

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 September 30, 2003  
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Commission File Number 0-10436  
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L. B. Foster Company  
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(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  No

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes  No

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

Class	Outstanding at November 3, 2003
-----	-----
Common Stock, Par Value \$.01	9,613,770 Shares

L.B. FOSTER COMPANY AND SUBSIDIARIES

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2003	December 31, 2002
	----- (Unaudited)	-----
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$17	\$3,653
Accounts and notes receivable:		
Trade	49,741	39,294
Other	144	69
	-----	-----
Inventories	49,885	39,363
Current deferred tax assets	36,910	32,925
Other current assets	1,494	1,494
Property held for resale	1,044	696
Current assets of discontinued operations	446	-
	-----	-----
Total Current Assets	89,796	78,269
	-----	-----
Property, Plant & Equipment - At Cost	70,890	72,023
Less Accumulated Depreciation	(36,966)	(35,940)
	-----	-----
	33,924	36,083
	-----	-----
Other Assets:		
Goodwill	350	350
Other intangibles - net	625	739
Investments	13,460	12,718
Deferred tax assets	6,021	4,454
Other assets	979	1,175
Assets of discontinued operations	1	196
	-----	-----
Total Other Assets	21,436	19,632
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$145,156</b>	<b>\$133,984</b>
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Current maturities of long-term debt	\$724	\$825
Short-term borrowings	1,172	-
Accounts payable - trade	30,490	24,094
Accrued payroll and employee benefits	3,172	2,413
Current deferred tax liabilities	1,474	1,474
Other accrued liabilities	4,146	2,695
Liabilities of discontinued operations	148	74
	-----	-----
Total Current Liabilities	41,326	31,575
	-----	-----
Long-Term Borrowings	21,000	23,000
	-----	-----
Other Long-Term Debt	3,615	3,991
	-----	-----
Deferred Tax Liabilities	4,195	4,195
	-----	-----
Other Long-Term Liabilities	4,762	5,210
	-----	-----
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock	102	102
Paid-in capital	34,972	35,143
Retained earnings	39,053	35,208
Treasury stock	(3,155)	(3,629)
Accumulated other comprehensive loss	(714)	(811)
	-----	-----
Total Stockholders' Equity	70,258	66,013
	-----	-----
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$145,156</b>	<b>\$133,984</b>
	=====	=====

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 September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(Unaudited)		(Unaudited)	
Net Sales	\$75,802	\$66,965	\$211,117	\$200,944
Cost of Goods Sold	66,261	58,621	185,447	177,104
Gross Profit	9,541	8,344	25,670	23,840
Selling and Administrative Expenses	7,096	6,732	20,493	19,624
Interest Expense	576	669	1,733	1,976
Other (Income) Expense	(381)	3,834	(755)	3,324
	7,291	11,235	21,471	24,924
Income (Loss) From Continuing Operations Before Income Taxes and Cumulative Effect of Change in Accounting Principle	2,250	(2,891)	4,199	(1,084)
Income Taxes	871	(446)	1,633	270
Income (Loss) From Continuing Operations Before Cumulative Effect of Change in Accounting Principle	1,379	(2,445)	2,566	(1,354)
Discontinued Operations:				
Loss From Operations of Foster Technologies	(70)	(302)	(510)	(951)
Income Tax Benefit	(1,616)	-	(1,789)	-
Income (Loss) on Discontinued Operations	1,546	(302)	1,279	(951)
Cumulative Effect of Change in Accounting Principle, Net of Tax	-	-	-	(4,390)
Net Income (Loss)	\$2,925	(\$2,747)	\$3,845	(\$6,695)
Earnings (Loss) Per Common Share: Basic and Diluted:				
From Continuing Operations Before Cumulative Effect of Change in Accounting Principle	\$0.14	(\$0.26)	\$0.27	(\$0.14)
From Discontinued Operations, Net of Tax Cumulative Effect of Change in Accounting Principle, Net of Tax	0.16	(0.03)	0.13	(0.10)
	-	-	-	(0.46)
Net Income (Loss)	\$0.30	(\$0.29)	\$0.40	(\$0.71)

See Notes to Condensed Consolidated Financial Statements.

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

Nine Months  
Ended September 30,  
2003                      2002

-----  
(Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES:

Income (loss) from continuing operations	\$2,566	(\$1,354)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Deferred income taxes	-	(926)
Depreciation and amortization	3,831	3,641
Loss on sale of property, plant and equipment	211	56
Impairment of equity investment and advances	-	1,793
Unrealized (gain) loss on derivative mark-to-market	(217)	2,260
Change in operating assets and liabilities:		
Accounts receivable	(10,522)	5,237
Inventories	(3,774)	11,969
Other current assets	(348)	(2,895)
Other noncurrent assets	(548)	(817)
Accounts payable - trade	6,396	(6,811)
Accrued payroll and employee benefits	759	(395)
Other current liabilities	1,457	(170)
Other liabilities	(379)	(20)
Net Cash (Used) Provided by Operating Activities	(568)	11,568
Net Cash Provided (Used) by Discontinued Operations	147	(865)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of property, plant and equipment	9	243
Capital expenditures on property, plant and equipment	(2,037)	(3,908)
Purchase of DM&E stock	-	(500)
Acquisition of business	-	(2,214)
Net Cash Used by Investing Activities	(2,028)	(6,379)

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayments of revolving credit agreement borrowings	(828)	(35,000)
Proceeds of revolving credit agreement	-	27,790
Debt issuance costs	-	(451)
Exercise of stock options and stock awards	304	207
(Repayments) proceeds of long-term debt	(663)	55
Net Cash Used by Financing Activities	(1,187)	(7,399)

Net Decrease in Cash and Cash Equivalents

(3,636)                      (3,075)

Cash and Cash Equivalents at Beginning of Period

3,653                      4,222

Cash and Cash Equivalents at End of Period

-----  
\$17                      \$1,147  
=====

Supplemental Disclosure of Cash Flow Information:

Interest Paid	\$1,559	\$2,349
Income Taxes Paid	\$269	\$747

During the first nine months of 2003 and 2002, the Company financed certain capital expenditures totaling \$186,000 and \$618,000, respectively, 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, 2003. Amounts included in the balance sheet as of December 31, 2002 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, 2002.

2. ACCOUNTING PRINCIPLES

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, and Interpretation of ARB No. 51", (FIN 46). FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied at the first interim or annual period beginning after December 15, 2003. The Company has not identified any variable interest entities for which consolidation under FIN 46 is reasonably possible.

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," (SFAS 149). SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." It is effective for contracts entered into or modified after June 30, 2003, except as stated within the statement, and should be applied prospectively. This statement has not had a material effect on the Company's consolidated financial statements.

In June 2003, the FASB issued Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," (SFAS 150). This standard requires that certain financial instruments embodying an obligation to transfer assets or to issue equity securities be classified as liabilities. It is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective July 1, 2003. This standard has no impact on the Company's financial statements.

Stock-based compensation

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123" (SFAS 148) effective for fiscal years ending after December 31, 2002 and for interim periods beginning after December 15, 2002. This statement amends Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the disclosure requirements of SFAS 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

The Company has adopted the disclosure provisions of 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.

In thousands, except per share amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Net income from continuing operations, as reported	\$1,379	(\$2,445)	\$2,566	(\$1,354)
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	61	64	203	215
Pro forma income from continuing operations	\$1,318	(\$2,509)	\$2,363	(\$1,569)
Earnings per share from continuing operations:				
Basic, as reported	\$0.14	(\$0.26)	\$0.27	(\$0.14)
Basic, pro forma	\$0.14	(\$0.26)	\$0.25	(\$0.17)
Diluted, as reported	\$0.14	(\$0.26)	\$0.27	(\$0.14)
Diluted, pro forma	\$0.13	(\$0.26)	\$0.24	(\$0.17)

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 in the third quarter of 2003. The following weighted-average assumptions were used for grants in the third quarter of 2002: risk-free interest rates of 4.56%; 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 third quarter of 2002 was \$2.25. The following weighted-average assumptions were used for grants in the nine months ending September 30, 2003 and 2002, respectively: risk-free interest rates of 3.56% and 5.04%; dividend yield of 0.0% for both quarters; volatility factors of the expected market price of the Company's Common stock of .32 for both quarters; and a weighted-average expected life of the option of ten years. The weighted-average fair value of the options granted in the nine months ending September 30, 2003 and 2002 was \$2.11 and \$2.82, respectively.

### 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 September 30, 2003 and December 31, 2002 have been reduced by an allowance for doubtful accounts of (\$1,111,000) and (\$1,063,000), respectively. Bad debt expense was \$123,000 and \$165,000 for the nine-month periods ended September 30, 2003 and 2002, respectively.

#### 4. INVENTORIES

Inventories of the Company at September 30, 2003 and December 31, 2002 are summarized as follows in thousands:

	September 30, 2003	December 31, 2002
Finished goods	\$23,980	\$21,700
Work-in-process	9,213	6,343
Raw materials	5,566	6,731
Total inventories at current costs	38,759	34,774
(Less):		
LIFO reserve	(1,249)	(1,249)
Inventory valuation reserve	(600)	(600)
	\$36,910	\$32,925

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

#### 5. DISCONTINUED OPERATIONS

During the fourth quarter of 2002, the Company started negotiations and committed to a plan to sell the assets related to its rail signaling and communication device business and recorded a \$660,000 non-cash impairment loss to adjust these assets to their fair value. In February 2003, substantially all of the assets of this business were sold for \$300,000. The operations of the rail signaling and communication device business qualify 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 have been classified as discontinued, and prior periods have been restated. During the third quarter of 2003, the Company recognized a \$1.6 million income tax benefit from the release of a valuation allowance against foreign net operating losses that are expected to be utilized as a result of the imminent dissolution of this subsidiary. Future expenses related to this business are expected to be immaterial. The final shutdown and dissolution of this subsidiary is expected in 2003.

Net sales and income (loss) from discontinued operations were as follows:

In thousands	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2003	2002	2003	2002
Net sales	\$ -	\$ 21	\$ 1	\$ 37
Pretax operating loss	(70)	(302)	(440)	(951)
Pretax loss on disposal	-	-	(70)	-
Income tax benefit	1,616	-	1,789	-
Income (loss) from discontinued operations	\$ 1,546	\$ (302)	\$1,279	\$ (951)

#### 6. 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 September 30, 2003, the remaining available borrowings under this agreement were approximately \$21,530,000. Proceeds from the new facility were used to repay and retire the Company's previous credit agreement, which was to mature in July 2003. Interest on the new 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, a minimum level for the fixed charge coverage ratio and a maximum level for consolidated capital expenditures. The agreement also restricts investments, indebtedness, the sale of certain assets, and other items. 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 September 30, 2003, the Company was in compliance with all of the agreement's covenants.

#### 7. 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 September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
<b>Numerator:</b>				
earnings per common share - net income (loss) available to common stockholders:				
Income (loss) from continuing operations	\$1,379	(\$2,445)	\$2,566	(\$1,354)
Income (loss) from discontinued operations	1,546	(302)	1,279	(951)
Cumulative effect of change in accounting principle	-	-	-	(4,390)
<b>Net income (loss)</b>	<b>\$2,925</b>	<b>(\$2,747)</b>	<b>\$3,845</b>	<b>(\$6,695)</b>
<b>Denominator:</b>				
Weighted average shares	9,593	9,519	9,562	9,485
Denominator for basic earnings per common share	9,593	9,519	9,562	9,485
<b>Effect of dilutive securities:</b>				
Contingent issuable shares	-	-	1	-
Employee stock options	181	-	119	-
<b>Dilutive potential common shares</b>	<b>181</b>	<b>-</b>	<b>120</b>	<b>-</b>
Denominator for diluted earnings per common share - adjusted weighted average shares and assumed conversions	9,774	9,519	9,682	9,485
<b>Earnings (loss) per common share, Basic and diluted:</b>				
Continuing operations	\$0.14	(\$0.26)	\$0.27	(\$0.14)
Discontinued operations	0.16	(0.03)	0.13	(0.10)
Cumulative effect of change in accounting principle	-	-	-	(0.46)
<b>Basic and diluted earnings (loss) per common share</b>	<b>\$0.30</b>	<b>(\$0.29)</b>	<b>\$0.40</b>	<b>(\$0.71)</b>

Since the Company incurred losses applicable to common stockholders in all 2002 periods presented, the inclusion of dilutive securities in the calculation of weighted average common shares for the 2002 periods is anti-dilutive.

#### 8. COMMITMENTS AND CONTINGENT LIABILITIES

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

The Company was convicted in December 2000, after a jury trial in Houston, TX, of unlawful disposal of used oil and hazardous waste at its facility in Houston, TX, and was fined \$20,000 for the used oil conviction and \$150,000 for the hazardous waste conviction. The Texas Court of Appeals reversed the Company's conviction for the unlawful disposal of hazardous waste and upheld the conviction for the unlawful disposal of used oil. The Company has requested that the Texas Supreme Court review the used oil conviction and the State has requested that the Texas Supreme Court review the reversal of the hazardous waste conviction.

At September 30, 2003, the Company had outstanding letters of credit of approximately \$2,670,000.

#### 9. 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:

(in thousands)	Three Months Ended, September 30, 2003		Nine Months Ended, September 30, 2003	
	Net Sales	Segment Profit	Net Sales	Segment Profit
Rail products	\$35,790	\$546	\$105,125	\$2,422
Construction products	35,228	1,553	92,661	1,834
Tubular products	4,784	840	13,331	1,763
<b>Total</b>	<b>\$75,802</b>	<b>\$2,939</b>	<b>\$211,117</b>	<b>\$6,019</b>

(in thousands)	Three Months Ended, September 30, 2002		Nine Months Ended, September 30, 2002	
	Net Sales	Segment Profit/(Loss)	Net Sales	Segment Profit/(Loss)
Rail products	\$33,277	(\$215)	\$97,532	(\$457)
Construction products	30,451	622	92,460	1,438
Tubular products	3,237	233	10,952	854
<b>Total</b>	<b>\$66,965</b>	<b>\$640</b>	<b>\$200,944</b>	<b>\$1,835</b>

Foster Technologies, the Company's rail signaling and communications device business, was classified as a discontinued operation on December 31, 2002. Prior period results have been adjusted to reflect this classification. See Note 5, "Discontinued Operations".

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, 2002.

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

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Income for reportable segments	\$2,939	\$640	\$6,019	\$1,835
Cost of capital for reportable segments	2,552	4,115	7,639	9,377
Interest expense	(576)	(669)	(1,733)	(1,976)
Other income	381	(3,834)	755	(3,324)
Corporate expense and other unallocated charges	(3,046)	(3,143)	(8,481)	(6,996)
<b>Income from continuing operations, before income taxes and cumulative effect of change in accounting principle</b>	<b>\$2,250</b>	<b>(\$2,891)</b>	<b>\$4,199</b>	<b>(\$1,084)</b>

10. COMPREHENSIVE INCOME (LOSS)

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

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
-----				
Net income (loss)	\$2,925	(\$2,747)	\$3,845	(\$6,695)
-----				
Unrealized derivative gains (losses) on cash flow hedges (SFAS No. 133)	17	(778)	41	(696)
Foreign currency translation gains (losses)	-	(25)	8	(25)
Reclassification adjustment for foreign currency translation losses included in net income	-	1,222	48	1,222
-----				
Comprehensive income (loss)	\$2,942	(\$2,328)	\$3,942	(\$6,194)
=====				

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
(Dollars in thousands)				
Net Sales:				
Rail Products	\$35,790	\$33,277	\$105,125	\$97,532
Construction Products	35,228	30,451	92,661	92,460
Tubular Products	4,784	3,237	13,331	10,952
Total Net Sales	\$75,802	\$66,965	\$211,117	\$200,944
Gross Profit:				
Rail Products	\$3,727	\$3,384	\$11,735	\$9,756
Construction Products	5,144	4,670	12,307	12,914
Tubular Products	1,224	652	3,076	2,133
Other	(554)	(362)	(1,448)	(963)
Total Gross Profit	9,541	8,344	25,670	23,840
Expenses:				
Selling and administrative expenses	7,096	6,732	20,493	19,624
Interest expense	576	669	1,733	1,976
Other (income) expense	(381)	3,834	(755)	3,324
Total Expenses	7,291	11,235	21,471	24,924
Income (Loss) From Continuing Operations Before Income Taxes and Cumulative Effect of Change in Accounting Principle				
	2,250	(2,891)	4,199	(1,084)
Income Tax Expense (Benefit)	871	(446)	1,633	270
Income (Loss) From Continuing Operations Before Cumulative Effect of Change in Accounting Principle				
	1,379	(2,445)	2,566	(1,354)
Discontinued Operations:				
Loss From Operations of Foster Technologies	(70)	(302)	(510)	(951)
Income Tax Benefit	(1,616)	-	(1,789)	-
Income (Loss) From Discontinued Operations	1,546	(302)	1,279	(951)
Cumulative Effect of Change in Accounting Principle, Net of Tax				
	-	-	-	(4,390)
Net Income (Loss)	\$2,925	(\$2,747)	\$3,845	(\$6,695)
Gross Profit %:				
Rail Products	10.4%	10.2%	11.2%	10.0%
Construction Products	14.6%	15.3%	13.3%	14.0%
Tubular Products	25.6%	20.1%	23.1%	19.5%
Total Gross Profit	12.6%	12.5%	12.2%	11.9%

### Third Quarter 2003 Results of Operations

The Company's third quarter income from continuing operations was \$1.4 million (\$0.14 per share) on net sales of \$75.8 million. The third quarter of 2002 resulted in a loss from continuing operations of \$2.4 million (\$0.26 per share) on net sales of \$67.0 million.

Including net income of \$1.5 million (\$0.16 per share) from the discontinued operations of the Company's Foster Technologies subsidiary, net income for the third quarter of 2003 was \$2.9 million (\$0.30 per share). The income from discontinued operations for the current quarter comes primarily from the release of a \$1.6 million valuation allowance against foreign net operating losses that is expected to be utilized as a result of the imminent dissolution of this subsidiary. During the same period last year, the Company had a net loss of \$2.7 million (\$0.29 per share) which included a \$0.3 million (\$0.03 per share) loss from discontinued operations.

Net sales for the third quarter of 2003 improved 13.2% compared to the same period in 2002. Sales in all segments of the Company improved in comparison to last year's third quarter. Rail segment sales increased 7.6% primarily due to an increase in welded rail. Construction products' net sales increased 15.7% due to an increase in sheet piling and mechanically stabilized earth retention systems. Tubular products' sales increased 47.8% compared to last year's third quarter due primarily to higher demand for pipe coating services.

The Company's gross profit margin was 12.6% in the third quarter of 2003 compared to 12.5% in the same period last year. Rail products' profit margin increased by 0.2 percentage points due primarily to an improvement in margin for used rail and trackwork. The 0.7 percentage point decline in Construction products' margin was due primarily to the competitive market created by a reduction in state spending for infrastructure projects, and the mix of products sold. Tubular products' 5.5 percentage point increase in gross margin was primarily due to plant efficiencies gained by the increase in volume.

Selling and administrative expenses increased \$0.4 million, or approximately 5% compared to the third quarter of 2002. This increase was primarily due to employee compensation costs accrued in the third quarter of 2003. Third quarter interest expense declined 14% from the prior year period due principally to a \$5.5 million reduction in corporate debt. Other (income) expense improved by \$4.2 million primarily resulting from adjustments in the prior year third quarter which included a \$2.3 million charge related to mark-to-market accounting for derivative instruments and a \$1.8 million charge related to the impairment of the Company's equity investment in a specialty trackwork supplier.

The third quarter 2003 effective tax rate for continuing operations was approximately 39%. The effective tax rate for continuing operations in the third quarter of 2002 was 41%, exclusive of a valuation allowance recorded against the previously-mentioned impairment of an investment in a specialty trackwork supplier.

### First Nine Months of 2003 Results of Operations

For the first nine months of 2003, income from continuing operations was \$2.6 million (\$0.27 per share) on net sales of \$211.1 million. The same period last year included a loss from continuing operations of \$1.4 million (\$0.14 per share) on net sales of \$200.9 million.

Including net income of \$1.3 million (\$.13 per share) from the discontinued operations of Foster Technologies, net income for the nine months ended September 30, 2003 was \$3.8 million (\$0.40 per share). This compares favorably to a net loss of \$6.7 million (\$0.71 per share) for the same period of 2002. The 2002 period included a loss from discontinued operations of \$1.0 million (\$0.10 per share) and a non-cash charge of \$4.4 million (\$0.46 per share) from the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets".

Year to date sales increased \$10.2 million compared to sales in the same period of 2002. Rail products' 2003 net sales increased 7.8% to \$105.1 million. Sales improved for many products within the rail segment, primarily, welded rail. Net sales of Construction products were practically the same compared to

the prior year period. A decline in sales of fabricated bridge products and concrete buildings was offset by increases for mechanically stabilized earth wall systems and piling products. Tubular products' sales increased 21.7% to \$13.3 million due to a stronger energy market.

The gross margin percentage for the Company was 12.2% in the first nine months of 2003 compared to 11.9% in the same period of 2002. Rail products' margin improved to 11.2% from 10.0% due to improved relay rail margins and more efficient trackwork operations. Construction product's margin declined to 13.3% from 14.0% due to the competitive market created by a reduction in state spending for infrastructure projects. Tubular products' gross margin percentage increased to 23.1% from 19.5% as a result of lower raw material costs and the mix of products sold.

During the first nine months of 2003, selling and administrative expenses increased \$0.9 million or 4.4% over the prior year period. The increase can be attributed primarily to increased expenses for employee compensation and benefits. Interest expense fell 12.3% as a result of the reduction in corporate debt. Other (income) expense in 2003 was comprised primarily of accrued dividend income on DM&E Preferred stock while the first nine months of 2002 were impacted negatively by the previously mentioned \$2.3 million charge related to mark-to-market accounting for derivative instruments and the \$1.8 million charge related to the impairment of the Company's equity investment in a specialty trackwork supplier.

The 2003 effective tax rate for continuing operations was approximately 39%.

#### Liquidity and Capital Resources

The Company generates operational cash flow from the sale of inventory and the collection of accounts receivable. During the first nine months of 2003, the average turnover rate, as a function of billings, for accounts receivable was higher than during the same period a year ago due to increased collections. The average inventory turnover rate in the current period is slightly higher than the average rate for the same period of 2002. Inventory turnover for the Rail and Tubular segments improved. Working capital at September 30, 2003 was \$48.5 million compared to \$46.7 million at December 31, 2002.

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.

Capital expenditures were \$2.0 million for the nine months ended September 30, 2003, compared to \$3.9 million for capital improvements and \$2.2 million for the Greulich acquisition in the same period of 2002. Capital expenditures for 2003 are expected to be approximately \$3.0 million and funded by cash flow from operations and available external financing sources.

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 inventory and trade receivables owned by the Company. 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 September 30, 2003 were \$22.2 million, a decrease of \$0.8 million from December 31, 2002. At September 30, 2003, remaining available borrowings under this facility were approximately \$21.5 million. Outstanding letters of credit at September 30, 2003 were approximately \$2.7 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.

The agreement includes financial covenants requiring a minimum net worth and a minimum level for the fixed charge coverage ratio. The agreement also restricts 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 September 30, 2003, the Company was in compliance with all of the agreement's covenants.

#### 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 September 30, 2003, 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 \$4.5 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.

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.

#### Other Matters

During the first quarter of 2003, the Company finalized the sale of certain assets and liabilities of its Foster Technologies subsidiary engaged in the rail signaling and communication device business. The first quarter 2003 loss from this business, which has been classified as a discontinued operation, was principally due to losses incurred up to the sale date as well as certain charges taken primarily related to employee severance costs and an accrual for the remaining lease obligation. The second quarter loss from this business was immaterial. The third quarter income resulted primarily from the release of a \$1.6 million valuation allowance against foreign net operating losses that are expected to be utilized as a result of the imminent dissolution of this subsidiary.

Specialty trackwork sales of the Company's Rail segment depend primarily on one supplier. In 2002, the Company wrote off its \$1.9 million investment and \$5.4 million of advances related to this supplier. In the third quarter of 2003, the Company exchanged its 30% 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 has been recorded on this transaction. During the first nine months of 2003 and 2002, the volume of business the supplier conducted with the Company was approximately \$7.9 million and \$10.0 million, respectively, although the Company expects future activity in this market to decrease significantly. If this supplier is unable to perform, it could have a further negative impact on earnings and cash flows.

Operations at the Company's Newport, KY pipe-coating facility were suspended in 1998 in response to unfavorable market conditions. In 1999, the Company recorded an impairment loss to reduce the assets related to this operation to their anticipated market value. The anticipated 2002 sale of these assets, which consist of machinery and equipment, did not materialize. Therefore, during the fourth quarter of 2002, the Company removed the "held for resale" designation of these assets, reclassified them as "in service", and in accordance with SFAS 144, immediately recorded a \$0.8 million write-down to reflect depreciation not

recorded while under the "held for resale" designation. In August 2003, the Company reached an agreement to sell, modify and install the machinery and equipment. The Company expects to record a gain upon successful installation of this equipment and anticipates completing its obligations within the first half of 2004.

#### Outlook

The Company has an exclusive agreement with a steel mill to distribute steel sheet piling in North America. Sheet piling production commenced in 2001 but the quantity produced had not materially impacted results until the second quarter of 2003. Going forward, the Company expects an increasingly consistent supply of sheet piling from this mill.

The Company's CXT subsidiary and Allegheny Rail Products division are dependent on a Class I railroad for a significant portion of their business. The Company had a five year contract with this Class I railroad which provided for minimum quantities of concrete ties per contract year which expired in September 2003. Although the contract has not been renewed, the railroad has agreed in principle to continue to purchase its concrete tie needs from the Company without monthly minimums through October 2004.

The Company has recently received an invitation from this Class I railroad to bid on a new long-term contract to supply concrete ties. The bidding process is to occur late in the fourth quarter of 2003 and management expects negotiations to occur subsequent to the initial bidding/elimination process. Should the Company be successful in this process, it may be required to establish new facilities, which would require a significant capital investment. If the Company were to be unsuccessful, it may cause the value of its two existing concrete tie manufacturing facilities with total net assets of approximately \$8.0 million to be partially impaired.

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 current highway and transportation bill (TEA-21) which was to expire on September 30, 2003 has been extended five months due to a delay in reauthorizing a successive bill. A new highway and transportation 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 September 30, 2003, was approximately \$101.0 million. The following table provides the backlog by business segment:

(In thousands)	Backlog		
	September 30, 2003	December 31, 2002	September 30, 2002
Rail Products	\$25,084	\$45,371	\$59,160
Construction Products	74,219	59,774	58,047
Tubular Products	1,731	3,995	1,632
<b>Total</b>	<b>\$101,034</b>	<b>\$109,140</b>	<b>\$118,839</b>

The reduction in Rail segment backlog from September 30, 2002 reflects the absence of firm renewal commitments on contracts under negotiation and a reduction in specialty trackwork backlog.



## 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, 2002. 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, 2002.

## New Accounting Pronouncements

In June 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (SFAS 146), effective for exit or disposal activities initiated after December 31, 2002, with earlier adoption encouraged. This statement supercedes EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, rather than at the date of an entity's commitment to an exit plan. The Company has adopted this standard and it did not have a material effect on its consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123" (SFAS 148) effective for fiscal years ending after December 31, 2002. This statement amends Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the disclosure requirements of SFAS 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

The Company has adopted the disclosure provisions of 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. However, the Company has adopted the enhanced disclosure provisions as defined in SFAS 148 effective for the first quarter ended March 31, 2003.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, and Interpretation of ARB No. 51", (FIN 46). FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied at the first interim or annual period beginning after December 15, 2003. The Company has not identified any variable interest entities for which consolidation under FIN 46 is reasonably possible.

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," (SFAS 149). SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." It is effective for contracts entered into or modified after June 30, 2003, except as stated within the statement, and should be applied prospectively. This statement has not affected the Company's consolidated financial statements.

In June 2003, the FASB issued Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," (SFAS 150). This standard requires that certain financial instruments embodying an obligation to transfer assets or to issue equity securities be classified as liabilities. It is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective July 1, 2003. This standard has no impact on the Company's financial statements.

#### Market Risk and Risk Management Policies

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. 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. 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 will continue to record the mark-to-market adjustments on the interest rate collars, through 2006, in its consolidated statement of operations. The fair value of the interest rate collars on September 30, 2003 was a \$2.0 million liability and the Company recorded approximately \$0.3 million of income in "other income" in the third quarter of 2003 on the Condensed Consolidated Statements of Operations to adjust these instruments to fair value. For the nine months ended September 30, 2003, the Company has recorded \$0.2 million of income in "other income" 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 (loss), 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's primary source of variable-rate debt comes from its revolving credit agreement. While not specifically correlated with the revolving credit agreement, the Company maintains an economic hedge of this variable rate through the maintenance of two interest rate collar agreements with a weighted average minimum annual interest rate of 4.99% to a maximum weighted average annual interest rate of 5.42%. Since the interest rate on the debt 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 rates on the two interest rate collar agreements. The effect of a 1% decrease in rate of interest below the 4.99% weighted average 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.

See the Company's Annual Report on Form 10-K for more information on the Company's derivative financial instruments.

#### 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 wishes to caution readers that various factors could cause the actual results of the Company to differ materially from those indicated by forward-looking statements made from time to time in news releases, reports, proxy statements, registration statements and other written communications (including the preceding sections of this Management's Discussion and Analysis), as well as oral statements, 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 satisfy the installation requirements of the sales agreement for the pipe coating equipment could have an adverse effect on future results. 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. 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

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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

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- 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 8, "Commitments and Contingent Liabilities", to the Condensed Consolidated Financial Statements.

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.
- 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 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 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.
- 10.13 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.
- 10.17 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.
- 10.21 Stock Purchase Agreement, dated June 3, 1999 by and among the Registrant and the shareholders of CXT Incorporated, filed as Exhibit 10.0 to Form 8-K on July 14, 1999.
- 10.33.2 Amended and Restated 1985 Long-Term Incentive Plan as 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, filed as Exhibit 10.45 to Form 10-K for the year ended December 31, 2002. \*\*
- 10.46 Leased Vehicle Plan as amended and restated on October 16, 2002, filed as Exhibit 10.46 to Form 10-Q for the quarter ended September 30, 2002. \*\*
- 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. \*\*
- 10.54 Management Incentive Compensation Plan for 2003, filed as Exhibit 10.54 to Form 10-Q for the quarter ended June 30, 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 23, 2003, the Registrant filed a current report on Form 8-K under Item 9 FD disclosure announcing first quarter results.

On July 23, 2003, the Registrant filed a current report on Form 8-K under Item 9 FD disclosure announcing second quarter results.

On October 21, 2003, the Registrant filed a current report on Form 8-K under Item 12 announcing third 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  
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(Registrant)

Date: November 13, 2003  
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By: /s/David J. Russo  
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David J. Russo  
Senior Vice President,  
Chief Financial Officer and Treasurer  
(Duly Authorized Office of Registrant)

FIRST AMENDMENT TO  
REVOLVING CREDIT AND SECURITY AGREEMENT

BY AND AMONG  
PNC BANK, NATIONAL ASSOCIATION  
(AS LENDER AND AGENT),

THE LENDERS,

AND

L. B. FOSTER COMPANY,  
CXT INCORPORATED,  
NATMAYA, INC.,  
FOSTER TECHNOLOGIES, INC.

AND

FOSMART, INC.  
(BORROWERS)

September 8, 2003

FIRST AMENDMENT TO REVOLVING CREDIT SECURITY AGREEMENT

THIS FIRST AMENDMENT TO REVOLVING CREDIT AND SECURITY AGREEMENT (the "Amendment") is made as of September 8, 2003, by and among L. B. FOSTER COMPANY, a corporation organized under the laws of the State of Pennsylvania ("Foster"), CXT INCORPORATED, a corporation organized under the laws of the State of Delaware ("CXT"), NATMAYA, INC., a corporation organized under the laws of the State of Delaware ("Natmaya"), FOSTER TECHNOLOGIES INC. a corporation organized under the laws of Ontario, Canada ("Foster-Canada") and FOSMART, INC., a corporation organized under the laws of the State of Delaware ("Fosmart") (each a "Borrower" and collectively "Borrowers"), the financial institutions which are now or which hereafter become a party hereto (collectively, the "Lenders" and individually a "Lender") and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent").

W I T N E S S E T H:

WHEREAS, the Borrowers, the Lenders and Agent are parties to that certain Revolving Credit and Security Agreement dated as of September 26, 2002 (as amended from time to time, the "Agreement").

WHEREAS, the Borrowers have requested the Lenders to amend the agreement in connection with certain transactions relating to intercompany obligations and sales of assets.

WHEREAS, the parties hereto desire to amend the terms of the Agreement as provided for herein.

NOW, THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, covenant and agree as follows:

1. Definitions.

Defined terms used herein shall have the meanings given to them in the Agreement.

2. The following definition set forth in Section 1.2 of the Agreement is hereby amended and restated as follows:

"Borrower" or "Borrowers" shall have the meaning set forth in the preamble to this Agreement and shall extend to all permitted successors and assigns of such Persons, but shall not include any Person which has dissolved or otherwise ceased to have a separate legal existence in a manner permitted by the Agreement.



3. Section 7.1 of the Agreement is hereby amended and restated as follows:

"7.1 Merger, Consolidation, Acquisition and Sale of Assets.

(a) Enter into any merger, consolidation or other reorganization with or into any other Person or acquire all or substantially all of the assets, division, business, stock or other ownership interests of any Person or permit any other Person to consolidate with or merge with it; provided however, (i) Foster-Canada, Natmaya and/or Fosmart may be dissolved, (ii) Borrowers may exercise any warrants to obtain stock of DM&E so long as the aggregate amount of funds required to exercise such warrants does not exceed \$500,000, (iii) Fosmart may be merged with and into Foster so long as Foster is the surviving corporation, and (iv) Foster may purchase or acquire the assets or stock of any Person (a "Permitted Acquisition") if all of the following requirements are met in connection with such acquisition:

(A) if Foster is acquiring the ownership interests in such Person, such Person shall join this Agreement as a Borrower or become a Guarantor for the Obligations as determined by the Agent;

(B) in the case of a stock or other ownership purchase, the Person acquired by Foster shall grant Liens in its assets to the Agent for the benefit of the Lenders covering the same type of assets as the Collateral, and in the case any of both a stock or other ownership purchase or an asset purchase, Foster shall cause the Lien of the Agent to be a first priority, perfected security interest;

(C) the board of directors or other equivalent governing body of such Person shall have approved such Permitted Acquisition;

(D) the business acquired, or the business conducted by the Person whose ownership interests are being acquired, as applicable, shall be substantially the same as one or more line or lines of business conducted by the Borrowers as described in Section 5.22, and the business shall be located in the United States;

(E) no Default or Event of Default shall exist immediately prior to and after giving effect to such Permitted Acquisition;

(F) after giving effect to such Permitted Acquisition (including the payment of any prospective portion of the purchase price or earn-outs), the Borrowers shall have at least \$8,000,000 of Undrawn Availability; and

(G) the aggregate consideration paid by Foster for all such Permitted Acquisitions shall not exceed either \$5,000,000 in the aggregate in any fiscal year of the Borrowers or \$10,000,000 in the aggregate during the Term.

(b) Sell, lease, transfer or otherwise dispose of any of its properties or assets, except (i) the sale of Inventory in the ordinary course of its business, (ii) the sale, disposition or transfer of Equipment which Foster determines is no longer required for the operation of its business,

(iii) the sale, disposition or transfer of any assets or Real Property located at Foster' St. Mary, West Virginia facility, its Pomeroy, Ohio facility, its Doraville, Georgia facility, or its Langfield Road, Texas property, (iv) the sale of certain property formerly used at its former Newport Kentucky coating operation, (v) the sale of any assets of Foster-Canada or the stock of Foster-Canada, (vi) the sale of any securities issued by DM&E to Foster, (vii) sales, dispositions and transfers to the extent permitted under Section 4.3, and (viii) the sale of Foster's equity investment in RP&F and the release of Foster's claims against RP&F in exchange for a note from Rail Productions and Fabrications, Inc., a Washington corporation, in the principal amount of \$5,500,000."

4. Section 7.5 of the Agreement is hereby amended and restated as follows:

"7.5 Loans.  
-----

Make advances, loans or extensions of credit to any Person, including without limitation, any Parent, Subsidiary or Affiliate except with respect to (a) the extension of commercial trade credit in connection with the sale of Inventory in the ordinary course of its business and (b) loans advanced to its employees in the ordinary course of business not to exceed the aggregate amount of \$1,000,000 at any time outstanding, (c) loans advanced by one Borrower to another Borrower, and (d) advances made by a Borrower to RP&F, provided however, advances to RP&F shall be limited to the amounts permitted in Section 7.1(b) plus an additional amount not in excess of \$250,000 in the aggregate at any one time outstanding."

5. Section 7.10 of the Agreement is hereby amended and restated as follows:

"7.10 Transactions with Affiliates.

Directly or indirectly, purchase, acquire or lease any property from, or sell, transfer or lease any property to, or otherwise deal with, any Affiliate (other than a Borrower), except transactions in the ordinary course of business, on an arm's-length basis on terms no less favorable than terms which would have been obtainable from a Person other than an Affiliate."

6. Amendment Fee. The Borrowers shall pay to the Agent, for the ratable benefit of the Lenders, an amendment fee in the amount of \$15,000, which fee shall be deemed to be earned as of the date hereof.

7. Representations. The Borrowers each represent and warrant that it has the corporate power and has been duly authorized by all requisite corporate action to execute and deliver this Amendment and to perform its obligations hereunder. The Borrowers each represent and warrant that no Default or Event of Default exists under the Credit Agreement or shall result from the execution and delivery of this Amendment.

8. Force and Effect. Each Lender and each Borrower reconfirms and ratifies the Agreement and all Other Documents executed in connection therewith except to the extent any such documents are expressly modified by this Amendment, and each Borrower confirms that all such documents have remained in full force and effect since the date of their execution.

9. Governing Law. This Amendment shall be deemed to be a contract under the laws of the Commonwealth of Pennsylvania and for all purposes shall be governed by and construed and enforced in accordance with the internal laws of the Commonwealth of Pennsylvania without regard to its conflict of laws principles.

10. Counterparts; Effective Date. This Amendment may be signed by telecopy or original in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Amendment shall become effective as of the date first above written upon its execution and delivery by the Borrowers and the Required Lenders and payment of the amendment fee required under Section 6 hereof.

[SIGNATURE PAGES FOLLOW]

[SIGNATURE PAGE 1 OF 2 TO FIRST AMENDMENT TO  
REVOLVING CREDIT AND SECURITY AGREEMENT]

Intending to be legally bound, each of the parties has signed this  
First Amendment to Revolving Credit and Security Agreement as of the day and  
year first above written.

ATTEST: L. B. FOSTER COMPANY

By:/s/David J. Russo [Seal]

-----  
Name:David J. Russo  
Title:Senior V.P. and CFO

ATTEST: CXT INCORPORATED

By:/s/David J. Russo [Seal]

-----  
Name:David J. Russo  
-----  
Title:V.P. and CFO  
-----

ATTEST: NATMAYA, INC.

By:/s/Judith J. Scarborough [Seal]

-----  
Name:Judith J. Scarborough  
-----  
Title:President  
-----

ATTEST: FOSTER TECHNOLOGIES INC.

By:/s/David J. Russo [Seal]

-----  
Name:David J. Russo  
-----  
Title:V.P. and CFO  
-----

ATTEST: FOSMART, INC.

By:/s/Judith J. Scarborough [Seal]

-----  
Name:Judith J. Scarborough  
-----  
Title:President  
-----

[SIGNATURE PAGE 2 OF 2 TO FIRST AMENDMENT TO  
REVOLVING CREDIT AND SECURITY AGREEMENT]

PNC BANK, NATIONAL ASSOCIATION, a  
national banking association, as Lender and as  
Agent

By:/s/James M. Steffy  
-----  
Name:James M. Steffy  
-----  
Title:Vice President  
-----

LASALLE BANK NATIONAL ASSOCIATION

By:/s/Robert W. Hart  
-----  
Name:Robert W. Hart  
-----  
Title:First Vice President  
-----

FIRST COMMONWEALTH BANK

By:/s/Paul J. Oris  
-----  
Name:Paul J. Oris  
-----  
Title:V.P.  
-----

EQUIPMENT PURCHASE AND SERVICE AGREEMENT

THIS EQUIPMENT PURCHASE AND SERVICE AGREEMENT (the "Agreement") is entered into as of this 31st day of July, 2003, by and between LaBarge Coating LLC, a Missouri limited liability company (the "Buyer"), and L.B. Foster Company, a Pennsylvania corporation (the "Seller"). Capitalized terms are defined in Article I.

RECITALS

A. The Seller is in the business of among other things, applying fusion bonded epoxy coating to 8" through 24" steel pipe (the "Coating Business"); and owns certain pieces of equipment in connection with the Coating Business;

B. Contemporaneously with this Agreement, the Buyer is entering into that certain Lease Agreement with LaBarge Realty, LLC ("Realty"), dated as of July 31, 2003, pursuant to which the Buyer will lease from Realty certain land and buildings in Channel View, Texas for the purpose of constructing a facility (the portion of the building in which the Equipment shall be located, having been previously identified by the Buyer, is herein referred to as the "Plant") to engage in the business of, among other things, applying fusion bonded epoxy coating to 8" through 42" steel pipe in 65' maximum lengths (the "New Coating Business");

C. The Buyer desires to purchase from the Seller the Equipment (as defined below), on the following terms and conditions; and

D. The Seller desires to sell to the Buyer the Equipment, on the following terms and conditions.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants, representations, warranties, conditions, and agreements hereinafter expressed, the Parties agree as follows:

ARTICLE I  
DEFINITIONS

1.1 Definitions. The following words shall have the meaning given them in this Section 1.1;

"Additional Consulting Services" has the meaning set forth in Section 7.3(d).

"Additional Renovations" has the meaning set forth in Section 7.1(d).

"Bill of Sale" has the meaning set forth in Section 2.7(b).

"Buyer" has the meaning set forth in the first paragraph hereof.

"Buyer Indemnified Persons" has the meaning set forth in Section 10.1.

"Closing" means the consummation of the transactions contemplated by this Agreement to be completed on the Closing Date.

"Closing Date" means August 8, 2003, or such other date as the Parties may agree.

"Closing Payment" has the meaning set forth in Section 2.6(a).

"Coating Business" has the meaning set forth in the Recitals.

"Code" means the Internal Revenue Code of 1986, as amended.

"Completion Date" has the meaning set forth in Section 7.2(d).

"Completion Notice" has the meaning set forth in Section 7.2(d).

"Consideration" has the meaning set forth in Section 2.3(a).

"Consulting Services" has the meaning set forth in Section 7.3(a).

"Contract" means any contract, agreement, lease, indenture, mortgage, deed of trust, evidence of indebtedness, binding commitment or instrument, open purchase order, or offer, whether written or oral, express or implied.

"Environmental Law" means any Law as amended relating to the protection of health from environmental factors or protection of the environment, including without limitation: the Clean Air Act, the Federal Water Pollution Control Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Toxic Substance Control Act, the Hazardous Materials Transportation Act, the National Environmental Policy Act, any comparable state or foreign law, and the common law, including the law of nuisance and strict liability, as such common law relates to the condition of the environment.

"Environmental Liability" means any and all liability, claim, demand (without limitation, claims or demands alleging personal injury, property damage, or trespass), obligation, cause of action, accusation, allegation, order, violation, damage, loss, cost, expense, injury, judgment, penalty, or fine alleged by any third party (including, without limitation, any private party or governmental entity), arising out of, relating to, or resulting from, directly or indirectly, in whole or in part, the presence, disposal, treatment, storage or Release of Hazardous Materials on or before Closing in, on, under, or migrating from the Environmental Property. This liability includes any cost of removing or disposing of any Hazardous Materials, any cost of enforcement, cost of investigation and/or remedial action, and any other cost or expense

whatsoever, including, without limitation, reasonable attorneys', accountants', engineers', and consultants' fees and disbursements, interest, and medical expenses related or relating to the presence, disposal, treatment, storage or Release of Hazardous Materials in, on, under, or migrating from the Environmental Property.

"Environmental Property" means any assets or property owned, leased, operated or used by the Seller.

"Equipment" means the plant equipment set forth on Schedule 1.1(a).

"Final Payment" has the meaning set forth in Section 2.8.

"Guaranty" means the Guaranty and Suretyship Agreement to be executed by LaBarge Pipe & Steel Company and delivered by the Buyer to the Seller on the Closing Date, in substantially the form of Exhibit A attached hereto.

"Government" means the United States of America, any federal, bilateral or multilateral governmental authority, state, any possession, territory, local, county, district, city or other governmental unit or subdivision, and any branch, entity, agency, or judicial body of any of the foregoing.

"Hazardous Materials" means pollutants, contaminants, hazardous substances, hazardous chemicals, toxic substances, hazardous wastes, infectious wastes, radioactive materials, petroleum including crude oil or any fraction thereof, asbestos containing material, lead, mold or solid wastes or other hazardous materials, including without limitation those defined in any Environmental Law.

"Indemnified Losses" has the meaning set forth in Section 10.1.

"IRS" means the United States Internal Revenue Service.

"Installation Contractor" has the meaning set forth in Section 7.2(a).

"Installation Work" has the meaning set forth in Section 7.2(a).

"Landlord Waiver" shall mean the agreement substantially in the form of Exhibit B.

"Law" means any statute, law, ordinance, decree, order, injunction, rule, directive, or regulation of any Government or quasi-governmental authority, and includes rules and regulations of any regulatory or self-regulatory authority compliance with which is required by Law.

"Liabilities" means liabilities and/or obligations, whether or not required to be reflected on the financial statements of a company, including without limitation Environmental Liabilities.

"Lien" means any lien, security interest, mortgage, indenture, deed of trust, pledge, charge, adverse claim, restriction or other encumbrance.

"Losses" has the meaning set forth in Section 10.1.

"Modifications" means those modifications to the Equipment set forth on Schedule 1.1(b), which are necessary for the Equipment to successfully coat 8" through 42" x .625 carbon steel pipe with fusion bonded epoxy as of the Completion Date.



"Modified Equipment" means the Equipment as modified by the Modifications.

"New Coating Business" has the meaning set forth in the Recitals.

"Notice to Proceed" has the meaning set forth in Section 7.1(b).

"Party" means the Buyer or the Seller, and "Parties" means both of them.

"Plant" has the meaning set forth in the Recitals.

"Plant Approval Process" has the meaning set forth in Section 7.3(b).

"Records" has the meaning set forth in Section 6.3.

"Release" includes any and all releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting escaping, leaching, disposing, dumping, and any other means by which any Hazardous Material or other substance may be introduced into or travel through the environment.

"Renovations" has the meaning set forth in Section 7.1(b).

"Rough-In Plan" has the meaning set forth in Section 7.1(b).

"Security Agreement" means the agreement substantially in the form of Exhibit C.

"Seller" has the meaning set forth in the first paragraph hereof.

"Seller Indemnified Persons" has the meaning set forth in Section 10.2.

"Specifications" has the meaning set forth in Section 3.5(a).

"Taxes" means all taxes, charges, fees, levies, or other like assessments, including without limitation, all federal, possession, state, city, county and foreign (or governmental unit, agency, or political subdivision of any of the foregoing income, profits, employment (including Social Security, unemployment insurance and employee income tax withholding), franchise, gross receipts, sales, use, transfer, stamp, occupation, property, capital, severance, premium, windfall profits, customs, duties, ad valorem, value-added and excise taxes; Pension Benefit Guaranty Corporation premiums and any other governmental charges of the same or similar nature; and all penalties, additions to tax and interest relating to any such taxes, premiums or charges. Any one of the foregoing Taxes shall be referred to sometimes as a "Tax."

"Tax Returns" means all returns, reports, estimates, declarations, claims for refund, information returns or statements relating to, or required to be filed in connection with any Taxes, including any schedule or attachment thereto, and including any amendment thereof.

ARTICLE II  
PURCHASE AND SALE OF EQUIPMENT

2.1 Equipment.

(a) Upon the terms and subject to the conditions of this Agreement, on the Closing Date, the Parties shall undertake to perform their obligations under this Agreement, including without limitation those obligations set forth in Sections 7.1 and 7.2, to the extent that such obligations are required to be performed prior to the Completion Date.

(b) Upon the terms and subject to the conditions of this Agreement, on the Completion Date, the Seller shall sell and deliver to the Buyer and the Buyer shall purchase and accept from the Seller, free and clear of all Liens, all of the Seller's right, title and interest to and in all of the Modified Equipment.

(c) NEITHER THE BUYER NOR ANY AFFILIATE OF THE BUYER ASSUMES OR AGREES TO BECOME LIABLE FOR OR SUCCESSOR TO ANY LIABILITIES OR OBLIGATIONS WHATSOEVER, LIQUIDATED OR UNLIQUIDATED, KNOWN OR UNKNOWN, CONTINGENT OR OTHERWISE, WHETHER OF THE SELLER, ANY PREDECESSOR THEREOF, OR ANY OTHER PERSON. NO OTHER STATEMENT IN OR PROVISION OF THIS AGREEMENT AND NO OTHER STATEMENT, WRITTEN OR ORAL, ACTION, OR FAILURE TO ACT INCLUDES OR CONSTITUTES ANY SUCH ASSUMPTION OR AGREEMENT, AND ANY STATEMENT TO THE CONTRARY BY ANY PERSON IS UNAUTHORIZED AND HEREBY DISCLAIMED.

2.2 Installation, Modification and Services. Pursuant to Article VII of this Agreement, the Seller agrees to (i) install and modify the Equipment and (ii) provide consulting services to the Buyer to assist the Buyer in commencing and operating the New Coating Business.

2.3 Consideration and Allocation.

(a) The consideration that the Buyer shall pay the Seller for the Equipment, the obligations of the Seller as set forth in Article VII and other rights of the Buyer hereunder shall be \$2,350,000, plus other good and valuable consideration set forth in this Agreement (the "Consideration), payable as follows:

(i) \$600,000 in cash on the Closing Date, as set forth in Section 2.6; and

(ii) \$1,750,000 in cash on the Completion Date, as set forth in Section 2.8.

(b) The Parties agree that \$1,350,000 shall be allocated to the Equipment and \$1,000,000 shall be allocated to the installation and modification of the Equipment and certain of the services as set forth in Article VII.

2.4 Closing. The Closing shall take place at such time and place as the Parties may agree.

2.5 Deliveries of the Seller at Closing. Prior to or simultaneously with the Closing, the Seller shall deliver or cause to be delivered to the Buyer;

(a) all consents and approvals from Governments and third parties, under Contracts or otherwise, as set forth on Schedule 3.1(d) necessary to insure that the Buyer will continue to have the same full rights with respect to the Equipment as the Seller had immediately prior to the consummation of the transaction contemplated hereunder;

(b) all Records as of the Closing Date;

(c) a certificate of an officer of the Seller in accordance with Section 9.1;

(d) a receipt for the Closing Payment; and

(e) the Security Agreement, duly executed by the Seller.

2.6 Deliveries of the Buyer at Closing. At the Closing, the Buyer shall deliver or cause to be delivered to the Seller:

(a) \$600,000 by wire transfer in accordance with the wire transfer instructions set forth on Schedule 2.6 to the Seller (the "Closing Payment");

(b) an exemption certificate in substantially the form of Exhibit D, duly executed by the Buyer;

(c) a certificate of an officer of the Buyer in accordance with Section 8.1;

(d) the Guaranty, duly executed by LaBarge Pipe & Steel Company

(e) the Landlord's Waiver;

(f) the Security Agreement, duly executed by the Buyer; and

(g) Certified Resolutions of the Board of Directors of LaBarge Pipe & Steel Company authorizing the execution of the Guaranty.

2.7 Deliveries of the Seller on the Completion Date. On the Completion Date, the Seller shall deliver or cause to be delivered to the Buyer:

(a) all Records created since the Closing Date; and

(b) a bill of sale with respect to the Modified Equipment in the form of Exhibit E attached hereto (the "Bill of Sale"), duly executed by the Seller.

Within two (2) business days following the Completion Date, the Seller shall deliver a written release of its security interest in the Modified Equipment, dated as of the Completion Date, to Enterprise Bank, 3890 S. Lindbergh Blvd., Sunset Hills, Missouri 63127, Attention: Chris Collins, with copy to Husch & Eppenberger, LLC, 190 Carondelet Plaza, Suite 600, Clayton, Missouri 63105, Attention: Edward J. Lieberman, Esq., and to the Buyer in accordance with Section 11.1.

2.8 Deliveries of the Buyer on the Completion Date. On the Completion Date, the Buyer shall deliver or cause to be delivered to the Seller \$1,750,000, by wire transfer in accordance with the wire transfer instructions set forth on Schedule 2.6 to the Seller (the "Final Payment").

2.9 Ownership Rights. The Buyer shall have no right, title, or interest whatsoever to the Equipment or the Modified Equipment until the Final Payment has been made to the Seller. The Buyer shall not create, or permit to exist, any Lien with respect to the Equipment or the Modified Equipment, except for Liens in favor of the Seller.

### ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller hereby makes the following representations and warranties, each of which is true and correct on the date hereof and shall survive the Closing Date and the transactions contemplated hereby to the extent set forth herein.

#### 3.1 Corporate Existence and Power.

(a) The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Pennsylvania.

(b) The Seller has the corporate power and authority to own, lease and use its assets and to transact its business, and holds all authorizations, franchises, licenses and permits required therefor and all such authorizations, franchises, licenses and permits are valid and subsisting.

(c) The Seller has the corporate power to enter into this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby.

(d) The Seller is not subject to or bound by any Contract, Lien, or Law, nor any provision of any Government permit, franchise, or license or any provision of its certificate of incorporation or its bylaws, that would (i) be breached or violated or the obligations thereunder accelerated or increased (whether or not with notice or lapse of time or both) by the execution, delivery or performance by the Seller of this Agreement, or (ii) prevent the carrying out of the transactions contemplated hereby. Except as set forth on Schedule 3.1(d), no waiver or consent of any third person or governmental authority is required for the Seller's execution of this Agreement or the Seller's consummation of the

transactions contemplated hereby. The consummation of the transactions contemplated hereby will not result in the creation of any Lien against the Seller or upon any of the Equipment.

3.2 Valid and Enforceable Agreement Authorization. This Agreement constitutes a legal, valid and binding obligation of the Seller, enforceable against the Seller, in accordance with its terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized, approved and ratified by all necessary action on the part of the Seller. Pursuant to such authorization, the Seller has full authority to enter into and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby.

3.3 Undisclosed Liabilities. There are no Liabilities of the Seller related to the Equipment of any nature that will become the obligation of the Buyer, whether absolute, contingent or otherwise, and there is no reasonable basis for any claim against the Seller for any of the Seller's Liabilities, that will become the responsibility of the Buyer as a result of the transactions contemplated by this Agreement.

3.4 Equipment. The Seller has good and marketable title and is the sole and exclusive owner of all right, title and interest in and to all of the Equipment, free and clear of all Liens, leases, options, covenants, conditions, agreements, claims, restrictions and other encumbrances of every kind, and there exists no restriction on the use or transfer of the Equipment. None of the Equipment is in the possession of others or held by the Seller on consignment.

### 3.5 Sufficiency of Equipment

(a) The Modified Equipment, after installation at the Plant, will be, as of the Completion Date, capable of coating 8" through 42" x .625 steel pipe in maximum 65' lengths, under normal operating conditions, equal to or greater than the quality outlined in the coating specifications set forth in Section 12 of Schedule 3.5a (the "Specifications") if the Plant meets all of the criteria set forth on Schedule 3.6. The Seller understands and agrees that the Specifications are intended to set forth desired performance characteristics and requirements only, and are not intended to and shall not be deemed to constitute a design for any Modified Equipment.

(b) Except as set forth on Schedule 3.1(d), no consent or permit from any third party is necessary to transfer the Equipment, and there exists no restriction on the transfer of the Equipment or the consummation of the transactions contemplated hereby. There exists no condition, restriction or reservation affecting the title to or utility of the Equipment which would prevent the Buyer from using the Equipment, or any part thereof, to the same extent that the Seller could continue to do so if the transactions contemplated hereby did not take place, subject to the Buyer obtaining all required permits.

3.6 Sufficiency of Modifications and Plant Criteria. The Seller has prepared and provided to the Buyer Schedule 1.1(b) and Schedule 3.6. The Modifications set forth on Schedule 1.1(b) and the plant criteria for the coating line, coating removal

station and powder room only set forth on Schedule 3.6 constitute all of the modifications to the Equipment and all of the plant criteria for the coating line, coating removal station and powder room required for the Buyer to coat 8" through 42" x .625 pipe in maximum 65' lengths under normal operating conditions equal to or greater than the quality set forth in the Specifications, if the procedures and specifications in Schedule 3.5(a) are followed in all material respects; provided, however, that the Seller shall have no liability or responsibility whatsoever for latent conditions in the Plant and, except as set forth in Section 7.1, the Seller shall have no responsibility or liability whatsoever with respect to any advice, assistance or information which the Seller may provide in connection with the Buyer's determination as to what Renovations are required.

3.7 Use and Condition of Equipment Subject to the Modifications, the Equipment is in good operating condition and repair, subject to ordinary wear and tear, as reasonably required for its use as presently conducted or planned by the Seller, conforms, except as set forth in Schedule 3.7. to all applicable Laws, and contains no Hazardous Materials, and no notice of any violation of any Law, including Environmental Laws, or relating to any of such Equipment has been received by the Seller from any Government except such as have been fully complied with.

3.8 Birmingham Approvals and Permits. Schedule 3.8 sets forth the approvals, permits, qualifications and certifications obtained by the Seller with respect to its Birmingham, Alabama coating operations.

3.9 Disclosure. No representation or warranty by the Seller in this Agreement or any Schedule referred to herein or in any agreement to be delivered hereunder, and no statement, certificate, or other information furnished to the Buyer by or on behalf of the Seller pursuant hereto or thereto contains any untrue statement of a material fact or any omission of a material fact necessary to make the respective statements contained herein and therein, in the light of the circumstances under which the statements were made, not misleading.

3.10 Brokers. Finders. No finder, broker, agent, or other intermediary, acting on behalf of the Seller is entitled to a commission, fee, or other compensation or obligation in connection with the negotiation or consummation of this Agreement or any of the transactions contemplated hereby.

ARTICLE IV  
REPRESENTATIONS AND WARRANTIES OF BUYER

The Buyer and LaBarge Pipe & Steel Company, and LaBarge Realty, LLC with respect to Section 4.1(f) only, hereby, jointly and severally, make the following representations and warranties to the Seller, and each of which is true and correct on the date hereof and shall survive the Closing Date and the transactions contemplated hereby to the extent set forth herein.

4.1 Existence and Power: Authorization.

(a) The Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Missouri.

(b) The Buyer has the corporate power and authority to own, lease and use its assets and to transact the business in which it is engaged, and holds all material authorizations, franchises, licenses and permits required therefor and all such authorizations, franchises, licenses and permits are valid and subsisting. The Buyer is duly licensed or qualified to do business as a foreign limited liability company and is in good standing in each jurisdiction where such license or qualification is required, except for jurisdictions where the failure to be so qualified would not have a material adverse effect on its business or operations.

(c) The Buyer has the power to enter into this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby.

(d) This Agreement constitutes a legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms, except to the extent enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally or by equitable principles, whether applied in a court of law or equity.

(e) The Guaranty shall constitute a legal, valid and binding obligation of LaBarge Pipe & Steel Company enforceable against LaBarge Pipe & Steel Company in accordance with its terms, except to the extent enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally or by equitable principles, whether applied in a court of law or equity.

(f) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized, approved and ratified by all necessary action on the part of the Buyer and, with respect to the Guaranty, by all necessary action on the part of LaBarge Pipe & Steel Company and, with respect to the Landlord's Waiver, by all necessary actions on the part of LaBarge Realty, LLC. Pursuant to such authorization, the Buyer has full authority to enter into and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby.

(g) The Buyer has received all waivers or consents of third persons or governmental authorities required for the Buyer's execution of this Agreement or the consummation of the transactions contemplated hereby.

4.2 Brokers. Finders. No finder, broker, agent, or other intermediary, acting on behalf of the Buyer, is entitled to a commission, fee, or other compensation or obligation in connection with the negotiation or consummation of this Agreement or any of the transactions contemplated hereby.

4.3 Financial Statements. The financial statements for December 31, 2002 and 2001 delivered by the Buyer to the Seller on or about July 21, 2003 are true and correct financial statements of LaBarge Pipe & Steel Company which fairly present the financial condition of LaBarge Pipe & Steel Company in all material respects.

ARTICLE V  
COVENANT NOT TO COMPETE: NO HIRE

5.1 The Buyer's Covenant Not to Compete. The Buyer hereby agrees that for a period of five years following the Completion Date, neither the Buyer nor any affiliate of the Buyer, shall bid on any steel pipe coating projects involving five miles or more of steel pipe (in a single job or in a complete project) if any such project would result in the Buyer utilizing the Equipment to provide coating services to American Cast Iron Pipe Company. Notwithstanding anything to the contrary in this Section 5.1 and for the avoidance of doubt, nothing in this Section 5.1 shall prohibit the Buyer from bidding on and/or accepting production work from third parties that have purchased pipe from American Cast Iron Pipe Company; provided that-- any such transaction between a third party and American Cast Iron Pipe Company is complete and not contingent upon the procurement of coating services and the Seller consents to such transaction, which consent may not be unreasonably withheld.

5.2 The Seller's Covenant Not to Compete. The Seller hereby agrees that for a period of five years following the Completion Date, the Seller shall not construct or operate, whether for itself or a third party, a fusion bonded epoxy coating plant within 150 miles of Channel View, Texas.

5.3 No Hire. The Buyer and the Seller agree that, for a period commencing on the date of this Agreement and endingS years after the Completion Date, neither party shall employ or solicit for employment any of the employees of the other party, without the prior written consent of the other party.

ARTICLE VI  
ADDITIONAL COVENANTS OF THE PARTIES

6.1 Confidentiality. Except to the extent deemed by the Seller to be necessary or appropriate pursuant to applicable law, the Seller shall not publicly disclose (a) the consideration paid by the Buyer to the Seller for the Consulting Services or the Additional Consulting Services or (b) the nature and scope of the Consulting Services or the Additional Consulting Services.



## 6.2 Taxes.

(a) The Seller and the Buyer shall each be responsible for 50% of all applicable Taxes, including but not limited to sales, use, value-added, gross receipts, registration, stamp duty or other similar transfer Taxes, that are, or become, due or payable as a result of the sale, conveyance, assignment, transfer or delivery of the Equipment hereunder, whether levied on the Buyer, the Equipment or the Seller. The Buyer will prepare and file the necessary Texas Department of Revenue forms to obtain an exemption from the imposition of the Texas sales Tax on the sale of Equipment hereunder. The Seller shall prepare, subject to the Buyer's reasonable approval, and file any Tax Returns required in respect of such Taxes.

(b) All Taxes, including but not limited to personal property, ad valorem and any other local or state Taxes relating to the Equipment, which shall be accrued but unpaid as of the Closing Date, or which shall be paid as of the Closing Date but relate in whole or in part to periods after the Closing Date, shall be prorated to the Closing Date. Any such prorated Taxes, which ultimately may be assessed after the Closing Date, shall be paid by the Seller to the Buyer or the Buyer to the Seller, as the case may be, within thirty (30) days of such determination.

(c) The Seller and the Buyer each agrees to furnish or cause to be furnished to the other, upon reasonable request, as promptly as practicable, such information and assistance (including access to books and records) relating to the Equipment as is reasonably necessary for the preparation of any Tax Return for Taxes, claims for refund or audit or prosecution or defense of any claim, suit or proceeding relating to any proposed adjustment of Taxes paid.

(d) The Buyer, upon request, shall use its reasonable efforts to provide or obtain from any taxing authority any certificate or other document necessary to mitigate, reduce or eliminate any Taxes (including additions thereto or interest and penalties thereon) that otherwise would be imposed with respect to the transactions contemplated in this Agreement.

6.3 Delivery of Records. On the Closing Date, the Seller shall deliver to the Buyer all records in the Seller's possession relating to the Equipment and the Modifications maintained by the Seller prior to the Closing Date, including without limitation all warranties, if any, maintenance records, production time records and spare parts records (the "Records"); provided, however, that Seller may retain copies of such records. On the Completion Date, the Seller shall deliver to the Buyer all Records in the Seller's possession related to the Modified Equipment created since the Closing Date; provided, however, that Seller may retain copies of such records.

6.4 Further Assurances. From and after the Closing, the Buyer and the Seller shall cooperate reasonably with each other in connection with any steps required to be taken as part of their respective obligations under this Agreement and shall (a) furnish upon request to each other such further information, (b) execute and deliver to each other such other documents and (c) do such other acts and things, all as may be reasonably necessary to make effective the transactions contemplated hereby.

6.5 Maintenance and Insurance of Equipment: No Sale. Between the execution of this Agreement and the Closing Date, the Seller shall (i) maintain adequate insurance with respect to the Equipment, in such amounts and against such risks and losses as are generally maintained with respect to comparable companies and properties and (ii) not sell or otherwise transfer or dispose of any of the Equipment.

6.6 Seller's Warranty.

(a) The Seller warrants to the Buyer that the work and materials furnished as part of the Installation Work will be of good quality and that the Installation Work will be free from any defects or deficiencies in workmanship or materials (ordinary wear and tear excepted) subject to the limitations in this Section 6.6.

(b) The Seller represents and warrants to the Buyer that the used components of the Modified Equipment shall be free from failure (ordinary wear and tear excepted) under ordinary usage and with appropriate maintenance for a period of 180 days after the Completion Date; provided, however, is the Seller's sole obligation and exclusive liability shall be to repair and/or replace, at the Seller's option, Modified Equipment which (ordinary wear and tear excepted) so fails under ordinary usage and with proper maintenance, within said 180 day period.

(c) With respect to new components of Modified Equipment, the Buyer shall have and shall only have such warranty rights as were obtained from the original manufacturer of such New Modified Equipment; the Seller shall devote reasonable commercial efforts to insure that any such warranty rights are assigned to the Buyer.

(d) Installation Work not conforming to these requirements, including substitutions not properly approved and authorized, shall be considered defective. The Seller's warranties do not cover damage or failure of materials to the extent caused by any abuse, modification, improper or insufficient maintenance or improper operation by the Buyer. If required by the Buyer, the Seller shall furnish satisfactory evidence as to the kind and quality of work and materials to be furnished in the performance of the Installation Work.

(e) All manufactured articles, materials, and components of the Installation Work shall be stored, applied, installed, tested, connected, erected, used, cleaned and conditioned by the Seller or the Installation Contractor as directed, if such directions are known to the Seller or the Installation Contractor, by the applicable manufacturer unless otherwise agreed to by the Buyer in writing.

(f) All warranties provided in this Section 6.6 shall survive any termination of this Agreement by the Buyer due to the breach of this Agreement by the Seller.

(g) If the Buyer discovers defective work, materials or Equipment within the 180 day period described in Section 6.6(b), the Buyer shall promptly notify the Seller and the Seller shall thereafter, or shall cause the Installation Contractor to thereafter, repair or replace, at the Seller's option, any such defective work or Equipment

promptly and without cost or charge to the Buyer. If the Seller fails to so repair or replace any such defective work or Equipment, the Seller shall be responsible for all costs and expenses paid by the Buyer to third parties in order to repair or replace any such defective work. The remedies in this Section 6.6 shall be the Buyer's exclusive remedies for defective work, materials or Equipment; provided, however, that Buyer's remedies also shall be subject to the limitations in Section 10.1(a).

6.7 Harris County Permits. Prior to the Completion Date, the Buyer and the Seller mutually agree to work together, and with the representatives of each of them, in good faith to determine, and to obtain, all approvals, permits, qualifications and certifications required to be obtained by the Buyer in order for the Buyer to lawfully conduct the New Coating Business in Harris County, Texas; provided, however, that the Buyer agrees that it is solely responsible for ensuring that all such required approvals, permits, qualifications and certifications are in fact obtained and the Buyer shall pay all costs associated with activities contemplated within this Section 6.7. The Seller further agrees to review any list of criteria provided by the Buyer, or by the Buyer's representative, related to any such required approvals, permits, qualifications and certifications, and, to the extent known to the Seller and related to the Modified Equipment, to identify and disclose to the Buyer any issues, problems, or impediments to the Buyer obtaining any such required approvals, permits, qualifications and/or certifications.

ARTICLE VII  
INSTALLATION, MODIFICATIONS AND SERVICES

7.1 The Plant.

(a) The Buyer shall provide the Plant in which the Equipment will be installed, including the connection, hook-up and operational costs of all utilities, including gas, electric and water. The Buyer shall also supply and be responsible for the installation of all auxiliary, maintenance and support facilities necessary to conduct the New Coating Business. The Plant shall be reasonably satisfactory to the Seller and shall meet all of the requirements set forth on Schedule 3.6, which includes among other things the requirements and specifications for all auxiliary, maintenance and support facilities.

(b) Except as otherwise provided herein, the Buyer shall be responsible for the procurement, costs and expenses of any renovations, repairs, upgrades, pipe couplings, spare parts or other changes with respect to the coating line, coating removal station and powder room ("Renovations") required in order for the Plant to meet the criteria set forth on Schedule 3.6. The Seller has provided the Buyer with a rough-in plan which includes all rough-in locations and connections for the Modified Equipment to be installed (the "Rough-In Plan"), which Rough-In Plan is attached hereto as Schedule 7.1(b). The Rough-In Plan fixes and describes for each component of the Modified Equipment details pertaining and relevant to the requirements for its installation and location and its connection to and relationship with any other equipment, systems or utilities within the Plant that are to be connected to or used with the Modified Equipment, in sufficient detail to allow those persons or entities responsible to construct the Plant to do so in a manner that properly accommodates the location and installation of the Modified Equipment. In this regard, the Seller and the Buyer acknowledge that if the rough-in locations are

commenced or set without proper coordination by the Seller, or the Installation Contractor, and the Buyer, these locations may not be adequate or appropriate to fit the installation of the Modified Equipment pursuant to this Agreement and may result in additional costs and/or time should they need to be changed. Upon the Buyer completing a sufficient portion of the Renovations, including obtaining all required permits (including, without limitation, construction, environmental and operating permits), so that the Seller can proceed, without hindrance; interference, obstruction or delay, with the Installation Work, as defined in Section 7.2(a), the Buyer shall notify the Seller in writing to proceed with the Installation Work (the "Notice to Proceed"). The Buyer shall devote all reasonable commercial efforts to enable the Buyer properly to provide the Notice to Proceed as soon as reasonably possible.

(c) Based on the criteria set forth in Schedule 3.6 and the Rough-In Plan, the Buyer will develop, or cause to be developed, construction plans to be used in connection with the Renovations. Prior to commencement of the Renovations, the Seller shall review and approve in writing the scope and adequacy of the Buyer's construction plans, including, but not limited to, the accuracy of the construction plans with respect to the Rough-In Plan. For the avoidance of doubt, c(i) the Seller shall not be required to provide written approval of the scope and adequacy of the Buyer's construction plans until the Seller is reasonably satisfied with the construction plans and (ii) the Buyer shall not be obligated to commence the Renovations until the Seller has provided its written approval of the scope and adequacy of the construction plans; provided, however, that in the event that the approval process of the construction plans delays the commencement of the Renovations to the extent that the Buyer is reasonably unable to complete the Renovations in accordance with Section 7.1(b), the parties agree that the deadlines set forth in this Section 7.1 and in Section 7.2 shall be equitably extended.

(d) In the event that additional renovations, repairs, upgrades or other changes to the coating line, coating removal station or powder room within the Plant, which were not included in the construction plans approved by the Seller prior to the Renovations, are required following the completion of the Renovations in order for the Modified Equipment to be capable of coating 8" through 42" x .625 pipe in maximum 65' lengths under normal operating conditions equal to or greater than the quality set forth in the Specifications, if the procedures and specifications in the Specifications are followed in all material respects ("Additional Renovations"), the Seller, subject to the proviso below, shall be solely responsible for the procurement, costs and expenses of such Additional Renovations provided, however, that the Buyer shall be solely responsible for any additional costs attributable to latent conditions as of the time that the Buyer's construction plans are provided to the Seller, including without limitation application of the Rough-In Plan provided by the Seller. Under no circumstances shall the Seller have any responsibility or liability for the overall condition or suitability of the Plant and the Seller's sole responsibility, to the limited extent set forth herein, shall relate to the coating line, coating removal station or powder room within the Plant being adequate for the installation and operation of the Modified Equipment.

## 7.2 Installation of and Modifications to the Equipment.

(a) The Seller shall be solely responsible for the installation of the Equipment in the coating line, coating removal station and powder room within the Plant, the completion of the Modifications, obtaining all permits required for the Installation Work, if any, and all costs and expenses attributable thereto (the "Installation Work"); provided, however, that the Buyer shall be responsible, at the Buyer's expense, for obtaining all permits required for the Renovations or the operation of the Plant. The Seller shall be entitled to use such contractors as the Seller reasonably deems suitable (the "Installation Contractor") and the Seller undertakes to enter into an agreement with such Installation Contractor in connection with the Installation Work to ensure that, on the Completion Date, the Modified Equipment is free and clear of all Liens.

(b) The Seller shall, or shall cause the Installation Contractor to, keep the Plant free from accumulation of waste materials or rubbish caused by the Seller's or the Installation Contractor's operations. At the completion of the Installation Work, the Seller shall, or shall cause the Installation Contractor to, remove all such waste materials and rubbish from and about the Plant as well as all of their respective tools, installation, construction equipment, machinery and surplus materials brought to the Plant by the Seller or the Installation Contractor. The Seller shall, or shall cause the Installation Contractor to, keep the Plant free of improperly stored or unattended combustible materials attributable to the Seller or the Installation Contractor's operations. If the Seller, or the Installation Contractor, fails to clean up its own work and work areas at the completion of the Installation Work, the Buyer may do so and the Seller shall be liable for the Buyer's reasonable out-of-pocket costs incurred in doing so. The Seller shall have no responsibility for waste, rubbish or other materials associated with the Renovations or any activities of the Buyer or the Buyer's representatives.

(c) The Buyer agrees to cooperate with the Seller and Installation Contractor in connection with the Installation Work and shall provide Seller with all required and appropriate reasonable access to the Plant and related real estate for the purpose of accomplishing the Installation Work. The Buyer shall not permit its employees or any third parties to interfere with the Installation Work of the Seller and/or the Installation Contractor; provided, however, that, insofar as it does not interfere with the work of the Seller or the Installation Contractor, the Buyer's plant manager and other designees shall be permitted to observe the Installation Work, discuss the Installation Work with the Seller and/or the Installation Contractor, and take other reasonable steps necessary to understand the Installation Work and its relationship to the New Coating Business. In addition, during the Installation Work, the Seller agrees to provide the Buyer with weekly updates about the Installation Work via reasonable means of communication such as written reports, telephone conferences and/or meetings. Notwithstanding anything to the contrary contained in this Section 7.2(c), the Parties understand and agree that the Renovations, or a portion thereof, may occur simultaneously with the Installation Work and the Seller and the Buyer shall be jointly responsible for coordinating their activities so as to avoid any delay or interference with the Installation Work, it being agreed that, in the event of conflict, the Buyer will be obliged to perform its work in a manner which will not impede or render more costly the Seller's performance of the Installation Work.

(d) After the substantial completion of the Installation Work, the Seller shall provide written notice to the Buyer that such obligations have been substantially fulfilled (the "Completion Notice"). Within 7 days of receipt of the Completion Notice, the Buyer and/or the Buyer's designee shall inspect the Installation Work. The Installation Work shall be deemed to be complete when ITI, or if it is not available, Hardy & Neil or, if it is not available, Dale Temple Associates, confirms that the Modified Equipment has coated (to a 14 mils minimum thickness using new 3M6233 coating and 30 mils minimum thickness using ARO Coating #3M6352) 500 feet of steel pipe (42" x .625") in 40' maximum lengths and 500 feet of steel pipe (12" x .250") in 65' maximum lengths in accordance with the Specifications and produces positive results in a 48-hour CDT test (the "Completion Date"). The Buyer shall be responsible for providing all permits, personnel, pipe, material and supplies needed to conduct the tests. The Buyer shall be obliged to ensure that such inspection(s) occur as soon as possible following receipt of the Completion Notice. The Seller shall have the option to provide selected personnel and to operate the Modified Equipment during any such test(s). The review, inspection or acceptance of the Installation Work by the Buyer or the Buyer's designee is intended only to determine whether, at the time of such inspection, review or acceptance, the performance of the Modified Equipment complies with the Specifications. No such review, inspection or acceptance, and no failure by the Buyer or the Buyer's designee to observe, discover or otherwise notice any defect or deficiency in the Modified Equipment, shall affect, diminish or relieve the Seller of its responsibilities to the Buyer under this Agreement.

(e) Notwithstanding anything to the contrary contained in Section 7.2(d), if the Completion Date does not otherwise occur or is delayed principally because of the Buyer's failure to discharge any of its obligations under this Agreement, unless otherwise agreed in writing by both Parties, the Final Payment shall become due and payable on the 180th, day after Closing; provided, however, the Seller shall remain obligated to complete the Installation Work in good faith. The Completion Date shall be equitably extended upon the occurrence of any act of God, or other event beyond the reasonable and direct control of the Seller or the Buyer, including, without limitation, any delay by the designated inspector in confirming that the Modified Equipment meets the Specifications.

(f) All guarantees or warranties of equipment or materials furnished to the Seller or the Installation Contractor by any manufacturer or supplier of any components, parts, equipment or other items that are part of or incorporated into the Installation Work shall be deemed to run to the benefit of, and are, to the extent assignable, hereby assigned to, the Buyer.

### 7.3 Consulting Services.

(a) The Seller shall make available to the Buyer for 180 days after the Completion Date (i) up to 160 hours of consulting advice from the Installation Contractor (or a reasonable substitute); (ii) subject to his or her availability as reasonably determined by the Seller, up to 80 hours of consulting advice from the plant manager of the Seller's Birmingham, Alabama, facility (or a reasonable substitute); and (iii) up to 25 sales calls to current or prospective customers in conjunction with the Plant Approval Process (as defined below) (the "Consulting Services"). The Parties agree that work at the Seller's

Birmingham, Alabama, plant shall have reasonable priority over the Buyer's requests for Consulting Services. The Seller, however, agrees that any work to be performed by the Seller or the Installation Contractor pursuant to Section 6.6 of this Agreement, or otherwise required to correct any failure of the Modified Equipment to conform to the requirements of this Agreement or to correct any breach of this Agreement by the Seller or the Installation Contractor, shall not be credited towards the maximum hours of Consulting Services set forth in this Section 7.3(a). In connection with such Consulting Services under this Section 7.3(a), the parties shall follow the notification and response procedures set forth on Schedule 7.3 hereto.

(b) The Consulting Services shall be designed to, among other things, (i) provide the Buyer with policies, procedures (including but not limited to proper maintenance procedures) and quality control manuals that are similar to those currently utilized by the Seller at its Birmingham, Alabama, Coating Business; (ii) assist the Buyer with hiring and training a quality control manager and plant manager for the Plant; (iii) assist the Buyer in connection with general operating issues relating to the Plant and the New Coating Business, including, but not limited to, the development of appropriate production control and accounting systems; and (iv) assist the Buyer with obtaining all necessary approvals, permits, qualifications and certifications, including without limitation those approvals, permits, qualifications and certifications set forth on Schedule 3.8, from its major customers (the "Plant Approval Process") and as required by Law or any Government

(c) The Consulting Services shall be provided without charge to the Buyer; provided that the Buyer shall reimburse the Seller, or the Seller's designee, for reasonable out-of-pocket expenses for travel, meals, and lodging in connection with the Consulting Services.

(d) Following the earlier of (1) the Seller's provision of the maximum hours of Consulting Services, as set forth in Section 7.3(a), and (ii) the expiration of 180 days from the Completion Date, the Seller agrees, to provide to the Buyer upon request additional consulting services as the kind set forth in this Section 7.3 (the "Additional Consulting Services") in accordance with the notification and response procedures set forth on Schedule 7.3. The Additional Consulting Services shall be provided at the rate of \$200 per hour, plus reasonable out-of-pocket expenses for travel, meals and lodging. In no event shall the Seller be required to provide the Buyer with Additional Consulting Services after the expiration of one year from the Completion Date.

(e) No warranty or guaranty whatsoever is made as to the adequacy of the consulting services to be provided herein and no warranty whatsoever is made that such consulting services will, to any extent, enable the Buyer to successfully operate the New Coating Business provided that the Seller shall devote reasonable efforts to cause such Consulting Services to be provided in reasonably competent manner, it being understood that the individual(s) providing Consulting Services are not professional consultants and are not to be held to the standards of professional consultants.

(f) The Buyer agrees that it will not enter into any negotiations with the Installation Contractor or hire or offer to hire the Installation Contractor until the Consulting Services are no longer available under Section 7.3(a)(i); provided, however, that

the restriction set forth in this Section 7.3(f) shall not apply to any engagement of the Installation Contractor by the Buyer for services to expand or modify the Installation Work.

(g) Following the fulfillment of the Seller's obligations under Section 7.3(a)(i), the Seller agrees that it will not take any steps to restrict, hinder, delay, prohibit or otherwise interfere with the ability of the Buyer to independently approach, engage or consult with the Installation Contractor.

(h) As a separate and independent limitation on Seller's liability with respect to any Consulting Services, Seller shall have no liability whatsoever in any manner related to Consulting Services or Additional Consulting Services for Losses, except to the extent in excess of \$10,000 in the aggregate and below \$50,000 in the aggregate.

#### ARTICLE VIII CONDITIONS PRECEDENT TO OBLIGATIONS OF THE SELLER

The obligation of the Seller to proceed with the Closing shall be subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions precedent, any of which may be waived in whole or in part by the Seller:

8.1 Accuracy of Representations and Warranties and Performance of Obligations. All representations and warranties made by the Buyer in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if such representations and warranties had been made on and as of the Closing Date, except to the extent that any such representation or warranty by its terms related to an earlier date; and except to the extent of any change permitted by the terms of this Agreement or consented to by the Seller, and the Buyer shall have performed or complied in all material respects with all covenants, agreements and conditions contained in this Agreement on its part required to be performed or complied with at or prior to the Closing. The Buyer shall deliver to the Seller at the Closing a certificate of an officer of the Buyer that the conditions stated in this Section 8.1 have been fulfilled, which shall be deemed to be a representation and warranty under Article IV of this Agreement.

8.2 No Litigation or Contrary Judgment. On the Closing Date there shall exist no pending action, suit or proceeding, before any court or governmental agency or before any arbitrator which would prohibit the consummation of any of the transactions contemplated by this Agreement.

8.3 Consent The Seller shall have received all necessary approvals, consents, or waivers, as applicable, from third parties and governmental authorities.

8.4 Acquisition of Property. LaBarge Realty, LLC shall have acquired the property located at 400 South Sheldon Road, Channel View, Texas.



ARTICLE IX  
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE BUYER

The obligation of the Buyer to proceed with the Closing shall be subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions precedent, any of which may be waived in whole or in part by the Buyer:

9.1 Accuracy of Representations and Warranties and Performance of Obligations. All representations and warranties made by the Seller in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if such representations and warranties had been made on and as of the Closing Date, except to the extent that any such representation or warranty by its terms related to an earlier date, and except to the extent of any change permitted by the terms of this Agreement or consented to by the Buyer, and the Seller shall have performed or compiled in all material respects with all covenants, agreements and conditions contained in this Agreement on its part required to be performed or complied with at or prior to the Closing. The Seller shall deliver to the Buyer at the Closing a certificate of an officer of the Seller that the conditions stated in this Section 9.1 have been fulfilled, which shall be deemed to be a representation and warranty under Article III of this Agreement.

9.2 No Litigation or Contrary Judgment. On the Closing Date there shall exist no pending action, suit or proceeding, before any court or governmental agency or before any arbitrator which would prohibit the consummation of any of the transactions contemplated by this Agreement.

9.3 Seller Consents. The Seller shall certify in writing that it has obtained all necessary third party consents to the transactions contemplated herein.

9.4 Guaranty Consents. LaBarge Pipe & Steel Company shall have received all necessary approvals, consents, or waivers, as applicable, from U.S. Bank, N.A.

9.5 Acquisition of Property. LaBarge Realty, LLC shall have acquired the property located at 400 South Sheldon Road, Channel View, Texas.

9.6 Third Party Financing. The Buyer shall have obtained the necessary third party financing to complete the transactions contemplated by this Agreement.

ARTICLE X  
INDEMNIFICATION

10.1 Indemnification of the Buyer. The Seller shall release and hold the Buyer and its Affiliates and the directors, officers, employees, agents, consultants, successors and assigns of each of them in their capacities as such (the "Buyer Indemnified Persons"), harmless and indemnify each of them from and against any and all claims, losses, damages, liabilities, expenses or costs, subject to the limitations set forth elsewhere in this Agreement, ("Losses"), plus reasonable attorneys' fees and expenses incurred in connection with Losses and/or enforcement of this Agreement (together with the Losses, "Indemnified Losses") actually incurred by any of them to the extent resulting from or arising from:

(a) The breach of any agreement, covenant, representation, warranty, or other obligation of the Seller made or incurred under or pursuant to this Agreement or any document delivered pursuant hereto;

(b) Liability of the Seller for, subject to Section 6.2, its own Taxes or its Liability, if any, for Taxes of others (for example, by reason of successor or transferee liability or application of Treas. Reg. Section 1.1502-6), including, but not limited to, the Seller's shareholders or any Affiliate of the shareholders, any transfer tax obligations of the Buyer arising in connection with this Agreement or damage or Indemnified Losses payable with respect to Taxes claimed or assessed against the Seller for any taxable period ending on or before the Closing Date or as a result of this transaction;

(c) Any Liability, claim or obligation of the Seller, including, without limitation, any Liability, claim or obligation for, or arising out of events, circumstances or occurrences occurring, or the operations of the Seller or the use of the Equipment, on or prior to the Closing Date; and

(d) Any Liability, claim or obligation incurred by the Buyer under Environmental Laws, including without limitation the Comprehensive Environmental Response Compensation and Liability Act, in connection with any Release of Hazardous Materials which originated from or in connection with the Seller's use or ownership of the Equipment prior to the Closing Date.

(e) Notwithstanding any provision herein to the contrary, the Seller shall have no liability whatsoever for any Losses except to the extent in excess of \$25,000 in the aggregate and below \$2,350,000 in the aggregate; provided, however, that these limitations on the Seller's liability shall not extend to liabilities retained by the Seller pursuant to Section 2.1(b) of this Agreement or any liabilities of the Seller pursuant to Section 10.1(d). The Seller may, at its option, permit the Buyer to offset any liability which the Seller may have hereunder against any portion of the outstanding Consideration. Except with respect to (x) liabilities retained by the Seller pursuant to Section 2.1(b) and (ii) any claim for indemnification by any Buyer Indemnified Person pursuant to Section 10.1(d), the Seller's liability under this Agreement shall terminate on the 3rd anniversary date of the Completion Date with respect to any claim for Losses not previously filed in a court of competent jurisdiction.

10.2 Indemnification of the Seller. The Buyer shall hold the Seller and its Affiliates and the directors, officers, employees, agents, consultants, successors and assigns of each of them in their capacities as such (the "Seller Indemnified Persons") harmless and indemnify each of them from and against any and all Indemnified Losses actually incurred, to the extent resulting from or arising out of:

(a) The breach of any agreement, covenant, representation, warranty, or other obligation of the Buyer made or incurred under or pursuant to this Agreement or any document delivered pursuant hereto; and

(b) The ownership or use of the Equipment after the Closing Date, except for Indemnified Losses for which Seller is obligated to indemnify the Buyer Indemnified Parties in accordance with Section 10.1 herein.

(c) Notwithstanding any provision herein to the contrary, except with respect to any claim for indemnification by a Seller Indemnified Person pursuant to Section 10.2(b), the Buyer's liability under this Agreement shall terminate on the 3rd anniversary date of the Completion Date with respect to any claim for Losses not previously filed in a court of competent jurisdiction.

ARTICLE XI  
MISCELLANEOUS PROVISIONS

11.1 Notice. All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and made upon being delivered by courier delivery to the Party for whom it is intended, or by depositing same postage prepaid, certified or registered mail, return receipt requested, in the United States mail, bearing the address shown in this Section 11.1 for, or such other address as may be designated in writing hereafter by, such Party:

If to the Buyer:

LaBarge Coating LLC  
500 North Broadway, Suite 1600  
St. Louis, Missouri 63102  
Telephone: (314) 231-3400  
Telecopier: (314) 982-9355  
Attention: Pierre L. LaBarge III

With copies to:

Bryan Cave LLP  
One Metropolitan Square  
211 North Broadway, Suite 3600  
St. Louis, Missouri 63102  
Telephone: (314) 259-2450  
Telecopier: (314) 259-2020  
Attention: William F. Seabaugh

If to the Seller:

L. B. Foster Company  
415 Holiday Drive  
Pittsburgh, Pennsylvania 15220  
Telephone: (412) 928-3403  
Telecopier: (412) 928-7891  
Attention: President

With copies to:

L. B. Foster Company  
415 Holiday Drive  
Pittsburgh, Pennsylvania 15220  
Telephone: (412) 928-3431  
Telecopier: (412) 928-7891  
Attention: General Counsel

11.2 Entire Agreement. This Agreement, the Exhibits and Schedules attached hereto and the other agreements related hereto embody the entire agreement and understanding of the parties hereto with respect to the subject matter hereof, and supersede all prior and contemporaneous agreements and understandings between the parties with respect to such subject matter.

11.3 Assignment: Binding Agreement. This Agreement and various rights and obligations arising hereunder shall inure to the benefit of and be binding upon the parties hereto and their successors, and permitted assigns. Neither this Agreement nor any of the rights, interests, or obligations hereunder shall be transferred, delegated, or assigned (by operation of law or otherwise) by the Parties hereto without the prior written consent of the other Parties (which consent shall not be unreasonably withheld).

11.4 Counterparts. This Agreement may be executed simultaneously in multiple counterparts, and in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

11.5 Headings: Interpretation. The article and section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of the Agreement. Each reference in this Agreement to an Article, Section or Schedule, unless otherwise indicated, shall mean an Article or a Section of this Agreement or a Schedule attached to this Agreement, respectively. References herein to "days", unless otherwise indicated, are to consecutive calendar days. All Parties have participated substantially in the negotiation and drafting of this Agreement and agree that no ambiguity herein should be construed against the draftsman.

11.6 Remedies Cumulative. Except as otherwise provided herein, all rights and remedies of the Parties under this Agreement are cumulative and without prejudice to any other rights or remedies under Law.

11.7 Governing Law. This Agreement shall in all respects be construed in accordance with and governed by the substantive laws of the State of Texas, without reference to its choice of law rules.

11.8 No Third Party Beneficiaries or Other Rights. Nothing herein shall grant or create in any person not a party hereto, or any such person's dependents or heirs, any right to any benefits hereunder, and no such party shall be entitled to sue any party to this Agreement with respect thereto. The representations and warranties contained in this

Agreement are made for purposes of this Agreement only and shall not be construed to confer any additional rights on the Parties.

11.9 Expenses. Except as otherwise provided in this Agreement, each party to this Agreement will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement and the transactions contemplated herein.

11.10 Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative action, such holding or action shall be strictly construed and shall not affect the validity or effect of any other provision of this Agreement, as long as the remaining provisions, taken together, are sufficient to carry out the overall intentions of the parties hereto as evidenced hereby.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, each of the Parties hereto has caused this Agreement to be executed as of the date first above written.

"BUYER"  
LABARGE COATING LLC  
by LaBarge C&R, LLC, Sole Member

By:  
-----  
Name: Pierre L. LaBarge III  
Title: Sole Member

"SELLER"  
L. B. FOSTER COMPANY

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

LABARGE PIPE & STEEL COMPANY,  
with respect to Article IV only

By:  
-----  
Name: Pierre L. LaBarge III  
Title: President

LaBarge Realty, LLC,  
with respect to Section 4.1(f) only  
by LaBarge C&R, LLC, Sole Member

By:  
-----  
Name: Pierre L. LaBarge III  
Title: Sole Member

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Title: Sole Member

"SELLER"  
L. B. FOSTER COMPANY

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Name:  
Title:

LABARGE PIPE & STEEL COMPANY,  
with respect to Article IV only

By:/s/Pierre L. LaBarge III  
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Name: Pierre L. LaBarge III  
Title: President

LaBarge Realty, LLC,  
with respect to Section 4.1 (f) only  
by LaBarge C&R, LLC, Sole Member

By:/s/Pierre L. LaBarge III  
-----  
Name: Pierre L. LaBarge III  
Title: Sole Member

SCHEDULE 1.1(a)  
EQUIPMENT

1. Cleaning Line
  - A. Conveyor Line
    - I. (1-SET) 30" diameter conveyor stands with (2) wheels each to accommodate the heating and cleaning of 65' pipe
    - II. (1-SET) DC motors with gearboxes for powering the aforementioned conveyor
    - III. (1) 145 KVA drive transformer
    - IV. (1) Master operator station enclosure and 2 slave station enclosures
    - V. (1) DC Control Panel
  - B. (1) Hoffman blower mounted on blow-out cart
  - C. Preheat furnace
    - I. (1) Furnace
    - II. (1) Gas train
    - III. (1) North American combustion air blower
    - IV. (4) North American burner blocks per furnace
  - D. (2) BCP cleaning machines (shot blast #1628, grit blast #1629), each with (2) 75HP, 3600RPM blast wheels, elevator, and separator
  - E. (1) Torit & Day dust collector
  - F. Exhaust fans
    - I. (2) Fans mounted in cages
    - II. (1) Hi-Lo fan control panel
  - G. Pipe racks - (4) at approximately 60' bare, (4) at approximately 48' bare
  - H. (4) Pneumatic pipe kick arms with pneumatic cylinders
  - I. (1) Pipe reject Endo line conveyor with hourglass rollers



SCHEDULE 1.1(a)  
EQUIPMENT

2. Coating Line

A. Conveyor Line

- I. (1) Seco DC control system
  - 1. (1 SET) 30" diameter conveyor stands with (2) wheels each to accommodate the heating and cleaning of 65' pipe
  - 2. (1 SET) DC motors with gearboxes for powering the aforementioned conveyor
  - 3. (1) 145 KVA drive transformer
  - 4. (1) DC control panel
  - 5. (1) Master operator station enclosure and (2) slave station enclosures

B. (1 SET) Pipe let-down arms with pneumatic cylinders

C. Acid-wash System

- I. (1) Metering pump
- II. (1) Gravity feed application system
- III. (1) High pressure rinse pump and transfer pump
- IV. (1) Rinse booth with casters
- V. (1) Acid application booth with casters
- VI. (2) 6500 gallon holding tanks

D. Furnaces with gas train & combustion air blower

- I. (1) Furnace control panel
- II. (3) Furnaces
- III. (1) Gas train
- IV. (1) North American combustion air blower
- V. (4) North American burner blocks per furnace

E. Powder conveying equipment

- I. (1) Sweco 48" vibro-energy separator
- II. (1) 1 Ton budget air hoist

SCHEDULE 1.1(a)  
EQUIPMENT

F. Primary powder application equipment

- I. (2) Nordson 10-gun rack cabinets with master control
- II. (1) Powder booth
- III. (20) HF-10 air-cooled powder guns
- IV. (20) Electrostatic cables
- V. (20) 36" Gun mounting bars
- VI. (20) Hi-flow powder pumps
- VII. (1) Fluid bed system with high-low indicators
- VIII. (1) Powder transfer hopper with powder pump and controls
- IX. (1) Nordson NFS-1000 flame detection system
- X. (1) CO2 fire extinguishing system--8 high pressure bottles
- XI. (1 Set) Tubing and fittings, 3/4" ID for Powder feed, 3/8" OD for flow & atomizing, 1/4" OD for cooling air

G. Secondary powder application equipment

- I. (1) Powder booth with dust collector

H. (1) Torit & Day dust collector with guillotine and rotary valves and disconnect

I. Pipe cooling system

- I. (1) Quench tank with conveyor tubs
- II. (1) Marley cooling tower
- III. (2) End-section pumps with motors
- IV. (2) NEMA 4 enclosures with controls for pumps
- V. (1 SET) Make-up controls for tank with probe holder and 5' probe
- VI. (1) 2" Motorized make-up valve
- VII. (1) Heating system for water tank

J. (1 SET) Pipe kick-arms with pneumatic cylinders

K. Pipe racks -- (4) at approximately 75' padded

L. (1) Pipe Stenciler with Adjustable Stand

M. (1) Holiday detector

SCHEDULE 1.1(a)  
EQUIPMENT

3. Auxiliary equipment

A. Plant air equipment

- I. (1) Air dryer
- II. (1) Main air receiver
- III. (1) Cleaning line air receiver
- IV. (1) LeRoi air compressor with electrical power panel

B. Electrical distribution

- I. (1) Electrical switch panel
- II. (1) Distribution panel
- III. (1) Distribution panel
- IV. (1) Electrical panel
- V. (1) Panel board
- VI. (1) Breaker panel

C. Lab Equipment

- I. (1) Roll-in band saw
- II. (1) Mandrel bender
- III. (1) Freezer
- IV. (1) Hot plate
- V. (1) Impact tester

D. Powder Room Air-conditioning Unit

E. Couplings:

- 16 ea 8"
- 60 ea 12"
- 10 ea 14"
- 40 ea 16"
- 17 ea 18"
- 15 ea 20"
- 9 ea 22"
- 10 ea 24"

SCHEDULE 1.1(b)  
MODIFICATIONS

- 1.) The following Modifications shall be made to the Equipment:
  - A.) Upgrade cleaning and coating lines;
    - A.) Drive system upgrade to 5 Hp;
    - B.) Operators control stations;
    - C.) Mechanical adjustment to accommodate 42" pipe.
  - B.) Retrofit four (4) furnaces for 8" through 42" pipe;
    - A.) Rebuild shell to accommodate 42" pipe;
    - B.) Doors;
    - C.) Insulation.
  - C.) Modify two cleaning machines;
    - A.) Rebuild shell to accommodate 42" pipe.
  - D.) Conveyor let-in & lift-out assemblies;
    - A.) Replace air cylinders;
    - B.) Replace controls.
  - E.) Coating removal station;
  - F.) Reject Endo line conveyor;
    - A.) Drive system upgrade to 1.5 Hp;
    - B.) Hour glass rollers;
    - C.) Mechanical adjustment.
  - G.) Acid rinse cabinet;
    - A.) Rebuild shell to accommodate 42" pipe.
  - H.) Modify quench;
    - A.) Rebuild structure to accommodate 42" pipe.
  - I.) Service dust collector;
    - A.) Replace filters;
    - B.) Supply required ductwork.
  - J.) Air dryer sensor;
    - A.) Replace sensor.
  - K.) (190) 18" Tire and rim assemblies.
  - L.) Update ARO recovery system and shroud.

ELECTRONIC FUNDS TRANSFER

PNC BANK N.A.  
MOORESTOWN, NJ

ABA: 0312 0760 7

L. B FOSTER COMPANY  
ACCOUNT #8019337179

WAIVER AND CONSENTS  
None

## LaBarge Pipe &amp; Steel Coating Specifications

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1. GENERAL
  2. DEFINITIONS
  3. QUALIFIED MATERIALS
  4. COATING QUALIFICATIONS
  5. PLANT REQUIREMENTS
  6. HANDLING AND STORAGE OF COATING MATERIAL
  7. UNLOADING, HANDLING MID STORAGE OF BARE PIPE
  8. SURFACE PREPARATION AND CLEANING
  9. COATING APPLICATION
  10. MULTI-POWDER COATINGS MID ABRASION RESISTANT OVERLAY (ARO)
  11. INSPECTION: PRODUCTION COATING
  12. QUALITY CONTROL; PRODUCTION RING TESTS
  13. TRACKING, STENCILING MID RECORD KEEPING
  14. REPAIRS TO COATING
  15. PADDING AND HANDLING OF COATED PIPE
  16. LOADOUT REQUIREMENTS

1. GENERAL

This specification covers the minimum requirements for materials, application and testing of plant-applied external fusion bonded epoxy (FBE), both single and multi-layer (abrasion-resistant overlay), pipe coating.

2. DEFINITIONS

- 2.1. "Company" End User

- 2.2 "Contractor" Coating Applicator

- 2.3 "Manufacturer" Pipe Manufacturer

- 2.4 "Coating Powder" The firm from which the Contractor obtains coating Manufacturer powder for application on Company's pipe.

- 2.5 "Purchase Order" The Purchase order to which this specification is made an attachment and to which this specification is incorporated by reference.

3. QUALIFIED MATERIALS

Powders listed have been tested and approved by the Contractor. Other powders will be added as they are tested and approved.

- 3.1 3M: Scotchkote 206N, Scotchkote 6233, Scotchkote 207R, Scotchkote 6352\*

- 3.2 Dupont: Nappard 7-2500, Nappard 7-2501, Nappard 7-2502, Nappard 7-2508, Nappard 7-2502 NS, Nappard 7-2610\*

- 3.3 Valspar: Pipeclad 2000, Pipeclad 2040\*

- 3.4 Jotun: EP-F1010, EP-F3002\*
- 3.5 BASF: PE 50-1080, PE 50--1081, PE 50\_1200\*
- \* ARO Powders

RETURN TO SECTIONS

4. COATING MATERIAL QUALIFICATIONS

- 4.1. Pull cure of coating shall be achievable at temperatures below 500i F.
- 4.2 Coating shall withstand 15 inch pounds of impact per NACE International RP0394, latest edition.
- 4.3 Coating shall withstand bending of 2.5 degrees per pipe diameter (Deg./PD) at 0o F.
- 4.4 Coating shall have sufficient weather resistance to withstand prolonged exposure to ultraviolet rays equivalent to 5 years of actual atmospheric exposure, in a high humidity, severely chloridic environment.
- 4.5 Coating shall not ignite, blister or burn back more than 2 inches when pipe is welded or cut with a cutting torch.
- 4.6 Coating shall not deform, deteriorate or disbond when exposed to soil stresses at temperatures up to 175o F.
- 4.7 Coating will be able to withstand continuous operating temperatures of 250i F without showing any signs of cold flow.

5. PLANT REQUIREMENTS

The following equipment requirements are prerequisites for application of coating; all plant equipment must be in good working condition.

- 5.1 Plant shall have a detailed standard coating procedure documented and available to Company.
- 5.2 Plant shall have an operational preheater to remove moisture prior to final blasting.
- 5.3 Plant shall have a mid-plant kick out system to divert rejected pipe or pipe requiring heavy grinding from the coating line.
- 5.4 Any air lines supplying air knives or lances which impinge air on the bare pipe shall use only dry air having a minimum dew point temperature reading of 20i F measured at the air dryer.
- 5.5 All runners and conveyors shall be kept in adequate condition to prevent contamination to pipe, or damage to pipe or coating.
- 5.6 The powder system shall have a source of clean and dry air. The dew point of the air in the fluidized bed and powder feed lines must be no higher than -20o F measured at the air dryer.



5.7 Fluidized beds will have magnets adequate to remove iron and steel contamination from virgin and recycled powder.

5.8 Powder system shall have an automatic fire shutdown system.

5.9 coating material shall be stored in a temperature controlled storage room.

5.10 All plants shall have a fully equipped laboratory consisting of the following test equipment for quality control:

- A. Power saw for cutting coated pipe test panels.
- B. Refrigeration equipment which can achieve -40o F.
- C. A strap bending apparatus of either the four point or mandrel type.
- D. Microscope of at least 40X power.
- E. Equipment for Cathodic Disbondment Testing in accordance with the applicable section(s) of NACE International RP0394, latest edition.
- F. Measuring equipment for coating thickness, pipe temperature, and anchor pattern profile.
- G. Ultrasonic thickness gauge, with steel calibration block approximating the thickness of pipe to be coated.
- H. General purpose water bath
- I. Convection oven
- J. Electrostatic spray equipment
- K. Blast cabinet for preparation of lab panels
- L.
- M.

RETURN TO SECTIONS

#### 6. HANDLING AND STORAGE OF COATING MATERIAL

6.1 All powders are ordered certified to CAN/CSA Z245.20-98.

6.2 Gel tests are performed on all batches of powder received per CM/CSA Z245.20-98.

6.3 Powder is stored in a climate controlled storage room per coating powder manufacturer's recommendations.

6.4 Powder is segregated and consumed on a first truckload in/first truckload out basis.

6.5 Batch traceability is achieved by the recording of batch numbers on the daily production tally sheets at the time batches are introduced into the coating system.

## 7. UNLOADING, HANDLING AND STORAGE OF BARE PIPE

7.1 Pipe shall be inspected upon arrival. When damaged pipe is found, trucks or rail cars are not to be unloaded until exception is noted on the bill of lading and/or the transporter's representative has inspected the load.

Damaged pipe found during unloading shall be segregated and the supplier of the pipe will be notified immediately for resolution.

7.2 Forklift or crab forks need not be padded for handling of bare pipe, but they must be free of burrs or projections that could gouge or scratch pipe, and free of oil, lacquer, etc. that could contaminate pipe surface.

7.3 Pipe will be stored on wood racks that are free of debris or projections (e.g., gravel, exposed nails) that could damage the pipe.

7.4 Stacking height of pipe 12" to 14" will be limited to eight (8) high. Pipe 16" to 18" will be limited to six (6) high. Pipe 20" will be limited to five (5) high. Pipe 22" to 24" will be limited to four (4) high. Pipe 30" to 36" will be stacked three (3) high and pipe 42" will be stacked two (2) high unless approved by owner.

## 8. SURFACE PREPARATION AND CLEANING

8.1 Oil or grease shall be removed by suitable non-oily solvent per SSPC SP-1. Pipe with lacquer will be heated and wire brushed cleaned prior to blasting.

8.2 All pipe shall be preheated before blasting.

8.3 Centrifugal blasting machines shall be used, one with steel shot and one with grit. Abrasive used shall provide a surface suitable for coating.

8.4 Pipe bevels and the I.D. will be protected from abrasive blast and impact damage at all times.

8.5 The surface to be coated shall be cleaned to a SSPC-SP-10 "Nearwhite" finish and the anchor pattern profile will be at least 2.0 mils and no more than 4.0 mils.

8.6 The surface shall be inspected immediately after blasting, and all slivers, scabs, and detrimental gouges made visible by cleaning shall be removed.

8.7 Any anchor pattern removed by excessive grinding shall be reblasted before coating. Excessive grinding is defined as either: 1) any continuous ground area of more than 0.5 sq. ft., or 2) a cumulative ground area of more than 2 sq. ft./length of pipe.

8.8 Pipe which has flash rusted or has not been coated within 4 hours after cleaning shall be completely reblasted before processing.

8.9 All blasting abrasive shall be removed from the pipe interior prior to coating

RETURN TO SECTIONS

## 9. COATING APPLICATION

9.1 Pipe that has been abrasive blast cleaned and inspected shall be heated to a temperature in accordance with coating powder manufacturer's data sheet.

9.2 The specified pipe temperature range shall be maintained as the pipe enters the FEE coating spray booth and shall be strictly monitored. The use of tempil sticks and/or pyrometers is satisfactory.

9.3 Fluid bed magnets shall be inspected and cleaned prior to startup.

9.4 Coating shall be applied to the specified thickness in one pass through the coating booth.

9.5 The finished coating shall have a cutback measured from the bevel shoulder of 1.5 to 3 inches. Cutbacks and bevels, as well as any internal surface within 0.5 inch of the land, shall be free of any coating.

## 10. MULTI-POWDER AND ABRASION RESISTANT OVERLAY (ARO)

10.1 The powders will be sprayed using two separate spray booths.

10.2 powder from the topcoat shall not be recycled into the base coat powder.

10.3 The ARO FBE topcoat shall be applied in accordance with the coating powder manufacturer's recommended procedure and prior to gelling of the FBE corrosion base coat.

10.4 The minimum coating thickness shall be specified by the Company. The respective thicknesses of the base coat and the top coat shall be measured with a Tooke gauge.

## 11. INSPECTION: PRODUCTION COATING

11.1 It is the responsibility of Quality Control to advise the Plant Manager, Assistant Plant Manager, or Corporate Quality Manager when conditions exist which adversely affect the quality of the external coating operation with respect to cleaning, application or material performance. Corrective measures are to begin immediately.

11.2 The following requirements for testing externally coated pipe will be strictly observed.

A. Coating thickness checks shall be made at 200o F or below with a dry film thickness gauge, which has been calibrated previously using a National Institute of Standard and Technology (N.I.S.T.) nonmagnetic coating standard with a thickness within 20% of the specified coating thickness. A minimum of five coating thickness measurements shall be taken on each length of pipe.

B. Any length of pipe having less than the specified minimum thickness shall be completely recleaned to the originally specified surface, and recoated.

11.4 Holiday Detection:

- A. Jeeping (holiday detection) shall be done inline or manually.
- B. Jeoper shall contact all coated pipe surface, including the weld toe area.
- C. The holiday detector shall be operated at a minimum of 125 volts per mil of coating.
- D. The maximum allowable holiday density on any length of pipe having a diameter equal to or greater than 10.75 inches is one holiday per 25 sq. ft. of pipe surface.
- B. For pipe having a diameter of less than 10.75 inches, the maximum allowable holiday frequency is one per 10 feet of pipe.
- F. Cured coating shall be of uniform color, gloss, and thickness and shall be free of blisters, pinholes, craters, fish eyes, sags, or other detrimental irregularities.

#### RETURN TO SECTIONS

#### 12. QUALITY CONTROL: PRODUCTION RING TESTS

All testing performed by Contractor shall be started within 24 hours after the start of production, unless an agreement is made between Contractor and Company or Company's representative prior to beginning production.

The following destructive tests will be performed on one pipe from each lot of coated pipe of the same diameter and wall thickness. Failure of any test constitutes rejection of all coating applied after the last test pipe with acceptable results, and before the next test pipe with acceptable results. Lot narrowing will be used to identify unacceptable product.

Ring samples cut from test pipe shall be approximately 18 inches long. After samples are cut from the ring, the date of coating applications will be marked on the unused portion of the ring sample.

12.1 Bend Tests shall be performed on duplicate longitudinal straps at 0o F. Either the mandrel method or the four-point bend method shall be used. Bends shall be examined under microscope at a minimum of 40X. Any tear or crack in the coating constitutes a failure, unless located within 0.1 inch from the edge of the strap.

A. Mandrel bend tests shall be performed with an acceptance criteria of 2.5o/PD total deflection at 0o F.

B. Coating shall withstand a permanent strain of 1.5o/PD, as determined by measurement of strap curvature after bending by matching to drawn arcs of known radii, as established in NACE RP0394 latest edition.

NOTE: Bend tests are not applicable to ARO coated samples.

12.2 Cathodic Disbondment Tests shall be performed on a 4 inch square test panel for 24 hours, with 3 1/2 volts at 150o F (electrolyte temperature) using 3% salt solution. The time, voltage and temperature shall be checked and recorded. Coating shall not disbond more than 8 mm in radius front an initial 3 mm diameter

holiday.

12.3 Contamination And Porosity Tests. Coating chips shall be removed by bending a strap from each ring at low temperature, and examined with a 40X microscope. The coating chips are subject to the following acceptance criteria.

A. Contamination on the underside of coating chips shall not exceed 30% of the surface area.

B. The outermost 40% of the coating thickness shall be essentially free of porosity, excluding isolated pores. Alternatively, porosity distribution shall have a void rating of 3 or less, as determined per NACE RP0394 latest edition.

Foam bond, or cellular porosity will not be tolerated. "Foam bond" is a condition resembling soap bubbles on the steel surface, where only thin membranes of coating separate the pores. Generally, such a condition will permit easy gouging and stripping of the coating with a simple knife test.

12.4 Moisture Permeation Tests shall be performed by immersion of a 4-square inch sample at 150i F in tap water for twenty-four (24) hours. The coating shall then be physically examined by scribing a rectangle with a knife through the coating to the pipe substrate. Coating within scribed area shall be rated a 3 or less as per NACE RP0394 latest edition.

Evaluation shall be made in terms of the following rankings:

Rating 1: Coating cannot be removed cleanly.

Rating 2: Less than 50% of the coating can be removed.

Rating 3: 50% or more the coating can be removed, but the coating demonstrates a definite resistance to the levering action.

Rating 4: The coating can be easily removed in strips or large chips.

Rating 5: The coating can be complete removed as a single piece.

The results from the permeation test should be a 3 or less.

### 13. TRACKING, STENCILING AND RECORD KEEPING

13.3. All internal manufacturer's stencils shall be maintained, including length and joint/heat identification. Where such stencils are defaced by blasting operations or couplings, appropriate record keeping shall be maintained to assure that stencil information is correctly replaced.

13.2 After coating, unless otherwise requested by Company, marking per API requirements including the following information shall be marked on each pipe:

- A. Purchase Order number, if requested
- B. Pipe size and grade
- C. Date coated
- D. Coating sequence number
- E. Applicator
- F. Coating manufacturer
- G. Company name, if required

13.3 Contractor will provide the Company's representative daily production tallies which contain the following information;

- A. Date and coating sequence number

- B. Manufacturer's joint/heat number (required only for X-grade pipe of diameter 10.75 inches or larger)
- C. Joint length
- D. Coating thickness
- E. Jeep Count
- F. Disposition [accepted, rejected for stripping and recoating, or temporarily rejected (e.g., diverted for cut-off, rebeveling, coating repairs that cannot be made at time of final inspection, etc.)].

13.4 Pipe that is temporarily rejected shall be shown on a non-prime report. The repairs will be approved by Quality Control.

#### 14. REPAIRS TO COATING

##### 14.1 FBE SINGLE LAYER REPAIRS

- A. All defects disclosed by the holiday detector and defects resulting from mechanical damage to the coated surface shall be repaired.
- B. Damaged coating areas and holidays shall be cleaned by removing rust, scale, loose coating, dirt, or other foreign materials. The area immediately surrounding the repair shall also be suitably roughened, feathered and cleaned for proper adhesion of repair materials.

##### B.1 Small Defects and Pinholes

Repairs less than 1 sq. in. will be repaired with a patch stick. The patch-stick material shall be applied in accordance with the coating powder manufacturer's recommended procedure.

##### B.2 Large Area Defects

The maximum total surface area of exposed steel that may be repaired by patching is 2 sq. ft. (cumulative area per double random length), or a maximum of .25% of the cumulative surface area per joint. Additionally, no single repair may exceed 10 inches in length or a total of 36 sq. in. Patching in excess of these limits is permissible only with the specific acceptance of the Company.

Coating powder manufacturer's recommended 100% solid, catalytically-cured, two part liquid epoxy shall be used for patching holidays and damaged coating.

Patch areas shall overlap the surrounding undamaged coating by a minimum of 0.5 inch.

##### 14.2 ARO REPAIRS

- A. Defective and damaged coating shall be suitably roughened and patched area shall overlap the surrounding undamaged coating by      inch.
- B. Contractor shall apply Coating powder manufacturer's recommended repair material per the Coating powder manufacturer's recommended procedures.
- C. All repairs are inspected with a portable holiday detector.
- D. Repair of other multilayer coatings shall be in accordance with the coating

Coating Powder Manufacturer's recommended procedures.

15. PADDING AND HANDLING OF COATED PIPE

15.1. Separators

Before handling, protective separators shall be attached to each joint. Separators shall be of the loop type or other Company approved material. 15.2 Acceptable Separators

The following types of separators are permitted. Separators are subject to the approval of the Company

- A. Rope, polypropylene, tight weave, 3/8 inch diameter
- B. Rope, polypropylene, tight weave, 1/2 inch diameter
- C. Rope, polypropylene, tight weave, 5/8 inch diameter
- D. Rope, polypropylene, tight weave, 3/4 inch diameter
- e. Rope, polypropylene, tight weave, 1 inch diameter

15.3 Number of Separators

There shall be one separator for each increment of pipe length (or fraction thereof), as given in the following table. In no case shall any length of pipe have fewer than 3 separators. Coated pipe destined for barge load out is subject to special requirements, dependent on loading arrangement.

Maximum Nominal Wt/Ft of Pipe	Separator Type	Maximum Incremental Length per foot per Separator
31 lb/ft to 70 lb/ft	B	8
	C	15
	D	15
71 lb/ft to 100 lb/ft	B	5
	C	10
	D	15
101 lb/ft to 150 lb/ft	C	7
	D	15
151 lb/ft to 200 lb/ft	D	7
	E	15
201 lb/ft to 250 lb/ft	E	15
251 lb/ft to 300 lb/ft	E	11

15.4 Separators shall be evenly spaced along the pipe and shall be applied to pipe before interim storage and load-out. Outermost separators shall be within 2 feet of pipe ends.

15.5 Pipe shall be handled, loaded and stacked in a manner to prevent damage to pipe wall, beveled ends, and both internal and external coating.

15.6 Coated pipe shall be stored on solid wood timbers. Timbers shall be free of

any gravel, nails, grit, or other material which could damage the pipe or coating.

15.7 Padding of equipment forks used in handling coated pipe shall be dense rubber or polyurethane padding at least 3/16 inch thick.

#### 16. LOAD-OUT REQUIREMENTS

No product shall be dispatched until the Company specified requirements and quality system requirements have been completed, and the associated data and documentation are available and authorized. When Company specified requirements allow for release of product prior to test completion, allowance shall be made for recall in the event of nonconformance.

16.1 Each pipe shall have the required number of separators as specified in Section 15.

16.2 Dunnage shall be made from hardwood. Nails in the pipe contact area shall be countersunk a minimum of 1/6 inch. Nails that are located well away from a pipe contact area (such as the backside of an end chock) are not required to be countersunk.

16.3 Taping of end separators to pipe shall be the method used to avoid loss of separators in transit.

16.4 Loading equipment forks shall be equipped with dense rubber or polyurethane padding.

16.5 Product released prior to completion of laboratory testing shall have a means of positive recall in the event of a test failure.



SCHEDULE 3.6  
PLANT CRITERIA

1. Building

A.) The building shall meet the following requirements:

- I.) Leak free roof;
- II.) Adequate insulation to prevent condensation;
- III.) Empty of all equipment, obstructions and debris;
- IV.) Perimeter outside of the building clear of all equipment, obstructions and debris;
- V.) Fill all existing pits with engineered backfill material designed to provide the same floor strength as the surrounding area;
- VI.) One (1) Pipe Entry and One (1) Pipe Exit Door;
- VII.) Exit doorway for the hourglass reject conveyor;
- VIII.) Building must provide adequate protection from the elements and contamination including closing all wall penetrations with man doors, overhead doors or permanent walls;
- IX.) An adequate insulated and air-conditioned powder storage room with overhead door access for loading, unloading and storage of bulk powder, an air operated overhead lift system for bulk powder movement and loading into the powder pumping system (Please note: all equipment, electrical and lighting systems located in the powder room must be explosion proof.);
- X.) Adequate roof mounted ventilation and makeup air registers located to avoid contamination of cleaned and freshly coated pipe and turbulence in the coating application area;
- XI.) Roof penetrations, stack installation and support and flashings at the furnace stacks (Seller will provide the furnace stacks);

SCHEDULE 3.6  
PLANT CRITERIA

2. Electrical Power

A.) The electrical power supply shall be minimum 2,500 KVA at 480 Volts and includes the main breaker panel and 15 to 25 stub-ups generally as indicated on the Rough-In Plan.

3. Natural Gas

A.) The natural gas supply shall be 35 million BTUs generally as indicated on the Rough-In Plan and including but not limited to distribution to the preheat furnace and the three main pipe heating furnaces.

4. Concrete

A.) Concrete generally as indicated on the Rough-In-Plan including but not limited to:

I.) Building floor free of all obstructions and level throughout the inside of the building with adequate load bearing capacity to support the maintenance, material handling and storage requirements at the facility;

II.) Equipment installation pads located outside of the building for dust collectors, powder storage room air-conditioning equipment and quench water cooling equipment;

III.) Grade beams at the same elevation as the finished floor inside the building for inbound, outbound and reject pipe racks and conveyors;

IV.) Roadways designed for material handling equipment traffic at inbound, outbound and reject pipe racks and conveyors and all overhead doors;

5. Lighting and Miscellaneous Electrical

A.) To include adequate lighting and 120 Volt power throughout the building generally as indicated on the Rough-In Plan including but not limited to:

I.) Lighting throughout the inside of the building;

II.) Special lighting in inspection areas;

SCHEDULE 3.6  
PLANT CRITERIA

III.) Lighting around perimeter of the building and throughout the property as required to support any operations or maintenance outside the building during other than daylight hours;

IV.) Explosion proof lighting and electrical throughout the powder storage room;

V.) General wiring for 120V outlets throughout the building;

B.) The building electrical power distribution system shall include provisions for maintenance activities including but not limited to 480 Volt, 3 Phase outlets for welding machines and other electrical requirements

6. Other

A.) Deionized Water Supply

B.) Acid Neutralization System

C.) Pipe Couplings

D.) Permits

E.) Any changes to the Equipment or Modified Equipment required to meet environmental regulations and laws. Buyer and Seller shall reasonably cooperate with each other to achieve full compliance with such Laws as of the Completion Date in a reasonably cost-effective manner. Buyer and Seller each shall be responsible for 50% of the costs and expenses required to modify such Equipment or Modified Equipment, installed as of the Completion Date, to comply with such Laws as the Completion Date. Buyer shall reimburse Seller for such Buyer's costs and expenses within 30 days of Seller's invoice(s), which invoice(s) shall be accompanied by reasonable evidence of such costs and expenses.

F.) Water supply

G.) Stabilized yard for transporting and storage of pipe

H.) Office, administrative, lunchroom, shipping, receiving, laboratory, quality control, restroom and locker room facilities

I.) Lighting for security and nighttime operation if needed

J.) Facility security and access control

K.) Maintenance facilities for coating equipment and mobile equipment

L.) Spare parts

M.) Pipe handling equipment

N.) Access to rail service

SCHEDULE 3.6  
PLANT CRITERIA

- O.) Dunnage and storage timbers
- P.) Shipping supplies
- Q.) Telephone, radio and data communications systems and service
- R.) Facilities for third party or customer's inspectors
- S.) Quality management and control system
- T.) Parking facilities
- U.) Inventory management system
- V.) Storm water drainage and control
- W.) Yard maintenance
- X.) Environmental protection and compliance program
- Y.) Health and safety compliance program
- Z.) Plant and equipment maintenance management program
- AA.) Coating materials, abrasives, and coating consumables
- AB.) Management, administrative, supervisory, production and pipe handling personnel
- AC.) Training programs
- AD.) Sewer connection

Certain of the information contained in this Schedule 3.6 is not required for the Buyer to coat 8" through 42 "pipe in maximum 65' lengths under normal operating conditions. Such information has been included to inform Buyer of various attributes which may be beneficial for a coating building to possess, but the inclusion of any such items in no manner increases Seller's obligations or liabilities.

EQUIPMENT -  
EXCEPTIONS TO CONFORMITY TO LAW

None, except that certain Equipment or Modified Equipment may not conform to environmental laws or regulations applicable to Channelview, Harris County, Texas. Buyer and Seller each shall be responsible for 50% of costs and expenses required to modify such Equipment or Modified Equipment, installed as of the Completion Date, to comply with such Laws as of the Completion Date. Buyer and Seller shall reasonably cooperate with each other to achieve full compliance with such Laws in a reasonably cost-effective manner. Buyer shall reimburse Seller for Buyer's share of such costs and expenses within 30 days of Seller's invoice(s), which invoice(s) shall be accompanied by reasonable evidence of such

SCHEDULE 3.8  
BIRMINGHAM APPROVALS AND PERMITS

- A.) Air Permit Number 4-07-0328-9103  
Fusion Bonded Epoxy Powder Coating Booth with 10,000 SCFM Baghouse
- B.) AirPennitNuxnber4-07-0328-9101  
Wheelabrator Model A, 123405 Grit Blast Machine No. 1 with 20,000 SCFM Baghouse
- C.) Air Permit Number 4-07-0328-9102  
Wheelabrator Model A, 120951 Grit Blast Machine No. 2 with 20,000 SCFM Baghouse
- D.) Synthetic Miner Operating Permit Number 4-07-0328-03
- E.) National Pollutant Discharge Elimination System General Permit Number ALG  
120195
- F.) Letter dated January 30, 1997 from Jefferson County, Alabama  
authorizing discharge into the Jefferson County Sewer System.
- G.) Fire Prevention Bureau Permit Number 64
- H.) Certificate of Registration, Quality Management System Number FM 38820
- I.) City of Birmingham, Alabama Business License, Serial Number 017402
- J.) State of Alabama, Occupational License Number 010646

Schedule 7.1(b)

Rough-In Plan

(See attached.)

DIAGRAM: EQUIPMENT LAYOUT



DIAGRAM : ELECTRICAL, GAS, AND LIGHTING

DIAGRAM: BUILDING LAYOUT

DIAGRAM: CONCRETE LAYOUT

DIAGRAM: CENTER LINE DIMENSIONS

DIAGRAM: STUB-UP DIMENSIONS

Notification and Response Procedures

L.B. Foster Company will respond within 24 hours to requests for assistance Monday thru Friday, holidays excluded.

Manufacturing and Plant Assistance call order:

Contact	Office	Cell	E-Mail
Tim Chiasson	205-252-3490 x13	205-541-5167	TChiasson@lbfosterco.com
Jerry Holmes	205-252-3490 x15	205-516.6924	Jholmes@lbfosterco.com
Jack Shaw	205-252-3490 x17	205-515-8547	Jshaw@lbfosterco.com

Sales and Commercial Assistance call order:

Contact	Office	Cell	E-Mail
Gary Foerster	713-466-2743	713-825-0043	GFoerster@lbfosterco.com
Merry Brumbaugh	412-928-3444	412-818-5748	Mbrumbaugh@lbfosterco.com

LB Foster may, from time to time, modify this schedule due to changes in personnel, offices or other matters. L.B. Foster shall provide LaBarge with at least 7 (seven) days notice of any such modification.

GUARANTY AND  
SURETYSHIP AGREEMENT

IN CONSIDERATION of the deferred payment arrangement granted or to be granted by L.B. FOSTER COMPANY, a Pennsylvania corporation, (the "Lender") to LABARGE COATING, LLC, a Missouri limited liability company (the "Principal"), pursuant to that certain Equipment Purchase and Service Agreement dated as of July 31, 2003 and as the same may be from time to time amended (the "Agreement"), between the Lender and the Principal, the undersigned (i) unconditionally becomes surety to the Lender, its successors, endorsees and assigns, for the payment when due (by acceleration or otherwise) of all liabilities now or hereafter arising under the Agreement (primary, secondary, direct, contingent, sole, joint and/or several) of the Principal to the Lender, including all costs, expenses and reasonable counsel and paralegal fees which may be incurred by the Lender in the enforcement of any such liabilities; (ii) assents to all agreements made or to be made with the Lender by the Principal under or in connection with the transactions contemplated by the Agreement; (iii) consents that the Lender may, by action or inaction, (a) renew or change the terms of any of the Principal's liabilities under the Agreement, or (b) waive any of the Lender's rights or remedies against the Principal or any other surety or guarantor of the Principal's liabilities under the Agreement; and (iv) waives any right, under any statute or rule of law, where such right or rights can be legally waived, to require the Lender to take any action against the Principal or to marshal its claims against the Principal's assets.

The undersigned further agrees that:

1. The undersigned need not be notified by the Lender of its acceptance of this Guaranty and Suretyship Agreement (the "Suretyship Agreement") or of its intention to act in reliance on this Suretyship Agreement, or of any loan to or any other transaction between the Lender and the Principal or any default by the Principal or Event of Default under the Agreement.

2. The undersigned will hold harmless the Lender and will pay to the Lender on demand all costs and expenses (including reasonable counsel and paralegal fees) which may be incurred in the enforcement of the rights of the Lender against the undersigned, including the costs of collection against such undersigned.

3. Until the obligations of the Principal to the Lender arising under the Agreement have been paid in full, the undersigned agrees not to seek recourse against the Principal by subrogation or otherwise in the event the undersigned is called upon to pay the Lender under the suretyship established by this Suretyship Agreement. The undersigned irrevocably waives any and all rights it may have at any time (whether arising directly or indirectly, by operation of law or contract) to assert any claim against

the Principal on account of payments made by the undersigned under this Suretyship Agreement, including, without limitation, any and all rights of subrogation, reimbursement, exoneration, contribution or indemnity, until the obligations of the Principal to the Lender arising under the Agreement have been paid in full.

4. If any liability of the Principal to the Lender is not paid when due, the Lender may forthwith recover from the undersigned the full amount of any liability under this Suretyship Agreement, at any time or times without demand, notice, presentment or protest of any kind to any party including the undersigned (all of which are waived).

5. The undersigned agrees and acknowledges that, except to the extent set forth herein, its liability under this Suretyship Agreement is absolute and that no set-off, recoupment, claim, reduction or diminution of any obligation, or any defense of any kind or nature, which the undersigned or the Principal now have or in the future may have against the Lender shall be available under this Suretyship Agreement to the undersigned against the Lender, except that (a) the undersigned may assert as a defense against the Lender only full payment and performance by the Principal of all obligations of the Principal to the Lender; and (b) notwithstanding anything to the contrary set forth in this Suretyship Agreement, the undersigned shall only be required to make any payments to Lender under this Suretyship Agreement if Principal has defaulted in making, or otherwise failed to make, timely payment to Lender of any amounts owed to Lender under the Agreement.

6. This Suretyship Agreement will continue as to the undersigned until all obligations of the Principal under the Agreement to the Lender are satisfied in full.

7. If any settlement, discharge, payment, grant of security or transfer of property relating to discharging any duty or liability created under this Suretyship Agreement is rescinded or avoided by virtue of any provision of any bankruptcy, insolvency, or other similar law affecting creditors' rights, the Lender will be entitled to recover the value or amount of any such settlement, discharge, payment, grant of security or transfer of property from the undersigned as if such settlement, discharge, payment, grant of security or transfer of property had not occurred.

8. Any failure by the Lender to exercise any right under this Suretyship Agreement will not be construed as a waiver of the right to exercise the same or any other right at any other time and from time to time thereafter.

9. This Agreement will be governed by and construed in accordance with the laws of the State of Texas, excluding its rules on conflicts of law.

10. Capitalized terms used In this Suretyship Agreement which are defined in the Agreement have the meanings assigned to them in the Agreement unless the context otherwise clearly requires.



11. This Suretyship Agreement will be binding upon the undersigned and its heirs, executors, legal representatives, successors and assigns, and will inure to the benefit of the Lender, its successors and assigns; provided, however, that this Agreement may not be assigned by the undersigned. This Suretyship Agreement may be assigned by the Lender.

12. The provisions of this Suretyship Agreement are intended to be severable. If any provision of this Suretyship Agreement shall for any reason be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or any enforceability of such provision in any other jurisdiction or any other provision of this Suretyship Agreement in any jurisdiction.

13. THE UNDERSIGNED WAIVES ANY INITIAL: RIGHT TO TRIAL BY JURY IN ANY ACTION ON, \_\_\_\_\_ RELATING TO OR MENTIONING THIS SURETYSHIP AGREEMENT.

BY SIGNING THIS SURETYSHIP AGREEMENT, THE UNDERSIGNED ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTOOD AND AGREE TO THE PROVISIONS CONTAINED IN THIS SURETYSHIP AGREEMENT, INCLUDING THE WAIVER OF TRIAL BY JURY.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, and intending to be legally bound, the undersigned have duly executed this Agreement as of the \_\_\_\_\_ day of \_\_\_\_\_, 2003.

LABARGE PIPE & STEEL COMPANY

By: \_\_\_\_\_ [SEAL]

Pierre L LaBarge III  
Title: President

Address: 500 N. Broadway, Suite 1600  
St. Louis, Missouri 63102



Exhibit B

LANDLORD'S WAIVER

THIS LANDLORD'S WAIVER (the "Agreement") is made as of this \_\_\_\_day of \_\_\_\_\_ 2003, by LaBarge Realty, LLC (the "Landlord") to L.B. Foster Company ("Foster") in connection with the purchase of certain equipment from Foster by LaBarge Coating, LLC ("Tenant").

WITNESSETH:

WHEREAS, under the provisions of a certain lease (the "Lease") dated July 31, 2003, between the Landlord and Tenant, the Landlord has leased to Tenant approximately 5.4 acres including an approximately 57,392 square foot building situated on the property described as an approximately 39 acre tract of real property situated in the County of Harris, State of Texas (the "Premises").

WHEREAS, Foster and Tenant are parties to that certain Equipment Purchase and Services Agreement dated as of the 31st day of July 2003 (the "Purchase Agreement"), pursuant to which Foster will install and modify certain equipment, as more particularly described on Exhibit A, on the Premises (as defined below) and Tenant will purchase the installed and modified equipment (such equipment and modifications hereinafter referred to as the "Equipment");

WHEREAS, pursuant to the Purchase Agreement, Foster has agreed to defer certain payment obligations of Tenant until the Completion Date (as defined in the Purchase Agreement);

WHEREAS, because all or a part of the Equipment may be located on or affixed to the Premises prior to the Completion Date, Foster has required, as a condition of the Purchase Agreement, the execution and delivery of this Agreement by the Landlord.

NOW, THEREFORE, to induce Foster to enter into the Purchase Agreement, the Landlord, intending to be legally bound hereby, covenants and agrees with Foster as follows:

1. The Landlord hereby agrees that any of the Equipment may be affixed to the Premises and shall remain personal property notwithstanding the manner in which it is affixed thereto and consents to the security interests and liens of Foster, and its successors and assigns in the Equipment located on, at or about or affixed to the Premises. This waiver shall apply to any of the Equipment which is already located on, at or about or affixed to the Premises or may hereafter be located on, at or about or affixed to the Premises.

2. The Landlord hereby waives and releases in favor of Foster and agrees that Foster's liens and security interests in the Equipment shall be prior and superior to

(a) any and all rights of distraint, levy and execution, and marshalling of assets which the Landlord may now or hereafter have against the Equipment, (b) any and all liens and security interests which the Landlord may now or hereafter have on the Equipment, and (c) any and all other claims of every nature whatsoever which the Landlord may now or hereafter have on or against the Equipment for any rent or other sums due or to become due to the Landlord by the Tenant under the provisions of the Lease or otherwise.

3. Foster may remove the Equipment from the Premises whenever Foster deems it necessary to do so to protect their interest and the Landlord hereby irrevocably grants to Foster the right of entry to the Premises to remove any of the Equipment at any reasonable time or times; provided, however, that Foster only shall be responsible for damage caused by Foster unreasonably exercising such rights under this Agreement, e.g. Foster shall not be liable for damages which are a normal incident to the reasonable removal of the Equipment nor for any repairs to the Premises arising from the reasonable removal of the Equipment.

4. The Landlord shall notify Foster in writing of any default by the Tenant under the provisions of the Lease and Foster shall have the right (but not the obligation) to cure such default on behalf of the Tenant within forty-five (45) days from the date Foster receives such notice. Any such notice shall be sent by certified mail, postage prepaid, to Foster at L.B. Foster Company, 415 Holiday Drive, Pittsburgh, PA 15220, Attention: General Counsel.

5. In the event the Tenant defaults under the Lease and is evicted by the Landlord or in the event that the Tenant abandons the Premises, Foster shall have the right, by sending notice to the Landlord, to keep and store any portion of the Equipment located at the Premises at or about the date the Tenant loses possession of the Premises for a period, determined by Foster, of up to one hundred eighty (180) days, counting from the date the Tenant loses possession of the Premises and written notice thereof has been received by Foster, on a month-to-month basis, free of all rent or other charges. Foster shall give the Landlord at least ten (10) calendar days' written notice if Foster wishes to terminate its use of the Premises for storage at the end of any month during the one hundred eighty (180) day period. Foster shall have no obligation to pay any rent under the Lease for any period of time prior to the date the Tenant lost possession of the Premises and Foster notifies the Landlord of their intention to use the Premises nor for the one hundred eighty (180) day period thereafter described above. While Foster is using the Premises for storage of the Equipment, the Landlord may maintain at the Landlord's expense casualty insurance and such liability insurance for the benefit of the Landlord as the Landlord may desire. The Landlord shall have no obligation to insure against casualty any of the Equipment located on the Premises. Foster may conduct one or more auction sales of the Equipment at the Premises during the period Foster is using the Premises for storage of the Equipment. As used in this Section, the term "month" shall mean a calendar month.

6. The Landlord shall notify any purchaser of the Premises and any subsequent mortgagee and any other holder of any lien, security interest or encumbrance on the Premises of the existence of this Agreement.

7. The Landlord hereby certifies that the Landlord has full power and authority to execute this Agreement and that it has legal title to the Premises.

8. The Landlord further certifies that as of the date hereof there are no mortgages, deeds of trust or other encumbrances on the Premises that create a lien on, or security interest in, the Equipment.

9. This Agreement shall continue in effect until Tenant has delivered the Final Payment (as defined in the Purchase Agreement) in full, shall be binding upon the successors, assigns and transferees of the Landlord, and shall inure to the benefit of Foster and its respective successors and assigns.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the Landlord has caused this Agreement to be executed,  
sealed and delivered on the day and year first written above.

LABARGE REALTY, LLC  
("LANDLORD") by LABARGE C&R, LLC,  
Sole Member:

By: \_\_\_\_\_ (Seal)

Name: Pierre L. LaBarge III  
Title: Sole Member

Address: 500 N. Broadway, Suite 1600  
St. Louis, MO 63102

ACKNOWLEDGEMENT TO BE MADE BY LANDLORD

STATE OF:  
COUNTY OF:

TO WIT:

I HEREBY CERTIFY that on this \_\_\_\_ day of \_\_\_\_\_, 2003, before me, a Notary Public for the state and county aforesaid, personally appeared Pierre L. LaBarge III, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he is the sole member of LaBarge C&R, LLC, the sole member of Landlord, that he has been duly authorized to execute, and has executed, the foregoing instrument on behalf of the said entity for the purposes therein set forth, and that the same is its act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal, the day and year first above written.

[SEAL]

\_\_\_\_\_  
Notary Public

My commission expires on \_\_\_\_\_



CONSENT

The undersigned Tenant hereby consents to the terms and conditions of this Landlord's Waiver as set forth above.

LaBarge Coating, LLC, by LaBarge C&R, LLC,  
Sole Member  
('TENANT'):

By: \_\_\_\_\_ (Seal)

Name: Pierre L. LaBarge III  
Title: Sole Member

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of the \_\_\_\_ day of \_\_\_\_\_ 2003, by and between LaBarge Coating, LLC, a Missouri limited liability company (the "Debtor"),

A  
N  
D

L.B. FOSTER COMPANY, a Pennsylvania corporation (the "Secured Party");

RECITALS

WHEREAS, the Secured Party and the Debtor are parties to that certain Equipment Purchase and Service Agreement dated as of the 31- day of July 2003 (the "Agreement"), pursuant to which the Secured Party will install and modify certain equipment, as more particularly described on in the Purchase Agreement, on the Debtor's premises and the Debtor will purchase the installed and modified equipment (such equipment and modifications hereinafter referred to as the "Equipment") on the Completion Date, as defined in the Agreement;

WHEREAS, pursuant to the Agreement, the Secured Party has agreed to defer certain payment obligations of the Debtor until the Completion Date;

NOW, THEREFORE, to induce the Secured Party to enter into the Purchase Agreement and for and in consideration of the Debt (as defined in this Security Agreement), and of the premises and intending to be legally bound, the parties covenant and agree as follows:

Section 1. Definitions. In addition to the words and terms defined elsewhere in this Security Agreement, the following words and terms shall have the following meanings, unless the context otherwise clearly requires:

"Agreement" shall mean the Equipment Purchase and Service Agreement dated on or about July 31, 2003 between the Secured Party, as Seller, and the Debtor, as Buyer.

"Code" shall mean the Uniform Commercial Code as in effect on the date of this Security Agreement and as amended from time to time, of the state or states having jurisdiction with respect to all or any portion of the Collateral from time to time.

"Collateral" shall mean collectively the Equipment and Proceeds thereof.

"Debt" shall mean (i) all debts, liabilities, duties and obligations of the Debtor to the Secured Party whether now existing or after the date of this Security Agreement incurred, arising under or in connection with the Agreement or arising under or in connection with any guaranty or other agreement, instrument, or undertaking made by or for the benefit of Debtor or for the benefit of the Secured Party, or made by or for the benefit of Debtor to or for the benefit of the Secured Party, and (ii) all costs and expenses incurred by the Secured Party in the collection of any of the indebtedness described in this paragraph or in connection with the enforcement of any of the duties and obligations of the Debtor to the Secured Party described in this paragraph or under this Security Agreement, including reasonable attorneys' and paralegals' fees and expenses.

"Equipment" shall include all of the goods, equipment and/or fixtures set forth in Exhibit A hereto, together with all attachments, accessories and parts used or intended to be used with any of those goods or fixtures, whether now or in the future, installed therein or thereon or affixed thereto, as well as all substitutes and replacements thereof in whole or in part and shall include, without limitation, the Modified Equipment (as defined in the Agreement).

"Event of Default" shall mean any default by the Debtor in the performance of its obligations under this Security Agreement which is not cured within 30 days after written notice from the Secured Party.

"Proceeds" shall have the meaning given to that term in the Code and shall include without limitation whatever is received when Collateral or Proceeds is sold, exchanged, collected or otherwise disposed of, whether cash or non-cash, and includes without limitation proceeds of insurance payable by reason of loss of or damage to Collateral.

"Security Agreement" shall mean this Security Agreement as the same may be supplemented or amended from time to time.

Section 2. Security Interest. As security for the full and timely payment of the Debt in accordance with the terms of the Debt and the performance of the obligations of the Debtor under this Security Agreement, the Debtor agrees that the Secured Party shall have, and the Debtor grants to and creates in favor of the Secured Party, a security interest under the Code in and to such of the Collateral as is now located on the Debtor's premises or shall become located thereon after the date of this Security Agreement by the Debtor. The security interest granted to the Secured Party in this Security Agreement shall be a first priority security interest in the Collateral, prior and superior to the

rights of all third parties in the Collateral existing on the date of this Security Agreement or arising after the date of this Security Agreement. Notwithstanding the foregoing, the parties intend that Debtor shall have no rights or interest in the Equipment until the Completion Date, as defined in the Agreement, and nothing herein shall be construed to derogate the Secured Party's ownership of the Equipment prior to the Completion Date.

Section 3. Rights and Remedies of a Secured Party. In addition to all rights and remedies given to the Secured Party by this Security Agreement, the Secured Party shall have all the rights and remedies of a secured party and/or owner available at law or in equity.

Section 4. Provisions Applicable to the Collateral. The parties agree that the following provisions shall be applicable to the Collateral:

(a) The Secured Party or its representatives shall have the right at all times during regular business hours of the Debtor to examine and inspect the Collateral and to review the books and records of the Debtor concerning the Collateral that is now located on the Debtor's premises or shall become located thereon after the date of this Security Agreement by the Debtor and to copy the same and make excerpts therefrom.

(b) The Debtor shall during the term of this Security Agreement take no actions to remove the Collateral from its facility located at Channel View, Texas.

(c) Promptly upon request of the Secured Party from time to time, the Debtor shall furnish the Secured Party with such information and documents regarding the Collateral and the Debtors financial condition, business, assets or liabilities, at such times and in such form and detail as the Secured Party may reasonably request.

Section 5. Preservation and Protection of Security Interest. The Debtor represents warrants, covenants and agrees that at all times during the term of this Security Agreement, it shall not, nor shall it permit any of its affiliated parties or entities to, without the prior written consent of the Secured Party (i) borrow against the Collateral or any portion of the Collateral from any other person, firm or entity, (ii) grant or create or permit to attach or exist any mortgage, pledge, lien, charge or other encumbrance, or security interest on, of or in any of the Collateral or any portion of the Collateral except those in favor of the Secured Party, (iii) permit any levy or attachment to be made against the Collateral or, any portion of the Collateral, or (iv) permit any financing statements to be on file with respect to any of the Collateral, except financing statements in favor of the Secured Party. The Debtor shall faithfully preserve and protect the Secured Party's security interest in the Collateral and shall assist the Secured Party to cause that security interest to be perfected and continue perfected so long as the Debt or any portion of the Debt is outstanding, unpaid or executory. For purposes of the perfection of the Secured Party's security interest in the Collateral in accordance with the requirements of this Security Agreement, the Debtor hereby authorizes the Secured Party to file or record, or cause to be filed or recorded, such instruments, documents and notices, including as-

signments, financing statements and continuation statements, as the Secured Party may deem necessary from time to time in order to perfect and continue perfected such security interest. The Debtor shall do all such other acts and things and shall execute and deliver all such other instruments and documents, including further security agreements, pledges, endorsements, assignments and notices, as the Secured Party in its commercially reasonable discretion may deem necessary or advisable from time to time in order to perfect and preserve the priority of such security interest as a first lien security interest in the Collateral prior to the rights of all third persons, firms and entities, except as may be otherwise provided in the Agreement. The Debtor irrevocably appoints the Secured Party (and any of the Secured Party's designated officers, employees and/or agents) as the attorney-in-fact of the Debtor to do all acts and things which the Secured Party may deem necessary or advisable from time to time to preserve, perfect and continue perfected the Secured Party's security interest in the Collateral in accordance with the requirements of this Security Agreement, including, but not limited to, signing any financing statements or amendments to financing statements providing notice of and/or evidencing the Secured Party's security interest in the Collateral; provided, however, upon termination of this Security Agreement, such appointment of the Secured Party as the Debtor's attorney-in-fact shall automatically terminate without further action by either party to this Security Agreement. The Debtor agrees that a carbon, photographic or other reproduction of this Security Agreement or a financing statement is sufficient as a financing statement and may be filed instead of the original. After the Debtor has made the Final Payment, as such term is defined in the Agreement, the Debtor is authorized to file termination statements with respect to financing statements previously filed by the Secured Party with respect to the Collateral.

#### Section 6. Events of Default and Remedies.

(a) If any one or more Event of Default shall occur or shall exist, the Secured Party may then, or at any time thereafter, so long as such default shall continue, foreclose its lien or security interest in the Collateral in any way permitted by law, or upon fifteen (15) days prior written notice to the Debtor, sell any or all Collateral at private sale at any time or place in one or more sales, at such price or prices and upon such terms, either for cash or on credit, as the Secured Party, in its sole discretion, may elect, or sell any or all Collateral at public auction, either for cash or on credit, as the Secured Party, in its sole discretion, may elect, and at any such sale, the Secured Party may bid for and become the purchaser of any or all such collateral. Pending any such action, the Secured Party may liquidate the Collateral,

(b) If any one or more Event of Default shall occur or shall exist, the Secured Party may then, or at any time thereafter, so long as such default shall continue grant extensions to, or adjust claims of, or make compromises or settlements with, debtors, guarantors or any other parties with respect to Collateral or any securities, guarantees or Insurance applying thereon, without notice to or the consent of the Debtor, without affecting the Debtor's liability under this Security Agreement.

(c) If any one or more Event of Default shall occur or shall exist and be continuing, then in any such event, the Secured Party shall have such additional rights and remedies in respect of the Collateral or any portion thereof as are provided by the Code and such other rights and remedies in respect thereof which it may have at law or in equity, including without limitation the right to enter any premises where Collateral is located and take possession and control thereof without demand or notice and without prior judicial hearing or legal proceedings, which the Debtor expressly waives,

(d) The Secured Party shall apply the Proceeds of any sale or liquidation of the Collateral, and, any Proceeds received by the Secured Party from insurance, first to the payment of the reasonable costs and expenses incurred by the Secured Party in connection with such sale or collection, including without limitation reasonable attorneys' fees and legal expenses, second to the payment of the Debt, whether on account of principal or interest or otherwise as the Secured Party in its sole discretion may elect, and then to pay the balance, if any, to the Debtor or as otherwise required by law. If such Proceeds are insufficient to pay the amounts required by law, the Debtor shall be liable for any deficiency.

(e) Upon the occurrence of any Event of Default, the Debtor shall promptly upon demand by the Secured Party assemble the Collateral and make it available to the Secured Party at a place or places to be designated by the Secured Party. The right of the Secured Party under this paragraph to have the Collateral assembled and made available to it is of the essence of this Security Agreement and the Secured Party may, at its election, enforce such right by an action in equity for Injunctive relief or specific performance.

Section 7. Termination. This Security Agreement shall automatically terminate, without further action by either party hereto, upon the payment by the Debtor of the Final Payment.

Section 8. Successors and Assigns. This Security Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns, provided that, without the prior written consent of the Secured Party, the Debtor may not assign this Security Agreement or any of its rights under this Security Agreement or delegate any of its duties or obligations under this Security Agreement and any such attempted assignment or delegation shall be null and void. This Security Agreement is not intended and shall not be construed to obligate the Secured Party to take any action whatsoever with respect to the Collateral or to incur expenses or perform or discharge any obligation, duty or disability of the Debtor.

Section 9. Miscellaneous.

(a) The provisions of this Security Agreement are intended to be severable. If any provision of this Security Agreement shall for any reason be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction-

tion, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability of such provision in any other jurisdiction or any other provision of this Security Agreement in any jurisdiction.

(b) No failure or delay on the part of the Secured Party in exercising any right, remedy, power or privilege under this Security Agreement or the Agreement shall operate as a waiver thereof or of any other right, remedy, power or privilege of the Secured Party under this Security Agreement or the Agreement; nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other right, remedy, power or privilege or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges of the Secured Party under this Security Agreement and the Agreement are cumulative and not exclusive of any rights or remedies which it may otherwise have.

(c) All notices, statements, requests and demands given to or made upon either party in accordance with the provisions of this Security Agreement must be in writing, shall be effective when received, must be sent by first class or first class express United States mail, postage prepaid, or with a private overnight courier service, charges prepaid, or by telex or facsimile (with a confirmation in writing mailed first class), charges prepaid and shall be addressed, if to the Debtor, at 500 North Broadway, Suite 1600, St Louis, Missouri 63102, Attention: Pierre L. LaBarge II! and, if to the Secured Party, at 415 Holiday Drive, Pittsburgh, Pennsylvania 15220, Attention: President or in accordance with the latest unrevoked written direction from either party to the other party.

(d) The section headings contained In this Security Agreement are for reference purposes only and shall not control or affect its construction or interpretation in any respect.

(e) Unless the context otherwise requires, all terms used in this Security Agreement which are defined by the Code shall have the meanings stated in the Code.

(f) The Code shall govern the settlement, perfection and the effect of attachment and perfection of the Secured Party's security Interest in the Collateral, and the rights, remedies, duties and obligations of the Secured Party and the Debtor with respect to the Collateral. This Security Agreement shall be deemed to be a contract under the laws of the State of Texas and the execution and delivery of this Security Agreement and, to the extent not inconsistent with the preceding sentence, the terms and provisions of this Security Agreement shall be governed by and construed in accordance with the laws of that State.

(g) On or prior to the date of this Security Agreement, Debtor shall have obtained a duly executed copy of the Landlord's Waiver attached hereto as Exhibit A. Simultaneously with the execution of this Agreement, Debtor shall cause any person or entity providing financing associated with the property on which the Equipment is to be located or any improvements or other equipment associated with such property, to

waive any claims, rights or interest in the Collateral by executing the Lender Disclaimer attached hereto.

[Remainder of page intentionally left blank; signature page follows.]



IN WITNESS WHEREOF, and intending to be legally bound hereby,  
the parties have executed and delivered this Security Agreement as of the day  
and year set forth at the beginning of this Security Agreement.

ATTEST:  
  
\_\_\_\_\_  
Secretary

LABARGE COATING, LLC  
  
By: \_\_\_\_\_  
Pierre L. LaBarge III  
Title: President

(CORPORATE SEAL)

L.B. FOSTER COMPANY  
  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

LENDER DISCLAIMER

Reliance Bank hereby disclaims any and all interest or claims which it may have to the Collateral, as defined in this Security Agreement, until such time as both all amounts owed to Foster under the Agreement have been paid and all of such payments can not be deemed to be preferences.

Executed this \_\_\_\_ day of \_\_\_\_\_, 2003,  
intending to be legally bound.

Reliance Bank

By \_\_\_\_\_

President

LENDER DISCLAIMER

Enterprise Bank hereby disclaims any and all interest or claims which it may have to the Collateral, as defined in this Security Agreement, until such time as both all amounts owed to Foster under the Agreement have been paid and all of such payments can not be deemed to be preferences.

Executed this \_\_\_\_ day of \_\_\_\_\_, 2003,  
intending to be legally bound.

Enterprise Bank

By \_\_\_\_\_

President

Equipment

1. Cleaning Line

A. Conveyor Line

- I. (1-SET) 30" diameter conveyor stands with (2) wheels each to accommodate the heating and cleaning of 65' pipe
- II. (1-SET) DC motors with gearboxes for powering the aforementioned conveyor
- III. (1) 145 KVA drive transformer
- IV. (1) Master operator station enclosure and 2 slave station enclosures
- V. (1) DC Control Panel

B. (1) Hoffman blower mounted on blow-out cart

C. Preheat furnace

- I. (1) Furnace
- II. (1) Gas train
- III. (1) North American combustion air blower
- IV. (4) North American burner blocks per furnace

D. (2) BCP cleaning machines (shot blast #1628, grit blast #1629), each with (2) 75HP, 3600RPM blast wheels, elevator, and separator

E. (1) Torit & Day dust collector

F. Exhaust fans

- I. (2) Fans mounted in cages
- II. (1) Hi-Lo fan control panel

G. Pipe racks - (4) at approximately 60' bare, (4) at approximately 48' bare

H. (4) Pneumatic pipe kick arms with pneumatic cylinders

I. (1) Pipe reject Endo line conveyor with hourglass rollers

## 2.Coating Line

### A. Conveyor Line

#### I. (1) Seco DC control system

1. (1 SET) 30" diameter conveyor stands with (2) wheels each to accommodate the heating and cleaning of 65' pipe
2. (1 SET) DC motors with gearboxes for powering the aforementioned conveyor
3. (1)145 KVA drive transformer
4. (1) DC control panel
5. (1) Master operator station enclosure and (2) slave station enclosures

#### B. (1 SET) Pipe let-down arms with pneumatic cylinders

### C. Acid-wash System

#### I. (1) Metering pump

#### II. (1) Gravity feed application system

#### III.(1) High pressure rinse pump and transfer pump

#### IV. (1) Rinse booth with casters

#### V. (1) Acid application booth with casters

#### VI. (2) 6500 gallon holding tanks

### D. Furnaces with gas train & combustion air blower

#### I. (1) Furnace control panel

#### II. (3) Furnaces

#### III. (1) Gas train

#### IV. (1) North American combustion air blower

#### V. (4) North American burner blocks per furnace

### E. Powder conveying equipment

#### I. (1) Sweco 48" vibro-energy separator

#### II. (1) 1 Ton budget air hoist

F. Primary powder application equipment

- I. (2) Nordson 10-gun rack cabinets with master control
- II. (1) Powder booth
- III. (20) HF-10 air-cooled powder guns
- IV. (20) Electrostatic cables
- V. (20) 36" Gun mounting bars
- VI. (20) Hi-flow powder pumps
- VII. (1) Fluid bed system with high-low indicators
- VIII. (1) Powder transfer hopper with powder pump and controls
- IX. (1) Nordson NFS-1000 flame detection system
- X. (1) CO2 fire extinguishing system-- 8 high pressure bottles
- XI. (1 Set) Tubing and fittings, 1/4" ID for Powder feed, 3/8" OD for flow & atomizing, 1/4" OD for cooling air

G. Secondary powder application equipment

- I. (1) Powder booth with dust collector
- H. (1) Torit & Day dust collector with guillotine and rotary valves and disconnect

I. Pipe cooling system

- I. (1) Quench tank with conveyor tubs
- II. (1) Marley cooling tower
- III. (2) End-section pumps with motors
- IV. (2) NEMA 4 enclosures with controls for pumps
- V. (1 SET) Make-up controls for tank with probe holder and 5' probe
- VI. (1) 2" Motorized make-up valve
- VII. (1) Heating system for water tank

J. (1 SET) Pipe kick-arms with pneumatic cylinders

K. Pipe racks -- (4) at approximately 75' padded

L. (1) Pipe Stenciler with Adjustable Stand

M. (1) Holiday detector

3. Auxiliary equipment

A. Plant air equipment

- I. (1)Airdryer
- II. (1) Main air receiver
- III. (I) Cleaning line air receiver
- IV. (I) LeRoi air compressor with electrical power panel

B. Electrical distribution

- I. (1) Electrical switch panel
- II. (1) Distribution panel
- III. (1) Distribution panel
- IV. (1) Electrical panel
- V. (1) Panel board
- VI. (1) Breaker panel

C. Lab Equipment

- I. (1) Roll-in band saw
- II. (1) Mandrel bender
- III. (1) Freezer
- IV. (1) Hotplate
- V. (1) Impact tester

D. Powder Room Air-conditioning Unit

E. Couplings:

- 16 ea 8"
- 60 ea 12"
- 10 ea 14"
- 40ea 16"
- 17ea 18"
- 15 ea 20"
- 9 ea 22"
- 10 ea 24"

4. The following modifications to the above equipment:

A. Upgrade cleaning and coating lines

- I. Drive system upgrade to 5 Hp
- II. Operators control stations
- III. Mechanical adjustment to accommodate 42" pipe

B. Retrofit four (4) furnaces for 8" through 42" pipe

I. Rebuild shell to accommodate 42" pipe

II. Doors

III. Insulation

C. Modify two cleaning machines

I. Rebuild shell to accommodate 42" pipe

D. Conveyor let-in & lift-out assemblies

I. Replace air cylinders

II. Replace controls

B. Coating removal station

F. Reject Endo line conveyor

I. Drive system upgrade to 1.5 Hp

II. Hour glass rollers

III. Mechanical adjustment

G. Acid rinse cabinet

I. Rebuild shell to accommodate 42" pipe

H. Modify quench

I. Rebuild structure to accommodate 42" pipe

I. Service dust collector

I. Replace filters

II. Supply required ductwork

J. Air dryer sensor

I. Replace sensor

K. (190) 18" Tire and rim assemblies

L. Update ARO recovery system and shroud



Exhibit B

LANDLORD'S WAIVER

THIS LANDLORD'S WAIVER (the "Agreement") is made as of this \_\_\_\_ day of \_\_\_\_\_, 2003, by LaBarge Realty, LLC (the "Landlord") to L.B. Foster Company ("Foster") in connection with the purchase of certain equipment from Foster by LaBarge Coating, LLC ("Tenant").

WITNESSETH:

WHEREAS, under the provisions of a certain lease (the "Lease") dated July 28, 2003, between the Landlord and Tenant, the Landlord has leased to Tenant approximately 5.4 acres including an approximately 57,392 square foot building situated on the property described as an approximately 39 acre tract of real property situated in the County of Harris, State of Texas (the "Premises").

WHEREAS, Foster and Tenant are parties to that certain Equipment Purchase and Services Agreement dated as of the 28- day of July 2003 (the "Purchase Agreement"), pursuant to which Foster will install and modify certain equipment, as more particularly described on Exhibit A, on the Premises (as defined below) and Tenant will purchase the installed and modified equipment (such equipment and modifications hereinafter referred to as the "Equipment");

WHEREAS, pursuant to the Purchase Agreement, Foster has agreed to defer certain payment obligations of Tenant until the Completion Date (as defined in the Purchase Agreement);

WHEREAS, because all or a part of the Equipment may be located on or affixed to the Premises prior to the Completion Date, Foster has required, as a condition of the Purchase Agreement, the execution and delivery of this Agreement by the Landlord.

NOW, THEREFORE, to induce Foster to enter into the Purchase Agreement, the Landlord, intending to be legally bound hereby, covenants and agrees with Foster as follows:

1. The Landlord hereby agrees that any of the Equipment may be affixed to the Premises and shall remain personal property notwithstanding the manner in which it is affixed thereto and consents to the security interests and liens of Foster, and its successors and assigns in the Equipment located on, at or about or affixed to the Premises. This waiver shall apply to any of the Equipment which is already located on, at or about or affixed to the Premises or may hereafter be located on, at or about or affixed to the Premises.

2. The Landlord hereby waives and releases in favor of Foster and agrees that Foster's liens and security interests in the Equipment shall be prior and superior to

(a) any and all rights of distraint, levy and execution, and marshalling of assets which the Landlord may now or hereafter have against the Equipment, (b) any and all liens and security interests which the Landlord may now or hereafter have on the Equipment, and (c) and any and all other claims of every nature whatsoever which the Landlord may now or hereafter have on or against the Equipment for any rent or other sums due or to become due to the Landlord by the Tenant under the provisions of the Lease or otherwise.

3. Foster may remove the Equipment from the Premises whenever Foster deems it necessary to do so to protect their interest and the Landlord hereby irrevocably grants to Foster the right of entry to the Premises to remove any of the Equipment at any reasonable time or times; provided, however, that Foster only shall be responsible for damage caused by Foster unreasonably exercising such rights under this Agreement, e.g. Foster shall not be liable for damages which are a normal incident to the reasonable removal of the Equipment nor for any repairs to the Premises arising from the reasonable removal of the Equipment.

4. The Landlord shall notify Foster in writing of any default by the Tenant under the provisions of the Lease and Foster shall have the right (but not the obligation) to cure such default on behalf of the Tenant within forty-five (45) days from the date Foster receives such notice. Any such notice shall be sent by certified mail, postage prepaid, to Foster at LB. Foster Company, 415 Holiday Drive, Pittsburgh, PA 15220, Attention: General Counsel.

5. In the event the Tenant defaults under the Lease and is evicted by the Landlord or in the event that the Tenant abandons the Premises, Foster shall have the right, by sending notice to the Landlord, to keep and store any portion of the Equipment located at the Premises at or about the date the Tenant loses possession of the Premises for a period, determined by Foster, of up to one hundred eighty (180) days, counting from the date the Tenant loses possession of the Premises and written notice thereof has been received by Foster, on a month-to-month basis, free of all rent or other charges. Foster shall give the Landlord at least ten (10) calendar days' written notice if Foster wishes to terminate its use of the Premises for storage at the end of any month during the one hundred eighty (180) day period. Foster shall have no obligation to pay any rent under the Lease for any period of time prior to the date the Tenant lost possession of the Premises and Foster notifies the Landlord of their intention to use the Premises nor for the one hundred eighty (180) day period thereafter described above. While Foster is using the Premises for storage of the Equipment, the Landlord may maintain at the Landlord's expense casualty insurance and such liability insurance for the benefit of the Landlord as the Landlord may desire. The Landlord shall have no obligation to insure against casualty any of the Equipment located on the Premises. Foster may conduct one or more auction sales of the Equipment at the Premises during the period Foster is using the Premises for storage of the Equipment. As used in this Section, the term "month" shall mean a calendar month.

6. The Landlord shall notify any purchaser of the Premises and any subsequent mortgagee and any other holder of any lien, security interest or encumbrance on the Premises of the existence of this Agreement.

7. The Landlord hereby certifies that the Landlord has full power and authority to execute this Agreement and that it has legal title to the Premises.

8. The Landlord further certifies that as of the date hereof there are no mortgages, deeds of trust or other encumbrances on the Premises that create a lien on, or security interest in, the Equipment.

9. This Agreement shall continue in effect until Tenant has delivered the Final Payment (as defined in the Purchase Agreement) in full, shall be binding upon the successors, assigns and transferees of the Landlord, and shall inure to the benefit of Foster and its respective successors and assigns.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the Landlord has caused this Agreement to be executed, IN WITNESS WHEREOF, the Landlord has caused this Agreement to be executed, sealed and delivered on the day and year first written above.

LABARGE REALTY, LLC  
("LANDLORD") by  
LABARGE C&R, LLC,  
Sole Member:

By: \_\_\_\_\_(Seal)

Name: Pierre L. LaBarge III  
Title: Sole Member

Address: 500 N. Broadway, Suite 1600  
St. Louis, MO 63102

ACKNOWLEDGEMENT TO BE MADE BY LANDLORD

STATE OF:  
COUNTY OF:

TO WIT:

I HEREBY CERTIFY that on this \_\_\_\_ day of \_\_\_\_\_, 2003, before me, a Notary Public for the state and county aforesaid, personally appeared Pierre L. LaBarge III, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he is the sole member of LaBarge C&R, LLC, the sole member of Landlord, that he has been duly authorized to execute, and has executed, the foregoing instrument on behalf of the said entity for the purposes therein set forth, and that the same is its act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal, the day and year first above written.

[SEAL]

\_\_\_\_\_  
Notary Public

My commission expires on \_\_\_\_\_

CONSENT

The undersigned Tenant hereby consents to the terms and conditions of this Landlord's Waiver as set forth above.

LaBarge Coating, LLC, by LaBarge C&R, LLC,  
Sole Member  
("TENANT"):

By: \_\_\_\_\_(Seal)  
Name: Pierre L. LaBarcie III  
Title: Sole Member

Exhibit D

Exemption Certificate

(See attached)

TEXAS SALES AND USE TAX EXEMPTION CERTIFICATION



BILL OF SALE

L. B. Foster Company, a Pennsylvania corporation (the "Seller"), for good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, does hereby contribute, convey, transfer, assign, bargain, sell and grant to LaBarge Coating, LLC, a Missouri limited liability company (the "Buyer"), pursuant to that certain Equipment Purchase and Service Agreement (the "Purchase Agreement") dated July 31, 2003, by and between the Buyer and the Seller, all right, title and interest in, to and under the Modified Equipment as defined in the Purchase Agreement.

This Bill of sale shall inure to the benefit of the respective successors and assigns of the Buyer.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of Texas, without regard to its conflict of law provisions.

This Bill of Sale is executed and delivered pursuant to the Purchase Agreement. The terms of the Purchase Agreement, including but not limited to the Sellers' representations, warranties, covenants, and agreements relating to the Modified Equipment, are incorporated herein by this reference. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

At any time or from time to time hereafter the Seller shall at the request of the Buyer take all action reasonably necessary to establish the record of the Buyer's title to the Modified Equipment and shall execute, acknowledge and deliver such further instruments of conveyance, sale, transfer and assignment with regard to the Modified Equipment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGES FOLLOWS.]

IN WITNESS WHEREOF, this Bill of Sale is executed effective as of the \_\_\_\_day  
of \_\_\_\_\_ 2003.

L.B. Foster Company

By: \_\_\_\_\_  
Name:  
Title: President

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.

November 13, 2003

/s/Stan L. Hasselbusch  
 -----  
 Name: Stan L. Hasselbusch  
 Title: President and Chief Executive Officer

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.

November 13, 2003

/s/David J. Russo

-----  
Name: David J. Russo  
Title: Senior Vice President,  
Chief Financial Officer and Treasurer

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 September 30, 2003, 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 September 30, 2003, fairly presents, in all material respects, the financial condition and results of operations of L. B. Foster Company.

Date: November 13, 2003  
-----

By: /s/ Stan L. Hasselbusch  
-----

Stan L. Hasselbusch  
President and  
Chief Executive Officer

Date: November 13, 2003  
-----

By: /s/ David J. Russo  
-----

David J. Russo  
Senior Vice President,  
Chief Financial Officer and  
Treasurer