 30, 1998 the Company had $27.7 million in unused borrowing commitment. Management believes its internal and external sources of funds are adequate to meet anticipated needs.

On August 13, 1998 the Company entered into a senior secured revolving credit facility for $45,000,000 with its banks. The amended agreement replaces the November, 1995 revolving credit agreement that had a maturity date of July, 1999.

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 ratio of total indebtedness to EBITDA as defined in the agreement. The ranges are prime to prime plus 0.125%, the CD rate plus 0.35% to the CD rate plus 1.375%, and the Euro-bank rate plus 0.35% to the Euro-bank rate plus 1.375%. Borrowings under the agreement, which expires July 31, 2002, are secured by accounts receivable and inventory.

The agreement includes financial covenants requiring a minimum net worth, a fixed charge coverage ratio, and a maximum ratio of total indebtedness to EBITDA.

OTHER MATTERS
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The Company owns 13% of the Dakota, Minnesota & Eastern Railroad Corporation (DM&E), a privately held, regional railroad which operates over 1,100 miles of track in five states. The Company's investment in the stock is recorded in the Company's accounts 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. Although this investment's market value is not readily determinable, management believes that this investment, without taking into account the DM&E's proposed Powder River Basin project discussed below, would 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 existing track (the "Project"). The DM&E has also announced that the estimated cost of this project is $1.4 billion. The Project is subject to approval by the Surface Transportation Board.

In February 1998, the DM&E filed its application with the Surface Transportation Board seeking authority to construct approximately 280 miles of new railroad line. The DM&E has indicated that this new railroad line could be available to carry Power River Basin coal within two years after regulatory approval is obtained.

Morgan Stanley & Co., Inc., has been retained by the DM&E to assist in identifying strategic partners or potential acquirers of all or a portion of the equity of the DM&E. 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.

In May of 1998, with the approval of its shareholders, the Company reincorporated from Delaware to Pennsylvania. The principal reason for reincorporating the Company in Pennsylvania is to eliminate the Company's liability of approximately $50,000 per year under the Delaware franchise tax. Pennsylvania corporations that have a class of stock registered under the Securities Exchange Act of 1934 are automatically subject to certain antitakeover provisions of the Pennsylvania Business Corporation Law of 1988, as amended, unless the articles of incorporation provide that those provisions shall not apply to the corporation. The Company has opted out of those antitakeover provisions by having its articles of incorporation expressly state that they shall not apply to the corporation.

In June of 1998, the Company sold to Northwest Pipe Company of Portland, Oregon, the plant, equipment, inventory, leasehold and contract rights and miscellaneous assets related to its spiralweld pipe manufacturing facility in Wood County, West Virginia. The purchase price for the plant, buildings, equipment, leasehold and contract rights and miscellaneous assets was $5.3 million and inventory net of payables of approximately $2.0 million.

Also in June of 1998, the Company received an unsolicited offer for the sale of a Houston, Texas property. This property is currently under a sales agreement and the Company has accrued $0.9 million for the loss on the sale. Management expects this transaction to be completed in 1998.

In July of 1998, the Company announced the signing of a letter of intent to purchase the Geotechnical Division of VSL Corporation for approximately $3.0

million. The Geotechnical Division is a leading designer and supplier of mechanically-stabilized earth wall systems with its patented Retained Earth System. Management believes the closing will take place in August of 1998.

Also in July of 1998, the Company purchased the assets of Southdale Integrated Systems, of Burlington, Ontario. The Company intends to utilize these assets to enter the business of supplying signaling and communication devices primarily to railroads.

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.

YEAR 2000 IMPACT ON COMPUTER SYSTEMS

Because many existing computer programs have been programmed to use a two digit number to represent the year (e.g., "98" for "1998"), the Company has analyzed its computer software systems to ensure that they are capable of correctly identifying the year "2000" and beyond in all computer transactions. The Company understands the seriousness of this issue and its Board of Directors has requested an update of the Company's year 2000 compliance at each Board Meeting.

The Company completed the installation of new integrated accounting and distribution software licensed from a national vendor in 1992 and has periodically installed updated releases of the software to take advantage of technological advances and improvements over prior releases in the ordinary course of business. The current releases of this vendor's software are year 2000 compliant. The Company installed the year 2000 compliant release including modifications unrelated to the year 2000 issue to suit the Company's business in May 1998. The Company expects to complete the testing of these modifications and to place these systems in production in 1998. Management believes that this schedule is achievable and does not anticipate any adverse impact in becoming year 2000 compliant. The costs associated with the installation of the year 2000 compliant release are considered by Management to be in the ordinary course of business and are not material to its financial results.

In addition, the Company has conducted a review of its production equipment and has determined that it is year 2000 compliant. The Company has also surveyed key vendors and suppliers to determine the extent of their year 2000 compliance readiness and planned action to become year 2000 compliant.

The Company has minimal direct or indirect computer data transfers with outside customers, vendors, and suppliers other than major banks, whose year 2000 compliance efforts are well underway. Based on this fact as well as internal assessments, and formal and informal communications with customers, vendors, and suppliers, the Company presently believes that the year 2000 compliance issue should not pose significant operating problems or have a material impact on the Company's consolidated financial position, results of operations or cash flow. A failure of third party vendors or suppliers to be year 2000 compliant could affect these beliefs and is not quantifiable.

OUTLOOK

The Company has not had a domestic sheet piling supplier since March 1997. Revenues from piling products have declined and will continue to be at reduced levels as the Company's remaining piling inventory is liquidated. The Company, however, will become Chaparral Steel's exclusive domestic distributor of steel sheet piling when Chaparral Steel's manufacturing facility, being constructed in Richmond, Virginia, begins operations in 1999.

The rail segment of the business depends on one source for fulfilling certain trackwork contracts. The Company has provided $9.0 million of working capital to this supplier in the form of loans and progress payments. Under certain events, the Company has the right to acquire the controlling interest in this company. If, for any reason, this supplier is unable to perform, the Company could experience a short-term negative effect on earnings and liquidity.

During 1995, the Company entered into an interest rate swap agreement to reduce the impact of changes in interest rates on a portion of its revolving credit borrowings. The LIBOR interest rate on the $10.0 million swap agreement, which expires June 1999, is 6.142%. The Company believes that the credit and market risks associated with this agreement are not material. Any additional interest expense incurred under the agreement is accrued and paid quarterly.

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 is also dependent on the availability of rail cars and weld trains to ship its products. The Company has experienced delays in certain projects due to the lack of availability of rail cars. The current merger activities in the railroads have exacerbated this problem. The Company can provide no assurances that a solution to the problem will occur in the near-term. 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, 1998, was approximately $84.1 million. The following table provides the backlog by business segment.

	Backlog		
	June 30,		December 31,
	1998	1997	1997
Rail Products	$51,155	$36,099	$51,584
Construction Products	25,115	20,451	23,284
Tubular Products	7,834	7,519	1,660
Other	34		
Total Backlog	$84,138	$64,069	$76,528

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, 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. 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 8, "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 14, 1998, the following individuals were elected to the Board of Directors:

Name	For Election	Withheld Authority
L. B. Foster II	9,337,616	133,479
J. W. Puth	9,346,294	124,801
W. H. Rackoff	9,357,144	113,951
R. L. Shaw	9,357,244	113,851
J. W. Wilcock	9,356,553	114,542

Additionally, the shareholders voted to approve Ernst & Young, LLP as the Company's independent auditors for the fiscal year ended December 31, 1998. The following table sets forth the results of the vote for independent auditors:

For Approval	Against Approval	Abstained
9,402,798	26,021	42,276

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.

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.

4.1.1 First Amendment to Amended and Restated Loan Agreement dated January 1, 1996, and filed as Exhibit 4.1.1 to Form 10-K for the year ended December 31, 1997.

4.1.2 Second Amendment to Amended and Restated Loan Agreement dated December 31, 1996, and filed as Exhibit 4.1.2 to Form 10-K for the year ended December 31, 1997.

4.1.3 Third Amendment to Amended and Restated Loan Agreement dated April 9, 1997, and filed as Exhibit 4.1.3 to Form 10-K for the year ended December 31, 1997.

4.1.4 Fourth Amendment to Amended and Restated Loan Agreement dated November 12, 1997, and filed as Exhibit 4.1.4 to Form 10-K for the year ended December 31, 1997.

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, 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.
	10.33.2	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. **
	10.45	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. **
	10.49	Lease agreement between Newport Steel Corporation and Registrant dated as of October 12, 1994 and filed as Exhibit 10.49 to Form 10-Q for the quarter ended September 30, 1994.
	10.49.1	Amendment to lease between Registrant and Newport Steel Corporation dated March 13, 1998 and filed as Exhibit 10.49.1 to Form 10-K for the year ended December 31, 1997.
	10.50	L.B. Foster Company 1998 Incentive Compensation Plan, filed as Exhibit 10.50 to Form 10-K for the year ended December 31, 1997. **
	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

On May 21, 1998, the Registrant filed a Current Report on Form 8-K announcing the reincorporation of the Company from Delaware to Pennsylvania effective May 14, 1998.

On June 18, 1998, the Registrant filed a Current Report on Form 8-K and an Amended Current Report on Form 8-K/A announcing that L. B. Foster Company sold its spiralweld pipe manufacturing facility to Northwest Pipe Company.

On June 24, 1998, the Registrant filed an Amended Current Report on Form 8-K/A, amending the Current Report filed on Form 8-K on June 18, 1998. The Amended Current Report provides pro forma financial information.

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 14, 1998

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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DEC-31-1998
JUN-30-1998
1,120
0
44,819
1,569
42,547
89,458
42,211
22,397
118,777
24,135
18,411
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102
72,757
118,777
108,217
108,217
92,200
92,200
0
0
1,069
4,417
1,770
2,647
0
0
0
2,647
0.26
0.26

AMENDMENT DATED AS OF
MAY 14, 1998

TO

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

L.B. FOSTER COMPANY

By: /s/ David L. Voltz

Name: David L. Voltz
Title: Vice President

AMERICAN STOCK TRANSFER &
TRUST COMPANY, as Rights Agent

By: /s/ Herbert Lemmer

Name: Herbert Lemmer
Title: Vice President