UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q
Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 2002

Commission File Number 0-10436

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

Pennsylvania	25-13247733
(State of Incorporation)	(I. R. S. Employer Identification No.)

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

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

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

Yes X No

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

Class	Outstanding at August 2, 2002
Common Stock, Par Value $.01	9,527,522 Shares

L.B. FOSTER COMPANY AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2002	December 31, 2001
ASSETS	(Unaudited)	
Current Assets:		
Cash and cash equivalents	$4,401	$4,222
Accounts and notes receivable:		
Trade	49,697	52,730
Other	269	334
	49,966	53,064
Inventories	36,429	43,444
Current deferred tax assets	1,491	1,491
Other current assets	1,143	814
Property held for resale	1,333	1,333
Total Current Assets	94,763	104,368
Property, Plant & Equipment - At Cost	68,414	64,465
Less Accumulated Depreciation	(32,490)	(30,514)
	35,924	33,951
Other Assets:		
Goodwill	5,281	5,131
Other intangibles - net	1,630	1,324
Investments	11,723	11,104
Deferred tax assets	1,640	1,184
Other assets	2,942	2,980
Total Other Assets	23,216	21,723
TOTAL ASSETS	$153,903	$160,042
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$748	$809
Short-term borrowings	-	5,000
Accounts payable - trade	27,370	29,290
Accrued payroll and employee benefits	2,425	2,546
Current deferred tax liabilities	1,201	1,201
Other accrued liabilities	3,008	3,511
Total Current Liabilities	34,752	42,357
Long-Term Borrowings	30,000	30,000
Other Long-Term Debt	3,194	2,758
Deferred Tax Liabilities	4,968	4,968
Other Long-Term Liabilites	3,153	2,814
STOCKHOLDERS' EQUITY:		
Common stock	102	102
Paid-in capital	35,159	35,233
Retained earnings	47,074	46,632
Treasury stock	(3,685)	(3,926)
Accumulated other comprehensive loss	(814)	(896)
Total Stockholders' Equity	77,836	77,145
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$153,903	$160,042

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
	(Unaudited)		(Unaudited)	
Net Sales	$70,821	$80,274	$133,994	$136,364
Cost of Goods Sold	62,111	70,139	118,489	120,889
Gross Profit	8,710	10,135	15,505	15,475
Selling and Administrative Expenses	6,860	7,721	13,550	15,476
Interest Expense	633	935	1,307	1,896
Other Income	(230)	(203)	(510)	(417)
	7,263	8,453	14,347	16,955
Income (Loss) Before Income Taxes	1,447	1,682	1,158	(1,480)
Income Tax Expense (Benefit)	716	691	716	(606)
Net Income (Loss)	$731	$991	$442	($874)
Basic Earnings/(Loss) Per Share	$0.08	$0.11	$0.05	($0.09)
Diluted Earnings/(Loss) Per Share	$0.08	$0.10	$0.05	($0.09)

See Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended June 30, 2002	2001
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$442	($874)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	2,551	2,873
Loss on sale of property, plant and equipment	19	14
Change in operating assets and liabilities:		
Accounts receivable	3,071	(4,647)
Inventories	7,774	11,699
Other current assets	(329)	(471)
Other noncurrent assets	(587)	747
Accounts payable - trade	(2,115)	(3,823)
Accrued payroll and employee benefits	(121)	(262)
Other current liabilities	(519)	(1,411)
Other liabilities	(20)	(27)
Net Cash Provided by Operating Activities	10,166	3,818
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	238	215
Capital expenditures on property, plant and equipment	(2,956)	(1,704)
Purchase of DM&E stock	-	(800)
Acquisition of business	(2,214)	-
Net Cash Used by Investing Activities	(4,932)	(2,289)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of revolving credit agreement borrowings	(5,000)	(1,000)
Exercise of stock options and stock awards	168	78
Treasury stock acquisitions	-	(75)
Repayment of long-term debt	(243)	(474)
Net Cash Used by Financing Activities	(5,075)	(1,471)
Effect of exchange rate on cash	20	(13)
Net Increase in Cash and Cash Equivalents	179	45
Cash and Cash Equivalents at Beginning of Period	4,222	-
Cash and Cash Equivalents at End of Period	$4,401	$45
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	$1,462	$2,210
Income Taxes Paid	$729	$419

During the first six months of 2002 and 2001, the Company financed certain capital expenditures totaling $618,000 and $98,000, 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 these interim periods are not necessarily indicative of the results that may be expected for the year ended December 31, 2002. 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, 2001.

2. ACCOUNTING PRINCIPLES

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 141, "Business Combinations" (SFAS 141) and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). These statements change the accounting for business combinations, goodwill, and intangible assets.

SFAS 141 eliminates the pooling-of-interests method of accounting for business combinations except for qualifying business combinations that were initiated prior to July 1, 2001. SFAS 141 supersedes Accounting Principles Board Opinion No. 16 (APB 16): however, certain purchase accounting guidance in APB 16, as well as certain of its amendments and interpretations, have been carried forward to SFAS 141. SFAS 141 changes the criteria to recognize intangible assets separately from goodwill. The requirements of SFAS 141 are effective for any business combination accounted for by the purchase method that is completed after June 30, 2001.

The Company adopted the non-amortization provisions of SFAS 142 on January 1, 2002, which resulted in a $0.1 million increase to the second quarter's net income, a $0.2 million increase to the six month's ended June 30, 2002 net income, and is expected to increase full-year net income by approximately $0.4 million. The Company has approximately $5.1 million of goodwill subject to the impairment testing provisions of SFAS 142. The Company has completed the first step of the initial impairment test for all reporting units and the results indicate $4.9 million of goodwill is subject to impairment review. The Company expects to finalize the measurement of the impairment in the third quarter. The expected transition impairment, while not yet quantified, will be retroactively recorded to the required date of adoption, January 1, 2002. Management anticipates this non-cash charge could have a material impact on its consolidated financial statements.

The following table provides comparative earnings and earnings per share had the non-amortization provisions of SFAS 142 been adopted for all periods presented:

(in thousands, except per share amounts)	Three Months Ended June 30 2002	Three Months Ended June 30 2001	Six Months Ended June 30 2002	Six Months Ended June 30 2001
Reported net Income/(loss)	$ 731	$ 991	$442	($874)
Amortization of goodwill, net of tax	-	104	-	207
Adjusted net income/(loss)	$ 731	$1,095	$442	($667)
Basic earnings/(loss) per share:				
Reported net Income/(loss)	$0.08	$0.11	$0.05	($0.09)
Amortization of goodwill, net of tax	-	0.01	-	0.02
Adjusted basic earnings/(loss) per share:	$0.08	$0.12	$0.05	($0.07)
Diluted earnings/(loss) per share:				
Reported net Income/(loss)	$0.08	$0.10	$0.05	($0.09)
Amortization of goodwill, net of tax	-	0.01	-	0.02
Adjusted diluted earnings/(loss) per share:	$0.08	$0.11	$0.05	($0.07)

As of June 30, 2002, the Company had $1.6 million of intangible assets that will continue to be amortized over their remaining useful lives ranging from 60 to 120 months. The Company had no indefinite-lived intangible assets.

In June 2001, the FASB issued Statement of Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" (SFAS 143), effective for fiscal years beginning after June 15, 2002. SFAS 143 provides accounting requirements for retirement obligations associated with tangible long-lived assets. The obligations affected are those for which there is a legal obligation to settle as a result of existing or enacted law. The Company does not believe this standard will have an impact on its consolidated financial statements.

In August 2001 the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144), effective for fiscal years beginning after December 31, 2001. This statement supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121), and provides a single accounting model for long-lived assets to be disposed of. On January 1, 2002, the Company adopted SFAS 144 and the adoption did not have a material impact on the Company's consolidated financial statements.

3. ACCOUNTS RECEIVABLE

Credit is extended on an evaluation of the customer's financial condition and, generally, collateral is not required. Credit terms are consistent with industry standards and practices. Trade accounts receivable at June 30, 2002 and December 31, 2001 have been reduced by an allowance for doubtful accounts of ($890,000) and ($812,000), respectively. Bad debt expense was $82,000 and $165,000 for the six-month periods ended June 30, 2002 and 2001, respectively.

4. INVENTORIES

Inventories of the Company at June 30, 2002 and December 31, 2001 are summarized as follows in thousands:

	June 30, 2002	December 31, 2001
Finished goods	$25,095	$34,070
Work-in-process	8,621	5,551
Raw materials	4,646	5,756
Total inventories at current costs	38,362	45,377
(Less):		
Current costs over LIFO stated values	(1,333)	(1,333)
Inventory valuation reserve	(600)	(600)
	$36,429	$43,444

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. BORROWINGS

On June 30, 2002, the Company's maximum borrowing capacity under the revolving credit agreement was reduced from $63,500,000 to $61,500,000 in accordance with the original terms and conditions of the revolving credit agreement. The interest rate is, at the Company's option, based on the prime rate, the domestic certificate of deposit rate (CD rate) or the Euro-bank rate (LIBOR). The interest rates are established quarterly based upon cash flow and the level of outstanding borrowings to debt as defined in the agreement. These rates can range from the prime rate to prime plus 0.25%, the CD rate plus 0.575% to 1.8%, or the LIBOR rate plus 0.575% to 1.8%. Borrowings under the agreement, which expires July 1, 2003, are secured by eligible accounts receivable, inventory, and the pledge of the Company-held DM&E Railroad Preferred Stock.

The agreement includes financial covenants requiring a minimum net worth, a minimum level for the fixed charge coverage ratio, and a maximum level for the consolidated total indebtedness to EBITDA ratio. The agreement also restricts investments, indebtedness, and the sale of certain assets. As of June 30, 2002, the Company was in compliance with all of the agreement's covenants.

6. EARNINGS PER COMMON SHARE

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

(in thousands, except earnings per share)	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Numerator:				
Numerator for basic and diluted earnings per common share - net income available to common stockholders:				
Net Income (Loss)	$731	$991	$442	($874)
Denominator:				
Weighted average shares	9,495	9,431	9,468	9,424
Denominator for basic earnings per common share	9,495	9,431	9,468	9,424
Effect of dilutive securities:				
Contingent issuable shares pursuant to the Company's Incentive Compensation Plans	7	32	19	14
Employee stock options	220	37	205	36
Dilutive potential common shares	227	69	224	50
Denominator for diluted earnings per common share - adjusted weighted average shares and assumed conversions	9,722	9,500	9,692	9,474
Basic earnings (loss) per common share	$0.08	$0.11	$0.05	($0.09)
Diluted earnings (loss) per common share	$0.08	$0.10	$0.05	($0.09)

7. 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, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Company.

At June 30, 2002, the Company had outstanding letters of credit of approximately $2,697,000.

8. 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 June 30, 2002 Net Sales	Three Months Ended June 30, 2002 Segment Profit/(Loss)	Six Months Ended June 30, 2002 Net Sales	Six Months Ended June 30, 2002 Segment Profit/(Loss)
Rail products	$34,315	($224)	$ 64,270	($958)
Construction products	31,975	709	62,009	816
Tubular products	4,531	476	7,715	621
Total	$70,821	$961	$133,994	$479

Three Months Ended June 30, 2001

(in thousands)	Net Sales	Reported Segment Profit	Goodwill Amortization	Adjusted Segment Profit
Rail products	$44,275	$ 299	$ 54	$ 353
Construction products	30,719	814	56	870
Tubular products	5,280	764	-	764
Total	$80,274	$1,877	$ 110	$1,987

Six Months Ended June 30, 2001

(in thousands)	Net Sales	Reported Segment Profit/(Loss)	Goodwill Amortization	Adjusted Segment Profit/(Loss)
Rail products	$ 71,184	($2,701)	$ 108	$(2,593)
Construction products	54,723	207	112	319
Tubular products	10,457	1,278	-	1,278
Total	$136,364	($1,216)	$ 220	$ (996)

In connection with the adoption of SFAS 142 the Company adjusted the reporting of its segment results to exclude amortization of goodwill from its operating segments for the prior year periods presented.

Segment profits, as shown above, include internal cost of capital charges for assets used in the segment at a rate of, generally, 1% per month.

The following table provides a reconciliation of reportable net profit/(loss) to the Company's consolidated total had the non-amortization provisions of SFAS 142 been adopted for all periods presented:

(in thousands)	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Income (loss) for reportable segments	$ 961	$1,877	$ 479	($1,216)
Goodwill amortization for reportable segments	-	110	-	220
Adjusted income (loss) for reportable segments	961	1,987	479	(996)
Cost of capital for reportable segments	3,278	3,369	6,027	6,596
Interest expense	(633)	(935)	(1,307)	(1,896)
Other income	230	203	510	417
Unallocated goodwill amortization	-	28	-	56
Corporate expense and other unallocated charges	(2,389)	(2,832)	(4,551)	(5,381)

Adjusted income (loss) before income taxes	$1,447	$1,820	$1,158	($1,204)

The Company's emphasis on improving working capital utilization has resulted in a reduction to inventory and accounts receivable for the Rail segment of approximately $14,000,000, from December 31, 2001. However, the Construction segment's net assets increased approximately $7,000,000 from December 31, 2001 due primarily to the growth of the Company's Fabricated Products division. This division acquired assets from the Greulich Bridge Products Division of Harsco Corporation (See Other Matters section of Management's Discussion and Analysis of Financial Condition & Results of Operations), and expanded its Bedford, PA operations.

10. COMPREHENSIVE INCOME (LOSS)

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

(in thousands)	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Net Income/(Loss)	$731	$ 991	$442	($874)
Cumulative transition adjustment of a change in accounting principle (SFAS No. 133)	-	-	-	(48)
Unrealized derivative gains (losses) on cash flow hedges (SFAS No. 133)	(95)	75	82	(37)
Foreign currency translation gains (losses)	30	26	0	(3)
Comprehensive income (loss)	$666	$1,092	$524	($962)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
	(Dollars in thousands)			
Net Sales:				
Rail Products	$34,315	$44,275	$ 64,270	$ 71,184
Construction Products	31,975	30,719	62,009	54,723
Tubular Products	4,531	5,280	7,715	10,457
Total Net Sales	$70,821	$80,274	$133,994	$136,364
Gross Profit:				
Rail Products	$3,530	$4,668	$6,382	$6,018
Construction Products	4,597	4,442	8,244	7,524
Tubular Products	930	1,236	1,481	2,471
Other	(347)	(211)	(602)	(538)
Total Gross Profit	8,710	10,135	15,505	15,475
Expenses:				
Selling and administrative expenses	6,860	7,721	13,550	15,476
Interest expense	633	935	1,307	1,896
Other income - net	(230)	(203)	(510)	(417)
Total Expenses	7,263	8,453	14,347	16,955
Income (Loss) Before Income Taxes	1,447	1,682	1,158	(1,480)
Income Tax Expense (Benefit)	716	691	716	(606)
Net Income (Loss)	$731	$991	$442	($874)
Gross Profit %:				
Rail Products	10.3%	10.5%	9.9%	8.5%
Construction Products	14.4%	14.5%	13.3%	13.7%
Tubular Products	20.5%	23.4%	19.2%	23.6%
Total Gross Profit	12.3%	12.6%	11.6%	11.3%

Second Quarter 2002 Results of Operations

The Company recorded second quarter 2002 net income of $0.7 million or $0.08 per diluted share on net sales of $70.8 million. This compares to net income of $1.0 million or $0.10 per diluted share on net sales of $80.3 million, for the second quarter of 2001. Results for last year's second quarter included nonrecurring pretax charges of $0.1 million related to the Company's plan to consolidate sales and administrative functions and plant operations, and $0.1 million of goodwill amortization.

Rail products' 2002 second quarter net sales were $34.3 million, a 22.5% decline from last year's second quarter net sales of $44.3 million. This decline was due primarily to weak market conditions in the Company's rail distribution business. Construction products' net sales increased 4.1% to $32.0 million in the second quarter of 2002. This was the result of an increase in revenue recognized for fabricated bridge products, and an increase in the production capacity for precast concrete buildings, since the start-up of the Company's new Hillsboro, TX facility in the fourth quarter of 2001. Tubular products' sales declined 14.2% from the same quarter of 2001 due primarily to low demand for coated pipe. Changes in net sales are generally the result of changes in volume rather than changes in prices.

The gross profit margin for the total Company was 12.3% in the second quarter of 2002 compared to 12.6% in the same quarter last year. The 2001 second quarter nonrecurring pretax charges, discussed above, reduced the gross margin by 0.1 percentage points. Rail products' profit margin declined 0.2 percentage points to 10.3% from the same period last year. Excluding nonrecurring pretax charges in the second quarter of 2001, Rail products' profit margin for the second quarter of 2002 declined 0.3 percentage points. Repair and maintenance costs at the Grand Island, NE concrete tie plant and a decline in production levels for certain CXT rail products had a negative impact on margins, during the second quarter of 2002. Construction products' margin was almost the same as last year's second quarter. Tubular products' 2.9 percentage point drop in gross margin was primarily the result of low volume inefficiencies at the Birmingham, AL pipe-coating facility caused by the sales decline, mentioned above.

Excluding the prior year's second quarter non-recurring pretax charges of $0.1 million and amortization expense of $0.1 million, selling and administrative expenses declined 8.6% compared to the same period of 2001. This decline can be attributed to cost control measures and the elimination of the sign structure business. Other income in the second quarter of 2002 includes approximately $0.3 million accrued dividend income on the DM&E Preferred Stock. Other income in the same period of 2001 included $0.2 million accrued dividend income on the DM&E Preferred Stock. The decline in interest expense resulted from the reduction of debt. The Company's effective tax rate increased significantly in 2002 due to continued losses at its Canadian signaling operations. The provision for income taxes was recorded at approximately 49% in the second quarter of 2002 as compared to approximately 41% in the second quarter of 2001.

First Six Months of 2002 Results of Operations

The Company recorded net income of $0.4 million, or $0.05 per diluted share on net sales of $134.0 million for the first six months of 2002. This compares to a net loss of $0.9 million, or $0.09 per diluted share on net sales of $136.4 million for the same period in 2001. Results for the first six months of 2002 do not include the transitional goodwill impairment charges that the Company expects to record as a result of adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets". The Company has completed the first step of the transitional goodwill impairment test for all reporting units and the results indicate impairment. The Company has $4.9 million subject to impairment review and expects to finalize the measurement of the impairment in the third quarter. The expected transition impairment will be recognized as the cumulative effect of a change in accounting principle and will be retroactively recorded to the required date of adoption, January 1, 2002. Results for the first six months of 2001 included nonrecurring pretax charges of $1.5 million related to the Company's plan to consolidate sales and administrative functions and plant operations, and $0.3 million of goodwill amortization.

Rail products' net sales for the first half of 2002 were $64.3 million, a 9.7% decline from the prior year period. This decline in sales can be attributed to poor market conditions for rail, and management's decision to reduce levels of used rail inventory in 2001. Construction products' net sales improved 13.3% from last year's first six months. This improvement was primarily due to a strong 2001 year-end backlog of fabricated bridge products and the January 2002 acquisition of the net assets of Gruelich Bridge Products. (See Other Matters.) The availability of some sheet piling in the first quarter of 2002, and the production of precast concrete buildings at the new Hillsboro, TX facility, also contributed to the increase in sales for 2002. Pipe products' sales declined 26.2% due primarily to lower demand for pipe coating services during the first four months of 2002.

The gross margin percentage for the Company was 11.6% in the first six months of 2002 and 11.3% in the same period of 2001. The pretax charges, discusses above, reduced the 2001 gross margin by 0.7 percentage points. During the first six months of 2002, Rail products' profit margins improved to 9.9%, an increase of 1.4 percentage points from the same period in 2001. Last year was negatively impacted by costs associated with the shutdown of the Company's trackwork facility in Pomeroy, OH and the reduction of used rail inventory through low margin sales. Excluding these non-recurring pretax charges in the first half of 2001, rail products' gross margin improved 0.5 percentage points in 2002. Construction products' profit margins declined 0.4 percentage points primarily as a result of costs associated with the start-up of the Company's Hillsboro, TX facility.

Excluding the prior year's non-recurring pretax charges of $0.5 million and amortization expense of $0.3 million, selling and administrative expenses declined 8.0% compared to the same period of 2001. This decline can be attributed to cost control measures and the elimination of the sign structure business. Other income in 2002 includes approximately $0.6 million accrued dividend income on the DM&E Preferred Stock. Other income in the same period of 2001 included $0.4 million accrued dividend income on the DM&E Preferred Stock. The decline in interest expense resulted from the reduction of debt. The provision for income taxes was recorded at approximately 62% in the first six months of 2002 and approximately 41% in the first six months of 2001. Exclusive of the non-deductible Canadian losses, the Company's 2002 effective tax rate is 41%.

Liquidity and Capital Resources

The Company generates operational cash flow from the sale of inventory and the collection of accounts receivable. During the first six months of 2002, the average turnover rate for accounts receivable improved over the same period in 2001. The average inventory turnover rate for the first six months of 2002 also improved over the average rate for the same period in 2001. Working capital at June 30, 2002 was $60.0 million compared to $62.0 million at December 31, 2001.

Management's emphasis on improving working capital utilization resulted in an $11.7 million reduction in inventory and a $12.3 million reduction in receivables since June 30, 2001. These improvements have allowed the Company to reduce debt by $15.6 million from a year ago.

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. The timing and extent of purchases will depend on market conditions and options available to the Company for alternative uses of its resources. No purchases were made in the first half of 2002. In the first half of 2001, the Company purchased 25,000 shares at a cost of $75,000. From August 1997 through June 2002, the Company had repurchased 973,398 shares at a cost of approximately $5.0 million.

Including the Greulich acquisition, discussed in Other Matters, the Company had capital expenditures of approximately $5.2 million in the first six months of 2002. Total capital expenditures in 2002 are expected to be approximately $7.0 million and are anticipated to be funded by cash flow from operations and available external financing sources.

Total revolving credit agreement borrowings at June 30, 2002 were $30.0 million, a decrease of $5.0 million from December 31, 2001. At June 30, 2002, amounts available under this facility were

approximately $16.4 million. Outstanding letters of credit at June 30, 2002 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 revolving credit agreement interest rate is, at the Company's option, based on the prime rate, the domestic certificate of deposit rate (CD rate) or the Euro-bank rate (LIBOR). The interest rates are established quarterly based upon cash flow and the level of outstanding borrowings to debt as defined in the agreement. These rates can range from the prime rate to prime plus 0.25%, the CD rate plus 0.575% to 1.8%, or the LIBOR rate plus 0.575% to 1.8%. Borrowings under the agreement, which expires July 1, 2003, are secured by eligible accounts receivable, inventory, and the pledge of the Company-held Dakota, Minnesota & Eastern Railroad Corporation Preferred Stock.

The agreement includes financial covenants requiring a minimum net worth, a minimum level for the fixed charge coverage ratio, and a maximum level for the consolidated total indebtedness to EBITDA ratio. The agreement also restricts investments, indebtedness, and the sale of certain assets. As of June 30, 2002, 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 operates over 1,100 miles of track in five states.

At June 30, 2002, the Company's investment was comprised of, $0.2 million of DM&E common stock, $1.5 million of the Series B Preferred Stock and warrants, $6.0 million of the Series C Preferred Stock and warrants, and $0.8 million of DM&E Preferred Series C-1 Stock and warrants. In addition, the Company has a receivable for accrued dividend income on Preferred Stock of $3.2 million. (See Other Matters for recent developments.)

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 $1.5 billion. The Project received final approval by the Surface Transportation Board (STB) in January 2002. Litigation has been initiated challenging the STB's approval of the Project and the DM&E's right to utilize eminent domain.

If the Project proves to be viable, management believes that the value of the Company's investment in the DM&E could increase significantly.

Other Matters

On July 30, 2002, the DM&E announced the acquisition of the 1,400 mile regional railroad formerly owned by the I&M Rail Link, LLC. The Company participated in the financing of this acquisition with an additional $0.5 million investment for Series D Preferred Stock and warrants. On a fully diluted basis, the Company's ownership in the DM&E is approximately 13.6%.

In July 2002, the Company agreed to sell substantially all of the assets at its St. Marys, WV mine tie facility. Management expects this sale to close in the third quarter of 2002 and anticipates a nominal gain on the sale.

On January 4, 2002, the Company acquired substantially all of the equipment, inventory, intellectual property, and customer backlog of the Greulich Bridge Products Division of Harsco Corporation. The purchase price of approximately $2.2 million consisted of: equipment of $1.0 million, inventory (net of trade payables) of $0.5 million, intangible assets of $0.5 million, and goodwill of $0.2 million. These assets will be utilized in the Company's fabricated bridge products operations in the Construction products segment, and the results of operations of these assets have been included in the consolidated financial statements since the date of acquisition. The acquisition established the Company as the leading supplier of bridge decking

in the United States and is expected to result in production efficiencies and increased business volume. The goodwill associated with this transaction is expected to be deductible for tax purposes.

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 these assets to their anticipated market value. Management is currently negotiating the sale of these assets. Provided the sale is consummated pursuant to the current terms and conditions of the negotiations, management believes the proceeds will be sufficient to recover the net book value of the assets.

In 1998, the Company purchased assets, primarily comprised of intellectual property related to the business of supplying rail signaling and communication devices, for approximately $1.7 million. To date, this operation, headquartered in Canada, has not generated significant revenues. The Company continues to develop and test, in the market, products associated with the acquired intellectual property. While market acceptance of these products is expected, the Company is also exploring the sale of the intellectual property or a strategic joint venture. Projected cash flows from any of these options will be adequate to support the carrying value of the operation.

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

Outlook

The Company has an exclusive agreement with a steel mill to distribute sheet piling in North America. Although production of sheet piling commenced in the first quarter of 2001, the Company continues to have difficulty in obtaining piling on a consistent basis. The quantity acquired to date has not materially impacted results, and management does not expect this situation to improve through the remainder of 2002.

Specialty trackwork sales of the Company's Rail segment depend primarily on one source, in which the Company maintains a 30% ownership position. At June 30, 2002 and 2001, the Company had advanced to this supplier inventory progress payments of $4.5 million and $6.9 million, respectively. During the first six months of 2002 and 2001, the volume of business the supplier conducted with this Company was approximately $6.8 million and $3.6 million, respectively. If, for any reason, this supplier is unable to perform, the Company could experience a negative short-term effect on earnings and cash flows.

The Company's CXT subsidiary and Allegheny Rail Products division are dependent on one Class I railroad for a significant portion of their business. In addition, a substantial portion of the Company's operations is heavily dependent on governmental funding of infrastructure projects. Significant changes in the level of government funding of these projects could have a favorable or unfavorable impact on the operating results of the Company. Additionally, 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 by adverse weather conditions.

Although backlog is not necessarily indicative of future operating results, total Company backlog at June 30, 2002, was approximately $130.9 million. The following table provides the backlog by business segment:

(In thousands)	Backlog June 30, 2002	December 31, 2001	June 30, 2001
Rail Products	$58,829	$64,641	$88,319
Construction Products	69,262	59,808	59,598
Tubular Products	2,791	1,307	2,790
Total	$130,882	$125,756	$150,707

The reduction in rail segment backlog from a year ago reflects the effect of CXT billings against long-term production contracts. Total billings under these contracts were $18.7 million since July 1, 2001.

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 judgements of the amounts and disclosures included in the financial statements giving due regard to materiality. 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, 2001.

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. One interest rate collar agreement, which expires in March 2006, has a notional value of $15.0 million with a maximum annual interest rate of 5.60%, and a minimum annual interest rate of 5.00%, and is based on LIBOR. The counter-party to the collar agreement has the option, on March 6, 2005, to convert the $15.0 million note to a one-year fixed-rate instrument with interest payable at an annual rate of 5.49%. A second interest rate collar agreement, which expires in April 2006, has a notional value of $10.0 million with a maximum annual interest rate of 5.14%, and a minimum annual interest rate of 4.97%, and is based on LIBOR. The counter-party to the collar agreement has the option, on April 18, 2004, to convert the $10.0 million note to a two-year fixed-rate instrument with interest payable at an annual rate of 5.48%. The interest rate swap agreement, which expires in December 2004, has a notional value of $2.8 million at June 30, 2002 and is designed to fix the total interest rate at 7.42%. The Company is obligated to pay additional interest on the swap if LIBOR exceeds 7.249%.

The Company is not subject to significant exposure to change in foreign currency exchange rates. The Company does, however, hedge the cash flows of operations of its Canadian subsidiary. The Company manages its exposures to changes in foreign currency exchange rates on firm sales and purchase commitments by entering into foreign currency forward contracts. The Company's risk management objective is to reduce its exposure to the effects of changes in exchange rates on sales revenue over the duration of the transaction. At June 30, 2002, the Company had outstanding foreign currency forward contracts to purchase $525,000 Canadian for approximately $330,000 US.

During the three months ended June 30, 2002 and 2001, unrealized net gains (losses) on derivative instruments of approximately ($95,000) and $75,000, respectively, net of related tax effects, were recorded

in comprehensive income (loss). During the six months ended June 30, 2002 and 2001, unrealized net gains (losses) on derivative instruments of approximately $82,000 and ($37,000), respectively, net of related tax effects, were recorded in comprehensive income (loss).

The Company may enter into additional swaps or other financial instruments to set all or a portion of its borrowings at fixed rates.

Forward-Looking Statements

Statements relating to the potential value or viability of the DM&E or the Project, or management's belief as to such matters, are forward-looking statements and are subject to numerous contingencies and risk factors. The Company has based its assessment on information provided by the DM&E and has not independently verified such information. In addition to matters mentioned above, factors which can adversely affect the value of the DM&E, its ability to complete the Project or the viability of the Project include the following: labor disputes, any inability to obtain necessary environmental and government approvals for the Project in a timely fashion, the 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 made from time to time by representatives of the Company. Additional delays in production of steel sheet piling would, for example, have an adverse effect on the Company's performance. The inability to negotiate the sale of certain assets could result in an impairment in future periods. Except for historical information, matters discussed in such oral and written communications are forward-looking statements that involve risks and uncertainties, including but not limited to general business conditions, the availability of material from major suppliers, the impact of competition, the seasonality of the Company's business, taxes, inflation and governmental regulations. Sentences containing words such as "anticipates", "expects", or "will" generally should be considered forward-looking statements.

PART II OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 7, "Commitments and Contingent Liabilities", to the Condensed Consolidated Financial Statements.

Item 4. RESULTS OF VOTES OF SECURITY HOLDERS

At the Company's annual meeting on May 15, 2002, the following individuals were elected to the Board of Directors:

Name	For Election	Withheld Authority
Lee B. Foster II	8,521,614	437,898
Stan L. Hasselbusch	8,535,911	423,601
Henry J. Massman IV	8,842,416	117,096
Diane B. Owen	8,848,707	110,805
John W. Puth	8,848,514	110,998
William H. Rackoff	8,842,416	117,096

The stockholders also voted to approve Ernst & Young LLP as the Company's independent auditors for the fiscal year ended December 31, 2002. The following table sets forth the results of the vote for independent auditors:

For Approval	Against Approval	Abstained
8,781,231	92,981	85,300

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

a) EXHIBITS

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

3.1 Restated Certificate of Incorporation as amended to date, filed as Appendix B to the Company's April 17, 1998 Proxy Statement.

3.2 Bylaws of the Registrant, as amended to date, filed as Exhibit 3B to Form 8-K on May 21, 1997.

4.0 Rights Amendment, dated as of May 14, 1998 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 4B to Form 8-A dated May 23, 1997.

4.0.1 Amended Rights Agreement dated as of May 14, 1998 between L. B. Foster Company

	and American Stock Transfer & Trust Company, filed as Exhibit 4.0.1 to Form 10-Q for the quarter ended June 30, 1998.
4.1	Third Amended and Restated Loan Agreement by and among the Registrant and Mellon Bank, N. A., PNC Bank, National Association and First Union National Bank, Dated as of June 30, 1999 and filed as Exhibit 4.1 to Form 10-Q for the quarter ended June 30, 1999.
10.12	Lease between CXT Incorporated and Pentzer Development Corporation, dated April 1, 1993, filed as Exhibit 10.12 to Form 10-K for the year ended December 31, 1999.
10.12.1	Amendment dated March 12, 1996 to lease between CXT Incorporated and Pentzer Corporation, filed as Exhibit 10.12.1 to Form 10-K for the year ended December 31, 1999.
10.13	Lease between CXT Incorporated and Crown West Realty, L. L. C., dated December 20, 1996, filed as Exhibit 10.13 to Form 10-K for the year ended December 31, 1999.
10.14	Lease between CXT Incorporated and Pentzer Development Corporation, dated November 1, 1991 and filed as Exhibit 10.14 to Form 10-K for the year ended December 31, 1999.
10.15	Lease between CXT Incorporated and Union Pacific Railroad Company, dated February 13, 1998, and filed as Exhibit 10.15 to Form 10-K for the year ended December 31, 1999.
10.16	Lease between Registrant and Greentree Buildings Associates for Headquarters office, dated as of June 9, 1986, as amended to date, filed as Exhibit 10.16 to Form 10-K for the year ended December 31, 1988.
10.16.1	Amendment dated June 19, 1990 to lease between Registrant and Greentree Buildings Associates, filed as Exhibit 10.16.1 to Form 10-Q for the quarter ended June 30, 1990.
10.16.2	Amendment dated May 29, 1997 to lease between Registrant and Greentree Buildings Associates, filed as Exhibit 10.16.2 to Form 10-Q for the quarter ended June 30, 1997.
10.17	Lease between Registrant and the City of Hillsboro for property located in Hill County, TX, dated February 22, 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, 1991.
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	Asset Purchase Agreement, dated June 5, 1998 by and among the Registrant and Northwest Pipe Company, filed as Exhibit 10.20 to Form 8-K on June 18, 1998.
10.21	Stock Purchase Agreement, dated June 3, 1999, by and among the Registrant and the shareholders of CXT Incorporated, filed as Exhibit 10.0 to Form 8-K on July 14, 1999.
10.33.2	Amended and Restated 1985 Long-Term Incentive Plan, as amended and restated February 26, 1997, filed as Exhibit 10.33.2 to Form 10-Q for the quarter ended June 30, 1997. **

10.34	Amended and Restated 1998 Long-Term Incentive Plan, as amended and restated 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, 1992. **
10.46	Leased Vehicle Plan, as amended and restated, filed as Exhibit 10.46 to form 10-K for the year ended December 31, 2000. **
10.50	L. B. Foster Company 2002 Incentive Compensation Plan, filed as Exhibit 10.50 to Form 10-Q for the quarter ended March 31, 2002. **
10.51	Supplemental Executive Retirement Plan, filed as Exhibit 10.51 to Form 10-K for the year ended December 31, 1994. **
19	Exhibits marked with an asterisk are filed herewith.
**	Identifies management contract or compensatory plan or arrangement required to be filed as an Exhibit.

b) Reports on Form 8-K

The Registrant filed no reports on Form 8-K during the six-month period ended June 30, 2002.

SIGNATURE

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

L.B. FOSTER COMPANY
(Registrant)

Date: August 14, 2002

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

CERTIFICATION UNDER SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of L. B. Foster Company.

/s/Stan L. Hasselbusch

Stan L. Hasselbusch
President and
Chief Executive Officer
August 14, 2002

/s/David J. Russo

David J. Russo
Vice President and
Chief Financial Officer
August 14, 2002