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, 2004

Commission File Number 0-10436

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

Pennsylvania	25-1324733
(State of Incorporation)	(I. R. S. Employer Identification No.)

415 Holiday Drive, Pittsburgh, Pennsylvania	15220
(Address of principal executive offices)	(Zip Code)

(412) 928-3417
(Registrant's telephone number, including area code)

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

Yes [X] No [ ]

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

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 2, 2004
Common Stock, Par Value $.01	10,014,770 Shares

L.B. FOSTER COMPANY AND SUBSIDIARIES

INDEX

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

	June 30, 2004	December 31, 2003
ASSETS	(Unaudited)	
Current Assets:		
Cash and cash equivalents	$ 2,723	$ 4,134
Accounts and notes receivable:		
Trade	46,043	34,668
Other	345	105
	46,388	34,773
Inventories	37,330	36,894
Current deferred tax assets	1,413	1,413
Other current assets	1,142	877
Property held for resale	-	446
Total Current Assets	88,996	78,537
Property, Plant & Equipment - At Cost	70,832	70,814
Less Accumulated Depreciation	(38,902)	(37,679)
	31,930	33,135
Other Assets:		
Goodwill	350	350
Other intangibles - net	508	585
Investments	14,202	13,707
Deferred tax assets	4,073	4,095
Other assets	418	750
Total Other Assets	19,551	19,487
TOTAL ASSETS	$ 140,477	$ 131,159
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 481	$ 611
Accounts payable - trade	27,783	23,874
Accrued payroll and employee benefits	3,271	2,909
Current deferred tax liabilities	1,749	1,749
Other accrued liabilities	2,756	2,550
Total Current Liabilities	36,040	31,693
Long-Term Borrowings	21,000	17,000
Other Long-Term Debt	3,623	3,858
Deferred Tax Liabilities	3,653	3,653
Other Long-Term Liabilites	3,070	4,411
STOCKHOLDERS' EQUITY:		
Common stock	102	102
Paid-in capital	35,030	35,018
Retained earnings	39,581	38,399
Treasury stock	(985)	(2,304)
Accumulated other comprehensive loss	(637)	(671)
Total Stockholders' Equity	73,091	70,544
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 140,477	$ 131,159

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(Unaudited)		(Unaudited)	
Net Sales	$ 76,827	$ 75,796	$ 142,279	$ 135,315
Cost of Goods Sold	67,494	66,600	126,964	119,186
Gross Profit	9,333	9,196	15,315	16,129
Selling and Administrative Expenses	7,054	6,830	13,455	13,397
Interest Expense	469	578	932	1,157
Other Income	(350)	(54)	(1,044)	(374)
	7,173	7,354	13,343	14,180
Income From Continuing Operations Before Income Taxes	2,160	1,842	1,972	1,949
Income Taxes	865	719	790	762
Income From Continuing Operations	1,295	1,123	1,182	1,187
Discontinued Operations:				
Loss From Operations of Foster Technologies	-	(60)	-	(440)
Income Tax Benefit	-	(23)	-	(173)
Loss on Discontinued Operations	-	(37)	-	(267)
Net Income	$ 1,295	$ 1,086	$ 1,182	$ 920
Basic & Diluted Earnings (Loss) Per Common Share:				
From Continuing Operations	$ 0.13	$ 0.12	$ 0.12	$ 0.12
From Discontinued Operations, Net of Tax	-	-	-	(0.03)
Basic & Diluted Earnings Per Common Share	$ 0.13	$ 0.11	$ 0.12	$ 0.10

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,	
	2004	2003
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income from continuing operations	$ 1,182	$ 1,187
Adjustments to reconcile net income to net cash (used) provided by operating activities:		
Depreciation and amortization	2,595	2,597
(Gain) loss on sale of property, plant and equipment	(308)	6
Unrealized (gain) loss on derivative mark-to-market	(374)	110
Change in operating assets and liabilities:		
Accounts receivable	(11,615)	(4,831)
Inventories	(436)	(7,765)
Other current assets	(265)	(426)
Other noncurrent assets	(163)	(347)
Accounts payable - trade	3,909	10,260
Accrued payroll and employee benefits	362	189
Other current liabilities	580	786
Other liabilities	(1,285)	145
Net Cash (Used) Provided by Operating Activities	(5,818)	1,911
Net Cash Provided by Discontinued Operations	-	245
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	982	2
Capital expenditures on property, plant and equipment	(1,541)	(1,281)
Net Cash Used by Investing Activities	(559)	(1,279)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (repayments) of revolving credit agreement borrowings	4,000	(2,000)
Exercise of stock options and stock awards	1,331	246
Repayments of long-term debt	(365)	(457)
Net Cash Provided (Used) by Financing Activities	4,966	(2,211)
Net Decrease in Cash and Cash Equivalents	(1,411)	(1,334)
Cash and Cash Equivalents at Beginning of Period	4,134	3,653
Cash and Cash Equivalents at End of Period	$ 2,723	$ 2,319
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	$ 827	$ 1,071
Income Taxes Paid	$ 173	$ 260

During the first six months of 2004 the Company did not finance any capital expenditures through the execution of capital leases. During the first six months of 2003, the Company financed $158,000 of capital expenditures through the execution of capital leases.

See Notes to Condensed Consolidated Financial Statements.

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

1. FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all estimates and adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. However, actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year ended December 31, 2004. Amounts included in the balance sheet as of December 31, 2003 were derived from our audited balance sheet. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2003.

2. ACCOUNTING PRINCIPLES

In December 2003, the FASB issued Statement of Financial Accounting Standard No. 132 (Revised 2003) - "Employers' Disclosures about Pensions and Other Post-retirement Benefits" (SFAS 132R), that replaces existing FASB disclosure requirements for pensions and other post-retirement benefit plans. SFAS 132R requires companies to provide more complete details about their plan assets, benefit obligations, cash flows, benefit costs and other relevant information. In addition to expanded disclosures, the standard improves information available to investors in interim financial statements. With certain exceptions, SFAS 132R was effective for fiscal years ending after December 31, 2003 and for quarters beginning after December 31, 2003. See Note 6 for the additional disclosures required by SFAS 132R.

Stock-based compensation

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands, except per share amounts	2004	2003	2004	2003
Income from continuing operations, as reported	$1,295	$1,123	$1,182	$1,187
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	-	-	-	-
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	45	79	96	141
Pro forma income from continuing operations	$1,250	$1,044	$1,086	$1,046
Earnings per share from continuing operations:				
Basic, as reported	$0.13	$0.12	$0.12	$0.12
Basic, pro forma	$0.13	$0.11	$0.11	$0.11
Diluted, as reported	$0.13	$0.12	$0.12	$0.12
Diluted, pro forma	$0.12	$0.11	$0.11	$0.11

Pro forma information regarding net income and earnings per share for options granted has been determined as if the Company had accounted for its employee stock options under the fair value method of Statement No. 123. The fair value of stock options used to compute pro forma net income and earnings per share disclosures is the estimated present value at grant date using the Black-Scholes option-pricing model. There were no stock options granted to employees in the first or second quarter of 2004. The following weighted-average assumptions were used for grants in the second quarter of 2003: risk-free interest rates of 3.56%; dividend yield of 0.0%; volatility factors of the expected market price of the Company's Common stock of .32; and a weighted-average expected life of the option of ten years. The weighted-average fair value of the options granted in the second quarter of 2003 was $2.11.

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, 2004 and December 31, 2003 have been reduced by an allowance for doubtful accounts of ($960,000) and ($827,000), respectively. Bad debt expense was $133,000 and $85,000 for the six-month periods ended June 30, 2004 and 2003, respectively.

4. INVENTORIES

Inventories of the Company at June 30, 2004 and December 31, 2003 are summarized as follows in thousands:

	June 30, 2004	December 31, 2003
Finished goods	$ 19,375	$ 20,216
Work-in-process	8,012	7,379
Raw materials	11,897	11,133
Total inventories at current costs	39,284	38,728
(Less):		
LIFO reserve	(1,354)	(1,234)
Inventory valuation reserve	(600)	(600)
	$ 37,330	$ 36,894

Inventories of the Company are generally valued at the lower of last-in, first-out (LIFO) cost or market. Other inventories of the Company are valued at average cost or market, whichever is lower. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end levels and costs.

5. PROPERTY HELD FOR RESALE

In August 2003, the Company reached an agreement to sell, modify, and install the Company's former Newport, KY pipe coating machinery and equipment and reclassified these assets as "held for resale". During the first quarter of 2004, the Company recognized a $493,000 gain on net proceeds of $939,000 from the sale of these assets.

6. RETIREMENT PLANS

Substantially all of the Company's hourly paid employees are covered by one of the Company's noncontributory, defined benefit plans and defined contribution plans. Substantially all of the Company's salaried employees are covered by a defined contribution plan established by the Company.

The Company's funding policy for defined benefit plans is to contribute the minimum required by the Employee Retirement Income Security Act of 1974. Net periodic pension costs for the three months and six months ended June 30, 2004 and 2003 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2004	2003	2004	2003
Service cost	$ 14	$ 15	$ 28	$ 30
Interest cost	51	49	102	98
Expected return on plan assets	(44)	(34)	(88)	(68)
Amortization of prior service cost	2	2	4	4
Amortization of net loss	13	13	26	26
Net periodic benefit cost	$ 36	$ 45	$ 72	$ 90

The Company expects to contribute $360,000 to its defined benefit plans in 2004. As of June 30, 2004, $253,250 of contributions have been made.

The Company's defined contribution plan for the salaried employees allows all eligible participants to contribute up to 41% (30% maximum on a pre-tax basis and 11% maximum on an after-tax basis, subject to IRS limitations) of their compensation to the Plan. The Plan calls for the Company to contribute 1% of the employee's compensation plus $0.50 for each $1.00 contributed by the employee, subject to a maximum of from 4% to 6% of the employee's compensation, based on the years of service.

The expense associated with the defined contribution plans for the six months ended June 30 was $307,000 in 2004 and $267,000 in 2003.

7. BORROWINGS

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

The revolving credit facility, which matures in September 2005, is secured by substantially all of the inventory and trade receivables owned by the Company. Availability under the agreement is limited by the amount of eligible inventory and accounts receivable applied against certain advance rates. At June 30, 2004, the remaining available borrowings under this agreement were approximately $24,365,000. Interest on the credit facility is based on LIBOR plus a spread ranging from 1.75% to 2.50%.

The agreement includes financial covenants requiring a minimum net worth and a minimum level for the fixed charge coverage ratio. The agreement also restricts dividends, investments, indebtedness, and the sale of certain assets. On September 8, 2003, the first amendment to this agreement allowed for the sale of the Company's equity interest in a specialty trackwork supplier. For more information regarding the transaction, see "Other Matters" in the Management's Discussion and Analysis section of this report. As of June 30, 2004, the Company was in compliance with all of the agreement's covenants.

8. DISCONTINUED OPERATIONS

In February 2003, substantially all of the assets of the Rail segment's rail signaling and communication device business were sold for $300,000. The operations of the rail signaling and communication device business qualified as a "component of an entity" under Statement of Financial Accounting Standards No 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" and thus, the operations were classified as discontinued and prior periods have been restated.

Net sales and loss from discontinued operations were as follows:

In thousands	Three Months Ended June 30, 2003	Six Months Ended June 30, 2003
Net sales	$ -	$ 1
Pretax operating loss	$ (60)	$ (370)
Pretax loss on disposal	-	(70)
Income tax benefit	23	173
Loss from discontinued operations	$ (37)	$ (267)

9. EARNINGS (LOSS) PER COMMON SHARE

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

(in thousands, except earnings per share)	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Numerator:				
Numerator for basic and diluted earnings (loss) per common share - net income (loss) available to common stockholders:				
Income from continuing operations	$ 1,295	$ 1,123	$ 1,182	$ 1,187
Loss from discontinued operations	-	(37)	-	(267)
Net income	$ 1,295	$ 1,086	$ 1,182	$ 920
Denominator:				
Weighted average shares	9,945	9,568	9,876	9,546
Denominator for basic earnings per common share	9,945	9,568	9,876	9,546
Effect of dilutive securities:				
Contingent issuable shares	-	-	-	2
Employee stock options	309	103	326	85
Dilutive potential common shares	309	103	326	87
Denominator for diluted earnings per common share - adjusted weighted average shares and assumed conversions	10,254	9,671	10,202	9,633
Basic and diluted earnings (loss) per common share:				
Continuing operations	$ 0.13	$ 0.12	$ 0.12	$ 0.12
Discontinued operations	-	(0.00)	-	(0.03)
Basic and diluted earnings per common share	$ 0.13	$ 0.11	$ 0.12	$ 0.10

10. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is subject to laws and regulations relating to the protection of the environment and the Company's efforts to comply with environmental regulations may have an adverse effect on its future earnings. In the opinion of management, compliance with the present environmental protection laws will not have a material adverse effect on the financial condition, results of operations, cash flows, competitive position, or capital expenditures of the Company.

The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, these proceedings will not materially affect the financial position of the Company.

At June 30, 2004, the Company had outstanding letters of credit of approximately $2,913,000.

11. BUSINESS SEGMENTS

The Company is organized and evaluated by product group, which is the basis for identifying reportable segments. The Company is engaged in the manufacture, fabrication and distribution of rail, construction and tubular products. The following tables illustrate revenues and profits/(losses) of the Company by segment:

	Three Months Ended June 30, 2004		Six Months Ended June 30,2004	
(in thousands)	Net Sales	Segment Profit	Net Sales	Segment Profit/(Loss)
Rail products	$ 39,099	$ 1,377	$ 74,686	$ 1,994
Construction products	32,421	157	59,196	(899)
Tubular products	5,307	756	8,397	759
Total	$ 76,827	$ 2,290	$ 142,279	$ 1,854

	Three Months Ended June 30, 2003		Six Months Ended June 30,2003	
(in thousands)	Net Sales	Segment Profit	Net Sales	Segment Profit
Rail products	$ 37,709	$ 1,195	$ 69,335	$ 1,876
Construction products	33,469	808	57,433	281
Tubular products	4,618	558	8,547	923
Total	$ 75,796	$ 2,561	$ 135,315	$ 3,080

Segment profits, as shown above, include internal cost of capital charges for assets used in the segment at a rate of, generally, 1-% per month. There has been no change in the measurement of segment profit/(loss) from December 31, 2003. Accounts receivable for the Rail segment increased approximately $6,900,000 from year-end, primarily related to an increase in sales of new rail distribution products.

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

(in thousands)	Three Months Ended June 30, 2004	2003	Six Months Ended June 30, 2004	2003
Income for reportable segments	$ 2,290	$ 2,561	$ 1,854	$ 3,080
Cost of capital for reportable segments	2,682	2,662	5,080	5,087
Interest expense	(469)	(578)	(932)	(1,157)
Other income	350	54	1,044	374
Corporate expense and other unallocated charges	(2,693)	(2,857)	(5,074)	(5,435)
Income from continuing operations, before income taxes	$ 2,160	$ 1,842	$ 1,972	$ 1,949

12. COMPREHENSIVE INCOME

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

(in thousands)	Three Months Ended June 30, 2004	2003	Six Months Ended June 30, 2004	2003
Net income	$ 1,295	$ 1,086	$ 1,182	$ 920
Unrealized derivative gains on cash flow hedges	16	14	28	24
Foreign currency translation gains	24	-	6	8
Reclassification adjustment for foreign currency translation losses included in net income	-	-	-	48
Comprehensive income	$ 1,335	$ 1,100	$ 1,216	$ 1,000

13. RISKS AND UNCERTAINTIES

The Company's CXT Rail operations and Allegheny Rail Products division are dependent on a Class I railroad for a significant portion of their business. An agreement to supply concrete ties to this railroad expired in September 2003. The Company is still selling ties to this customer, although there are no longer annual minimum quantity requirements. In December 2003, the Company bid on a new concrete tie supply agreement that is expected to be a 5 to 8 year commitment. If the bid is successful, the Company will be required to establish one or more new facilities to service this agreement, which would require a significant capital investment. If the Company is unsuccessful in the bidding process, it may cause the value of its two existing tie facilities with total net assets of approximately $7,055,000 to be partially impaired. Although an agreement has not yet been signed, the Company expects to have a new agreement in place by the end of the third quarter.

14. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company does not purchase or hold any derivative financial instruments for trading purposes. The Company uses derivative financial instruments to manage interest rate exposure on variable-rate debt, primarily by using interest rate collars and variable interest rate swaps. The Company's primary source of variable-rate debt comes from its revolving credit agreement. In conjunction with the Company's debt refinancing in the third quarter of 2002, the Company discontinued cash flow hedge accounting treatment for its interest rate collars and has applied mark-to-market accounting prospectively.

The Company has a LIBOR-based interest rate collar agreement, which became effective in March 2001 and expires in March 2006, with a notional value of $15,000,000, a maximum annual interest rate of 5.60% and a minimum annual interest rate of 5.00%. The counterparty to the collar agreement has the option, on March 6, 2005, to convert the $15,000,000 collar to a one-year, fixed-rate instrument with interest payable at an annual rate of 5.49%. The fair value of this collar agreement was a liability of $611,000 as of June 30, 2004. The Company also had a LIBOR-based interest rate collar agreement, which became effective in April 2001 and would have expired in April 2006, with a notional value of $10,000,000, a maximum annual interest rate of 5.14%, and a minimum annual interest rate of 4.97%. The counter-party to the collar agreement had the option, on April 18, 2004, to convert the $10,000,000 collar to a two-year fixed-rate instrument with interest payable at an annual rate of 5.48%. In April 2004, prior to the counter-party option, the Company terminated this interest rate collar agreement by purchasing it for its fair value of $707,000.

The Company records the mark-to-market adjustments on these interest rate collars in its Condensed Consolidated Statements of Operations. During the second quarter of 2004 and 2003, the Company recognized $416,000 of income and $121,000 of expense, respectively, to adjust these instruments to fair value. For the six months ended June 2004 and 2003, the Company recognized $374,000 of income and $110,000 of expense, respectively, to adjust these instruments to fair value. The Company continues to apply cash flow hedge accounting to interest rate swaps.

The Company recognizes all derivative instruments on the balance sheet at fair value. Fluctuations in the fair values of derivative instruments designated as cash flow hedges are recorded in accumulated other comprehensive income, and reclassified into earnings as the underlying hedged items affect earnings. To the extent that a change in interest rate derivative does not perfectly offset the change in value of the interest rate being hedged, the ineffective portion is recognized in earnings immediately.

The Company is not subject to significant exposures to changes in foreign currency exchange rates. The Company will, however, manage its exposure to changes in foreign currency exchange rates on firm sales and purchase commitments by entering into foreign currency exchange contracts. The Company's risk management objective is to reduce its exposure to the effects of changes in exchange rates on these transactions over the duration of the transaction.

Item 2. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

General

L. B. Foster Company is a manufacturer, fabricator and distributor of products utilized in the transportation infrastructure, construction and utility markets. The Company is comprised of three business segments: Rail products, Construction products and Tubular products.

Recent Developments

In April 2004, we terminated an interest rate collar agreement by purchasing it for its fair market value of $0.7 million. See the "Market Risk and Risk Management Policies" section of this Management's Discussion and Analysis for more information on this matter.

Critical Accounting Policies

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States. When more than one accounting principle, or method of its application, is generally accepted, management selects the principle or method that is appropriate in the Company's specific circumstances. Application of these accounting principles requires management to make estimates about the future resolution of existing uncertainties. As a result, actual results could differ from these estimates. In preparing these financial statements, management has made its best estimates and judgments of the amounts and disclosures included in the financial statements giving due regard to materiality. There have been no material changes in the Company's policies or estimates since December 31, 2003. For more information regarding the Company's critical accounting policies, please see the discussion in Management's Discussion & Analysis of Financial Condition and Results of Operations in Form 10-K for the year ended December 31, 2003.

New Accounting Pronouncements

In December 2003, the FASB issued Statement of Financial Accounting Standard No. 132 (Revised 2003) - "Employers' Disclosures about Pensions and Other Post-retirement Benefits" (SFAS 132R), that replaces existing FASB disclosure requirements for pensions and other post-retirement benefit plans. SFAS 132R requires companies to provide more complete details about their plan assets, benefit obligations, cash flows, benefit costs and other relevant information. In addition to expanded disclosures, the standard improves information available to investors in interim financial statements. With certain exceptions, SFAS 132R is effective for fiscal years ending after December 31, 2003 and for quarters beginning after December 31, 2003. See Note 6 to the consolidated financial statements in this 10-Q which presents the additional disclosures required by SFAS 132R.

Results of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(Dollars in thousands)			
Net Sales:				
Rail Products	$ 39,099	$ 37,709	$ 74,686	$ 69,335
Construction Products	32,421	33,469	59,196	57,433
Tubular Products	5,307	4,618	8,397	8,547
Total Net Sales	$ 76,827	$ 75,796	$ 142,279	$ 135,315
Gross Profit:				
Rail Products	$ 4,676	$ 4,222	$ 8,098	$ 8,008
Construction Products	3,992	4,357	6,525	7,163
Tubular Products	1,205	1,050	1,640	1,852
Other	(540)	(433)	(948)	(894)
Total Gross Profit	9,333	9,196	15,315	16,129
Expenses:				
Selling and administrative expenses	7,054	6,830	13,455	13,397
Interest expense	469	578	932	1,157
Other income	(350)	(54)	(1,044)	(374)
Total Expenses	7,173	7,354	13,343	14,180
Income From Continuing Operations Before Income Taxes	2,160	1,842	1,972	1,949
Income Tax Expense	865	719	790	762
Income From Continuing Operations	1,295	1,123	1,182	1,187
Discontinued Operations:				
Loss From Operations of Foster Technologies	-	(60)	-	(440)
Income Tax Benefit	-	(23)	-	(173)
Loss on Discontinued Operations	-	(37)	-	(267)
Net Income	$ 1,295	$ 1,086	$ 1,182	$ 920
Gross Profit %:				
Rail Products	12.0%	11.2%	10.8%	11.5%
Construction Products	12.3%	13.0%	11.0%	12.5%
Tubular Products	22.7%	22.7%	19.5%	21.7%
Total Gross Profit	12.1%	12.1%	10.8%	11.9%

Second Quarter 2004 Results of Operations

Net income for the second quarter of 2004 was $1.3 million ($0.13 per diluted share) on net sales of $76.8 million. These results compare favorably to the second quarter of 2003 in which net income was $1.1 million ($0.11 per diluted share) on net sales of $75.8 million.

Net sales for the second quarter of 2004 were $1.0 million higher than the same period in 2003. This improvement came primarily from our Rail and Tubular segments. Rail segment sales increased 3.7% due primarily to an increase in concrete tie sales. Also increasing, but to a lesser extent, were our rail distribution and transit products businesses. Construction products' net sales declined 3.1% as the lack of a new federal highway and transit bill continues to hurt our fabricated products business. Additionally, delays in federal spending for concrete buildings, due to wildfire concerns, contributed to the decline of Construction products sales. Tubular products' sales increased 14.9% and can be attributed to increases in threaded product sales to the water well market.

The Company's gross profit margin remained steady at 12.1% in the second quarters of 2004 and 2003. Rail products' profit margin increased 0.8 percentage points, primarily due to improvements in the concrete tie and rail distribution businesses mentioned above. The 0.7 percentage point decline in Construction products' margin was due, in part, to decreased margins at our fabricated products business as heightened competition for less business has decreased selling prices and lower volumes have created plant inefficiencies at the concrete building plants as well as the fabricated products facilities. Tubular products' gross profit margin held steady at 22.7% in the second quarter comparisons.

Selling and administrative expenses increased 3.3% compared to the second quarter of 2003. Interest expense declined 18.9% from the prior year due principally to the April 2004 retirement of a $10.0 million notional amount LIBOR-based interest rate collar agreement. See "Market Risk and Risk Management Policies" for more details on this matter. Other Income increased $0.3 million primarily as a result of the mark-to-market adjustment we recorded related to our remaining interest rate collar.

The second quarter 2004 effective tax rate was 40% compared to 39% in last year's second quarter.

First Six Months of 2004 Results of Operations

For the first six months of 2004, net income was $1.2 million ($0.12 per diluted share) on net sales of $142.3 million. Net income for the first six months of 2003 was $0.9 million ($0.10 per diluted share) on net sales of $135.3 million. The prior year results include a net loss from discontinued operations of $0.3 million ($0.03 per diluted share).

Net sales for 2004 increased 5.1% over the first six months of 2003. Rail segment sales increased 7.7% due primarily to an increase in rail distribution, transit, and concrete tie sales. Construction products' net sales increased 3.1% due to an increase in H-beam piling sales. Tubular products' sales declined 1.8% from last year's first six months due to delays in natural gas transmission pipeline projects. While the high cost of steel is partially responsible for the 50% increase in threaded pipe sales, it has also caused these pipeline delays and, in turn, our coated pipe sales have declined approximately 50%.

The Company's six month gross profit margin declined 1.1 percentage points to 10.8%. All three of the Company's segments contributed to the decline. Rail products' profit margin declined 0.7 percentage points due to the mix of products sold and low volume inefficiencies at our Niles, OH trackwork facility. The 1.5 percentage point decline in Construction products' margin was due, in part, to weaker sales of higher margin fabricated highway products and low volume inefficiency costs at our Spokane, WA concrete buildings plant. Tubular products' gross profit margin declined 2.2 percentage points due to the higher steel costs mentioned above.

Selling and administrative expenses remained at 2003 levels. Interest expense declined 19.4% from the prior year as a result of the previously mentioned collar retirement and a reduction in average borrowing levels during the current year. Other Income increased $0.7 million primarily as a result of the

previously mentioned second quarter mark-to-market adjustment recorded by the Company related to our remaining interest rate collar and the first quarter gain on the sale of the Company's former Newport, KY pipe coating machinery and equipment which had been classified as "held for resale."

The effective tax rate during the first half of 2004 was 40% compared to 39% for the same period last year.

Liquidity and Capital Resources

The Company's capitalization is as follows:

(in thousands)	June 30, 2004	December 31, 2003
Debt:		
Revolving credit facility	$ 21,000	$ 17,000
Capital leases	1,283	1,616
Other (primarily revenue bonds)	2,821	2,853
Total Debt	25,104	21,469
Equity	73,091	70,544
Total Capitalization	$ 98,195	$ 92,013

Debt as a percentage of capitalization (debt plus equity) increased to 26% from 23% at the 2003 year end. Working capital was $53.0 million at June 30, 2004 compared to $46.8 million at December 31, 2003.

The Company's liquidity needs arise from seasonal working capital requirements, capital expenditures, acquisitions and debt service obligations. The following table summarized the impact of these items:

(in thousands)	June 30, 2004	2003
Liquidity needs:		
Working capital and other assets and liabilities	$ (8,913)	$ (1,989)
Capital expenditures, net of asset sales	(559)	(1,279)
Scheduled debt service obligations - net	(365)	(457)
Cash interest	827	1,071
Net liquidity requirements	(9,010)	(2,654)
Liquidity sources (uses):		
Internally generated cash flows before interest	2,268	2,829
Credit facility activity	4,000	(2,000)
Equity transactions	1,331	246
Other	-	245
Net liquidity sources	7,599	1,320
Net Change in Cash	$ (1,411)	$ (1,334)

Capital expenditures were $1.5 million for the first six months of 2004 compared to $1.3 million in the same period of 2003. The amount of capital spending in 2004 will depend upon the outcome of the Company's bid on a concrete tie contract, as a successful outcome will require the construction of one or more facilities. Excluding business acquisitions and the potential concrete tie facilities, capital expenditures for 2004 are expected to be approximately $4.0 million, and funded by cash flow from operations and available external financing sources.

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

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

The Company has an agreement that provides for a revolving credit facility of up to $60.0 million in borrowings to support the Company's working capital and other liquidity requirements. The revolving credit facility, which matures in September 2005, is secured by substantially all of the Company's inventory and trade receivables. Availability under this agreement is limited by the amount of eligible inventory and accounts receivable applied against certain advance rates. Interest on the credit facility is based on LIBOR plus a spread ranging from 1.75% to 2.5%. Total revolving credit agreement borrowings at June 30, 2004 were $21.0 million, an increase of $4.0 million from December 31, 2003. At June 30, 2004, remaining available borrowings under this facility were approximately $24.4 million. Outstanding letters of credit at June 30, 2004 were approximately $2.9 million. The letters of credit expire annually and are subject to renewal. Management believes its internal and external sources of funds are adequate to meet anticipated needs for the foreseeable future.

The credit agreement includes financial covenants requiring a minimum net worth and a minimum fixed charge coverage ratio. The primary restrictions to this agreement include investments, indebtedness, and the sale of certain assets. On September 8, 2003, the first amendment to this agreement allowed for the sale of the Company's equity interest in a specialty trackwork supplier. For more information regarding the transaction, see "Other Matters". As of June 30, 2004, the Company was in compliance with all of the agreement's covenants.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements include operating leases, purchase obligations and standby letters of credit. A schedule of the Company's required payments under financial instruments and other commitments as of December 31, 2003 are included in "Liquidity and Capital Resources" section of the Company's 2003 Annual Report filed on Form 10-K. There have been no significant changes to the Company's contractual obligations relative to the information presented in the Form 10-K. These arrangements provide the Company with increased flexibility relative to the utilization and investment of cash resources.

Dakota, Minnesota & Eastern Railroad

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

At June 30, 2004, the Company's investment was comprised of $0.2 million of DM&E common stock, $1.5 million of Series B Preferred Stock and warrants, $6.0 million of Series C Preferred Stock and warrants, $0.8 million of Preferred Series C-1 Stock and warrants, and $0.5 million of Series D Preferred Stock and warrants. In addition, the Company has a receivable for accrued dividend income on Preferred Stock of approximately $5.2 million. The Company owns approximately 13.6% of the DM&E.

In June 1997, the DM&E announced its plan to build an extension from the DM&E's existing line into the low sulfur coal market of the Powder River Basin in Wyoming and to rebuild approximately 600 miles of its existing track (the Project). The estimated cost of this project is expected to be in excess of $2.0 billion. The Surface Transportation Board (STB) approved the Project in January 2002. In October 2003, however, the 8th U.S. Circuit Court of Appeals remanded the matter to the STB and instructed the STB to address, in its environmental impact statement, the Project's effects on air quality, noise and vibration, and preservation of historic sites. On January 30, 2004, the 8th U. S. Circuit Court of Appeals denied petitions seeking a rehearing of the case.

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

In December 2003, the DM&E received a Railroad Rehabilitation and Improvement Financing (RRIF) Loan in the amount of $233.0 million from the Federal Railroad Administration. Funding provided by the 25-year loan was used to refinance debt and upgrade infrastructure along parts of its existing route.

Other Matters

Specialty trackwork sales of the Company's Rail segment have declined since a decision was made to terminate our relationship with a principal trackwork supplier during the third quarter of 2002. In the third quarter of 2003, we exchanged our minority ownership interest and advances to this supplier for a $5.5 million promissory note from the supplier's owner, with principal and accrued interest to be repaid beginning in January 2008. The value of this note has been fully reserved and no gain or loss was recorded on this transaction. During the first six months of 2004 and 2003, the volume of business the supplier conducted with the Company was approximately $1.6 million and $6.5 million, respectively. Most of the combined order backlog was completed in 2003 and approximately $0.4 million remained at June 30, 2004. If this supplier is unable to perform, it could have a further negative impact on earnings and cash flows.

During the first quarter of 2003, the Company sold certain assets and liabilities of its Foster Technologies subsidiary, engaged in the rail signaling and communication device business, for $0.3 million. This subsidiary had been classified as a discontinued operation in December 2002. The loss from this business in the first six months of 2003 was principally due to losses incurred up to the sale date, as well as certain charges taken for employee severance costs and lease obligations.

We continue to evaluate the overall performance of our operations. A decision to down-size or terminate an existing operation could have a material adverse effect on near-term earnings but would not be expected to have a material adverse effect on the financial condition of the Company.

Outlook

Our CXT Rail operations and Allegheny Rail Products division are dependent on a Class I railroad for a significant portion of their business. Our agreement to supply concrete ties to this railroad expired in September 2003. We are still selling ties to this customer, although there are no longer annual minimum quantity requirements. In December 2003, we bid on a new concrete tie supply agreement that is expected to be a 5 to 8 year commitment. If our bid is successful, we will be required to establish one or more new facilities to service this agreement, which would require a significant capital investment. If we are unsuccessful in the bidding process, it may cause the value of our two existing tie facilities with total net assets of approximately $7.1 million to be partially impaired. Although an agreement has not yet been signed, the Company expects to have a new agreement in place by the end of the third quarter.

Steel is a key component in the products that we sell. In the past year, the price of scrap steel, which is used by mini-mills to manufacture many steel products, has more than doubled. Although steel scrap prices moderated somewhat in June, they have risen significantly during the month of July. Producers and other suppliers continue to quote high prices or are quoting monthly price surcharges. Some of our suppliers are experiencing supply problems. Since many of the Company's projects can be six months to twenty-four months in duration, we find ourselves caught in the middle of some of these pricing and availability issues. While we believe this highly unusual situation to be temporary in nature, it could have a negative impact on the Company's sales volumes, results of operations and cash flows until the market normalizes.

In 2003, we received an increased but still limited supply of sheet piling from our exclusive supplier. The sheet piling supply is still not adequately consistent and reliable for our piling business to grow profitably. We expect this year to be pivotal in determining whether sheet piling will contribute to the future growth of this business.

Last year we began implementing Lean Enterprise (Lean) across the organization. Lean is a methodology as well as a mindset, utilized in managing a business that focuses on the execution and continuous improvement of all business processes with the objective of maximizing speed and flexibility at the lowest cost. Proper implementation of Lean can lead to other benefits such as better quality control and improved worker safety.

Lean has commenced at all of our manufacturing facilities and the preliminary results have been positive, with significant improvement in productivity in several manufacturing processes. For these improvements to make a significant impact on our financial results, we must experience increased volumes at these facilities.

A substantial portion of the Company's operations is heavily dependent on governmental funding of infrastructure projects. Significant changes in the level of government funding of these projects could have a favorable or unfavorable impact on the operating results of the Company. The most recent extension of the federal highway and transit bill (TEA-21) is to expire in September, 2004, as reauthorization of a successor bill continues to be delayed. A new highway and transit bill is important to the future growth and profitability of many of the Company's businesses. Additionally, government actions concerning taxation, tariffs, the environment, or other matters could impact the operating results of the Company. The Company's operating results may also be affected negatively by adverse weather conditions.

Although backlog is not necessarily indicative of future operating results, total Company backlog at June 30, 2004, was approximately $119.4 million. The following table provides the backlog by business segment:

	Backlog		
(In thousands)	June 30, 2004	December 31, 2003	June 30, 2003
Rail Products	$ 37,702	$ 37,529	$ 41,023
Construction Products	78,030	67,100	74,780
Tubular Products	3,639	1,035	4,421
Total	$119,371	$105,664	$120,224

The increase in Construction segment backlog from December 31, 2003, resulted from increases in concrete buildings and earth retention walls, and piling backlog. Increases in threaded pipe and pipe coating services improved the Tubular segment backlog from 2003 year end.

The decline in Rail segment backlog from June 30, 2003 reflects a reduction in transit products backlog, while the increase in Construction products' backlog resulted primarily from an increase in concrete earth retention wall backlog.

Market Risk and Risk Management Policies

The Company does not purchase or hold any derivative financial instruments for trading purposes. The Company uses derivative financial instruments to manage interest rate exposure on variable-rate debt, primarily by using interest rate collars and variable interest rate swaps. The Company's primary source of variable-rate debt comes from its revolving credit agreement. In conjunction with the Company's debt refinancing in the third quarter of 2002, the Company discontinued cash flow hedge accounting treatment for its interest rate collars and has applied mark-to-market accounting prospectively. The Company has a LIBOR-based interest rate collar agreement, which became effective in March 2001 and expires in March 2006, with a notional value of $15,000,000, a maximum annual interest rate of 5.60% and a minimum annual interest rate of 5.00%. The counterparty to the collar agreement has the option, on March 6, 2005, to convert the $15,000,000 collar to a one-year, fixed-rate instrument with interest payable at an annual rate of 5.49%. The fair value of this collar agreement was a liability of $611,000 as of June 30, 2004. The Company also had a LIBOR-based interest rate collar agreement, which became effective in April 2001 and expires in April 2006, with a notional value of $10,000,000, a maximum annual interest rate of 5.14%, and a minimum annual interest rate of 4.97%. The counter-party to the collar agreement had the option, on

April 18, 2004, to convert the $10,000,000 collar to a two-year fixed-rate instrument with interest payable at an annual rate of 5.48%. In April 2004, prior to the counter-party option, the Company terminated this interest rate collar agreement by purchasing it for its fair value of $707,000.

Although these derivatives are not deemed to be effective hedges of the new credit facility in accordance with the provisions of SFAS 133, the Company retained these instruments as protection against interest rate risk associated with the new credit agreement and the Company records the mark-to-market adjustments on these interest rate collars in its consolidated statements of operations. During the second quarter of 2004 and 2003, the Company recognized $416,000 of income and $121,000 of expense, respectively, to adjust these instruments to fair value. For the six months ended June 2004 and 2003, the Company recognized $374,000 of income and $110,000 of expense, respectively, to adjust these instruments to fair value. The Company continues to apply cash flow hedge accounting to interest rate swaps.

The Company recognizes all derivative instruments on the balance sheet at fair value. Fluctuations in the fair values of derivative instruments designated as cash flow hedges are recorded in accumulated other comprehensive income, and reclassified into earnings as the underlying hedged items affect earnings. To the extent that a change in interest rate derivative does not perfectly offset the change in value of the interest rate being hedged, the ineffective portion is recognized in earnings immediately.

The remaining interest rate collar agreement has a minimum annual interest rate of 5.00% to a maximum annual interest rate of 5.60%. Since the interest rate on the revolving credit agreement floats with the short-term market rate of interest, the Company is exposed to the risk that these interest rates may decrease below the minimum annual interest rate on the interest rate collar agreement. The effect of a 1% decrease in the applicable interest rate below the 5.00% minimum annual interest rate on $21.0 million of outstanding floating rate debt would result in increased annual interest costs of approximately $0.2 million.

The Company is not subject to significant exposures to changes in foreign currency exchange rates. The Company will, however, manage its exposure to changes in foreign currency exchange rates on firm sales and purchase commitments by entering into foreign currency exchange contracts. The Company's risk management objective is to reduce its exposure to the effects of changes in exchange rates on these transactions over the duration of the transaction.

Forward-Looking Statements

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

The Company cautions readers that various factors could cause the actual results of the Company to differ materially from those indicated by forward-looking statements made from time to time in news releases, reports, proxy statements, registration statements and other written communications (including the preceding sections of this Management's Discussion and Analysis), as well as oral statements, such as references made to the future profitability, made from time to time by representatives of the Company. Additional delays in a Virginia steel mill's production of sheet piling products, or failure to produce substantial quantities of sheet piling products could adversely impact the Company's earnings. The inability to successfully negotiate a new sales contract with a current Class I railroad customer could have a negative impact on the operating results of the Company. The Company's businesses could be affected adversely by continued price increases in the steel scrap market. Except for historical information, matters

discussed in such oral and written communications are forward-looking statements that involve risks and uncertainties, including but not limited to general business conditions, the availability of material from major suppliers, the impact of competition, the seasonality of the Company's business, the adequacy of internal and external sources of funds to meet financing needs, taxes, inflation and governmental regulations. Sentences containing words such as "anticipates", "expects", or "will" generally should be considered forward-looking statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See the "Market Risk and Risk Management Policies" section under Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 4. CONTROLS AND PROCEDURES

a) As of the end of the period covered by this report, L. B. Foster Company (the Company) carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rules 13a - 15(e) and 15d - 15(e). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to timely alert them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

b) There have been no significant changes in the Company's internal controls over financial reporting that occurred in the period covered by this report that have materially affected or are likely to materially affect the Company's internal controls over financial reporting.

PART II OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 10, "Commitments and Contingent Liabilities", to the Condensed Consolidated Financial Statements.

Item 4. RESULTS OF VOTES OF SECURITY HOLDERS

At the Company's annual meeting held on May 26, 2004, the following individuals were elected to the Board of Directors:

Name	For Election	Withheld Authority
Lee B. Foster II	9,411,804	36,174
Stan L. Hasselbusch	9,365,949	82,029
Henry J. Massman IV	9,411,990	35,988
Diane B. Owen	9,411,990	35,988
John W. Puth	9,388,108	59,870
William H. Rackoff	9,411,890	36,088

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, filed as Exhibit 3.1 to Form 10-Q for the quarter ended March 31, 2003.

3.2 Bylaws of the Registrant, as amended to date, filed as Exhibit 3.2 to Form 10-K for the year ended December 31, 2002.

4.0 Rights Amendment, dated as of May 15, 1997 between L. B. Foster Company and American Stock Transfer & Trust Company, including the form of Rights Certificate and the Summary of Rights attached thereto, filed as Exhibit 4.0 to Form 10-K for the year ended December 31, 2002.

4.0.1 Amended Rights Agreement dated as of May 14, 1998 between L.B. Foster Company and American Stock Transfer and Trust Company, filed as Exhibit 4.0.1 to Form 10-Q for the quarter ended March 31, 2003.

4.0.2 Revolving Credit and Security Agreement dated as of September 26, 2002, between L. B. Foster Company and PNC Bank, N. A., filed as Exhibit 4.0.2 to Form 10-Q for the quarter ended September 30, 2002.

4.0.3 First Amendment to Revolving Credit and Security Agreement dated September 8, 2003, between the Registrant and PNC Bank, N.A, filed as Exhibit 4.0.3 to Form 10-Q for the quarter ended September 30, 2003.

10.12 Lease between CXT Incorporated and Pentzer Development Corporation, dated April 1, 1993, filed as Exhibit 10.12 to Form 10-K for the year ended December 31, 1999.

10.12.1 Second Amendment dated March 12, 1996 to lease between CXT Incorporated and Crown West Realty, LLC, successor, filed as Exhibit 10.12.1 to Form 10-K for the year ended December 31, 1999.

10.12.2 Third Amendment dated November 7, 2002 to lease between CXT Incorporated and Crown West Realty, LLC, filed as Exhibit 10.12.2 to Form 10-K for the year ended December 31, 2002.

10.12.3 Fourth Amendment dated December 15, 2003 to lease between CXT Incorporated and Crown West Realty, LLC, filed as Exhibit 10.12.3 to Form 10-K for the year ended December 31, 2003.

10.13 Lease between CXT Incorporated and Crown West Realty, L. L. C., dated December 20, 1996, filed as Exhibit 10.13 to Form 10-K for the year ended December 31, 1999.

10.13.1 Amendment dated June 29, 2001 between CXT Incorporated and Crown West Realty, filed as Exhibit 10.13.1 to Form 10-K for the year ended December 31, 2002.

10.15 Lease between CXT Incorporated and Union Pacific Railroad Company, dated February 13, 1998, and filed as Exhibit 10.15 to Form 10-K for the year ended December 31, 1999.

10.15.1 Renewal Rider for lease between CXT Incorporated, Union Pacific Railroad Company and Nevada Railroad Materials, Inc., dated December 17, 2003, and filed as Exhibit 10.15.1 to Form 10-K for the year ended December 31, 2003.

	10.15.2	Renewal Rider for lease between CXT Incorporated and Union Pacific Railroad Company dated December 17, 2003 and filed as Exhibit 10.15.2 to Form 10-K for the year ended December 31, 2003.
*	10.16	Lease between Registrant and Suwanee Creek Business Center, LLC dated February 13, 2004.
	10.17	Lease between Registrant and the City of Hillsboro, TX dated February 22, 2002, filed as Exhibit 10.17 to Form 10-K for the year ended December 31, 2002.
	10.19	Lease between Registrant and American Cast Iron Pipe Company for pipe-coating facility in Birmingham, AL dated December 11, 1991, filed as Exhibit 10.19 to Form 10-K for the year ended December 31, 2002.
	10.19.1	Amendment to Lease between Registrant and American Cast Iron Pipe Company for pipe-coating facility in Birmingham, AL dated November 15, 2000, and filed as Exhibit 10.19.2 to Form 10-K for the year ended December 31, 2000.
	10.20	Equipment Purchase and Service Agreement by and between the Registrant and LaBarge Coating LLC, dated July 31, 2003, and filed as Exhibit 10.20 to Form 10-Q for the quarter ended September 30, 2003.
*	10.21	Stock Purchase Agreement, dated June 3, 1999 by and among the Registrant and the shareholders of CXT Incorporated.
	10.33.2	Amended and Restated 1985 Long-Term Incentive Plan as of February 26, 1997, filed as Exhibit 10.33.2 to Form 10-Q for the quarter ended March 31, 2003. **
	10.34	Amended and Restated 1998 Long-Term Incentive Plan as of February 2, 2001, filed as Exhibit 10.34 to Form 10-K for the year ended December 31, 2000. **
	10.45	Medical Reimbursement Plan effective January 1, 2004, filed as Exhibit 10.45 to Form 10-K for the year ended December 31, 2003. **
*	10.46	Leased Vehicle Plan as amended and restated on June 9, 2004. **
	10.51	Supplemental Executive Retirement Plan, filed as Exhibit 10.51 to Form 10-K for the year ended December 31, 2002. **
	10.52	Outside Directors' Stock Award Plan, filed as Exhibit 10.52 to Form 10-K for the year ended December 31, 2002. **
	10.53	Directors' resolutions dated May 13, 2003, under which directors' compensation was established, filed as Exhibit 10.53 to Form 10-Q for the quarter ended June 30, 2003. **
	10.55	2004 Management Incentive Compensation Plan, filed as Exhibit 10.55 to Form 10-K for the year ended December 31, 2003.
	19	Exhibits marked with an asterisk are filed herewith.
*	31.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
*	31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
*	32.0	Certification of Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.

** Identifies management contract or compensatory plan or arrangement required to be filed as an Exhibit.

b) Reports on Form 8-K

On April 20, 2004, the Registrant filed a current report on Form 8-K under Item 12 announcing first quarter results.

On July 21, 2004, the Registrant filed a current report on Form 8-K under Item 12 announcing second quarter results.

SIGNATURE

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

L.B. FOSTER COMPANY
(Registrant)

Date: August 12, 2004

By: /s/David J. Russo
David J. Russo
Senior Vice President,
Chief Financial Officer and Treasurer
(Duly Authorized Officer of Registrant)

INDUSTRIAL LEASE

Basic Lease Information

Date: February 13, 2004

Landlord: SUWANEE CREEK BUSINESS CENTER, LLC, a Delaware limited liability company.

Tenant: LB FOSTER COMPANY, a Pennsylvania corporation

Guarantor: N/A

Premises (section 1.1): The space(s) in the building(s) outlined in Exhibit A, containing approximately 14,000 square feet (more or less) of building area, the street address(es) of which is (are) known as Suite A, Building 100, 130 Satellite Boulevard NE, Suwanee, Georgia 30024

Property (section 1.1): The land and the building(s) outlined in Exhibit A, containing approximately 172,800 square feet (more or less) of total building area, located in Gwinnett County, Georgia, and known as Suwanee Creek Business Park, 130, 140 and 150 Satellite Boulevard NE, Suwanee, Georgia 30024

Term (section 2.1): One Hundred Twenty-Seven (127) Months

Commencement Date (section 2.1): March 1, 2004

Expiration Date (section 2.1): September 30, 2014

Monthly Base Rent (dollars per month) (section 3.1(a)):

Period	Monthly Installments
03/01/04 - 02/28/05	$6,277.00
03/01/05 - 02/28/06	$6,465.00
03/01/06 - 02/28/07	$6,659.00
03/01/07 - 02/29/08	$6,858.00
03/01/08 - 02/28/09	$7,064.00
03/01/09 - 02/28/10	$7,276.00
03/01/10 - 02/28/11	$7,495.00
03/01/11 - 02/29/12	$7,720.00
03/01/12 - 02/28/13	$7,951.00
03/01/13 - 02/28/14	$8,190.00
03/01/14 - 09/30/14	$8,435.00

Tenant's Percentage Share of Property (section 3.1(b)): 8.12%

Tenant's Percentage Share of Building (section 3.1(b)): 20.83%

Initial Additional Monthly Rent Estimate (dollars per month) (section 3.2(a)): $1237.33

Security Deposit (section 3.3): $6,277.00

Rent Payment Address (section 3.7): CalEast Industrial Investors, LLC, Atlanta Suwanee, 4518 Collections Center Drive, Chicago, Illinois 60693

Permitted Use of the Premises (section 4.1): Office/warehouse and product testing for parts and equipment related to the railroad industry and matters reasonably similar or related thereto

Landlord's Address (section 14.1): c/o LaSalle Investment Management, Inc., 3500 Piedmont Road, Suite 600, Atlanta, Georgia 30305, Attn. Laurence Christopher Harris, and a copy simultaneously to (i) LaSalle Investment Management, Inc., 65 East State Street, Suite 1750, Columbus, Ohio 43215, Attn: Russ Blackwell and to (ii) Trammell Crow Company, Five Concourse Parkway, Suite 1600, Atlanta, Georgia 30328

Tenant's Address (section 14.1): LB Foster Company, 415 Holiday Drive, Pittsburgh, Pennsylvania 15220, Attn.: Steve Hart and a copy simultaneously to LB Foster Company, 415 Holiday Drive, Pittsburgh, Pennsylvania 15220, Attn.: General Counsel.

Guarantor's Address (section 14.1): N/A

Real Estate Broker(s) (section 15.5): TC Atlanta, Inc. -- Representing Landlord

Alliance Partners, Inc. -- Representing Tenant

Exhibit A - Plan(s) Outlining the Premises and the Property

Exhibit B - Description of Landlord's work

Exhibit C - Form of Memorandum Confirming Term

Exhibit D - Permitted Use of Hazardous Substances

Addendum to Industrial Lease

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The foregoing Basic Lease Information is incorporated in and made a part of the Lease to which it is attached. If there is any conflict between the Basic Lease Information and the Lease, the Basic Lease Information shall control.

TENANT:

LB FOSTER COMPANY, a Pennsylvania corporation

By: /s/Stan L. Hasselbusch
Name: Stan L. Hasselbusch
Title: CEO & President

[CORPORATE SEAL]

LANDLORD:

SUWANEE CREEK BUSINESS CENTER LLC, Delaware limited liability company

By: CalEast Industrial Investors, LLC, a California limited liability company, its Member

By: LaSalle Investment Management, Inc., a Maryland corporation, its Manager

By:/s/Laurence Christopher Harris
Laurence Christopher Harris,
Vice President

(CORPORATE SEAL)

By: TC Suwanee Creek, Inc., a Delaware corporation, its Member

By:/s/Patty
Name:
Title:

(CORPORATE SEAL)

Table of Contents

TABLE OF CONTENTS
(continued)

INDUSTRIAL LEASE

THIS LEASE, made as of the date specified in the Basic Lease Information, by and between SUWANEE CREEK BUSINESS CENTER LLC, a Delaware limited liability company ("Landlord"), and the tenant specified in the Basic Lease Information ("Tenant"),

W I T N E S S E T H:

ARTICLE 1
Premises

1.1 Lease of Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the term and subject to the covenants hereinafter set forth, to all of which Landlord and Tenant hereby agree, the space(s) in the building(s) specified in the Basic Lease Information (the "Premises") located on the real property specified in the Basic Lease Information (the "Property"), all as outlined on the plan(s) attached hereto as Exhibit A. The Property includes the land and the building(s) in which the Premises is located. Landlord and Tenant agree that, for purposes of this Lease, the Premises and the Property, respectively, each contains the number of square feet of building area specified in the Basic Lease Information and Tenant's Percentage Share specified in the Basic Lease Information is the ratio of such building area of the Premises to such building area of the Property. During the term of this Lease, Tenant shall have the nonexclusive right, in common with other tenants of the Property, to use only for their intended purposes the common areas (such as driveways, sidewalks, parking areas, loading areas and access roads) in the Property that are designated by Landlord as common areas and not leased to or allocated for the exclusive use of another tenant of the Property. Landlord shall have the right from time to time to change the size, location, configuration, character or use of any such common areas, construct additional improvements or facilities in any such common areas, or close any such common areas. Tenant shall not interfere with the rights of Landlord and other tenants of the Property to use such common areas.

1.2 Relocation of Premises. [Intentionally Deleted].

ARTICLE 2
Term

2.1 Term of Lease. The term of this Lease shall be the term specified in the Basic Lease Information, which shall commence on the commencement date specified in the Basic Lease Information (the "Commencement Date") and, unless sooner terminated as hereinafter provided, shall end on the expiration date specified in the Basic Lease Information (the "Expiration Date"). If Landlord, for any reason whatsoever, does not deliver possession of the Premises to Tenant on the Commencement Date, this Lease shall not be void or voidable and Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, but, in such event, the Commencement Date shall be postponed until the date on which Landlord delivers possession of the Premises to Tenant and the Expiration Date shall be extended for an equal period (subject to adjustment in accordance with section 2.3 hereof). Tenant acknowledges that Tenant has inspected the Premises and the Property or has had the Premises and the Property inspected by professional consultants retained by Tenant, Tenant is familiar with the condition of the Premises and the Property, the Premises and the Property are suitable for Tenant's purposes, and, except for the improvements to be constructed or installed by Landlord pursuant to Exhibit B (if any), the condition of the Premises and the Property is acceptable to Tenant. Except for the improvements to be constructed or installed by Landlord pursuant to Exhibit B (if any), Landlord shall have no obligation to construct or install any improvements in the Premises or the Property or to remodel, renovate, recondition, alter or improve the Premises or the Property in any manner, and Tenant shall accept the Premises "as is" on the Commencement Date. Landlord and Tenant expressly agree that there are and shall be no implied warranties of merchantability, habitability, fitness, for a particular purpose or of any other kind arising out of this Lease and there are no warranties which extend beyond those expressly set forth in this Lease.

2.2 Improvements. This section 2.2 shall apply only if Landlord is required to construct or install improvements in the Premises or the Property pursuant to Exhibit B. Landlord shall construct or install the improvements to be constructed or installed by Landlord pursuant to Exhibit B. Landlord shall deliver possession of

the Premises to Tenant on the Commencement Date or the date of substantial completion of the improvements, whichever is later, and Tenant shall accept such delivery of the Premises. Notwithstanding section 2.1 hereof, the term of this Lease shall not commence until Landlord has substantially completed the improvements pursuant to Exhibit B attached hereto and delivered possession of the Premises to Tenant. The date of substantial completion of the improvements shall be the date on which construction is sufficiently complete, substantially in accordance with the plans and specifications, so the improvements may be used or occupied for their intended purpose as permitted under this Lease. If Landlord is delayed in substantially completing the improvements by any cause of delay for which Tenant is responsible, then Tenant shall pay to Landlord, as additional rent, the monthly Base Rent (based on the first month for which the Base Rent is to be paid) and the additional monthly rent payable under section 3.1 hereof, calculated on a per diem basis, multiplied by the number of days of such delay, which shall be due and payable on the Commencement Date specified in the Basic Lease Information for such delay before such date and monthly in arrears on the first day of each month thereafter for such delay after such date. If the improvements are substantially complete and the Premises is ready for occupancy by Tenant prior to the Commencement Date, Tenant shall have the right to take early occupancy of the Premises prior to the Commencement Date and the term of this Lease shall commence on such date of early occupancy by Tenant, in which event the Commencement Date shall be advanced to such date of early occupancy, the Expiration Date shall be advanced by an equal period (subject to adjustment in accordance with section 2.3 hereof), and each of the Monthly Base Rent adjustment dates set forth in the Basic Lease Information shall also be advanced accordingly. Tenant shall give Landlord written notice of Tenant's determination to take early occupancy of the Premises at least ten (10) days in advance, which notice shall specify the date of such early occupancy.

2.3 Adjustment of Commencement Date. If the Commencement Date as determined in accordance with section 2.1 or section 2.2 hereof would not be the first day of the month and the Expiration Date would not be the last day of the month, then the actual Commencement Date shall be the first day of the next calendar month following the date so determined and the actual Expiration Date shall be the last day of the appropriate calendar month so the term of this Lease shall be the full term specified in the Basic Lease Information. The period of the fractional month between the date so determined and the actual Commencement Date shall be on and subject to all of the covenants in this Lease and, on the actual Commencement Date, Tenant shall pay to Landlord, as additional rent, the monthly Base Rent (based on the first month for which the Base Rent is to be paid) and the additional monthly rent payable under section 3.1 hereof, calculated on a per diem basis, for such period. Landlord and Tenant each shall, promptly after the actual Commencement Date and the actual Expiration Date have been determined, execute and deliver to the other a Memorandum Confirming Term in the form of Exhibit C attached hereto, which shall set forth the actual Commencement Date and the actual Expiration Date for this Lease, but the term of this Lease shall commence and end in accordance with this Lease whether or not the Memorandum Confirming Term is executed.

2.4 Holding Over. In the event that Tenant shall continue in occupancy of the Premises after the expiration of the Term, such occupancy shall not be deemed to extend or renew the term of this Lease, but such occupancy shall continue as a tenancy at will upon the covenants, provisions and conditions herein contained at a daily Base Rental equal to one twentieth (1/20th) of the monthly Base Rental in effect at the expiration of the term of this Lease. Landlord may terminate such tenancy at any time on the later of three (3) days' written notice or the minimum notice period, if any, required under applicable law.

ARTICLE 3
Rent

3.1 Base Rent and Additional Rent. Tenant shall pay to Landlord the following amounts as rent for the Premises:

(a) During the term of this Lease, Tenant shall pay to Landlord, as base monthly rent, the amount of monthly Base Rent specified in the Basic Lease Information.

(b) During each calendar year (or part thereof) during the term of this Lease, Tenant shall pay to Landlord, as additional monthly rent:

(i) Tenant's Percentage Share specified in the Basic Lease Information of all CAM Expenses paid or incurred by Landlord in such year, provided, however, that beginning with the second full calendar year of the term of this Lease, Tenant's additional rent obligation under this Section 3.1(b)(i) as it relates to those items of CAM Expenses that lie within the reasonable control of Landlord (but not any items of CAM Expenses that are not within the reasonable control of Landlord) shall not increase by more than five percent (5%) per annum;

(ii) Tenant's Percentage Share specified in the Basic Lease Information of all Property Taxes paid or incurred by Landlord in such year; and

(iii) Tenant's Percentage Share specified in the Basic Lease Information of all Insurance Costs paid or incurred by Landlord in such year.

(c) Throughout the term of this Lease, Tenant shall pay, as additional rent, all other amounts of money and charges required to be paid by Tenant under this Lease, whether or not such amounts of money or charges are designated "additional rent." As used in this Lease, "rent" shall mean and include all Base Rent, additional monthly rent and additional rent payable by Tenant in accordance with this Lease.

3.2 Procedures. The additional monthly rent payable by Tenant pursuant to section 3.1(b) hereof (CAM Expenses, Property Taxes and Insurance Costs) shall be calculated and paid in accordance with the following procedures:

(a) Prior to the execution of this Lease, and on or before the first day of each subsequent calendar year during the term of this Lease, or as soon thereafter as practicable, Landlord shall give Tenant written notice of Landlord's estimate of the amounts payable under section 3.1(b) hereof for the balance of the first calendar year after the Commencement Date or for the ensuing calendar year, as the case may be. Landlord's estimate of the initial monthly rent payable by Tenant under section 3.1(b) hereof each month for the balance of the first calendar year after the Commencement Date is specified in the Basic Lease Information. Tenant shall pay such estimated amounts to Landlord in equal monthly installments, in advance, on or before the Commencement Date and on or before the first day of each month during such balance of the first calendar year after the Commencement Date or during such ensuing calendar year, as the case may be. If such notice is not given for any calendar year, Tenant shall continue to pay on the basis of the prior year's estimate until the month after such notice is given, and subsequent payments by Tenant shall be based on Landlord's current estimate. If, at any time, Landlord determines that the amounts payable under section 3.1(b) hereof for the current calendar year will vary from Landlord's estimate, Landlord may, by giving written notice to Tenant, revise Landlord's estimate for such year, and subsequent payments by Tenant for such year shall be based on such revised estimate.

(b) Within a reasonable time after the end of each calendar year, Landlord shall give Tenant a written statement of the amounts payable by Tenant under section 3.1(b) hereof for such calendar year certified by Landlord. If such statement shows a total amount owing by Tenant that is less than the estimated payments for such calendar year previously made by Tenant, Landlord shall credit the excess to the next monthly installments of the amounts payable by Tenant under section 3.1(b) hereof (or, if the term of this Lease has ended, Landlord shall refund the excess to Tenant with such statement). If such statement shows a total amount owing by Tenant that is more than the estimated payments for such calendar year previously made by Tenant, Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of such statement. Tenant or Tenant's authorized agent or representative shall have the right once each calendar year to inspect the books of Landlord relating to CAM Expenses, Property Taxes and Insurance Costs for the prior calendar year, after giving reasonable prior written notice to Landlord and during the business hours of Landlord at the office of Landlord's property manager for the Property, for the purpose of verifying the information in such statement. Failure by Landlord to give any notice or statement to Tenant under this section 3.2 shall not waive Landlord's right to receive, or Tenant's obligation to pay, the amounts payable by Tenant under section 3.1(b) hereof.

(c) If the term of this Lease commences or ends on a day other than the first or last day of a calendar year, respectively, the amounts payable by Tenant under section 3.1(b) hereof applicable to the calendar year in which such term commences or ends shall be prorated according to the ratio which the number of days during the term of this Lease in such calendar year bears to three hundred sixty-five (365). Termination of this Lease shall not

affect the obligations of Landlord and Tenant pursuant to section 3.2(b) hereof to be performed after such termination.

3.3 Security Deposit. Upon signing this Lease, Tenant shall pay to Landlord (a) an amount equal to the Base Rent for the first month of the term of this Lease for which the Base Rent is to be paid, which amount Landlord shall apply to the Base Rent for such first month, and (b) the amount of the security deposit specified in the Basic Lease Information (the "Security Deposit"). The Security Deposit shall be held by Landlord as security for the performance by Tenant of all of the covenants of this Lease to be performed by Tenant, and Tenant shall not be entitled to interest thereon. If Tenant fails to perform any of the covenants of this Lease to be performed by Tenant, then Landlord shall have the right, but no obligation, to apply the Security Deposit, or so much thereof as may be necessary, to cure any such failure by Tenant. If Landlord applies the Security Deposit or any part thereof to cure any such failure by Tenant, then Tenant shall immediately pay to Landlord the sum necessary to restore the Security Deposit to the full amount required by this Section 3.3. Provided Tenant performs all of its obligations under this Lease as provided herein, Landlord shall return any remaining portion of the Security Deposit to Tenant within thirty (30) days after termination of this Lease. Upon termination of the original Landlord's or any successor owner's interest in the Premises, the original Landlord or such successor owner shall be released from further liability with respect to the Security Deposit upon the original Landlord's or such successor owner's transferring the Security Deposit to the new owner.

3.4 Late Payment. Tenant acknowledges that the late payment by Tenant of any monthly installment of Base Rent or additional monthly rent will cause Landlord to incur costs and expenses, the exact amount of which is extremely difficult and impractical to fix. Such costs and expenses will include administration and collection costs and processing and accounting expenses. Therefore, if any monthly installment of Base Rent or additional monthly rent is not received by Landlord within ten (10) days after such installment is due, Tenant shall immediately pay to Landlord a late charge equal to five percent (5%) of such delinquent installment. Landlord and Tenant agree that such late charge represents a reasonable estimate of such costs and expenses and is fair reimbursement to Landlord. In no event shall such late charge be deemed to grant to Tenant a grace period or extension of time within which to pay any monthly rent or prevent Landlord from exercising any right or enforcing any remedy available to Landlord upon Tenant's failure to pay each installment of monthly rent due under this Lease when due, including the right to terminate this Lease and recover all damages from Tenant. All amounts of money payable by Tenant to Landlord hereunder, if not paid when due, shall bear interest from the due date until paid at the lesser of (a) the rate of twelve percent (12%) per annum and (b) the maximum rate permitted by law, and Tenant shall pay such interest to Landlord on written demand.

3.5 Other Taxes Payable by Tenant. Tenant shall reimburse Landlord upon written demand for all taxes, assessments, excises, levies, fees and charges, including all payments related to the cost of providing facilities or services, whether or not now customary or within the contemplation of Landlord and Tenant, that are payable by Landlord and levied, assessed, charged, confirmed or imposed by any public or government authority upon, or measured by, or reasonably attributable to (a) the cost or value of Tenant's furniture, fixtures, equipment and other personal property located in the Premises or the cost or value of any improvements made in or to the Premises by or for Tenant, regardless of whether title to such improvements is vested in Tenant or Landlord, (b) any rent payable under this Lease, including any gross income tax or excise tax levied by any public or government authority with respect to the receipt of any such rent so long as such tax is a tax on rent, (c) the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or (d) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises. Such taxes, assessments, excises, levies, fees and charges shall not include net income (measured by the income of Landlord from all sources or from sources other than solely rent) or franchise taxes of Landlord, unless levied or assessed against Landlord in whole or in part in lieu of, as a substitute for, or as an addition to any such taxes, assessments, excises, levies, fees and charges. All taxes, assessments, excises, levies, fees and charges payable by Tenant under this section 3.5 shall be deemed to be, and shall be paid as, additional rent.

3.6 Certain Definitions. As used in this Lease, certain words are defined as follows:

(a) "CAM Expenses" shall mean all direct and indirect costs and expenses paid or incurred by Landlord in connection with the ownership, management, operation, maintenance or repair of the Property or providing services in accordance with this Lease, including permit and inspection fees; electricity, gas, fuel, steam,

heat, light, power, water, sewer and other utilities; management fees and expenses (not exceeding three percent [3%] of Landlord's annual gross income for the Property); security, guard, extermination, water treatment, garbage and waste disposal, rubbish removal, plumbing and other services; snow and ice removal; maintenance of the fire suppression systems; landscape maintenance; supplies, tools, materials and equipment; accounting and other professional fees and expenses; painting the exterior of the Property; maintaining and repairing the exterior walls and roof, the parking and loading areas, the sidewalks, landscaping and common areas, and the other parts of the Property; costs and expenses required by or resulting from compliance with any laws, ordinances, rules, regulations or orders applicable to the Property; and costs and expenses of contesting by appropriate proceedings any matter concerning managing, operating, maintaining or repairing the Property, or the validity or applicability of any law, ordinance, rule, regulation or order relating to the Property, or the amount or validity of any Property Taxes. CAM Expenses shall not include Property Taxes, Insurance Costs, charges payable by Tenant pursuant to section 3.5 hereof, depreciation on the Property, costs of tenants' improvements, real estate brokers' commissions, interest, or capital costs for major roof, major parking lot replacement, foundation or masonry wall replacement or restoration work necessitated by fire or other casualty damage to the extent of net insurance proceeds received by Landlord with respect thereto.

(b) "Property Taxes" shall mean all taxes, assessments, excises, levies, fees and charges (and any tax, assessment, excise, levy, fee or charge levied wholly or partly in lieu thereof or as a substitute therefor or as an addition thereto) of every kind and description, general or special, ordinary or extraordinary, foreseen or unforeseen, secured or unsecured, whether or not now customary or within the contemplation of Landlord and Tenant, that are levied, assessed, charged, confirmed or imposed by any public or government authority on or against, or otherwise with respect to, the Property or any part thereof or any personal property used in connection with the Property. Property Taxes shall not include net income (measured by the income of Landlord from all sources or from sources other than solely rent) or franchise taxes of Landlord, unless levied or assessed against Landlord in whole or in part in lieu of, as a substitute for, or as an addition to any Property Taxes. Property Taxes shall not include charges payable by Tenant pursuant to section 3.5 hereof.

(c) "Insurance Costs" shall mean all premiums and other charges for all property, earthquake, flood, loss of rental income, business interruption, liability and other insurance relating to the Property carried by Landlord.

3.7 Rent Payment Address. Tenant shall pay all Base Rent and additional monthly rent under section 3.1 hereof to Landlord, in advance, on or before the first day of each and every calendar month during the term of this Lease. Tenant shall pay all rent to Landlord without notice, demand, deduction or offset, in lawful money of the United States of America, at the address for the payment of rent specified in the Basic Lease Information, or to such other person or at such other place as Landlord may from time to time designate in writing.

3.8 No Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount of monthly Base Rent and additional rent or any other sum due hereunder, shall be deemed to be other than on account of the earliest due rent or payment, nor shall any endorsement or statement on any check or any letter accompanying any such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or payment or pursue any other remedy available in this Lease, at law or in equity. Landlord may accept any partial payment from Tenant without invalidation of any contractual notice required to be given herein (to the extent such contractual notice is required) and without invalidation of any notice required by any law pertaining to eviction or summary remedy for regaining possession of real property in the event of tenant default.

ARTICLE 4
Use of the Premises

4.1 Permitted Use. Tenant shall use the Premises only for the Permitted Use of the Premises specified in the Basic Lease Information and for lawful purposes incidental thereto, and no other purpose whatsoever. Tenant shall not do or permit to be done in, on or about the Premises, nor bring or keep or permit to be brought or kept therein, anything which is prohibited by or will in any way conflict with any law, ordinance, rule, regulation or order now in force or which may hereafter be enacted, or which is prohibited by any insurance policy carried by Landlord for the Property, or will in any way increase the existing rate of, or disallow any fire rating or sprinkler

credit, or cause a cancellation of, or affect any insurance for the Property. If Tenant causes any increase the premium for any insurance covering the Property carried by Landlord, Tenant shall pay to Landlord, on written demand as additional rent, the entire amount of such increase. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of Landlord or other tenants of the Property, or injure or annoy them. Tenant shall not use or allow the Premises to be used for any improper, immoral, unlawful or objectionable activity, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises or commit or suffer to be committed any waste in, on or about the Premises. Tenant shall not store any materials, equipment or vehicles outside the Premises and agrees that no washing of any type (including washing vehicles) shall take place in or outside the Premises. Tenant shall not receive, store or otherwise handle any product or material that is explosive or highly inflammable. Tenant shall not install any signs on the Premises without the prior written consent of Landlord. Tenant shall, at Tenant's expense, remove all such signs prior to or upon termination of this Lease, repair any damage caused by the installation or removal of such signs, and restore the Premises to the condition that existed before installation of such signs.

4.2 Environmental Definitions. As used in this Lease, "Hazardous Material" shall mean any substance that is (a) defined under any Environmental Law as a toxic substance, hazardous substance, hazardous waste, hazardous material, pollutant or contaminant, (b) a petroleum hydrocarbon, including crude oil or any fraction or mixture thereof, (c) hazardous, toxic, corrosive, flammable, explosive, infectious, radioactive, carcinogenic or a reproductive toxicant, or (d) otherwise regulated pursuant to any Environmental Law. As used in this Lease, "Environmental Law" shall mean all federal, state and local laws, statutes, ordinances, regulations, rules, judicial and administrative orders and decrees, permits, licenses, approvals, authorizations and similar requirements of all federal, state and local governmental agencies or other governmental authorities pertaining to the protection of human health and safety or the environment, now existing or later adopted during the term of this Lease. As used in this Lease, "Permitted Activities" shall mean the lawful activities of Tenant that are part of the ordinary course of Tenant's business in accordance with the Permitted Use specified in the Basic Lease Information. As used in this Lease, "Permitted Materials" shall mean the materials, which are not Hazardous Materials, handled by Tenant in the ordinary course of conducting Permitted Activities and any Hazardous Material that is listed by name and maximum quantity and approved by Landlord on Exhibit D attached hereto.

4.3 Environmental Requirements. Tenant hereby agrees that: (a) Tenant shall not conduct, or permit to be conducted, on the Premises any activity which is not a Permitted Activity; (b) Tenant shall not use, store or otherwise handle, or permit any use, storage or other handling of, any Hazardous Material which is not a Permitted Material on or about the Premises; (c) Tenant shall obtain and maintain in effect all permits and licenses required pursuant to any Environmental Law for Tenant's activities on the Premises, and Tenant shall at all times comply with all applicable Environmental Laws; (d) Tenant shall not engage in the storage, treatment or disposal on or about the Premises of any Hazardous Material except for any temporary accumulation of waste generated in the course of Permitted Activities; (e) Tenant shall not install any aboveground or underground storage tank or any subsurface lines for the storage or transfer of any Hazardous Material, except for the lawful discharge of waste to the sanitary sewer, and Tenant shall store all Hazardous Materials in a manner that protects the Premises, the Property and the environment from accidental spills and releases; (f) Tenant shall not cause or permit to occur any release of any Hazardous Material or any condition of pollution or nuisance on or about the Premises, whether affecting surface water or groundwater, air, the land or the subsurface environment; (g) Tenant shall promptly remove from the Premises any Hazardous Material introduced, or permitted to be introduced, onto the Premises by Tenant which is not a Permitted Material and, on or before the date Tenant ceases to occupy the Premises, Tenant shall remove from the Premises all Hazardous Materials and all Permitted Materials handled by or permitted on the Premises by Tenant; (h) if any release of a Hazardous Material to the environment, or any condition of pollution or nuisance, occurs on or about or beneath the Premises as a result of any act or omission of Tenant or its agents, officers, employees, contractors, invitees or licensees, Tenant shall immediately notify Landlord and, where required by law, appropriate governmental authorities, and shall, at Tenant's sole cost and expense, promptly undertake all remedial measures required to clean up and abate or otherwise respond to the release, pollution or nuisance in accordance with all applicable Environmental Laws; and (i) Tenant shall not use, store or handle any chlorinated solvent except for de minimus amounts contained in cleaning supplies provided that such chlorinated solvents and their de minimus amounts are listed and approved by Landlord on Exhibit D attached hereto and incorporated herein by reference and are used in conformance with Environmental Laws and good environmental practice. Landlord and Landlord's representatives shall have the right, but not the obligation, to enter the Premises at any reasonable time for the purpose of inspecting the storage, use and handling of any Hazardous Material on the Premises in order to determine

Tenant's compliance with the requirements of this Lease and applicable Environmental Law. If Landlord gives written notice to Tenant that Tenant's use, storage or handling of any Hazardous Material on the Premises may not comply with this Lease or applicable Environmental Law, Tenant shall correct any such violation within five (5) days after Tenant's receipt of such notice from Landlord. Tenant shall indemnify and defend Landlord against and hold Landlord harmless from all claims, demands, actions, judgments, liabilities, costs, expenses, losses, damages, penalties, fines and obligations of any nature (including reasonable attorneys' fees and disbursements incurred in the investigation, defense or settlement of claims) that Landlord may incur as a result of, or in connection with, claims arising from the presence, use, storage, transportation, treatment, disposal, release or other handling, on or about or beneath the Premises, of any Hazardous Material introduced or permitted on or about or beneath the Premises by any act or omission of Tenant or its agents, officers, employees, contractors, invitees or licensees. The liability of Tenant under this Section 4.3 shall survive the termination of this Lease and Tenant's relinquishment of possession of the Premises with respect to acts or omissions that occur before the later to occur of such termination and Tenant's relinquishment of possession. Notwithstanding the foregoing, Tenant shall have no liability under this Section 4.3 for any Hazardous Material that was present on or under the Premises or the Property as of the Commencement Date that was not caused by Tenant or its agents, officers, employees, contractors, invitees or licensees.

4.4 Compliance With Law. Tenant shall, at Tenant's sole cost and expense, promptly comply with all laws, ordinances, rules, regulations, orders and other requirements of any government or public authority now in force or which may hereafter be in force, with all requirements of any board of fire underwriters or other similar body now or hereafter constituted, and with all directions and certificates of occupancy issued pursuant to any law by any governmental agency or officer, insofar as any thereof relate to or are required by the condition, use or occupancy of the Premises or the operation, use or maintenance of any personal property, fixtures, machinery, equipment or improvements in the Premises, but Tenant shall not be required to make structural changes unless structural changes are related to or required by Tenant's acts or use of the Premises or by improvements made by or for Tenant. Notwithstanding the foregoing, Tenant shall not be required to make any structural changes that are necessary to remedy or cure any non-compliance of the Premises with any applicable laws in effect as of the Commencement Date.

4.5 Rules and Regulations. Tenant shall faithfully observe and fully comply with all rules and regulations (the "Rules and Regulations") from time to time made in writing by Landlord for the safety, care, use and cleanliness of the Property or the common areas of the Property and the preservation of good order therein. If there is any conflict, this Lease shall prevail over the Rules and Regulations.

4.6 Entry by Landlord. Landlord shall have the right to enter the Premises at any time to (a) inspect the Premises, (b) exhibit the Premises to prospective purchasers, lenders or tenants, (c) determine whether Tenant is performing all of Tenant's obligations, (d) supply any service to be provided by Landlord, (e) post notices of nonresponsibility, and (f) make any repairs to the Premises, or make any repairs to any adjoining space or utility services, or make any repairs, alterations or improvements to any other portion of the Property, provided all such work shall be done as promptly as reasonably practicable and so as to cause as little interference to Tenant as reasonably practicable. Tenant waives all claims for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned by such entry. Landlord shall have the right to use any and all means which Landlord may deem proper to open all doors in, on or about the Premises in an emergency to obtain entry to the Premises. Any entry to the Premises obtained by Landlord by any of such means shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof.

ARTICLE 5
Utilities and Services

5.1 Tenant's Responsibilities. Tenant shall pay, directly to the appropriate supplier before delinquency, for all water, gas, heat, light, power, telephone, sewer, refuse disposal and other utilities and services supplied to the Premises, together with all taxes, assessments, surcharges and similar expenses relating to such utilities and services. Tenant shall furnish the Premises with all telephone service, window washing, security service, janitor, scavenger and disposal services, and other services required by Tenant for the use of the Premises permitted by this Lease. Tenant shall furnish all electric light bulbs and tubes and restroom supplies used in the

Premises. Landlord shall not be in default under this Lease or be liable for any damage or loss directly or indirectly resulting from, nor shall the rent be abated or a constructive or other eviction be deemed to have occurred by reason of, any interruption of or failure to supply or delay in supplying any such utilities and services or any limitation, curtailment, rationing or restriction on use of water, electricity, gas or any resource or form of energy or other service serving the Premises or the Property, whether such results from mandatory restrictions or voluntary compliance with guidelines.

ARTICLE 6
Maintenance and Repairs

6.1 Obligations of Landlord. Landlord shall maintain and repair only the foundations, the exterior walls (which shall not include windows, glass or plate glass, doors, special fronts, entries, or the interior surfaces of exterior walls, all of which shall be the responsibility of Tenant, provided that Landlord, and not Tenant, shall be responsible for repairing any broken glass and plate glass caused by any settling of the foundation of the Building), the roof and other structural components of the Premises and the common areas of the Property and keep them in good condition, reasonable wear and tear excepted. Tenant shall give Landlord written notice of the need for any maintenance or repair for which Landlord is responsible, after which Landlord shall have a reasonable opportunity to perform the maintenance or make the repair, and Landlord shall not be liable for any failure to do so unless such failure continues for an unreasonable time after Tenant gives such written notice to Landlord. Tenant waives any right to perform maintenance or make repairs for which Landlord is responsible at Landlord's expense. Landlord's liability with respect to any maintenance or repair for which Landlord is responsible shall be limited to the cost of the maintenance or repair. Any damage to any part of the Property for which Landlord is responsible that is caused by Tenant or any agent, officer, employee, contractor, licensee or invitee of Tenant shall be repaired by Landlord at Tenant's expense and Tenant shall pay to Landlord, upon billing by Landlord, as additional rent, the cost of such repairs incurred by Landlord.

6.2 Obligations of Tenant. Tenant shall, at all times during the term of this Lease and at Tenant's sole cost and expense, maintain and repair the Premises and every part thereof (except only the parts for which Landlord is expressly made responsible under this Lease) and all equipment, fixtures and improvements therein (including windows, glass, plate glass, doors, special fronts, entries, the interior surfaces of exterior walls, interior walls, floors, heating and air conditioning systems, dock boards, truck doors, dock bumpers, plumbing fixtures and equipment, electrical components and mechanical systems) and keep all of the foregoing clean and in good order and operating condition, ordinary and normal wear and tear excepted. Tenant shall not damage the Premises or disturb the integrity and support provided by any wall. Tenant shall, at Tenant's expense, promptly repair any damage to the Premises caused by Tenant or any agent, officer, employee, contractor, licensee or invitee of Tenant. Tenant shall take good care of the Premises and keep the Premises free from dirt, rubbish, waste and debris at all times. Tenant shall not overload the floors in the Premises or exceed the load-bearing capacity of the floors in the Premises. Tenant shall, at Tenant's expense, enter into a regularly scheduled preventative maintenance and service contract with a maintenance contractor approved in writing by Landlord for servicing all hot water, heating and air conditioning systems and equipment in the Premises. The maintenance and service contract shall include all services suggested by the equipment manufacturer and shall become effective (and Tenant shall deliver a copy to Landlord) within thirty (30) days after the Commencement Date. Tenant and Tenant's maintenance contractor shall at all times conduct maintenance on the HVAC equipment at the Premises in accordance with all Federal, state or local laws. In the event that a leak occurs in any portion of the HVAC equipment at the Premises, Tenant shall cause Tenant's maintenance contractor to repair promptly such leak in accordance with such Federal, state or local laws and shall, in any event, cause such leaks to be repaired within the deadline imposed by such Federal, state or local laws. Tenant hereby agrees to indemnify, defend and hold Landlord harmless against any and all damages, liabilities, losses, costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Landlord as a result of Tenant's failure to cause maintenance to be conducted on the HVAC equipment at the Premises in accordance with all Federal, state or local laws or as a result of Tenant's failure to cause the repair of any leak in any portion of the HVAC equipment at the Premises in accordance with Federal, state or local laws. In the event of a replacement of a part or portion of the HVAC equipment which is warranted by the manufacturer and/or guaranteed by the installer, Tenant shall provide the Landlord with a duplicate original of the warranty and/or guarantee. Tenant shall, at the end of the term of this Lease, surrender to Landlord the Premises and all alterations, additions, fixtures and improvements therein or thereto in the same condition as when received, ordinary wear and tear excepted.

ARTICLE 7
Alteration of the Premises

7.1 No Alterations by Tenant. Tenant shall not make any alterations, additions or improvements in or to the Premises or any part thereof, or attach any fixtures or equipment thereto, without Landlord's prior written consent. Notwithstanding the preceding sentence, Tenant may make such alterations, additions or improvements without Landlord's consent only if the total cost of such alterations, additions or improvements is five thousand dollars ($5,000) or less and such alterations, additions or improvements will not affect in any way the structural, exterior or roof elements of the Property or the mechanical, electrical, plumbing or life safety systems of the Property, but Tenant shall give prior written notice of any such alterations, additions or improvements to Landlord. All alterations, additions and improvements (except improvements made by Landlord pursuant to Exhibit B, if any) in or to the Premises to which Landlord consents shall be made by Tenant at Tenant's sole cost and expense as follows:

(a) Tenant shall submit to Landlord, for Landlord's written approval, complete plans and specifications for all work to be done by Tenant, provided that no plans and specifications shall be required for any work in which (i) the total cost of the proposed alteration, addition or improvement is five thousand dollars ($5,000) or less and (ii) such alteration, addition or improvement will not affect in any way the structural, exterior or roof elements of the Property or the mechanical, electrical, plumbing or life safety systems of the Property. Such plans and specifications shall be prepared by responsible licensed architect(s) and engineer(s), shall comply with all applicable codes, laws, ordinances, rules and regulations, shall not adversely affect any systems, components or elements of the Property, shall be in a form sufficient to secure the approval of all government authorities with jurisdiction over the Property, and shall be otherwise satisfactory to Landlord in Landlord's reasonable discretion.

(b) Tenant shall obtain all required permits for the work. Tenant shall engage responsible licensed contractor(s) to perform all work. Tenant shall perform all work in accordance with the plans and specifications approved by Landlord, in a good and workmanlike manner, in full compliance with all applicable laws, codes, ordinances, rules and regulations, and free and clear of any mechanics', materialmen's or any other construction related liens. Tenant shall pay for all work (including the cost of all utilities, permits, fees, taxes, and property and liability insurance premiums in connection therewith) required to make the alterations, additions and improvements. Tenant shall pay to Landlord all direct costs and shall reimburse Landlord for all expenses incurred by Landlord in connection with the review, approval and supervision of any alterations, additions or improvements made by Tenant. Under no circumstances shall Landlord be liable to Tenant for any damage, loss, cost or expense incurred by Tenant on account of design of any work, construction of any work, or delay in completion of any work.

(c) Tenant shall give written notice to Landlord of the date on which construction of any work will be commenced at least five (5) days prior to such date. Tenant shall keep the Premises and the Property free from mechanics', materialmen's and all other liens arising out of any work performed, labor supplied, materials furnished or other obligations incurred by Tenant. Tenant shall promptly and fully pay and discharge all claims on which any such lien could be based. Tenant shall have the right to contest the amount or validity of any such lien, provided Tenant gives prior written notice of such contest to Landlord, prosecutes such contest by appropriate proceedings in good faith and with diligence, and, upon request by Landlord, furnishes such bond as may be required by law or such security as Landlord may require to protect the Premises and the Property from such lien. Landlord shall have the right to post and keep posted on the Premises any notices that may be provided by law or which Landlord may deem to be proper for the protection of Landlord, the Premises and the Property from such liens, and to take any other action Landlord deems necessary to remove or discharge liens or encumbrances at the expense of Tenant.

7.2 Landlord's Property. All alterations, additions, fixtures and improvements, including improvements made pursuant to Exhibit B (if any), whether temporary or permanent in character, made in or to the Premises by Landlord or Tenant, shall become part of the Property and Landlord's property. Upon termination of this Lease, Landlord shall have the right, at Landlord's option, by giving written notice to Tenant at any time before or within thirty (30) days after such termination, to retain all such alterations, additions, fixtures and improvements in the Premises, without compensation to Tenant, or to remove all such alterations, additions, fixtures and improvements from the Premises, repair all damage caused by any such removal, and restore the Premises to the condition in which the Premises existed before such alterations, additions, fixtures and improvements were made, and in the latter case Tenant shall pay to Landlord, upon billing by Landlord, the cost of such removal, repair and

restoration (including a reasonable charge for Landlord's overhead and profit), provided, however, that Tenant shall have no obligation to pay Landlord for the cost of removing the original Tenant Improvements that are installed by Landlord pursuant to the Approved Plans (as hereafter defined in Exhibit B). All movable furniture, equipment, trade fixtures, computers, office machines and other personal property shall remain the property of Tenant. Upon termination of this Lease, Tenant shall, at Tenant's expense, remove all such movable furniture, equipment, trade fixtures, computers, office machines and other personal property from the Property and repair all damage caused by any such removal. Termination of this Lease shall not affect the obligations of Tenant pursuant to this section 7.2 to be performed after such termination.

ARTICLE 8
Indemnification and Insurance

8.1 Damage or Injury. Landlord shall not be liable to Tenant, and Tenant hereby waives all claims against Landlord, for any damage to or loss or theft of any property or for any bodily or personal injury, illness or death of any person in, on or about the Premises or the Property arising at any time and from any cause whatsoever, except to the extent caused by the gross negligence or willful misconduct of Landlord. Tenant shall indemnify and defend Landlord against and hold Landlord harmless from all claims, demands, liabilities, damages, losses, costs and expenses, including reasonable attorneys' fees and disbursements, arising from or related to any use or occupancy of the Premises, or any condition of the Premises, or any default in the performance of Tenant's obligations under this Lease, or any damage to any property (including property of employees and invitees of Tenant) or any bodily or personal injury, illness or death of any person (including employees and invitees of Tenant) occurring in, on or about the Premises or any part thereof arising at any time and from any cause whatsoever (except to the extent caused by the gross negligence or willful misconduct of Landlord) or occurring in, on or about any part of the Property other than the Premises when such damage, bodily or personal injury, illness or death is caused by any act or omission of Tenant or its agents, officers, employees, contractors, invitees or licensees. This section 8.1 shall survive the termination of this Lease with respect to any damage, bodily or personal injury, illness or death occurring prior to such termination.

8.2 Insurance Coverages and Amounts. Tenant shall, at all times during the term of this Lease and at Tenant's sole cost and expense, obtain and keep in force the insurance coverages and amounts set forth in this section 8.2. Tenant shall maintain commercial general liability insurance, with limits not less than one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) general aggregate, which insures against claims for bodily injury, personal injury, advertising injury and property damage based upon, involving or arising out of the use, occupancy or maintenance of the Premises and the Property. Such insurance shall include blanket contractual liability, broad form property damage liability, fire legal liability, premises, products and completed operations, and medical payments, with minimum limits of $10,000 each accident. The policy shall contain an exception to any pollution exclusion which insures damage or injury arising out of heat, smoke or fumes from a hostile fire. Such insurance shall be written on an occurrence basis and contain a standard separation of insureds provision with cross liability. Tenant shall maintain business auto liability insurance with limits not less than one million dollars ($1,000,000) each accident covering owned, hired and non-owned vehicles used by Tenant. If Tenant has no owned autos, Tenant shall at a minimum provide hired and non-owned auto liability coverage. Tenant shall maintain umbrella excess liability insurance on a following form basis in excess of the required commercial general liability, business auto and employers liability insurance with limits of not less than five million dollars ($5,000,000) per occurrence and aggregate. Tenant shall maintain (i) workers' compensation insurance in statutory limits for all of its employees in the state in which the Property is located and (ii) employers liability insurance which affords not less than one million dollars ($1,000,000) for each coverage and policy limit. Tenant shall maintain "all risk" property insurance for all personal property of Tenant, improvements, fixtures and equipment constructed or installed by Tenant in the Premises in an amount not less than the full replacement cost. Such property insurance, shall include business income and extra expense coverage with sufficient limits for Tenant to sustain its business operation at this location for a period of twelve (12) months. Tenant shall maintain boiler and machinery insurance against loss or damage from an accident from Tenant installed or above building standard equipment installed for Tenant's use in the Premises for full replacement cost and plate glass insurance coverage against breakage of plate glass in the Premises from causes other than insured perils. Tenant may self insure for plate glass. Any deductibles selected by Tenant shall be the sole responsibility of Tenant.

8.3 Insurance Requirements. All insurance and all renewals thereof shall be issued by companies with a rating of at least "A-" "VIII" or better in the current edition of Best's Insurance Reports and be approved to do business in the state in which the Property is located. Each policy shall expressly provide that the policy shall not be canceled or materially reduced below the limits required without thirty (30) days' prior written notice to Landlord and shall remain in effect notwithstanding any such cancellation or alteration until such notice shall have been given to Landlord and such period of thirty (30) days shall have expired. All liability insurance (except employers liability) shall name Landlord and any other parties designated by Landlord (including without limitation the State of California Public Employees Retirement System, CalEast Industrial Investors, LLC, LaSalle Investment Management, Inc., Trammell Crow Company, or any other investment manager, asset manager or property manager) as an additional insured, shall be primary and noncontributory to any insurance which may be carried by Landlord, shall afford coverage for all claims based on any act, omission, event or condition that occurred or arose (or the onset of which occurred or arose) during the policy period, and shall expressly provide that Landlord, although named as an insured, shall nevertheless be entitled to recover under the policy for any loss, injury or damage to Landlord. All property insurance shall name Landlord as loss payee as respects Landlord's interest in any improvements and betterments. Tenant shall deliver certificates of insurance acceptable to Landlord at least ten (10) days before the Commencement Date and at least ten (10) days before expiration of each policy. Additional Insured Endorsement CG 20 11 11 85 or its equivalent is required to be provided as soon as it is available. If Tenant fails to insure or fails to furnish any such insurance certificate or endorsement, Landlord shall have the right, but shall not be required to, from time to time to effect such insurance for the benefit of Tenant or Landlord or both of them, and Tenant shall pay to Landlord on written demand, as additional rent, all premiums paid by Landlord. Landlord may at any time amend the requirements herein due to (i) information not previously known to the Landlord and which poses a material risk (ii) changed circumstances which, in the reasonable judgment of the Landlord renders such coverage materially inadequate or (iii) as required by the Landlord's lender.

8.4 Subrogation. Tenant waives on behalf of all insurers under all policies of property insurance now or hereafter carried by Tenant insuring or covering the Premises, or any portion or any contents thereof, or any operations therein, all rights of subrogation which any such insurer might otherwise, if at all, have to any claims of Tenant against Landlord. Landlord waives on behalf of all insurers under all policies of property insurance now or hereafter carried by Landlord insuring or covering the Property, or any portion or any contents thereof, or any operations therein, all rights of subrogation which any such insurer might otherwise, if at all, have to any claims of Landlord against Tenant. Landlord and Tenant shall procure from each of their insurers under all policies of property insurance now or hereafter carried by Tenant insuring or covering the Premises, or any portion or any contents thereof, or any operations therein, a waiver of all rights of subrogation which the insurer might otherwise, if at all, have to any claims of either party against the other as required by this section 8.4.

8.5 Landlord Insurance Requirements. Landlord shall, at all times during the term of this Lease, secure and maintain:

(a) All risk property insurance coverage on the Property. Landlord shall not be obligated to insure any furniture, equipment, trade fixtures, machinery, goods, or supplies which Tenant may keep or maintain in the Demised Premises or any alteration, addition or improvement which Tenant may make upon the Demised Premises. In addition, Landlord shall secure and maintain rental income insurance and any other insurance coverage required to be maintained by any mortgage of the property. If the annual cost to Landlord for such property or rental income insurance exceeds the standard rates because of the nature of Tenant's operations, Tenant shall, upon the receipt of appropriate invoices, reimburse Landlord for such increased cost.

Commercial general liability insurance with limits not less than $5,000,000 per occurrence and aggregate. Such insurance shall be in addition to, and not in lieu of, insurance required to be maintained by Tenant. Tenant shall not be named as an additional insured on any policy of liability insurance maintained by Landlord.

ARTICLE 9
Assignment or Sublease

9.1 Prohibition. Tenant shall not, directly or indirectly, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, assign this Lease or any interest herein or sublease the Premises or any part thereof, or permit the use or occupancy of the Premises by any person or entity other than Tenant.

Tenant shall not, directly or indirectly, without the prior written consent of Landlord, pledge, mortgage or hypothecate this Lease or any interest herein. This Lease shall not, nor shall any interest herein, be assignable as to the interest of Tenant involuntarily or by operation of law without the prior written consent of Landlord. For purposes of this Lease, any of the following transfers on a cumulative basis shall constitute an assignment of this Lease that requires the prior written consent of Landlord: if Tenant is a corporation, the transfer of more than forty-nine percent (49%) of the stock of the corporation; if Tenant is a partnership, the transfer of more than forty-nine percent (49%) of the capital or profits interest in the partnership; if Tenant is a limited liability company, the transfer of more than forty-nine percent (49%) of the membership interests in the limited liability company or a change in the manager of the limited liability company, if any; and if Tenant is a trust, the transfer of more than forty-nine percent (49%) of the beneficial interest under the trust. Any of the foregoing acts without such prior written consent of Landlord shall be void and shall, at the option of Landlord, constitute a default that entitles Landlord to terminate this Lease. Tenant agrees that the instrument by which any assignment or sublease to which Landlord consents is accomplished shall expressly provide that the assignee or subtenant will perform all of the covenants to be performed by Tenant under this Lease (in the case of a sublease, only insofar as such covenants relate to the portion of the Premises subject to such sublease) as and when performance is due after the effective date of the assignment or sublease and that Landlord will have the right to enforce such covenants directly against such assignee or subtenant. Any purported assignment or sublease without an instrument containing the foregoing provisions shall be void. Tenant shall in all cases remain liable for the performance by any assignee or subtenant of all such covenants.

9.2 Landlord's Consent or Termination. If Tenant wishes to assign this Lease or sublease all or any part of the Premises, Tenant shall give written notice to Landlord identifying the intended assignee or subtenant by name and address and specifying all of the terms of the intended assignment or sublease. Tenant shall give Landlord such additional information concerning the intended assignee or subtenant (including complete financial statements and a business history) or the intended assignment or sublease (including true copies thereof) as Landlord requests. For a period of thirty (30) days after such written notice is given by Tenant, Landlord shall have the right, by giving written notice to Tenant, (a) to consent in writing to the intended assignment or sublease, unless Landlord determines not to consent, or (b) in the case of an assignment of this Lease or a sublease of substantially the entire Premises for substantially the balance of the term of this Lease, to terminate this Lease, which termination shall be effective as of the date on which the intended assignment or sublease would have been effective if Landlord had not exercised such termination right.

9.3 Completion. If Landlord consents in writing, Tenant may complete the intended assignment or sublease subject to the following covenants: (a) the assignment or sublease shall be on the same terms as set forth in the written notice given by Tenant to Landlord, (b) no assignment or sublease shall be valid and no assignee or subtenant shall take possession of the Premises or any part thereof until an executed duplicate original of such assignment or sublease, in compliance with section 9.1 hereof, has been delivered to Landlord, (c) no assignee or subtenant shall have a right further to assign or sublease, and (d) all "excess rent" (as hereinafter defined) derived from such assignment or sublease shall be paid to Landlord. Such excess rent shall be deemed to be, and shall be paid by Tenant to Landlord as, additional rent. Tenant shall pay such excess rent to Landlord immediately as and when such excess rent becomes due and payable to Tenant. As used in this section 9.3, "excess rent" shall mean the amount by which the total money and other economic consideration to be paid by the assignee or subtenant as a result of an assignment or sublease, whether denominated rent or otherwise, exceeds, in the aggregate, the total amount of rent which Tenant is obligated to pay to Landlord under this Lease (prorated to reflect the rent allocable to the portion of the Premises subject to such assignment or sublease), less only the reasonable costs paid by Tenant for additional improvements installed in the portion of the Premises subject to such assignment or sublease by Tenant at Tenant's sole cost and expense for the specific assignee or subtenant in question and reasonable leasing commissions paid by Tenant in connection with such assignment or sublease, without deduction for carrying costs due to vacancy or otherwise. Such costs of additional improvements and leasing commissions shall be amortized without interest over the term of such assignment or sublease.

9.4 Tenant Not Released. No assignment or sublease whatsoever shall release Tenant from Tenant's obligations and liabilities under this Lease or alter the primary liability of Tenant to pay all rent and to perform all obligations to be paid and performed by Tenant. No assignment or sublease shall amend or modify this Lease in any respect, and every assignment and sublease shall be subject and subordinate to this Lease. The acceptance of rent by Landlord from any other person or entity shall not be deemed to be a waiver by Landlord of any provision of this Lease. Consent to one assignment or sublease shall not be deemed consent to any subsequent assignment or

sublease. Concurrently with any request for Landlord's consent, Tenant shall pay to Landlord a service fee of Five Hundred Dollars ($500.00), which shall be used by Landlord to defray the costs incurred by Landlord in reviewing and processing such request. In the event that the actual costs incurred by Landlord in reviewing Tenant's request exceeds Five Hundred Dollars ($500.00), then Tenant shall reimburse Landlord for the amount of such excess within ten (10) days of written demand therefor. If the actual costs incurred by Landlord in reviewing Tenant's request is less than Five Hundred Dollars ($500.00), then Landlord shall refund the difference to Tenant. If any assignee, subtenant or successor of Tenant defaults in the performance of any obligation to be performed by Tenant under this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee, subtenant or successor. Landlord may consent to subsequent assignments or subleases or amendments or modifications to this Lease with assignees, subtenants or successors of Tenant, without notifying Tenant or any successor of Tenant and without obtaining any consent thereto from Tenant or any successor of Tenant, and such action shall not release Tenant from liability under this Lease.

ARTICLE 10
Events of Default and Remedies

10.1 Default by Tenant. The occurrence of any one or more of the following events ("Event of Default") shall constitute a breach of this Lease by Tenant:

(a) Tenant fails to pay any Base Rent, or any additional monthly rent under section 3.1 hereof, or any additional rent or other amount of money or charge payable by Tenant hereunder as and when such rent becomes due and payable and such failure continues for more than five (5) business days after Landlord gives written notice thereof to Tenant; provided, however, that after the second such failure in a calendar year, only the passage of time, but no further written notice, shall be required to establish an Event of Default in the same calendar year; or

(b) Tenant fails to perform or breaches any other agreement or covenant of this Lease to be performed or observed by Tenant as and when performance or observance is due and such failure or breach continues for more than ten (10) days after Landlord gives written notice thereof to Tenant; provided, however, that if, by the nature of such agreement or covenant, such failure or breach cannot reasonably be cured within such period of ten (10) days, an Event of Default shall not exist as long as Tenant commences with due diligence and dispatch the curing of such failure or breach within such period of ten (10) days and, having so commenced, thereafter prosecutes with diligence and dispatch and completes the curing of such failure or breach; or

(c) Tenant (i) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (ii) makes an assignment for the benefit of its creditors, or (iii) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Tenant or of any substantial part of Tenant's property; or

(d) Without consent by Tenant, a court or government authority enters an order, and such order is not vacated within thirty (30) days, (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Tenant or with respect to any substantial part of Tenant's property, or (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, or (iii) ordering the dissolution, winding-up or liquidation of Tenant; or

(e) This Lease or any estate of Tenant hereunder is levied upon under any attachment or execution and such attachment or execution is not vacated within thirty (30) days; or

(f) Tenant (i) abandons the Premises without providing Landlord with thirty (30) days advance written notice of its intention to vacate the Premises and (ii) after vacating the Premises fails to perform or observe any covenant, term or condition contained in this Lease, including without limitation the obligation to pay all rent due hereunder, the duty to maintain the Premises and the covenant to obtain and maintain the insurance coverages required under this Lease.

10.2 Landlord's Remedies. Upon the occurrence of an Event of Default, Landlord shall have the option to do and perform any one or more of the following:

(a) Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord. If Tenant shall fail to do so, Landlord may, without further notice and without prejudice to any other remedy Landlord may have, lawfully enter upon the Premises without the requirement of resorting to the dispossessory procedures set forth in O.C.G.A. ss.ss. 44-7-50 et seq. and expel or remove Tenant and Tenant's effects without being liable for any claim for trespass or damages therefor. Upon any such termination, Tenant shall remain liable to Landlord for damages, due and payable monthly on the day Base Rent would have been payable hereunder, in an amount equal to the Base Rent and any other amounts which would have been owing by Tenant for the balance of the Term, had this Lease not been terminated, less the net proceeds, if any, of any reletting of the Premises by Landlord, after deducting all of Landlord's costs and expenses (including, without limitation, advertising expenses, professional fees and the preparation of the Premises for reletting) incurred in connection with or in any way related to the termination of this Lease, eviction of Tenant and such reletting; and/or

(b) Declare the entire amount of Base Rent calculated on the current rate being paid by Tenant, and other sums (including additional rent) which in Landlord's reasonable determination would become due and payable during the remainder of the Term (including, but not limited to, increases in Base Rent), discounted to present value by using a reasonable discount rate selected by Landlord, to be due and payable immediately. Upon such acceleration of such amounts Tenant agrees to pay the same at once, together with all Base Rent and other amounts theretofore due, less the market rental value of the Premises for the remainder of the Term, as determined by Landlord (taking into consideration the probable costs of marketing and reletting the Premises (including improvements required to be made to ready the Premises for reletting), then-current rental rates, probable rental rates for the remainder of the Term, probable concession packages, the probability of reletting the Premises and the probable amount of time which will elapse before the Premise are relet), at Landlord's address as provided herein; provided however, that such payment shall not constitute a penalty or forfeiture but shall constitute liquidated damages for Tenant's failure to comply with the terms and provisions of this Lease (Landlord and Tenant agreeing that Landlord's actual damages in such an event are impossible to ascertain and that the amount set forth above is a reasonable estimate thereof). The acceptance of such payment by Landlord shall not constitute a waiver or rights or remedies to Landlord for any failure of Tenant thereafter occurring to comply with any term, provision, condition or covenant of this Lease; and/or

(c) Lawfully enter the Premises as the agent of Tenant without the requirement of resorting to the dispossessory procedures set forth in O.C.G.A. ss.ss. 44-7-50 et seq. and without being liable for any claim for trespass or damages therefor, and, in connection therewith, rekey the Premises, remove Tenant's effects therefrom and store the same at Tenant's expense, without being liable for any damage thereto, and relet the Premises as the agent of Tenant, without advertisement, by private negotiations, for any term Landlord deems proper, and receive the rent therefor. Tenant shall pay Landlord on demand any deficiency that may arise by reason of such reletting, but Tenant shall not be entitled to any surplus so arising. Tenant shall reimburse Landlord for all reasonable costs and expenses (including, without limitation, advertising expenses and reasonable professional fees) incurred in connection with or in any way related to the eviction of Tenant and reletting the Premises. Landlord, in addition to but not in lieu of or in limitation of any other right or remedy provided to Landlord under the terms of this Lease or otherwise (but only to the extent such sum is not reimbursed to Landlord in conjunction with any other payment made by Tenant to Landlord), shall have the right to be immediately repaid by Tenant the amount of all sums expended by Landlord and not repaid by Tenant in connection with preparing or improving the Premises to Tenant's specifications and any and all costs and expenses incurred in renovating or altering the Premises to make it suitable for reletting; and/or

(d) As agent of Tenant, do whatever Tenant is obligated to do under this Lease, including, but not limited to, lawfully entering the Premises, without being liable to prosecution or any claims for damages, in order to accomplish this purpose. Tenant agrees to reimburse Landlord immediately upon demand for any expenses which Landlord may incur in thus effecting compliance with this Lease on behalf of Tenant. Landlord shall not be liable for any damages resulting to Tenant from such action, unless caused by the negligence or willful misconduct of Landlord or otherwise.

10.3 Continuation. If an Event of default occurs, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to enforce all its rights

and remedies under this Lease, including the right to recover all rent as it becomes due under this Lease. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession unless written notice of termination is given by Landlord to Tenant.

10.4 Remedies Cumulative. Upon the occurrence of an Event of Default, Landlord shall have the right to exercise and enforce all rights and remedies granted or permitted by law. The remedies provided for in this Lease are cumulative and in addition to all other remedies available to Landlord at law or in equity by statute or otherwise. Exercise by Landlord of any remedy shall not be deemed to be an acceptance of surrender of the Premises by Tenant, either by agreement or by operation of law. Surrender of the Premises can be effected only by the written agreement of Landlord and Tenant.

10.5 Tenant's Primary Duty. All agreements and covenants to be performed or observed by Tenant under this Lease shall be at Tenant's sole cost and expense and without any abatement of rent. If Tenant fails to pay any sum of money to be paid by Tenant or to perform any other act to be performed by Tenant under this Lease, Landlord shall have the right, but shall not be obligated, and without waiving or releasing Tenant from any obligations of Tenant, to make any such payment or to perform any such other act on behalf of Tenant in accordance with this Lease. All sums so paid by Landlord and all costs incurred or paid by Landlord shall be deemed additional rent hereunder and Tenant shall pay the same to Landlord on written demand, together with interest on all such sums and costs from the date of expenditure by Landlord to the date of repayment by Tenant at the rate of ten percent (10%) per annum.

10.6 Abandoned Property. If Tenant abandons the Premises, or is dispossessed by process of law or otherwise, any movable furniture, equipment, trade fixtures or personal property belonging to Tenant and left in the Premises shall be deemed to be abandoned, at the option of Landlord, and Landlord shall have the right to sell or otherwise dispose of such personal property in any commercially reasonable manner.

10.7 Landlord Default. If Landlord defaults under this Lease, Tenant shall give written notice to Landlord specifying such default with particularity, and Landlord shall have thirty (30) days after receipt of such notice within which to cure such default, or if default cannot reasonably be cured within such thirty (30) day period, such longer period of time as may be required to cure such default provided that Landlord commences efforts to cure such default within such thirty (30) day period and thereafter continues to diligently prosecute such cure to completion. In the event of any default by Landlord, Tenant's exclusive remedy shall be an action for damages. Notwithstanding any other provision of this Lease, Landlord shall not have any personal liability under this Lease. In the event of any default by Landlord under this Lease, Tenant agrees to look solely to the equity or interest then owned by Landlord in the Property, and in no event shall any deficiency judgment or personal money judgment of any kind be sought or obtained against Landlord.

10.8 Landlord's Lien. [Intentionally Deleted.]

ARTICLE 11
Damage or Destruction

11.1 Restoration. If the Property or the Premises, or any part thereof, is damaged by fire or other casualty before the Commencement Date or during the term of this Lease, and this Lease is not terminated pursuant to section 11.2 hereof, Landlord shall repair such damage and restore the Property and the Premises to substantially the same condition in which the Property and the Premises existed before the occurrence of such fire or other casualty and this Lease shall, subject to this section 11.1, remain in full force and effect. If such fire or other casualty damages the Premises or common areas of the Property necessary for Tenant's use and occupancy of the Premises and if such damage is not the result of the negligence or willful misconduct of Tenant or Tenant's agents, officers, employees, contractors, licensees or invitees, then, during the period the Premises is rendered unusable by such damage, Tenant shall be entitled to a reduction in Base Rent in the proportion that the area of the Premises rendered unusable by such damage bears to the total area of the Premises. Landlord shall not be obligated to repair any damage to, or to make any replacement of, any movable furniture, equipment, trade fixtures or personal property in the Premises. Tenant shall, at Tenant's sole cost and expense, repair and replace all such movable furniture, equipment, trade fixtures and personal property.

11.2 Termination of Lease. If the Property or the Premises, or any part thereof, is damaged by fire or other casualty before the Commencement Date or during the term of this Lease and (a) such fire or other casualty occurs during the last twelve (12) months of the term of this Lease and the repair and restoration work to be performed by Landlord in accordance with section 11.1 hereof cannot, as reasonably estimated by Landlord, be completed within two (2) months after the occurrence of such fire or other casualty, or (b) the insurance proceeds received by Landlord in respect of such damage are not adequate to pay the entire cost, as reasonably estimated by Landlord, of the repair and restoration work to be performed by Landlord in accordance with section 11.1 hereof (including inadequacy resulting from the requirement of the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises that the insurance proceeds be applied to such indebtedness), or (c) the repair and restoration work to be performed by Landlord in accordance with section 11.1 hereof cannot, as reasonably estimated by Landlord, be completed within four (4) months after the occurrence of such fire or other casualty, then, in any such event, Landlord shall have the right, by giving written notice to Tenant within sixty (60) days after the occurrence of such fire or other casualty, to terminate this Lease as of the date of such notice. If Landlord does not exercise the right to terminate this Lease in accordance with this section 11.2, Landlord shall repair such damage and restore the Property and the Premises in accordance with section 11.1 hereof and this Lease shall, subject to section 11.1 hereof, remain in full force and effect. A total destruction of the Property shall automatically terminate this Lease effective as of the date of such total destruction.

ARTICLE 12
Eminent Domain

12.1 Condemnation. Landlord shall have the right to terminate this Lease if any part of the Premises or any substantial part of the Property (whether or not it includes the Premises) is taken by exercise of the power of eminent domain before the Commencement Date or during the term of this Lease. Tenant shall have the right to terminate this Lease if a substantial portion of the Premises is taken by exercise of the power of eminent domain before the Commencement Date or during the term of this Lease and the remaining portion of the Premises is not reasonably suitable for Tenant's purposes. In each such case, Landlord or Tenant shall exercise such termination right by giving written notice to the other within thirty (30) days after the date of such taking. If either Landlord or Tenant exercises such right to terminate this Lease in accordance with this section 12.1, this Lease shall terminate as of the date of such taking. If neither Landlord nor Tenant exercises such right to terminate this Lease in accordance with this section 12.1, this Lease shall terminate as to the portion of the Premises so taken as of the date of such taking and shall remain in full force and effect as to the portion of the Premises not so taken, and the Base Rent and Tenant's Percentage Share shall be reduced as of the date of such taking in the proportion that the area of the Premises so taken bears to the total area of the Premises. If all of the Premises is taken by exercise of the power of eminent domain before the Commencement Date or during the term of this Lease, this Lease shall terminate as of the date of such taking.

12.2 Award. If all or any part of the Premises is taken by exercise of the power of eminent domain, all awards, compensation, damages, income, rent and interest payable in connection with such taking shall, except as expressly set forth in this section 12.2, be paid to and become the property of Landlord, and Tenant hereby assigns to Landlord all of the foregoing. Without limiting the generality of the foregoing, Tenant shall have no claim against Landlord or the entity exercising the power of eminent domain for the value of the leasehold estate created by this Lease or any unexpired term of this Lease. Tenant shall have the right to claim and receive directly from the entity exercising the power of eminent domain only the share of any award determined to be owing to Tenant for the taking of improvements installed in the portion of the Premises so taken by Tenant at Tenant's sole cost and expense based on the unamortized cost actually paid by Tenant for such improvements, for the taking of Tenant's movable furniture, equipment, trade fixtures and personal property, for loss of goodwill, for interference with or interruption of Tenant's business, or for removal and relocation expenses.

12.3 Temporary Use. Notwithstanding sections 12.1 and 12.2 hereof to the contrary, if the use of all or any part of the Premises is taken by exercise of the power of eminent domain during the term of this Lease on a temporary basis for a period less than the term of this Lease remaining after such taking, this Lease shall continue in full force and effect, Tenant shall continue to pay all of the rent and to perform all of the covenants of Tenant in accordance with this Lease, to the extent reasonably practicable under the circumstances, and the condemnation proceeds in respect of such temporary taking shall be paid to Tenant.

12.4 Definition of Taking. As used herein, a "taking" means the acquisition of all or part of the Property for a public use by exercise of the power of eminent domain or voluntary conveyance in lieu thereof and the taking shall be considered to occur as of the earlier of the date on which possession of the Property (or part so taken) by the entity exercising the power of eminent domain is authorized as stated in an order for possession or the date on which title to the Property (or part so taken) vests in the entity exercising the power of eminent domain.

ARTICLE 13
Subordination and Sale

13.1 Subordination. This Lease shall be subject and subordinate at all times to the lien of all mortgages and deeds of trust securing any amount or amounts whatsoever which may now exist or hereafter be placed on or against the Property or on or against Landlord's interest or estate therein, all without the necessity of having further instruments executed by Tenant to effect such subordination. Notwithstanding the foregoing, in the event of a foreclosure of any such mortgage or deed of trust or of any other action or proceeding for the enforcement thereof, or of any sale thereunder, this Lease shall not be terminated or extinguished, nor shall the rights and possession of Tenant hereunder be disturbed, if no Event of Default then exists under this Lease, and Tenant shall attorn to the person who acquires Landlord's interest hereunder through any such mortgage or deed of trust. Tenant agrees to execute, acknowledge and deliver upon demand such further instruments evidencing such subordination of this Lease to the lien of all such mortgages and deeds of trust as may reasonably be required by Landlord.

13.2 Sale of the Property. If the original Landlord hereunder, or any successor owner of the Property, sells or conveys the Property, all liabilities and obligations on the part of the original Landlord, or such successor owner, under this Lease accruing after such sale or conveyance shall terminate and the original Landlord, or such successor owner, shall automatically be released therefrom, and thereupon all such liabilities and obligations shall be binding upon the new owner. Tenant agrees to attorn to such new owner.

13.3 Estoppel Certificate. At any time and from time to time, Tenant shall, within ten (10) days after written request by Landlord, execute, acknowledge and deliver to Landlord a certificate certifying: (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and stating the date and nature of each modification); (b) the Commencement Date and the Expiration Date determined in accordance with Article 2 hereof and the date, if any, to which all rent and other sums payable hereunder have been paid; (c) that no notice has been received by Tenant of any default by Tenant hereunder which has not been cured, except as to defaults specified in such certificate; (d) that Landlord is not in default under this Lease, except as to defaults specified in such certificate; and (e) such other matters as may be reasonably requested by Landlord or any actual or prospective purchaser or mortgage lender. Any such certificate may be relied upon by Landlord and any actual or prospective purchaser or mortgage lender of the Property or any part thereof. At any time and from time to time, Tenant shall, within ten (10) days after written request by Landlord, deliver to Landlord copies of all current financial statements (including a balance sheet, an income statement, and an accumulated retained earnings statement), annual reports, and such other financial and operating information and data of Tenant prepared by Tenant in the course of Tenant's business as Landlord shall reasonably require. Unless available to the public, Landlord shall disclose such financial statements, annual reports and other information or data only to actual or prospective purchasers or mortgage lenders of the Property or any part thereof, and otherwise keep them confidential unless other disclosure is required by law.

ARTICLE 14
Notices

14.1 Method. All requests, approvals, consents, notices and other communications given by Landlord or Tenant under this Lease shall be properly given only if made in writing and either deposited in the United States mail, postage prepaid, certified with return receipt requested, or delivered by hand (which may be through a messenger or recognized delivery, courier or air express service) and addressed as follows: To Landlord at the address of Landlord specified in the Basic Lease Information, or at such other place as Landlord may from time to time designate in a written notice to Tenant; to Tenant at the address of Tenant specified in the Basic Lease Information, or at such other place as Tenant may from time to time designate in a written notice to Landlord; and to Guarantor at the address of Guarantor specified in the Basic Lease Information, or at such other place as Guarantor may from time to time designate in a written notice to Landlord. Such requests, approvals, consents,

notices and other communications shall be effective on the date of receipt (evidenced by the certified mail receipt) if mailed or on the date of hand delivery if hand delivered. If any such request, approval, consent, notice or other communication is not received or cannot be delivered due to a change in the address of the receiving party of which notice was not previously given to the sending party or due to a refusal to accept by the receiving party, such request, approval, consent, notice or other communication shall be effective on the date delivery is attempted. Any request, approval, consent, notice or other communication under this Lease may be given on behalf of a party by the attorney for such party.

ARTICLE 15
Miscellaneous

15.1 General. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." If there is more than one Tenant, the obligations hereunder imposed upon Tenant shall be joint and several. Time is of the essence of this Lease and each and all of its provisions. This Lease shall benefit and bind Landlord and Tenant and the permitted personal representatives, heirs, successors and assigns of Landlord and Tenant. If any provision of this Lease is determined to be illegal or unenforceable, such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect. Tenant shall not record this Lease or any memorandum or short form of it. This Lease shall be governed by and construed in accordance with the laws of the state in which the Property is located.

15.2 No Waiver. The waiver by Landlord or Tenant of any breach of any covenant in this Lease shall not be deemed to be a waiver of any subsequent breach of the same or any other covenant in this Lease, nor shall any custom or practice which may grow up between Landlord and Tenant in the administration of this Lease be construed to waive or to lessen the right of Landlord or Tenant to insist upon the performance by Landlord or Tenant in strict accordance with this Lease. The subsequent acceptance of rent hereunder by Landlord or the payment of rent by Tenant shall not waive any preceding breach by Tenant of any covenant in this Lease, nor cure any Event of Default, nor waive any forfeiture of this Lease or unlawful detainer action, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's or Tenant's knowledge of such preceding breach at the time of acceptance or payment of such rent.

15.3 Attorneys' Fees. If there is any legal action or proceeding between Landlord and Tenant to enforce this Lease or to protect or establish any right or remedy under this Lease, the unsuccessful party to such action or proceeding shall pay to the prevailing party all costs and expenses, including reasonable attorneys' fees and disbursements, incurred by such prevailing party in such action or proceeding and in any appeal in connection therewith. If such prevailing party recovers a judgment in any such action, proceeding or appeal, such costs, expenses and attorneys' fees and disbursements shall be included in and as a part of such judgment.

15.4 Exhibits. Exhibit A (Plan(s) Outlining the Premises and the Property), Exhibit B (Description of Landlord's Work), Exhibit C (Form of Memorandum Confirming Term), Exhibit D (Permitted Use of Hazardous Materials), and any other attachments specified in the Basic Lease Information, are attached to and made a part of this Lease.

15.5 Broker(s). Tenant warrants and represents to Landlord that Tenant has negotiated this Lease directly with the real estate broker(s) specified in the Basic Lease Information and has not authorized or employed, or acted by implication to authorize or to employ, any other real estate broker to act for Tenant in connection with this Lease.

15.6 Waivers of Jury Trial and Certain Damages. Landlord and Tenant each hereby expressly, irrevocably, fully and forever releases, waives and relinquishes any and all right to trial by jury and any and all right to receive punitive, exemplary and consequential damages from the other (or any past, present or future board member, trustee, director, officer, employee, agent, representative, or advisor of the other) in any claim, demand, action, suit, proceeding or cause of action in which Landlord and Tenant are parties, which in any way (directly or indirectly) arises out of, results from or relates to any of the following, in each case whether now existing or hereafter arising and whether based on contract or tort or any other legal basis: This Lease; any past, present or future act, omission, conduct or activity with respect to this Lease; any transaction, event or occurrence

contemplated by this Lease; the performance of any obligation or the exercise of any right under this Lease; or the enforcement of this Lease. Landlord and Tenant reserve the right to recover actual or compensatory damages, with interest, attorneys' fees, costs and expenses as provided in this Lease, for any breach of this Lease.

15.7 Entire Agreement. There are no oral agreements between Landlord and Tenant affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, offers, agreements and understandings, oral or written, if any, between Landlord and Tenant or displayed by Landlord to Tenant with respect to the subject matter of this Lease, the Premises or the Property. There are no commitments, representations or assurances between Landlord and Tenant or between any real estate broker and Tenant other than those expressly set forth in this Lease and all reliance with respect to any commitments, representations or assurances is solely upon commitments, representations and assurances expressly set forth in this Lease. This Lease may not be amended or modified in any respect whatsoever except by an agreement in writing signed by Landlord and Tenant.

15.8 No Estate. Tenant has only a usufruct under this Lease, not subject to levy or sale. No estate shall pass out of Landlord by this Lease.

15.9 No Recordation of Lease. Without the prior written consent of Landlord, neither this Lease nor any memorandum hereof shall be recorded or placed on public record.

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease under seal as of the date specified in the Basic Lease Information.

TENANT:

LB FOSTER COMPANY, a Pennsylvania corporation

By: /s/Stan L. Hasselbusch
Name: Stan L. Hasselbusch
Title: CEO & President

[CORPORATE SEAL]

LANDLORD:

SUWANEE CREEK BUSINESS CENTER LLC, a Delaware limited liability company

By: CalEast Industrial Investors, LLC, a California limited liability company, its Member

By: LaSalle Investment Management, Inc., a Maryland corporation, its Manager

By:/s/Laurence Christopher Harris
Laurence Christopher Harris,
Vice President

(CORPORATE SEAL)

By: TC Suwanee Creek, Inc., a Delaware corporation, its Member

By:/s/Patty
Name:
Title:

(CORPORATE SEAL)

This site plan or floor plan is used solely for the purpose of identifying the approximate location and size of the Premises. Building sizes, site dimensions, access, common and parking areas, and existing tenants and locations are subject to change at Landlord's discretion.

EXHIBIT A

Plan(s) Outlining the Premises and the Property

EXHIBIT B

Description of Landlord's Work

Plans and Specifications prepared by Kennedy and Associates dated January 6, 2004 (the "Approved Plans").

EXHIBIT C

MEMORANDUM CONFIRMING TERM

THIS MEMORANDUM, made as of _____, _____, by and between SUWANEE CREEK BUSINESS CENTER LLC, a Delaware limited liability company ("Landlord"), and LB FOSTER COMPANY, a Pennsylvania corporation ("Tenant"),

W I T N E S S E T H:

Recital of Facts:

Landlord and Tenant entered into the Industrial Lease (the "Lease") dated _____, _____. Words defined in the Lease have the same meanings in this Memorandum.

NOW, THEREFORE, in consideration of the covenants in the Lease, Landlord and Tenant agree as follows:

1. Landlord and Tenant hereby confirm that:

(a) The Commencement Date under the Lease is _____, _____;

(b) The Expiration Date under the Lease is _____, _____; and

(c) The date on which Landlord substantially completed the improvements pursuant to Exhibit B to the Lease (if any), Landlord delivered possession of the Premises to Tenant as required by the Lease, and Tenant's obligation to pay rent begins under the Lease is _____, _____.

2. Tenant hereby confirms that:

(a) All commitments, representations and assurances made to induce Tenant to enter into the Lease have been fully satisfied;

(b) All improvements to the Property and in the Premises to be constructed or installed by Landlord have been completed and furnished in accordance with the Lease to the satisfaction of Tenant; and

(c) Tenant has accepted and is in full and complete possession of the Premises.

3. This Memorandum shall be binding upon and inure to the benefit of Landlord and Tenant and their permitted successors and assigns under the Lease. The Lease is in full force and effect.

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum as of the date first hereinabove written.

TENANT:

LB FOSTER COMPANY, a Pennsylvania corporation

By:
Name:
Title:

[CORPORATE SEAL]

LANDLORD:

SUWANEE CREEK BUSINESS CENTER LLC, a Delaware limited liability company

By: CalEast Industrial Investors, LLC, a California limited liability company, its Member

By: LaSalle Investment Management, Inc., a Maryland corporation, its Manager

By:_____
Laurence Christopher Harris,
Vice President

(CORPORATE SEAL)

By: TC Suwanee Creek, Inc., a Delaware corporation, its Member

By:_____
Name:
Title:

(CORPORATE SEAL)

EXHIBIT D

PERMITTED USE OF HAZARDOUS MATERIALS

Name of Hazardous Material	Maximum Amount Per Year
Lubricants	1,125 lbs.
Forklift fuel & welding gas	400 lbs.
Galvanized hardware	20,000 lbs.
Rubber	40,000 lbs.
Cleaners, paint, ink, adhesives	800 lbs.
Railroad hardware including de minimus amounts of alloy metals and cured adhesives	N/A
Office furniture, files and office supplies	N/A

ADDENDUM TO INDUSTRIAL LEASE

1. Rent Abatement. Provided that Tenant is not in default in its obligations under this Lease, Landlord shall abate in its entirety the Monthly Base Rent and Tenant's contributions for CAM Expenses, Property Taxes and Insurance Costs for the second (2nd), third (3rd), fourth (4th), fifth (5th), sixth (6th), seventh (7th) and eighth (8th) months of this Lease.

2. Improvements. Subject to the terms and conditions of this Lease, including without limitation Section 2.2 of this Lease, Landlord shall, at Landlord's expense, construct or install improvements in the Premises (the "Tenant Improvements") in accordance with the Approved Plans. Notwithstanding anything to the contrary, the parties hereby acknowledge and agree as follows:

   a. Landlord shall complete the Tenant Improvements with its standard building finishes as described in the Approved Plans and such above-standard building finishes as shall have been expressly requested by Tenant and described in the notes to the Approved Plans (collectively, the "Upgrade Finishes"). The parties agree that any notes in the Approved Plans calling for above-standard building finishes that were not expressly requested by Tenant shall be disregarded.

   b. Except for the Upgrade Finishes, the Approved Plans will not provide for, and Landlord shall have no responsibility for, the furnishing or installation of (i) Tenant's telecommunications, computer, security, fire alarm and fire extinguishing systems (the "Tenant Systems") and (ii) any fixtures, equipment, furniture, cabinetry, mill work or other items specific to Tenant's operation and proposed use of the Premises (the "Tenant FF&E").

   c. Tenant, and not Landlord, shall be responsible for any additional cost of the Tenant Improvements arising from a Tenant Delay (as hereinafter defined) or any change to the Approved Plans (a "Change Order"), whether such Change Order is voluntarily requested or is the result of a change to the Approved Plans required by any governmental entity having jurisdiction over the Premises, provided, however that Landlord shall be responsible for any additional cost of the Tenant Improvements that results from a change to the Approved Plans required by any governmental entity for reasons other than Tenant's use of the Premises.

   d. Any sums owed to Landlord under this paragraph 2 shall be deemed "Additional Rent" under the Lease.

   e. The furnishing and installation of the Tenant Systems and Tenant FF&E shall be performed by Tenant at Tenant's sole cost and expense in accordance with the terms of this Lease, including Article 7 (relating to Alterations) and Section 4.4.

   Each of the following events shall constitute a "Tenant Delay": (a) delays resulting from any Direction by Tenant that Landlord suspend work or otherwise hold up construction of any portion of the Tenant Improvements because of a possible change to be initiated by Tenant or for any other reason Directed by Tenant; (b) delays due to the failure of Tenant to pay when due any amount payable pursuant to this Lease; or (c) delays which result directly or indirectly from requested changes in the Approved Plans Directed by Tenant. As used herein, the terms "Direction" and "Directed" shall mean a written communication from Steven L. Hart to Landlord.

3. Warranty of Tenant. Tenant represents and warrants that as of the date of the Lease it is a corporation organized, validly existing and in good standing under the laws of Pennsylvania, and that it is in good standing and qualified to do business in the State of Georgia. Tenant covenants that throughout the term of this Lease it will at all times remain in good standing under the laws of Pennsylvania and that it will remain in good standing and qualified to do business in the State of Georgia.

4. Tenant's Contribution for Tenant Improvements. Upon signing this Lease, Tenant shall pay Landlord the sum of Six Thousand Dollars ($6,000.00) for construction and other costs to be incurred by Landlord in connection with the Tenant Improvements.

Stock Purchase Agreement

This Stock Purchase Agreement ("Agreement") is made as of June 3, 1999, by L.B. Foster Company, a Pennsylvania corporation ("Buyer") and Alaska Trust Company, acting solely in its capacity as trustee of the CXT Employee Stock Ownership Trust, N.A. Bianco, D. Firth, J.M. McLaughlin, the J.M. McLaughlin Individual Retirement Account, D.L. Millard, R.O. Skrypchuk, the R.O. Skrypchuk Individual Retirement Account, R.D. Steiger, J.G. White and the J.G. White Individual Retirement Account (collectively the "Sellers").

RECITALS

Sellers desire to sell, and Buyer desires to purchase, all of the issued and outstanding shares (the "Shares") of capital stock of CXT Incorporated, a Delaware corporation (the "Company"), for the consideration and on the terms set forth in this Agreement.

AGREEMENT

The parties, intending to be legally bound, agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the following terms have the meanings specified or referred to in this Section 1:

"Adjustment Amount"--as defined in Section 2.5.

"Applicable Contract"--any Contract (a) under which the Company has or may acquire any rights, (b) under which the Company has or may become subject to any obligation or liability, or (c) by which the Company or any of the assets owned or used by it is or may become bound; in each case excluding Contracts fully performed by all parties thereto prior to the date of this Agreement.

"Balance Sheet"--as defined in Section 3.4.

"Best Efforts"--the efforts that a prudent Person desirous of achieving a result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible; provided, however, that an obligation to use Best Efforts under this Agreement does not require the Person subject to that obligation to take actions that would result in a materially adverse change in the benefits to such Person of this Agreement and the Contemplated Transactions.

"Breach"--a "Breach" of a representation, warranty, covenant, obligation, or other provision of this Agreement or any instrument delivered pursuant to this Agreement will be deemed to have occurred if there is or has been (a) any Material inaccuracy in or breach of, or any Material failure to perform or comply with, such representation, warranty, covenant, obligation, or other provision, or (b) any claim (by any Person) or other occurrence or circumstance that is or was materially inconsistent with such representation, warranty, covenant, obligation, or other provision, and the term "Breach" means any such inaccuracy, breach, failure, claim, occurrence, or circumstance.

"Buyer"--as defined in the first paragraph of this Agreement.

"Closing"--as defined in Section 2.3.

"Closing Date"--the date and time as of which the Closing actually takes place.

"Company"--as defined in the Recitals of this Agreement.

"Consent"--any approval, consent, ratification, waiver, or other authorization (including any Governmental Authorization).

"Contemplated Transactions"--all of the transactions contemplated by this Agreement, including:

(a) the sale of the Shares by Sellers to Buyer;

(b) the execution, delivery, and performance of the Sellers' Releases, and the Escrow Agreement;

(c) the performance by Buyer and Sellers of their respective covenants and obligations under this Agreement; and

(d) Buyer's acquisition and ownership of the Shares and exercise of control over the Company.

"Contract"--any agreement, contract, obligation, promise, or undertaking (whether written or oral and whether express or implied) that is legally binding.

"CXT ESOP"--the CXT Employee Stock Ownership Plan, adopted by the Company on October 19, 1990, as amended by Amendments No. 1 through 11 thereto, and reflected in the Restated CXT Employee Stock Ownership Plan dated January 20, 1999.

"CXT ESOT"--the trust established and maintained pursuant to the CXT ESOP and the CXT Employee Stock Ownership Trust Agreement dated October 19, 1990.

"Damages"--as defined in Section 10.2.

"Disclosure Letter"--the disclosure letter to be delivered by Sellers to Buyer pursuant to the provisions of this Agreement.

"Encumbrance"--any charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first

refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership; excluding, however, Legal Requirements of general applicability to issuance or transfer of corporate securities..

"Environment"--soil, land surface or subsurface strata, surface waters (including navigable waters, ocean waters, streams, ponds, drainage basins, and wetlands), groundwaters, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life, and any other environmental medium or natural resource.

"Environmental, Health, and Safety Liabilities"--any cost, damages, expense, liability, obligation, or other responsibility arising from or under Environmental Law or Occupational Safety and Health Law and consisting of or relating to:

(a) any environmental, health, or safety matters or conditions (including on-site or off-site contamination, occupational safety and health, and regulation of chemical substances or products);

(b) fines, penalties, judgments, awards, settlements, legal or administrative proceedings, damages, losses, claims, demands and response, investigative, remedial, or inspection costs and expenses arising under Environmental Law or Occupational Safety and Health Law;

(c) financial responsibility under Environmental Law or Occupational Safety and Health Law for cleanup costs or corrective action, including any investigation, cleanup, removal, containment, or other remediation or response actions ("Cleanup") required by applicable Environmental Law or Occupational Safety and Health Law (whether or not such Cleanup has been required or requested by any Governmental Body or any other Person) and for any natural resource damages; or

(d) any other compliance, corrective, investigative, or remedial measures required under Environmental Law or Occupational Safety and Health Law.

The terms "removal," "remedial," and "response action," include the types of activities covered by the United States Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. ss. 9601 et seq., as amended ("CERCLA").

"Environmental Law"--any Legal Requirement that requires or relates to:

(a) advising appropriate authorities, employees, and the public of intended, potential or actual releases of pollutants or hazardous substances or materials, violations of discharge limits, or other prohibitions and of the commencements of activities, such as resource extraction or construction, that could have significant impact on the Environment;

(b) preventing or reducing to acceptable levels the release of pollutants or hazardous substances or materials into the Environment;

(c) reducing the quantities, preventing the release, or minimizing the hazardous characteristics of wastes that are generated;

(d) assuring that products are designed, formulated, packaged, and used so that they do not present unreasonable risks to human health or the Environment when used or disposed of;

(e) protecting resources, species, or ecological amenities;

(f) reducing to acceptable levels the risks inherent in the transportation of hazardous substances, pollutants, oil, or other potentially harmful substances;

(g) cleaning up pollutants that have been released, preventing the threat of release, or paying the costs of such clean up or prevention; or

(h) making responsible parties pay private parties, or groups of them, for damages done to their health or the Environment, or permitting self-appointed representatives of the public interest to recover for injuries done to public assets.

"ERISA"--the Employee Retirement Income Security Act of 1974, as amended, or any successor law, and regulations and rules issued pursuant to that Act or any successor law.

"Escrow Agreement"--as defined in Section 2.4.

"ESOT Trustee"--Alaska Trust Company, which is the duly appointed and acting trustee of the CXT ESOT or, if applicable, its successor as trustee of the CXT ESOT.

"Facilities"--any real property, leaseholds, or other interests currently or formerly owned or operated by the Company and any buildings, plants, structures, or equipment (including motor vehicles, tank cars, and rolling stock) currently or formerly owned or operated by the Company.

"GAAP"--generally accepted United States accounting principles, applied on a basis consistent with the basis on which the Balance Sheet and the other financial statements referred to in Section 3.4(b) were prepared.

"Governmental Authorization"--any approval, consent, license, permit, waiver, or other authorization issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal

Requirement.

"Governmental Body"--any:

(a) nation, state, county, city, town, village, district, or other jurisdiction of any nature;

(b) federal, state, local, municipal, foreign, or other government;

(c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal);

(d) multi-national organization or body; or

(e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

"Hazardous Activity"--the distribution, generation, handling, importing, management, manufacturing, processing, production, refinement, Release, storage, transfer, transportation, treatment, or use (including any withdrawal or other use of groundwater) of Hazardous Materials in, on, under, about, or from the Facilities or any part thereof into the Environment, and any other act, business, operation, or thing that increases the danger, or risk of danger, or poses an unreasonable risk of harm to persons or property on or off the Facilities, or that may materially affect the value of the Facilities or the Company.

"Hazardous Materials"--any waste or other substance that is listed, defined, designated, or classified as, or otherwise determined to be, hazardous, radioactive, or toxic or a pollutant or a contaminant under or pursuant to any Environmental Law, including any admixture or solution thereof, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials.

"HSR Act"--the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or any successor law, and regulations and rules issued pursuant to that Act or any successor law.

"Intellectual Property Assets" --as defined in Section 3.22.

"Interim Balance Sheet"--as defined in Section 3.4.

"IRC"--the Internal Revenue Code of 1986, as amended, or any successor law, and regulations issued by the IRS pursuant to the Internal Revenue Code or any successor law.

"IRS"--the United States Internal Revenue Service or any successor agency, and, to the extent relevant, the United States Department of the Treasury.

"Knowledge"--an individual will be deemed to have "Knowledge" of a particular fact or other matter if:

(a) such individual is actually aware of such fact or other matter; or

(b) as to any Person other than the ESOT Trustee, a prudent individual could be expected to discover or otherwise become aware of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or other matter; it being understood among the parties that the ESOT Trustee has made inquiry of officers of the Company as to matters relating to the Company but has not conducted an independent investigation thereof.

A Person (other than an individual) will be deemed to have "Knowledge" of a particular fact or other matter if any individual who is serving, or who has at any time served, as a director, officer, partner, executor, or trustee of such Person (or in any similar capacity) has, or at any time had, Knowledge of such fact or other matter.

"Legal Requirement"--any federal, state, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute, or treaty.

"Materiality" or "Material" shall mean of significance to a reasonable person and, if convertible into a dollar amount, shall mean an amount which is reasonably expected to be in excess of $25,000.

"Occupational Safety and Health Law"--any Legal Requirement designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards, and any governmental program designed to provide safe and healthful working conditions.

"Order"--any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Body or by any arbitrator.

"Ordinary Course of Business"--an action taken by a Person will be deemed to have been taken in the "Ordinary Course of Business" only if:

(a) such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person;

(b) such action is not required to be authorized by the board of directors of

such Person (or by any Person or group of Persons exercising similar authority); and

(c) such action is similar in nature and magnitude to actions customarily taken, without any authorization by the board of directors (or by any Person or group of Persons exercising similar authority), in the ordinary course of the normal day-to-day operations of other Persons that are in the same line of business as such Person.

"Organizational Documents"--(a) the articles or certificate of incorporation and the bylaws of a corporation; (b) the partnership agreement and any statement of partnership of a general partnership; (c) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (d) any charter or similar document adopted or filed in connection with the creation, formation, or organization of a Person; and (e) any amendment to any of the foregoing.

"Person"--any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Body. Without limiting the generality of the foregoing, said term shall include the CXT ESOT and each of the Shareholder IRAs.

"Plan"--as defined in Section 3.13.

"Proceeding"--any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

"Related Person"--with respect to a particular individual:

(a) each other member of such individual's Family;

(b) any Person that is directly or indirectly controlled by such individual or one or more members of such individual's Family;

(c) any Person in which such individual or members of such individual's Family hold (individually or in the aggregate) a Material Interest; and

(d) any Person with respect to which such individual or one or more members of such individual's Family serves as a director, officer, partner, executor, or trustee (or in a similar capacity).

With respect to a specified Person other than an individual:

(a) any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with such specified Person;

(b) any Person that holds a Material Interest in such specified Person;

(c) each Person that serves as a director, officer, partner, executor, or trustee of such specified Person (or in a similar capacity);

(d) any Person in which such specified Person holds a Material Interest;

(e) any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity); and

(f) any Related Person of any individual described in clause (b) or (c).

For purposes of this definition, (a) the "Family" of an individual includes (i) the individual, (ii) the individual's spouse, (iii) any other natural person who is related to the individual or the individual's spouse within the second degree, and (iv) any other natural person who resides with such individual, and (b) "Material Interest" means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of voting securities or other voting interests representing at least 5% of the outstanding voting power of a Person or equity securities or other equity interests representing at least 5% of the outstanding equity securities or equity interests in a Person.

"Release"--any spilling, leaking, emitting, discharging, depositing, escaping, leaching, dumping, or other releasing into the Environment, whether intentional or unintentional.

"Representative"--with respect to a particular Person, any director, officer, employee, agent, consultant, advisor, trustee, or other representative of such Person, including legal counsel, accountants, and financial advisors.

"Securities Act"--the Securities Act of 1933 or any successor law, and regulations and rules issued pursuant to that Act or any successor law.

"Sellers"--as defined in the first paragraph of this Agreement.

"Sellers' Releases"--as defined in Section 2.4.

"Shareholder IRAs"--the Individual Retirement Accounts holding Shares for the benefit of J.M. McLaughlin, R.O. Skrypchuk and J.G. White.

"Shares"--as defined in the Recitals of this Agreement.

"Subsidiary"--with respect to any Person (the "Owner"), any corporation or other Person of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has

not occurred) are held by the Owner or one or more of its Subsidiaries; when used without reference to a particular Person, "Subsidiary" means a Subsidiary of the Company.

"Tax"--any tax imposed by a Governmental Body.

"Tax Return"--any return (including any information return), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Legal Requirement relating to any Tax.

"Threat of Release"--a substantial likelihood of a Release that may require action in order to prevent or mitigate damage to the Environment that may result from such Release.

"Threatened"--a claim, Proceeding, dispute, action, or other matter will be deemed to have been "Threatened" if any demand or statement has been made (orally or in writing) or any notice has been given (orally or in writing), or if any other event has occurred or any other circumstances exist, that would lead a prudent Person to conclude that such a claim, Proceeding, dispute, action, or other matter is likely to be asserted, commenced, taken, or otherwise pursued in the future.

2. SALE AND TRANSFER OF SHARES; CLOSING

2.1 SHARES

Subject to the terms and conditions of this Agreement, at the Closing, Sellers will sell and transfer the Shares to Buyer, and Buyer will purchase the Shares from Sellers.

2.2 PURCHASE PRICE

The purchase price (the "Purchase Price") for the Shares will be $17,875,000 minus the Adjustment Amount, if any.

2.3 CLOSING

The purchase and sale (the "Closing") provided for in this Agreement will take place at the offices of Company's counsel at Spokane, Washington at 10:00 a.m. (local time) on the later of (i) June 30, 1999 or (ii) the date that is ten business days following the termination of the applicable waiting period under the HSR Act, or on such other date or at such other time and place as the parties may agree. Subject to the provisions of Section 9, failure to consummate the purchase and sale provided for in this Agreement on the date and time and at the place determined pursuant to this Section 2.3 will not result in the termination of this Agreement and will not relieve any party of any obligation under this Agreement.

2.4 CLOSING OBLIGATIONS

At the Closing:

(a) Sellers will deliver to Buyer:

(i) certificates representing the Shares, duly endorsed (or accompanied by duly executed stock powers), with signatures guaranteed by a commercial bank or by a member firm of the New York Stock Exchange, for transfer to Buyer;

(ii) releases in the form of Exhibits 2.4(a)(ii)-1 and 2.4(a)(ii)-2 executed by Sellers (collectively, "Sellers' Releases");

(iii) a certificate, executed on behalf of the Sellers by the Company's President and Chief Executive Officer and the Company's chief accounting officer (which they shall have discussed with PricewaterhouseCoopers, LLP with respect to compliance with GAAP, consistently applied), and approved by Buyer (which approval shall not be unreasonably withheld or delayed), setting forth, with reasonably detailed supporting calculations, the Company's estimated consolidated net worth and the Adjustment Amount as of the Closing Date.

(iv) a certificate executed by Sellers representing and warranting (subject to the limitation of liability and remedies set forth in Section 10) to Buyer that each of Sellers' representations and warranties in this Agreement was accurate in all respects as of the date of this Agreement and is accurate (except for changes provided for herein in all respects as of the Closing Date as if made on the Closing Date (giving full effect to any supplements to the Disclosure Letter that were delivered by Sellers to Buyer prior to the Closing Date in accordance with Section 5.5); and

(b) Buyer will deliver to Sellers:

(i) $16,000,000 less the amount by which $5,600,000 exceeds the Company's estimated Adjustment Amount, as calculated in the certificate delivered pursuant to Section 2.4(a)(iii), payable to each of Sellers in the proportions set forth in Exhibit 2.4(b)(i) by wire transfer to accounts specified by each of the Sellers. (ii) the sum of $1,000,000 to the escrow agent referred to in Section 2.4(c) by wire transfer to an account specified by said escrow agent;

(iii) the sum of $875,000 to Lukins & Annis, P.S. to be held in trust pursuant to the agreement set forth in Exhibit 2.4(b)(iii) for distribution in accordance with the procedures set forth in Section 2.6.

(iv) a certificate executed by Buyer to the effect that, except as otherwise stated in such certificate, each of Buyer's representations and warranties in this Agreement was accurate in all respects as of the date of this Agreement and is accurate in all respects as of the Closing Date as if made on the Closing

Date; and

(c) Buyer and Sellers will enter into an escrow agreement at Closing in the form of Exhibit 2.4(c) (the "Escrow Agreement") with First Union National Bank.

(d) Title to the Shares held in the Shareholder IRAs is in the name of custodians, which hold title thereto for the benefit of the Persons executing this Agreement for such Shareholder IRAs. Each of said Persons agrees to take all actions as may be necessary to cause their custodian to execute stock powers to convey to Buyer at Closing the Shares held in such Person's Shareholder IRA.

(e) Company will have purchased a six (6) year extended reporting period ("tail") endorsement for the existing officers' and directors' liability insurance maintained by the Company, the expense of which shall be included in calculation of the Adjustment Amount.

2.5 ADJUSTMENT AMOUNT

The Adjustment Amount , if any, shall be equal to the amount by which the consolidated net worth of the Company immediately prior to the Closing is less than $5,600,000, as determined in accordance with GAAP and, in any event, with all amounts contemplated under Sections 2.6 and 11.1 having been fully accrued and set forth in the certificate executed pursuant to Section 2.4(a)(iii) or, if Closing Financial Statements are prepared pursuant to Section 2.6, as set forth in the Closing Financial Statements, as adjusted for any final determination thereof by the Accountants pursuant to Section 2.6(a), if applicable. The Buyer and the Company have reached an agreement for settlement of certain issues relating to the following Contracts: (i) a Contract for sale, unloading and handling of concrete ties for the St. Louis Bi-States Project; (ii) a Contract for sale, unloading and handling of concrete ties for the POLA West Basin Project; and (iii) a Contract for sale of concrete ties for the Tren Urbano Project, which is set forth in a separate letter agreement (the "Side Letter") between Buyer and Company of even date. The terms and provisions of the Side Letter shall be fully reflected in the Closing Financial Statements and in computation of the Adjustment Amount, if any.

2.6 ADJUSTMENT PROCEDURE

(a) Buyer will prepare and may, at Buyer's expense, cause PricewaterhouseCoopers, LLP, the Company's certified public accountants, to audit consolidated financial statements ("Closing Financial Statements") of the Company as of the Closing Date and for the period from the date of the Balance Sheet through the Closing Date, including a computation of the Company's consolidated net worth and a calculation of the Adjustment Amount, if any, as defined in Section 2.5, all in accordance with GAAP as of the Closing Date. The Closing Financial Statements shall include reasonable and adequate reserves for all unliquidated, disputed or otherwise non-quantifiable liabilities of the Company. Buyer will deliver the Closing Financial Statements to Seller within sixty days after the Closing Date. Each of the Sellers shall have the right to object to the Closing Financial Statements and if the Closing Financial Statements are prepared by PricewaterhouseCoopers, LLP, Buyer shall also have the right to object thereto. Notice of any such objection must be given by the objecting party to all other parties hereto in writing within thirty (30) days following delivery of the Closing Financial Statements to the Sellers. Any such notice must contain a statement of the basis for the objection to the Closing Financial Statements. If no such notice is timely given, the Company's consolidated net worth and the Adjustment Amount, if any, reflected in the Closing Financial Statements shall be conclusive and binding on all of the parties. If any such notice of objection is timely given, then the issues in dispute will be submitted to Arthur Anderson & Co. or, if Arthur Anderson & Co. is not available, Deloitte & Touche, certified public accountants (the "Accountants"), for resolution. Such resolution shall be by written determination of the Accountants, delivered to the parties within ninety (90) days following submission of the dispute to the Accountants. If issues in dispute are submitted to the Accountants for resolution, (i) each party will furnish to the Accountants such workpapers and other documents and information relating to the disputed issues as the Accountants may request and are available to that party (or its independent public accountants), and will be afforded the opportunity to present to the Accountants any material relating to the determination and to discuss the determination with the Accountants; (ii) the determination by the Accountants, as set forth in a notice delivered to all parties by the Accountants, will be binding and conclusive on the parties; and (iii) Sellers, collectively, and Buyer will each bear 50% of the fees of the Accountants for such determination. Sellers' share of the fees shall be paid first from the funds deposited into the trust established pursuant to Section 2.4(b)(iii) and, if the amounts in said trust after deduction and payment of the portion, if any, thereof ultimately determined to belong to Buyer, are insufficient, Sellers' share of such fees shall be paid from the funds deposited into Escrow pursuant to Section 2.4(b)(ii).

(b) On the tenth business day following the final determination of the Adjustment Amount, if the Purchase Price is greater than the aggregate of the payments made pursuant to Sections 2.4(b)(i) and 2.4(b)(ii), Lukins & Annis, P.S. shall release from its trust account, established pursuant to 2.4(b)(iii), the difference to Sellers and shall release any remaining balance to Buyer, all pursuant to the trust agreement in the form of Exhibit 2.4(b)(iii) If all of the $875,000 held in said trust account becomes payable to Sellers pursuant to the foregoing provisions, all earnings thereon shall be released to Sellers, and if only a portion of the $875,000 becomes payable to Sellers, a portion of the earnings on the $875,000 deposited into such trust account shall be released to Sellers, which portion shall be calculated by multiplying the earnings by a fraction, the numerator of which shall be the difference between the Purchase Price and the amount paid at Closing pursuant to Sections 2.4(b)(i) and

2.4(b)(ii) and the denominator of which shall be $875,000. In the latter event, the remaining balance of such earnings shall be released to Buyer. If the Purchase Price is less than the aggregate amount paid at Closing pursuant to Sections 2.4(b)(i) and 2.4(b)(ii), Lukins & Annis P.S. shall release from its trust account to Buyer the $875,000 deposited into such trust account pursuant to Section 2.4(b)(iii) together with all earnings therein. To the extent the Purchase Price is less than the sum of the amounts paid or deposited pursuant to Sections 2.4(b)(i), 2.4(b)(ii) and 2.4(b)(iii) and the difference is more than the $875,000 deposited pursuant to Section 2.4(b)(iii), Buyer may recover said difference from the funds deposited into Escrow pursuant to Section 2.4(b)(ii) and Sellers shall be obliged to take all actions necessary or appropriate to cause such funds to be released to Buyer. If the Purchase Price is more than the sum of the amounts paid or deposited pursuant to Sections 2.4(b)(i), 2.4(b)(ii) and 2.4(b)(iii), the difference shall be paid by Buyer to Sellers, together with interest at 9% per annum compounded daily beginning on the Closing Date and ending on the date of payment. Any payments to Sellers must be made in immediately available funds and be made in the manner and will be allocated in the proportions set forth in Section 2.4(b)(i).

2.7 ESOT TRUSTEE

The ESOT Trustee shall be independent of all other parties to this Agreement and will rely in making its decision whether to Close the Contemplated Transactions pursuant to this Agreement on behalf of the CXT ESOT, on the written report of an appraiser who is qualified to value the Shares and is unrelated to the Company or any of the parties to this Agreement. The appraisal shall be issued and delivered on the Closing Date.

3. REPRESENTATIONS AND WARRANTIES OF SELLERS

All Sellers, severally and jointly represent and warrant (subject to the limitation of liability and remedies set forth in Section 10) to Buyer as follows:

3.1 ORGANIZATION AND GOOD STANDING

(a) Part 3.1 of the Disclosure Letter contains a complete and accurate list for the Company of its name, its jurisdiction of incorporation, other jurisdictions in which it is authorized to do business, and its capitalization (including the identity of each stockholder and the number of shares held by each). The Company is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation, with full corporate power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under Applicable Contracts. The Company is duly qualified to do business as a foreign corporation and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification.

(b) Sellers have delivered to Buyer copies of the Organizational Documents of the Company, as currently in effect.

3.2 AUTHORITY; NO CONFLICT

(a) This Agreement constitutes the legal, valid, and binding obligation of Sellers, enforceable against Sellers in accordance with its terms. Upon the execution and delivery by Sellers of the Escrow Agreement and the Sellers' Releases (collectively, the "Sellers' Closing Documents"), the Sellers' Closing Documents will constitute the legal, valid, and binding obligations of Sellers, enforceable against Sellers in accordance with their respective terms. Sellers have the absolute and unrestricted right, power, authority, and capacity to execute and deliver this Agreement and the Sellers' Closing Documents and to perform their obligations under this Agreement and the Sellers' Closing Documents;

(b) Except as set forth in Part 3.2 of the Disclosure Letter, neither the execution and delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with, or result in a violation of (A) any provision of the Organizational Documents of the Company, or (B) any resolution adopted by the board of directors or the stockholders of the Company;

(ii) contravene, conflict with, or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which the Company or any Seller, or any of the assets owned or used by the Company, may be subject;

(iii) contravene, conflict with, or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Governmental Authorization that is held by the Company or that otherwise relates to the business of, or any of the assets owned or used by, the Company;

(iv) cause Buyer or the Company to become subject to, or to become liable for the payment of, any Tax;

(v) cause any of the assets owned by the Company to be reassessed or revalued by any taxing authority or other Governmental Body; (vi) contravene, conflict with, or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Applicable Contract; or

(vii) result in the imposition or creation of any Encumbrance upon or with

respect to any of the assets owned or used by the Company.

Except as set forth in Part 3.2 of the Disclosure Letter, neither Sellers nor the Company is or will be required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

3.3 CAPITALIZATION

The authorized equity securities of the Company consist of 2,666,667 shares of Class A common stock, par value $.01 per share, of which 1,086,633 shares are issued and outstanding and 6,666,667 shares of Class B common stock, par value $.01 per share of which 4,000,000 shares are issued and outstanding, which together constitute the Shares. Sellers are and will be on the Closing Date the record (except for the Shareholder IRAs held in the name of a custodian) and beneficial owners and holders of the Shares, free and clear of all Encumbrances and each of the Sellers owns the Shares set forth opposite each such Seller's name in Exhibit 3.3 hereto. No legend or other reference to any purported Encumbrance appears upon any certificate representing equity securities of the Company, except a legend reflecting transfer restrictions under the current Organizational Documents of the Company, which restrictions shall be deleted or modified on or before the Closing Date pursuant to the amendments to said Organizational Documents provided for herein. All of the outstanding equity securities of the Company have been duly authorized and validly issued and are fully paid and nonassessable. There are no Contracts relating to the issuance, sale, or transfer of any equity securities or other securities of the Company except: (i) the Organizational Documents; and (ii) an Incentive Bonus Plan dated October 19, 1990 pursuant to which no Shares shall be issued after the date of this Agreement. Between the date of this Agreement and the Date of Closing, no Shares shall be issued or transferred, other than to Buyer, by any of the Sellers or the Company and as of the Closing Date no party other than Buyer shall own or have the right to acquire any Shares. None of the outstanding equity securities or other securities of the Company was issued in violation of the Securities Act or any other Legal Requirement. The Company neither owns, nor has any Contract to acquire, any equity securities or other securities of any Person (other than the Company) or any direct or indirect equity or ownership interest in any other business.

3.4 FINANCIAL STATEMENTS

Sellers have delivered to Buyer and included in Part 3.4 of the Disclosure Letter: (a) consolidated balance sheets of the Company as of September 30 in each of the years 1996 through 1998 and the related consolidated statements of income, changes in consolidated net worth, and cash flow for each of the fiscal years then ended, together with the report thereon of PricewaterhouseCoopers, L.L.P. (successor to Coopers & Lybrand, LLP, independent certified public accountants), (b) a consolidated balance sheet of the Company as of September 30, 1998 (including the notes thereto, the "Balance Sheet"), and the related consolidated statements of income, changes in consolidated net worth, and cash flow for the fiscal year then ended, together with the report thereon of PricewaterhouseCoopers, L.L.P. (successor to Coopers & Lybrand, LLP, independent certified public accountants), and (c) an unaudited consolidated balance sheet of the Company as of April 30, 1999 (the "Interim Balance Sheet") and the related unaudited consolidated statements of income, changes in consolidated net worth, and cash flow for the seven months then ended, including in each case the supporting statements in form and consistent with that previously provided. Such financial statements and notes fairly present the financial condition and the results of operations, changes in consolidated net worth, and cash flow of the Company as at the respective dates of and for the periods referred to in such financial statements, all in accordance with GAAP, subject, in the case of interim financial statements, to normal recurring year-end adjustments (the effect of which will not, individually or in the aggregate, be materially adverse) and the absence of notes (that, if presented, would not differ materially from those included in the Balance Sheet); the financial statements referred to in this Section 3.4 reflect the consistent application of such accounting principles throughout the periods involved, except as disclosed in the notes to such financial statements. No financial statements of any Person other than the Company are required by GAAP to be included in the consolidated financial statements of the Company.

3.5 BOOKS AND RECORDS

The books of account, minute books, stock record books, and other records of the Company, all of which have been made available to Buyer, are complete and correct and have been maintained in accordance with sound business practices, including the maintenance of an adequate system of internal controls. The minute books of the Company contain accurate and complete records of all meetings held of, and corporate action taken by, the stockholders, the Boards of Directors, and committees of the Boards of Directors of the Company, and no meeting of any such stockholders, Board of Directors, or committee has been held for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of those books and records will be in the possession of the Company.

3.6 TITLE TO PROPERTIES; ENCUMBRANCES

Part 3.6 of the Disclosure Letter contains a complete and accurate list of all real property, leaseholds, or other interests therein owned by the Company. Sellers have delivered or made available to Buyer copies of the leases and other instruments (as recorded, if applicable) by which the Company acquired such real property and interests, and copies of all title insurance policies, opinions, abstracts, and surveys in the possession of Sellers or the Company and relating to such property or interests. The Company owns (with good and marketable title in the case of real property leaseholds, subject only to the matters permitted by the following sentence) all the properties and assets (whether real, personal, or mixed and whether tangible or intangible) that it purports to own, including all of the properties and assets reflected in the Balance Sheet and the Interim Balance Sheet (except for assets held under capitalized leases

disclosed or not required to be disclosed in Part 3.6 of the Disclosure Letter and personal property sold since the date of the Balance Sheet and the Interim Balance Sheet, as the case may be, in the Ordinary Course of Business), and all of the properties and assets purchased or otherwise acquired by the Company since the date of the Balance Sheet (except for personal property acquired and sold since the date of the Balance Sheet in the Ordinary Course of Business and consistent with past practice), which subsequently purchased or acquired properties and assets (other than inventory, supplies, equipment items not properly treated as capital assets and short-term investments) are listed in Part 3.6 of the Disclosure Letter. All Material properties and assets reflected in the Balance Sheet and the Interim Balance Sheet are free and clear of all Encumbrances and are not, in the case of real property, subject to any rights of way, building use restrictions, exceptions, variances, reservations, or limitations of any nature except, with respect to all such properties and assets, (a) mortgages or security interests shown on the Balance Sheet or the Interim Balance Sheet as securing specified liabilities or obligations, with respect to which no default (or event that, with notice or lapse of time or both, would constitute a default) exists, (b) mortgages or security interests incurred in connection with the purchase of property or assets after the date of the Interim Balance Sheet (such mortgages and security interests being limited to the property or assets so acquired), with respect to which no default (or event that, with notice or lapse of time or both, would constitute a default) exists, (c) liens for current taxes not yet due, and (d) with respect to real property, (i) easements and minor imperfections of title, if any, none of which is substantial in amount, materially detracts from the value or impairs the use of the property subject thereto, or impairs the operations of the Company, and (ii) zoning laws and other land use restrictions that do not impair the present or anticipated use of the property subject thereto. All buildings, plants, and structures owned by the Company lie wholly within the boundaries of the real property owned by the Company and do not encroach upon the property of, or otherwise conflict with the property rights of, any other Person.

3.7 CONDITION AND SUFFICIENCY OF ASSETS

The buildings, plants, structures, and equipment of the Company are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, or equipment is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not Material in nature or cost. The building, plants, structures, and equipment of the Company are sufficient for the continued conduct of the Company's businesses after the Closing in substantially the same manner as conducted prior to the Closing.

3.8 ACCOUNTS RECEIVABLE

All accounts receivable of the Company that are reflected on the Balance Sheet or the Interim Balance Sheet or on the accounting records of the Company as of the Closing Date (collectively, the "Accounts Receivable") represent or will represent valid obligations arising from sales actually made or services actually performed in the Ordinary Course of Business. Unless paid prior to the Closing Date, the Accounts Receivable are or will be as of the Closing Date current and collectible net of the respective reserves shown on the Balance Sheet or the Interim Balance Sheet or on the accounting records of the Company as of the Closing Date (which reserves are adequate and calculated consistent with past practice and, in the case of the reserve as of the Closing Date, will not represent a greater percentage of the Accounts Receivable as of the Closing Date than the reserve reflected in the Interim Balance Sheet represented of the Accounts Receivable reflected therein and will not represent a Material adverse change in the composition of such Accounts Receivable in terms of aging). Subject to such reserves, each of the Accounts Receivable either has been or will be collected in full, without any set-off, within one hundred eighty days after the day on which it first becomes due and payable, except for any Accounts Receivable payable in installments over a longer term pursuant to written Contract which, subject to such reserves, will be paid in full without set-off, in accordance with such written contracts. There is no contest, claim, or right of set-off, other than returns in the Ordinary Course of Business, under any Contract with any obligor of an Accounts Receivable relating to the amount or validity of such Accounts Receivable. Part 3.8 of the Disclosure Letter contains a complete and accurate list of all Accounts Receivable as of the date of the Interim Balance Sheet, which list sets forth the aging of such Accounts Receivable.

3.9 INVENTORY

All inventory of the Company, whether or not reflected in the Balance Sheet or the Interim Balance Sheet, consists of a quality and quantity usable and salable in the Ordinary Course of Business, except for obsolete items and items of below-standard quality, all of which have been written off or written down to net realizable value in the Balance Sheet or the Interim Balance Sheet or on the accounting records of the Company as of the Closing Date, as the case may be. All inventories not written off have been priced at the lower of cost or market on a first in-first out basis. The quantities of each item of inventory (whether raw materials, work-in-process, or finished goods) are not excessive, but are reasonable in the present circumstances of the Company.

3.10 NO UNDISCLOSED LIABILITIES

Except as set forth in Part 3.10 of the Disclosure Letter, the Company has no liabilities or obligations of any nature (whether known or unknown and whether absolute, accrued, contingent, or otherwise) except for liabilities or obligations reflected or reserved against in the Balance Sheet or the Interim Balance Sheet and current liabilities for inventory purchases, payroll and similar recurrent items incurred in the Ordinary Course of Business since the respective dates thereof.

3.11 TAXES

(a) The Company has filed or caused to be filed (on a timely basis since

September 30, 1995) all Tax Returns that are or were required to be filed by or with respect to it, pursuant to applicable Legal Requirements. Sellers have delivered or made available to Buyer copies of, and Part 3.11 of the Disclosure Letter contains a complete and accurate list of, all such Tax Returns filed since September 30, 1995. The Company has paid, or made provision for the payment of, all Taxes that have or may have become due pursuant to those Tax Returns or otherwise, or pursuant to any assessment received by Sellers or the Company, except such Taxes, if any, as are listed in Part 3.11 of the Disclosure Letter and are being contested in good faith and as to which adequate reserves (determined in accordance with GAAP) have been provided in the Balance Sheet and the Interim Balance Sheet.

(b) The United States federal and state income Tax Returns of the Company subject to such Taxes have been audited by the IRS or relevant state tax authorities or are closed by the applicable statute of limitations for all taxable years through September 30, 1994. Part 3.11 of the Disclosure Letter contains a complete and accurate list of all audits of all such Tax Returns, including a reasonably detailed description of the nature and outcome of each audit. All deficiencies proposed as a result of such audits have been paid, reserved against, settled, or, as described in Part 3.11 of the Disclosure Letter, are being contested in good faith by appropriate proceedings. Part 3.11 of the Disclosure Letter describes all adjustments to the United States federal income Tax Returns filed by the Company or any group of corporations including the Company for all taxable years since September 30, 1994, and the resulting deficiencies proposed by the IRS. Except as described in Part 3.11 of the Disclosure Letter, neither any Seller nor the Company has given or been requested to give waivers or extensions (or is or would be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment of Taxes of the Company or for which the Company may be liable.

(c) The charges, accruals, and reserves with respect to Taxes on the respective books of the Company are adequate (determined in accordance with GAAP) and are at least equal to the Company's liability for Taxes. There exists no proposed tax assessment against the Company except as disclosed in the Balance Sheet or in Part 3.11 of the Disclosure Letter. No consent to the application of Section 341(f)(2) of the IRC has been filed with respect to any property or assets held, acquired, or to be acquired by the Company. All Taxes that the Company is or was required by Legal Requirements to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Body or other Person.

(d) All Tax Returns filed by (or that include on a consolidated basis) the Company are true, correct, and complete. There is no tax sharing agreement that will require any payment by the Company after the date of this Agreement. The Company is not, or within the five-year period preceding the Closing Date has not been, an "S" corporation.

3.12 NO MATERIAL ADVERSE CHANGE

Since the date of the Balance Sheet, there has not been any Material adverse change in the business, operations, properties, prospects, assets, or condition of the Company, and no event has occurred or circumstance exists that may result in such a Material adverse change.

3.13 EMPLOYEE BENEFITS

(a) As used in this Section 3.13, the following terms have the meanings set forth below.

"Company Other Benefit Obligation" means an Other Benefit Obligation owed, adopted, or followed by the Company or an ERISA Affiliate of the Company.

"Company Plan" means all Plans of which the Company or an ERISA Affiliate of the Company is or was a Plan Sponsor, or to which the Company or an ERISA Affiliate of the Company otherwise contributes or has contributed, or in which the Company or an ERISA Affiliate of the Company otherwise participates or has participated. All references to Plans are to Company Plans unless the context requires otherwise.

"Company VEBA" means a VEBA whose members include employees of the Company or any ERISA Affiliate of the Company.

"ERISA Affiliate" means, with respect to the Company, any other person that, together with the Company, would be treated as a single employer under IRC ss. 414.

"Multi-Employer Plan" has the meaning given in ERISA ss. 3(37)(A).

"Other Benefit Obligations" means all obligations, arrangements, or customary practices, whether or not legally enforceable, to provide benefits, other than salary, as compensation for services rendered, to present or former directors, employees, or agents, other than obligations, arrangements, and practices that are Plans. Other Benefit Obligations include consulting agreements under which the compensation paid does not depend upon the amount of service rendered, sabbatical policies, severance payment policies, and fringe benefits within the meaning of IRC ss. 132.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Pension Plan" has the meaning given in ERISA ss. 3(2)(A).

"Plan" has the meaning given in ERISA ss. 3(3).

"Plan Sponsor" has the meaning given in ERISA ss. 3(16)(B).

"Qualified Plan" means any Plan that meets or purports to meet the requirements of IRC ss. 401(a).

"Title IV Plans" means all Pension Plans that are subject to Title IV of ERISA, 29 U.S.C.ss. 1301 et seq., other than Multi-Employer Plans.

"VEBA" means a voluntary employees' beneficiary association under IRC ss. 501(c)(9).

"Welfare Plan" has the meaning given in ERISA ss. 3(1).

(b) (i) Part 3.13(i) of the Disclosure Letter contains a complete and accurate list of all Company Plans, Company Other Benefit Obligations, and Company VEBAs, and identifies as such all Company Plans that are (A) defined benefit Pension Plans, (B) Qualified Plans, (C) Title IV Plans, or (D) Multi-Employer Plans.

(ii) Part 3.13(ii) of the Disclosure Letter contains a complete and accurate list of (A) all ERISA Affiliates of the Company, and (B) all Plans of which any such ERISA Affiliate is or was a Plan Sponsor, in which any such ERISA Affiliate participates or has participated, or to which any such ERISA Affiliate contributes or has contributed.

(iii) Part 3.13(iii) of the Disclosure Letter sets forth, for each Multi-Employer Plan, as of its last valuation date, the amount of potential withdrawal liability of the Company and the Company's other ERISA Affiliates, calculated according to information made available pursuant to ERISA ss. 4221(e).

(iv) Part 3.13(iv) of the Disclosure Letter sets forth a calculation of the liability of the Company for post-retirement benefits other than pensions, made in accordance with Financial Accounting Statement 106 of the Financial Accounting Standards Board, regardless of whether the Company is required by this Statement to disclose such information.

(v) Part 3.13(v) of the Disclosure Letter sets forth the financial cost of all obligations owed under any Company Plan or Company Other Benefit Obligation that is not subject to the disclosure and reporting requirements of ERISA.

(c) Sellers have delivered to Buyer prior to the date of this Agreement:

(i) all documents that set forth the terms of each Company Plan, Company Other Benefit Obligation, or Company VEBA and of any related trust, including (A) all plan descriptions and summary plan descriptions of Company Plans for which Sellers or the Company are required to prepare, file, and distribute plan descriptions and summary plan descriptions, and (B) all summaries and descriptions furnished to participants and beneficiaries regarding Company Plans, Company Other Benefit Obligations, and Company VEBAs for which a plan description or summary plan description is not required;

(ii) all personnel, payroll, and employment manuals and policies;

(iii) all collective bargaining agreements pursuant to which contributions have been made or obligations incurred (including both pension and welfare benefits) by the Company and the ERISA Affiliates of the Company, and all collective bargaining agreements pursuant to which contributions are being made or obligations are owed by such entities;

(iv) a written description of any Company Plan or Company Other Benefit Obligation that is not otherwise in writing;

(v) all registration statements filed with respect to any Company Plan;

(vi) all insurance policies purchased by or to provide benefits under any Company Plan;

(vii) all contracts with third party administrators, actuaries, investment managers, consultants, and other independent contractors that relate to any Company Plan, Company Other Benefit Obligation, or Company VEBA;

(viii) all reports submitted within the four years preceding the date of this Agreement by third party administrators, actuaries, investment managers, consultants, or other independent contractors with respect to any Company Plan, Company Other Benefit Obligation, or Company VEBA;

(ix) all notifications to employees of their rights under ERISA ss. 601 et seq. and IRC ss. 4980B;

(x) the Form 5500 filed in each of the most recent three plan years with respect to each Company Plan, including all schedules thereto and the opinions of independent accountants;

(xi) all notices that were given by the Company or any ERISA Affiliate of the Company or any Company Plan to the IRS, the PBGC, or any participant or beneficiary, pursuant to statute, within the four years preceding the date of this Agreement, including notices that are expressly mentioned elsewhere in this Section 3.13;

(xii) all notices that were given by the IRS, the PBGC, or the Department of Labor to the Company, any ERISA Affiliate of the Company, or any Company Plan within the four years preceding the date of this Agreement;

(xiii) with respect to Qualified Plans and VEBAs, the most recent determination letter for each Plan of the Company that is a Qualified Plan; and

(xiv) with respect to Title IV Plans, the Form PBGC-1 filed for each of the three most recent plan years.

(xv) all notifications and certifications to employees of their periods of creditable coverage and other rights under IRC ss.9801, et seq.

(d) Except as set forth in Part 3.13(d) of the Disclosure Letter:

(i) The Company has performed all of their respective obligations under all Company Plans, Company Other Benefit Obligations, and Company VEBAs, including but not limited to timely contributions of employee payroll withholdings which are or become "plan assets" within the meaning of 29 CFR ss.2510.3-102. The Company has made appropriate entries in their financial records and statements for all obligations and liabilities under such Plans, VEBAs, and Obligations that have accrued but are not due.

(ii) No statement, either written or oral, has been made by the Company to any Person with regard to any Plan or Other Benefit Obligation that was not in accordance with the Plan or Other Benefit Obligation and that could have an adverse economic consequence to the Company or to Buyer.

(iii) The Company, with respect to all Company Plans, Company Other Benefits Obligations, and Company VEBAs, is, and each Company Plan, Company Other Benefit Obligation, and Company VEBA is, in full compliance with ERISA, the IRC, and other applicable Laws including the provisions of such Laws expressly mentioned in this Section 3.13, and with any applicable collective bargaining agreement and in particular as follows:

(A) No transaction prohibited by ERISA ss. 406 and no "prohibited transaction" under IRC ss. 4975(c), and no breaches of fiduciary duty under ERISA ss.404 have occurred with respect to any Company Plan for which an exemption is not available under ERISA or the IRC.

(B) Neither any Seller nor the Company nor ERISA Affiliate of the Company has any liability to the IRS with respect to any Plan, including any liability imposed by Chapter 43 of the IRC.

(C) Neither any Seller nor the Company nor ERISA Affiliate of the Company has any liability to the PBGC with respect to any Plan or has any liability under ERISA ss. 502 or ss. 4071.

(D) All filings required by ERISA and the IRC as to each Plan have been timely filed, and all notices and disclosures to participants required by either ERISA or the IRC have been timely provided.

(E) All contributions and payments made or accrued with respect to all Company Plans, Company Other Benefit Obligations, and Company VEBAs are deductible under IRC ss. 162 or ss. 404. No amount, or any asset of any Company Plan or Company VEBA, is subject to tax as unrelated business taxable income.

(iv) Each Company Plan can be terminated within thirty days, without payment of any additional contribution or amount and without the vesting or acceleration of any benefits promised by such Plan, except for vesting or acceleration of benefits under the CXT ESOP to the extent which may be required by law as a result of termination thereof as provided for in this Agreement.

(v) Since January 20, 1999, there has been no establishment or amendment of any Company Plan, Company VEBA, or Company Other Benefit Obligation.

(vi) No event has occurred or circumstance exists that could result in a Material increase in premium costs of Company Plans and Company Other Benefit Obligations that are insured, or a Material increase in benefit costs of such Plans and Obligations that are self-insured or, with respect to the Qualified Plans, could give rise to a partial termination (except for termination of the CXT ESOP as provided for in this Agreement) within the meaning of IRC ss.411(d)(3).

(vii) Other than claims for benefits submitted by participants or beneficiaries, no claim against, or legal proceeding (including any audit, examination, inquiry or investigation by any governmental agency or organization) involving, any Company Plan, Company Other Benefit Obligation, or Company VEBA is pending or, to Sellers' Knowledge, is Threatened.

(viii) No Company Plan is a stock bonus, pension, or profit-sharing plan within the meaning of IRC ss. 401(a), except the CXT ESOP.

(ix) Each Qualified Plan of the Company is qualified in form and operation under IRC ss. 401(a); each trust for each such Plan is exempt from federal income tax under IRC ss. 501(a). Each Company VEBA is exempt from federal income tax. No event has occurred or circumstance exists that will or could give rise to disqualification or loss of tax-exempt status of any such Plan or trust associated with a Plan. Neither Seller, the Company nor any ERISA Affiliate of the Company has taken or is taking voluntary corrective action (in accordance with procedures of the Internal Revenue Service) with respect to any Company Plan.

(x) The Company and each ERISA Affiliate of the Company has met the minimum funding standard, and has made all contributions required, under ERISA ss. 302 and IRC ss. 402.

(xi) No Company Plan is subject to Title IV of ERISA.

(xii) The Company has paid all amounts due to the PBGC pursuant to ERISA ss. 4007.

(xiii) Neither the Company nor any ERISA Affiliate of the Company has ceased operations at any facility or has withdrawn from any Title IV Plan in a manner that would subject to any entity or Sellers to liability under ERISA ss. 4062(e), ss. 4063, or ss. 4064.

(xiv) Neither the Company nor any ERISA Affiliate of the Company has filed a notice of intent to terminate any Plan or has adopted any amendment to treat a Plan as terminated. The PBGC has not instituted proceedings to treat any Company Plan as terminated. No event has occurred or circumstance exists that may constitute grounds under ERISA ss. 4042 for the termination of, or the

appointment of a trustee to administer, any Company Plan.

(xv) No amendment has been made, or is reasonably expected to be made, to any Plan that has required or could require the provision of security under ERISA ss. 307 or IRC ss. 401(a)(29).

(xvi) No accumulated funding deficiency, whether or not waived, exists with respect to any Company Plan; no event has occurred or circumstance exists that may result in an accumulated funding deficiency as of the last day of the current plan year of any such Plan.

(xvii) The actuarial report for each Pension Plan of the Company and each ERISA Affiliate of the Company fairly presents the financial condition and the results of operations of each such Plan in accordance with GAAP.

(xviii) Since the last valuation date for each Pension Plan of the Company and each ERISA Affiliate of the Company, no event has occurred or circumstance exists that would increase the amount of benefits under any such Plan (other than the Contemplated Transactions and the impact thereof on the benefits payable under the CXT ESOP) or that would cause the excess of Plan assets over benefit liabilities (as defined in ERISA ss. 4001) to decrease, or the amount by which benefit liabilities exceed assets to increase.

(xiv) No reportable event (as defined in ERISA ss. 4043 and in regulations issued thereunder) has occurred.

(xx) Neither Seller nor the Company has Knowledge of any facts or circumstances that may give rise to any liability of any Seller, the Company, or Buyer to the PBGC under Title IV of ERISA.

(xxi) Neither the Company nor any ERISA Affiliate of the Company has ever established, maintained, or contributed to or otherwise participated in, or had an obligation to maintain, contribute to, or otherwise participate in, any Multi-Employer Plan.

(xxii) Neither the Company nor any ERISA Affiliate of the Company has withdrawn from any Multi-Employer Plan with respect to which there is any outstanding liability as of the date of this Agreement. No event has occurred or circumstance exists that presents a risk of the occurrence of any withdrawal from, or the participation, termination, reorganization, or insolvency of, any Multi-Employer Plan that could result in any liability of either the Company or Buyer to a Multi-Employer Plan.

(xxiii) Neither the Company nor any ERISA Affiliate of the Company has received notice from any Multi-Employer Plan that it is in reorganization or is insolvent, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of any excise tax, or that such Plan intends to terminate or has terminated.

(xxiv) No Multi-Employer Plan to which the Company or any ERISA Affiliate of the Company contributes or has contributed is a party to any pending merger or asset or liability transfer or is subject to any proceeding brought by the PBGC.

(xxv) Except to the extent required under ERISA ss. 601 et seq. and IRC ss. 4980B, the Company does not provide health or welfare benefits for any retired or former employee and is not obligated to provide health or welfare benefits to any active employee following such employee's retirement or other termination of service.

(xxvi) The Company has the right to modify and terminate benefits to retirees (other than pensions) with respect to both retired and active employees without incurring liability for benefits after they have been so terminated.

(xxvii) Sellers and all Company have complied with the provisions of ERISAss.601 et seq. and IRCss.4980B and with the provisions of IRCss.9801, et seq.

(xxviii) No payment that is owed or may become due to any director, officer, employee, or agent of the Company will be non-deductible to the Company or subject to tax under IRC ss. 280G or ss. 4999; nor will the Company be required to "gross up" or otherwise compensate any such person because of the imposition of any excise tax on a payment to such person.

(xxix) The consummation of the Contemplated Transactions will not result in the payment, vesting, or acceleration of any benefit under any Company Plan, Company Other Benefit Obligation or Company VEBA, except the CXT ESOP.

(xxx) With respect to any Plan that: (1) is intended to be an "employee stock ownership plan", within the meaning of IRC ss.4975(e)(7); and (2) holds Shares of the Company:

(A) All Shares held therein are and at all times have been "qualifying employer securities", within the meaning of ERISA ss.407(d)(5), and every transaction which would otherwise give rise to a "prohibited transaction" under ERISA ss. 406 and IRC ss.4975 qualifies for an exemption;

(B) There are no unpaid or outstanding securities acquisition loans, debts or other obligations (including notes issued in redemption of Plan benefit distributions) held by the Plan or under which the Plan has agreed to pay the Company, an ERISA Affiliate of the Company or any third party;

(C) Neither the Sellers, the Company nor any ERISA Affiliate of the Company have guaranteed or otherwise secured the repayment of any loans, debts or other obligations held by the Plan or under which the Plan has agreed to pay, other than debts of the CXT ESOT which have previously been paid in full;

(D) On an annual or more frequent basis, the Plan has satisfied the requirement for obtaining an independent appraisal of the Shares, as provided in IRC ss.401(a)(28);

(E) All votes, consents, approvals and other legal requirements necessary and appropriate to consummate the sale contemplated by this Agreement have been obtained by Sellers (or others as appropriate) and are legally binding and enforceable, except for approval of the Contemplated Transactions and approval of amendment of the Organizational Documents of the Company by its shareholders; and

(F) No trustee of the Plan has, within the most recent 24 months, tendered his or her resignation or been removed by the Company in accordance with the Plan, except for resignation of the former members of the Board of Trustees of the CXT ESOT and appointment of Alaska Trust Company as successor trustee.

3.14 COMPLIANCE WITH LEGAL REQUIREMENTS; GOVERNMENTAL AUTHORIZATIONS

(a) Except as set forth in Part 3.14 of the Disclosure Letter:

(i) the Company is, and at all times since October 1, 1995, has been, in full compliance with each Legal Requirement that is or was applicable to it or to the conduct or operation of its business or the ownership or use of any of its assets;

(ii) no event has occurred or circumstance exists that (with or without notice or lapse of time) (A) may constitute or result in a violation by the Company of, or a failure on the part of the Company to comply with, any Legal Requirement, or (B) may give rise to any obligation on the part of the Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature; and

(iii) the Company has not received, at any time since October 1, 1995, any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding (A) any actual, alleged, possible, or potential violation of, or failure to comply with, any Legal Requirement, or (B) any actual, alleged, possible, or potential obligation on the part of the Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(b) Part 3.14 of the Disclosure Letter contains a complete and accurate list of each Governmental Authorization that is held by the Company or that otherwise relates to the business of, or to any of the assets owned or used by, the Company. Each Governmental Authorization listed or required to be listed in Part 3.14 of the Disclosure Letter is valid and in full force and effect. Except as set forth in Part 3.14 of the Disclosure Letter:

(i) the Company is, and at all times since October 1, 1995, has been, in full compliance with all of the terms and requirements of each Governmental Authorization identified or required to be identified in Part 3.14 of the Disclosure Letter;

(ii) no event has occurred or circumstance exists that may (with or without notice or lapse of time) (A) constitute or result directly or indirectly in a violation of or a failure to comply with any term or requirement of any Governmental Authorization listed or required to be listed in Part 3.14 of the Disclosure Letter, or (B) result directly or indirectly in the revocation, withdrawal, suspension, cancellation, or termination of, or any modification to, any Governmental Authorization listed or required to be listed in Part 3.14 of the Disclosure Letter;

(iii) the Company has not received, at any time since October 1, 1995, any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding (A) any actual, alleged, possible, or potential violation of or failure to comply with any term or requirement of any Governmental Authorization, or (B) any actual, proposed, possible, or potential revocation, withdrawal, suspension, cancellation, termination of, or modification to any Governmental Authorization; and

(iv) all applications required to have been filed for the renewal of the Governmental Authorizations listed or required to be listed in Part 3.14 of the Disclosure Letter have been duly filed on a timely basis with the appropriate Governmental Bodies, and all other filings required to have been made with respect to such Governmental Authorizations have been duly made on a timely basis with the appropriate Governmental Bodies.

The Governmental Authorizations listed in Part 3.14 of the Disclosure Letter collectively constitute all of the Governmental Authorizations necessary to permit the Company to lawfully conduct and operate their businesses in the manner they currently conduct and operate such businesses and to permit the Company to own and use their assets in the manner in which they currently own and use such assets.

3.15 LEGAL PROCEEDINGS; ORDERS

(a) Except as set forth in Part 3.15 of the Disclosure Letter, there is no pending Proceeding:

(i) that has been commenced by or against the Company or that otherwise relates to or may affect the business of, or any of the assets owned or used by, the Company; or

(ii) that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions.

To the Knowledge of Sellers and the Company, (1) no such Proceeding has been Threatened, and (2) no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any such Proceeding. Sellers have delivered to Buyer copies of all pleadings, correspondence, and other documents relating to each Proceeding listed in Part 3.15 of the Disclosure

Letter. The Proceedings listed in Part 3.15 of the Disclosure Letter will not have a Material adverse effect on the business, operations, assets, condition, or prospects of the Company.

(b) Except as set forth in Part 3.15 of the Disclosure Letter:

(i) there is no Order to which any of the Company, or any of the assets owned or used by the Company, is subject;

(ii) neither Seller is subject to any Order that relates to the business of, or any of the assets owned or used by, the Company; and

(iii) to the Knowledge of Sellers and the Company, no officer, director, agent, or employee of the Company is subject to any Order that prohibits such officer, director, agent, or employee from engaging in or continuing any conduct, activity, or practice relating to the business of either the Company or the Buyer.

(c) Except as set forth in Part 3.15 of the Disclosure Letter:

(i) the Company is, and at all times since October 1, 1995, has been, in full compliance with all of the terms and requirements of each Order to which it, or any of the assets owned or used by it, is or has been subject;

(ii) no event has occurred or circumstance exists that may constitute or result in (with or without notice or lapse of time) a violation of or failure to comply with any term or requirement of any Order to which the Company, or any of the assets owned or used by the Company, is subject; and

(iii) the Company has not received, at any time since October 1, 1995, any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, possible, or potential violation of, or failure to comply with, any term or requirement of any Order to which the Company, or any of the assets owned or used by the Company, is or has been subject.

3.16 ABSENCE OF CERTAIN CHANGES AND EVENTS

Except as set forth in Part 3.16 of the Disclosure Letter, since the date of the Balance Sheet (September 30, 1998), the Company has conducted its businesses only in the Ordinary Course of Business and there has not been any:

(a) change in the Company's authorized or issued capital stock; grant of any stock option or right to purchase shares of capital stock of the Company; issuance of any security convertible into such capital stock; grant of any registration rights; purchase, redemption, retirement, or other acquisition by the Company of any shares of any such capital stock; or declaration or payment of any dividend or other distribution or payment in respect of shares of capital stock;

(b) amendment to the Organizational Documents of the Company;

(c) payment or increase by the Company of any bonuses, salaries, or other compensation to any stockholder, director, officer, or (except in the Ordinary Course of Business and authorized prior to December 31, 1998) employee or entry into any employment, severance, or similar Contract with any director, officer, or employee;

(d) adoption of, or increase in the payments to or benefits under, any profit sharing, bonus, deferred compensation, savings, insurance, pension, retirement, or other employee benefit plan for or with any employees of the Company;

(e) damage to or destruction or loss of any asset or property of the Company, whether or not covered by insurance, materially and adversely affecting the properties, assets, business, financial condition, or prospects of the Company;

(f) entry into, termination of, or receipt of notice of termination of (i) any license, distributorship, dealer, sales representative, joint venture, credit, or similar agreement, or (ii) any Contract or transaction involving a total remaining commitment by or to the Company of at least $25,000;

(g) sale (other than sales of inventory in the Ordinary Course of Business), lease, or other disposition of any asset or property of the Company or mortgage, pledge, or imposition of any lien or other encumbrance on any Material asset or property of the Company, including the sale, lease, or other disposition of any of the Intellectual Property Assets;

(h) cancellation or waiver of any claims or rights with a value to the Company in excess of $10,000;

(i) Material change in the accounting methods used by the Company; or

(j) agreement, whether oral or written, by the Company to do any of the foregoing.

3.17 CONTRACTS; NO DEFAULTS

(a) Part 3.17(a) of the Disclosure Letter contains a complete and accurate list, and Sellers have delivered to Buyer true and complete copies, of:

(i) each Applicable Contract that involves performance of services or delivery of goods or materials by the Company of an amount or value in excess of $25,000;

(ii) each Applicable Contract that involves performance of services or delivery of goods or materials to the Company of an amount or value in excess of $25,000;

(iii) each Applicable Contract that was not entered into in the Ordinary Course of Business and that involves expenditures or receipts of the Company in excess

of $25,000;

(iv) each lease, rental or occupancy agreement, license, installment and conditional sale agreement, and other Applicable Contract affecting the ownership of, leasing of, title to, use of, or any leasehold or other interest in, any real or personal property (except personal property leases and installment and conditional sales agreements having a value per item or aggregate payments of less than $25,000 and with terms of less than one year);

(v) each licensing agreement or other Applicable Contract with respect to patents, trademarks, copyrights, or other intellectual property, including agreements with current or former employees, consultants, or contractors regarding the appropriation or the non-disclosure of any of the Intellectual Property Assets;

(vi) each collective bargaining agreement and other Applicable Contract to or with any labor union or other employee representative of a group of employees;

(vii) each joint venture, partnership, and other Applicable Contract (however named) involving a sharing of profits, losses, costs, or liabilities by the Company with any other Person;

(viii) each Applicable Contract containing covenants that in any way purport to restrict the business activity of the Company or any Affiliate of the Company or limit the freedom of the Company or any Affiliate of the Company to engage in any line of business or to compete with any Person;

(ix) each Applicable Contract providing for payments to or by any Person based on sales, purchases, or profits, other than direct payments for goods;

(x) each power of attorney that is currently effective and outstanding;

(xi) each Applicable Contract entered into other than in the Ordinary Course of Business that contains or provides for an express undertaking by the Company to be responsible for consequential damages;

(xii) each Applicable Contract for capital expenditures in excess of $25,000;

(xiii) each written warranty, guaranty, and or other similar undertaking with respect to contractual performance extended by the Company other than in the Ordinary Course of Business; and

(xiv) each amendment, supplement, and modification (whether oral or written) in respect of any of the foregoing.

Part 3.17(a) of the Disclosure Letter sets forth reasonably complete details concerning such Contracts, including the parties to the Contracts, the amount of the remaining commitment of the Company under the Contracts, and the Company's office where details relating to the Contracts are located.

(b) Except as set forth in Part 3.17(b) of the Disclosure Letter:

(i) No Seller (and no Related Person of any Seller) has or may acquire any rights under, and no Seller has or may become subject to any obligation or liability under, any Contract that relates to the business of, or any of the assets owned or used by, the Company; and

(ii) No officer, director, agent, employee, consultant, or contractor of the Company is bound by any Contract that purports to limit the ability of such officer, director, agent, employee, consultant, or contractor to (A) engage in or continue any conduct, activity, or practice relating to the business of the Company, or (B) assign to the Company or to any other Person any rights to any invention, improvement, or discovery.

(c) Except as set forth in Part 3.17(c) of the Disclosure Letter, each Contract identified or required to be identified in Part 3.17(a) of the Disclosure Letter is in full force and effect and is valid and enforceable in accordance with its terms.

(d) Except as set forth in Part 3.17(d) of the Disclosure Letter:

(i) The Company is, and at all times since September 30, 1998 has been, in full compliance with all applicable terms and requirements of each Contract under which the Company has or had any obligation or liability or by which the Company or any of the assets owned or used by the Company is or was bound;

(ii) each other Person that has or had any obligation or liability under any Contract under which the Company has or had any rights is, and at all times since September 30, 1998 has been, in full compliance with all applicable terms and requirements of such Contract;

(iii) no event has occurred or circumstance exists that (with or without notice or lapse of time) may contravene, conflict with, or result in a violation or breach of, or give the Company or other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Applicable Contract; and

(iv) The Company has not given to or received from any other Person, at any time since October 1, 1995, any notice or other communication (whether oral or written) regarding any actual, alleged, possible, or potential violation or breach of, or default under, any Contract which could give rise to Damages in excess of $25,000.

(e) There are no renegotiations of, attempts to renegotiate, or outstanding rights to renegotiate any Material amounts paid or payable to the Company under current or completed Contracts with any Person and no such Person has made written demand for such renegotiation.

(f) The Contracts relating to the sale, design, manufacture, or provision of products or services by the Company has been entered into in the Ordinary Course of Business and have been entered into without the commission of any act alone or in concert with any other Person, or any consideration having been paid or promised, that is or would be in violation of any Legal Requirement.

3.18 INSURANCE

(a) Sellers have delivered to Buyer:

(i) true and complete copies of all policies of insurance to which the Company is a party or under which the Company, or any director of the Company, is or has been covered at any time within the three years preceding the date of this Agreement;

(ii) true and complete copies of all pending applications for policies of insurance; and

(iii) any statement by the auditor of the Company's financial statements with regard to the adequacy of such entity's coverage or of the reserves for claims.

(b) Part 3.18(b) of the Disclosure Letter describes:

(i) any self-insurance arrangement (by policy) by or affecting the Company, including any reserves established thereunder;

(ii) any contract or arrangement, other than a policy of insurance, for the transfer or sharing of any risk by the Company; and

(iii) all obligations of the Company to third parties with respect to insurance (including such obligations under leases and service agreements) and identifies the policy under which such coverage is provided.

(c) Part 3.18(c) of the Disclosure Letter sets forth, by year, for the current policy year and each of the three preceding policy years:

(i) a summary of the loss experience under each policy;

(ii) a statement describing each claim under an insurance policy for an amount claimed or with a total incurred value in excess of $5,000 which sets forth:

(A) the name of the claimant;

(B) a description of the policy by insurer, type of insurance, and period of coverage; and

(C) the amount paid, the amount reserved and a brief description of the claim; and

(iii) a statement describing the loss experience for all claims that were self-insured, including the number and aggregate cost of such claims.

(d) Except as set forth on Part 3.18(d) of the Disclosure Letter:

(i) All policies to which the Company is a party or that provide coverage to any Seller, the Company, or any director or officer of the Company:

(A) are valid, outstanding, and enforceable;

(B) are issued by an insurer that is financially sound and reputable;

(C) taken together, provide adequate insurance coverage for the assets and the operations of the Company for risks to which the Company is normally obtained by other persons exposed to similar risks;

(D) are sufficient for compliance with all Legal Requirements and Contracts to which the Company is a party or by which any of them is bound;

(E) will continue in full force and effect following the consummation of the Contemplated Transactions; and

(F) do not provide for any retrospective premium adjustment or other experienced-based liability on the part of the Company.

(ii) Neither Seller nor the Company has received (A) any refusal of coverage or any notice that a defense will be afforded with reservation of rights, or (B) any notice of cancellation or any other indication that any insurance policy is no longer in full force or effect or will not be renewed or that the issuer of any policy is not willing or able to perform its obligations thereunder.

(iii) The Company has paid all premiums due, and have otherwise performed all of their respective obligations, under each policy to which the Company is a party or that provides coverage to the Company or director thereof.

(iv) The Company has given notice to the insurer of all claims that may be insured thereby.

3.19 ENVIRONMENTAL MATTERS

Except as set forth in part 3.19 of the Disclosure Letter to the Knowledge of Sellers and Company (it being understood and agreed that the foregoing Knowledge qualification does not lessen the absolute indemnification obligations of Sellers under Section 10.3):

(a) The Company is, and at all times has been, in full compliance with, and has not been and is not in violation of or liable under, any Environmental Law. Neither any Seller nor the Company has any basis to expect, nor has any of them

or any other Person for whose conduct they are or may be held to be responsible received, any actual or Threatened order, notice, or other communication from (i) any Governmental Body or private citizen acting in the public interest, or (ii) the current or prior owner or operator of any Facilities, of any actual or potential violation or failure to comply with any Environmental Law, or of any actual or Threatened obligation to undertake or bear the cost of any Environmental, Health, and Safety Liabilities with respect to any of the Facilities or any other properties or assets (whether real, personal, or mixed) in which Sellers or the Company has had an interest, or with respect to any property or Facility at or to which Hazardous Materials were generated, manufactured, refined, transferred, imported, used, or processed by Sellers, the Company, or any other Person for whose conduct they are or may be held responsible, or from which Hazardous Materials have been transported, treated, stored, handled, transferred, disposed, recycled, or received.

(b) There are no pending or, to the Knowledge of Sellers and the Company, Threatened claims, Encumbrances, or other restrictions of any nature, resulting from any Environmental, Health, and Safety Liabilities or arising under or pursuant to any Environmental Law, with respect to or affecting any of the Facilities or any other properties and assets (whether real, personal, or mixed) in which Sellers or the Company has or had an interest.

(c) Neither any Seller nor the Company has any basis to expect, nor has any of them or any other Person for whose conduct they are or may be held responsible, received, any citation, directive, inquiry, notice, Order, summons, warning, or other communication that relates to Hazardous Activity, Hazardous Materials, or any alleged, actual, or potential violation or failure to comply with any Environmental Law, or of any alleged, actual, or potential obligation to undertake or bear the cost of any Environmental, Health, and Safety Liabilities with respect to any of the Facilities or any other properties or assets (whether real, personal, or mixed) in which Sellers or the Company had an interest, or with respect to any property or facility to which Hazardous Materials generated, manufactured, refined, transferred, imported, used, or processed by Sellers, the Company, or any other Person for whose conduct they are or may be held responsible, have been transported, treated, stored, handled, transferred, disposed, recycled, or received.

(d) Neither any Seller nor the Company, nor any other Person for whose conduct they are or may be held responsible, has any Environmental, Health, and Safety Liabilities with respect to the Facilities or with respect to any other properties and assets (whether real, personal, or mixed) in which Sellers or the Company (or any predecessor), has or had an interest, or at any property geologically or hydrologically adjoining the Facilities or any such other property or assets.

(e) There are no Hazardous Materials present on or in the Environment at the Facilities or at any geologically or hydrologically adjoining property, including any Hazardous Materials contained in barrels, above or underground storage tanks, landfills, land deposits, dumps, equipment (whether moveable or fixed) or other containers, either temporary or permanent, and deposited or located in land, water, sumps, or any other part of the Facilities or such adjoining property, or incorporated into any structure therein or thereon. Neither any Seller, the Company, any other Person for whose conduct they are or may be held responsible, nor any other Person, has permitted or conducted, or is aware of, any Hazardous Activity conducted with respect to the Facilities or any other properties or assets (whether real, personal, or mixed) in which Sellers or the Company has or had an interest [except in full compliance with all applicable Environmental Laws.

(f) There has been no Release or, to the Knowledge of Sellers and the Company, Threat of Release, of any Hazardous Materials at or from the Facilities or at any other locations where any Hazardous Materials were generated, manufactured, refined, transferred, produced, imported, used, or processed from or by the Facilities, or from or by any other properties and assets (whether real, personal, or mixed) in which Sellers or the Company has or had an interest, or to the Knowledge of Sellers and the Company any geologically or hydrologically adjoining property, whether by Sellers, the Company, or any other Person.

(g) Sellers have delivered to Buyer true and complete copies and results of any reports, studies, analyses, tests, or monitoring possessed or initiated by Sellers or the Company pertaining to Hazardous Materials or Hazardous Activities in, on, or under the Facilities, or concerning compliance by Sellers, the Company, or any other Person for whose conduct they are or may be held responsible, with Environmental Laws.

3.20 EMPLOYEES

(a) Part 3.20 of the Disclosure Letter contains a complete and accurate list of the following information for each employee or director of the Company, including each employee on leave of absence or layoff status: employer; name; job title; current compensation paid or payable and any change in compensation since September 30, 1998; vacation accrued; and service credited for purposes of vesting and eligibility to participate under the Company pension, retirement, profit-sharing, thrift-savings, deferred compensation, stock bonus, stock option, cash bonus, employee stock ownership (including investment credit or payroll stock ownership), severance pay, insurance, medical, welfare, or vacation plan, other Employee Pension Benefit Plan or Employee Welfare Benefit Plan, or any other employee benefit plan or any Director Plan.

(b) No employee or director of the Company is a party to, or is otherwise bound by, any agreement or arrangement, including any confidentiality, noncompetition, or proprietary rights agreement, between such employee or director and any other Person ("Proprietary Rights Agreement") that in any way adversely affects or will affect (i) the performance of his duties as an employee or director of the Company, or (ii) the ability of the Company to conduct its business, including any Proprietary Rights Agreement with Sellers or the Company by any such employee or director. To Sellers' Knowledge, no director, officer, or other key employee, other than John G. White of the Company intends to terminate his

employment with the Company due to Closing of the Contemplated Transactions or for any reason within 12 months of the Closing, with the exception of R.D. Steiger (who is considering resignation to pursue a business opportunity).

(c) Part 3.20 of the Disclosure Letter also contains a complete and accurate list of the following information for each retired employee or director of the Company, or their dependents, receiving benefits or scheduled to receive benefits in the future: name, pension benefit, pension option election, retiree medical insurance coverage, retiree life insurance coverage, and other benefits, with the exception of benefits payable pursuant to the CXT ESOP (as to which full and complete information has previously been provided to Buyer).

3.21 LABOR RELATIONS; COMPLIANCE

Except as set forth in Part 3.21 of the Disclosure Letter:

Since October 1, 1995, the Company has not been or is a party to any collective bargaining or other labor Contract. Since October 1, 1995, there has not been, there is not presently pending or existing, and to Sellers' Knowledge there is not Threatened, (a) any strike, slowdown, picketing, work stoppage, or employee grievance process, (b) any Proceeding against or affecting the Company relating to the alleged violation of any Legal Requirement pertaining to labor relations or employment matters, including any charge or complaint filed by an employee or union with the National Labor Relations Board, the Equal Employment Opportunity Commission, or any comparable Governmental Body, organizational activity, or other labor or employment dispute against or affecting any of the Company or its premises, or (c) any application for certification of a collective bargaining agent. To Sellers' and the Company's Knowledge, no event has occurred or circumstance exists that could provide the basis for any work stoppage or other labor dispute. There is no lockout of any employees by the Company, and no such action is contemplated by the Company. The Company has complied in all respects with all Legal Requirements relating to employment, equal employment opportunity, nondiscrimination, immigration, wages, hours, benefits, collective bargaining, the payment of social security and similar taxes, occupational safety and health, and plant closing. The Company is not liable for the payment of any compensation, damages, taxes, fines, penalties, or other amounts, however designated, for failure to comply with any of the foregoing Legal Requirements.

3.22 INTELLECTUAL PROPERTY

(a) Intellectual Property Assets--The term "Intellectual Property Assets" includes:

(i) the name CXT Incorporated, all fictional business names, trading names, registered and unregistered trademarks, service marks, and applications (collectively, "Marks");

(ii) all patents, patent applications, and inventions and discoveries that may be patentable (collectively, "Patents");

(iii) all copyrights in both published works and unpublished works (collectively, "Copyrights"); and

(iv) all know-how, trade secrets, confidential information, customer lists, software, technical information, data, process technology, plans, drawings, and blue prints (collectively, "Trade Secrets"); owned, used, or licensed by the Company as licensee or licensor.

(b) Agreements--Part 3.22(b) of the Disclosure Letter contains a complete and accurate list and summary description, including any royalties paid or received by the Company, of all Contracts relating to the Intellectual Property Assets to which the Company is a party or by which the Company is bound, except for any license implied by the sale of a product and perpetual, paid-up licenses for commonly available software programs with a value of less than $5,000 under which the Company is the licensee. There are no outstanding and, to Sellers' Knowledge, no Threatened disputes or disagreements with respect to any such agreement.

(c) Know-How Necessary for the Business

(i) The Intellectual Property Assets are all those necessary for the operation of the Company's businesses both as they are currently conducted and as reflected in the business plan given to Buyer. Except as set forth in Part 3.22(c)(i) of the Disclosure Letter, the Company is the owner of all right, title, and interest in and to each of the Intellectual Property Assets, free and clear of all liens, security interests, charges, encumbrances, equities, and other adverse claims, and has the right to use without payment to a third party all of the Intellectual Property Assets.

(ii) Except as set forth in Part 3.22(c)(ii) of the Disclosure Letter, all former and current employees of the Company have executed written Contracts with one or more of the Company that assigns to the Company all rights to any inventions, improvements, discoveries, or information relating to the business of the Company. No employee of the Company has entered into any Contract that restricts or limits in any way the scope or type of work in which the employee may be engaged or requires the employee to transfer, assign, or disclose information concerning his work to anyone other than the Company.

(d) Patents

(i) Part 3.22(d) of the Disclosure Letter contains a complete and accurate list and summary description of all Patents. Except as set forth in Part 3.22(d)(i) of the Disclosure Letter, the Company is the owner of all right, title, and interest in and to each of the Patents, free and clear of all liens, security interests, charges, encumbrances, entities, and other adverse claims.

(ii) All of the issued Patents are currently in compliance with formal legal requirements (including payment of filing, examination, and maintenance fees and

proofs of working or use), are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety days after the Closing Date.

(iii) No Patent has been or is now involved in any interference, reissue, reexamination, or opposition proceeding. To Sellers' Knowledge, there is no potentially interfering patent or patent application of any third party.

(iv) No Patent is infringed or, to Sellers' Knowledge, has been challenged or threatened in any way. None of the products manufactured and sold, nor any process or know-how used, by the Company infringes or is alleged to infringe any patent or other proprietary right of any other Person.

(v) All products made, used, or sold under the Patents have been marked with the proper patent notice.

(e) Trademarks

(i) Part 3.22(e) of Disclosure Letter contains a complete and accurate list and summary description of all Marks. Except as set forth in Part 3.22(e)(i) of the Disclosure Letter, the Company is the owner of all right, title, and interest in and to each of the Marks, free and clear of all liens, security interests, charges, encumbrances, equities, and other adverse claims.

(ii) All Marks that have been registered with the United States Patent and Trademark Office are currently in compliance with all formal legal requirements (including the timely post-registration filing of affidavits of use and incontestability and renewal applications), are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety days after the Closing Date.

(iii) No Mark has been or is now involved in any opposition, invalidation, or cancellation and, to Sellers' Knowledge, no such action is Threatened with the respect to any of the Marks.

(iv) To Sellers' Knowledge, there is no potentially interfering trademark or trademark application of any third party.

(v) No Mark is infringed or, to Sellers' Knowledge, has been challenged or threatened in any way. None of the Marks used by the Company infringes or is alleged to infringe any trade name, trademark, or service mark of any third party.

(vi) All products and materials containing a Mark bear the proper federal registration notice where permitted by law.

(f) Copyrights

(i) Part 3.22(f) of the Disclosure Letter contains a complete and accurate list and summary description of all Copyrights of Material value to the Company. Except as set forth in Part 3.22(f)(i) of the Disclosure Letter, the Company is the owner of all right, title, and interest in and to each of the Copyrights, free and clear of all liens, security interests, charges, encumbrances, equities, and other adverse claims. (ii) All the Copyrights have been registered and are currently in compliance with formal legal requirements, are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety days after the date of Closing.

(iii) No Copyright is infringed or, to Sellers' Knowledge, has been challenged or threatened in any way. None of the subject matter of any of the Copyrights infringes or is alleged to infringe any copyright of any third party or is a derivative work based on the work of a third party.

(iv) All works encompassed by the Copyrights have been marked with the proper copyright notice.

(g) Trade Secrets

(i) With respect to each Trade Secret, the documentation relating to such Trade Secret is current, accurate, and sufficient in detail and content to identify and explain it and to allow its full and proper use without reliance on the knowledge or memory of any individual.

(ii) Sellers and the Company have taken all reasonable precautions to protect the secrecy, confidentiality, and value of their Trade Secrets.

(iii) The Company has good title and an absolute (but not necessarily exclusive) right to use the Trade Secrets. The Trade Secrets are not part of the public knowledge or literature, and, to Sellers' Knowledge, have not been used, divulged, or appropriated either for the benefit of any Person (other than the Company) or to the detriment of the Company. No Trade Secret is subject to any adverse claim or has been challenged or threatened in any way.

3.23 CERTAIN PAYMENTS

Since October 1, 1995, neither the Company nor any director, officer, agent, or employee of the Company, or to Sellers' Knowledge, any other Person associated with or acting for or on behalf of the Company, has directly or indirectly (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, (iii) to obtain special concessions or for special concessions already obtained, for or in respect of the Company or any Affiliate of the Company, or (iv) in violation of any Legal Requirement, (b) established or maintained any fund or asset that

has not been recorded in the books and records of the Company.

3.24 DISCLOSURE

(a) No representation or warranty of Sellers in this Agreement and no statement in the Disclosure Letter omits to state a Material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

(b) No notice given pursuant to Section 5.5 will contain any untrue statement or omit to state a Material fact necessary to make the statements therein or in this Agreement, in light of the circumstances in which they were made, not misleading.

(c) There is no fact known to any Seller that has specific application to any Seller or the Company (other than general economic or industry conditions) and that materially adversely affects or, as far as either Seller can reasonably foresee, materially threatens, the assets, business, prospects, financial condition, or results of operations of the Company that has not been set forth in this Agreement or the Disclosure Letter.

3.25 RELATIONSHIPS WITH RELATED PERSONS

No Seller or any Related Person of Sellers or of the Company has, or since October 1, 1995, has had, any interest in any property (whether real, personal, or mixed and whether tangible or intangible), used in or pertaining to the Company's businesses. No Seller or any Related Person of Sellers or of the Company is, or since October 1, 1995, has owned (of record or as a beneficial owner) an equity interest or any other financial or profit interest in, a Person that has (i) had business dealings or a Material financial interest in any transaction with the Company, or (ii) engaged in competition with the Company with respect to any line of the products or services of the Company (a "Competing Business") in any market presently served by the Company, except for less than one percent of the outstanding capital stock of any Competing Business that is publicly traded on any recognized exchange or in the over-the-counter market. Except as set forth in Part 3.25 of the Disclosure Letter, no Seller or any Related Person of Sellers or of the Company is a party to any Contract with, or has any claim or right against, the Company.

3.26 BROKERS OR FINDERS

Except as set forth in Part 3.26 of the Disclosure Letter:

Sellers and their agents have incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement.

3.27 NO SUBSIDIARIES

The Company has no Subsidiaries.

4. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as follows:

4.1 ORGANIZATION AND GOOD STANDING

Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Pennsylvania.

4.2 AUTHORITY; NO CONFLICT

(a) This Agreement constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. Upon the execution and delivery by Buyer of the Escrow Agreement, (the "Buyer's Closing Documents"), the Buyer's Closing Documents will constitute the legal, valid, and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms. Buyer has the absolute and unrestricted right, power, and authority to execute and deliver this Agreement and the Buyer's Closing Documents and to perform its obligations under this Agreement and the Buyer's Closing Documents.

(b) Except as set forth in Schedule 4.2, neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of any of the Contemplated Transactions by Buyer will give any Person the right to prevent, delay, or otherwise interfere with any of the Contemplated Transactions pursuant to:

(i) any provision of Buyer's Organizational Documents;

(ii) any resolution adopted by the board of directors or the stockholders of Buyer;

(iii) any Legal Requirement or Order to which Buyer may be subject; or

(iv) any Contract to which Buyer is a party or by which Buyer may be bound.

Except as set forth in Schedule 4.2, Buyer is not and will not be required to obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

4.3 INVESTMENT INTENT

Buyer is acquiring the Shares for its own account and not with a view to their distribution within the meaning of Section 2(11) of the Securities Act.

4.4 CERTAIN PROCEEDINGS

There is no pending Proceeding that has been commenced against Buyer and that challenges, or may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions. To Buyer's Knowledge, no such Proceeding has been Threatened.

4.5 BROKERS OR FINDERS

Buyer and its officers and agents have incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement and will indemnify and hold Sellers harmless from any such payment alleged to be due by or through Buyer as a result of the action of Buyer or its officers or agents.

4.6 FINANCING

Buyer has obtained a written loan commitment for the financing required by Buyer to fund payment of the Purchase Price.

5. COVENANTS OF SELLERS PRIOR TO CLOSING DATE

Sellers agree (subject to the limitation of liability and remedies set forth in Section 10) as follows:

5.1 ACCESS AND INVESTIGATION

Between the date of this Agreement and the Closing Date, Sellers will, and will cause the Company and its Representatives to, (a) afford Buyer and its Representatives and prospective lenders and their Representatives (collectively, "Buyer's Advisors") full and free access to the Company's personnel, properties (including subsurface testing), contracts, books and records, and other documents and data, (b) furnish Buyer and Buyer's Advisors with copies of all such contracts, books and records, and other existing documents and data as Buyer may reasonably request, (c) furnish Buyer,

commencing for the month of May, 1999 and each month thereafter through Closing, an unaudited consolidated balance sheet of the Company as of the last day of each month and the related unaudited consolidated statements of income, changes in consolidated net worth and cash flow for the period from September 30, 1998 through the end of such month, including in each case, the supporting statements in form consistent with that previously provided and (d) furnish Buyer and Buyer's Advisors with such additional financial, operating, and other data and information as Buyer may reasonably request.

5.2 OPERATION OF THE BUSINESSES OF THE COMPANY

Between the date of this Agreement and the Closing Date, Sellers will, and will cause the Company to:

(a) conduct the business of the Company only in the Ordinary Course of Business;

(b) preserve intact the current business organization of the Company, keep available the services of the current officers, employees, and agents of the Company, and maintain the relations and good will with suppliers, customers, landlords, creditors, employees, agents, and others having business relationships with the Company;

(c) confer with Buyer concerning operational matters of a Material nature;

(d) otherwise report periodically to Buyer concerning the status of the business, operations, and finances of the Company; and

(e) retain the trustees who serve with respect to any Plans or Company Other Benefit Obligations.

5.3 NEGATIVE COVENANT

Except as otherwise expressly permitted by this Agreement, between the date of this Agreement and the Closing Date, Sellers will not, and will cause the Company not to, without the prior consent of Buyer, take any affirmative action, or fail to take any reasonable action within their or its control, as a result of which any of the changes or events listed in Section 3.16 may occur.

5.4 REQUIRED APPROVALS

As promptly as practicable after the date of this Agreement, Sellers will, and will cause the Company to, make all filings required by Legal Requirements to be made by them in order to consummate the Contemplated Transactions (including all filings under the HSR Act). Between the date of this Agreement and the Closing Date, Sellers will, and will cause the Company to, (a) cooperate with Buyer with respect to all filings that Buyer elects to make or is required by Legal Requirements to make in connection with the Contemplated Transactions, and (b) cooperate with Buyer in obtaining all consents identified in Schedule 4.2 (including taking all actions requested by Buyer to cause early termination of any applicable waiting period under the HSR Act).

5.5 NOTIFICATION

Between the date of this Agreement and the Closing Date, each Seller will promptly notify Buyer in writing if such Seller or the Company becomes aware of any fact or condition that causes or constitutes a Breach of any of Sellers' representations and warranties as of the date of this Agreement, or if such Seller or the Company becomes aware of the occurrence after the date of this Agreement of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a Breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. Should any such fact or condition require any change in the Disclosure Letter if the Disclosure Letter

were dated the date of the occurrence or discovery of any such fact or condition, Sellers will promptly deliver to Buyer a supplement to the Disclosure Letter specifying such change. During the same period, each Seller will promptly notify Buyer of the occurrence of any Breach of any covenant of Sellers in this Section 5 or of the occurrence of any event that may make the satisfaction of the conditions in Section 7 impossible or unlikely.

5.6 PAYMENT OF INDEBTEDNESS BY RELATED PERSONS

Except as expressly provided in this Agreement, Sellers will cause all indebtedness, if any, owed to the Company by any of Sellers or any Related Person of any of Sellers to be paid in full prior to Closing.

5.7 NO NEGOTIATION

Until such time, if any, as this Agreement is terminated pursuant to Section 9, Sellers will not, and will cause the Company and each of their Representatives not to, directly or indirectly solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any unsolicited inquiries or proposals from, any Person (other than Buyer) relating to any transaction involving the sale of the business or assets (other than in the Ordinary Course of Business) of the Company, or any of the capital stock of the Company, or any merger, consolidation, business combination, or similar transaction involving the Company.

5.8 BEST EFFORTS

Between the date of this Agreement and the Closing Date, Sellers will use their Best Efforts to cause the conditions in Sections 7 and 8 to be satisfied.

6. COVENANTS OF BUYER PRIOR TO CLOSING DATE

6.1 APPROVALS OF GOVERNMENTAL BODIES

As promptly as practicable after the date of this Agreement, Buyer will, and will cause each of its Related Persons to, make all filings required by Legal Requirements to be made by them to consummate the Contemplated Transactions (including all filings under the HSR Act). Between the date of this Agreement and the Closing Date, Buyer will, and will cause each Related Person to, cooperate with Sellers with respect to all filings that Sellers are required by Legal Requirements to make in connection with the Contemplated Transactions, and (ii) cooperate with Sellers in obtaining all consents identified in Part 3.2 of the Disclosure Letter; provided that this Agreement will not require Buyer to dispose of or make any change in any portion of its business or to incur any other burden to obtain a Governmental Authorization.

6.2 BEST EFFORTS

Except as set forth in the proviso to Section 6.1 and except with respect to Sections 7.4, 7.6 and 7.7, between the date of this Agreement and the Closing Date, Buyer will use its Best Efforts to cause the conditions in Sections 7 and 8 to be satisfied.

7. CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE

Buyer's obligation to purchase the Shares and to take the other actions required to be taken by Buyer at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Buyer, in whole or in part):

7.1 ACCURACY OF REPRESENTATIONS

Each of Sellers' representations and warranties in Sections must have been accurate as of the date of this Agreement, and must be accurate in all Material respects as of the Closing Date as if made on the Closing Date (except for changes provided for herein, without giving effect to any supplement to the Disclosure Letter.

7.2 SELLERS' PERFORMANCE

(a) All of the covenants and obligations that Sellers are required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), must have been duly performed and complied with in all Material respects.

(b) Each document required to be delivered pursuant to Section 2.4 must have been delivered, the certificate required and delivered under Section 2.4(a)(iii) must show the Company's consolidated net worth as of the Closing Date to be at least $4,750,000 and each of the other covenants and obligations in Sections 5.3, 5.4 and 5.8 must have been performed and complied with in all respects.

7.3 CONSENTS

Each of the Consents identified in Part 3.2 of the Disclosure Letter, and each Consent identified in Schedule 4.2, must have been obtained and must be in full force and effect.

7.4 EMPLOYMENT AND BENEFITS MATTERS; NON COMPETITION, DIRECTOR RESIGNATIONS

(a) An employment, confidentiality and/or non competition agreement, satisfactory to Buyer, must have been executed by each of John G. White, Russ Skrypchuk, Derek Firth, James McLaughlin, D. L. Millard, N. A. Bianco and R.D. Steiger.

(b) On or prior to the Closing Date, Company must have approved and executed an

amendment to terminate every Plan which holds Shares of or provides for the issuance of shares in the Company, to be effective prior to the Closing, which amendments shall be as set forth in the form attached hereto as Exhibit 7.4.

(c) Company must have obtained from all the individuals or entities who serve as trustees under those Plans which hold Shares of the Company (or such lesser number of individuals as is satisfactory to Buyer) a written commitment to continue to serve in their capacity as trustee of such Plans until the earlier of: removal by the Company; a date two years after the Closing Date; their termination of employment with the Company or its successor; or the date on which the assets of the Plan are finally distributed by reason of its termination.

(d) Each individual who serves as a member of the Company's Board of Directors must have tendered his or her unconditional resignation from the Board effective as of the Closing.

7.5 ADDITIONAL DOCUMENTS

Each of the following documents must have been delivered to Buyer:

(a) an opinion of Lukins & Annis, P.S., dated the Closing Date, in the form of Exhibit 7.5(a)-1 and an opinion of McDermott, Will & Emery, dated the Closing Date, in the form of Exhibit 7.5(a)-2;

(b) estoppel certificates executed on behalf of the Union Pacific Railroad Company dated as of a date not more than 30 days prior to the Closing Date, in the form of Exhibit 7.5(b); and

(c) such other documents as Buyer may reasonably request for the purpose of (i) enabling its counsel to provide the opinion referred to in Section 8.4(a), (ii) evidencing the accuracy of any of Sellers' representations and warranties, (iii) evidencing the performance by either Seller of, or the compliance by either Seller with, any covenant or obligation required to be performed or complied with by such Seller, (iv) evidencing the satisfaction of any condition referred to in this Section 7, or (v) otherwise facilitating the consummation or performance of any of the Contemplated Transactions.

7.6 CORPORATE DOCUMENTS

The Company's Certificate of Incorporation and Bylaws and the CXT ESOP each shall have been amended in the manner set forth in Exhibits 7.6.1, 7.6.2 and 7.4, respectively.

7.7 NO PROCEEDINGS

Since the date of this Agreement, there must not have been commenced or Threatened against Buyer, or against any Person affiliated with Buyer, any Proceeding (a) involving any challenge to, or seeking damages or other relief in connection with, any of the Contemplated Transactions, or (b) that may have the effect of preventing, delaying, making illegal, or otherwise interfering with any of the Contemplated Transactions.

7.8 NO CLAIM REGARDING STOCK OWNERSHIP OR SALE PROCEEDS

There must not have been made or Threatened by any Person other than the Sellers, the custodians of the Shareholders IRAs and the Participants in the CXT ESOP (as to a beneficial interest) to the extent set forth in Exhibit 3.3, any claim asserting that such Person (a) is the holder or the beneficial owner of, or has the right to acquire or to obtain beneficial ownership of, any stock of, or any other voting, equity, or ownership interest in, any of the Company, or (b) is entitled to all or any portion of the Purchase Price payable for the Shares.

7.9 NO PROHIBITION

Neither the consummation nor the performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time), materially contravene, or conflict with, or result in a Material violation of, or cause Buyer or any Person affiliated with Buyer to suffer any Material adverse consequence under, (a) any applicable Legal Requirement or Order, or (b) any Legal Requirement or Order that has been published, introduced, or otherwise proposed by or before any Governmental Body.

7.10 DISCLOSURE LETTER

Buyer shall have received the Disclosure Letter and shall have approved the content thereof, as hereinafter provided.

7.11 HSR ACT

All waiting periods under the HRS Act shall have expired.

7.12 AUDITORS' COMMITMENT

Buyer shall have obtained a written commitment, reasonably satisfactory to Buyer, of PricewaterhouseCoopers, LLP to provide at Buyer's request the Closing Financial Statements contemplated under Section 2.6.

8. CONDITIONS PRECEDENT TO SELLERS' OBLIGATION TO CLOSE

Sellers' obligation to sell the Shares and to take the other actions required to be taken by Sellers at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Sellers, in whole or in part):

8.1 ACCURACY OF REPRESENTATIONS

All of Buyer's representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), must have been accurate in all Material respects as of the date of this Agreement and must be accurate in all Material respects as of the Closing Date as if made on the Closing Date. 8.2 BUYER'S PERFORMANCE

(a) All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), must have been performed and complied with in all Material respects.

(b) Buyer must have delivered each of the documents required to be delivered by Buyer pursuant to Section 2.4 and must have made the cash payments required to be made by Buyer pursuant to Sections 2.4(b)(i) and 2.4(b)(ii).

8.3 CONSENTS

Each of the Consents identified in Part 3.2 of the Disclosure Letter and each Consent identified in Schedule 4.2 must have been obtained and must be in full force and effect.

8.4 ADDITIONAL DOCUMENTS

Buyer must have caused the following documents to be delivered to Sellers:

(a) an opinion of David L. Voltz, dated the Closing Date, in the form of Exhibit 8.4(a); and

(b) such other documents as Sellers may reasonably request for the purpose of (i) enabling their counsel to provide the opinion referred to in Section 7.5 (a), (ii) evidencing the accuracy of any representation or warranty of Buyer, (iii) evidencing the performance by Buyer of, or the compliance by Buyer with, any covenant or obligation required to be performed or complied with by Buyer, (ii) evidencing the satisfaction of any condition referred to in this Section 8, or (v) otherwise facilitating the consummation of any of the Contemplated Transactions.

8.5 NO INJUNCTION

There must not be in effect any Legal Requirement or any injunction or other Order that (a) prohibits the sale of the Shares by Sellers to Buyer, and (b) has been adopted or issued, or has otherwise become effective, since the date of this Agreement.

8.6 STOCKHOLDER ACTION

The stockholders of the Company shall have adopted resolutions: (i) approving the Contemplated Transactions; and (ii) amending the Company's Certificate of Incorporation and Bylaws in the manner set forth in Exhibits 7.7.1 and 7.7.2; it being understood among the parties that approval of such amendments will be a "Super-Majority Issue", as defined in the Organizational Documents of the Company.

8.7 FAIRNESS OPINION

The ESOT Trustee shall have received a written opinion from Houlihan, Lokey, Howard & Zukin, Inc., or such other financial advisor as the ESOT Trustee may select, in form and substance satisfactory to the ESOT Trustee, stating in part that: (i) the consideration to be received by the CXT ESOT and its Participants for the Contemplated Transactions is "adequate consideration", within the meaning of ERISA ss.3(18); and (ii) the Contemplated Transactions are fair to the CXT ESOT and its Participants from a financial point of view.

8.8 NO PROCEEDINGS

Since the date of this Agreement, there must not have been commenced or Threatened against Sellers, the Company or against any Person affiliated with Sellers or the Company, any Proceeding (a) involving any challenge to, or seeking damages or other relief in connection with any of the Contemplated Transactions, or (b) that may have the effect of preventing, delaying, making illegal or otherwise interfering with any of the Contemplated Transactions.

8.9 NO PROHIBITION

Neither the consummation nor the performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time), materially contravene, or conflict with, or result in a Material violation of, or cause Sellers, the Company or any Person affiliated with Sellers or the Company to suffer any Material adverse consequence under, (a) any applicable Legal Requirement or Order, or (b) any Legal Requirement or Order that has been published, introduced, or otherwise proposed by or before any Governmental Body.

8.10 HRS ACT

All waiting periods under the HRS Act shall have expired.

8.11 CERTIFICATES

The certificates required to be delivered pursuant to Section 2.4(a)(iii) must show the Company's consolidated net worth as of the Closing Date to be at least $4,750.000.

9. TERMINATION

9.1 TERMINATION EVENTS

This Agreement may, by notice given prior to or at the Closing, be terminated:

(a) by either Buyer or Sellers if a Material Breach of any provision of this Agreement has been committed by the other party and such Breach has not been waived;

(b) (i) by Buyer if any of the conditions in Section 7 has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of Buyer to comply with its obligations under this Agreement) and Buyer has not waived such condition on or before the Closing Date; or (ii) by Sellers, if any of the conditions in Section 8 has not been satisfied of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of Sellers to comply with their obligations under this Agreement) and Sellers have not waived such condition on or before the Closing Date;

(c) by mutual consent of Buyer and Sellers; or

(d) by either Buyer or Sellers if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before July 31, 1999, or such later date as the parties may agree upon.

9.2 EFFECT OF TERMINATION

Each party's right of termination under Section 9.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 9.1, all further obligations of the parties under this Agreement will terminate, except that the obligations in Sections 11.1 and 11.3 will survive; provided, however, that if this Agreement is terminated by a party because of the Breach of the Agreement by the other party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired (subject to the limitation of liability and remedies set forth in Section 10).

10. INDEMNIFICATION; REMEDIES

10.1 SURVIVAL; RIGHT TO INDEMNIFICATION NOT AFFECTED BY KNOWLEDGE

All representations, warranties, covenants, and obligations in this Agreement, the Disclosure Letter, the supplements to the Disclosure Letter, the certificate delivered pursuant to Section 2.4(a)(iii), and any other certificate or document delivered pursuant to this Agreement will survive the Closing. The right to indemnification, payment of Damages or other remedy based on such representations, warranties, covenants, and obligations will not be affected by any investigation conducted with respect to, or any Knowledge acquired (or in the case of all Sellers except the ESOT Trustee, capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant, or obligation. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not affect the right to indemnification, payment of Damages, or other remedy based on such representations, warranties, covenants, and obligations.

10.2 INDEMNIFICATION AND PAYMENT OF DAMAGES BY SELLERS

Subject to the limitation of liability and remedies set forth in Section 10.5, Sellers, jointly and severally, will indemnify and hold harmless Buyer, the Company, and their respective Representatives, stockholders, controlling persons, and affiliates (collectively, the "Indemnified Persons") for, and will pay to the Indemnified Persons the amount of, any loss, liability, claim, damage (including incidental and consequential damages), expense (including costs of investigation and defense and reasonable attorneys' fees) or diminution of value, whether or not involving a third-party claim (collectively, "Damages"), arising, directly or indirectly, from or in connection with:

(a) any Breach of any representation or warranty made by Sellers in this Agreement (without giving effect to any supplement to the Disclosure Letter), the Disclosure Letter, the supplements to the Disclosure Letter, or any other certificate or document delivered by Sellers pursuant to this Agreement;

(b) any Breach of any representation or warranty made by Sellers in this Agreement as if such representation or warranty were made on and as of the Closing Date without giving effect to any supplement to the Disclosure Letter, other than any such Breach that is disclosed in a supplement to the Disclosure Letter and is expressly identified in the certificate delivered pursuant to Section 2.4(a)(iv) as having caused the condition specified in Section 7.1 not to be satisfied;

(c) any Breach by Sellers of any covenant or obligation of Sellers in this Agreement;

(d) subject to any applicable reserves shown on the Closing Financial Statements or, if applicable and in lieu thereof, the final determination of the Accountants under Section 2.6 hereof, any claim by any Person based on any alleged defect in any product shipped, manufactured or sold by, or any services provided by or through, the Company prior to the Closing Date;

(e) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by any such Person with either Seller or the Company (or any Person acting on their behalf) in connection with any of the Contemplated Transactions, except for any such fees or commissions paid or payable by the Company as set forth in

Part 3.26 of the Disclosure Letter. If any portion of such fees or commissions is payable by the Company after the Closing Date, the amount thereof shall be reflected as a liability on the certificate to be delivered pursuant to Section 2.4(a)(iii) and on the Closing Financial Statements and the liability for such fees or commissions shall be included in the determination under Section 2.6.;

(f) any claim by any current or former shareholder of the Company or participant in the CXT ESOP against the Company based on any alleged act or omission of any current or former officer or director of the Company or current or former trustee of the CXT ESOT alleged to have occurred prior to the Closing Date; or

(g) any claim by any current or former officer or director of the Company or current or former trustee of the CXT ESOT for indemnification pursuant to the Organizational Documents of the Company or the written agreement between the Company and the ESOT Trustee.

Except as provided in Section 10.5, the remedies provided in this Section 10.2 will not be exclusive of or limit any other remedies that may be available to Buyer or the other Indemnified Persons.

10.3 INDEMNIFICATION AND PAYMENT OF DAMAGES BY SELLERS--ENVIRONMENTAL MATTERS

In addition to the provisions of Section 10.2, but subject to the limitation of liability and remedies set forth in Section 10.5, Sellers, jointly and severally, will indemnify and hold harmless Buyer, the Company, and the other Indemnified Persons for, and will pay to Buyer, the Company, and the other Indemnified Persons the amount of, any Damages (including costs of cleanup, containment, or other remediation) arising, directly or indirectly, from or in connection with:

(a) any Environmental, Health, and Safety Liabilities arising out of or relating to: (i) (A) the ownership, operation, or condition at any time on or prior to the Closing Date of the Facilities or any other properties and assets (whether real, personal, or mixed and whether tangible or intangible) in which Sellers or the Company has or had an interest, or (B) any Hazardous Materials or other contaminants that were present on the Facilities or such other properties and assets at any time on or prior to the Closing Date; or (ii) (A) any Hazardous Materials or other contaminants, wherever located, that were, or were allegedly, generated, transported, stored, treated, Released, or otherwise handled by Sellers or the Company or by any other Person for whose conduct they are or may be held responsible at any time on or prior to the Closing Date, or (B) any Hazardous Activities that were, or were allegedly, conducted by Sellers or the Company or by any other Person for whose conduct they are or may be held responsible; or

(b) any bodily injury (including illness, disability, and death, and regardless of when any such bodily injury occurred, was incurred, or manifested itself), personal injury, property damage (including trespass, nuisance, wrongful eviction, and deprivation of the use of real property), or other damage of or to any Person, including any employee or former employee of Sellers or the Company or any other Person for whose conduct they are or may be held responsible, in any way arising from or allegedly arising from any Hazardous Activity conducted or allegedly conducted with respect to the Facilities or the operation of the Company prior to the Closing Date, or from Hazardous Material that was (i) present or suspected to be present on or before the Closing Date on or at the Facilities (or present or suspected to be present on any other property, if such Hazardous Material emanated or allegedly emanated from any of the Facilities and was present or suspected to be present on any of the Facilities on or prior to the Closing Date) or (ii) Released or allegedly Released by Sellers or the Company or any other Person for whose conduct they are or may be held responsible, at any time on or prior to the Closing Date.

Buyer will be entitled to control any Cleanup, any related Proceeding, and, except as provided in the following sentence, any other Proceeding with respect to which indemnity may be sought under this Section 10.3. The procedure described in Section 10.9 will apply to any claim solely for monetary damages relating to a matter covered by this Section 10.3.

If Buyer should recover Damages from a third party with respect to any Environmental, Health and Safety Liabilities and the sum of the Damages so recovered from the third party and Damages recovered by Buyer from Sellers for such Environmental, Health and Safety Liabilities exceeds Buyer's total Damages with respect to such Environmental, Health and Safety Liabilities, the excess (up to the amount previously paid by Sellers with respect to such Environmental, Health and Safety Liabilities) shall be refunded to Sellers in the proportions specified in Exhibit 2.4(b)(i).

10.4 INDEMNIFICATION AND PAYMENT OF DAMAGES BY BUYER

Subject to Section 10.6, Buyer will indemnify and hold harmless Sellers, and will pay to Sellers the amount of any Damages arising, directly or indirectly, from or in connection with (a) any Breach of any representation or warranty made by Buyer in this Agreement or in any certificate delivered by Buyer pursuant to this Agreement, (b) any Breach by Buyer of any covenant or obligation of Buyer in this Agreement, (c) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by such Person with Buyer (or any Person acting on its behalf) in connection with any of the Contemplated Transactions and (d) any liability of the Company specifically disclosed on the Closing Financial Statements or, if applicable and in lieu thereof, the final determination of the Accountants under Section 2.6 hereof (which liabilities shall be taken into account in determination of the Adjustment Amount, if any).

10.5 LIMITATIONS ON AMOUNT--SELLERS

(a) Subject to Sections 10.5(c) and 10.5(d) each of the Persons (a "Seller") who collectively comprise the Sellers shall be severally but not jointly liable for all of Buyer's Damages caused by: (i) any fraud of such Seller; and (ii) any defect in title of such Seller to the Shares to be conveyed by such Seller pursuant hereto, including any Encumbrance thereon.

(b) If the Closing does not occur due to breach by a Seller of any covenant, representation or warranty contained herein, the Company shall be liable to Buyer for up to a maximum of $1,000,000 of Buyer's Damages caused thereby.

(c) Except as provided in Sections 10.5(a) and 10.5(b), in the event of a breach of a Seller of any covenant, representation or warranty of such Seller contained herein, the sole and exclusive remedy of Buyer and Buyer's sole recourse under the indemnification provisions of this Section 10 shall be recovery of Buyer's Damages from the funds deposited to escrow pursuant to Section 2.4(b)(ii) and interest thereon, up to a maximum amount equal to the total amount then held in escrow. Notwithstanding Section 10.5(a) and subject to Sellers' rights of contribution pursuant to Section 10.11 below, Sellers shall be jointly and severally liable with respect to all sums deposited into Escrow for matters indemnifiable under Sections 10.2 and 10.3.

(d) Whenever this Agreement provides for joint and several liability of Sellers, such joint liability shall be limited to the total amount from time to time held in escrow pursuant to the Escrow Agreement and the sole and exclusive remedy of Buyer and Buyer's sole recourse with respect to such joint liability shall be recovery in respect thereof from the funds deposited to escrow. Except as provided in Section 10.5(a), whenever this Agreement provides for joint and several liability or for several liability of a Seller, such several liability shall also be limited to the total amount from time to time held in escrow pursuant to the Escrow Agreement and the sole and exclusive remedy of Buyer and Buyer's sole recourse with respect to such several liability shall be recovery in respect thereof from the funds deposited to escrow. The several liability of each Seller under Section 10.5(a) shall not be limited by the amount deposited to escrow.

10.6 LIMITATIONS ON AMOUNT--BUYER

Other than with respect to fraud, Buyer will have no liability (for indemnification or otherwise) in excess of, in the aggregate, $1,000,000 with respect to the matters described in clause (a) or (b) of Section 10.4.

10.7 ESCROW; RIGHT OF SET-OFF

Buyer may give notice of a Claim and exercise a right of set-off with respect thereto in the manner provided in the Escrow Agreement. Subject to the limitation of liability and remedies set forth in Section 10.5, neither the exercise of nor the failure to exercise such right of set-off or to give a notice of a Claim under the Escrow Agreement will constitute an election of remedies or limit Buyer in any manner in the enforcement of any other remedies that may be available to it.

10.8 PROCEDURE FOR INDEMNIFICATION--THIRD PARTY CLAIMS

(a) Promptly after receipt by an indemnified party under Section 10.2, 10.4, or (to the extent provided in the last sentence of Section 10.3) Section 10.3 of notice of the commencement of any Proceeding against it, such indemnified party will, if a claim is to be made against an indemnifying party under such Section, give notice to the indemnifying party of the commencement of such claim, but the failure to notify the indemnifying party will not relieve the indemnifying party of any liability that it may have to any indemnified party, except to the extent that the indemnifying party demonstrates that the defense of such action is prejudiced by the indemnifying party's failure to give such notice.

(b) If any Proceeding referred to in Section 10.8(a) is brought against an indemnified party and it gives notice to the indemnifying party of the commencement of such Proceeding, the indemnifying party will, unless the claim involves Taxes, be entitled to participate, at the indemnifying party's sole expense, in such Proceeding in a reasonable manner. Buyer shall have the sole right and power to settle or compromise any Proceeding with respect to which it is an indemnified party and Sellers shall be bound by such compromise or settlement and shall be obliged to indemnify Buyer, subject to the limitations of Section 10.5, except to the extent that Sellers can demonstrate through a clear preponderance of evidence, that the claims which were alleged and settled and/or compromised were not with the scope of Seller's indemnification obligations.

(c) Sellers and Buyer hereby consent to the non-exclusive jurisdiction of any court in which a Proceeding is brought against any Indemnified Person for purposes of any claim that an Indemnified Person may have under this Agreement with respect to such Proceeding or the matters alleged therein, and agree that process may be served on all of them with respect to such a claim anywhere in the world.

10.10 PROCEDURE FOR INDEMNIFICATION--OTHER CLAIMS

A claim for indemnification for any matter not involving a third-party claim may be asserted by notice to the party from whom indemnification is sought.

10.11 CONTRIBUTION

In the event a Seller (the "Culpable Seller") causes other Sellers to incur Damages due to Culpable Seller's failure to convey to Buyer good title to Culpable Seller's Shares, free of all Encumbrances, such Culpable Seller shall be obliged to indemnify and hold harmless the other Sellers from all Damages arising, directly or indirectly, from or in connection with Culpable Seller's failure to deliver to Buyer good title, free of Encumbrances, to such Culpable

Seller's Shares.

11. GENERAL PROVISIONS

11.1 EXPENSES

Except as otherwise expressly provided in this Agreement, each party to this Agreement will bear its respective expenses incurred in connection with the preparation, execution, and performance of this Agreement and the Contemplated Transactions, including all fees and expenses of agents, representatives, counsel, and accountants. The Company will pay all amounts payable to V.M. Equity Partners, Inc. in connection with this Agreement and the Contemplated Transactions and all sums owed or estimated to be ultimately owed by the Company (net of any sums payable from the CXT ESOT) in connection with the orderly final administration of the CXT ESOP, liquidation of the CXT ESOP and final distribution thereof to the part or parts in the CXT ESOP, including all appraisers' fees and costs, and all fees and other sums due to Alaska Trust Company with respect thereto as set forth in its engagement letter dated January 15, 1998, the Indemnification Agreement between the Company and Alaska Trust Company dated January 24, 1999 and any "tail" insurance purchased by the Company, all of which shall be deemed payable at Closing for purposes of calculating the Adjustment Amount. Buyer will pay one-half and the Company will each pay one-half of the HSR Act filing fee. In the event of termination of this Agreement, the obligation of each party to pay its own expenses will be subject to any rights of such party arising from a breach of this Agreement by another party. All expenses incurred with respect to the Contemplated Transactions by the Sellers other than any Tax which may be imposed on a Seller as a result thereof shall be paid by the Company. If any such expenses remain payable by the Company on the Closing Date, including any sum due to V.M. Equity Partners, Inc., the amount thereof shall be reflected as a liability on the certificate to be delivered pursuant to Section 2.4(a)(iii) and the Closing Financial Statements, and taken into account in determination of the Adjustment Amount, if any.

11.2 PUBLIC ANNOUNCEMENTS

Any public announcement or similar publicity with respect to this Agreement or the Contemplated Transactions will be issued, if at all, at such time and in such manner as Buyer determines. Unless consented to by Buyer in advance or required by Legal Requirements, prior to the Closing Sellers shall, and shall cause the Company to, keep this Agreement strictly confidential and may not make any disclosure of this Agreement to any Person. Sellers and Buyer will consult with each other concerning the means by which the Company's employees, customers, and suppliers and others having dealings with the Company will be informed of the Contemplated Transactions, and Buyer will have the right to be present for any such communication.

11.3 CONFIDENTIALITY

Between the date of this Agreement and the Closing Date, Buyer and Sellers will maintain in confidence, and will cause the directors, officers, employees, agents, and advisors of Buyer and the Company to maintain in confidence any written, oral, or other information obtained in confidence from such party or the Company in connection with this Agreement or the Contemplated Transactions, unless (a) such information is already known to such party or to others not bound by a duty of confidentiality or such information becomes publicly available through no fault of such party, (b) the use of such information is necessary or appropriate in making any filing or obtaining any consent or approval required for the consummation of the Contemplated Transactions, or (c) the furnishing or use of such information is necessary or appropriate in connection with legal proceedings.

If the Contemplated Transactions are not consummated, each party will return or destroy as much of such written information as the other party may reasonably request. Whether or not the Closing takes place, Sellers waive, and will upon Buyer's request cause the Company to waive, any cause of action, right, or claim arising out of the access of Buyer or its representatives to any trade secrets or other confidential information of the Company except for the intentional competitive misuse by Buyer of such trade secrets or confidential information.

11.4 NOTICES

All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by telecopier (with written confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and telecopier numbers set forth below (or to such other addresses and telecopier numbers as a party may designate by notice to the other parties):

Sellers:
CXT ESOT
Address:
c/o Alaska Trust Company
Resolution Plaza, Suite 601
1029 W. Third Ave.
Anchorage, AK 99501
Facsimile No: (907) 258-1649
N.A. Bianco
Address:
15602 E. Marietta Ave., Bldg. S17
Spokane, WA 99214-0757

Facsimile No. (509) 921-7877

Buyer:
L. B. Foster Company
Address:
415 Holiday Drive
Pittsburgh, PA 15220-2282

Facsimile No.: (412) 928-7891

D. Firth
Address:
15602 E. Marietta Ave., Bldg. S17
Spokane, WA 99214-0757
Facsimile No. (509) 921-7877
J. M. McLaughlin and
J.M. McLaughlin IRA

Address:
15602 E. Marietta Ave., Bldg. S17
Spokane, WA 99214-0757
Facsimile No. (509) 921-7877

D. L. Millard

Address:
15602 E. Marietta Ave., Bldg. S17
Spokane, WA 99214-0757

Facsimile No. (509) 921-7877

R. O. Skrypchuk and
R.O. Skrypchuk IRA

Address:
15602 E. Marietta Ave., Bldg. S17
Spokane, WA 99214-0757

Facsimile No. (509) 921-7877

R. D. Steiger

Address:
15602 E. Marietta Ave., Bldg. S17
Spokane, WA 99214-0757

Facsimile No. (509) 921-7877

J..G. White and
J.G. White IRA

Address:
15602 E. Marietta Ave., Bldg. S17
Spokane, WA 99214-0757

Facsimile No. (509) 921-7877

11.5 JURISDICTION; SERVICE OF PROCESS

Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against any of the parties in the courts of the Commonwealth of Pennsylvania, County of Allegheny, or, if it has or can acquire jurisdiction, in the United States District Court for the Western District of Pennsylvania, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

11.6 FURTHER ASSURANCES

The parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

11.7 WAIVER

The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

11.8 ENTIRE AGREEMENT AND MODIFICATION

This Agreement supersedes all prior agreements between the parties with respect to its subject matter (including the Letter of Intent between Buyer and Sellers dated on or about April 6, 1999 and constitutes (along with the documents referred to in this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This

Agreement may not be amended except by a written agreement executed by the party to be charged with the amendment.

11.9 DISCLOSURE LETTER

(a) The disclosures in the Disclosure Letter, and those in any Supplement thereto, must relate only to the representations and warranties in the Section of the Agreement to which they expressly relate and not to any other representation or warranty in this Agreement.

(b) In the event of any inconsistency between the statements in the body of this Agreement and those in the Disclosure Letter (other than an exception expressly set forth as such in the Disclosure Letter with respect to a specifically identified representation or warranty), the statements in the body of this Agreement will control.

(c) The Sellers shall deliver the Disclosure Letter to Buyer no later than the fifteenth day following the date this Agreement is executed by the parties. If Buyer, in Buyer's sole and absolute discretion, disapproves, for any reason, all or any portion of the provisions of the Disclosure Letter, Buyer shall notify Sellers in writing thereof within ten days following receipt of the Disclosure Letter. Any such notice shall set forth with particularity the matters contained in the Disclosure Letter which are disapproved by Buyer and the basis for such disapproval. If Buyer gives Sellers timely notice of disapproval of any portion of the Disclosure Letter and the parties are unable to agree as to modification thereof to make the Disclosure Letter acceptable to Buyer within ten days following the date Sellers receive notification of Buyer's disapproval, this Agreement shall terminate and be of no further force or effect. Approval of the Disclosure Letter or failure to object to the content thereof shall not constitute a waiver by Buyer of Buyer's rights in respect of any Material inaccuracy in the content thereof.

11.10 ASSIGNMENTS, SUCCESSORS, AND NO THIRD-PARTY RIGHTS

No party may assign any of its rights under this Agreement without the prior consent of the other parties. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

11.11 SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

11.12 SECTION HEADINGS, CONSTRUCTION

The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

11.13 TIME OF ESSENCE

With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

11.14 GOVERNING LAW

This Agreement will be governed by the laws of the Commonwealth of Pennsylvania without regard to conflicts of laws principles.

11.15 COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

BUYER:

L.B. FOSTER COMPANY

By: /s/Lee B. Foster
Title: President and CEO

SELLERS:

CXT EMPLOYEE STOCK
OWNERSHIP TRUST

By Alaska Trust Company, Trustee

By:/s/Douglas J. Blattmachr
Douglas J. Blattmachr, President

Attest:/s/David L. Voltz
Secretary

/s/ N.A.Bianco

N. A. Bianco

/s/ D. Firth

D. Firth

/s/J. M. McLaughlin

J. M. McLaughlin

J. M. McLaughlin, IRA

By:/s/J. M. McLaughlin

J. M. McLaughlin

/s/D. L. Millard

D. L. Millard

/s/R. O. Skrypchuk

R. O. Skrypchuk

The undersigned do hereby affix their signatures to the above and foregoing Stock Purchase Agreement, dated June 3, 1999, consisting of sixty-four (64) pages, and Exhibits, of which this is the last.

R. O. Skrypchuk, IRA

By:/s/R. O. Skrypchuk

R. O. Skrypchuk

/s/R. D. Steiger

R. D. Steiger

/s/J. G. White

J. G. White

J. G. White, IRA

By:/s/ J. G. White

J. G. White

CXT Incorporated agrees to be legally bound to the extent as set forth in Section 10.5

CXT INCORPORATED

Attest:/s/R.O. Skrypchuk
- ---
R.O. Skrypchuk, Secretary

By: /s/J.G. White

J.G. WHITE, President

L. B. Foster Company
Leased Vehicle / Car Allowance Policy SP-P-10
Revised 06/09/04 Supersedes 10/16/2002

1. GENERAL POLICY

It is the policy of the L.B. Foster Company to provide a leased vehicle or vehicle allowance to employees holding one of the following positions:

- Chairman and President;
- Corporate Officer;
- District Sales Manager, General Manager, or Product Manager with a job level of 12 or above;
- Other Managers with a job level of 15 or above;
- Outside Sales Person or Sales Manager with a job level between 6 and 11 or;
- An eligible employee who drives 12,000 business miles annually.

2. PURPOSE

The purposes of this Policy are to reduce Company expenses by avoiding personal automobile mileage reimbursement for present business use and to provide a competitive benefit to attract and retain qualified personnel for eligible management and sales positions; to establish procedures for complying with appropriate safety regulations and to minimize L. B. Foster's risk exposure.

3. ELIGIBILITY

Class:	Group:	Policy:	Monthly Deduction for Leased Vehicle:
A	Chairman, President and CEO	Leased Car or $800 monthly Car Allowance.	$100
B	Corporate Officers	Leased Car or $700 monthly Car Allowance.	$85
C	Sales Managers General Manager, or Product Manager with a job grade of 12 and above and other managers with a job grade of 15 and above.	Leased Car or $500 monthly Car Allowance.	$75
D	Outside Sales personnel and Sales Managers with a job grade between 6 and 11; other eligible participants who drive in excess of 12,000 business miles annually.	Leased Car	$60

See Addendum for Current Vehicle Selection

4. ELIGIBLE DRIVER

Except in emergencies, driving of a Company vehicle shall be limited to employee and the employee's spouse over the age of twenty-five (25).

5. RESPONSIBILITY

A. Plan Participants

1. An eligible employee within class A, B, or C may choose between a Company leased vehicle or a monthly car allowance. An employee within class D shall receive a Company vehicle.

a. Car Allowance guidelines

1) Eligible employees cannot opt out of the Company leased vehicle option until the current car lease has expired or the vehicle has reached 60,000 miles. The Company may require the employee to continue driving the vehicle if the book value exceeds the Fair Market Value of the vehicle until such time that the disposal of the car will not result in a financial loss to the Company.

2) The monthly car allowance amount is set by employee class on an annual basis and is paid as additional income in the employee's regular paycheck. The car allowance is considered additional income by the IRS and is taxed accordingly. An employee receiving a car allowance is responsible for the payment of any and all associated federal, state, and local taxes.

3) An employee receiving a car allowance is required to have available, as required by business needs, a late model four (4) door vehicle. The vehicle is to be clean externally and internally and is presentable for Company business at all times.

2. When a new Company Leased vehicle is ordered, the employee may purchase options, beyond Company established base options, available on his or her vehicle model. Payment is due before delivery of the vehicle. The leasing company will provide information regarding payment and applicable sales and or state tax.

3. It shall be the responsibility of each employee receiving a Company leased vehicle to monitor and report odometer readings as of each November 1st and on the date his/her vehicle is replaced to validate personal mileage. These odometer readings are to be turned into the Payroll Department during the first week of November on the Company Automobile Odometer Form. (Attachment SP-P-10.1)

4. If a form is not received, mileage estimates from fuel and maintenance records will be used, and will be reported as 100% personal miles and reported as such on the employee's W-2. It shall be the responsibility of each employee to maintain records documenting all business and personal mileage usage in accordance with record keeping requirements which may, from time to time, be required by the Internal Revenue Service, and to note this on the Company Automobile Odometer Form. (Attachment SP-P-10.1)

5. The driver is responsible for operating the vehicle in a safe manner. The use of seat belts is mandatory for the driver and all passengers. Operating a motor vehicle while under the influence of alcohol or illegal drugs is prohibited.

6. It is the employee's responsibility to notify their Manager of any change in the employee's physical status or if the employee is taking any medications labeled with a warning that the medication could impair his/her driving.

7. If any driver of a Company leased vehicle or an employee receiving a car allowance, is issued a citation for DUI (driving under the influence), their Company vehicle/car allowance privileges will be suspended until the outcome of the charge is determined in a court of law. If convicted for DUI, that driver will have their Company leased vehicle/car allowance privileges revoked for a minimum one (1) year period. Pre-trial suspension will be counted towards the one (1) year.

    a. In addition, other disciplinary actions may be levied up to and including termination.

    b. Decisions on reinstatement of Company car privileges after a suspension will be based on consultations with the Risk Manager and in compliance with Foster's current automobile insurance carrier's requirements.

8. If any employee is issued a second DUI citation, the privilege of a company-leased vehicle will be removed permanently.

9. Leased vehicle participants are required to adhere to the maintenance schedule under the leased vehicle maintenance program.

10. While assigned to an employee, Company vehicles must be carefully maintained and kept clean in a manner properly representing the Company. When returned from employee use, vehicles should be clean and free of alteration or damage beyond normal wear and tear.

11. All employees receiving a car allowance must show proof of insurance annually by submitting a proof of insurance to Human Resources. This must be done in January of each year.

12. All participants in this program shall be required to execute SP-P-10.2 (Acknowledgment of Driver Requirements) and SP-P-10.1 (Company Automobile Odometer form) on an annual basis.

Failure to adhere to these policies can result in loss of Company car privileges, and/or disciplinary actions up to and including termination.

B. Accounting and Payroll Departments
It shall be the responsibility of the Accounting and Payroll Departments to maintain and verify the records of all Leased Vehicle Plan participants with regard to payroll deductions, individual taxability calculations and W-2 reporting.

C. Human Resources Department

1. It shall be the responsibility of the Human Resources Department to monitor the fleet of Company leased automobiles in service, to provide lease values, to ensure that the appropriate forms are provided to each driver, and acquire and dispose of all Company leased automobiles.

2. The Vice President, Human Resources shall be responsible for the interpretation and application of the provisions of the Leased Vehicle Plan.

3. The Human Resources Department shall obtain a copy of a newly hired employee's driver's license prior to authorizing the use of a company vehicle.

4. The Human Resources Department shall be responsible for obtaining an application and completing a Motor Vehicle Record (MVR) check on all new hires that may be required to drive as part of their assigned duties and no less than annually thereafter. Any employee with excessive violations or accidents may lose their leased vehicle privileges based on the requirements of the fleet insurance carrier.

5. The Human Resources Department and the Finance Department will be responsible for investigating all accidents.

D. Division Management and the Vice President of Human Resources will be responsible for approving any car assignments or allowance and may, at his or her discretion, reject assignment of a Company vehicle or authorizing the receipt of a car allowance.

6. PRACTICE

A. Pursuant to the Tax Reform Act of 1984, the value of the personal use of an employer provided automobile must be included in the employee's income and subjected to withholding tax.

B. The annual lease value of an automobile shall be based the manufacture's invoice price plus 4%.

C. The percentage of personal usage of the annual lease value shall represent an additional non-cash item which shall be included as employee taxable income.

D. The annual lease value shall include all maintenance and insurance but will not include the annual fuel cost for the leased vehicle.

E. Fuel shall be valued at the current calendar year IRS established rate, per personal mile driven for employees driving company leased vehicles.

F. The driver of a company-leased vehicle is to use the fuel and maintenance card to charge fuel, maintenance, and repair expenses. Those expenses that cannot be charged through the fuel and maintenance program shall be reimbursed through the Weekly Expense Report. For body damage and repairs refer to 10(c).

G. 90 days prior to turning in a Company leased vehicle, all maintenance expenses must be approved by Human Resources.

H. Employees who receive a car allowance will be reimbursed via the Company expense report at the per mile rate established by the IRS annually.

I. Monthly deductions for Company leased vehicles shall be classified on the employee pay stub as federal withholding tax.

J. The annualized dollar value of the Company automobile personal use benefit will appear as additional earnings on the employee pay stub and W-2.

7. TRANSFER

The transfer of any Company provided automobile between employees must be authorized by the Human Resources Department and Division Officer(s).

8. REPLACEMENT

A. Company leased vehicles may be eligible for replacement not earlier than the assigned length of the lease expires or 60,000 miles, whichever occurs first. Replacement Vehicle orders will not be approved and entered by the Human Resources Department until the vehicle has reached 60,000 miles. The employee's Manager may require the eligible employee to continue driving the vehicle if the book value exceeds the Fair Market Value of the vehicle until such time that the disposal of the car will not result in a financial loss to the Company.

B. All vehicle lease terms will be established based on the average number of annual miles traveled for each individual position.

Annual Miles	Term
0-13,000	60 Mos
13,001-17,000	50 Mos
17,001-20,000	45 Mos
20,001-23,000	40 Mos
23,001 and Up	36 Mos

C. Drivers may purchase their assigned vehicle at lease end for the current wholesale fair market value (established by the Human Resources Department) plus all taxes, title, licensing, delivery and any other related costs. The value of the vehicle will then be adjusted for any driver-paid options.

D. Vehicles not purchased by the assigned driver will be offered to all Company employees through the use of Lotus Notes and posted on employee bulletin boards at each L.B. Foster location, with maximum one (1) vehicle purchase per employee per year. The asking price will be established by the Human Resources Department and the car will be sold to the highest bidder via sealed bid auction. The Human Resources department will dispose of vehicles not sold through the internal employee auction process.

E. Any employee who purchases a vehicle under this standard practice is responsible for all financing, pick up of vehicle, sales tax, and must sign an "As Is" bill of sale that will be placed in their personnel file. Payment in full to the leasing Company is required prior to release of the vehicle's title. The final sales transaction is solely between the leasing company and the purchaser of the vehicle and L.B. Foster has no involvement in the title transfer.

9. TERMINATION OF EMPLOYMENT

The immediate supervisor of a terminated employee shall be responsible for ensuring that the terminated employee deposits the leased vehicle and keys at the Company facility prior to or on the day of termination. The employee is to complete form SP-P-10.1 and return it to the Payroll Department or they will be charged 100% personal mileage usage for that year.

10. ACCIDENT/LOSS RESPONSIBILITY/INSURANCE

A. Personal property -The Corporate Vehicle Insurance Plan does not cover personal articles. Employees must secure their own insurance.

B. Company property - Samples, literature, equipment, and supplies which are in the direct possession of an employee shall be the responsibility of the employee if lost, stolen, or damaged.

C. Accident and loss reports - All accidents regardless of fault or amount of damage and property losses must be reported immediately to the employee's manager and the Insurance Department by personal contact and by use of the Preliminary Property Loss Report. Refer to SP-F-I.5 for the automobile accident claim procedures and SP-F-I.6 for reporting property loss.

11. TRAFFIC VIOLATIONS

A. Employees will be solely responsible for any fines and fees associated with traffic or parking violations or any other motor vehicle infraction. Failure to reimburse the Company (for any delinquent fine or fee) within 60 days of notification of the amount due will result in deduction from the employee's paycheck.

B. Employees must notify the Human Resources department regarding any status changes in their driving license due to traffic violations. Failure of such notification may result in discipline up to and including termination.

This policy is subject to changes by the Company at any time with or without notice.

/s/Robert J. Howard	06/10/04	/s/S L Hasselbusch	06/06/04
Robert J. Howard VP - Human Resources	Date	Stan Hasselbusch President & CEO	Date

ADDENDUM

Vehicle selections and options may be changed from time to time with the approval of the Chief Executive Officer.

2004 Model Year Vehicle Options

Class:	Vehicle Option
A	Choice of Car
B	Buick LeSabre Custom Pontiac Bonneville SE
C	Chevrolet Impala Pontiac Grand Prix
D	Chevrolet Malibu
Pickup Truck	Chevrolet Silverado

Company Ordered Cars are generally equipped with the following options:

- V6 Engines
- Automatic Transmissions
- Air conditioning
- Cruise Control
- Power Driver Seats
- AM/FM Radio with single CD player
- Power Windows and Door Locks
- Floor Mats
- Tilt Wheel
- Power side mirror(s)
- Remote keyless entry

SP-P-10.1

Leased Vehicle Odometer Form

***Form must be received by November 10th or 100% personal use will be used. ***

Employee: _____ Cost Center _____

Employee #: _____ Driver's License #: _____

Your assigned vehicle is used for:
[] Business and personal use [] 100% Personal use

Your license plate #: _____ State in which licensed: _____

PART A: Current Leased Vehicle Information
(To be completed by all employees assigned a leased vehicle)

Car #: _____ Year, make, and model: _____

License plate #: _____

	Odometer Reading	Change	Business	Personal
November 1,		N/A	N/A	N/A
Or the date vehicle was put into service. October 31,				

PART B: Replaced Leased Vehicle Information
(To be completed by all employees who were assigned more than one leased vehicle between November 1st and October 31st)

Car #: _____ Year, make, and model: _____

License plate #: _____

	Odometer Reading	Change	Business	Personal
November 1,		N/A	N/A	N/A
Date vehicle retired				

I certify to the best of my knowledge that this form represents a true and accurate reading of my L. B. Foster leased vehicle as of

_____

I also understand that I may be subject to tax penalties if I cannot substantiate the business use of this automobile and I further authorize the Company to obtain a State Motor Vehicle Driver History Report on me including any medical information contained therein.

Signature _____ Date _____

SP-P-10.2

Acknowledgment

Please check off the appropriate box indicating your choice and sign at the bottom.

Company Leased Vehicle [ ]

I, , acknowledge that I have read and will comply with all requirements contained within the Company's leased vehicle policy.

Print Name

Monthly Car Allowance [ ] Class A, B, and C only

I, , acknowledge that I have valid proof of insurance and I have attached a copy of the insurance to this acknowledgement.

Print Name

Driver's signature Date

Exhibit 31.1

Certification under Section 302 of the
Sarbanes-Oxley Act of 2002

I, Stan L. Hasselbusch, President and Chief Executive Officer of L. B. Foster Company, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of L. B. Foster Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d - 15(e)) for the registrant and we have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

(c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 12, 2004

/s/ Stan L. Hasselbusch

Name: Stan L. Hasselbusch
Title: President and Chief Executive Officer

Exhibit 31.2

Certification under Section 302 of the
Sarbanes-Oxley Act of 2002

I, David J. Russo, Senior Vice President, Chief Financial Officer and Treasurer of L. B. Foster Company, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of L. B. Foster Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d - 15(e)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

   (c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 12, 2004

/s/David J. Russo

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

Exhibit 32.0

CERTIFICATE PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT
OF 2002 (18 U.S.C. SECTION 1350)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of L. B. Foster Company does hereby certify to the best of their knowledge and belief that:

(1) The quarterly report on Form 10-Q for the quarter ended June 30, 2004, which this statement accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this quarterly report on Form 10-Q for the quarter ended June 30, 2004, fairly presents, in all material respects, the financial condition and results of operations of L. B. Foster Company.

Date: August 12, 2004

By:/s/ Stan L. Hasselbusch
Stan L. Hasselbusch
President and
Chief Executive Officer

Date: August 12, 2004

By:/s/ David J. Russo
David J. Russo
Senior Vice President,
Chief Financial Officer and
Treasurer